2025 ANNUAL FINANCIAL REPORT

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Letter from the Chief Executive Officer to stakeholders

Dear shareholders and stakeholders,

The letter accompanying the report on the last financial year must necessarily begin with the dramatic and unexpected event that occurred at the start of the new year: the passing, on Wednesday 18 February, of Pietro Iotti, who had served as Chief Executive Officer of Sabaf since 12 September 2017.

Over the past few years, Pietro has been the driving force behind Sabaf's evolution, steering the company towards a strategy of diversifying its product range and expanding its global industrial footprint, which has redefined its market positioning: from a manufacturer of gas cooking components to a global player in smart appliances.

A strategy pursued both organically and through acquisitions, which has boosted the Group's competitiveness and expanded its scale, taking its revenue from €150 million in 2017 to nearly €280 million in 2025.

We will remember Pietro not only for being a brilliant manager with a clear strategic vision, but also because he embodied a work ethic and a sense of responsibility that permeated the organisation at every level. It is no coincidence that in 2025, for the seventh consecutive year, Sabaf was awarded the Best Managed Companies Award, presented annually by Deloitte Private to companies that have distinguished themselves through the excellent quality of their management.

The Board of Directors has entrusted me with the task of continuing the course of action Sabaf has pursued in recent years, having worked alongside Mr Iotti as Chief Financial Officer (a role I have held since 2012) and shared our ideas and strategic vision. I have accepted this role, which I am honoured to take on, fully aware of the responsibility it entails and with a sense of belonging that has grown over almost thirty years of working for the company.

My appointment as Chief Executive Officer was accompanied by the introduction of a General Manager into the company's governance structure, a role assigned to Mr Andrea Bonfadelli, who until now had served as Technical Director of the gas division and Supply Chain Director. Andrea also has extensive experience at Sabaf (he joined in 2007) and has contributed to the implementation of the business plan, focusing in particular on the integration of the new business units.

Together with the other managers in the Group, we form a team that has been tried and tested over many years of working together; we know the organisation and the business inside out, and we share not only the strategic vision but also the values that guide the way we operate. We are therefore confident that we can continue on this positive path, drawing strength from the spirit of unity that characterises everyone at the Sabaf Group.

In 2025, the household appliances market was characterised by stable demand, though levels remained low (-10% compared with pre-Covid years). The decisions we have made in recent years have enabled us to hold our own in the face of increasingly demanding requirements from major players towards their suppliers: high production capacity close to our own facilities, a wide product range and customisation options, innovation and financial stability.

Revenue continued to grow in North America (+8%), driven by the Mexican plant reaching full capacity and sales from the US company Mansfield Engineered Components (MEC), acquired in 2023, which made Sabaf the leading manufacturer of hinges for household appliances in the Western world and enabled the development of significant synergies. Sales also performed well in South America (+6.6%) and Europe (+3%).

An analysis of sales by business segment continues to show positive results for hinges and components for gas cooking (the world's primary cooking technology), driven not only by the Group's long-standing production sites (Italy, Turkey and Brazil) and the aforementioned Mexican plant, but also by the recently opened facility in India.

In 2025, efforts to diversify the product range continued. In particular, we aim to expand the use of the Electronics Division's products beyond household appliances and to explore business segments with greater growth potential.

Profitability benefited from the significant measures taken to promote automation, energy efficiency and process optimisation across all the Group's factories.

In 2025, work continued to meet the targets set out in the Business Plan for safety, training and reduction of CO_2 emissions.

The climate change mitigation plan has been approved; it sets out a target to reduce Scope 1 and Scope 2 greenhouse gas emissions by 58.8% by 2034 compared to 2024, in line with the Paris Agreement's objective of limiting global warming to 1.5°C. This target will be pursued through a combination of measures, including improving the energy efficiency of production processes, the self-generation of energy from photovoltaic sources and the gradual procurement of energy from renewable sources. Meanwhile, in 2025, a 2.5 MW photovoltaic plant was completed at the Ospitaletto site, which will increase the proportion of self-generated energy to over 10% of total consumption.

The year 2026 began with global political tensions, the duration and economic and financial impact of which are difficult to predict. We are confident, in any case, that we have what it takes to navigate any scenario: a diversified product range, an international production network, commercial flexibility and financial stability, combined with the expertise and professionalism of our people, form the foundation on which we will continue to generate sustainable value.

Gianluca Beschi
Chief Executive Officer

SABAF GROUP

REPORT ON OPERATIONS

The Group's economic performance

This paragraph presents and comments on the normalised financial results for the Group, i.e. which have been adjusted for the effects of the application of IAS 29 - hyperinflation accounting standard - with reference to the financial statements of the subsidiary Sabaf Turkey. This representation allows a better understanding of the Group's performance and a more accurate comparison with previous periods.

	2025	2024	2025-2024 change	% change
Sales revenue	278,201	285,091	(6,890)	*-2.4%*
Hyperinflation – Turkey	1,035	(8,126)		
Normalised revenue	**279,236**	**276,965**	**2,271**	***+0.8%***
EBITDA	40,780	43,704	(2,924)	*-6.7%*
EBTIDA %	*14.7*	*15.3*		
Hyperinflation – Turkey	570	(3,306)		
Normalised EBITDA	**41,350**	**40,398**	**952**	***+2.4%***
Normalised EBITDA %	***14.8***	***14.6***		
EBIT	16,163	17,739	(1,576)	*-8.9%*
EBIT %	*5.8*	*6.2*		
Hyperinflation – Turkey	4,986	3,465		
Normalised EBIT	**21,149**	**21,204**	**(55)**	***-0.3%***
Normalised EBIT %	***7.6***	***7.7***		
Group net result	5,180	6,928	(1,748)	*-25.2%*
Net result %	*1.9*	*2.4*		
Hyperinflation – Turkey	7,696	9,022		
Normalised result of the Group	**12,876**	**15,950**	**(3,074)**	***-19.3%***
Normalised result %	***4.6***	***5.8***		

The Sabaf Group ended the 2025 financial year with normalised sales revenue of €279.2 million, up 0.8% from the €277 million in 2024 (+2.2% at constant exchange rates).

Sales growth was driven by the excellent results in North America (revenue of EUR 64.9 million, +8%; +12.3% at constant exchange rates), achieved thanks to the fast ramp-up of the Mexican production site and the synergies developed in the US with Mansfield Engineered Components (MEC), a hinge manufacturer acquired in 2023.

Normalised EBITDA amounted to EUR 41.4 million (14.8% of turnover), up 2.4% from EUR 40.4 million in 2024 (14.6% of turnover), due in part to the measures taken for automation, energy efficiency and process optimisation.

Normalised EBIT amounted to EUR 21.1 million (7.6% of turnover), in line with the EUR 21.2 million in 2024 (7.7% of turnover). Normalised net profit was €12.9 million (4.6% of sales) compared to €16 million (5.8% of sales) in 2024.

The subdivision of normalised sales revenues by product line is shown in the table below:

Normalised revenue	2025	%	2024	%	% change
Gas parts	165,695	*59.3%*	164,081	*59.2%*	+1.0%
Hinges	90,164	*32.3%*	86,627	*31.3%*	+4.1%
Electronic components	22,954	*8.2%*	25,783	*9.3%*	-11.0%
Induction	423	*0.2%*	474	*0.2%*	-10.8%
Total	**279,236**	***100%***	**276,965**	***100%***	**+0.8%**

The geographical breakdown of normalised revenues is shown below:

Normalised revenue	2025	%	2024	%	% change
Europe (excluding Turkey)	81,384	*29.1%*	79,036	*28.5%*	+3.0%
Turkey	66,615	*23.9%*	70,459	*25.4%*	-5.5%
North America	64,876	*23.2%*	60,088	*21.7%*	+8.0%
South America	37,998	*13.6%*	35,654	*12.9%*	+6.6%
Africa and Middle East	11,469	*4.1%*	15,190	*5.5%*	-24.5%
Asia and Oceania	16,894	*6.1%*	16,538	*6.0%*	+2.2%
Total	**279,236**	***100%***	**276,965**	***100%***	**+0.8%**

The impact of normalised labour cost on revenues is 15%, unchanged compared to the previous year.

The net profit for 2025 includes non-operating costs referring to the increase in the value of the financial liability related to the put option granted to the minority shareholders of Mansfield Engineered Components (MEC). In particular,following the significant improvement in the subsidiary's performance, as at 31 December 2025, an adjustment was made to the value of the option, the price for which is correlated to the MEC's results in the two years preceding the financial year, with financial expenses of €5 million and foreign exchange gains of €1.5 million.

In 2025, the Group recognised income taxes of €1.3 million (in 2024, taxes were recognised under this item, amounting to €3.4 million).

Statement of financial position and cash flows

The Group's statement of financial position, reclassified based on financial criteria, is illustrated below[1]:

(€/000)	**31/12/25**	**31/12/24**
Non-current assets	*166,791*	*177,663*
Current assets[2]	139,649	142,200
Current liabilities[3]	(62,849)	(63,953)
Working capital[4]	*76,800*	*78,247*
Provisions for risks and charges, post-employment benefit, deferred taxes, other non-current payables	*(8,593)*	*(8,285)*
Net invested capital	**234,998**	**247,625**
Short-term net financial position	(1,498)	(11,026)
Medium/long-term net financial position	(73,712)	(62,855)
Net financial debt	**(75,210)**	**(73,881)**
Shareholders' equity	**159,788**	**173,744**

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

(€/000)	**2025**	**2024**
Opening liquidity	***30,641***	***36,353***
Operating cash flow	*35,088*	*27,033*
Cash flow from investments	*(17,955)*	*(14,706)*
Free cash flow	17,133	12,327
Cash flow from financing activities	(9,047)	(16,773)
Foreign exchange differences	(4,191)	(1,266)
Cash flow for the period	**3,895**	**(5,712)**
Closing liquidity	***34,536***	***30,641***

[1] Net financial debt and liquidity shown in the tables below are defined in compliance with the net financial position detailed in Note 24 of the consolidated financial statements, as required by CONSOB memorandum of 28 July 2006.
[2] Sum of Inventories, Trade receivables, Tax receivables and Other current receivables
[3] Sum of Trade payables, Tax payables and Other liabilities
[4] Difference between current assets and current liabilities

In 2025, the Group generated operating cash flow of €35.1 million (€27 million in 2024). At 31 December 2025, the impact of the net working capital on revenue was 27.6% compared to 27.4% at 31 December 2024.

In 2025, net investments by the Group amounted to €18 million (€14.7 million in 2024). The main investments were aimed at:

- product innovation, including the development of components for induction cooking;
- industrialising new products;
- optimising the efficiency and automation of production processes.

In 2025, the positive free cash flow[5] generated by the Sabaf Group was €17.1 million (€12.3 million in 2024).

During the financial year, dividends were paid out for €7.9 million.

Total financial debt

At 31 December 2025, net financial debt was €75.2 million (€73.9 million at 31 December 2024). The change in net financial debt is summarised in the table below:

Net financial debt at 31 December 2024	***(73,881)***
Free cash flow	17,133
Financial assets	(160)
MEC put option valuation	(3,513)
Buy-back of shares	(1,880)
Distribution of dividends	(7,949)
Financial liabilities IFRS 16	(731)
Change in fair value of derivative financial instruments	(38)
Foreign exchange differences and other changes	(4,191)
Net financial debt at 31 December 2025	***(75,210)***

Shareholders' equity totalled €159.8 million at 31 December 2025; the ratio between the net financial debt and the shareholders' equity was 0.47 and was unchanged compared to 2024 (0.43).

The net financial debt as of 31 December 2025 includes €15 million for the financial liability related to the accounting of the put option granted to the minority shareholders of MEC and operating leases were recognised for a value of €5 million in accordance with IFRS 16.

[5] Free cash flow is the difference between Cash Flows from operations and Net investments.

Economic and financial indicators

	2025	2024
Change in turnover	-2.4%	+19.8%
ROCE (return on capital employed)	6.88%	7.16%
Net debt/EBITDA	1.84	1.69
Net debt/equity ratio	47.07%	42.5%
Market capitalisation (31/12)/equity ratio	1.10	1.10

Risk Factors

As part of its periodic risk assessment process, the Group identified and assessed the following main risks:

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.

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.

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.

ESG risks
Relevant risks related to environmental, social and governance issues are set out in the Consolidated Sustainability Statement within this Report, to which we refer.

The main risks are described in detail below as well as the relevant risk management actions that are currently being implemented.

Performance of the sector

The Group's financial position, results and cash flows are affected by several factors related to the performance of the sector, including:

- the general macro-economic performance: the household appliance market is affected by macro-economic factors such as gross domestic product, consumer and business confidence, interest rate trend, the cost of raw materials, the unemployment rate and the ease of access to credit;
- the concentration of the end markets: as a result of mergers and acquisitions, customers have acquired bargaining power;
- the stagnation of demand in mature markets (i.e. Europe) and the growing importance of markets in emerging Countries, characterised by different sales conditions and a more unstable macro-economic environment;
- increasing competition and competition from alternative products to gas cooking.

To cope with this situation, the Group aims to retain and reinforce its leadership position wherever possible through:

- the maintenance of high quality and safety standards, which make it possible to differentiate the product through the use of resources and implementation of production processes that are not easily sustainable by competitors;
- development of new products characterised by superior performance compared with market standards, and tailored to the needs of the customer;
- strengthening of business relations with the main players in the sector;
- diversification of commercial investments in growing and emerging markets with local commercial and productive investments;
- entry into new segments / business sectors.

Risks related to international geopolitical situation

The current complex geopolitical situation, characterised by high levels of international tension, is causing significant economic uncertainty, with many factors subject to high volatility. This situation is affecting market confidence, with the prospect of a prolonged period of weak macroeconomic conditions. In particular, the evolution of ongoing conflicts and tensions in the Middle East could lead to increasing instability and new geopolitical complexities. The Group and its main customers have limited exposure in the areas currently affected, and management continuously monitors the potential impacts that the conflict may have on the Group's operations, with particular reference to energy costs and the supply chain, also considering the Group's proven historical ability to pass on changes in material costs to selling prices.

Tariff barriers

The Group's manufacturing footprint, with plants in all major markets, significantly mitigates potential impacts from the introduction of trade tariffs or export restrictions by national or supranational bodies. Any tariff or customs barriers could affect international economic growth.

Instability of Emerging countries in which the Group operates

The Group is exposed to risks related to (political, economic, tax, regulatory) instability in some emerging countries where it produces or sells. Any embargoes or major political or economic instability, or changes in the regulatory and/or local law systems, or new tariffs or taxes imposed could negatively affect a portion of Group turnover and the related profitability.

Sabaf has taken the following measures to mitigate the above risk factors:
- diversifying investments at international level, setting different strategic priorities that, in addition to business opportunities, also consider the different associated risk profiles;
- monitoring of the economic and social performance of the target countries, also through a local network of agents and collaborators;
- timely assessment of (potential) impacts of any business interruption on the markets of Emerging countries;
- adoption of contractual sales conditions that protect the Group (e.g. insuring business loans or advance payments).

The presence of Sabaf in Turkey, the country that represents the main production hub of household appliances at European level, is of particular importance: over the years, local industry attracted heavy foreign investments and favoured the growth of important manufacturers. In this context, Sabaf built a factory in Turkey in 2012 for the production of gas components. In 2018, the Group acquired 100% of Okida Elektronik, a leader in Turkey in the design, manufacture and sale of electronic control boards for household appliances. In 2021, Sabaf opened a new plant in Turkey to increase production capacity for electronic components and, in 2022, the production of hinges for dishwashers for customers with production sites in Turkey also started. In 2025, Turkey represented 24% of the Group's production and of its total sales. The Turkish domestic market is estimated to represent around 5% of the final destination of Sabaf components, with the remainder being exported household appliances. In consideration of the strategic importance of this Country, the management assessed, in addition to the risks connected with the macroeconomic situation, the risks that could arise from any difficulties/impossibilities of operating in Turkey and envisaged actions to mitigate this risk.

Financial risks

The Sabaf Group is exposed to a series of financial risks, due to:
- **Commodity price volatility**: a significant portion of the Group's purchase costs is represented by aluminium, steel and brass, the prices of which can be exposed to high volatility. Based on market conditions and contractual agreements, the Group may not be able to pass on changes in raw material prices to customers in a timely and/or complete manner, with consequent effects on margins.
- **Increase in energy costs**: some of the Group's production processes, such as the die-casting of aluminium parts and the enamelling of burner covers, use gas as an energy source. Other production facilities absorb significant electricity consumption. The Group's profitability might be impacted if it is unable to pass on to customers any significant increases in energy costs in a timely and/or complete manner. In order to mitigate this risk, the Group can enter into fixed-price electricity supply contracts and is constantly evaluating possible actions to contain energy consumption, including by improving the efficiency of the most energy-intensive plants.

- **Exchange rate fluctuation**: the Group carries out transactions primarily in euro; however, transactions also take place in other currencies, such as the U.S. dollar, the Brazilian real, the Turkish lira, the Chinese renminbi, the Indian rupee. In In particular, since 30.6% of the consolidated turnover is in US dollars, the possible depreciation against the euro, the Turkish lira and the Brazilian real could lead to a loss in competitiveness on the markets in which sales are made in that currency (mainly North and South America). Moreover, the net value of assets and liabilities in foreign subsidiaries constitutes an investment in foreign currency, which generates a translation difference on consolidation of the Group, with an impact on the comprehensive income statement and the financial position. The sales prices of the Turkish subsidiary are exclusively denominated in euro or US dollars; those of the Brazilian subsidiary are denominated in Brazilian real for domestic sales and in US dollars for exports.
- **Trade receivable**: the high concentration of turnover on a small number of customers generates a concentration of the respective trade receivables, with a resulting increase in the negative impact on economic and financial results in the event of payment delays or insolvency.

For more information on financial risks and the related management methods, see Note 37 of the consolidated financial statements as regards disclosure for the purposes of IFRS 7.

Research and Development

The most important research and development projects carried out in 2025 were as follows:

Gas parts

- design of a new range of burners for the Indian market
- feasibility study for the development of new taps
- development of solutions to increase the flexibility of the gas component manufacturing process
- design of a new furnace burner and brass flame distributor
- design of customised components for individual customers and markets

Hinges

- development of new sliding hinges for dishwashers
- development of new internal cam hinges
- development of a modular hinge design for a dishwasher platform
- integration of a system into a standard product to extend the balancing range
- development of a motorised hinge for oven doors

Electronic components

- development of a new electronic control platform for IOT vacuum cleaners
- development of a TFT oven control system for the European and American markets
- industrialisation of the first product for the irrigation/gardening market

Induction

- development of new assisted cooking features
- development of an interface with knobs
- certification of product platforms offering many combinations with the aim of providing a modular and customisable range based on each customer's specific requirements

The improvement in production processes continued throughout the Group, also in order to minimise set-up times and make production more flexible. The Group also develops and manufactures its own machinery, equipment and moulds.

Development costs to the tune of €1,011,000 were capitalised, as all the conditions set by international accounting standards were met. In other cases, they were charged to the income statement.

Corporate Governance

For a complete description of the corporate governance system of the Sabaf Group, see the report on corporate governance and on the ownership structure, available in the Investor Relations section of the company website.

Personal data protection

Sabaf S.p.A. has an Organisational Model for the management and protection of personal data consistent with the provisions of European Regulation 2016/679 (General Data

Protection Regulation - GDPR). Specific projects are implemented or are being implemented for all Group companies for which the GDPR is applicable.

Derivative financial instruments
For the comments on this item, please see Note 37 of the consolidated financial statements.

Essential intangible assets
Information on key intangible assets is provided in the Consolidated Sustainability Statement under the section ‘Valuation of intangible assets and intellectual capital’

Atypical or unusual transactions
Sabaf Group companies did not execute any unusual or atypical transactions in 2025.

Management and coordination
Sabaf S.p.A. is not subject to management and coordination by other companies.
Sabaf S.p.A. exercises management and coordination activities over its Italian subsidiaries, Faringosi Hinges s.r.l., A.R.C. s.r.l., C.M.I. s.r.l., C.G.D. S.r.l. and P.G.A. s.r.l..

Intra-group transactions and related-party transactions
The relationships between the Group companies, including those with the parent company, are regulated under market conditions, as well as the relationships with related parties, defined in accordance with the accounting standard IAS 24. The details of intra-group transactions and other related-party transactions are given in Note 38 of the consolidated financial statements and in Note 38 of the separate financial statements of Sabaf S.p.A.

Business outlook
In the household appliance market, demand has been tending towards stability for the past two years and has not yet returned to pre-Covid levels. The strength of the Group’s competitive positioning, the investments of recent years, also aimed at geographic diversification, and the development of a wide range of new products offer Sabaf ample room for further growth in 2026. Although the effects of the Middle East conflict are not fully predictable at the moment, the Group faces the current scenario with its usual dynamism, ready to manage ongoing developments and identify new opportunities.

Business and financial situation of Sabaf S.p.A.

(€/000)	2025	2024	Change	% change
Sales revenue	105,263	106,228	(965)	-0.9%
EBITDA	7,322	9,219	(1,897)	-20.6%
EBIT	(891)	1,786	(2,677)	-149.9%
Pre-tax profit (EBT)	9,558	1,175	8,383	+713.4%
Net profit	10,653	1,328	9,325	+702.2%

The 2025 financial year ended with a turnover of €105.3 million, a decrease of 0.9% compared with 2024.

In 2025, Sabaf S.p.A. recognised dividend income in the amount of €17.3 million from Italian subsidiaries and write-downs of equity investments of €3.1 million.

The reclassification based on financial criteria is illustrated below:

(€/000)	31/12/25	31/12/24
Non-current assets [6]	*180,271*	*184,308*
Non-current financial assets	*4,700*	*7,971*
Current assets[7]	61,969	60,926
Current liabilities[8]	(33,427)	(34,382)
Working capital[9]	*28,542*	*26,544*
Provisions for risks and charges, Post-employment benefits, deferred taxes	*(2,018)*	*(2,185)*
Net invested capital	**211,495**	**216,638**
Short-term net financial position	(12,403)	(32,120)
Medium/long-term net financial position	(70,439)	(58,117)
Total financial debt[10]	**(82,842)**	**(90,237)**
Shareholders' equity	**128,653**	**126,401**

[6] Excluding Financial assets
[7] Sum of Inventories, Trade receivables, Tax receivables and Other current receivables
[8] Sum of Trade payables, Tax payables and Other liabilities
[9] Difference between current assets and current liabilities
[10] Determined in accordance with Consob Communication of 28 July 2006 (Note 23 of the separate financial statements)

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

(€/000)	**2025**	**2024**
Opening liquidity	***2,039***	***13,899***
Operating cash flow	*4,227*	*4,448*
Cash flow from investments (net of divestments)	*(7,545)*	*(14,561)*
Free cash flow	(3,318)	(10,113)
Cash flow from financing activities	12,190	(1,747)
Cash flow for the period	**8,872**	**(11,860)**
Closing liquidity	***10,911***	***2,039***

At 31 December 2025, working capital stood at €28.5 million compared with €26.5 million at the end of the previous year: its percentage impact on turnover stood at 27.1% from 24.9% at the end of 2024.

The net financial debt was €82.8 million, compared with €90.2 million at 31 December 2024.

At the end of the year, shareholders' equity amounted to €128.7 million, compared with €126.4 million in 2024. The ratio between the net financial debt and the shareholders' equity was 7.1%; it was 71% at the end of 2024.

Reconciliation between parent company and consolidated shareholders’ equity and net profit for the period

Pursuant to the CONSOB memorandum of 28 July 2006, a reconciliation statement of the result of the 2025 financial year and Group shareholders' equity at 31 December 2025 with the same values of the parent company Sabaf S.p.A. is given below:

Description	31/12/2025		31/12/2024	
	Profit for the year	Shareholders’ equity	Profit for the year	Shareholders’ equity
Profit and shareholders’ equity of parent company Sabaf S.p.A.	**10,653**	**128,653**	**1,328**	**126,401**
Equity and consolidated company results	21,605	127,670	16,422	134,492
Derecognition of the carrying value of consolidated equity investments	2,925	(109,395)	3,070	(109,351)
Monetary revaluation - hyperinflation (IAS 29)	(7,696)	33,096	(9,022)	36,794
Put options on minorities	(3,513)	(14,982)	252	(11,469)
Intercompany eliminations	(17,022)	(5,085)	(4,271)	(3,068)
Other adjustments	(113)	(169)	114	(55)
Minority interests	(1,659)	(7,886)	(965)	(7,940)
Profit and shareholders’ equity attributable to the Group	**5,180**	**151,902**	**6,928**	**165,804**

Proposal for allocation of 2025 profit

As we thank our employees, the Board of Statutory Auditors, the Independent Auditors and the supervisory authorities for their invaluable cooperation, we would kindly ask the shareholders to approve the financial statements for the year ended 31 December 2025 with a profit for the year of €10,652,567.

The Board of Directors proposes to distribute an ordinary dividend of € 0.58 per share to the shareholders, with the exclusion of the treasury shares on the ex-date, by distributing the profits for the year. The dividend is scheduled for payment on 27 May 2026 (ex-date 25 May, record date 26 May 2026).

Sabaf Group
Consolidated Sustainability Statement 2025

ESRS 2 General Disclosures

[ESRS 2 BP-1] General basis for preparation of the Consolidated Sustainability Statement

The Sabaf Group's 2025 Consolidated Sustainability Statement (hereinafter also referred to as the "Statement" or "Sustainability Statement") has been prepared in accordance with Legislative Decree No. 125 of 6 September 2024, the *European Sustainability Reporting Standards* (ESRS) and the transitional simplification measures introduced by the so-called *'quick fix'* of the Omnibus package adopted by the European Commission on 11 July 2025.

The Report includes data from the parent company Sabaf S.p.A. ('Sabaf' or the 'Company') and all subsidiaries (the 'Sabaf Group' or the 'Group') included in Sabaf's consolidated financial statements. The reporting period, from 1 January to 31 December, is also the same as the consolidated financial statements. The list of companies included in the consolidated financial statements and confirmation of the countries in which they have their registered offices, can be found in Note 45 to the consolidated financial statements.

This Sustainability Statement covers the upstream and downstream value chain of the Group, which was considered in the materiality assessment to identify material impacts, risks and opportunities. Information on policies, actions and objectives related to the upstream and downstream value chain are presented in the appropriate sections.

The Sabaf Group has not withheld information on intellectual property, know-how or innovation results.

The Sabaf Group has not availed itself of the option to omit information due to impending developments or issues in the course of negotiations provided for in Article 29 bis (3) of Directive 2013/34/EU.

For the purpose of reporting prospective information in accordance with the ESRS, directors are required to prepare this information on the basis of assumptions, described in the Consolidated Sustainability Statement, regarding events that may occur in the future and possible future actions by the Group. Due to the uncertainty associated with the realisation of any future event, both in terms of the occurrence of the event and the extent and timing of its occurrence, deviations between actual values and prospective information could be significant.

This Sustainability Statement was approved by the Board of Directors on 24 March 2026 and subjected to a limited review by the auditing firm EY S.p.A.

[ESRS 2 BP-2] Disclosure in relation to specific circumstances

The short, medium and long term time horizons used in this Sustainability Statement are defined in line with the provisions set out in ESRS 1. The assessment of Impacts, Risks and Opportunities (IRO) took into account the time horizon of the 2024-2026 Business Plan, which was considered adequate for obtaining assessments applicable to the Sabaf Group's strategic decisions. Short, medium and long term time horizons are defined respectively as one year or less, two to three years and more than three years. These time horizons are defined on the basis of the timing dictated by the Group's strategic considerations and decisions.

Almost all of the quantitative data reported was acquired directly from the Group's information systems. Where data have been obtained from different sources, estimated or obtained indirectly, through processing by the actors in the value chain, this is explicitly indicated alongside individual metrics.

In preparing the Sustainability Statement, the management used assumptions, judgements and estimates that influence the amounts reported, especially in relation to Scope 3 emissions. The estimates and assumptions are based on historical experience and various other sources and factors and are considered reasonable under the circumstances. These estimates and the underlying assumptions are reviewed on an ongoing basis to improve their accuracy. Actions to improve the accuracy of emissions calculations include collecting primary data sources from suppliers, where possible, and reducing the use of assumptions or estimates when more reliable data sources become available. For more information on the estimates and assumptions applied, please refer to the information contained in the following sections of this Sustainability Statement.

Where there are changes or errors in the preparation and presentation of sustainability information compared with the previous reporting period, these changes are highlighted in the relevant section.

In order to prepare this Sustainability Statement, the Group used the option of phase-in provisions.

[ESRS 2 GOV-1] The role of the administrative, management and supervisory bodies

The Board of Directors is the central body of Sabaf's Corporate Governance system and directs the Group in the pursuit of sustainable success, understood as the creation of long-term value for the benefit of the shareholders, while respecting the interests of other stakeholders. In the pursuit of sustainable success, the board of directors is responsible for ensuring compliance with the values, rules of conduct and the commitments stated in Sabaf's code of ethics (the Charter of Values).

The Board of Directors defines the strategic guidelines of the Company and the Group consistent with the pursuit of the goal of sustainable success. Accordingly, the Board of Directors periodically:

- analyses basic industry and market trends and the evolution of the competitive scenario;
- examines business opportunities and risks, including through SWOT analyses;
- analyses sustainable development topics, including those related to climate change and energy transition.

Moreover, the Board of Directors examines and approves the Group's three-year Business Plan, which is drawn up in accordance with the strategic guidelines, and periodically monitors its implementation. In particular, the 2024-2026 Business Plan was reviewed and approved at the meeting of 19 March 2024. At the same time, the Board of Directors started a process to draw up a Sustainability Plan to complement the Business Plan.

The analysis of key economic and financial indicators is the responsibility of the Board of Directors, which compares, on a quarterly basis, actual results against planned results, on the basis of the annual budget approved by the Board at the end of the previous year.

The composition of Sabaf's administrative, management and supervisory bodies is set out below.

The Board of Directors of Sabaf S.p.A., having convened an emergency meeting on 18 February 2026 following the sudden death of the Chief Executive Officer, Pietro Iotti, has temporarily delegated the responsibilities and powers for the management of the company to Director Gianluca Beschi, CFO of Sabaf. In accordance with the provisions of Article 13 of the Articles of Association, the Board of Directors, having verified that the requirements of good repute were met and that there were no grounds for ineligibility or incompatibility under applicable legislation, and following a favourable opinion from the Board of Statutory Auditors, also appointed by co-optation Christian Prinoth, the first candidate among those not elected from the list submitted by Quaestio Capital SGR S.p.A., as a non-executive and non-independent director. (from which the name Pietro Iotti had been taken) at the Annual General Meeting on 8 May 2024. Christian Prinoth, who does not hold any interest in the share capital in Sabaf S.p.A., will remain in office until the date of the next Shareholders' Meeting of the Company.

On the date of approval of this document, the Board of Directors is composed of 9 members, 1 of whom are executive board members (the CEO and CFO Gianluca Beschi) and 8 are non-executive board members (the Chairman Claudio Bulgarelli, Cinzia Saleri Alessandro Potestà, Laura Ciambellotti, Francesca Michela Maurelli, Federica Menichetti, Daniela Toscani and Christian Richard Prinoth), 4 of whom are independent (Laura Ciambellotti, Francesca Michela Maurelli, Federica Menichetti and Daniela Toscani), i.e. 44%. The Board is predominantly composed of women (5 members, constituting 56% of the total), while 4 are men (44% of the total). The ratio of female to male board members is 125%.

There are no employee representatives on the Board of Directors.

The Board of Statutory Auditors of Sabaf S.p.A., appointed by the shareholders' meeting on 8 May 2024 and in office for 3 financial years, is composed of 3 members (Alessandra Tronconi, acting as Chairman, Maria Alessandra Zunino de Pignier and Mauro Giorgio Vivenzi, standing auditors). The Board of Auditors is predominantly composed of women (67%) and the ratio of female to male members is 200%.

On 8 May 2024, with the renewal of the corporate bodies, the Board of Directors established the Sustainability Committee from within its ranks, composed of director

Gianluca Beschi (CEO and CFO, and Sustainability Reporting Officer) and Francesca Michela Maurelli, an independent non-executive director with relevant experience, as at the date of approval of this document. The ratio of female to male Committee members stands at 100%.

By resolution of 8 May 2024, the Board of Directors set up an internal Control and Risk Committee composed of three non-executive directors, all of whom are independent (Federica Menichetti, acting as Chairman, Laura Ciambellotti and Daniela Toscani). The Audit and Risk Committee is 100% composed of female members.

The current Remuneration and Nomination Committee was established within the Board by resolution of 8 May 2024. It consists of five non-executive members (Daniela Toscani, acting as Chairman, Alessandro Potestà, Cinzia Saleri, Laura Ciambellotti and Francesca Michela Maurelli). The Remuneration and Nomination Committee is predominantly composed of women (4 members, or 80% of the total) and the average ratio of female to male members is 400%.

With a view to renewing the 2024 corporate bodies, following a suggestion by the Remuneration and Nomination Committee, the outgoing Board of Directors approved the "*Indication of the Board of Directors on the quantitative and qualitative composition of the Board of Directors considered optimal for the three-year period from 2024 to 2026".* The document outlines the qualitative requirements deemed necessary for the proper performance of its duties, including in terms of educational background and professional experience (including sustainability skills), age and seniority in office, availability of time and accumulation of assignments, as well as soft skills. The current composition of the Board is fully consistent with this indication.

The main qualifications of the directors in office are listed below:

- Claudio Bulgarelli, Chairman, has a long experience as an entrepreneur in the hydraulics sector; he currently holds important positions in other industrial companies;
- Gianluca Beschi, in Sabaf since 1997, has held the position of CFO since 2012. He is also the Investor Relations Officer and, following the departure of Pietro Iotti, took up the post of Chief Executive Officer on 18 February 2026;
- Alessandro Potestà was a manager in a leading industrial holding company. Is currently the Chief Executive Officer at Quaestio Capital Management SGR S.p.A.;
- Cinzia Saleri, Chairman of the Board of Directors of Cinzia Saleri S.a.p.A. and already director of Sabaf S.p.A. in the period from 2012 to 2018;
- Laura Ciambellotti, founding partner of Studio C&C, which provides financial advisory services, has held senior positions in the investment banking sector;
- Francesca Michela Maurelli, freelancer at Studio Gatti, provides consultancy to companies on strategic, governance, organisational and financial matters. Is a statutory auditor and non-executive director in listed and unlisted companies and financial institutions;
- Federica Menichetti, lawyer, partner of Vega Law, is a member of administration and supervisory bodies for listed companies;
- Daniela Toscani held positions of responsibility at Borsa Italiana S.p.A., London Stock Exchange Group and Mittel S.p.A.;
- Christian Richard Prinoth is Chief Investment Officer at Quaestio Capital Management SGR S.p.A.

The complete CVs of all the directors are available for examination on the Company's website www.sabafgroup.com, under the section "Investors - Corporate Governance".

The main qualifications of the statutory auditors in office are listed below:
- Alessandra Tronconi, Chairman, chartered accountant, has acquired experience in auditing bodies in multinational companies and industrial groups in the following areas: Corporate governance, compliance, tax law, ESG, M&A, capital markets;
- Mauro Vivenzi, chartered accountant, has acquired experience in the auditing bodies of corporations and local authorities, in the industrial and utilities sectors;
- Alessandra Zunino de Pignier, chartered accountant, has experience in the banking and financial sectors and as a member of administration and supervisory bodies for listed companies.

The complete CVs of all the statutory auditors are available for examination on the Company's website www.sabafgroup.com, under the section "Investors - Corporate Governance".

[ESRS 2 GOV-2] Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

In 2024, with the renewal of the corporate bodies, the Board of Directors set up a board committee, the Sustainability Committee, which provides investigation, proposal and consultation functions to the Board of Directors for sustainability assessments and decisions. In particular, the Committee is assigned the following tasks:
- supporting the Board of Directors in the analysis of material topics for the Company and the Group, promoting a policy that integrates sustainability into business processes in order to ensure the creation of sustainable value over time for shareholders and all other stakeholders;
- drawing up objectives, strategies and plans, including multi-year plans in the area of sustainability, to be submitted to the Board of Directors and monitoring of their implementation;
- overseeing the evolution of sustainability issues and the regulatory reference framework, also in the light of relevant international guidelines and principles, and identify any adaptation measures that may be appropriate and/or necessary;
- assessing the environmental, economic and social impacts of business activities;
- verifying the general approach of the Sustainability Statement and the development of its contents as well as the completeness and transparency of the information provided, reporting the outcome of its assessments to the Audit and Risk Committee;
- promoting the dissemination of the culture of sustainability among all stakeholders;

The Sustainability Committee reports to the Board of Directors on its activities at least every six months. A dedicated committee is more effective in ensuring that sustainability is properly integrated into and implemented across the company's operations.

Further information on the role and involvement of the administrative, management and supervisory bodies in sustainability matters is provided in the section *[ESRS 2 IRO-1] Description of the process to identify and assess material impacts, risks and opportunities*. Details of the IROs are provided in section *[ESRS 2 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model.*

[ESRS 2 GOV-3] Integration of sustainability-related performance in incentive schemes

On 8 May 2024, the Shareholders' Meeting approved a Long-Term Incentive Plan (LTIP) for the period 2024-2026 for executive directors (CEO and CFO), executives with strategic responsibilities and managers identified by the CEO from among those who report directly to the CEO or who in turn report to the aforementioned managers.
The LTIP governs the requirements for the disbursement of a bonus to beneficiaries upon the achievement, in whole or in part, of predetermined, measurable financial and sustainability performance targets linked to the creation of shareholder value over a medium-term horizon. These targets are based on the Business Plan and approved by the Board of Directors.

The LTIP provides for the allocation of financial instruments, consisting of shares of the Company, up to a maximum of 270,000 (two hundred and seventy thousand) share rights. The Incentive Plan is linked to the achievement of targets for three three-year performance indicators (KPIs), namely (i) the three-year cumulative adjusted EBITDA; (ii) the average adjusted ROI over the three-year period; and (iii) sustainability targets. The first two KPIs are based on the 2024-2026 Business Plan, while the third is based on three separate targets relating to human resources training, occupational safety and the environment.

The weighting of the individual indicators in terms of the total allocation is 45% for the three-year cumulative Adjusted EBITDA, 35% for the average Adjusted ROI over the three-year period and 20% for sustainability indicators (of which 5% for performance KPIs of human resources training aimed at the social sustainability of the Group's business and the enhancement of internal skills, 5% for the workplace safety indicator aimed at the social sustainability of the Group's business and the protection of employees' health, and 10% refers to the environmental indicator aimed at environmental sustainability with a view to reducing CO2 emissions). With regard to ESG objectives, the Board of Directors determined the following objectives:

- 60 hours of average training per capita for Group employees in the three-year period 2024-2026;
- severity index x (frequency index x 0.5) less than 175 as an average value over the three-year period 2024-2026;
- reduction by 2026 of 1,500 tonnes of CO_{2eq} (Scope 1 and Scope 2) at the Ospitaletto site.

Assuming 100% achievement of the planned targets, the long-term variable component linked to sustainability indicators has an impact of 6.8% on the CEO's total remuneration, 5.8% on the CFO's global remuneration and 5.4% on the total remuneration of other executives with strategic responsibilities.

The Chief Executive Officer and the Chief Financial Officer are also assigned targets linked to sustainability KPIs as part of the annual MBO plan, which is approved by the Board of Directors following the recommendation of the Remuneration and Nomination Committee. With regard to 2025, the Chief Executive Officer has been tasked with approving the energy transition plan and completing the budgeted investments aimed at reducing emissions (the photovoltaic system and the foundry wastewater treatment plant), whilst the Chief Financial Officer has been tasked with drawing up the energy transition plan and submitting it to the Board of Directors for approval. The short-term variable component linked to sustainability indicators accounts for approximately 3% of the remuneration of the Chief Executive Officer and the Chief Financial Officer.

[ESRS 2 GOV-4] Statement on due diligence

There follows a mapping of the information provided in this Sustainability Statement with regard to the due diligence process, in accordance with the European Sustainability Reporting Standards (ESRS), and in particular GOV-4. The information provided in relation to due diligence is based on the results of the double materiality assessment, as described in section *[ESRS 2 IRO-1] Description of the processes to identify and assess material impacts, risks and opportunities*

CORE ELEMENTS OF DUE DILIGENCE	PARAGRAPHS IN SUSTAINABILITY REPORTING
a) Integrate due diligence into the company's governance, strategy and model	▪ [ESRS 2 GOV-2] Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies ▪ [ESRS 2 GOV-3] Integration of sustainability-related performance in incentive schemes ▪ [ESRS 2 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model ▪ [E1-1] Transition plan for climate change mitigation ▪ [E1-2] Policies related to climate change mitigation and adaptation ▪ [E2-1] Policies related to pollution ▪ [E3-1] Policies related to water ▪ [E5-1] Policies related to resource use and circular economy ▪ [S1-1] Policies related to own workforce ▪ [S2-1] Policies related to value chain workers ▪ [S3-1] Policies related to affected communities ▪ [S4-1] Policies related to consumers and end-users ▪ [G1-1] Business conduct policies and corporate culture

b) Engaging with affected stakeholders in all key steps of the due diligence	▪ [ESRS 2 GOV-2] Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies ▪ [ESRS 2 SBM-2] Interests and views of stakeholders ▪ [ESRS 2 IRO-1] Description of the process to identify and assess material impacts, risks and opportunities ▪ [E1-2] Policies related to climate change mitigation and adaptation ▪ [E2-1] Policies related to pollution ▪ [E3-1] Policies related to water ▪ [E5-1] Policies related to resource use and circular economy ▪ [S1-1] Policies related to own workforce ▪ [S1-2] Processes for engaging with own workforce and workers' representatives about impacts ▪ [S2-1] Policies related to value chain workers ▪ [S2-2] Processes for engaging with value chain workers about impacts ▪ [S3-1] Policies related to affected communities ▪ [S3-2] Processes for engaging with affected communities about impacts ▪ [S4-1] Policies related to consumers and end-users ▪ [S4-2] Processes for engaging with consumers and end-users about impacts ▪ [G1-1] Business conduct policies and corporate culture
c) Identify and assess negative impacts	▪ [ESRS 2 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model ▪ [ESRS 2 IRO-1] Description of the process to identify and assess material impacts, risks and opportunities ▪ [E1 IRO-1] Description of the processes to identify and assess material climate-related impacts, risks and opportunities ▪ [E2 IRO-1] Description of the processes to identify and assess material pollution-related impacts, risks and opportunities ▪ [E3 IRO-1] Description of processes to identify and assess material water-related impacts, risks and opportunities ▪ [E5 IRO-1] Description of processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities ▪ [G1 IRO-1] Description of the processes to identify and assess material impacts, risks and opportunities related to business conduct
d) Intervene to address negative impacts	▪ [E1-3] Actions and resources in relation to climate change policies ▪ [E2-2] Actions and resources related to pollution

	▪ [E3-2] Actions and resources related to water ▪ [E5-2] Actions and resources related to resource use and the circular economy ▪ [S1-3] Processes to remediate negative impacts and channels for own workforce to raise concerns ▪ [S1-4] Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions ▪ [S2-3] Processes to remediate negative impacts and channels for value chain workers to raise concerns ▪ [S2-4] Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions ▪ [S4-3] Processes to remediate negative impacts and channels for consumers and end-users to raise concerns ▪ [S4-4] Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions ▪ [G1-3] Prevention and detection of corruption or bribery
e) Track the effectiveness of interventions and communicate	▪ [E1-4] Targets related to climate change mitigation and adaptation ▪ [E1-5] Energy consumption and mix ▪ [E1-6] Gross Scopes 1, 2, 3 and Total GHG emissions ▪ [E2-3] Targets related to pollution ▪ [E2-4] Pollution of air, water and soil ▪ [E2-5] Substances of concern and substances of very high concern ▪ [E3-3] Targets related to water ▪ [E3-4] Water consumption ▪ [E5-3] Targets related to resource use and circular economy ▪ [E5-4] Resource inflows ▪ [E5-5] Resource outflows ▪ [S1-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities ▪ [S1-6] Characteristics of employees ▪ [S1-7] Characteristics of non-employees in own workforce ▪ [S1-8] Collective bargaining coverage and social dialogue ▪ [S1-9] Diversity metrics ▪ [S1-10] Adequate wages ▪ [S1-13] Training and skills development metrics ▪ [S1-14] Health and safety metrics

	▪ [S1-15] Work-life balance metrics ▪ [S1-16] Remuneration metrics (pay gap and total remuneration) ▪ [S1-17] Incidents, complaints and severe human rights impacts ▪ [S2-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities ▪ [S3-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities ▪ [S4-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities ▪ [G1 MDR-T] Tracking the effectiveness of business conduct-related policies and actions ▪ [G1-4] Incidents of corruption or bribery ▪ [G1-6] Payment Practices

[ESRS 2 GOV-5] Risk management and internal controls over the Consolidated Sustainability Statement

The management of risks and internal controls relating to sustainability reporting is governed by the Procedure for Consolidated Sustainability Reporting. This procedure, which was already revised in the previous financial year to bring the process into line with the entry into force of the CSRD, has been further revised to incorporate the updates to the process and internal controls introduced from 2025 onwards, including through the implementation of dedicated software. The document, approved by the Board of Directors on 3 March 2026, identifies the roles and responsibilities, the stages of the reporting process, as well as the reference documents and regulations for the statement. The Procedure sets forth provisions for conducting the double materiality assessment, defining the contents of the sustainability statement, and controlling data and information collection processes.

Specifically, in 2025, Sabaf began developing a reference framework for sustainability reporting supported by IT tools. The initiative aims to enhance the quality, traceability and reliability of data and information, ensuring a consistent and uniform approach to internal and regulatory requirements.

A key element of the process is the implementation of dedicated software, designed to complement the tools previously used, which enables the management of the entire data lifecycle – from collection to validation – through structured and traceable workflows. This enables all the data and information to be included in the Consolidated Sustainability Statement to be collected in a structured and standardised manner.

The process involves data owners and data validators, at both individual company and Group level. Data Owners are responsible for collecting, documenting and transmitting data relating to their area of responsibility; Data Validators are tasked with verifying the accuracy, completeness and consistency of the data collected, requesting further information where necessary and reopening the workflow in the event of anomalies.

The collection and validation of qualitative and quantitative information are based on a multi-level control framework. On the one hand, the system incorporates preliminary automated checks, such as checks for logical consistency and the completeness of mandatory fields, which serve as a first line of defence for data quality; on the other hand, the process includes checks carried out by the Data Validators of the individual companies, which constitute the first level of data and information control.

The ESG Reporting Team, led by the Reporting Officer, is responsible for coordinating the entire reporting process through appropriate periodic information flows to and from the Data Owners and Validators, and for monitoring the progress of activities. The ESG Reporting Team carries out internal checks to ensure the consistency and accuracy of the data collected; where necessary, it requests additional supporting documentation and reopens the data collection process to investigate any inconsistencies. Once consolidated, the data is sent to the Group Data Validators, who verify the consistency of the data and information and who, together with the ESG Reporting Team, constitute the second line of control provided for in the Procedure.

Once the verification and approval processes have been completed, the process is considered closed and the consolidated information and data can be included in the Consolidated Sustainability Statement.

The Sustainability Committee is responsible for checking the overall structure of the Sustainability Statement, its contents and the completeness and transparency of the respective information. Any critical issues are reported to the Risk and Control Committee, which will assess:

- the correct use of the ESRS, after liaising with the Sustainability Reporting Officer, the Board of Statutory Auditors and the auditing firm;
- the suitability of the sustainability and financial information to correctly represent the company's business model, strategies, the impact of its activities and the performance levels that have been reached;
- the contents of periodic non-financial information relevant to the internal control and risk management system;

In the event of non-compliance with the above-mentioned points, the Audit and Risk Committee informs the ESG Reporting Team, which is responsible for resolving these in the collection of data and information and in the preparation of the statement.

As required by Legislative Decree No. 125 of 6 September 2024, the Board of Directors and the Reporting Officer certify, by means of an appropriate report, that the Sustainability Statement included in the Report on Operations has been prepared in compliance with Legislative Decree No. 125 of 6 September 2024, the reporting standards contained in the delegated acts issued by the European Commission (ESRS), pursuant to Article 29-ter of Directive 2013/34/EU, and the specifications adopted pursuant to Article 8(4) of Regulation (EU) 2020/852 of the European Parliament and of the Council.

During the year, there were no significant risks associated with the reporting process. Any significant aspects identified during the monitoring and control of the reporting process are promptly reported to the Board of Directors.

The Internal Audit Function is responsible for verifying the effective application of the Procedure.

[ESRS 2 SBM-1] Strategy, business model and value chain

Strategic pillars of the Sabaf Group's Business Model

In line with its shared values and mission, Sabaf believes that there is a successful industrial and cultural model to be consolidated both through organic growth and growth through acquisitions. The Group considers its business model - which is oriented towards long-term sustainability and characterised by a high level of verticalisation of production and production facilities close to the main markets - to be adequate to face future challenges and new scenarios.

The distinctive features of the Sabaf Group's business model are described below.

Innovation

Innovation represents one of the essential elements of Sabaf's industrial model and one of its main strategic levers. Thanks to continuous innovation, the Group has managed to achieve excellent results, identifying technological and production solutions that are among the most advanced and effective currently available and establishing a virtuous circle of continuous improvement of processes and products, until acquiring technological competence with characteristics that are difficult to match for competitors. The know-how acquired over the years in the development and internal production of machinery, tools and moulds, which is integrated with synergy with the know-how in the development and production of our products, represents the main critical success factor of the Group. With the acquisition of Okida and the more recent acquisition of P.G.A., the Sabaf Group has also acquired a strong electronic know-how that, together with the traditional and strong mechanical skills, has further expanded business opportunities.

The investments in innovation allowed the Group to become a world leader in a highly specialised sector. The production sites in Italy and abroad are designed to guarantee production according to the highest levels of technology available today and represent a cutting-edge model both for environmental protection and safety of the employees.

Eco-efficiency

Sabaf's product innovation strategy gives priority to the search for improved environmental performance. Attention to environmental issues is reflected both in innovative production processes that have a lower energy impact in the manufacture of products, and for what concerns gas parts, in the design of eco-efficient products during their daily use. The innovation efforts in this area are focused on the development of burners that reduce fuel consumption (natural gas or GPL) and emissions (carbon dioxide and carbon monoxide, in particular) in users. In accordance with energy transition policies, the Group has been allocating significant resources to the development of electromagnetic induction cooking components since 2021. Sabaf is also involved in experimental projects and feasibility studies for the use of hydrogen as an alternative fuel to natural gas and GPL for domestic and professional cooking appliances

Safety

Safety has always been one of the essential elements of Sabaf's business project. Safety for Sabaf is not just a matter of complying with existing standards but a management philosophy oriented towards the continuous improvement of its performance, in order to guarantee the end user an increasingly safe product. In addition to investing in research and development of new products, the Group has chosen to play an active role in disseminating a safety culture: Sabaf has long been promoting the introduction of regulations worldwide - in the various institutional venues - that make it compulsory to adopt products with thermoelectric safety devices. Sabaf also promoted the ban on the use of zamak (zinc and aluminium alloy) for the production of gas valves for cooking, in consideration of the intrinsic danger. To date, the use of zamak is still permitted in Brazil, Mexico and other South American countries, limiting business opportunities in the gas valves segment for Sabaf.

Success on international markets and partnerships with multinational groups

Sabaf pursues its growth through its success in international markets by trying to replicate its industrial model in emerging countries with due consideration of local culture. In line with its reference values and mission, the Group operates in emerging countries in full respect of human rights and the environment and in compliance with the United Nations Code of Conduct for Transnational Corporations. This choice is driven by the awareness that only by operating in a socially responsible way it is possible to ensure long-term development of industrial experience in emerging markets.

The Group also intends to further strengthen its collaboration with customers and its position as main supplier of a complete range of products in the cooking components market, also thanks to its ability to adapt production processes to specific customer needs and provide an increasingly wide range of products. In relations with large household appliance groups, the reliability of partners along the supply chain is more than ever an essential requirement. The presence of production facilities in all strategic geographical areas, the ability to react immediately to sudden changes in macroeconomic scenarios and financial solidity put the Sabaf Group in a favourable position compared to smaller, less structured competitors.

Widening the range of components and development through acquisitions

The continuous expansion of the range aims to increase customer loyalty through the widest satisfaction of market requirements. The possibility of offering a complete range of components is an additional distinguishing feature for Sabaf compared to its competitors. In order to sustain a dynamic growth path, the Group is extending its product range to other components for household appliances, including through growth by acquisitions. For example, the acquisition of A.R.C. S.r.l. in 2016, a company which operates in the professional cooking sector, of Okida in 2018 and P.G.A. in 2022, which are active in the design and production of electronic components for household appliances, the C.M.I. Group in 2019 and MEC in 2023, which design and produce hinges for ovens and dishwashers. The entry into the induction cooking components sector is another strategically important project for which Sabaf put together a dedicated development team and which also draws on the expertise of Okida and P.G.A.

Enhancement of intangible assets and of its intellectual capital

Sabaf carefully monitors and increases the value of its intangible assets: the high technical and professional competence of the people who work there, the image synonymous with quality and reliability, the reputation of a company attentive to social and environmental issues and the requirements of its stakeholders. The promotion of the idea of work and relations with stakeholders as a passion for a project based on common values in which everyone can recognise themselves symmetrically represents not only a moral commitment, but the real guarantee of enhancement of intangible assets.

Products and markets

With 15 production sites globally and more than 1,600 employees, the Sabaf Group is one of the world's leading manufacturers of components for household gas cooking appliances, with a market share of about 40% in Europe and over 10% worldwide.

The total of more than 1,600 employees is distributed across the different geographical areas as follows:

	Number of employees	
Geographical area	**2025**	**2024**
Europe (excluding Turkey)	751	724
Turkey	463	498
North America	254	218
South America	120	108
Asia and Oceania	29	22
Total	**1,617**	**1,570**

In recent years, through a policy of organic investments and through acquisitions, the Group expanded its product range and is now active in the following segments of the household appliance market:

- gas parts;
- hinges;
- electronic components;
- components for induction cooking.

The product range

Gas parts	Hinges	Electronic components	Induction
Valves: they regulate the flow of gas to the covered (of the oven or grill) or uncovered burners. Burners: by mixing the gas with air and burning the gases used, they produce one or more flame rings. Accessories: include spark plugs, microswitches, injectors and other components to complete the range.	They allow movement and balancing when opening and closing the oven door, washing machine door or dishwasher door.	Electronic control boards, timers and display and power units for ovens, refrigerators, freezers, hoods and other products.	Complete kits including all components for hob operation.

The Sabaf Group's customers are manufacturers of household appliances. The range also includes products for the professional sector. Most of the active commercial transactions are characterised by long-standing relations that developed over the years.

Customer relations and sales are managed directly by the Sales teams or with the support of multi-firm agents. In a business-to-business model, the Sabaf Group has no direct dealings with end users.

The Group's strategic suppliers are represented by:

- suppliers of raw materials, such as steel alloys and non-ferrous metals (mainly aluminium and brass); these are generally international large groups;
- suppliers of electronic components;
- suppliers of other components that are assembled into products manufactured by the Group;
- suppliers of machinery and equipment, with whom the Group has strong long-term relationships;

The Sabaf Group is aware of the strategic relevance of existing relationships so it monitors information and data on its customers and suppliers, as well as key players in the value chain. The tools it uses to do this include: direct relations, with a constant dialogue and regular interaction, as well as stakeholder engagement activities, such as customer satisfaction analysis.

Revenue by product family

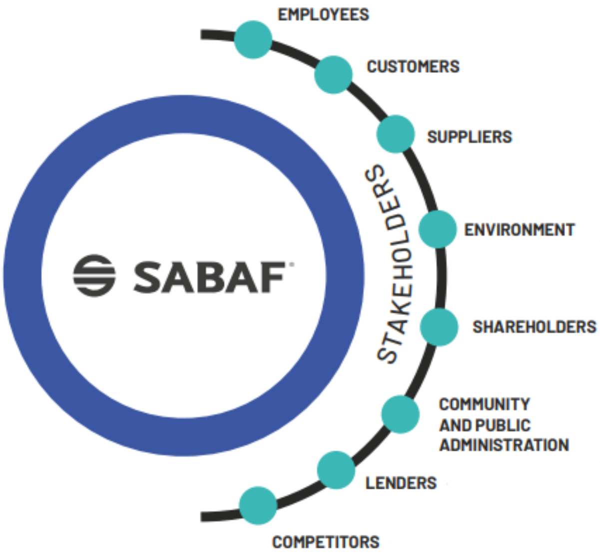
	2025		2024	
	(€/000)	%	*(€/000)*	%
Gas parts	165,052	59.3%	169,403	59.4%
Hinges	90,002	32.3%	87,364	30.6%
Electronic components	22,724	8.2%	27,850	9.8%
Induction	423	0.2%	474	0.2%
Total	**278,201**	**100%**	**285,091**	**100%**

Revenue by geographical area

	2025		2024	
	(€/000)	%	*(€/000)*	%
Europe (excluding Turkey)	81,417	29.3%	80,246	28.1%
Turkey	65,084	23.4%	76,103	26.7%
North America	65,136	23.4%	60,889	21.4%
South America	38,164	13.7%	35,895	12.6%
Africa and Middle East	11,458	4.1%	15,188	5.3%
Asia and Oceania	16,942	6.1%	16,770	5.9%
Total	**278,201**	**100%**	**285,091**	**100%**

[ESRS 2 SBM-2] Interests and views of stakeholders

Sabaf is committed to constantly strengthening the social value of its business activities through careful management of relationships with stakeholders, whom it considers to be of the utmost importance in guiding the Group's strategic decisions. Sabaf has established an open and transparent dialogue with stakeholders and promotes discussions to identify their legitimate expectations, increase mutual trust, manage risks and identify new opportunities.



The Sabaf Group provides engagement activities for all key stakeholders, such as its own workforce and their representatives, suppliers, customers, lenders and investors, financial analysts, schools and universities. Involvement initiatives have been established and are carried out periodically (generally every two or three years): surveys on employee satisfaction and corporate climate, meetings with employees and trade unions, meetings with suppliers and customers, periodic meetings with lenders, discussions and dialogues with financial analysts, proxy advisors, current and potential investors as well as relations with schools and universities.
These activities generate feedback that the Group considers when defining lines of action, including with a view to continuous improvement. Specifically, results of surveys on employee satisfaction and corporate climate influence decisions and the strategic approach to human capital management, through the receipt and analysis of feedback from the workforce on the working environment, employee well-being, training, skills assessment, communication and information. Respect for workers' rights is ensured

through the establishment of a responsible and constructive dialogue with trade unions, in which principles of fairness and transparency are pursued.
Sabaf is aware that the interests and views of workers in the value chain can be significantly impacted by the company. For this reason, the Group has a Sustainable Procurement Policy, the concrete implementation and monitoring of which is aimed at preventing and mitigating negative impacts and ensuring respect for human rights. Information on the Sustainable Sourcing Policy can be found in section *[S2-1] Policies related to value chain workers*.
Similarly, although there is no direct involvement with end users, their interests, particularly in terms of product safety, are protected through quality management systems.
The Company has always considered the establishment and maintenance of transparent and continuous communication with all the shareholders and the market to be of the utmost importance. In this perspective, the Board of Directors has adopted a Policy for the Management of Dialogue with shareholders.
The involvement of stakeholders is also one of the key stages of the double materiality assessment, during which the Group's stakeholders (employees, customers, suppliers, investors and financial analysts, environmental and community representatives) are called upon to assess the impacts related to sustainability matters. The sample used for each stakeholder category in the double materiality analysis carried out for the 2024 financial year is set out below.

Stakeholder category	**Sample involved**
Employees	▪ Sabaf S.p.A. employee representatives. ▪ OHS Officer of Sabaf S.p.A. ▪ 6 employees of Sabaf S.p.A. ▪ 4 employees of Sabaf Turkey ▪ 4 employees of Sabaf Brazil
Customers	▪ 5 Sabaf Group customers
Suppliers	▪ 4 Sabaf Group suppliers
Investors	▪ 3 institutional investors
Financial analysts	▪ 3 financial analysts
Banks	▪ 3 banks
Environmental representatives	▪ Certification Body of the Environmental Management System
Community representatives	▪ Representative of the Municipality of Ospitaletto ▪ Member of the Confindustria Brescia Safety Observatory

The results of the assessment are presented to the Sustainability Committee, the Risk and Control Committee and the Board of Directors, whose meetings are always attended by the Board of Auditors.
To date, the results of engagement activities have not revealed the need for significant changes to the Group's corporate strategy and/or business model.

[ESRS 2 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

For the purpose of preparing this document, during 2025, the Sabaf Group updated the double materiality assessment which allowed for the identification of material impacts, risks and opportunities (IROs) for the Group and its value chain and associated ESRS topics. An ESRS topic is considered material if it emerged as relevant following the assessment of the inside-out (impact materiality) and/or outside-in (financial materiality) perspective. The result of the analysis that was conducted provides an overview of the sustainability matters the Group prioritises in its business strategy, as well as the strategic matters covered by material policies, objectives and metrics for driving and improving its sustainable growth.

The update to the 2025 double materiality analysis has confirmed the priorities already identified by the Group in previous financial years. The assessment did not lead to significant changes in the Group's business model, but it has influenced the adjustment of the corporate strategy with respect to sustainability matters identified as material. In this regard, please refer to the SBM-3 sections within the following topical chapters - where disclosure is required by the standards.
The sustainability matters associated with the topical ESRS identified by ESRS-1, RA 16 and the material impacts, risks and opportunities for the Group and its value chain are shown in the tables below. Compared with the previous reporting period, the description of certain impacts has been made more specific. Furthermore, a new opportunity has emerged in relation to the circular economy ("the adoption of internal circular models and processes to improve resource efficiency, thereby reducing associated costs"). On the other hand, the following were no longer considered significant: a risk related to the circular economy ("risk linked to the volatility of raw material prices and dependence on non-renewable raw materials, in the company's own operations and throughout the value chain"); and a risk and an opportunity related to the company's own workforce ("risk associated with the lack of specific technical skills relevant to Sabaf's business on the labour market" and "implementation and adoption of strategies aimed at increasing the attraction and retention of talent, including through the provision of stable employment contracts and satisfactory working conditions, which improve work performance and also have a positive impact on financial results").

Environmental topics

Topical ESRS	Topic	Sub-topic	IRO Description	Impact materiality				Financial materiality		Value chain		
				Negative impact	**Positive impact**	**Actual impact**	**Potential impact**	**Risk**	**Opportunit y**	**Upstream**	**Own operations**	**Downstream**
ESRS E1	Climate change	Climate change mitigation	*Contribution to climate change by producing GHG emissions during business operations.*	✓		✓					✓	
			Contribution to climate change through the production of GHG emissions along the upstream value chain.	✓		✓				✓		
			Generation of GHG emissions during the product's use phase.	✓		✓						✓
			Development of products that produce GHG emissions during their use.		✓	✓						✓
			Risks associated with adjusting CO_2 emissions along the supply chain to meet market requirements and related reporting and monitoring.					✓		✓	✓	
			Opportunities for the development of alternative technologies that could result in lower emissions in the use phase of the product, such as induction.						✓		✓	
			Development of gas firing to replace biomass in emerging countries.						✓		✓	✓
			Reputational benefits related to the introduction of decarbonisation and energy efficiency strategies.						✓		✓	
		Climate change adaptation	*Risks arising from the impact of emerging climate change regulations and the inability to adapt to market standards (e.g. effective decarbonisation strategies, CBAM, RoHS).*					✓			✓	
			Risks related to the transposition of new sustainability regulations (e.g. Carbon Free, RoHS, CBAM).					✓			✓	

		Energy	*Investment in self-generation of energy from renewable sources, with consequent benefits of energy independence and reduced operating costs.*						✓		✓	

				Impact materiality				**Financial materiality**		**Value chain**		
Topical ESRS	**Topic**	**Sub-topic**	**IRO Description**	**Negative impact**	**Positive impact**	**Actual impact**	**Potential impact**	**Risk**	**Opportunity**	**Upstream**	**Own operations**	**Downstream**
ESRS E2	Pollution	Air pollution	*Emission of pollutants into the atmosphere during operations.*	✓			✓				✓	
			Emission of pollutants into the atmosphere in the upstream operations.	✓		✓				✓		
		Water pollution	*Emission of pollutants into water during operations.*	✓			✓				✓	
			Emission of pollutants into water in the upstream operations.	✓		✓				✓		
		Soil pollution	*Emission of pollutants into the soil during operations.*	✓			✓				✓	
			Emission of pollutants into the soil in the upstream operations.	✓		✓				✓		
		Substances of concern	*Emission of substances of concern into the atmosphere, water and soil during operations.*	✓			✓				✓	
			Emission of substances of concern into the atmosphere, water and soil in upstream operations.	✓		✓				✓		
		Substances of very high concern	*Emissions of substances of very high concern into the atmosphere, water and soil during the course of its activities.*	✓			✓				✓	

			Emission of substances of very high concern into the atmosphere, water and soil in the upstream operations.	✓		✓				✓		

				Impact materiality				**Financial materiality**		**Value chain**		
Topical ESRS	**Topic**	**Sub-topic**	**IRO Description**	**Negative impact**	**Positive impact**	**Actual impact**	**Potential impact**	**Risk**	**Opportunity**	**Upstream**	**Own operations**	**Downstream**
ESRS E3	Water and marine resources	Water	*Water withdrawal and consumption in water-stressed areas during business operations.*	✓		✓					✓	
			Water withdrawal and consumption in water-stressed areas along the upstream value chain.	✓		✓				✓		

				Impact materiality				**Financial materiality**		**Value chain**		
Topical ESRS	**Topic**	**Sub-topic**	**IRO Description**	**Negative impact**	**Positive impact**	**Actual impact**	**Potential impact**	**Risk**	**Opportunity**	**Upstream**	**Own operations**	**Downstream**
ESRS E5	Circular economy	*Resource inflows, including use of resources*	*Reduction of waste and the sourcing of virgin raw materials through recovery, recycling and/or reuse of waste materials in business operations and along the upstream value chain.*		✓	✓				✓	✓	
		Resource outflows related to products and services	*Reduction of waste and the sourcing of virgin raw materials through recovery, recycling and/or reuse of waste materials in business operations and along the upstream value chain.*		✓	✓				✓	✓	
			The adoption of internal circular models and processes to improve resource efficiency, thereby reducing associated costs.						✓		✓	
		Waste	*Generation of waste during the performance of business operations and along the value chain.*	✓		✓				✓	✓	

Social Topics

				Impact materiality				Financial materiality		Value chain		
Topical ESRS	**Topic**	**Sub-topic**	**IRO Description**	**Negative impact**	**Positive impact**	**Actual impact**	**Potential impact**	**Risk**	**Opportunity**	**Upstream**	**Own operations**	**Downstream**
ESRS S1	Own workforce	Working conditions	*Adequate remuneration through the application of local national contracts, supplemented by any better bargaining agreements.*		✓	✓					✓	
			Dissemination of a corporate culture that promotes the well-being of employees and enables work-life balance.		✓	✓					✓	
			Occurrence of incidents and work-related ill health	✓		✓					✓	
			Risks related to security incidents/accidents.					✓			✓	
			Dissemination of a corporate culture based on safety that positively influences corporate reputation.						✓		✓	
		Equal treatment and opportunities for all	*Any incidents of discrimination based on gender, sexual, religious and/or political orientation, ethnic origin or social and personal conditions.*	✓			✓				✓	
			Potential incidents of discrimination related to gender pay equality.	✓			✓				✓	
			Improvement of employees' personal and professional skills by adopting training plans and initiatives.		✓	✓					✓	
			Risks associated with the loss of key resources and related skills.					✓			✓	
			Utilisation of specialised skills for possible entry into sectors/markets other than household appliances, as well as the						✓		✓	

			search for new professionals to foster the spread of new and broader skills from which new business opportunities may arise.									

				Impact materiality				Financial materiality		Value chain		
Topical ESRS	**Topic**	**Sub-topic**	**IRO Description**	**Negative impact**	**Positive impact**	**Actual impact**	**Potential impact**	**Risk**	**Opportunity**	**Upstream**	**Own operations**	**Downstream**
ESRS S2	Workers in the value chain	Working conditions	*Possible impact on the working conditions of workers in the upstream value chain, including respect for human rights, health and safety, and adequate remuneration, due to the absence of monitoring provisions.*	✓			✓			✓		
			Reputational and compliance risk related to the occurrence of contractor accidents.					✓		✓		

				Impact materiality				Financial materiality		Value chain		
Topical ESRS	**Topic**	**Sub-topic**	**IRO Description**	**Negative impact**	**Positive impact**	**Actual impact**	**Potential impact**	**Risk**	**Opportunity**	**Upstream**	**Own operations**	**Downstream**
ESRS S3	Affected communiti es	Economic, social and cultural rights of communities	*Creation of jobs and distribute economic value in the affected areas that have a positive impact on local communities.*		✓	✓						✓
			Collaboration with local universities, institutions and associations, contributing to the growth of local communities.		✓	✓						✓

				Impact materiality				Financial materiality		Value chain		
Topical ESRS	**Topic**	**Sub-topic**	**IRO Description**	**Negative impact**	**Positive impact**	**Actual impact**	**Potential impact**	**Risk**	**Opportunity**	**Upstream**	**Own operations**	**Downstream**
ESRS S4	Consumers and end users	Personal safety of consumers and/or end users	*Risks associated with non-compliance with product quality and safety standards.*					✓				✓

Governance topics

				Impact materiality				Financial materiality		Value chain		
Topical ESRS	**Topic**	**Sub-topic**	**IRO Description**	**Negative impact**	**Positive impact**	**Actual impact**	**Potential impact**	**Risk**	**Opportunity**	**Upstream**	**Own operations**	**Downstream**
ESRS G1	Business Conduct	Corporate culture	*Partnerships based on principles of collaboration and transparency that contribute to market enrichment and facilitate the achievement of sustainability goals.*		✓	✓				✓	✓	✓
		Management of relationships with suppliers, including payment practices	*Potential delays in payments to suppliers compared to contractually agreed terms.*	✓			✓			✓		
		Corruption or bribery	*Dissemination of corporate policies that promote and disseminate an ethical and responsible corporate culture.*		✓	✓					✓	

The description of the above IROs shows where these occur in the Group's business model, in its operations and in the upstream and downstream value chain. The reasonably expected time horizon for the impacts, as well as the time horizon used to conduct the assessments, is the medium term (Business Plan 2024-2026). Regarding the "Contribution to climate change through the production of GHG emissions during the course of business operations/value chain" the time horizon considered is the long term.

The Sabaf Group has identified impacts, risks and/or opportunities associated with the sustainability matters reported in ESRS 1 - RA 16, while it has not identified entity-specific *IROs*. The following chapters describe the actions implemented by the Group to mitigate and/or prevent negative impacts and risks and to pursue the positive impacts and opportunities that have been identified. For each thematic area, the material impacts are also described, with details of how these affect people and the environment, whether they derive from the Group's strategy and business model, and whether they are caused by the Group's own activities or its business relations.
In addition, the chapters detail the Group's resilient approach, with evidence of the measures taken to prevent, mitigate and respond to the potential effects of risks and negative impacts. To date, the Sabaf Group has recorded financial effects from material opportunities relating to climate change. The company's commitment to the development of induction cooking and the increase in the share of self-produced energy resulted in capital expenditure (induction and photovoltaics) and revenue (induction) during the reporting period. Detailed information on the opportunities mentioned above can be found in section *[E1 IRO-1] Description of the processes to identify and assess material climate-related impacts, risks and opportunities*.

[ESRS 2 IRO-1] Description of the process to identify and assess material impacts, risks and opportunities

During 2025, the Sabaf Group updated its Materiality Analysis in accordance with the requirements of the CSRD and the ESRS, with a view to preparing its 2025 Consolidated Sustainability Statement.
The Impact Materiality, established in the previous financial year, has been confirmed following the annual review and monitoring of key regulatory and industry trends. This analysis did not reveal any significant changes in the Group's operating environment, value chain or activities.
Financial Materiality, which forms part of the Enterprise Risk Management (ERM) process, was updated during the annual risk assessment.
The update resulted in the identification of a list of key impacts, risks and opportunities for 2025, which was submitted to the Sustainability Committee for review and approved by the Board of Directors at its meeting on 3 March 2026.
Details of the Impact and Financial Materiality analyses performed are given in the following paragraphs.

Impact Materiality Analysis

The Impact Materiality Analysis was conducted according to the following steps.

1. ***Understanding the context of the organisation***

   In order to identify the Sabaf Group's impacts, risks and opportunities associated with sustainability matters, the context analysis involved:

   - **an assessment of the Sabaf Group's own operations**, including by conducting interviews with corporate functions, which allowed the mapping of Group processes and the identification of circumstances deemed particularly critical for the occurrence of negative impacts;
   - **an in-depth mapping of Sabaf's value chain**, which considered both an analysis of the Group's internal sourcing data and an analysis of international rating platforms and agencies (S&P, MSCI, ENCORE) that identify priority impacts for each sector. During this phase, particular attention was paid to areas where the Company believed it was most likely that impacts, risks and opportunities might arise, based on the nature of the activities, business relationships, geographical areas and other contextual factors;
   - **a technical assessment of the Environmental Analysis conducted for the production plant of Sabaf S.p.A.**, whose industrial operations and related environmental impacts are considered representative of the Group's main manufacturing plants as the processes and technologies adopted are comparable. This assessment led to the inclusion in the impact analysis of the topics of water and pollution, that had previously been deemed to be non-material by stakeholders. The assessment took place with the technical support of the HSE manager;
   - **the Sabaf Group's dependencies** in terms of raw materials and procurement, natural resources, human capital, the regulatory and institutional environment.

2. ***Definition of impacts***

   Starting from the material topics identified in the previous reporting periods, and the results of the analysis of the company's internal and external context, which considered the sectoral scope of reference, a long list was compiled of current or potential positive and negative impacts, which are potentially material to the Sabaf Group. These are understood to be the actual or potential effects on the environment and people, including effects on human rights, as a result of the Group's activities or business relations. The impacts, each associated with a sustainability topic or sub-topic identified by ESRS 1 - RA 16, were defined by taking into consideration the sector of origin, the business operations and activities along the value chain that impact or may impact people and the environment, and the outcome of interviews with business functions.

3. ***Assessment of impacts***

   As part of stakeholder engagement, the impacts identified were subject to the assessment by internal and external stakeholders. Specifically, at this stage, senior managers, employees, customers, suppliers, investors, lenders and expert financial analysts, environmental and community representatives are selected on the basis of their qualifications and relevance as stakeholders and asked to provide an assessment of each impact related to the topics for which they are responsible. The assessment was carried out by observing the preliminary guidelines of the ESRS Standards, i.e., by considering two main criteria:

i. **likelihood**, i.e., the frequency with which an impact may happen;
ii. **severity**, i.e, the seriousness of an impact should it happen. The assessment of the severity also considered:
    - the **scale**, i.e., how serious the impact is;
    - the **scope**, i.e., how widespread the impact is;
    - the **irremediable character** of the impact, i.e., how hard it is to mitigate or compensate the resulting harm for negative impacts.

For each impact, stakeholders were invited to express, via a specific survey accompanied by specific guidelines, a score from 1 to 5 relating to the above criteria (likelihood and severity). The guidelines specified how to make an assessment of likelihood and severity, including the three criteria mentioned above (scale, scope and irremediable character). This assessment was conducted at an aggregate level, as disaggregation was not deemed necessary for a proper understanding of the material impacts. In understanding the context and defining the impacts, no significant differences emerged in the business operations of the various Group companies.
The assessment was conducted according to the gross principle, i.e. without considering the mitigation measures that are in place, and took into account the time horizon of the 2024-2026 Business Plan, a period considered adequate to obtain assessments that are applicable to the Sabaf Group's strategic decisions.

4. ***Drawing up the short list of material impacts and topics***
   The score obtained for each impact was analysed in order to obtain, starting from the assessments of individual stakeholders, a score associated with each impact. The topics were then sorted by score and finally included in the Short List of the Sabaf Group's impacts and associated topics. In particular, impacts were considered material when the average score from the assessment of stakeholders was greater than 13 (the minimum limit of 13 was established as the average between the maximum score, which was 25, and the minimum score, which was 1).

Financial Materiality Analysis

The Financial Materiality analysis was carried out with the following steps:

1. ***Integration of the corporate risk model with potentially material risks and opportunities related to sustainability matters***
   The corporate risk model used in the ERM (Enterprise Risk Management) process was integrated with the risks and opportunities related to sustainability matters identified by the ESRS (ref. *ESRS 1, RA. 16 - Sustainability matters to be included*

in the materiality assessment). In the identification of risks and opportunities, consideration was given to:

- the context analysis conducted for identifying impacts, including all the points detailed above;
- the impacts associated with sustainability matters found to be material for the Group, in order to explore the interdependence between impact and financial materiality;
- any topics previously raised during interviews with corporate functions for the purpose of identifying impacts related to sustainability matters;
- the assessment of business operations and the value chain that had been carried out during the Impact Materiality analysis;
- the time horizon of the 2024-2026 Business Plan, which was considered adequate for obtaining assessments applicable to the Sabaf Group's strategic decisions;
- the review of the risk assessment carried out in the previous year, to capture the environmental, social and governance topics already identified as significant in the company's risk model;
- the examination of the SWOT analysis conducted by the Sabaf Group for the preparation of the 2024-2026 Business Plan.

2. ***Assessment of risks and opportunities associated with sustainability matters through the Enterprise Risk Assessment (ERM) process***

Risks and opportunities were assessed during the annual risk assessment process, in which the heads of business functions are required to make an assessment following individual interviews. Risks and opportunities related to sustainability matters were assessed according to the principle of inherence, prior to the adoption of mitigation actions, using the same criteria and assessment scale already established for the risk assessment process, i.e:

- the assessment of the likelihood on a scale of 1 to 4;
- the assessment of the impact on a scale of 1 to 4.

The assessment was conducted at the Group level, as disaggregation was not deemed necessary for a proper understanding of risks and opportunities. In understanding the context and defining the impacts, no significant differences emerged in the business operations of the various Group companies.

3. ***Identification of material risks and opportunities based on the assessments obtained***

For the identification of material risks and opportunities associated with sustainability matters, the materiality threshold was based on an inherent risk rating of 8 or higher - this threshold was identified on the basis of the assessments received and the methodology adopted in the risk assessment process. Some risks that received a sub-threshold assessment at the interview were subsequently integrated into the material risks. This review was conducted by a team supervised by the

CFO, in his capacity as Reporting Officer, with the involvement of the HSE manager and in cooperation with the consulting firm.

On an annual basis, the ESG Reporting Team, supported by senior management, checks whether internal or external events could affect the materiality assessment. In the absence of substantial changes that could generate new IROs or change the materiality of existing ones, the Sustainability Statement of subsequent years considers the results of the most recent Double Materiality Assessment.

[ESRS 2 IRO-2] Disclosure Requirements of ESRS covered by the Consolidated Sustainability Statement

The *[ESRS 2 IRO-1] Description of the process to identify and assess material impacts, risks and opportunities* section describes the process by which the Sabaf Group determines the disclosures to be made in relation to impacts, risks and opportunities assessed as material.

Below are the disclosure requirements the Group has fulfilled in preparing the Sustainability Statement.

Disclosure requirement and related datapoint	Page number	Notes
ESRS 2 General Disclosures		
ESRS 2 BP-1 General basis for preparation of the Consolidated Sustainability Statement	15	
ESRS 2 BP-2 Disclosure in relation to specific circumstances	16	
ESRS 2 GOV-1 The role of administrative, management and supervisory bodies	16-19	
ESRS 2 GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	19-20	
ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes	20-21	
ESRS 2 GOV-4 Statement on due diligence	21-24	
ESRS 2 GOV-5 Risk management and internal controls over the Consolidated Sustainability Statement	24-25	
ESRS 2 SBM-1 Strategy, business model and value chain	26-30	
ESRS 2 SBM-2 Interests and views of stakeholders	30-31	
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	31-39	
ESRS 2 IRO-1 Description of the process to identify and assess material impacts, risks and opportunities	39-43	
ESRS 2 IRO-2 Disclosure Requirements of ESRS covered by the Consolidated Sustainability Statement	44-54	
ESRS E1 Climate change		
ESRS 2 GOV-3 E1 Integration of sustainability-related performance in incentive schemes	65	
ESRS E1-1 Transition plan for climate change mitigation	65-68	
ESRS 2 SBM-3 E1 Material impacts, risks and opportunities and their interaction with strategy and business model	68-70	
ESRS 2 IRO-1 E1Description of the processes to identify and assess material climate-related impacts, risks and opportunities	70-73	

Disclosure requirement and related datapoint	Page number	Notes
ESRS E1-2 Policies related to climate change mitigation and adaptation	73-75	
ESRS E1-3 Actions and resources in relation to climate change policies	75-77	
ESRS E1-4 Targets related to climate change mitigation and adaptation	77-78	
ESRS E1-5 Energy consumption and mix	78-79	
ESRS E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions	79-83	
ESRS E1-7 GHG removals and GHG mitigation projects financed through carbon credits		Non-material for the Sabaf Group
ESRS E1-8 Internal carbon pricing		Non-material for the Sabaf Group
ESRS E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities		The Sabaf Group used the option of phase-in provisions
ESRS E2 Pollution		
ESRS 2 IRO-1 E2 Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	84-85	
ESRS E2-1 Policies related to pollution	85-86	
ESRS E2-2 Actions and resources related to pollution	86-87	
ESRS E2-3 Targets related to pollution	87	
ESRS E2-4 Pollution of air, water and soil	87	
ESRS E2-5 Substances of concern and substances of very high concern	88	
ESRS E2-6 Anticipated financial effects from material pollution-related, risks and opportunities		The Sabaf Group used the option of phase-in provisions
ESRS E3 Water		
ESRS 2 IRO-1 E3 Description of processes to identify and assess material water-related impacts, risks and opportunities	89	
ESRS E3-1 Policies related to water	89-90	
ESRS E3-2 Actions and resources related to water	90-91	
ESRS E3-3 Targets related to water	91	
ESRS E3-4 Water consumption	91-92	
ESRS E3-5 Anticipated financial effects from material water and marine resources-related impacts, risks and opportunities		The Sabaf Group used the option of phase-in provisions
ESRS E4 Biodiversity and ecosystems		
ESRS E4-1 Transition plan and consideration of biodiversity and ecosystems in strategy and business model		Non-material for the Sabaf Group
ESRS 2 SBM-3 E4 Material impacts, risks and opportunities and their interaction with strategy and business model		
ESRS 2 IRO-1 E4 Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities		
ESRS E4-2 Policies related to biodiversity and ecosystems		
ESRS E4-3 Actions and resources related to biodiversity and ecosystems		

Disclosure requirement and related datapoint	Page number	Notes
ESRS E4-4 Targets related to biodiversity and ecosystems		
ESRS E4-5 Impact metrics related to biodiversity and ecosystems change		
ESRS E4-6 Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities		
ESRS E5 Resource use and circular economy		
ESRS 2 IRO-1 E5 Description of processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	93	
ESRS E5-1 Policies related to resource use and circular economy	93-94	
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ESRS E5-4 Resource inflows	96-97	
ESRS E5-5 Resource outflows	97-98	
ESRS E5-6 Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities		The Sabaf Group used the option of phase-in provisions
ESRS S1 Own workforce		
ESRS 2 SBM-2 S1 Interests and views of stakeholders	30-31	
ESRS 2 SBM-3 S1 Material impacts, risks and opportunities and their interaction with strategy and business model	99-100	
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ESRS S1-12 Persons with disabilities		Non-material for the Sabaf Group
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ESRS S1-14 Health and safety metrics	113	
ESRS S1-15 Work-life balance metrics	114	
ESRS S1-16 Remuneration metrics (pay gap and total remuneration)	114	

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ESRS S2 Workers in the value chain		
ESRS 2 SBM-2 S2 Interests and views of stakeholders	116	
ESRS 2 SBM-3 S2 Material impacts, risks and opportunities and their interaction with strategy and business model	116	
ESRS S2-1 Policies related to value chain workers	116-117	
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ESRS S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	118	
ESRS S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	118-119	
ESRS S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	119	
ESRS S3 Affected communities		
ESRS 2 SBM-2 S3 Interests and views of stakeholders	30-31	
ESRS 2 SBM-3 S3 Material impacts, risks and opportunities and their interaction with strategy and business model	120	
ESRS 2 S3-1 Policies related to affected communities	120-121	
ESRS S3-2 Processes for engaging with affected communities about impacts	121	
ESRS S3-3 Processes to remediate negative impacts and channels for own workers to raise concerns		Non-material for the Sabaf Group
ESRS S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	121-122	
ESRS S3-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	122	
ESRS S4 Consumers and end-users		
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ESRS 2 SBM-3 S4 Material impacts, risks and opportunities and their interaction with strategy and business model	123	
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Disclosure requirement and related datapoint	Page number	Notes
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ESRS G1 Business conduct		
ESRS 2 GOV-1 G1 The role of the administrative, management and supervisory bodies	126	
ESRS 2 IRO-1 G1 Description of the process to identify and assess material impacts, risks and opportunities	126	
ESRS G1-1 Business conduct policies and corporate culture	127-129	
ESRS G1-2 Management of relationships with suppliers	129	
ESRS G1-3 Prevention and detection of corruption or bribery	129-130	
ESRS G1-4 Incidents of corruption or bribery	131	
ESRS G1-5 Political influence and lobbying activities		Non-material for the Sabaf Group
ESRS G1-6 Payment practices	131	

Below are the information elements from other EU legislation listed in Appendix B of ESRS 2.

Disclosure requirement and related datapoint	Obligations from other EU legislation[11;12;13;14]	Page number
ESRS 2 - General disclosures		
ESRS 2 GOV-1 Board's gender diversity paragraph 21(d)	**SFDR**: Annex I, Table 1, Indicator No. 13 **Benchmark Regulation**: Commission Delegated Regulation (EU) 2020/1816 (5), Annex II	17
ESRS 2 GOV-1 Percentage of board members who are independent, paragraph 21(e)	**Benchmark Regulation**: Commission Delegated Regulation (EU) 2020/1816, Annex II	17
ESRS 2 GOV-4 Statement on due diligence, paragraph 30	**SFDR**: Annex I, Table 3, Indicator No. 10	21-24
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities, paragraph 40(d)(i)	**SFDR**: Annex I, Table 1, Indicator No. 4 **Pillar 3**: Article 449a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453 (6), Table 1 - Qualitative Information on Environmental Risk and Table 2 - Qualitative Information on Social Risk. **Benchmark Regulation**: Commission Delegated Regulation (EU) 2020/1816, Annex II	26-30
ESRS 2 SBM-1 Involvement in activities related to chemical production, paragraph 40(d)(ii)	**SFDR**: Annex I, Table 2, Indicator No. 9 **Benchmark Regulation**: Commission Delegated Regulation (EU) 2020/1816, Annex II	26-30
ESRS 2 SBM-1 Involvement in activities related to controversial weapons, paragraph 40(d)(iii)	**SFDR**: Annex I, Table 1, Indicator No. 14 **Benchmark Regulation**: Article 12(1) of Delegated Regulation (EU) 2020/1818 (7) and Annex II of Delegated Regulation (EU) 2020/1816	26-30

[11] SFDR: Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation) (OJ L 317, 9.12.2019, p. 1).

[12] Pillar 3: Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation) (OJ L 176, 27.6.2013, p. 1).

[13] Benchmark Regulation: Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

[14] EU Climate Regulation: Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulation (EC) No 401/2009 and Regulation (EU) 2018/1999 ("European Climate Law") (OJ L 243, 9.7.2021, p. 1).

Disclosure requirement and related datapoint	Obligations from other EU legislation[11;12;13;14]	Page number
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco, paragraph 40(d)(iv)	**Benchmark Regulation**: Article 12(1) of Delegated Regulation (EU) 2020/1818 and Annex II of Delegated Regulation (EU) 2020/1816	26-30
ESRS E1 Climate change		
ESRS E1-1 Transition plan to reach climate neutrality by 2050, paragraph 14	**EU climate law**: Article 2(1) of Regulation (EU) 2021/1119	65-68
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks, paragraph 16(g)	**Pillar 3**: Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Model 1: Banking portfolio - Indicators of potential transition risk related to climate change: Credit quality of exposures by sector, issuance and residual maturity **Benchmark Regulation**: Article 12(1)(d) to (g) and (2) of Delegated Regulation (EU) 2020/1818	67
ESRS E1-4 GHG emission reduction targets, paragraph 34	**SFDR**: Annex I, Table 2, Indicator No. 4 **Pillar 3**: Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Model 3: Banking portfolio - Indicators of potential climate change-related transition risk: alignment metrics **Benchmark Regulation**: Article 6 of Delegated Regulation (EU) 2020/1818	77-78
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors), paragraph 38	**SFDR**: Annex I, Table 1, Indicator No. 5 and Annex I, Table 2, Indicator No. 5	78-79
ESRS E1-5 Energy consumption and mix, paragraph 37	**SFDR**: Annex I, Table 1, Indicator No. 5	78-79
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors, paragraphs 40 to 43	**SFDR**: Annex I, Table 1, Indicator No. 6	79
ESRS E1-6 Gross Scopes 1, 2, 3 and total GHG emissions, paragraph 44	**SFDR**: Annex I, Table 1, Indicators 1 and 2 **Pillar 3**: Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Model 1: Banking portfolio - Indicators of potential transition risk related to climate change: Credit quality of exposures by sector, issuance and residual maturity **Benchmark Regulation**: Articles 5(1), 6 and 8(1) of Delegated Regulation (EU) 2020/1818	79-83

Disclosure requirement and related datapoint	Obligations from other EU legislation[11;12;13;14]	Page number
ESRS E1-6 Gross GHG emissions intensity, paragraphs 53 to 55	**SFDR**: Annex I, Table 1, Indicator No. 3 **Pillar 3**: Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Model 3: Banking portfolio - Indicators of potential climate change-related transition risk: alignment metrics **Benchmark Regulation**: Article 8(1) of Delegated Regulation (EU) 2020/1818	79-83
ESRS E1-7 GHG removals and carbon credits, paragraph 56	**EU climate law**: Article 2(1) of Regulation (EU) 2021/1119	Non-material for the Sabaf Group
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks, paragraph 66	**Benchmark Regulation**: Annex II of Delegated Regulation (EU) 2020/1818 and Annex II of Delegated Regulation (EU) 2020/1816	The Sabaf Group used the option of phase-in provisions
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk, paragraph 66(a) ESRS E1-9 Location of significant assets at material physical risk, paragraph 66(c)	**Pillar 3**: Article 449a of Regulation (EU) No 575/2013; points 46 and 47 of Commission Implementing Regulation (EU) 2022/2453; Model 5: Banking portfolio - Indicators of potential physical risk related to climate change: exposures subject to physical risk	
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes, paragraph 67(c)	**Pillar 3**: Article 449a of Regulation (EU) No 575/2013; point 34 of the Implementing Regulation (EU) 2022/2453 of the Commission; Model 2: Banking portfolio - Indicators of potential climate change-related transition risk: loans secured by real estate - Energy efficiency of collateral	
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities, paragraph 69	**Pillar 3**: Annex II of Delegated Regulation 2020/1818	
ESRS E2 Pollution		
ESRS E2-4 Amount of each pollutant listed in Annex II of E-PRTR (European Pollutant Release and Transfer Register) emitted to air, water and land, paragraph 28	**SFDR**: Annex I, Table 1, indicator No 8; Annex I, Table 2, indicator No 2; Annex 1, Table 2, indicator No 1; Annex I, Table 2, indicator No 3	87
ESRS E3 Water and marine resources		
ESRS E3-1 Water and marine resources, paragraph 9	**SFDR**: Annex I, Table 2, Indicator No. 7	89-90
ESRS E3-1 Dedicated policy, paragraph 13	**SFDR**: Annex I, Table 2, Indicator No. 8	89-90
ESRS E3-1 Sustainable oceans and seas, paragraph 14	**SFDR**: Annex I, Table 2, Indicator No. 12	Non-material for the Sabaf Group
ESRS E3-4 Total water recycled and reused, paragraph 28(c)	**SFDR**: Annex I, Table 2, Indicator No. 6.2	91-92
ESRS E3-4 Total water consumption in m^3 per net revenue on own operations, paragraph 29	**SFDR**: Annex I, Table 2, Indicator No. 6.1	92

Disclosure requirement and related datapoint	Obligations from other EU legislation[11;12;13;14]	Page number
ESRS E4 Biodiversity and ecosystems		
ESRS 2 SBM-3 E4 paragraph 16(a)(i)	**SFDR**: Annex I, Table 1, Indicator No. 7	Non-material for the Sabaf Group
ESRS 2 SBM-3 E4 paragraph 16(b)	**SFDR**: Annex I, Table 2, Indicator No. 10	
ESRS 2 SBM-3 E4 paragraph 16(c)	**SFDR**: Annex I, Table 2, Indicator No. 14	
ESRS E4-2 Sustainable land/agriculture practices or policies, paragraph 24(b)	**SFDR**: Annex I, Table 2, Indicator No. 11	
ESRS E4-2 Sustainable oceans/seas practices or policies, paragraph 24(c)	**SFDR**: Annex I, Table 2, Indicator No. 12	
ESRS E4-2 Policies to address deforestation, paragraph 24(d)	**SFDR**: Annex I, Table 2, Indicator No. 15	
ESRS E5 Resource use and circular economy		
ESRS E5-5 Non-recycled waste, paragraph 37(d)	**SFDR**: Annex I, Table 2, Indicator No. 13	98
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	**SFDR**: Annex I, Table 1, Indicator No. 9	98
ESRS S1 Own workforce		
ESRS 2 SBM-3 S1 Risk of incidents of forced labour, paragraph 14(f)	**SFDR**: Annex I, Table 3, Indicator No. 13	99-100
ESRS 2 SBM-3 S1 Risk of incidents of child labour, paragraph 14(g)	**SFDR**: Annex I, Table 3, Indicator No. 12	99-100
ESRS S1-1 Human rights policy commitments, paragraph 20	**SFDR**: Annex I, Table 3, Indicator No 9 and Annex I, Table 1, Indicator No 11	100-103
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, paragraph 21	**Benchmark Regulation**: Commission Delegated Regulation (EU) 2020/1816, Annex II	100-103
ESRS S1-1 Processes and measures for preventing trafficking in human beings, paragraph 22	**SFDR**: Annex I, Table 3, Indicator No. 11	100-103
ESRS S1-1 Workplace accident prevention policy or management system, paragraph 23	**SFDR**: Annex I, Table 3, Indicator No. 1	100-103
ESRS S1-3 Grievance/complaints handling mechanisms, paragraph 32(c)	**SFDR**: Annex I, Table 3, Indicator No. 5	104
ESRS S1-14 Number of fatalities and number and rate of work-related accidents, paragraph 88 (b) and (c)	**SFDR**: Annex I, Table 3, Indicator No. 2 **Benchmark Regulation**: Commission Delegated Regulation (EU) 2020/1816, Annex II	113
ESRS S1-14 Number of days lost due to injuries, accidents, fatalities or illness, paragraph 88 (e)	**SFDR**: Annex I, Table 3, Indicator No. 3	113
ESRS S1-16 Unadjusted gender pay gap, paragraph 97(a)	**SFDR**: Annex I, Table 1, Indicator No. 12 **Benchmark Regulation**: Commission Delegated Regulation (EU) 2020/1816, Annex II	114
ESRS S1-16 Excessive CEO pay ratio, paragraph 97(b)	**SFDR**: Annex I, Table 3, Indicator No. 8	114
ESRS S1-17 Incidents of discrimination, paragraph 103(a)	**SFDR**: Annex I, Table 3, Indicator No. 7	115

Disclosure requirement and related datapoint	Obligations from other EU legislation[11;12;13;14]	Page number
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD guidelines, paragraph 104(a)	**SFDR**: Annex I, Table 1, Indicator No 10 and Annex I, Table 3, Indicator No 14 **Benchmark Regulation**: Annex II of Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818	115
ESRS S2 Workers in the value chain		
ESRS 2 SBM-3 S2 Significant risk of child labour or forced labour in the value chain, paragraph 11(b)	**SFDR**: Annex I, Table 3, Indicators Nos. 12 and 13	116
ESRS S2-1 Human rights policy commitments, paragraph 17	**SFDR**: Annex I, Table 3, Indicator No 9 and Annex I, Table 1, Indicator No 11	116-117
ESRS S2-1 Policies related to value chain workers, paragraph 18	**SFDR**: Annex I, Table 3, Indicators Nos. 11 and 4	116-117
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines, paragraph 19	**SFDR**: Annex I, Table 1, Indicator No. 10 **Benchmark Regulation**: Annex II of Delegated Regulation (EU) 2020/1816 and Article 12(12) 1, of Delegated Regulation (EU) 2020/1818	116-117
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, paragraph 19	**Benchmark Regulation**: Commission Delegated Regulation (EU) 2020/1816, Annex II	116-117
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain, paragraph 36	**SFDR**: Annex I, Table 3, Indicator No. 14	118-119
ESRS S3 Affected communities		
ESRS S3-1 Human rights policy commitments, paragraph 16	**SFDR**: Annex I, Table 3, Indicator No 9 and Annex I, Table 1, Indicator No 11	120-121
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines, paragraph 17	**SFDR**: Annex I, Table 1, Indicator No. 10 **Benchmark Regulation**: Annex II of Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818	120-121
ESRS S3-4 Human Rights issues and incidents, paragraph 36	**SFDR**: Annex I, Table 3, Indicator No. 14	121-122
ESRS S4 Consumers and end-users		
ESRS S4-1 Policies related to consumers and end-users, paragraph 16	**SFDR**: Annex I, Table 3, Indicator No 9 and Annex I, Table 1, Indicator No 11	123-124
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines, paragraph 17	**SFDR**: Annex I, Table 1, Indicator No. 10 **Benchmark Regulation**: Annex II of Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818	123-124
ESRS S4-4 Human Rights issues and incidents, paragraph 35	**SFDR**: Annex I, Table 3, Indicator No. 14	124-125
ESRS G1 Business conduct		
ESRS G1-1 United Nations Convention against corruption, paragraph 10(b)	**SFDR**: Annex I, Table 3, Indicator No. 15	127-129
ESRS G1-1 Protection of whistleblowers, paragraph 10(d)	**SFDR**: Annex I, Table 3, Indicator No. 6	127-129

Disclosure requirement and related datapoint	Obligations from other EU legislation[11;12;13;14]	Page number
ESRS G1-4 Fines for violations of anti-corruption and anti-bribery laws, paragraph 24(a)	**SFDR**: Annex I, Table 3, Indicator No. 17 **Benchmark Regulation**: Annex II of Delegated Regulation 2020/1816	131
ESRS G1-4 Standards of anti-corruption and anti-bribery, paragraph 24(b)	**SFDR**: Annex I, Table 3, Indicator No. 16	131

E - Information on environmental aspects

Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)

Regulation (EU) 2020/852 (“EU Taxonomy”) is part of the European Union's initiatives in favour of sustainable finance and aims to provide investors and the market with a framework of sustainability metrics. The EU Taxonomy focuses on the identification of environmentally sustainable economic activities, defined as those economic activities that make a substantial contribution to at least one of the EU’s climate and environmental objectives, while at the same time not significantly harming any of these objectives and meeting minimum safeguards. In particular, the aim of the EU Taxonomy is to steer investments towards sustainable solutions, also in order to pursue the provisions of the European Green Deal, by identifying six environmental and climate objectives:

1. Climate change mitigation;
2. Climate change adaptation;
3. Sustainable use and protection of water and marine resources;
4. Transition to a circular economy;
5. Pollution prevention and control;
6. Protection and restoration of biodiversity and ecosystems.

To achieve these objectives, the European Union has identified specific economic activities and defined their environmental sustainability criteria, through Delegated Regulation 2021/2139 (covering the first two objectives) and Delegated Regulation 2023/2486 (covering the remaining four objectives).

According to the Taxonomy Regulation, the Group must publish: (i) the proportion of their turnover derived from products or services associated with economic activities that qualify as environmentally sustainable under the Taxonomy and the (ii) the proportion of capital expenditure and the proportion of operational expenditure related to asses or processes associated with economic activities that qualify as environmentally sustainable under the Taxonomy. These indicators must be reported for both "Taxonomy-eligible” economic activities, i.e., "eligible" activities that could potentially contribute to the achievement of environmental objectives, and "Taxonomy-aligned" economic activities, i.e., the activities "aligned" to the Taxonomy, which actually contribute to the achievement of taxonomy objectives. As described in Delegated Regulation (EU) 2021/2178, an economic activity is Taxonomy-aligned if it complies with the requirements laid down in Article 3 of Regulation 2020/852, i.e., if it gives a substantial contribution to at least one of the above-mentioned climate and environmental objectives in accordance with the technical screening criteria set by the Commission, while at the same time does not significantly harm the remaining objectives and it meets minimum safeguards.

In 2025, the European Commission launched a simplification process in key areas of sustainability legislation, including the EU Taxonomy, with the aim of streamlining the regulatory framework, reducing the reporting burden on businesses and financial intermediaries, whilst ensuring the transparency and reliability of the environmental information provided to the market. In this context, Delegated Regulation (EU) 2026/73 was published in the Official Journal of the European Union on 8 January 2026. Among other measures, the Regulation introduces a materiality threshold for the disclosure of key performance indicators (KPIs) under the EU Taxonomy and simplifies the reporting templates.

In accordance with Article 4 of Delegated Regulation (EU) 2026/73, the provisions contained therein shall apply from 1 January 2026 in respect of the 2025 financial year, with companies having the option to defer the adoption of the regulatory updates until the 2026 financial year. The Sabaf Group has decided not to defer the adoption of the amendments; consequently, this policy has been drawn up in accordance with the Regulation applicable from 1 January 2026.

Eligible activities

In accordance with the Taxonomy Regulation, an analysis of the Group's activities was conducted to identify those that were eligible and aligned with the six objectives of the Taxonomy. The eligibility and alignment assessment covered the activities relating to the six environmental objectives set out in the Delegated Acts on Climate and the Environment (the Climate Delegated Act and the Environmental Delegated Act).

Based on the consultation of the Delegated Acts, Sabaf identified as potentially eligible activity “3.5. Manufacture of energy efficiency equipment for buildings”. Indeed, Sabaf manufactures “key components” of household appliances that fall within the scope of the above-mentioned activity of the climate change mitigation and adaptation objectives. However, after further investigations into the relevant technical screening criteria and based on the decision to adopt a prudential approach, the Group opted not to consider this activity as “Taxonomy eligible”. The criteria set out in the Delegated Acts allow for alignment (or eligibility, in the case of the adaptation objective) if the key components are installed on appliances that fall into the two highest energy efficiency classes, in accordance with Regulation (EU) 2017/1369 of the European Parliament and of the Council. However, to date, energy labelling is not applicable for certain categories of household appliances (such as gas hobs), nor can the Group obtain information on the energy class of the appliances for which its components are intended.

Sabaf also assessed whether the sale of electronic control boards could be included under activity “1.2 Manufacture of electrical and electronic equipment" as part of the objective of transition to a circular economy, but concluded that this activity was not eligible as the substantial contribution criteria are not applicable.

Based on possible regulatory developments and clarifications to the Regulation, Sabaf reserves the right to review this analysis in the coming years. The non-identification or reduced identification of turnover derived from "eligible" economic activities is not an indicator of an undertaking's environmental performance, as also confirmed by the Platform on Sustainable Finance, a body established under Article 20 of Regulation (EU) 2020/852 with advisory and support functions in favour of the European Commission on Taxonomy[15].

[15] In the document Platform considerations on voluntary information as part of Taxonomy-eligibility reporting presented as an annex to the European Commission's FAQs published in December 2021 it is stated that "Eligibility is not an indicator of environmental performance; it is an indicator that an activity is in scope for testing and has the potential to be Taxonomy-aligned".

The Sabaf Group will continue to monitor the evolution of energy labelling and European taxonomy regulations, as the publication of further regulations that are specific to its business may allow it to enhance its contribution in the future.
The Group has identified a number of projects that contribute to the energy transition and towards a circular economy, identifying the activities as outlined in the following sections.

Eligible economic activities for the 2025 financial year are outlined below.

Economic activities	Target	Description	Associated KPI
4.1. Electricity generation using solar photovoltaic technology	Climate change mitigation	There is a photovoltaic plant in operation at the company C.M.I. s.r.l.	Turnover
7.2. Renovation of existing buildings	Climate change mitigation	Restructuring activities conducted at the company A.R.C. s.r.l. and Sabaf Turkey	CapEx
3.2 Renovation of existing buildings	Circular economy	Restructuring activities conducted at the company A.R.C. s.r.l. And Sabaf Turkey	CapEx
7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Climate change mitigation	Installation of charging stations for electric vehicles at the production plant of Sabaf S.p.A.	CapEx
7.6. Installation, maintenance and repair of renewable energy technologies	Climate change mitigation	Installation of a photovoltaic system at the production plant of Sabaf S.p.A.	CapEx
2.2. Production of alternative water resources for purposes other than human consumption	Circular economy	Maintenance of rainwater and stormwater collection and treatment facilities at the Sabaf S.p.A. factory.	OpEx

For the activities listed in the table, Sabaf assessed compliance with the criteria in Article 3 of Regulation (EU) 2020/852 and the associated technical screening criteria in the Delegated Regulations, concluding that activities 4.1, 7.2, 3.2 and 2.2 are only eligible for the year 2025, since DNSH criteria are not met for the first activity and for the others the substantial contribution criteria are not met.

Aligned activities

Below are the aligned economic activities for the 2025 financial year.

Economic activities	Target	Description	Associated KPI
7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Climate change mitigation	Installation of charging stations for electric vehicles at the production plant of Sabaf S.p.A.	CapEx
7.6. Installation, maintenance and repair of renewable energy technologies	Climate change mitigation	Installation of a photovoltaic system at the production plant of Sabaf S.p.A.	CapEx

For the above activities, Sabaf assessed compliance with the criteria set out in Article 3 of Regulation (EU) 2020/852 and the associated substantial contribution criteria set out in the Delegated Regulations, as well as compliance with the DNSH ('Do No Significant Harm') criteria and the Minimum Safeguards. The assessment led to these activities being identified as aligned, as explained in the following paragraphs.

Substantial contribution of aligned activities

The analysis conducted on the Company's specific circumstances concluded that economic activities 7.4 and 7.6 contribute substantially to climate change mitigation. Specifically:

- Activity 7.4. consists of the installation of recharging stations for electric vehicles, thus encouraging the use of suitable means of transport for the climate transition. Electric vehicles emit less GHG compared to internal combustion vehicles, as well as being more efficient in terms of energy consumption. Furthermore, charging infrastructure can be supplemented with renewable energy sources, further reducing emissions associated with transport.
- Activity 7.6 relates to the installation of a photovoltaic system at the Sabaf S.p.A. plant. This system will enable the electricity generation using solar photovoltaic technology, contributing substantially to the objective of climate change mitigation.

Analysis of DNSH criteria

Economic activities 7.4. and 7.6. can be considered to be aligned with the Taxonomy and consequently contribute to the mitigation target as long as the DNSH criteria for the remaining taxonomic targets are met, as stated within the Regulation. The DNSH criteria associated with these activities specifically only require compliance with the criteria set out in Appendix A of the Commission's Delegated Regulation (EU) 2021/2139, in order to ensure the absence of significant impact hindering the climate change adaptation objective.

The criteria in Appendix A are met by the climate risk analysis that the Sabaf Group conducted during 2024, as explained in *ESRS E1 Climate Change* of this document.

Specifically, the risks were identified from those listed in the table in Section II of Appendix A and were subjected to a rigorous assessment in accordance with the procedure outlined in the Delegated Regulations. For more information on the analysis that was conducted, please refer to sections *[E1 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model* and *[E1 IRO-1] Description of the process to identify and assess material climate-related impacts, risks and opportunities*.

Analysis of minimum safeguards

Article 18 of the EU Taxonomy Regulation describes minimum safeguards as procedures implemented by a company to ensure that its business activities are conducted in accordance with internationally recognised principles set out in the OECD Guidelines for multinational enterprises on responsible business conduct and the United Nations Guiding Principles (UNGPs) on Business and Human Rights. In the analysis, consideration was also given to the guidelines identified by the Platform on Sustainable Finance in the Final Report on Minimum Safeguards, published in October 2022. Details of the Sabaf Group's minimum safeguards are outlined below. Aligned activities are carried out directly by Sabaf S.p.A., as measures to contribute to the energy transition of the company itself. The Group therefore verified compliance with the DNSH and MSS requirements for Sabaf S.p.A. alone, as required by the Regulation.

- **Human rights, including workers' rights**. The Sabaf Group has formalised its commitment to the protection and promotion of human rights in its policies and codes of conduct. Commitments to human rights are set out in the Group Charter of Values, as well as in the Social Policy. These commitments are also shared with the Group's value chain through the dissemination and signing by suppliers of the Sustainable Procurement Policy, which requires respect for human rights and minimum standards on social responsibility and working conditions. The aforementioned policies provide for specific enforcement, verification and monitoring mechanisms, as detailed in sections *[S1-1] Policies related to own workforce* and *[S2-1] Policies related to value chain workers* of this document.
- **Taxation**. The Sabaf Group, in line with the principles defined in the Charter of Values, acts according to the values of honesty, moral integrity, transparency and fairness also in the management of its tax activity. The Group also believes that the contribution from taxes paid is an important channel through which it can participate in the economic and social development of the countries in which it operates. For this reason, the Sabaf Group pays attention to the compliance with tax regulations and acts responsibly in the jurisdictions in which it is present. Acting responsibly in terms of tax is also seen as conduct oriented towards the protection of the company's assets and the creation of value in the medium-long term. The Administration and Finance Department of Sabaf S.p.A. is responsible for the management of tax matters, and also exercises a supervisory, guiding and coordinating function with regard to intercompany relations. Tax risks are analysed and managed in accordance with the company's overall Enterprise Risk Management model.
- **Fair competition.** In line with the principles of honesty, moral integrity, transparency and fairness defined in the Charter of Values, Sabaf’s corporate

values include the promotion of fair competition practices, to the benefit of competitors, market operators, customers and all stakeholders involved.

- **Anti-corruption and anti-bribery.** Sabaf manages and prevents corruption through the adoption of formalised procedures and commitments within its Anti-Corruption Policy. The Policy reiterates the recipients' obligation to comply with the provisions of the Organisational, Management and Control Models adopted pursuant to Legislative Decree No. 231/2001, as well as the procedures and internal rules established by each Group company. The provisions and guidelines contained in the Policy - which were developed starting from an analysis of at risk activities - promote the highest ethical standards in all business dealings, in order to conduct business with loyalty, fairness, transparency, honesty and integrity, and provide specific rules to prevent, identify and manage corruption risks. More information on the Anti-Corruption Policy can be found under *[G1-1] Business conduct policies and corporate culture.*
- **Convictions.** The Sabaf Group has not had any final convictions for unfair competition practices, tax offences, corruption or bribery, nor has it been involved in human rights or labour rights violations. In addition, there were no questions from the Business and Human Rights Resource Centre (BHRRC) and no cases dealt with by the OECD National Contact Point (NCP).

In the FAQs published in June 2023, the European Commission identified a connection between Minimum Safeguards in the Taxonomy and the Do No Significant Harm (DNSH) principle of the SFDR (Sustainable Financial Disclosure Regulation). This connection implies compliance with the Principal Adverse Impact (PAI) indicators regarding social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. This introduces the possibility of adding specific indicators to the Minimum Safeguards. These include: the gender pay gap, for which please refer to section *[S1-16] Remuneration metrics (pay gap and total remuneration)*; the board gender diversity, for which please refer to section *[ESRS 2 GOV-1] The role of the administrative, management and supervisory bodies*; and exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons), a sector in which Sabaf confirms it has no involvement.

Template 1 — Proportion of turnover, capital expenditure (CapEx) and operational expenditure (OpEx) from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – Disclosure covering year 2025 (Summary KPIs)

Financial year	2025														
KPI	Total	Proportion of Taxonomy-eligible activities	Taxonomy-aligned activities	Proportion of Taxonomy-aligned activities	Breakdown by environmental objectives of Taxonomy-aligned activities						Proportion of enabling activities	Proportion of transitional activities	Not assessed activities considered non-material	Taxonomy-aligned activities in previous financial year 2024	Proportion of Taxonomy-aligned activities in previous financial year 2024
					Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Text	*€/000*	*%*	*€/000*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*€/000*	*%*
Turnover	288,658	0.0%	0	0.0%									0.03%	0	0.0%
CapEx	19,956	14.3%	2,179	10.9%	10.9%	0.0%	0.0%	0.0%	0.0%	0.0%	10.9%	0.0%	0.00%	263	1.6%
OpEx	8,483	0.0%	0	0.0%									0.01%	0	0.0%

Template 2 — Proportion of capital expenditure (CapEx) from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – Disclosure covering year 2025 (activity breakdown)

Reported KPI		CapEx
Financial year		2025

Economic activities	**Code**	**Taxonomy-eligible KPI (Proportion of Taxonomy-eligible CapEx)**	**Taxonomy-aligned KPI (monetary value of CapEx)**	**Taxonomy-aligned KPI (Proportion of Taxonomy-aligned CapEx)**	**Environmental objective of Taxonomy -aligned activities**						**Enabling activity**	**Transitional activity**	**Proportion of Taxonomy-aligned in Taxonomy-eligible**
					Climate change mitigation	**Climate change adaptation**	**Water**	**Circular economy**	**Pollution**	**Biodiversity**			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Text		*%*	*€/000*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*("E" where applicable)*	*("T" where applicable)*	*%*
Renovation of existing buildings	CCM 7.2/CE 3.2	3.4%	0	0.0%									0%
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0.1%	17	0.1%	0.1%						E		100%
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	10.8%	2,162	10.8%	10.8%						E		100%
Sum of alignment per objective					10.9%								
Total KPI (CapEx)		14.3%	2,179	10.9%	10.9%						10.9%	0.0%	76%

European Taxonomy: methodological note

Under the Taxonomy, the Group's Taxonomy-aligned and/or Taxonomy-eligible economic activities must be presented through three key performance indicators (“KPIs”) in accordance with the specifications set forth in Article 8 of the Taxonomy Regulation:

- Turnover;
- Capital expenditure (“CapEx”);
- Operational expenditure (“OpEx”).

In preparing the consolidated financial statements, the Group applies the International Financial Reporting Standards (IFRS) adopted by Regulation (EC) No. 1126/2008. The portion of turnover deemed eligible derives from net revenues obtained from products or services associated with economic activities eligible for the Taxonomy. Capital expenditures incurred by the Group attributed to eligible, environmentally sustainable economic activities include capitalised costs as defined in section 1.1.2. of Annex I to Delegated Regulation (EU) 2021/2178, while the share of operational expenditure is calculated as defined in point 1.1.3.2 of Annex I to Delegated Regulation (EU) 2021/2178.

Revenue

The denominator of the KPI, amounting to €288,658 thousand, consists of the Group's total net turnover as per the 2025 consolidated income statement and in accordance with IAS 1.82 (a): reference should be made to the consolidated financial statements included in the Group's annual report for more additional information.

The numerator of the KPI, amounting to €79,000, consists of the eligible revenue in accordance with the criteria set out in the Taxonomy, specifically relating to activity “4.1. Electricity generation using solar photovoltaic technology” under the climate change mitigation objective. As this figure represents less than 10% of the denominator, the simplifications introduced by Regulation (EU) 2026/73 have been applied.

CapEx

Under the EU Taxonomy, capital expenditure (CapEx) is classified as additions to tangible and intangible assets and right-of-use assets during the financial year, before amortisation/depreciation, write-downs and write-backs. It also includes additions to tangible and intangible assets resulting from company mergers. The denominator, as defined above, amounts to €19,956,000.

The numerator of the KPI, amounting to €2,856,000, takes into account the proportion of capital expenditure relating to eligible activities, adjusted where necessary. According to the EU Taxonomy, CapEx may include:

- Capital expenditure related to activities or processes that are associated with Taxonomy-eligible/aligned economic activities (category as per par. 1.1.2.2. Annex I Delegated Regulation Art. 8).
- Capital expenditure related to a plan to expand Taxonomy-aligned economic activities or to allow Taxonomy-eligible economic activities to become Taxonomy-aligned ("CapEx plan") under the conditions set out in the second subparagraph of point 1.1.2.2. of Annex I Delegated Regulation Art. 8;

- Capital expenditure related to the purchase of products from Taxonomy-eligible economic activities and individual measures enabling the Group's activities to become low-carbon or to lead to greenhouse gas reductions (Category C as per par. 1.1.2.2. Annex I Delegated Regulation Art. 8).

Please note that the increases attributable to expenses recognised in accordance with IFRS 16 Leases and IAS 40 Investment Property have been taken into account.

Finally, there are no CapExs attributable to IAS 41 Agriculture.

For the CapEx KPI, the 10% threshold set out in Delegated Regulation (EU) 2026/73 has not been applied, as the ratio of the numerator to the denominator exceeds that value.

OpEx

Under Regulation (EU) 2021/2178, operational expenditure is considered as direct non-capitalised costs that relate to building renovation measures, research and development, short-term lease and maintenance and repair. In addition, any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced, fall within the same scope. Non-capitalised costs that represent research that were recognised in the income statement were also identified. The method used to identify Sabaf Group's operational expenditure is based on the analysis of all the accounts comprising the management accounting system, identifying all items pertaining to the above categories. Based on this analysis, the denominator was determined to be €8,483,000. The numerator, which amounts to less than a thousand euros, comprises the operating costs for the maintenance of the rainwater and stormwater collection and treatment facilities at the Sabaf S.p.A. plant. These expenses relate specifically to activity “2.2 Production of alternative water resources for purposes other than human consumption” under the objective ‘Transition to a circular economy’. Since the numerator accounts for less than 10% of the denominator, the simplifications introduced by Delegated Regulation (EU) 2026/73 have been applied.

ESRS E1 Climate change

[GOV-3] Integration of sustainability-related performance in incentive schemes

Section *[GOV-3] Integration of sustainability-related performance in incentive schemes* explains in detail how the topic of climate change is incorporated into the remuneration systems of the members of the administrative, management and supervisory bodies. In summary, the long-term incentive plan (based on the 2024-2026 Business Plan period) includes a 10% weighting for the environmental target to reduce Scope 1 and Scope 2 CO_2 emissions.

[E1-1] Transition plan for climate change mitigation

During 2025, the Sabaf Group developed a transition plan for climate change mitigation – approved by the Board of Directors of Sabaf S.p.A. on 18 December 2025 – aimed at supporting the gradual reduction of Scope 1 and Scope 2 greenhouse gas emissions and consistent with the integration of climate objectives into the Group's strategy.
The plan combines technical and financial aspects, covering both operational investments and the ongoing costs associated with sourcing energy from certified renewable sources. This approach allows for a joint assessment of both the feasibility of reducing emissions and the economic viability of a pathway consistent with the objectives of the Paris Agreement and with the trajectory for limiting the global temperature rise to 1.5°C. This strengthens the link between climate strategy, industrial model and financial planning.
The plan covers Scope 1 and Scope 2 emissions, i.e. direct emissions resulting from operational activities and indirect emissions associated with purchased electricity and heat. For a detailed breakdown of the Group's emissions, including Scope 1, 2 and 3 emissions, please refer to section *[E1-6] Gross Scopes 1, 2, 3 and Total GHG emissions*.
Specifically, the plan is based on compiling an inventory of Scope 1 and Scope 2 emissions and on modelling progressive emissions scenarios that enable the evolution of emissions over the period 2024–2034 to be represented and the incremental effect of the various decarbonisation measures under consideration to be assessed.
Specifically, a *'business-as-usual'* scenario and alternative scenarios have been defined, incorporating:

- **operational initiatives already included in the budget**, including the replacement of air compressors, the replacement of the electric evaporator used in the treatment of foundry waste with a physical-chemical treatment system, the optimisation of the dosing furnaces in the aluminium die-casting process, a new photovoltaic power generation system, and the purchase of new ladles;
- **the phased introduction of Guarantees of Origin (GO)** for electricity from 2026 at the Sabaf S.p.A. plant;
- **extension of the GO scheme** to other Italian sites and **the purchase of Renewable Energy Certificates (RECs)** for overseas sites in Mexico and Turkey;

- **the purchase of Guarantees of Origin linked to the production of biomethane and/or the replacement of natural gas with biomethane** at the Sabaf S.p.A. plant, starting in 2031, until 100% of requirements are met in 2034.

The plan sets out a verifiable timeline, divided into the following stages and subject to systematic monitoring in line with the modelled trajectories.
The initial phase combines the effectiveness of operational measures with the purchase of Guarantees of Origin (GO) and Renewable Energy Certificates (RECs), with a gradual increase in certified volumes up to 2034. The estimated reduction, calculated using a conservative approach and without taking into account any fluctuations, results in a 38% decrease in the emissions trajectory compared with the 2024 baseline.
In a subsequent phase (from 2031), a further decarbonisation measure will be introduced, based on the purchase of green certificates linked to biomethane production. Although this market is not yet fully developed, this option represents a promising avenue for future regulatory implementation.
These levers have been incorporated into an emissions model that makes it possible to assess their incremental impact and how they interact over time. The comparative analysis shows that the decarbonisation scenario, resulting from the combined application of operational and energy procurement measures, enables emissions levels consistent with the SBTi scenario to be achieved by 2034, resulting in an overall reduction in Scope 1 and Scope 2 emissions of 58.8% compared with 2024, in line with the objective of limiting global warming to 1.5 °C as set out in the Paris Agreement.
As part of its mitigation measures, Sabaf has carried out an economic and financial assessment, quantifying both the operating expenses (OpEx) and capital expenditure (CapEx) required to implement the measures set out in the transition plan. The combination of OpEx and CapEx makes it possible to support, on the one hand, immediate measures to procure energy from certified renewable sources (GO/RECs) and, on the other, structural initiatives to improve efficiency and upgrade technology, whilst ensuring the emissions-related feasibility and economic sustainability of the path towards meeting mitigation targets.
Throughout the entire implementation period of the plan, an increase in operating costs associated with the purchase of Guarantees of Origin (GO) and Renewable Energy Certificates (RECs) is anticipated. These costs, spread over several years, reflect the need to source energy from certified renewable sources.
In the absence of reliable long-term price scenarios, the reference unit prices (€/MWh) are kept constant based on the latest available data. The operating costs associated with GO/RECs therefore constitute the recurring expenditure required to ensure that energy demand is aligned with the plan's decarbonisation targets, and amount to approximately €310,000 for the entire duration of the plan (2025–2034).
The amount shown does not include the costs associated with the purchase of GO linked to biomethane. It is, in fact, difficult to arrive at an estimate due to the extreme volatility of market prices.
Planned investments aimed at achieving a structural reduction in energy consumption and in direct (Scope 1) and indirect (Scope 2) emissions are subject to technical and economic analysis and prioritisation. The allocation of resources and the progress of investments will be monitored annually to ensure transparency, effectiveness and the timely implementation of any corrective measures. For information on the Taxonomy criteria,

the scope of eligible activities and the alignment metrics, please refer to the *disclosure* section *pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)*.
Further details on mitigation measures and reduction targets are provided in sections *[E1-3] Actions and resources in relation to climate change policies* and *[E1-4] Targets related to climate change mitigation and adaptation*.
The Group's locked-in emissions were not taken into account when setting the targets. The transition plan is in fact based on the emissions actually reported under Scope 1 and 2, covering the entire scope, and does not take into account emissions considered to be locked-in. For further information on the Group's locked-in emissions, please refer to the box below entitled *'Cooking technologies and the climate transition*'.
It should also be noted that the exclusions set out in Article 12 of Regulation (EU) 2020/1818 relating to indices aligned with the Paris Agreement do not apply to the Group.

Focus: *Cooking technologies and climate transition*

As outlined in the following sections, the Scope 3 emissions analysis shows that the most significant share of the Group's carbon footprint is related to the use of the products it sells (burners, components of gas hobs, which generate emissions in the combustion phase of cooking food). Currently, these emissions cannot be reduced directly since they depend on existing infrastructure and consumer choices. This represents a challenge for the definition of a reduction target for Scope 3 emissions within the climate transition plan, as the decarbonisation of the Sabaf Group depends not only on product efficiency, but also on the availability of alternative technologies in the domestic cooking sector. Therefore, emissions related to the use of the products sold represent locked-in emissions for the Group.
In this regard, it should be noted that about 30% of the people on our planet, i.e., 2.5 billion people, rely on solid fuels (wood, coal, dried dung, crop residues) for cooking. This population is mainly concentrated in Sub-Saharan Africa, where the unavailability of electricity and fossil fuels for cooking affects 82% of the population. Furthermore, Central Asia, India, China, South-East Asia and Latin America also have significant percentages. Pollution from traditional fuels has major consequences for the health of users and households. The other 5.5 billion people cook using fossil fuels (mainly natural and LPG) or electricity[16].
There is a widespread perception that the environmental impact of electrical 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 (fossil fuels, renewables, nuclear). An authoritative study shows that, given the electricity production mix in Italy, the total CO_2 emissions over the life cycle of an induction hob are 1,590 kg, more than 50% higher than the total emissions of a gas hob (1,050 kg)[17]. The same study also concludes that, in the future, the shift from fossil fuels to renewable sources will increase the advantages of using an electricity-consuming product such as the induction hob over the gas hob.

[16] Selin Oğuz, Mapped: The Global Reliance on Harmful Cooking Fuels, 7 December 2023
[17] https://www.sciencedirect.com/science/article/abs/pii/S0959652618308011
Journal of Cleaner production - «Comparative life cycle assessment of cooking appliances in Italian kitchens», 2018
Claudio Favi a, Michele Germani b, Daniele Landi b, Marco Mengarelli c, Marta Rossi b
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Another in-depth study[18] has recently conducted an impact analysis of different cooking technologies, according to scientific standards (ReCiPe 2016 and PEF). In a nutshell, the analysis covered 18 impact categories, which were then reduced to a single point value (OWDS - Overall Weighted Damage Score). The OWDS was the highest in the case of coal-fired cooking appliances (118) and the lowest for LPG and natural gas appliances (5 and 5.2 respectively).
Electric cooking appliances, with an OWDS of 8.6, have 174% of the environmental impact of gas hobs.
With respect to sustainable development, reducing the environmental impact of cooking food will necessarily require a two-pronged strategy:

- promote access to lower impact energy sources for the population still using solid fuels;
- favour electric cooking only where and when the energy production mix is characterised by a predominantly green energy component.

In line with the first point, in January 2026 Sabaf signed a partnership agreement with the Clean Cooking Alliance (CCA), an international organisation established in 2010 that promotes access to clean cooking solutions in order to bring benefits to health, the environment, and social and economic development. Through this partnership, Sabaf is providing resources and expertise to support practical initiatives where it can offer the greatest added value, such as sharing technical know-how and providing training on market research and innovations in energy efficiency, thereby contributing to the common good and the protection of the environment.

The elements described in this section will be the subject of further analysis and future developments, with a view to progressively aligning the Sabaf Group's climate strategy more closely with regulatory requirements and stakeholder expectations.

[E1 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

The Sabaf Group follows a business development path that aims to reduce the environmental impact of its own operations and that of its value chain, and gives due consideration to the risks and opportunities related to climate change. Through the double materiality assessment, the Group identified negative impacts, such as GHG emissions generated by its operations, the upstream value chain and product use, as well as positive impacts, such as the reduction of GHG emissions during the product use phase.

The double materiality assessment identified three transition risks, while no material physical risks emerged.

The first risk relates to the need to adapt to market expectations regarding sustainability, e.g. through the implementation of effective decarbonisation strategies. It is becoming increasingly common for appliance manufacturers to involve their suppliers on environmental matters, specifically climate change. Companies that develop concrete

[18] https://www.itjfs.com/index.php/ijfs/article/view/2170
Italian Journal of Food Science, 2022 - Environmental impact of the main household cooking systems - A survey, 2022 Alessio Cimini and Mauro Moresi, University of Tuscia

plans to reduce their environmental impact can improve their competitiveness, consolidate their position in their target markets and, more generally, strengthen stakeholder relations.

The second risk is the management of CO_2 emissions along the entire production chain, an increasingly important factor in meeting market demands. Emissions management facilitates the monitoring of environmental performance and enables comprehensive communication, in line with customer and investor expectations. Transparent and accurate reporting makes it possible to concretely demonstrate the company's commitment to sustainability.

The third risk concerns the adaptation of companies to changing environmental regulations, such as Carbon Free, RoHS and CBAM regulations. The evolving regulatory framework requires constant updating and rapid adaptation, both to ensure compliance, and to seize opportunities for operational efficiency and consolidate market presence.

The assessment of physical risks and transition risks covered the entire consolidated Sabaf Group.

The scenarios used for the assessment of physical and transition risks are in line with the projections of the IPCC (Intergovernmental Panel on Climate Change) and the IEA (International Energy Agency). Scenario projections for the assessment of physical risks were made with reference to the time horizons of 2030, 2050 and 2080, while projections for transition risks were assessed in the short term.

The biggest impact in the best-case scenario concerns transition topics, in particular market and regulatory aspects. This is because stricter regulations, adopted in an environment where governments and companies act quickly, would result in lower emissions and the mitigation of temperature increases. Conversely, in a less regulated scenario, in which measures to mitigate climate change are not actually implemented in the medium to long term, the physical consequences would be more severe, while the transition risks would be lower. The overall result of the analysis under all scenarios that were considered did not identify any assets as being at significant risk.

The resilience analysis, based on the risk assessment that was conducted, showed that, in the three CPR scenarios (2.6, 4.5 and 8.5) and in the three time horizons considered (2030, 2050, 2080), no site was exposed to material acute or chronic physical risks. In addition, in order to minimise the financial impact of such risks, the Sabaf Group has already adopted mitigation measures, including specific insurance programmes, to cover potential damage to assets and loss of contribution margins due to business interruption. As far as transitional climate risks are concerned, in particular the risk of changing consumer needs, the Group has invested in the development of induction cooking components, the popularity of which is continuously expanding in the European market.

More detailed information on the scenarios used and the results of the risk analysis are described in *[E1 IRO-1] Description of the processes to identify and assess material climate-related impacts, risks and opportunities.*

Finally, the double materiality assessment looked at the opportunities of green strategies, including the take-up of gas cooking in emerging countries, the development of alternative cooking technologies, energy autonomy and reputational benefits.

The Group systematically monitors and intervenes in production processes to reduce energy use and its carbon footprint. Using secondary materials as an alternative to virgin raw materials and optimising waste recovery also contributes to decarbonisation.

In order to reduce its environmental impact, the Group has also initiated concrete actions, which represent the first steps towards a structured pathway for climate change mitigation, as detailed in section *[E1-3] Actions and resources in relation to climate change policies*.

With reference to Scope 3 emissions from the use of the products it sells:

- the growing presence on international markets, including through the recent start-up of a factory for the production of gas cooking components in India, may contribute to the spread of gas cooking appliances in emerging countries;
- equally strategic are the Group's investments to enter the sector of components for induction cooking, the most efficient form of electric cooking, the spread of which is constantly growing in the European market;
- moreover, the Sabaf Group actively participates in a number of experimental projects aimed at assessing the feasibility of using hydrogen to replace natural gas (methane) as a power source for gas cooking appliances. Sabaf has designed burners capable of operating with 100% hydrogen, and subsequent laboratory tests and prototypes have confirmed the technical feasibility of such products. The real possibility of using hydrogen on a large scale as a fuel source still has to overcome major technological challenges, both in terms of production and distribution. One solution that may be implemented relatively quickly entails the use of a mixture of natural gas and hydrogen via the existing distribution network.

[E1 IRO-1] Description of the processes to identify and assess material climate-related impacts, risks and opportunities

Double materiality assessment

Impacts

The double materiality assessment identified the following negative impacts related to climate change mitigation: GHG emissions during own operations, in the upstream value chain and during product use. The Sabaf Group is part of an energy-intensive industry, both for the processing of raw materials in the upstream value chain and for certain processes carried out in the Group's production facilities (in particular aluminium die-casting). However, the vast majority of the Sabaf Group's total emissions fall under Scope 3 Category 11, i.e. emissions related to the use of products sold resulting from the combustion of methane or LPG in burners.

Sabaf has identified a positive impact related to the reduction of greenhouse gas emissions in the product use phase (downstream value chain): the technology offered by the Group can enable the transition of cooking technologies - from solid fuels to gas (methane or LPG) in emerging countries, from gas to induction cooking in countries where gas is already the most widely used cooking method.

Risks

The double materiality assessment conducted by the Group revealed three main transition risks, while no material physical risks were identified.

The first risk relates to the inability to adapt to market expectations in terms of sustainability, which requires transparency and concrete commitments in the transition to low-carbon emission models. The risk takes into account the failure to implement effective decarbonisation strategies, with potential repercussions on competitive positioning and investor and stakeholder relations.

The second risk is the management of CO_2 emissions along the entire production chain. Failure to align with standards such as ESRS and CSRD can lead to difficulties in meeting the expectations of customers, investors and other stakeholders, as well as problems in monitoring environmental performance and communicating it.

The third risk is related to compliance with new environmental regulations, such as Carbon Free, RoHS and CBAM regulations. Increasingly stringent regulations require rapid adaptation to avoid penalties, operational restrictions or increased compliance costs. Timely compliance with these requirements not only reduces the risk of penalties, but can also be an opportunity to strengthen competitive advantage.

Opportunities

The Sabaf Group has identified the following opportunities related to climate change:

- the spread of gas cooking in place of biomasses in emerging countries;
- the development of alternative technologies that can result in lower emissions in the use phase of the product;
- benefits from increased energy autonomy and related cost-saving associated with self-generation of energy from renewable sources;
- reputational benefits from the introduction of effective decarbonisation and energy efficiency strategies.

Analysis of physical and transitional risks

Aside from the double materiality assessment - in order to identify the risks to which it is most exposed and adopt a proper mitigation strategy - in 2024, the Sabaf Group conducted an analysis of the (acute and chronic) physical risks that may affect each production site, and the transition risks, by assessing potential developments under different climate scenarios and time horizons. The assessment of physical risks and transition risks covered the entire Group scope of consolidation. Risk materiality was determined on the basis of EBITDA thresholds; the present value of assets and operating costs were considered when determining the financial impacts of climate risks. The financial impacts associated with climate risks were found to be non-material. Physical risks were assessed with respect to site location and using RCP scenarios provided by the IPCC (Intergovernmental Panel on Climate Change), while transition risks were assessed qualitatively and, where possible, quantitatively, according to scenarios provided by the IEA (International Energy Agency).

The scenarios are based on different levels of global temperature increase and the resulting physical and transitional implications for the planet. To conduct the analysis, three representative scenarios were identified: best case, intermediate case and worst case. Scenario projections for the assessment of physical risks were made with reference to the time horizons of 2030, 2050 and 2080, while projections for transition risks were assessed in the short term. The reference scenarios used for the assessment of physical and transitional risks are detailed below.

Scenario 1, best case - Net Zero Scenario (NZS): this model implies a strong commitment by all governments to increase ambition and effort to achieve the Net Zero goal of limiting temperature increase as required by the Paris Agreement. The IPCC's 2018 Special Report on Global Warming of 1.5°C (SR1.5) pointed out that more ambitious emission trajectories than RCP2.6 - such as those outlined in the new SSP1-1.9 (Shared Socioeconomic Pathways) scenarios - are needed to have a high probability of limiting global warming to 1.5°C. In this context, whilst it is consistent with the Paris Agreement, the RCP2.6 (Representative Concentration Pathway) scenario is used as a reference in the physical risk assessment to keep the average temperature increase below 2°C.

Scenario 2, intermediate projection - Announced Pledges Scenario (APS): this model represents a pathway that takes into account official commitments announced by governments and international organisations to reduce greenhouse gas emissions. For the assessment of physical risks, the intermediate projection is equivalent to the RCP 4.5 scenario, which predicts a temperature increase of between 2 and 3°C by 2100 and is based on a carbon concentration that would generate an average global warming of 4.5 watts per square metre on the earth's surface.

Scenario 3, worst case - Stated Policies Scenario (STEPS): This model represents a pathway that takes into account policies and measures currently in place or already established by governments and organisations; it reflects the expected impact of existing policies on GHG emissions and climate change trends over time without taking into account future policy changes or new measures that may be adopted in response to evolving scientific knowledge or socioeconomic conditions. For the physical risk assessment, the worst case corresponds to the RCP 8.5 scenario, which represents a 'business-as-usual' pathway and refers to a carbon concentration that produces global warming averaging 8.5 watts per square metre across the planet.

The conclusions of the analyses that were carried out are summarised below.

- **Acute physical climate risks:** Sudden extreme weather events, such as storms, floods, fires and heat waves, could directly affect business operations and the supply chain, putting the supply of goods, services and energy at risk. Potential consequences include production interruptions, damage to infrastructure and strategic assets, delays in delivery and the risk of incurring contractual penalties, as well as increased costs for repairs and replacements. Analyses were carried out according to the three RCP scenarios (2.6, 4.5 and 8.5) over three different time horizons (2030, 2050, 2080). According to a financial impact metric, the sites at greatest risk - in the worst-case scenario and the 2030 time horizon - are Sabaf China and Sabaf India. At a Group level, the risk is non-material.
- **Chronic physical climate risks**: climate change causes chronic weather events, such as rising temperatures, rising sea levels and water shortages. These events could cause slowdowns or disruptions in business operations, forcing a review of strategies, resource allocation and distribution of activities and production across the Group's various sites. If not properly managed, these changes could

compromise operational efficiency, cause business disruption and damage strategic assets. Based on the analyses carried out according to the three RCP scenarios (2.6,4.5 and 8.5) across the three time horizons (2030, 2050, 2080), no site was found to be at material risk.

- **Market risk (raw materials)**: rising raw material and energy commodity prices could affect expected results from the production and sale of some products, especially carbon-intensive ones. The impact could be exacerbated by recent legislation, such as CBAM and EU ETS2.
The assessment for the introduction of the ETS2 system was conducted qualitatively, while the specific risk analysis for the introduction of CBAM also involved a quantitative assessment. The scenarios considered, with a 2034 time horizon, were as follows:
    - Stated Policies Scenario (STEPS)
    - Announced Pledges Scenario (APS)
    - NET ZERO 'NZE' scenario by 2050

  The specific emissions considered in this forecast were determined using the emission factors per tonne of product provided by the European Commission. The results of the analysis show that the greatest financial impact will result from the NET ZERO scenario, which will see the most stringent regulatory mechanisms and an operating environment characterised by rapid regulatory adaptation by countries and companies. However, this impact is not expected to be material for the Group in economic terms.
- **Market risk (consumer needs)**: should the Sabaf Group be unable to maintain its innovation capacity, including by reducing the environmental impact of its products, it could lose some of its competitive advantage. Any inability to adapt to changes in consumer demand towards potentially more environmentally friendly and technologically advanced solutions, such as induction cooking, could result in a loss of market share. The assessment was conducted qualitatively over a short- to medium-term time horizon.
- **Reputational risk:** an inadequate decarbonisation strategy and insufficient communication on ESG topics could damage corporate reputation. The assessment was conducted qualitatively over a short- to medium-term time horizon.

[E1-2] Policies related to climate change mitigation and adaptation

In line with the principles outlined in its Charter of Values, the Sabaf Group has adopted an Environmental and Energy Management Policy that promotes the prevention and mitigation of environmental impacts and risks by defining commitments in the areas of climate change, pollution, water and the circular economy.

The Environmental and Energy Management Policy is based on the values set out in the Sabaf Group's Charter of Values, which in turn are inspired by:

- the United Nations' Charter of Rights, the European Union's Charter of Rights, the Italian Constitution;
- the core labour standards included in the ILO conventions;
- the OECD Guidelines for Multinational Enterprises;
- the UN Global Compact, which Sabaf participates in.

The Environmental and Energy Management Policy also refers to the Integrated Health and Safety, Environment and Energy Management System Manual of Sabaf S.p.A., which complies with ISO 45001, ISO 14001 and ISO 50001 standards, as well as the provisions of the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001 (in the applicable Group Companies).

Specifically, the Sabaf Group is committed to pursuing targets for climate change mitigation and adaptation, as well as energy efficiency and the use of energy from renewable sources, through the following actions (as defined in the Group's Environmental and Energy Management Policy):

- rationalising and making efficient use of energy resources;
- constantly monitoring the energy consumption of its operations;
- defining and measuring performance indicators related to energy performance and greenhouse gas (GHG) emissions, in own operations and along the value chain, and monitoring the respective progress;
- defining GHG emission reduction targets and identifying respective decarbonisation levers, in own operations and along the value chain;
- pursuing maximum energy efficiency in its products; promoting and implementing cooking solutions that reduce GHG emissions during the product use phase;
- adapting its activities and decision-making processes to maintain full compliance with current energy management and climate change legislation, and proactively using its processes as a means of continuous surveillance;
- pre-emptively assessing energy consumption and climate change aspects in the planning and design of investments, industrial operations and raw material selection;
- complying with energy efficiency and climate change adaptation principles when planning investments related to the construction and maintenance of production facilities and sites;
- assessing and promoting investment in facilities for the self-generation of energy from renewable sources;
- encouraging the purchase of electricity certified as coming from renewable sources.

The commitments outlined in the Environmental and Energy Management Policy aim to mitigate and/or prevent the negative impacts and material risks, while pursuing the positive impacts and opportunities associated with the topic of climate change (see section *[E1 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model)*.

The Environmental and Energy Management Policy applies to members of the company's governing and supervisory bodies, employees and any third parties who collaborate with or work for and on behalf of the Sabaf Group, regardless of the legal status of the relationship. The Environmental and Energy Management Policy is made available to recipients and all stakeholders of the Sabaf Group on the corporate website www.sabafgroup.com, in the section "Sustainability – Environment".

The Environmental and Energy Management Policy applies to the entire Sabaf Group, with no exceptions and/or exclusions in the conduct of business and professional activities by geographical area, country and/or stakeholder groups involved. In addition, the Sabaf Group expects the entire value chain to agree with and act in accordance with the principles outlined in its Environmental and Energy Management Policy.

The Parent Company's Board of Directors is responsible for the approval, implementation and periodic review of the Group's Environmental and Energy Management Policy. The Company may arrange for checks through the Internal Audit function to verify the application of the Policy. Using the applicable channels for individual Group companies, any Sabaf Group stakeholder may also report cases of alleged non-compliance with the Policy by sending a written and non-anonymous description of the alleged incident. Where no channel is provided, stakeholders may use the whistleblowing channel adopted by Sabaf S.p.A., through the dedicated tool available on the company website.

Sabaf S.p.A. has an Integrated Management System of Health and Safety which is ISO 45001, ISO 14001 and ISO 50001 certified. Sabaf Turkey and C.M.I. S.r.l. have an ISO 14001-certified Environmental Management System. In any case, the ISO 14001, ISO 45001 and ISO 50001 standards are sources of reference and inspiration for the entire Group.

Finally, the Sabaf Group has adopted a Sustainable Procurement Policy that requires suppliers to make efficient use of energy resources, and to progressively reduce the use of energy from fossil fuels. Details on the implementation, monitoring and enforcement of the Sustainable Procurement Policy can be found in section *[S2-1] Policies related to value chain workers*.

[E1-3] Actions and resources in relation to climate change policies

In the area of climate change, the Sabaf Group pursues the commitments outlined in its Environmental and Energy Management Policy through:

- the implementation of a carbon management pathway aimed at identifying specific drivers of decarbonisation and developing reduction targets, according to the main international initiatives and standards;
- energy efficiency activities and investments for the self-generation of energy from renewable sources;
- periodic measurement and monitoring of Scopes 1, 2 and 3 GHG emissions, conducted annually.

In 2025, the Sabaf Group conducted and/or planned the following actions in order to pursue its climate change policy commitments.

- The installation of a photovoltaic system at the Ospitaletto plant (Sabaf S.p.A.), which will allow the self-production of an estimated 12% of the site's current consumption. For this activity, which started in 2024, Sabaf has incurred capital expenditure (CapEx) of €2,162,000 (€251,000 in 2024). This amount was aligned within the scope of Regulation (EU) 202/852 (Taxonomy Regulation) for FY 2025 and reported in this Sustainability Statement according to the applicable provisions. For this project, which was completed in 2025, the Group incurred total capital expenditure of approximately €2.4 million.
- The development of the induction cooking business segment, with the aim of contributing to the reduction of indirect emissions associated with product use in the downstream value chain, as well as the pursuit of associated business opportunities. In 2025, Sabaf invested €832,000 in capital expenditure (CapEx) (€2.3 million in 2024) and €2.3 million in operating expenses (€0.5 million in 2024). For 2026, planned capital expenditure will amount to about €345,000, with operating expenditure (OpEx) of €2.3 million.
- The installation, at the Sabaf S.p.A. production plant, of charging stations for electric vehicles, with associated capital expenditure (CapEx) of about €17,000 for 2025 (€12,000 for 2024). This amount was aligned within the Taxonomy Regulation and reported in this Sustainability Statement according to the applicable provisions. For this project, which was completed in 2025, the Group incurred total capital expenditure of approximately €29,000.
- Energy efficiency measures aimed at reducing energy consumption associated with operational processes. In 2025, Sabaf replaced the electric evaporator used for treating foundry waste water with a physico-chemical treatment system, which will significantly reduce the associated energy consumption. In connection with this activity, the Group incurred capital expenditure (CapEx) of €401,000. Also in 2025, the internal lining of the ladles was replaced at a capital expenditure cost of €15,000. Also planned for 2026 is the replacement of a dosing furnace in the die-casting department with more efficient furnaces. Capital expenditure (CapEx) of €100,000 is expected to be incurred for this operation to be implemented.
- The purchase of Renewable Energy Certificates (RECs) for overseas sites in Brazil and Turkey will incur operating costs of €2,600 in 2025.

To fund these investments, the Sabaf Group has secured a dedicated loan of €3 million. During 2025, Sabaf also secured medium- to long-term loans totalling €38 million, which are subject to compliance with ESG covenants.

The periodic measurement and monitoring of Gross Scopes 1, 2 and 3 emissions are part of the recurring operating costs. Furthermore, through its participation in the CDP Climate Change programme, Sabaf is committed to measuring, monitoring and disclosing its performance in the area of emissions management. As part of its participation in the CDP 2025, Sabaf achieved a B rating in the *Climate Change* section, on a scale ranging from a minimum of D- to a maximum of A.

Some of the measures described above relate to the following decarbonisation levers identified in the climate change mitigation transition plan: on-site generation of electricity from photovoltaic sources, energy efficiency improvements in production processes, and the purchase of certified renewable electricity. These measures are aimed at progressively reducing energy consumption and Scope 1 and 2 emissions to a target level of 58.8% over the 2024–2034 period. For further details, please refer to section *[E1-1] Transition Plan for climate change mitigation*. At present, Sabaf does not incorporate nature-based solutions into its decarbonisation initiatives.

[E1-4] Targets related to climate change mitigation and adaptation

In 2025, the Sabaf Group set a new climate target as part of the carbon management and climate change mitigation programme launched in 2023.

The target is integrated into the Group's strategy and is implemented through the Climate Change Mitigation Transition Plan approved by the Board of Directors in December 2025, which incorporates technical, industrial and economic-financial assessments and sets out a medium- to long-term emissions trajectory (see section *[E1-1] Transition plan for climate change mitigation*). This objective also supports the Group's Environmental and Energy Management Policy and aims to progressively reduce greenhouse gas emissions, as well as to effectively manage relevant climate-related impacts, risks and opportunities.

The target set involves an overall absolute reduction in Scope 1 and Scope 2 emissions of 58.8% by 2034 compared with the base year of 2024. 2024 has been identified as the base year as it is representative of the Group's current structure and normal operating conditions following the disruptions caused by the COVID-19 pandemic, and is therefore indicative of typical levels of activity, energy consumption and emissions. The target was defined without direct stakeholder involvement. As described in section *[E1-1]*, the Group has not set any quantitative targets for reducing Scope 3 emissions.

The target covers both Scope 1 and Scope 2 emissions, accounting for 30.5% (Scope 1) and 69.5% (Scope 2) respectively. The scope of the calculation covers the same Scope 1 and 2 emissions as those included in the Group's inventory, as described in section *[E1-6] Gross Scopes 1, 2, 3 and Total GHG emissions*, and is consistent with the organisational scope, the gases included and the calculation methodologies adopted. The Scope 2 emissions included in the target are monitored and calculated using a market-based approach. Furthermore, the emissions reduction target is set on a gross basis and does not include GHG removals, carbon credits or avoided emissions as means of achieving it.

The target was determined by modelling emissions scenarios and systematically comparing them with the decarbonisation pathways of the Science Based Targets initiative (SBTi) that are compatible with limiting global warming to 1.5 °C. The methodology adopted is based on a sector-specific decarbonisation pathway and takes into account, among other factors, changes in production volumes, energy consumption, technological development and the regulatory framework. As at the reporting date, the target has not yet been formally validated by the SBTi.

In particular, the achievement of this objective is supported by an integrated set of decarbonisation measures, including energy efficiency improvements to production processes, on-site generation of electricity from photovoltaic sources, the progressive purchase of certified renewable electricity through GO and RECs, and the gradual replacement of natural gas with biomethane or the purchase of GO associated with biomethane at the Sabaf S.p.A. plant from 2031 until complete replacement in 2034.

The effectiveness of climate policies and actions is monitored on an annual basis by comparing actual emissions with the trajectory set out in the Transition Plan, as well as through periodic reviews of the progress made on individual decarbonisation measures.

With regard to adaptation to climate change, the Group incorporates relevant considerations into its environmental and energy management systems, operational risk assessments and business continuity plans. Additionally, the Group constantly assesses compliance with current regulations in all the production plants in which it operates, through the adoption of management systems that provide for periodic checks, internal audits and audits by independent bodies according to the principles set o0ut in the ISO 14001 standard. Sabaf S.p.A. applies an Integrated Environment and Energy management system which is ISO 14001 and ISO 50001 certified.

Finally, as described in section *[GOV-3] Integration of sustainability-related performance in incentive schemes*, the Group has set performance-based targets relating to the impacts of climate change as part of its Long-Term Incentive Plan (LTIP).

[E1-5] Energy consumption and mix

The following table shows the Group's overall energy consumption.

Energy consumption and mix	**2025**	**2024**
1) Fuel consumption from coal and coal products (MWh)	0	0
2) Fuel consumption from crude oil and petroleum products (MWh)	1,307	1,475
3) Fuel consumption from natural gas (MWh)	52,424	53,674
4) Fuel consumption from other non-renewable sources (MWh)	0	0
5) Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources (MWh)	25,232	31,089
6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	**78,963**	**86,238**
Share of fossil sources in total energy consumption (%)	**84%**	**89%**
7) Consumption from nuclear sources (MWh)	**260**	**1,272**
Share of nuclear sources in total energy consumption (%)	**0%**	**1%**
8) Fuel consumption for renewable sources including biomass (also includes industrial and urban waste of biological origin, biogas, renewable hydrogen, etc.) (MWh)	6	11
9) Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources (MWh)	14,917	9,168
10) Consumption of self-generated non-fuel renewable energy (MWh)	147	126
11) Total energy consumption from renewable sources (MWh) (calculated as the sum of lines 8 to 10)	**15,070**	**9,305**
Share of renewable sources in total energy consumption (%)	**16%**	**10%**
Total energy consumption (MWh) (calculated as the sum of lines 6, 7 and 11)	**94,293**	**96,815**

Reported below is the renewable energy self-generated by the photovoltaic system operating at C.M.I. s.r.l.

Total energy production	2025	2024
Non-renewable energy production (MWh)	0	0
Renewable energy production (MWh)	192	158
Total energy production (MWh)	**192**	**158**

Energy intensity based on net revenue	2025	2024
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/€/000)	0.34	0.34

The Sabaf Group uses Renewable Energy Certificates (RECs), an internationally recognised tool to certify the purchase and use of renewable energy.

All Group companies operate in the manufacturing sector, which is identified as a high climate impact sector by the ESRS. Energy intensity was therefore calculated by dividing "Total energy consumption" by the Group's net revenue of €278,201 thousand for 2025 (€285,091 thousand for 2024).

[E1-6] Gross Scopes 1, 2, 3 and Total GHG emissions

	2025	2024
Scope 1 GHG emissions		
Gross Scope 1 GHG emissions (tCO_{2eq})	11,097	11,312
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0%	0%
Scope 2 GHG emissions		
Gross location-based Scope 2 GHG emissions (tCO_{2eq})	10,447	12,074
Gross market-based Scope 2 GHG emissions (tCO_{2eq})	11,316	15,618
Significant Scope 3 GHG emissions		
Total gross indirect (Scope 3) GHG emissions (tCO_{2eq})	26,262,873	25,563,260
Percentage of gross indirect Scope 3 emissions	99.9%	99.9%
1. Purchased goods and services (tCO_{2eq})	146,854	183,850
2. Capital goods (tCO_{2eq})	6,093	4,383
3. Fuel and energy-related activities (not included in Scope 1 or 2) (tCO_{2eq})	3,470	4,133
4. Upstream transportation and distribution (tCO_{2eq})	11,876	11,509
5. Waste generated in operations (tCO_{2eq})	1,397	1,607
6. Business travel (tCO_{2eq})	754	1,170
7. Employee commuting (tCO_{2eq})	2,332	2,015
9. Downstream transportation (tCO_{2eq})	2,396	2,004
11. Use of sold products (tCO_{2eq})	26,087,294	25,352,041
12. End-of-life treatment of sold products (tCO_{2eq})	317	454
13. Downstream leased assets (tCO_{2eq})	90	94
Total GHG emissions		
Total GHG emissions (location-based) (tCO_{2eq})	26,284,417	25,586,646
Total GHG emissions (market-based) (tCO_{2eq})	26,285,286	25,590,191

Methodological note

This Methodological Note illustrates the methodology adopted to calculate greenhouse gas (GHG) emissions by referring, as required by current legislation, to the principles of the GHG Protocol. Specifically, the Group applied the recommendations of the Standards & Guidance | GHG Protocol for general reporting and Corporate Value Chain (Scope 3) Standard | GHG Protocol for Scope 3 emissions.

The data collected refer to the entire year and the reporting scope covers the entire Sabaf Group.

The Group also calculated the biogenic emissions for Scope 1, Scope 2 and Scope 3 to be zero.

Sabaf has calculated its total market-based and location-based emission intensity at 0.09 and 0.09 tCO_{2eq}/euro respectively for 2025 (0.09 and 0.09 tCO_{2eq}/euro for 2024).

Emission intensity was calculated by dividing total emissions, (market-based and location-based) by the Group's net revenue, which, in 2025, amounted to €278,201 thousand (€285,091 thousand in 2024).

Scope 1

The calculation of emissions from the Group's activities was carried out following the guidelines of the GHG Protocol, taking into account the different emission categories (stationary combustion, mobile combustion and refrigerant gas leakage). Fuel data for each of these activities were collected with the reference unit of measurement (using activity-based methodology) and multiplied by the respective emission factors, taken from the Department for Environment, Food & Rural Affairs (2025 DEFRA for 2025; 2024 DEFRA for 2024).

Scope 2

The calculation of Scope 2 emissions was carried out following the GHG Protocol guidelines considering both the location-based and market-based approaches.

For the location-based methodology, which reflects the indirect emissions from purchased energy based on the composition of the local electricity grid, the emission factors of the electricity distribution grid of the country where the energy is consumed were applied, as reported in the 2025 IEA Database (2024 IEA Database for 2024).

The market-based methodology considers the contribution of specific emission factors related to the contractual forms for purchase adopted by the organisation for its electricity consumption. An emission factor of 0 was only applied for supplies of electricity from renewable sources as certified by Guarantees of Origin or Renewable Energy Certificates, and for the portion of electricity covered by these instruments. In particular, energy from certified renewable sources was purchased through I-REC, which accounted for 37% of the total electricity consumption from the grid (22% for 2024). The emission factors used follow the market-based methodology applying 2024 AIB for the residual mix (2023 AIB for 2024) and the location-based methodology for countries outside the European Union, where the residual mix could not be obtained.

Scope 3

Information on GHG Scope 3 emissions is inherently more limited than Scope 1 and 2 information, due to the limited availability and accuracy of both quantitative and qualitative information, and because of the need to rely on data, information and evidence provided by third parties.

Unless otherwise specified, reporting of indirect emissions from the value chain refers to Group-wide data and covers the following GHG Protocol categories:

- *Category 1 Purchased goods and services:* in accordance with the Greenhouse Gas Protocol (GHGP), the average-data method was adopted to estimate emissions from the purchase of goods, using the conversion databases of Ecoinvent 3.12 (Ecoinvent 3.11 for 2024) and, where present, Environmental Product Declarations.
- *Category 2 Capital goods:* A spend-based methodology was adopted to estimate emissions from the purchase of capital equipment in the reporting year. Investment amounts, expressed in monetary terms, were converted into emissions using the reference EEIO emission factors for the type of purchase, classified on the basis of NACE codes.
- *Category 3 Fuel and energy-related activities (not included in Scope 1 or 2):* the fuel consumption and electricity purchase data, used for the calculation of Scope 1 and Scope 2 emissions, were multiplied by the respective emission factors. These factors include the impact generated by the production of the energy carrier and the losses associated with transport and distribution. For fuels, the 2025 DEFRA database (2024 DEFRA for 2024) was used, while the emission factors from the 2025 IEA database (2024 IEA for 2024) were used for non-renewable electrical energy.
- *Category 4 Upstream transportation and distribution:* emissions from transport and upstream, intra-group and downstream distribution activities borne by the Group were calculated using the distance-based methodology. The kilometres travelled were multiplied by the relevant emission factor from the 2025 DEFRA database (2024 DEFRA for 2024), taking into account the weight transported, the transport methodology performed and considering both the Tank-to-Wheel (TTW) and Well-to-Tank (WTT) contribution.
- *Category 5 Waste generated in operations:* The Average Data Method was used to calculate emissions, whereby collected data was converted into emissions using the 2025 DEFRA database (DEFRA 2024 for 2024). The conversion was made according to the type of waste treatment, distinguishing between recycling, incineration and landfilling.
- *Category 6 Business travel:* a distance-based methodology was used to calculate emissions from staff business travel. The kilometres travelled for each type of transport vehicle were considered, and the data collected were multiplied by the relevant emission factors from the 2025 DEFRA database (2024 DEFRA for 2024). These factors include both the Tank-to-Wheel (TTW) and the Well-to-Tank (WTT) components. When the distance methodology could not be used, the spend-based methodology was considered through the EEIO emission factors classified on the basis of NACE codes.

- *Category 7 Employee commuting:* emissions from home-to-work commuting were calculated on the basis of the results of questionnaires administered to employees in 2021, compared to the number of employees in the year of reference.
- *Category 9 Downstream transportation:* emissions from transport and downstream distribution activities not borne by the Group were calculated using the distance-based methodology. The kilometres travelled were multiplied by the relevant emission factor from the 2025 DEFRA database (2024 DEFRA for 2024), taking into account the weight transported, the transport methodology performed and considering both the Tank-to-Wheel (TTW) and Well-to-Tank (WTT) contribution.
- *Category 11 Use of sold products:* specific attention was paid to category 11 (Use of sold products), which required specific investigations in order to assess the impact of these emissions along the value chain. The Group manufactures components (intermediate products) for installation in domestic appliances, including burners for gas cooking appliances. The finished product (the hob or free-standing cooker) generates emissions during use by the end user by burning natural gas or LPG to produce the heat needed for cooking. Emissions are calculated based on a number of factors, including burner design, hob shape, grill shape and height, pan type, gas type, etc., which are largely beyond the Group's control. As a result of the investigations carried out[19], the Group decided to report the emissions relating to the use of sold products (category 11) based on the use of cooking appliances on which Sabaf burners are installed. The methodology adopted to calculate the direct emissions associated with the use phase of Sabaf's products was based on an analysis covering the estimated useful life of the devices with fuel consumption and, consequently, emission impact. The energy impact was calculated by estimating a useful life cycle of 20 years for the products and considering the average fuel consumption during their use (for each product macrocategory). This consumption was then multiplied by the corresponding fuel emission factor derived from the 2025 DEFRA database (2024 DEFRA for 2024).
- *Category 12 End-of-life treatment of sold products:* to calculate emissions from the end-of-life treatment of products sold by the Group, the average data method was adopted. The analysis was based on the 2025 DEFRA database (2024 DEFRA for 2024), assuming an average emission factor considering the three main disposal methods, weighted according to the percentage of treatment applied to products sold within and outside the EU.
- *Category 13 Downstream leased assets:* emissions generated by downstream leased assets in the value chain were calculated using the CURB tables to estimate electrical energy consumption and gas for heating. Consumption was then multiplied by the respective emission factors: for gas, the reference is the 2025 DEFRA (2024 DEFRA for 2024), and the 2025 IEA (2024 IEA for 2024) for electricity.

[19] *Corporate Value Chain (Scope 3) Accounting and Reporting Standard*, Supplement to the GHG Protocol Corporate Accounting and Reporting Standard.
Technical Guidance for Calculating Scope 3 Emissions, Supplement to the Corporate Value Chain (Scope 3) Accounting & Reporting Standard.

The analysis excludes the following categories, which are not applicable to the Sabaf Group:

- *Category 8 Upstream leased assets:* the Group has no leased assets upstream in the value chain.
- *Category 10 Processing of sold products:* Group products do not undergo post-sale processing.
- *Category 14 Franchises:* the Group has no franchising activities.
- *Category 15 Investments:* the Group does not engage in investment activities.

ESRS E2 Pollution

[E2 IRO-1] Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

As part of the most recent activity of stakeholder engagement, carried out during the double materiality assessment in 2024, the Technical Office of the Municipality of Ospitaletto, the HSE Officer of Confindustria Brescia and the certifying body of the environmental management system, representing the affected communities, were asked to give an assessment of the pollution-related impacts.

Consideration was also given to the results of the environmental analysis carried out for the Sabaf S.p.A. plant, part of the ISO:14001 certified environmental management system. As clarified within *[E2-3] Targets related to pollution*, the Group monitors environmental impacts in accordance with the relevant regulations of the individual countries in which it operates. For this reason, and where there are no applicable local regulations, the industrial operations and related environmental impacts of the Sabaf S.p.A. production plant are considered representative of the Group's other main production plants, as can be inferred from the description of the production processes in this section, including in terms of dimensions and importance for production.

The Group adopts homogeneous technologies to minimise pollution-related impacts in the various plants in which it operates.

Finally, to identify possible impacts, risks and opportunities in the value chain:

- an analysis was conducted of the Group's purchases, with a focus on the main materials purchased (steel and aluminium);
- consideration was given to priority impacts noted by international rating agencies (S&P and MSCI) for representative sectors of the downstream value chain ("household durables" and "household appliances").

At the end of the process, the Sabaf Group identified negative impacts related to the emission of pollutants to air, water and soil in its own operations (potential impact) and along the upstream value chain (actual impact), while no material risks or opportunities were identified. These negative impacts, whose effects can affect both the environment and people, are inherent to the Group's business model, as the processing of materials in the upstream value chain, as well as the company's own production processes, are potentially responsible for the production of polluting emissions. It is worth emphasising the potential nature of the negative pollution-related impacts in own operations.

Specifically, three production processes are carried out at Sabaf S.p.A:

- The production of the components that make up the burners (nozzle holder sumps and flame spreaders) involves the casting and subsequent die-casting of the aluminium alloy, sandblasting of the pieces, a series of mechanical processes with removal of material, washing of some components, assembly and testing. This production process results in the emission of negligible amounts of oily mists, as well as dust and carbon dioxide;

- The production of burner covers, where steel is used as raw material, which is submitted to blanking and minting. The semi-finished covers are then used for washing, sandblasting, application and firing of enamel, a process that generates the emission of dust;
- The production of valves and thermostats, in which mainly aluminium alloy, brass bars and moulded bodies and, to a much lesser extent, steel bars are used as raw materials. The production cycle is divided into the following phases: mechanical machining with removal of material, washing of semi-finished products and components obtained in this way, finishing of the coupling surface of bodies and masks with a diamond tool, assembly and final inspection of the finished product. This process generates negligible oily mists.

The entire burner production process is carried out at Sabaf Brazil, Sabaf Turkey and Sabaf Turkey.

In Faringosi Hinges S.r.l., in the companies of the C.M.I. Group, MEC and Sabaf Turkey, steel is used as the main raw material for the production of hinges, and is subjected to a series of mechanical processing and assembly.

At A.R.C., professional burners are produced mechanical processing and assembly.

Sabaf India and Sabaf China carry out mechanical processing and burner assembly operations.

Electronic components (boards, timers, etc.) are assembled in Sabaf Turkey and P.G.A.

[E2-1] Policies related to pollution

The Sabaf Group adopts internal policies and procedures to prevent and mitigate impacts related to air, water and soil pollution, and promptly manage any emergency situations.

The Group's Environmental and Energy Management Policy outlines the commitments that Sabaf intends to pursue in relation to pollution, such as:

- constant monitoring and ensuring compliance of the company's facilities and operations with regulatory requirements on pollution;
- taking preventive measures to reduce air, water and soil pollution by installing water filtration and treatment systems and containment and isolation facilities;
- ensuring the efficiency of the above systems and facilities through their regular maintenance;
- ensuring the efficient and timely management of emergencies relating to possible contamination of soil, water and/or air pollution through the adoption of appropriate procedures and information flows;
- ensuring and continuously monitoring the compliance of products and raw materials with regulatory requirements concerning substances of concern and substances of very high concern.

The commitments outlined in the Environmental and Energy Management Policy aim to mitigate and/or prevent negative impacts related to pollution (see section *[ESRS 2 SBM-*

3] Material impacts, risks and opportunities and their interaction with strategy and business model).

Group companies have procedures in place to ensure the effective management of pollution prevention and mitigation, as well as compliance with legal requirements.

For details on the implementation, monitoring and enforcement of the Environmental and Energy Management Policy, please refer to section *[E1-2] Policies related to climate change mitigation and adaptation.*

The Sabaf Group is also committed to minimising the use of substances of concern and substances of very high concern through regular monitoring of the compliance of its products and raw materials with regulatory requirements and the adoption of internal control systems and procedures.

Sabaf products fully comply with the requirements of Directive 2011/65/EU (RoHS Directive), which tends to limit the use of hazardous substances in the production of electrical and electronic equipment, and the requirements of Directive 2000/53/EC (End of Life Vehicles), i.e. the content of heavy metals (lead, mercury, cadmium, hexavalent chromium) is below the limits set by the Directive and/or any exemptions.

Within the scope of the REACH Regulation (Regulation no. 1907/2006 of 18 December 2006), Sabaf is a downstream user of substances and preparations. The products supplied by Sabaf are classified as articles that do not give rise to the intentional emission of substances during normal use, therefore there is no registration of the substances contained in them. Through its Sustainable Procurement Policy, Sabaf requires its suppliers to avoid the use of hazardous substances where technically possible or, conversely, to manage them in accordance with applicable regulations (see further details on the implementation, monitoring and enforcement of the Sustainable Procurement Policy in section *[S2-1] Policies related to value chain workers*).

[E2-2] Actions and resources related to pollution

Since 2003, the Environmental Management System of the Ospitaletto production site has been certified according to ISO 14001. Sabaf Turkey's production sites have been certified ISO 14001 compliant since 2022 (gas and hinges division production plants) and since 2023 (electronics division production plant in Manisa). The Italian production site of C.M.I. s.r.l. has been ISO 14001 certified since 2023. These management systems provide for the prevention and mitigation of environmental impacts within the company's operations, as well as the definition of improvement pathways aimed at increasing its environmental performance. The level of ambition is defined by the principle of continuous improvement in line with the main international environmental standards, and regularly monitored as outlined in section *[E2-3] Targets related to pollution.*

The management of pollution-related impacts is ensured through the constant monitoring of emissions of pollutants, substances of concern and substances of very high concern in accordance with relevant regulations, as detailed below. These monitoring and prevention activities, together with the implementation of management systems, do not entail significant operating expenses (OpEx) and/or capital expenditures (CapEx) specifically earmarked for their implementation and are part of the recurring operating costs of Group companies.

[E2-3] Targets related to pollution

It should be noted that, at the time the 2024-2026 Business Plan was drafted, Sabaf had not yet identified the materiality of pollution-related impacts, risks and/or opportunities. Therefore, the Plan does not include any targets associated with this topic. However, the Group ensures that monitoring processes are in place to verify the effectiveness of the commitments outlined in its Policies.

The monitoring of environmental impacts (including the monitoring of pollutant emissions) is conducted in accordance with the relevant regulations of the individual countries in which the Sabaf Group operates. In accordance with local regulations, Group companies regularly check the concentration of pollutants, monitor the timing and expiry dates of existing authorisations, and verify the conformity of abatement plants and their periodic maintenance.

In the certified Group companies, monitoring is based on management systems involving periodic checks, internal audits and audits by independent bodies, according to the principles laid down in the ISO 14001 standard.

Sabaf also involved the suppliers to ensure they fully comply with the REACH Regulation and ensure compliance with pre-registration and registration obligations for the substances or preparations they use. The data collected was used to complete the SCIP (Substances of Concern In Products) database as per the provisions of the ECHA agency.

[E2-4] Pollution of air, water and soil

Pursuant to Annex II of Regulation (EC) No 166/2006 of the European Parliament and of the Council (E-PRTR), the Sabaf Group is required to declare the quantities of pollutants exceeding the applicable threshold value. No pollutant emissions above the threshold value were recorded during the reporting period and, therefore, as required by paragraph 29 of the ESRS *E2-4 - Pollution of air, water and soi*, the figure is not reported.

[E2-5] Substances of concern and substances of very high concern

	2025		2024	
	Substances of concern	**Substances of very high concern**	**Substances of concern**	**Substances of very high concern**
Total quantities of substances of concern purchased per hazard class (t)	**52**	**65**	**28**	**33**
Danger to human health (hazard class code H3xx) (t)	52	0	28	0
Danger to human health and the environment (hazard class code H3xx & H4xx) (t)	0	65	0	33
Total quantities of substances of concern leaving production facilities in the form of part products broken down by hazard classes (t)	**52**	**65**	**28**	**33**
Danger to human health (hazard class code H3xx) (t)	52	0	28	0
Danger to human health and the environment (hazard class code H3xx & H4xx) (t)	0	65	0	33

The quantities of substances of concern (SoC) and substances of very high concern (SVHC) that were purchased were estimated on the basis of the nature and quantity of the materials purchased and the certifications received from suppliers indicating their chemical composition.[20] As required by the Reach and RoHS Directives, consideration was only given to elements present with a concentration above 0.1%. It is estimated that the output quantities as part of products are equal to the total purchased quantities.

The hazard classes are those listed in the individual substance sheets on the ECHA website.

[20] The trend in the quantities of substances of concern and substances of very high concern stems from a more analytical assessment of the materials used, which does not apply to 2024.

ESRS E3 Water

[E3 IRO-1] Description of processes to identify and assess material water-related impacts, risks and opportunities

As part of the most recent activity of stakeholder engagement, carried out during the double materiality assessment in 2024, the Technical Office of the Municipality of Ospitaletto, the HSE Officer of Confindustria Brescia and the certifying body of the environmental management system, representing the affected communities, were asked to give an assessment of the water-related impacts.

Consideration was also given to the results of the environmental analysis carried out for the Sabaf S.p.A. plant, part of the ISO:14001 certified environmental management system. The industrial operations and related environmental impacts of the Sabaf S.p.A. plant are representative of the Group's other main production plants, as can be inferred from the description of production processes in paragraph *[E2 IRO-1] Description of the processes to identify and assess material pollution-related impacts, risks and opportunities*.

The Group adopts homogeneous technologies for water management in the various plants where water is used in production processes.

Documents published by rating agencies and international organisations (S&P, MSCI, World Resources Institute) were also consulted.

The Group has identified as material the current negative impacts related to water withdrawal and consumption in water-stressed areas in business operations and along the upstream value chain. With regard to own operations, this issue emerges in relation to die-casting and enamelling processes, as well as in the washing of semi-finished products. Along the upstream value chain, water stress is a significant issue for the steel and aluminium sectors (the main materials supplied by the Sabaf Group) due to the use of water for cooling and washing in metalworking processes.

Some of the Group's production sites are located in water-stressed areas according to the Water Risk Atlas of the World Resources Institutes.

[E3-1] Policies related to water

As part of its commitment to the environment, the Sabaf Group adopts internal policies and procedures that are designed to prevent and mitigate the impacts of water use.

Through its Environmental and Energy Management Policy, the Sabaf Group is committed to:

- constant monitoring and ensuring compliance of the company's facilities and operations with regulatory requirements on water resources;
- rationalising and making efficient use of water resources through the adoption of systems for recovering industrial water and collecting rainwater for use in business operations;

- conducting constant monitoring of areas at water risk in the geographical areas where the Group operates, while ensuring the dissemination of the principles of rationalisation and efficiency in the use of water resources;
- ensuring that wastewater treatment activities are carried out in accordance with the principles of transparency and fairness and in compliance with applicable regulations;
- limiting and preventing the discharge of pollutants, favouring re-use systems;
- ensuring the efficient and timely management of emergencies by defining intervention procedures in the event of a fault, anomaly or disruption, including interventions for restoring normal conditions.

The commitments outlined in the Environmental and Energy Management Policy aim to mitigate and/or prevent negative impacts related to water (see section *[ESRS 2 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model)*.

Group companies have procedures in place to ensure the effective management of the prevention and mitigation of impacts relating to the consumption of water resources, as well as compliance with legal requirements.

For details on the implementation, monitoring and enforcement of the Environmental and Energy Management Policy, please refer to section *[E1-2] Policies related to climate change mitigation and adaptation.*

Based on its awareness of the negative impacts related to water resources along its value chain, the Sabaf Group has integrated this topic into its Sustainable Procurement Policy, in which suppliers are required to design products and processes that minimise water consumption. Details on the implementation, monitoring and enforcement of the Sustainable Procurement Policy can be found in section *[S2-1] Policies related to value chain workers*.

[E3-2] Actions and resources related to water

The Environmental Management Systems of the production sites in Ospitaletto, Sabaf Turkey (Manisa plants) and C.M.I. are certified according to ISO 14001. These systems provide for the prevention and mitigation of environmental impacts within the company's operations, as well as the definition of improvement pathways aimed at increasing its environmental performance. The level of ambition is defined by the principle of continuous improvement in line with the main international environmental standards, and regularly monitored as outlined in section *[E3-3] Targets related to water.*

The Sabaf Group manages the negative impacts associated with water withdrawals in water-stressed areas through the adoption of water collection, treatment and recovery systems. All the water used in the production processes by Group companies is destined for disposal or internal recycling for reuse in company processes, with the exception of the production plant of the gas division in Turkey. In this plant, after pre-treatment, effluents are routed to a collection and treatment system in the industrial area. Downstream from the production processes, water used in die-casting and enamelling processes at the plant in Ospitaletto is treated in concentration plants, and thanks to its subsequent recovery and use, there is a significant reduction in both quantities of water required and waste produced. Concentration plants are also in operation at the production sites in Brazil and Turkey. At the Ospitaletto plant, there is also a plant for the collection of rainwater intended for use in industrial activities.

The Group did not carry out remedial actions.

Treatment and recovery activities, as well as monitoring and prevention activities (as detailed in *[E3-3] Targets related to water*), contribute to the recurring operating costs of Group companies.

[E3-3] Targets related to water

At the time of drafting the 2024-2026 Business Plan, the Sabaf Group had not yet identified the materiality of water and marine resources-related impacts, risks and/or opportunities, with the resulting absence of measurable targets or guidance for this topic going forwards. However, the Group is committed to ensuring the responsible and sustainable use of water resources through constant monitoring of the implementation of the commitments outlined in its Policies.

The Sabaf Group monitors environmental impacts, including water and marine resources-related indicators, in accordance with applicable legal requirements at all its plants. Monitoring is based on management systems that include periodic checks, internal audits and audits by independent bodies in line with the ISO 14001 standard, whose principles guide monitoring activities and are a source of inspiration for the entire Group.

On an annual basis, Sabaf records the volumes of water withdrawn from aqueducts, wells and storm water. Furthermore, through its participation in the CDP Water Security programme, Sabaf is committed to measuring, monitoring and disclosing its performance in the area of water resources. As part of its participation in the CDP 2025, Sabaf achieved a score of B-, on a scale ranging from a minimum of D- to a maximum of A.

[E3-4] Water consumption

	2025	2024
Total water consumption (m^3)	16,480	35,837
of which in areas at water risk, including areas of high-water stress (m^3)	13,061	33,020
Total water recycled and reused (m^3)	5,037	5,570
Total water stored (m^3)	19,061	32,777

Water consumption was calculated as the difference between withdrawals and discharges. Withdrawals are derived from direct measurements, while discharges were estimated.[21]

Areas at water risk, including those with high water stress, were determined according to the Aqueduct Water Risk Atlas tool that maps and analyses current and future water risks in all locations. Aqueduct is a data platform operated by the World Resources Institute (WRI), a non-profit environmental research organisation.

	2025	**2024**
Water intensity – Total water consumption in own operations (m^3 per million EUR of net revenue)	59	126

Water intensity was calculated by dividing total water consumption by the Group's net revenue of €278.2 million for 2025 (€285.1 million for 2024).
The metrics reported in this paragraph are not validated by external bodies.

[21] The trend in water consumption reflects an improvement in the method used to estimate discharge volumes. Applying the new method to 2024 brings the volume of water consumption up to 11,441 m^3 (of which 8,238 m^3 is in water-stressed areas, including those under high water stress), with a water intensity of 40 m^3 per million euros of net revenue.
The 2025 volume of stored water was calculated considering the maximum capacity of the tanks; applying this criterion to 2024 updates the volume to 19,061 m^3. The change in stored water prior to this modification would have been -13,716 m^3, whereas applying the new criterion results in zero variation.
Measured withdrawals for all Group companies, except C.G.D. s.r.l. and Sabaf India.

ESRS E5 Resource use and circular economy

[E5 IRO-1] Description of processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

As part of the most recent activity of stakeholder engagement, carried out during the double materiality assessment in 2024, the certifying body of the environmental management system, representing the affected communities, was asked to give an assessment of the impacts related to resource use and the circular economy.

Moreover, to identify possible impacts, risks and opportunities in the value chain:

- an analysis was conducted of the Group's purchases, with a focus on the main materials purchased (steel and aluminium);
- consideration was given to priority impacts identified by international rating agencies (S&P and MSCI)").

The Group identified:

- a negative impact (on the environment and people) related to the generation of waste during the performance of business operations and along the value chain;
- a positive impact relating to the sourcing of raw materials through recovery, recycling and/or reuse of waste materials in business operations and along the upstream value chain;
- an opportunity arising from the adoption of internal circular models and processes designed to improve resource efficiency, thereby reducing the costs associated with procurement and waste disposal.

[E5-1] Policies related to resource use and circular economy

The principle of eco-efficiency, which is central to the Sabaf Group's business model, is demonstrated primarily in the optimisation of resource use. To this end, the Environmental and Energy Management Policy, the Sustainable Procurement Policy and internal procedures of the individual Group companies set out the commitments aimed at promoting an increasingly circular business model.

The Environmental and Energy Management Policy sets out the following actions:

- continuously monitor and ensure compliance of waste management and disposal activities with current legislation;
- reduce the amount of waste generated during business operations and improve its quality in terms of hazardousness and recoverability;
- minimise the amount of waste destined for disposal through proper separation of collection streams and, where applicable, by directing suitable industrial waste to reclamation and recycling operations;
- ensure the responsible management and disposal of hazardous waste, in accordance with regulatory requirements;

- adopt principles optimising the use of resources during business operations;
- limit the procurement of virgin raw materials by purchasing, where possible, recycled secondary raw materials;
- adopt principles of sustainable sourcing and use of renewable raw materials used for packaging;
- promote policies of responsible waste management and efficient use of resources in the value chain.

The commitments defined in the Environmental and Energy Management Policy aim to mitigate and/or prevent the negative impacts and material risks, while pursuing the positive impacts and opportunities associated with the topic of the circular economy (see section *[ESRS 2 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model).*

Group companies have procedures in place to ensure effective management of the prevention and mitigation of impacts related to resource use and waste disposal, as well as compliance with legal requirements.

For details on the implementation, monitoring and enforcement of the Environmental and Energy Management Policy, please refer to section *[E1-2] Policies related to climate change mitigation and adaptation.*

With the Sustainable Procurement Policy, the Sabaf Group requires suppliers to:

- commit to optimising the use of natural resources;
- suggest the adoption of alternative products and processes with a reduced environmental impact along their life cycle such as, for example, secondary raw materials (i.e. recycled raw materials) based on circular economy principles;
- manage the treatment and disposal of waste appropriately and in accordance with current regulations, minimising the generation of waste for disposal.

Details on the implementation, monitoring and enforcement of the Sustainable Procurement Policy can be found in section *[S2-1] Policies related to value chain workers*.

[E5-2] Actions and resources related to resource use and the circular economy

The Environmental Management Systems of the production sites in Ospitaletto, Sabaf Turkey (Manisa plants) and C.M.I. (Italian plant) are certified to ISO 14001. These management systems provide for the prevention and mitigation of environmental impacts within the company's operations, as well as the definition of improvement pathways aimed at increasing its environmental performance. The level of ambition is defined by the principle of continuous improvement in line with ISO standards for Group companies whose management systems are certified and regularly monitored, as outlined in *[E5-3] Targets related to resource use and circular economy.*

The efficient use of resources is the basis for decisions determining product development and optimisation of production processes. Trimmings and waste from the production process are identified and collected separately for recycling or disposal. All risers deriving from aluminium die-casting are intended for direct internal reuse.

Sabaf S.p.A. made an investment of €87,000 (CapEx) during 2025 for the modification of the storage tanks for the special liquid waste produced by the enamelling department, with the aim of reducing the annual waste production.

The monitoring and implementation of management systems are part of the recurring operating costs of Group companies.

In relation to resource inflows, when this is technically possible and economically viable, he Sabaf Group favours the purchase of secondary raw materials that have been reclaimed or recycled, as outlined in section *[E5-4] Resource inflows*.

[E5-3] Targets related to resource use and circular economy

The Sabaf Group verifies the effectiveness of its policies and, in particular, the commitments set out in the Environmental and Energy Management Policy and detailed in section *[E5-1] Policies related to resource use and circular economy* through the constant monitoring of resource inflows and outflows, as well as waste streams from operations. The Sabaf Group also monitors incoming resources through the identification of circularity-related performance indicators, such as percentages of secondary raw materials and shares of renewable and non-renewable resources. In addition, on an annual basis Sabaf monitors the waste generated by its production processes, as well as its composition and destination, with particular regard to to quantities sent for recovery and/or reuse.

In general, the Sabaf Group ensures the monitoring of environmental impacts (including waste-related impacts) by constantly assessing compliance with current regulations in all the production plants in which it operates, through the adoption of management systems that provide for periodic checks, internal audits and audits by independent bodies according to the principles set out in the ISO 14001 standard.

The Sabaf Group has not set any measurable, results-oriented targets in relation to resource use and the circular economy, nor has it issued guidance for this topic going forwards.

The metrics reported in the following sections are not validated by external bodies.

[E5-4] Resource inflows

	2025			2024		
Resource inflows (t)	**Used**	***of which from recycled***		**Used**	***of which from recycled***	
Raw Materials	**32,300**	**17,363**	**39.6%**	**32,021**	**17,352**	**43.0%**
Steel	21,097	7,316	16.7%	21,607	7,944	19.7%
Aluminium alloys	10,546	9,425	21.5%	9,877	8,893	22.0%
Brass	643	622	1.4%	527	515	1.3%
Other	14	-	0.0%	10	-	0.0%
Semi-finished goods or purchased components	**8,610**	**257**	**0.6%**	**5,281**	**333**	**0.8%**
Iron and steel components	7,192	1	0.0%	3,962	2	0.0%
Enamel	333	-	0.0%	353	-	0.0%
Brass components	238	145	0.3%	181	171	0.4%
Electrical and electronic components	210	-	0.0%	208	-	0.0%
Cast iron components	209	111	0.3%	285	157	0.4%
Thermoelectric safety components	143	-	0.0%	146	-	0.0%
Aluminium alloy components	120	-	0.0%	24	3	0.0%
Plastic components	98	-	0.0%	86	-	0.0%
Components in mixed materials	67	-	0.0%	36	-	0.0%
Associated process materials	**585**	**-**	**0.0%**	**654**	**-**	**0.0%**
Lubricants/Oils/Grease	297	-	0.0%	312	-	0.0%
Release agent for foundry	155	-	0.0%	202	-	0.0%
Blasting grit	81	-	0.0%	100	-	0.0%
Solvents/Detergents	43	-	0.0%	32	-	0.0%
Other	9	-	0.0%	8	-	0.0%
Packaging	**2,301**	**949**	**2.2%**	**2,425**	**1,117**	**2.8%**
Wood	1,029	1	0.0%	1,073	15	0.0%
Cardboard	937	666	1.5%	956	749	1.9%
Plastic	335	282	0.7%	396	353	0.9%
Total	**43,796**	**18,569**	**42.4%**	**40,381**	**18,802**	**46.6%**

It should be noted that from the end of 2023, Sabaf S.p.A. introduced the use of organic oils to replace mineral oils in metalworking lathes (73 tonnes in 2025, representing 24% of the category “Lubricants/Oils/Grease” and 0.17% of the total; 54 tonnes in 2024, representing 17% of the category “Lubricants/Oils/Grease” and 0.13% of the total).

The figure for material quantities is obtained directly from the management systems: for components and raw materials the weight of the material consumed is indicated, while for packaging and associated process materials the weight of the material purchased is indicated.[22]

The recycled content of individual materials is determined according to the following approach: the preferred source is a third-party certification or a self-declaration by the supplier. Where such documents are not available, the Group estimates the recycled content on the basis of the material's similarity to others for which data is available. The Group is working to have third-party certificates or self-declarations from as many suppliers as possible in the future in order to minimise the use of estimated data.

[E5-5] Resource outflows

Products and materials

Expected durability of products

The Sabaf Group produces components (gas components, hinges, electronic components, induction cooking components) for installation in domestic appliances. To date, there is no agreed benchmark to determine the durability of a household appliance and thus its components.

Repairability of products

There is no system for assessing the repairability of components produced by the Sabaf Group.

Product recyclability

All raw materials used by the Sabaf Group in the production of components are considered 100% recyclable. However, the assessment of the recyclable content rate cannot disregard multiple factors that significantly influence the actual recyclability of products, such as the separability of components from the final product, end-of-life management by the user, the availability of efficient collection systems and effective recycling technologies in the geographical areas where products are disposed of. The same applies to materials used in packaging (wood, cardboard and plastic).

[22] Certain pressed steel components, which were classified as raw materials in 2024, have been classified in this report as components under the heading “Iron and steel components".

Waste

	2025	2024
Total amount of waste generated (t)	**12,997**	**12,989**
Hazardous waste diverted from disposal (t)	**686**	**459**
preparation for reuse (t)	0	0
recycling (t)	0	0
other recovery operations (t)	686	459
Non-hazardous waste diverted from disposal (t)	**9,694**	**9,539**
preparation for reuse (t)	0	98
recycling (t)	3,357	3,019
other recovery operations (t)	6,337	6,422
Hazardous waste directed to disposal	**2,131**	**2,514**
incineration (t)	0	0
landfill (t)	136	235
other disposal operations (t)	1,995	2,279
Non-hazardous waste directed to disposal (t)	**486**	**477**
incineration (t)	0	0
landfill (t)	229	150
other disposal operations (t)	257	327

Non-recycled waste (t)	**2,617**	**2,991**
Percentage of non-recycled waste (%)	20%	23%
Hazardous waste (t)	**2,817**	**2,973**
Radioactive waste (t)	**0**	**0**

The most significant waste streams for the Sabaf Group's production sites are waste from metal processing (metal waste, emulsions, sludge and dusty waste) and packaging materials.
80% of the waste produced in 2025 is destined for recovery (77% in 2024).

Data are obtained from direct measurements, such as waste transfer documents.

S - Information on social aspects

ESRS S1 Own workforce

[S1 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

As part of its double materiality assessment, the Sabaf Group has identified negative impacts, positive impacts, risks and opportunities associated with its own workforce, as outlined in section *[ESRS 2 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model*. All identified impacts derive from the Group's business model and, at the same time, guide its strategic decisions, in particular in terms of the the pursuit of positive impacts and the prevention and/or mitigation of negative ones. The impacts identified consider the entire workforce of the Group, i.e. employees who have an employment relationship with Group companies and non-employee workers, such as self-employed workers and temporary workers provided by third-party companies engaged in recruitment, selection and staffing activities.

Material negative impacts refer to the occurrence of occupational injuries and illnesses in the course of business operations (actual impact), potential incidents of discrimination related to gender, sexual, religious and/or political orientation, ethnic origin or social and personal conditions, as well as potential incidents of discrimination related to gender pay equality (potential impacts). These negative impacts are not systemic, and are instead limited to the occurrence of individual events.

Positive impacts include adequate remuneration through the application of local national contracts supplemented by any better bargaining agreements (actual impact). The Sabaf Group guarantees the right to a fair wage and offers supplementary agreements that contribute to the improvement of the economic conditions of its workforce. Another positive impact relates to the dissemination of a corporate culture that promotes the well-being of workers and enables a work-life balance (actual impact), through monitoring and acknowledging feedback within the scope of employee satisfaction surveys and the analysis of corporate climate, the introduction of flexible working hours, as well as maintaining a constant dialogue with trade union organisations. Finally, Sabaf has identified among the positive impacts the improvement of employees' personal and professional skills through the adoption of training plans and initiatives (actual impact). In the Sabaf Group, the professional growth of employees is supported by continuous training. After consulting the relevant managers and taken note of training needs, the Group's Human Resources Department draws up annual training plans for the scheduling of professional training courses. The positive impacts described benefit the Group’s entire workforce.

With regard to financial materiality, the Group has identified an inherent risk related to security incidents/accidents. The Group also identifies inherent risks associated with the loss of key personnel for Sabaf’s business. The risks related to the loss of know-how derive from a business model based on the importance of having the specialised technical expertise required to implement the Group’s strategies.

The Group has identified an opportunity related to the utilisation of specialised skills for potential entry into sectors/markets other than household appliances and the creation of new professional roles to facilitate the spread of new and broader skills. Another opportunity identified is related to the dissemination of a safety culture that contributes to its corporate reputation.

Sabaf has not identified specific groups of workers who might be more vulnerable to risks and/or benefit from the material opportunities it has identified.

As part of the double materiality assessment, Sabaf did not identify any impacts on its own workforce that may result from transition plans to reduce negative environmental impacts and/or implement greener or climate-neutral operations. Finally, Sabaf has not identified any activities with a significant risk of child, forced or compulsory labour within its operations.

[S1-1] Policies related to own workforce

The Sabaf Group considers the development of individuals as a founding element of its business model. From the perspective of sustainable and socially responsible growth, the Group has developed and adopted a governance system that guarantees and promotes appropriate working conditions, including adequate remuneration, health and safety at work, respect for human rights, equality and non-discrimination, professional growth and the well-being of its workforce.

The Sabaf Group's Charter of Values sets out the values, rules of conduct and commitments in relations with stakeholders, including the Sabaf workforce. In relation to its employees, meaning everyone with a relationship of subordination or collaboration with the Group, the Charter of Values pursues the development of human capital through opportunities for professional growth, continuous learning and an inclusive, fair and discrimination-free working environment. The Charter promotes respect for human rights and has a significant focus on health and safety at work, through minimising risks and maintaining a safe working environment for all. The Group is also committed to maintaining transparency in communication, promoting a dialogue with and involving employees in decision-making processes, while complying with current labour, safety and data protection regulations.

The Charter of Values was prepared and published the Charter of Values, prepared in accordance with the existing national and international regulatory principles, guidelines and documents with regard to human rights of corporate social responsibility and corporate governance. Specifically, the Charter refers to:

- the United Nations' Charter of Rights, the European Union's Charter of Rights, the Italian Constitution;
- the core labour standards included in the ILO conventions;
- the OECD Guidelines for Multinational Enterprises;
- the UN Global Compact, which Sabaf participates in.

The Parent Company's Board of Directors is responsible for promoting the dissemination and knowledge of the Charter of Values within the Group, and for approving its review.

The extent to which the Charter of Values is implemented and adhered to within the Group is monitored by the parent company’s management and supervisory bodies. Furthermore, where deemed necessary or in the event of suspected breached of the contents and duties laid down in the Charter, they may involve the Internal Audit function to conduct relevant investigations. Using the applicable channels for individual Group companies, any Sabaf Group stakeholder may also report cases of alleged non-compliance with the Charter by sending a written and non-anonymous description of the alleged incident. Where no channel is provided, stakeholders may use the whistleblowing channel adopted by Sabaf S.p.A., through the dedicated tool available on the company website.

The Sabaf Group has also adopted a Social Policy based on the values and principles of the Charter of Values, and the main national and international regulations, guidelines and documents on human rights, corporate social responsibility and corporate governance. The Parent Company's Board of Directors is responsible for the approval, implementation and periodic review of the Sabaf Group's Social Policy. Within its workforce - covering both employees and non-employee workers - through the Policy, Sabaf is committed to the following objectives:

- guaranteeing secure employment, adequate working hours and competitive remuneration, through the signing of local national contracts supplemented by any more favourable bargaining agreements in all Group companies and by implementing remuneration providing workers with economic and professional satisfaction;
- guaranteeing freedom of association and promoting workers' rights to information, consultation and participation through a dialogue with trade union representatives;
- ensuring a healthy and safe working environment, through the adoption of procedures and management systems to prevent and minimise occupational accidents and illnesses, and promoting and disseminating a work culture based on health and safety in all Group companies;
- guaranteeing and promoting respect for human rights, as defined in the principles set out in the United Nations Global Compact, the Code of Conduct of APPLiA Europe (the European Home Appliances Association) and the "core labour standards" of the ILO conventions, including the absence of child labour[23], forced or compulsory labour and human trafficking in all companies in which the Group operates;
- not tolerating any form of discrimination or harassment on the grounds of racial or ethnic origin, colour, sex, sexual orientation, gender identity, disability, age, religion, political opinion, national ancestry or social background, as well as any other form of discrimination covered by EU law and the national law of the countries in which the Group operates;
- adopting criteria of merit and competence in employment relationships, based also on the achievement of collective and personal objectives;

23 Unless local legislation establishes a higher age limit, no person younger than the age for completing compulsory schooling or younger than 15 may be employed.

- promoting and guaranteeing equal pay and the absence of favouritism linked to gender and any other form of diversity or minority;
- promoting participation in training and empowerment initiatives in all areas useful for the professional growth and development of workers' skills;
- promoting initiatives and working conditions aimed at respecting the balance between personal and working life;
- providing communication channels that allow reporting any form of violation of the above principles, guaranteeing the anonymity of the reporting party and the taking of the necessary remedial action;
- enhancing the contribution of human capital in decision-making processes, through constant dialogue with employees and by conducting periodic surveys such as the company climate analysis.

The commitments outlined in the Charter of Values and the Social Policy aim to prevent and/or mitigate negative impacts and material risks while pursuing positive impacts and opportunities associated with the topic of own workforce (see section *[S1 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model*).

The Charter of Values and the Social Policy apply to the entire Sabaf Group, with no exceptions and/or exclusions in the conduct of business and professional activities by geographical area, country and/or stakeholder groups involved. In addition, the Sabaf Group expects the entire value chain to agree with and act in accordance with the applicable principles.

The recipients of the Charter of Values and the Social Policy are members of the company's governing and supervisory bodies, internal employees/collaborators and any third parties who collaborate with or work for and on behalf of the Sabaf Group, regardless of the legal status of the relationship.

The Charter of Values and Social Policy are made available to all stakeholders of the Sabaf Group on the corporate website (www.sabafgroup.com) in the section “Sustainability”. The values, rules of conduct and commitments set out in the Charter of Values and Social Policy are communicated to employees during their recruitment and integrated into the corporate culture. The implementation of the requirements contained in the Charter of Values and the Social Policy is periodically audited by the Internal Audit function.

In addition to the health and safety provisions set forth in the Charter of Values and the Social Policy, Sabaf S.p.A. has adopted and maintains in place an integrated Health and Safety, Environment and Energy management system certified in accordance with ISO 45001, ISO 14001 and ISO 50001. In addition to Sabaf S.p.A. (certified in 2017), C.G.D. S.r.l., Faringosi Hinges s.r.l. and C.M.I. s.r.l., adopt a health and safety management system has been certified according to ISO 45001 since 2020, 2021 and 2022, respectively. The management systems of the other Group companies are not certified. Nevertheless, the coordination at central level directs all companies towards a shared approach and methodology.

Through the implementation of its policies, the Sabaf Group ensures compliance with the labour laws in the various countries in which it operates, and the conventions of International Labour Organisation (ILO) on Workers' Rights (freedom of association and collective bargaining, consultation, right to strike, etc.), while systematically promoting dialogue between the parties and sharing of company strategies by the personnel. In the event of a violation of these principles, including those outlined in the Charter of Values and the Social Policy, the competent functions holding disciplinary power are responsible for implementing the appropriate disciplinary measures.

Sabaf S.p.A. has personnel management procedures and protocols, which were drafted by the Group's Human Resources Director and apply to employees and non-employee workers, that ensure the fulfilment of the commitments set out in the Social Policy and the Charter of Values relating to non-discrimination, fairness in remuneration, management of working time and workers' remuneration.

[S1-2] Processes for engaging with own workforce and workers' representatives about impacts

As already introduced in section *[ESRS 2 SBM-2] Interests and views of stakeholders*, the Sabaf Group periodically conducts engagement activities with employees and their representatives to gather perspectives and opinions to guide the business model in its relationship with stakeholders. These processes also provide a better understanding of the perspectives of own workers who may be particularly vulnerable (e.g. women, migrants, people with disabilities). Specifically, the Group's own workforce is involved through:

- surveys analysing corporate climate, which are addressed to workers and conducted every three years. The implementation and analysis of the results are delegated to the Group Human Resources Department. The most recent workplace climate survey was launched at the end of 2024, involving all Sabaf Brazil employees, and will continue in 2025 with the Italian companies. The results of this latest survey show that 74% of staff gave positive feedback, confirming a trend of continuous improvement. Key strengths include workplace safety, a sense of belonging and pride in one's company, the feeling of possessing the necessary skills to perform one's role, and a high level of satisfaction with one's day-to-day work. The analysis also highlights areas where further progress can be made, particularly in the dissemination and sharing of information and in the clarity and transparency of the evaluation criteria; these are aspects on which the Group intends to continue working, drawing on the insights gained from the survey;
- the constant dialogue with trade union representatives, which is continuously managed by the Human Resources Department;
- stakeholder engagement activities conducted as part of the double materiality assessment, in which a sample of the Group's employees (including their representatives) are involved in assessing the impacts on the Group's own workforce and corporate governance. Involvement is initiated by Sabaf S.p.A. management and coordinated by the Reporting Officer;
- the sharing of the sustainability statement with workers and their representatives, on an annual basis, by the management of Sabaf S.p.A.

In some Group companies, there are also channels for workers to provide input and suggestions aimed at improving certain aspects of the organisation of the business, which are systematically analysed by the respective departments.

[S1-3] Processes to remediate negative impacts and channels for own workforce to raise concerns

Sabaf identified the occurrence of occupational injuries and illnesses as a major actual impact on its workforce. The health and safety management systems adopted by individual Group companies define prevention and remedial actions, including the maintenance of adequate operating procedures and instructions for carrying out company activities, regular training updates, and the use of prevention systems.

In order to monitor and remedy the potential occurrence of other negative impacts on its workforce, in particular those related to incidents of discrimination (as reported in section *[S1 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model*), the Sabaf Group provides various channels to communicate concerns and/or critical issues. Some Italian companies (Sabaf S.p.A, Faringosi Hinges, C.M.I. and C.G.D.) adopt a Whistleblowing Reporting Procedure through a dedicated channel accessible by employees, who receive specific training on the subject. From 2025 onwards, this reporting option has also been extended to Sabaf Brazil. This Procedure guarantees the confidentiality of the identity of whistleblowers, and persons involved in and/or mentioned in reports. Further information on the application of the Procedure and the handling of reports can be found in section *[G1-1] Business conduct policies and corporate culture*.

It should be noted that a serious accident occurred at C.G.D. s.r.l. in 2024, resulting in the loss of an employee's left hand. In view of the seriousness of the accident, the Board of Directors of C.G.D. resolved to update its 231 Model and relevant implementation protocols (procedures and operating instructions), and resolved that all personnel, especially plant personnel, must undergo new 231 training cycles and new verification tests. The Board of Directors of C.G.D. also recommended strengthening further the internal reporting system by encouraging employees to report any anomalies/irregularities. The actions taken by C.G.D. are in line with the policies adopted by the Sabaf Group, which has always retained the utmost focus on full compliance with health and safety regulations. Following investigations by the relevant authorities, the company's senior management has been cleared of any responsibility in connection with the incident.

[S1-4] Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Mitigation and prevention of risks and material negative impacts

In order to mitigate risks, and prevent and/or remedy material negative impacts on its own workforce, Sabaf adopts a series of internal controls, policies and procedures involving all relevant stakeholders. Specifically, the Group applies and disseminates specific provisions relating to working conditions, health and safety, equality and non-discrimination, as described in section *[S1-1] Policies related to own workforce*. The safeguards in place, including the health and safety management systems adopted by

Group companies, provide for specific corrective actions to be taken in the event of violations and/or the occurrence of negative impacts on its workforce. Conduct that could cause risks to the health and safety of the workforce is punished in accordance with the provisions in force.
As outlined above, the management of the material impacts and risks associated with its own workforce is part of the Sabaf Group's recurring operating expenses (OpEx).
Pursuit of opportunities and material positive impacts
Opportunities related to own workforce are pursued through business benefits, employee incentives and further specific initiatives.

As part of the achievement of the positive impacts associated with remuneration, Sabaf S.p.A. provides a variable performance bonus for all employees based on quality and productivity indices, the benefits of which may also be accessed as company welfare. Similar awards are in place at other Group companies.

A further positive impact relates to the promotion of a corporate culture that supports employees' well-being: to this end, flexible working hours designed to improve work-life balance were rolled out across the Group in 2025.

The constant improvement of the skills of its own workforce - which has been identified as a material positive impact - is pursued through the Group's numerous training activities. During 2025, specific training programmes covered health and safety at work (beyond the legal requirements), cybersecurity, whistleblowing and the 231 Model.
From 2024, Sabaf S.p.A. began implementing a structured skills assessment system, which will be fully operational from 2026.

In order to pursue the opportunities associated with the attraction and retention of talent, in 2025 Sabaf renewed their participation in the second edition of "*Domani Lavoro*" (Work tomorrow), an employment trade fair in Brescia, where the company had the opportunity to meet numerous candidates. During the year, initiatives continued to promote professional growth through opportunities for intra-group experience, including international experience.
The Sabaf Group has put in place the '*Cresciamo insieme*' (let's grow together) training project, dedicated to the professional development of young talent.

The actions described in this section do not envisage a specific time horizon as they are of an ongoing nature do not entail significant operating expenses (OpEx) and/or capital expenditures (CapEx) specifically earmarked for their implementation and are part of the recurring operating costs of Group companies.

The effectiveness of the above actions is periodically assessed through employee satisfaction surveys and the corporate climate analysis illustrated in section *[S1-2] Processes for engaging with own workforce and workers' representatives about impacts*, as well as through the monitoring of training and health and safety targets and objectives associated with the LTI plan and illustrated in section *[ESRS 2 GOV-3] Integration of sustainability-related performance in incentive schemes.* These tools make it possible to collect feedback on the working environment, employee well-being, training, skills assessment, and internal communication.

The monitoring of the effectiveness of actions and policies on own workforce is also made possible through a constant dialogue with workers.

Through the adoption of procedures and management systems, in compliance with applicable laws, Sabaf regularly monitors trends for occupational injuries and illnesses.

Finally, Sabaf monitors and manages the reports it receives through the whistleblowing system.

[S1-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

A Long-Term Incentive Plan (LTIP) is in place for the period 2024-2026 for executive directors (CEO and CFO), executives with strategic responsibilities and managers identified by the CEO from among those who report directly to the CEO or who in turn report to the aforementioned managers.
The LTIP governs the requirements for the disbursement of a bonus to beneficiaries upon the achievement, in whole or in part, of predetermined, measurable financial and sustainability performance targets linked to the creation of shareholder value over a medium-term horizon.
The Incentive Plan is linked to the achievement of targets for three-year performance indicators (KPIs), including sustainability targets. With reference to the Group's own workforce, the targets concern human resources training (hours provided per capita) and occupational safety (accident indicator considering severity and frequency).
The features of the Long-Term Incentive Plan (LTIP) are discussed in more detail in the section *[ESRS 2 GOV-3] Integration of sustainability-related performance in incentive schemes*.

The Group has not set any other measurable, results-oriented targets for its own workforce, or guidance for this topic going forwards.

To date, the level of ambition that Sabaf sets itself corresponds, to compliance with current regulations and international standards on health and safety, working conditions, adequate wages, and respect for workers' rights and human rights, which the form the basis for the principles of conduct and commitments outlined in its policies.

The metrics reported in the following sections were acquired directly from the Group's information systems and not validated by external bodies.

[S1-6] Characteristics of employees

Number of employees by gender

	Number of employees (head count)	
Gender	**2025**	**2024**
Male	983	947
Female	634	623
Other[24]	0	0
Not disclosed	0	0
Total employees	**1,617**	**1,570**

The methodology used to calculate the number of employees is the headcount at the end of the reporting period (31 December).

Number of employees by country

	Number of employees (head count)	
Country	**2025**	**2024**
Italy	687	665
Turkey	463	498
USA	181	152
Brazil	120	108
Mexico	73	66
Poland	64	59
India	20	15
China	9	7
Total	**1,617**	**1,570**

[24] Gender as specified by the employees themselves.

Number of employees by type of contract, broken down by gender

	2025					2024				
	Female	Male	Other	Not disclosed	Total	Female	Male	Other	Not disclosed	Total
Number of employees (head count)	**634**	**983**	**0**	**0**	**1,617**	**623**	**947**	**0**	**0**	**1,570**
Number of permanent employees (head count)	609	973	0	0	**1,582**	606	933	0	0	**1,539**
Number of temporary employees (head count)	25	10	0	0	**35**	17	14	0	0	**31**
Number of non-guaranteed hours employees (head count)	0	0	0	0	**0**	0	0	0	0	**0**
Number of full-time employees (head count)	572	974	0	0	**1,546**	561	932	0	0	**1,493**
Number of part-time employees (head count)	62	9	0	0	**71**	62	15	0	0	**77**

Number of employees by type of contract, broken down by country

2025	Italy	Turkey	USA	Brazil	Mexico	Poland	India	China	Total
Number of employees (head count)	**687**	**463**	**181**	**120**	**73**	**64**	**20**	**9**	**1,617**
Number of permanent employees (head count)	684	463	181	120	73	36	20	5	**1,582**
Number of temporary employees (head count)	3	0	0	0	0	28	0	4	**35**
Number of non-guaranteed hours employees (head count)	0	0	0	0	0	0	0	0	**0**
Number of full-time employees (head count)	622	463	181	114	73	64	20	9	**1,546**
Number of part-time employees (head count)	65	0	0	6	0	0	0	0	**71**

2024	Italy	Turkey	USA	Brazil	Mexico	Poland	India	China	Total
Number of employees (head count)	**665**	**498**	**152**	**108**	**66**	**59**	**15**	**7**	**1,570**
Number of permanent employees (head count)	660	498	152	108	66	33	15	7	**1,539**
Number of temporary employees (head count)	5	0	0	0	0	26	0	0	**31**
Number of non-guaranteed hours employees (head count)	0	0	0	0	0	0	0	0	**0**
Number of full-time employees (head count)	605	498	135	108	66	59	15	7	**1,493**
Number of part-time employees (head count)	60	0	17	0	0	0	0	0	**77**

Total number of employees who left the company during the reporting period and turnover rate

The following table shows the number of employees terminated voluntarily or involuntarily.

	2025	2024
Number of employees terminated (head count)	337	518
Number of employees (head count)	1,617	1,570
Turnover rate	21%	33%

Turnover is calculated as the number of employees who voluntarily or involuntarily left the Sabaf Group during the year out of the total number of employees as at 31 December.

In Note 28 to the Consolidated Financial Statements, the personnel costs for the year 2025 are detailed.

[S1-7] Characteristics of non-employees in own workforce

	2025	2024
Number of non-employee workers (head count)	**121**	**149**
of which self-employed	5	2
of which workers provided by employment agencies	116	147

The methodology used to calculate the number of non-employee workers is the headcount as at 31 December.

[S1-8] Collective bargaining coverage and social dialogue

	2025		2024	
	Collective bargaining coverage	**Social dialogue**	**Collective bargaining coverage**	**Social dialogue**
Coverage rate	Employees - EEA (for countries with > 50 employees representing > 10 % of total employees)	Workplace representation (EEA only) (for countries with > 50 employees representing > 10 % of total employees)	Employees - EEA (for countries with > 50 employees representing > 10 % of total employees)	Workplace representation (EEA only) (for countries with > 50 employees representing > 10 % of total employees)
0-19%				
20-39%				
40-59%				
60-79%				
80-100%	Italy	Italy	Italy	Italy
Coverage rate	**100%**	**100%**	**100%**	**98%**

The Group uses phase-in for this metric and therefore does not report information for employees outside the European Economic Area.

[S1-9] Diversity metrics

Gender distribution among members of top management

	2025		2024	
Gender	**Number**	**%**	**Number**	**%**
Female	3	10%	2	7%
Male	28	90%	28	93%
Other	0	0%	0	0%
Not reported	0	0%	0	0%
Total top management	**31**	**100%**	**30**	**100%**

All first levels of reporting to the administrative bodies are considered 'top management'.

Age and gender distribution of employees

2025								
	< 30 years old		**30-50 years old**		**> 50 years old**		**Total**	
	Number	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**
Female	106	7%	393	24%	135	8%	**634**	**39%**
Male	180	11%	596	37%	207	13%	**983**	**61%**
Other	0	0%	0	0%	0	0%	**0**	**0%**
Not reported	0	0%	0	0%	0	0%	**0**	**0%**
Total employees	**286**	**18%**	**989**	**61%**	**342**	**21%**	**1,617**	**100%**

2024								
	< 30 years old		**30-51 years old**		**> 50 years old**		**Total**	
	Number	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**
Female	113	7%	384	25%	126	8%	**623**	**40%**
Male	194	12%	562	36%	191	12%	**947**	**60%**
Other	0	0%	0	0%	0	0%	**0**	**0%**
Not reported	0	0%	0	0%	0	0%	**0**	**0%**
Total employees	**307**	**19%**	**946**	**61%**	**317**	**20%**	**1,570**	**100%**

[S1-10] Adequate wages

All Sabaf Group employees receive an adequate salary, in line with the applicable benchmarks.
Within the European Economic Area (EEA), the definition of an adequate wage refers to the minimum wage established in accordance with Directive (EU) 2022/2041 of the European Parliament and of the Council on adequate minimum wages in the European Union.

Outside the EEA, the benchmark corresponds to the different wage levels established by existing international, national or sub-national legislation, official regulations or collective agreements.

[S1-13] Training and skills development metrics

Periodic review of performance and career development

In 2024, the Sabaf Group started to implement a structured system for the assessment of performance and competences. Analyses and evaluations are conducted on transversal competences (communication and listening, flexibility to change, teamwork, continuous improvement and proactivity, planning and organisation, result orientation), managerial competences (for managerial roles only: coaching, decision-making skills, delegation, leadership and team management) and technical competences (specific to each role). At Sabaf S.p.A., this system will be fully operational from 2026.

The Group made use of phase-in with regard to this metric.

Average number of training hours per employee and gender

2025				
	Employees		Non-employee workers	
	Number of training hours	Average number of training hours	Number of training hours	Average number of training hours
Female	12,613	20	1,560	31
Male	26,868	27	5,957	84
Other	0	0	0	0
Not reported	0	0	0	0
Total	**39,481**	**24**	**7,517**	**62**

2024				
	Employees		Non-employee workers	
	Number of training hours	Average number of training hours	Number of training hours	Average number of training hours
Female	11,563	19	1,843	29
Male	24,765	26	5,438	64
Other	0	0	0	0
Not reported	0	0	0	0
Total	**36,328**	**23**	**7,281**	**49**

[S1-14] Health and safety metrics

	2025			2024		
	Employees	Non-employee workers	Total	Employees	Non-employee workers	Total
Percentage of own workers covered by a health and safety management system according to legal requirements and/or recognised standards or guidelines	100%	100%	**100%**	100%	100%	**100%**
Number of fatalities as a result of work-related injuries and work-related ill health	0	0	**0**	0	0	**0**
Number of recordable work-related accidents[25]	42	3	**45**	26	2	**28**
Hours worked	2,859,125	245,979	**3,105,104**	2,798,344	246,438	**3,044,782**
Rate of recordable work-related accidents	15	12	**14**	9	8	**9**
Number of cases of recordable work-related ill health	2	0	**2**	0	0	**0**
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill-health and fatalities from ill health[26]	408	34	**442**	1,128	76	**1,204**

[25] Recordable injury: work-related injury that causes one of the following consequences:
i. death, days away from work, work restriction or transfer to another job, medical treatment beyond first aid or loss of consciousness; or
ii. serious injury, even if not resulting in death, days off work, work restriction or transfer to another job, medical treatment beyond first aid or loss of consciousness.
[26] The days lost in 2024 have been recalculated due to two injuries carrying over into 2025. Please note that days lost due to an occupational illness are counted from the date on which the illness is recognised, and only if the absence is directly attributable to the diagnosed condition.

[S1-15] Work-life balance metrics

	2025					2024				
	Female	Male	Other	Not reported	Total	Female	Male	Other	Not reported	Total
Percentage of employees entitled to take family-related leave	100%	100%	0%	0%	**100%**	98%	98%	0%	0%	**98%**
Percentage of entitled employees who took family-related leave	18%	13%	0%	0%	**15%**	12%	10%	0%	0%	**11%**

[S1-16] Remuneration metrics (pay gap and total remuneration)

	2025	2024
Gender pay gap	14%	24%
Annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual)	25	48

The calculation of the remuneration metrics includes all employees in force as at 31 December (for part-time employees, full-time equivalent pay rates were used and for employees hired during the year, the amounts were annualised).

The gender pay gap, defined as the difference between the average pay levels paid to female and male workers, is expressed as a percentage of the average pay level of male workers.

The remuneration used as a reference for the calculation of the ratio between the total annual remuneration of the highest paid individual and the total annual median remuneration of all employees (excluding the highest paid individual) is that of the CEO of Sabaf S.p.A. and includes the gross fixed component and the gross variable short-term and long-term components.

The change in the metrics shown in the table compared with 2024 is due to the payment in 2024 of incentives linked to the 2021–2024 LTI Plan.

[S1-17] Incidents, complaints and severe human rights impacts

During 2025, there were no incidents of discrimination, complaints and serious human rights incidents (e.g. forced labour, human trafficking or child labour).

A report was submitted via the whistleblowing channel during 2025. Following a subsequent investigation, the report was found to be unfounded.

ESRS S2 Workers in the value chain

[S2 SBM-2] Interests and views of stakeholders

The ways in which the Group takes into account the interests and opinions of employees in the value chain are set out in section *[ESRS 2 SBM-2] Interests and views of stakeholders.*

[S2 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

The double materiality assessment identified a potential negative impact associated with the working conditions of workers in the upstream value chain, including respect for human rights, health and safety and adequate remuneration. The impact is related to the nature of upstream sectors, such as steel and aluminium production (from the extraction of raw materials to their processing), where these topics are considered material.

The double materiality assessment also revealed an inherent risk related to the occurrence of accidents at Group sites involving contractors, whose health and safety Sabaf could be responsible for.

The Group's strategic decisions have always been geared towards the prevention of the risk associated with the social responsibility of suppliers, especially in geographical areas where the regulations in force do not establish the minimum requirements applied by Sabaf. In such circumstances, the Group conducts periodic audits in order to verify compliance with the principles outlined in its Charter of Values and Sustainable Procurement Policy (for more details on the Charter of Values and Sustainable Sourcing Policy, please refer to section *[S2-1] Policies related to value chain workers*).

To date, the Sabaf Group has not identified any geographical areas and/or products within its value chain with a significant risk of child, forced or compulsory labour. This should be seen as a generalised impact for the entire upstream supply chain and one not related to specific incidents and/or groups of workers.

[S2-1] Policies related to value chain workers

As stated in its Charter of Values, the Sabaf Group is committed to favouring suppliers who adopt socially responsible behaviour in the conduct of business. In this view, Sabaf has introduced a Sustainable Procurement Policy, based on the principles in the Charter of Values, and inspired by the UN and EU Charter of Rights, the core labour standards of the ILO conventions, the OECD Guidelines for Multinational Enterprises and the UN Global Compact.

Specifically, the Sustainable Procurement Policy provides the labour, human rights, and health and safety requirements that Sabaf Group suppliers are expected to comply with during the course of their relationship. Sabaf requires suppliers to:

- not use child labour and not use any form of forced labour;

- oppose all forms of human trafficking and modern slavery;
- recognise, respect and fully guarantee the right to work and free association of its employees in all production facilities and apply forms of collective bargaining where local regulations so provide;
- not tolerate any form of harassment and/or discrimination based on gender, minority membership, political opinion, religious belief, age, ethnicity, marital status, family status, disability and any other personal condition and promote the positive value of diversity;
- comply with the applicable working time regulations;
- pay wages and benefits in accordance with applicable local regulations and take into account the cost of meeting the needs of its workers, while promoting their material well-being;
- adopt occupational health and safety management systems inspired by the ISO 45001 standard or otherwise aligned with benchmark best practices;
- undertake to disseminate and consolidate a safety culture that promotes responsible behaviour on the part of workers.

The commitments outlined in the Sustainable Procurement Policy - which are approved, implemented and periodically reviewed by the Parent Company's Board of Directors - are intended to prevent and/or mitigate negative impacts and material risks associated with the topic of workers in the value chain (see section *[S2 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model*).

The Policy is applicable to all suppliers of goods and services to the Sabaf Group, in all countries in which it operates, without any exclusion in terms of business and professional activities and/or stakeholder groups involved.

The involvement of the Sabaf Group's suppliers is pursued by sending them the Policy and having them sign it for acceptance. In addition, Sabaf encourages all suppliers to disseminate the contents of the Sustainable Procurement Policy through appropriate training of their employees and suppliers. The Policy is publicly available to all stakeholders through the corporate website (www.sabafgroup.com) under the section "Sustainability - Suppliers".

Suppliers have an obligation to promptly report to Sabaf any violations of the policy by their employees. Suppliers are required to report any behaviour by Sabaf employees that is contrary to the Policy within the scope of the supply relationship, using the email address internal.audit@sabaf.it. Sabaf guarantees the confidentiality of the identity of persons making such reports. The Policy does not provide for anonymous reporting.

Suppliers' compliance with the provisions laid down in relation to human rights, labour rights and the health and safety of workers is verified through on-site audits by Sabaf personnel. If a breach of the provisions is discovered, Sabaf shall promptly notify the supplier in writing and set a reasonable period for the supplier to prepare and implement appropriate corrective actions. If this does not happen in the relevant timeframe or the corrective actions do not resolve the breach, Sabaf reserves the right to terminate the business relationship in accordance with the contractually agreed terms.
In 2025, the Group received no reports of non-compliance.

[S2-2] Processes for engaging with value chain workers about impacts

The Sabaf Group has not, to date, adopted a formal process for involving workers in the value chain in the management of actual and potential impacts, nor has it issued guidance for this topic going forwards. Furthermore, as part of the double materiality assessment, selected suppliers were involved in the assessment of actual and potential impacts on workers in the value chain.

[S2-3] Processes to remediate negative impacts and channels for value chain workers to raise concerns

As detailed in section *[S2-1] Policies related to value chain workers*, the Sustainable Procurement Policy requires suppliers to promptly report any violations of provisions related to respect for human and labour rights, working conditions and health and safety.

[S2-4] Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

The prevention and mitigation of material impacts associated with workers in the value chain, as outlined in *[S2 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model*, is managed through the adoption of procurement policies and controls to verify their application. Specifically, the Sabaf Group has introduced a Sustainable Procurement Policy aimed at preventing and mitigating potential negative impacts on workers in the value chain in terms of human rights, labour rights, working conditions and health and safety. The commitments defined by the Policy are outlined in section *[S2-1] Policies related to value chain workers.*

Where current legal regulations do not establish minimum requirements applied by Sabaf, compliance is verified by conducting periodic audits to identify the necessary and suitable actions following the occurrence of any negative impacts. The audits verify whether a certified management system has been adopted for social responsibility and occupational health and safety, whether the working environment is safe and healthy and whether appropriate measures are in place for accident prevention; they also verify the right to collective bargaining, the absence of discrimination and the adequacy of working hours. If a breach is discovered, Sabaf promptly notifies the supplier in writing and sets a reasonable period for the preparation and implementation by the supplier of appropriate corrective actions. If this does not happen in the relevant timeframe or the corrective actions do not resolve the breach, Sabaf reserves the right to terminate the business relationship in accordance with the contractually agreed terms. Aside from verifying the implementation of the Sustainable Procurement Policy and the Group's minimum social responsibility standards, audits allow Sabaf to help remedy any negative impacts on workers in the value chain.

Sabaf did not identify any actual negative impacts on value chain workers or human rights incidents related to its upstream and downstream value chain. Therefore, no specific remedial actions are reported.

In terms of risks, Sabaf has identified an inherent risk related to the occurrence of contractor accidents. In addition to applying the health and safety standards of Group companies, risk mitigation is pursued through the adoption of specific procedures. For example, where external personnel access Group sites based on contractual obligations, checks are conducted on technical-professional requirements, training certificates and the lawfulness of employment relationships.

As outlined above, the management of material impacts and risks associated with value chain workers is part of the Sabaf Group's recurring operating expenses (OpEx).

[S2-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The Sabaf Group constantly monitors the effectiveness of its policies and initiatives in the context of the impacts and risks identified in terms of the social responsibility of its suppliers and, specifically, respect for human rights and labour rights and working conditions along the value chain.
To ensure effective management of IROs, the level of supplier compliance with quality, environmental and social responsibility parameters is determined through a risk assessment that considers the type of process, the product or service supplied, as well as the supplier’s geographical location. In cases where applicable local regulations are deemed insufficient for mitigating potential reputational or compliance risks for the Group, periodic audits are conducted to ensure compliance with the required minimum standards.

In relation to working conditions, Sabaf is also committed to making suppliers aware of the principles of the Code of Conduct of APPLiA Europe, the Association of Home Appliance Manufacturers, which it is a member of. Furthermore, in order to ensure continuous monitoring of environmental and social impacts along the value chain, Sabaf favours suppliers with certified quality and environmental management systems.

The Sabaf Group has not set any measurable, results-oriented targets in relation to value chain management, nor has it issued guidance for this topic going forwards.

ESRS S3 Affected communities

[S3 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

From the double materiality assessment, the Sabaf Group identified two material positive impacts related to affected communities:

- job creation and distribution of economic value in the respective areas;
- collaboration with local universities, institutions and associations, contributing to the growth of communities.

These impacts refer to local communities living or working near the operational sites, as the community is an important stakeholder for business development. The opinions, interests and rights of local communities are taken into account to guide corporate strategy, and are heard through constant consultation and dialogue with community representatives, such as public institutions and local associations.

The contribution to the growth of local communities is pursued by building and maintaining relations with industrial associations, universities and students, by carrying out charitable initiatives in cooperation with local entities, and by supporting humanitarian projects in the territories where the Group operates.

As part of the double materiality assessment, Sabaf did not identify any material negative impacts, risks and/or opportunities associated with affected communities. The Group has a Social Policy in place involving affected communities. The respective commitments, scope, verification and monitoring procedures of which are outlined in the following sections.

[S3-1] Policies related to affected communities

Sabaf is committed to constantly strengthening the social value of its business activities through careful management of relationships with stakeholders and local communities.

The relationship with communities is governed by the Charter of Values, which outlines the Group's commitments to society. Sabaf is committed to operating in local communities in a socially responsible manner, by contributing to the improvement of the quality of life in the communities in which the Group operates through social, cultural and educational initiatives, as well as through safe products with a lower environmental impact (especially in emerging countries, where it is contributing to the promotion of gas cooking as an alternative to solid fuels such as wood and coal).

With its Social Policy, within the scope of its relationship with society, Sabaf undertakes to:

- promote respect for human rights in the communities in which Group companies operate, as defined by the UN Global Compact, the UN Charter of Rights and the EU Charter of Rights and the OECD Guidelines for Multinational Enterprises;

- take measures to promote dialogue with affected communities and their representatives and ensure that communication channels are in place to receive any complaints and take remedial action;
- contribute to the growth and protection of affected communities through the establishment of partnerships with universities and local authorities;
- carry out charitable initiatives with a social and humanitarian value.

The above commitments are intended to pursue the positive impacts associated with the issue of affected communities (see section *[S3 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model)*.

For details on the implementation, monitoring and application of the Charter of Values and Social Policy, please refer to section *[S1-1] Policies related to own workforce.*

[S3-2] Processes for engaging with affected communities about impacts

Based on the findings of the context analysis and the double materiality assessment, to date, the Sabaf Group does not see the need to adopt a process to involve affected communities in the management of actual and potential impacts.

It should be noted that, as part of the most recent stakeholder engagement activities carried out in connection with the 2024 double materiality analysis, a representative of the local communities was involved in assessing the Sabaf Group's impacts, with a view to incorporating the perspectives of the communities concerned.

[S3-4] Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

The Sabaf Group has always been involved in activities supporting and developing local communities, charitable initiatives and humanitarian projects, with the aim of achieving the commitments outlined in its policies.

In 2022, Sabaf joined the project to co-finance for six years the Chair of Associate Professor of Anaesthesiology in the new School of Specialisation in Medicine and Palliative Care at the University of Brescia (contribution of €50,000 per year). Sabaf is thus supporting an important postgraduate training programme in the city of Brescia, which is of great value to the entire community. The School of Specialisation in Palliative Care opened in November 2022 and is one of the first such institutions in Italy, . The aim is to promote the culture of palliative care among young people and expand into the paediatric field, developing a reference centre in eastern Lombardy. The School of Specialisation in Palliative Care involves students and specialists from all medical areas and offers a wide range of care, to both adults and children, and includes pain therapy and home care.

During 2025, Sabaf funded the purchase of a new vehicle for use by the social services department of the Municipality of Ospitaletto, specifically for the delivery of meals to the homes of elderly people and those with disabilities. The initiative aims to eliminate waiting lists for this service and to ensure daily support for the most vulnerable groups.

Also in 2025, Sabaf financed a scholarship for the International Summer School in Economics, organised by Istituto I.S.E.O (Institute of Economic and Employment Studies)

- ETS, a non-profit cultural organisation based in Iseo (Brescia) near Sabaf's headquarters. The Summer School is for graduate students from all over the world.

The Group's ongoing humanitarian initiatives include:

- support for the ANT Foundation, which provides free specialist medical home-care to cancer patients and cancer prevention activities;
- support for the *Associazione Volontari per il Servizio Internazionale* (AVSI), a non-profit, non-governmental organisation engaged in international development aid projects. The donations are used to provide long-distance support to twenty children living in various countries around the world.

Since the Sabaf Group's double materiality assessment and materiality and risk assessments conducted in previous years did not reveal any negative impacts and/or material risks related to the affected communities, no specific actions have been identified to prevent and/or mitigate these. Moreover, the Group engages in an ongoing dialogue with affected communities and relevant institutions, through which it can learn of and monitor any negative impacts and/or risks associated with communities and, where appropriate, define necessary mitigation actions.

Sabaf operates in compliance with applicable regulations, conducting, where necessary, specific consultations with local community representatives. Furthermore, the Group acts in compliance with national and international human rights standards of affected communities, as set out in its social responsibility policies.

[S3-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Sabaf constantly monitors the effectiveness of its policies and actions for managing its impacts, risks and opportunities on local communities, and is focused in particular on the creation of shared value in the territories in which it operates.

In each of the geographical areas where it operates, the Group maintains an open dialogue with local authorities to foster responsible development and positive impacts on the communities it serves. In line with its Charter of Values, Sabaf adopts principles of honesty, integrity and transparency, while contributing to socio-economic welfare including through tax compliance and job generation in the local area.

The Sabaf Group has not set measurable, results-oriented targets for the management of its impacts on local communities, nor has it issued guidance for this topic going forwards.

ESRS S4 Consumers and end-users

[S4 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

The Sabaf Group double materiality assessment identified an inherent risk associated with potential non-compliance with product quality and safety standards. The risk identified is inherent in the Group's business model, as some components produced by Sabaf and installed on household appliances have an inherent risk that could arise during the use of the products, which is also dependent on external factors. By way of example, gas leaks, inefficient combustion or overheating could result in domestic accidents, for which the Group could be liable.

The identified risk involves all users of the appliances in which the components supplied by the Group are installed. Sabaf has not identified any specific groups of consumers and/or consumers with certain characteristics that are particularly exposed to this risk.

[S4-1] Policies related to consumers and end-users

The health and safety of end users is a priority for the Sabaf Group's business model and is to be understood not merely as compliance with existing standards, but rather as a management philosophy oriented towards continuous improvement of performance, including with the aim of ensuring guaranteeing increasingly safe products for end users.

The Charter of Values sets forth the Sabaf Group's commitments to customers - as intermediaries in the relationship with end users - to ensure high quality standards for the products it offers, as well as clear and transparent communication regarding potential risks associated with the use of its products. Details on the implementation, monitoring and enforcement of the Charter of Values can be found in section *[S1-1] Policies related to own workforce*.

The Social Policy further defines the Sabaf Group's commitments to end-user protection, including:

- guaranteeing respect for the human rights of end users within the scope of the activities in which Group companies operate, as defined by the UN Global Compact, the UN Charter of Rights and the EU Charter of Rights and the OECD Guidelines for Multinational Enterprises;
- guaranteeing the protection of end users by ensuring compliance with local and international product safety regulations, by adopting dedicated procedures and conducting appropriate checks;
- effectively and promptly handling customer complaints and implement corrective actions to resolve these and preventing or limiting their recurrence;
- guaranteeing the highest standards of quality and safety of the products offered, including through the adoption of certified management systems and cooperation with client companies;

- communicating information about products and services in a clear and transparent manner, as well as informing corporate customers about potential risks related to the use of products and their environmental impact;
- acknowledging the needs of end users through a dialogue with customer businesses, while constantly monitor customer satisfaction and any complaints.

The commitments outlined in the Social Policy above are intended to mitigate and/or prevent the material risks associated with the topic of consumers and end-users (see section *[S4 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model*).

During the reporting period, no violations of the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises affecting Consumers and/or End-Users were found in the downstream value chain.

For details on the implementation, monitoring and enforcement of the Social Policy, please refer to section *[S1-1] Policies related to own workforce.*

[S4-2] Processes for engaging with consumers and end-users about impacts

The Sabaf Group has not identified any material positive and/or negative impacts on end users within the scope of the double materiality assessment, also in consideration of the fact that historically it has never recorded any incidents against end users involving liability linked to the defectiveness of Sabaf components. To date it has not therefore adopted a process to manage actual and potential impacts involving end-users. In a business-to-business model, the Group's customers are household appliance manufacturers, therefore the Sabaf Group has no direct dealings with end users. Constant dialogue with customers and customer satisfaction surveys are useful tools for identifying and monitoring the needs of the market, including end users.

[S4-3] Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

The Sabaf Group has not identified any material positive and/or negative impacts on end users as part of the double materiality assessment. However, it has no direct relationship with end-users and, therefore, no channels for end-users to raise concerns.

[S4-4] Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end- users, and effectiveness of those actions

The Sabaf Group has not identified any material positive and/or negative impacts on end users as part of the double materiality assessment. The Group has never recorded any incidents involving damage to end-users for which liability was established in connection with the defectiveness of Sabaf components and, therefore, there has never been any need for specific actions aimed at remedying actual negative impacts on end-users.

Sabaf has identified an inherent risk related to potential non-compliance with product quality and safety standards. This risk is managed and mitigated through:

- compliance with the stringent safety requirements established by current legislation;
- the high degree of automation in production processes and related testing;
- the achievement and maintenance of quality management system certifications involving rigorous procedures and controls;
- the transfer of the risk of damage from civil liability resulting from the malfunctioning of Sabaf products through insurance policies;
- introduction of specific product design prescriptions (especially for components purchased from third parties) and on testing activities during product acceptance;
- staff training and renewal of machinery.

Further information on management and control systems and the procedures applied in this regard can be found in section *[S4-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities.*

[S4-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The Sabaf Group constantly monitors the effectiveness of its policies and actions aimed at the quality and safety of its products, including by measuring the level of customer satisfaction.

The planning of Sabaf's Quality Management System is carried out following the risk-based approach in accordance with the UNI EN ISO 9001:2015 standard, which allows the identification of the main risk categories and the adoption of appropriate management strategies for product quality and safety. A.R.C. s.r.l., MEC and Sabaf China do not have a certified quality management system; however, they do have a strict quality policy and are systematically audited by major customers.

Moreover, Sabaf guarantees high safety standards through rigorous controls on the materials that are used, which are compliant with the REACH Regulation and the RoHS Directive. In general, Sabaf constantly monitors the compliance of its products with the relevant end-user health and safety regulations. In order to monitor customer satisfaction, the Group conducts customer satisfaction surveys every two years, through which it collects feedback on strengths and areas for improvement, in order to identify any critical issues that could affect final consumers.

With these tools, Sabaf ensures that its products are safe, compliant with applicable national and international directives and meet consumer needs, while reinforcing its commitment to quality and transparency.

The 2024-2026 Business Plan does not include formal objectives in the areas of quality, safety and customer satisfaction; therefore, the Sabaf Group has not set any measurable, results-oriented objectives with regard to managing the risks identified in this area.

G - Information on governance aspects

ESRS G1 Business conduct

[GOV-1] The role of administrative, management and supervisory bodies

The role of administrative, management and supervisory bodies is described in *[ESRS 2 GOV-1] The role of the administrative, management and supervisory bodies*. In particular, in relation to business conduct, in addition to its responsibilities under the regulations, and as already described in ESRS 2, the Board of Directors is responsible for assessing and monitoring ethical risks and promoting the dissemination and awareness of the Charter of Values within the Group.

[G1 IRO-1] Description of the processes to identify and assess material impacts, risks and opportunities related to business conduct

The double materiality assessment carried out by the Group made it possible to identify the material impacts with reference to business conduct. The process is described in *[ESRS 2 IRO-1] Description of the process to identify and assess material impacts, risks and opportunities.* As specified therein, the analysis that was conducted considered the internal and external context of the company, emphasising, among other things, its operating sector, the company's operations and the activities impacting the upstream and downstream value chain.

Sabaf has assessed as material the positive (current) impact that established partnerships - which are based on principles of collaboration and transparency - help to create, by enriching the market and facilitating the achievement of sustainability goals. This impact is connected to the Group's activities and the operations carried out by the upstream and downstream value chain, and, in general, to all the collaboration and partnership relations established with Group's stakeholders.

Another (current) material positive impact related to corporate conduct and, more specifically, to the topic of active and passive bribery, is the dissemination of corporate policies that promote an ethical and responsible corporate culture (corporate culture policies are discussed in more detail in section *[G1-1] Business conduct policies and corporate culture*). In this case, the impact is generated exclusively by the Group's own operations.

Finally, in analysing the management of relationships with its suppliers, the Group has identified the (potential) negative impact that could arise from delays in payments to suppliers beyond agreed dates. The impact identified is therefore upstream in the value chain.

As part of the double materiality assessment, the Sabaf Group did not identify any risks and/or opportunities in relation to the conduct of business.

[G1-1] Business conduct policies and corporate culture

For the Sabaf Group, respect for business ethics and socially responsible behaviour are among the core elements of its business model. The main policies and procedures through which the Group disseminates and ensures compliance with its values and ethical conduct are: the Charter of Values (introduced in the section *[S1-1] Policies related to own workforce*), the Anti-Corruption Policy, the Whistleblowing Management Procedure and the Corporate Governance Manual.

Charter of Values

The Charter of Values is the governance tool by which the Sabaf Group pursues its mission in respect of the value of individuals, from which it derives the principles of conduct described in the document. The principles must inspire the behaviour and decisions of the Group's employees in their internal and external relations; furthermore, the Group hopes that all the stakeholders with whom it has relations also adopt principles of:

- Honesty
- Integrity
- Equality and Impartiality
- Transparency and Fairness
- Efficiency and Effectiveness
- Fair competition
- Dialogue

Each Sabaf Group company is required to adopt and disseminate the Charter of Values, and communicate any reported/confirmed violations thereof via the Whistleblowing channel.

The Anti-Corruption Policy

The prevention of corrupt practices is among Sabaf's guiding principles and is committed to fighting corruption.

The Group has an Anti-corruption Policy in place, the implementation and enforcement of which is entrusted to the Board of Directors, which consolidates its commitment to combating illegal conduct. The Policy applies globally to Sabaf S.p.A., the Group's subsidiaries and all their personnel, including directors, managers, employees and all other persons acting for and/or on behalf of Sabaf Group companies, in each country where the Group operates. The Policy reiterates the recipients' obligation to comply with the provisions of the Organisational, Management and Control Models (adopted by Sabaf S.p.A., Faringosi Hinges s.r.l., C.M.I. S.r.l. And C.G.D. s.r.l.) pursuant to Legislative Decree No. 231/2001, as well as the procedures and internal rules established by each Group company. The following areas have been assessed as potentially exposed to corruption risks:

- Relations with representatives of public institutions;
- Trade relations with intermediaries and agents;
- Trade relations with customers, suppliers and other third parties;

- Relations with trade unions and political organisations;
- Human resource management;
- Management of gifts and presents, entertainment expenses, donations and sponsorships;
- Accounting and financial procedures and controls.

The provisions and guidelines contained in the Policy - which were developed by analysing at risk activities - promote the highest ethical standards in all business dealings, in order to conduct business with loyalty, fairness, transparency, honesty and integrity, and provide specific rules to prevent, identify and manage corruption risks.

All Sabaf Group companies must promote and ensure adequate awareness of the provisions set out in the Anti-Corruption Policy. To this end, Sabaf S.p.A.'s Human Resources Department is responsible for coordinating the training and awareness programmes implemented locally by each Group company. It should be noted that the Policy does not regulate business conduct training. The Anti-Corruption Policy is made available through publication on the corporate website www.sabafgroup.com in the section “Sustainability – Anti-corruption”.

Whistleblowing Management Procedure

In accordance with the European legislation on whistleblowing (EU Directive 2019/1937), implemented in Italy by Legislative Decree 24/2023, Sabaf has set up a platform for the management of reports of unlawful conduct which has come to its attention in the context of its work environment and which has been committed in violation of the Charter of Values, laws or regulations or provisions of the authorities, internal regulations or is, in any case, likely to cause damage or harm of the Company, even if only in terms of its image.

The platform (https://areariservata.mygovernance.it/#!/WB/sabaf) allows whistleblowers to choose whether to submit anonymous or identifiable reports, either in writing or verbally. In any case, the platform guarantees the confidentiality and privacy of both the whistleblower and the content of the report.

The Whistleblowing Management Procedure, approved by the Board of Directors and whose implementation is coordinated by Sabaf S.p.A.'s Human Resources Department, governs the process of receiving, analysing and processing whistleblowing reports sent or forwarded by Sabaf personnel or third parties. The Procedure, which complies with the requirements of Model 231, is disclosed both internally, including through training activities, and externally through publication on the website www.sabafgroup.com under the section "Investors - Corporate Governance".

In its ongoing commitment to ensure maximum transparency and the proper handling of reports, Sabaf has set up a suitably trained dedicated independent committee for the management of the reporting channel, comprising the Head of the Human Resources Function, the Head of the Internal Audit Function and the Chairman of the Supervisory Board. Within 7 days of the date of receipt, the Committee informs the whistleblower it has received the report and may contact him/her to acquire any further information deemed useful to ensure the report is diligently followed up. The Procedure regulates in detail the stages of investigation, assessment, filing and reporting to the Administrative and Control Bodies. The Company guarantees the confidentiality of the identity of whistleblowers, persons involved and persons mentioned, as well as the content of the report and the relevant documentation. In particular, the identity of whistleblowers and any other information from which their identity can be inferred, either directly or indirectly, is not disclosed to persons other than those responsible for receiving or following up reports, without the express consent of the whistleblowers themselves.

Corporate Governance Manual

The Corporate Governance Manual, approved by the Board of Directors of Sabaf S.p.A., sets forth suitable principles, rules and operating methods for the Company to implement the recommendations of the Corporate Governance Code. The Manual includes some operating guidelines, also approved by the Board of Directors, prepared for the purposes of duly performing the activities pertaining to Sabaf's management and control bodies.

The Manual is addressed to members of Sabaf's corporate bodies and employees. It is the responsibility of Sabaf's Board of Directors to keep its content up-to-date and to make changes or additions of a substantial nature.

The Corporate Governance Manual is published on the corporate website www.sabafgroup.com under the section "Investors - Corporate Governance".

[G1-2] Management of relationships with suppliers

All Group companies comply with the rules of conduct defined in the Charter of Values (introduced in section *[S1-1] Policies related to own workforce*) and in the Sustainable Sourcing Policy (introduced in section *[S2-1] Policies related to value chain workers*), for the management of relationships with suppliers, by ensuring the adoption of consistent procedures and practices. The two documents, and the commitments outlined therein, allow he Group to address the impacts identified in relation to the ethical and transparent conduct of business.

The social and environmental criteria used by Sabaf to select its suppliers relate to the following areas: ethics and human rights, health and safety at work, environmental protection, the management of materials with significant environmental and social impacts, information security, and training and awareness-raising.

Relations with suppliers are based on long-term collaboration and on fairness in negotiations, integrity and contractual fairness and the sharing of growth strategies. The double materiality assessment revealed a potential negative impact related from delays in payments to suppliers beyond agreed dates. The Charter of Values firmly states the Group's commitment to pay suppliers on time and in the agreed manner. Very short payment terms are agreed for artisan and less structured suppliers.

[G1-3] Prevention and detection of corruption or bribery

The Sabaf Group, aware of the negative effects of corrupt practices in business management, is committed to preventing and combating the occurrence of offences in the carrying-out of its activities.

The Internal Audit Department, which reports directly to the Board of Directors, may conduct periodic audits to verify (i) compliance with Group guidelines (ii) that measures to prevent corruption risks are adequately designed and function effectively (iii) reports of non-compliance it receives.

In line with the provisions of the Charter of Values, any Sabaf Group stakeholder may report a violation of the Anti-Corruption Policy by sending a signed, non-anonymous report to the Internal Audit Department:

- in paper form to Sabaf S.p.A., Via dei Carpini, 1 - Ospitaletto (BS) - for the attention of the Internal Audit function;
- by email to: internal.audit@sabaf.it.

Any violations of the Anti-Corruption Policy by Sabaf Group recipients will result in the adoption of appropriate and proportionate disciplinary measures, based also on the criminal relevance of the related conduct. If necessary, Sabaf will cooperate fully with the competent authorities.

Violations of the Anti-Corruption policy by third parties will be examined to assess the need for countermeasures, such as unilateral termination of contracts.

The Anti-Corruption policy is amended and supplemented where necessary to ensure its full effectiveness and to make potential improvements, based on evolving best practices, new risk assessment results or recommendations from audits.

The section *[G1-1] Business conduct policies and corporate culture* sets out how the Group ensures the accessibility of the Anti-Corruption Policy to all stakeholders.

Training activities on the Anti-Corruption Policy are considered essential to ensure the correct application of the company's provisions. For further details see section *[G1-1] Business conduct policies and corporate culture.*

[G1 MDR-T] Tracking the effectiveness of business conduct-related policies and actions

The Sabaf Group did not identify any material negative impacts on business conduct, including anti-corruption, during its double materiality assessment. The Sabaf Group constantly monitors the effectiveness of its policies and actions in this regard.

In particular, this monitoring takes place mainly through internal verification processes and periodic audits, which include checking regulatory compliance and the measures in place to prevent corruption risks. For more details on the prevention of corruption, see section *[G1-3] Prevention and detection of corruption or bribery*.

Training provided on the Anti-Corruption Policy is aimed at effectively preventing and countering any incidents of corruption or bribery, and ensuring respect for corporate values. For further details on the Policy, see section *[G1-1] Business conduct policies and corporate culture.*

The Group has not set measurable, results-oriented targets in relation to business conduct, as the 2024-2026 Business Plan does not provide for the formalisation of such targets.

[G1-4] Incidents of corruption or bribery

During the reporting period, no incidents of bribery or corruption occurred in the Sabaf Group, nor did any Group company receive any convictions or fines relating to the violation of laws on bribery or corruption. No corrective actions were implemented.

[G1-6] Payment practices

In 2025, the Group's average payment terms were 85 days from the date of purchase or service (88 days in 2024).

The payment terms of the Group's suppliers vary according to the specific business relationship, negotiation and country. The payment terms are outlined in the following table:

	2025	2024
up to 30 days	37%	32%
31-60 days	20%	24%
61-90 days	28%	32%
91-120 days	11%	12%
more than 120 days	4%	0%

For 2025, the percentages were determined on the basis of an analysis of the payment terms of all suppliers for Group companies, while for 2024 only the Group companies adopting the SAP management system (this sample accounts for 80% of total purchases) were considered. The values are weighted on the basis of the year's turnover of individual suppliers.

It is the Group's practice to grant artisan and less structured suppliers reduced payment terms (normally 30 days).

Suppliers are paid by the agreed deadlines or within a few days of these.

There are no pending complaints or ongoing criminal proceedings for late payments.

Certification of sustainability statement pursuant to Article 81-ter, paragraph 1, of Consob Regulation No. 11971 of 14 May 1999 and subsequent amendments and additions

The undersigned Gianluca Beschi, Chief Executive Officer and Financial Reporting Officer for Sabaf S.p.A., hereby certifies, pursuant to Article 154-bis, paragraph 5-ter, of Legislative Decree No. 58 of 24 February 1998, that the sustainability statement included in the report on operations has been drafted:

(a) in accordance with the applicable reporting standards pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 and Legislative Decree No. 125 of 6 September 2024;

(b) with the specifications adopted pursuant to Article 8(4) of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

Ospitaletto, 24 March 2026

CEO and Financial Reporting Officer

Gianluca Beschi

Annexes to the Report on Operations

Reconciliation of the consolidated income statement at 31 December 2025

(€/000)	**2025**	**IAS29 effect**	**Normalised 2025**
INCOME STATEMENT COMPONENTS			
OPERATING REVENUE AND INCOME			
Revenue	278,201	1,035	279,236
Other income	10,457	58	10,515
Total operating revenue and income	288,658	1,093	289,751
OPERATING COSTS			
Materials	(130,826)	(46)	(130,872)
Change in inventories	4,237	(180)	4,057
Services	(49,786)	(111)	(49,897)
Personnel costs	(70,518)	(97)	(70,615)
Other operating costs	(2,911)	(89)	(3,000)
Costs for capitalised in-house work	1,926	-	1,926
Total operating costs	(247,878)	(523)	(248,401)
		-	
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION, CAPITAL GAINS/LOSSES, AND IMPARIMENT LOSSES/REVERSALS OF IMPAIRMENT LOSSES OF NON-CURRENT ASSETS	**40,780**	**570**	**41,350**
Amortisation/depreciation	(24,703)	4,414	(20,289)
Capital gains on disposals of non-current assets	190	2	192
Impairment losses on non-current assets	(104)	-	(104)
EBIT	**16,163**	**4,986**	**21,149**
Financial income	611	4	615
Financial expenses	(8,577)	-	(8,577)
Net income/(charges) from hyperinflation	(2,631)	2,631	-
Exchange rate gains and losses	2,591	18	2,609
PROFIT BEFORE TAXES	**8,157**	**7,639**	**15,796**
Income taxes	(1,318)	57	(1,261)
PROFIT FOR THE YEAR	**6,839**	**7,696**	**14,535**
of which:			
Minority interests	1,659	-	1,659
PROFIT ATTRIBUTABLE TO THE GROUP	**5,180**	**7,696**	**12,876**

Reconciliation of the consolidated income statement at 31 December 2024

(€/000)	**2024**	**IAS29 effect**	**Normalised 2024**
INCOME STATEMENT COMPONENTS			
OPERATING REVENUE AND INCOME			
Revenue	285,091	(8,126)	276,965
Other income	10,934	(195)	10,739
Total operating revenue and income	**296,025**	**(8,321)**	**287,704**
OPERATING COSTS			
Materials	(137,010)	3,274	(133,736)
Change in inventories	4,659	(314)	4,345
Services	(50,943)	826	(50,117)
Personnel costs	(70,402)	1,177	(69,225)
Other operating costs	(1,750)	52	(1,698)
Costs for capitalised in-house work	3,125	-	3,125
Total operating costs	**(252,321)**	**5,015**	**(247,306)**
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION, CAPITAL GAINS/LOSSES, AND IMPARIMENT LOSSES/REVERSALS OF IMPAIRMENT LOSSES OF NON-CURRENT ASSETS	**43,704**	**(3,306)**	**40,398**
Amortisation/depreciation	(22,932)	3,843	(19,089)
Capital gains on disposals of non-current assets	(118)	119	1
Impairment losses on non-current assets	(2,915)	2,809	(106)
EBIT	**17,739**	**3,465**	**21,204**
Financial income	2,480	(103)	2,377
Financial expenses	(4,658)	3	(4,655)
Net income/(charges) from hyperinflation	(4,215)	4,215	-
Exchange rate gains and losses	1,471	(120)	1,351
Profits and losses from equity investments	(8)	-	(8)
PROFIT BEFORE TAXES	**12,809**	**7,460**	**20,269**
Income taxes	(4,916)	1,562	(3,354)
PROFIT FOR THE YEAR	**7,893**	**9,022**	**16,915**
of which:			
Minority interests	965	-	965
PROFIT ATTRIBUTABLE TO THE GROUP	**6,928**	**9,022**	**15,950**

CONSOLIDATED FINANCIAL

STATEMENTS

AT 31 DECEMBER 2025

SABAF S.p.A.
Via dei Carpini, 1 – OSPITALETTO (BS) Italy
Share capital €12,686,795 fully paid in
www.sabafgroup.com

GROUP STRUCTURE AND CORPORATE BODIES

Group structure

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

Board of Directors

Chairwoman	Claudio Bulgarelli
Chief Executive Officer	Gianluca Beschi
Director	Alessandro Potestà
Director	Christian Richard Prinoth
Director	Cinzia Saleri
Director (*)	Laura Ciambellotti
Director (*)	Francesca Michela Maurelli
Director (*)	Federica Menichetti
Director (*)	Daniela Toscani

(*) independent directors

Board of Statutory Auditors

Chairwoman	Alessandra Tronconi
Statutory Auditor	Maria Alessandra Zunino de Pignier
Statutory Auditor	Mauro Vivenzi

Independent Auditors

EY S.p.A.

Consolidated statement of financial position

(€/000)	Notes	31/12/2025	31/12/2024
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	**1**	102,185	105,539
Investment property	**2**	408	537
Intangible assets	**3**	54,443	60,136
Equity investments	**4**	86	86
Non-current receivables	**5**	984	905
Deferred tax assets	**22**	8,685	10,460
Total non-current assets		**166,791**	**177,663**
CURRENT ASSETS			
Inventories	**6**	61,791	63,132
Trade receivables	**7**	63,524	64,837
Tax receivables	**8**	11,041	9,909
Other current receivables	**9**	3,293	4,322
Current financial assets	**10**	3,994	3,120
Cash and cash equivalents	**11**	34,536	30,641
Total current assets		**178,179**	**175,961**
ASSETS HELD FOR SALE		**-**	**-**
TOTAL ASSETS		**344,970**	**353,624**
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS’ EQUITY			
Share capital	**12**	12,687	12,687
Retained earnings, Other reserves	**13**	73,042	88,528
IAS 29 reserve		60,993	57,661
Profit for the year		5,180	6,928
Total equity interest of the Group		151,902	165,804
Minority interests		7,886	7,940
Total shareholders’ equity		**159,788**	**173,744**
NON-CURRENT LIABILITIES			
Loans	**14**	73,712	62,855
Post-employment benefits and retirement provisions	**16**	3,855	4,049
Provisions for risks and charges	**17**	848	320
Deferred tax liabilities	**22**	3,890	3,807
Other non-current payables	**18**	-	109
Total non-current liabilities		**82,305**	**71,140**
CURRENT LIABILITIES			
Loans	**14**	25,042	33,234
Other financial liabilities	**15**	14,986	11,553
Trade payables	**19**	39,585	41,681
Tax payables	**20**	5,295	4,794
Other payables	**21**	17,969	17,478
Total current liabilities		**102,877**	**108,740**
LIABILITIES HELD FOR SALE		**-**	**-**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**344,970**	**353,624**

Consolidated income statement

(€/000)	Notes	2025	2024
INCOME STATEMENT COMPONENTS			
OPERATING REVENUE AND INCOME			
Revenue	**24**	278,201	285,091
Other income	**25**	10,457	10,934
Total operating revenue and income		**288,658**	**296,025**
OPERATING COSTS			
Materials	**26**	(130,826)	(137,010)
Change in inventories		4,237	4,659
Services	**27**	(49,786)	(50,943)
Personnel costs	**28**	(70,518)	(70,402)
Other operating costs	**29**	(2,911)	(1,750)
Costs for capitalised in-house work		1,926	3,125
Total operating costs		**(247,878)**	**(252,321)**
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION, CAPITAL GAINS/LOSSES, AND IMPARIMENT LOSSES/REVERSALS OF IMPAIRMENT LOSSES OF NON-CURRENT ASSETS		**40,780**	**43,704**
Amortisation/depreciation	**1, 2, 3**	(24,703)	(22,932)
Capital gains on disposals of non-current assets		190	(118)
Impairment losses on non-current assets		(104)	(2,915)
EBIT		**16,163**	**17,739**
Financial income	**30**	611	2,480
Financial expenses	**31**	(8,577)	(4,658)
Net income/(charges) from hyperinflation	**31**	(2,631)	(4,215)
Exchange rate gains and losses	**32**	2,591	1,471
Profits and losses from equity investments		-	(8)
PROFIT BEFORE TAXES		**8,157**	**12,809**
Income taxes	**33**	(1,318)	(4,916)
PROFIT FOR THE YEAR		**6,839**	**7,893**
of which:			
Minority interests		1,659	965
PROFIT ATTRIBUTABLE TO THE GROUP		**5,180**	**6,928**
EARNINGS PER SHARE (EPS)	**34**		
Base (€)		**0.416**	**0.554**
Diluted (€)		**0.416**	**0.554**

Consolidated statement of comprehensive income

(€/000)	**2025**	**2024**
PROFIT FOR THE YEAR	**6,839**	**7,893**
Total profits/losses that will not be subsequently reclassified under profit (loss) for the year		
Actuarial evaluation of post-employment benefits	101	1
Tax effect	(24)	-
	77	1
Total profits/losses that will be subsequently reclassified under profit (loss) for the year		
Forex differences due to translation of financial statements in foreign currencies	(24,125)	(12,146)
Hedge accounting for derivative financial instruments	132	(139)
TOTAL PROFIT	**(17,077)**	**(4,391)**
of which:		
Net profit for the period attributable to minority interests	1,659	965
Foreign exchange difference from translation of financial statements of minority interests	(984)	569
Total profit attributable to minority interests	**675**	**1,534**
TOTAL PROFIT ATTRIBUTABLE TO THE GROUP	**(17,752)**	**(5,925)**

Statement of changes in consolidated shareholders' equity

(€/000)	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 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)	(1,887)	(8,663)
IFRS 2 measurement Stock Grant				1,574				(1,479)		95		95
Treasury share transactions				(211)						(211)		(211)
Hyperinflation (IAS 29)						9,012		7,521		16,533		16,533
Other changes								(7)		(7)		(7)
Change in translation reserve					*(12,715)*					*(12,715)*	*569*	*(12,146)*
Other components of the total result							*1*	*(139)*	*6,928*	*6,790*	*965*	*7,755*
Total profit at 31 December 2024					(12,715)		1	*(139)*	6,928	(5,925)	1,534	(4,391)
Balance at 31 December 2024	**12,687**	**26,160**	**2,482**	**(2,320)**	**(93,143)**	**57,661**	**(364)**	**155,713**	**6,928**	**165,804**	**7,940**	**173,744**
Allocation of 2024 profit												
- carried forward			55						(55)	-		-
- dividends								(347)	(6,873)	(7,220)	(729)	(7,949)
IFRS 2 measurement Stock Grant								595		595		595
Treasury share transactions				(1,879)						(1,879)		(1,879)
Hyperinflation (IAS 29)						3,332		9,022		12,354		12,354
Change in translation reserve					*(23,141)*					*(23,141)*	*(984)*	*(24,125)*
Other components of the total result							*77*	*132*	*5,180*	*5,389*	*1,659*	*7,048*
Total profit at 31 December 2025					(23,141)		77	132	5,180	(17,752)	675	(17,077)
Balance at 31 December 2025	**12,687**	**26,160**	**2,537**	**(4,199)**	**(116,284)**	**60,993**	**(287)**	**165,115**	**5,180**	**151,902**	**7,886**	**159,788**

Consolidated statement of cash flows

	2025	2024
Cash and cash equivalents at beginning of year	***30,641***	***36,353***
Profit for the year	6,839	7,893
Adjustments for:		
- Depreciations and amortisation	24,703	22,932
- Write-downs of non-current assets	104	2,915
- Realised gains/losses	(190)	118
- Valuation of the stock grant plan	595	95
- Profits and losses from equity investments	-	8
- Monetary revaluation IAS 29	7,696	9,022
- Net financial income and expenses	3,489	(6,055)
- Income tax	1,318	4,916
- Non-monetary foreign exchange differences	(1,521)	707
Change in post-employment benefits	(117)	244
Change in risk provisions	528	(33)
Change in trade receivables	*(310)*	*(9,745)*
Change in inventories	*(3,467)*	*(3,520)*
Change in trade payables	*(1,578)*	*(484)*
Change in net working capital	(5,355)	(13,749)
Change in other receivables and payables, deferred taxes	1,953	2,375
Payment of taxes	(2,238)	(1,960)
Payment of financial expenses	(3,543)	(3,813)
Collection of financial income	827	1,418
Cash flows from operations	**35,088**	**27,033**
Investments in non-current assets		
- intangible	(1,647)	(3,030)
- tangible	(16,858)	(12,132)
- financial	-	-
Disposal of non-current assets	550	456
Cash flow absorbed by investments	**(17,955)**	**(14,706)**
Free cash flow	**17,133**	**12,327**
Repayment of loans	(41,882)	(27,469)
Raising of loans	43,816	16,586
Short-term financial assets	(1,153)	2,984
Purchase/sale of treasury shares	(1,879)	(211)
Payment of dividends	(7,949)	(8,663)
Cash flow absorbed by financing activities	**(9,047)**	**(16,773)**
Foreign exchange differences	(4,191)	(1,266)
Net cash flows for the year	**3,895**	**(5,712)**
Cash and cash equivalents at end of year (Note 11)	***34,536***	***30,641***

Explanatory Notes

ACCOUNTING STANDARDS

Statement of compliance and basis of presentation

***The* Consolidated** financial statements of the Sabaf Group for the 2025 financial year have been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. Reference to IFRS also includes all current International Accounting Standards (IAS). The financial statements have been prepared in euro, the current currency in the economies in which the Group mainly operates, rounding amounts to the nearest thousand, and are compared with consolidated financial statements for the previous year, prepared according to the same standards. In order to reflect the higher degree of innovation in the induction sector compared to the other sectors in which the Group operates, as of these half-yearly consolidated financial statements the estimated useful life of development costs related to induction cooking projects has been set at 5 years (previously 10 years). In addition, based on developments in the reference market, as of these consolidated financial statements the estimated useful life of the "Customer Relationships" allocated to the Electronic Components CGUs has been set at 10 years (previously 15 years). They consist of the statement of financial position, the income statement, the statement of changes in shareholders' equity, the statement of cash flows and these explanatory notes. The financial statements have been prepared on a historical cost basis except for some revaluations of property, plant and equipment undertaken in previous years, and are considered a going concern going concern basis; with reference to the latter principle. 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.

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 that expresses revenue and expense items not recognised in profit (loss) for the year as required or permitted by IFRS;
- 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 31 December 2025 comprises the parent company Sabaf S.p.A. and the following companies controlled by Sabaf S.p.A.:

- Faringosi Hinges S.r.l.
- Sabaf do Brasil Ltda.
- Sabaf Beyaz Esya Parcalari Sanayi Ve Ticaret Limited Sirketi (Sabaf Turkey)
- Sabaf Appliance Components (Kunshan) Co., Ltd.
- A.R.C. S.r.l.
- Sabaf India Private Limited
- Sabaf Mexico Appliance Components S.A. de c.v.
- C.M.I. S.r.l.
- C.G.D. S.r.l.
- P.G.A S.r.l.
- Sabaf America Inc.
- Mansfield Engineered Components LLC

With respect to 31 December 2024, Sabaf U.S. is no longer included in the scope of consolidation, as it was dissolved.

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. Subsidiaries are consolidated from the date on which control begins until the date on which control ceases.

Consolidation criteria

The data used for consolidation have been taken from the income statements and statements of financial position prepared by the directors of the individual subsidiary companies. These figures have been appropriately amended and restated, when necessary, to align them with international accounting standards and with uniform group-wide classification criteria.

The criteria applied for consolidation are as follows:

a) Assets and liabilities, income and costs in 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. Moreover, the carrying value of equity interests is derecognised 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. In accordance with the provisions of IFRS 3, since 1 January 2004, the Group has not amortised goodwill and instead subjects it to impairment testing;

c) payable/receivable and cost/revenue items between consolidated companies and profits/losses arising from intercompany transactions are derecognised;

d) the portion of shareholders' equity and net profit for the period pertaining to minority shareholders is posted in specific items of the balance sheet 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.
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 companies operating in hyperinflationary economies 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 financial statements of the foreign subsidiaries, prepared in local currency, are shown in the following table:

Description of currency	Spot exchange rate 31/12/2025	Average exchange rate 2025	Exchange rate in effect at 31/12/2024	Average exchange rate 2024
Brazilian real	6.43640	6.30717	6.42530	5.82828
Turkish lira	50.48380	44.81613	36.73720	35.57340
Chinese renminbi	8.22620	8.11850	7.58330	7.78747
US Dollar	1.17500	1.12998	1.03890	1.08238
Indian Rupee	105.59650	98.52391	88.93350	90.55625
Mexican peso	21.11800	21.67048	21.55040	19.83138

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 for household appliances;
- Components for induction cooking.

Accounting policies

The accounting standards and policies applied for the preparation of the consolidated financial statements at 31 December 2025, unchanged versus the previous year, are shown below:

Property, plant and equipment

These are recognised at purchase or manufacturing cost. The cost includes directly chargeable ancillary costs. These costs also include revaluations undertaken in the past based on monetary revaluation rules or pursuant to company mergers. Depreciation is calculated according to rates deemed appropriate to spread the carrying value of tangible assets over their useful working life. Estimated useful working life in years, unchanged compared to previous financial years, is as follows:

Buildings	33
Light constructions	10
General plant	10
Specific plant and machinery	6 – 10
Equipment	4 – 10
Furniture	8
Electronic equipment	5
Vehicles and other transport means	4 – 5

Ordinary maintenance costs are expensed in the year in which they are incurred; costs that increase the asset value or useful working life are capitalised and depreciated according to the residual possibility of utilisation of the assets to which they refer.
Land is not depreciated.

Leased assets

The Group assesses at the time of signing an agreement whether it is, or contains, a lease, or if the contract gives the right to control the use of an identified asset for a period of time in exchange for a consideration.
The Group adopts a single recognition and measurement model for all leases according to which the assets acquired relating to the right of use are shown under assets at purchase value less depreciation, any impairment losses and adjusted for any re-measurement of lease liabilities.
Assets are depreciated on a straight-line basis from the starting date of the agreement until the end of the useful life of the asset or the end of the lease agreement, whichever comes first. Set against recognition of such assets, the amounts payable to the lessor, are posted among short- and medium-/long-term payables, by measuring them at the present value of the lease payments not yet made. Moreover, financial charges pertaining to the period are charged to the income statement.

Adoption of the accounting standard IFRS 16 "Leases"

The Group applied IFRS 16 from 1 January 2019 by using the amended retrospective approach.
When evaluating the lease liabilities, the Group discounted the payments due for the lease using the incremental borrowing rate, the weighted average of which was 5.39% on 31 December 2025 (5.75% on 31 December 2024). The rate was defined taking also account

of the currency in which the lease agreements are denominated and the country in which the leased asset is located.

The lease term is calculated based on the non-cancellable period of the lease, including the periods covered by the option to extend or to terminate the lease if it is reasonably certain that those options will be exercised or not exercised, taking account of all relevant factors that create an economic incentive relating to those decisions.

Assets held for sale

The Group classifies non-current assets as held for sale if their carrying value will be recovered mainly through a sale transaction, rather than through continuing use. These non-current assets classified as held for sale are measured at the lower of their carrying value and their fair value less costs to sell. Selling costs are the additional costs directly attributable to the sale, excluding financial expenses and taxes.
The condition for classification as held for sale is only met when the sale is highly probable and the asset is available for immediate sale in its present condition. The actions required to complete the sale should indicate that significant changes to the sale are unlikely or that the sale will be cancelled. Management must be committed to the sale, which should be completed within one year from the date of classification.
Depreciation of property, plant and equipment and amortisation of intangible assets stops when they are classified as available for sale.
Assets and liabilities classified as held for sale are presented separately among the items in the financial statements.

Goodwill

Goodwill is the difference between the purchase price and fair value of investee companies' identifiable assets and liabilities on the date of acquisition.
As regards acquisitions completed prior to the date of IFRS adoption, the Sabaf Group has used the option provided by IFRS 1 to refrain from applying IFRS 3 – concerning business combinations – to acquisitions that took place prior to the transition date.
Consequently, goodwill arising in relation to past acquisitions has not been recalculated and has been posted in accordance with Italian GAAPs, net of amortisation reported up to 31 December 2003 and any losses caused by a permanent value impairment.
After the transition date, goodwill – as an intangible asset with an indefinite useful life – is not amortised but subjected annually to impairment testing to check for value loss, or more frequently if there are signs that the asset may have suffered impairment (impairment test).

Other intangible assets

As established by IAS 38, other intangible assets acquired or internally produced are recognised as assets when it is probable that use of the asset will generate future economic benefits and when asset cost can be measured reliably. If it is considered that these future economic benefits will not be generated, the development costs are written down in the year in which this is ascertained.
Such assets are measured at purchase or production cost and - if the assets concerned have a finite useful life - are amortised on a straight-line basis over their finite useful life. Estimated useful working life in years, unchanged compared to previous financial years - with the exception of development costs related to induction cooking projects, for which,

starting from this Consolidated Financial Statement, the estimated useful life has been determined to be 5 years (previously 10 years) - is as follows:

Customer relationship	10-15
Brand	15
Patents	9
Know-how	7
Development costs	5 - 10
Software	3 - 5

Impairment

At each end of reporting period, the Group reviews the carrying value of its tangible and intangible assets to determine whether there are signs of impairment losses of these assets. If there is any such indication, the recoverable amount of said assets is estimated so as to determine the total of the write-down. If it is not possible to estimate recoverable amount individually, the Group estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs.

In particular, the recoverable amount of the cash generating units (which generally coincide with the legal entity to which the capitalised assets refer) is verified by determining the value of use. The recoverable amount is the higher of the net selling price and value of use. In measuring the value of use, future cash flows net of taxes, estimated based on past experience, are discounted to their present value using a pre-tax rate that reflects current market valuations of the present cost of money and specific asset risk. The main assumptions used for calculating the value of use concern the discount rate, growth rate, expected changes in selling prices and cost trends during the period used for the calculation. The growth rates adopted are based on future market expectations in the relevant sector. Changes in the sales prices are based on past experience and on the expected future changes in the market. The Group prepares operating cash flow forecasts based on the most recent budgets approved by the Board of Directors of the consolidated companies, draws up the forecasts for the coming years and determines the terminal value (current value of perpetual income), which expresses the medium- and long-term operating flows in the specific sector.

If the recoverable amount of an asset (or CGU) is estimated to be lower than its carrying value, the asset's carrying value is reduced to the lower recoverable amount, recognising impairment in the income statement.

When there is no longer any reason for a write-down to be maintained, the carrying value of the asset (or of the cash-generating unit) - with the exception of goodwill - is increased to the new value resulting from the estimate of its recoverable amount, but not beyond the net carrying value that the asset would have had if it had not been written down for impairment. Reversal of impairment loss is recognised in the income statement.

Investment property

As allowed by IAS 40, non-operating buildings and constructions are assessed at cost net of depreciation and losses due to cumulative impairment. The depreciation criterion applied is the asset's estimated useful life, which is considered to be 33 years. If the recoverable amount of the investment property – determined based on the market value of the properties – is estimated to be lower than its carrying value, the asset's carrying

value is reduced to the lower recoverable amount, recognising impairment in the income statement.
When there is no longer any reason for a write-down to be maintained, the carrying value of the asset (or cash generating unit) is increased to the new value stemming from the estimate of its recoverable amount – but not beyond the net carrying value that the asset would have had if it had not been written down for impairment. Reversal of impairment loss is recognised in the income statement.

Equity investments and non-current receivables
Equity investments in companies other than subsidiaries, associates and joint ventures are classified as financial assets measured at fair value, which normally corresponds to the transaction price including directly attributable transaction costs. Subsequent changes in fair value are recognised through profit or loss (FVPL) or, if the option is exercised in accordance with the standard, in Other comprehensive income (FVOCI) under the heading "Instrument reserve at FVOCI". Non-current receivables are stated at their presumed realisable value.

Inventories
Inventories are measured at the lower of purchase or production cost – determined using the weighted average cost method – and the corresponding fair value represented by the replacement cost for purchased materials and by the presumed realisable value for finished and semi-processed products – calculated taking into account any manufacturing costs and direct selling costs yet to be incurred. Inventory cost includes accessory costs and the portion of direct and indirect manufacturing costs that can reasonably be assigned to inventory items. Inventories subject to obsolescence and low turnover are written down in relation to their possibility of use or realisation. Inventory write-downs are derecognised in subsequent years if the reasons for such write-downs cease to exist.

Trade receivables and other financial assets
Initial recognition
Upon initial recognition, financial assets are classified, as the case may be, on the basis of subsequent measurement methods, i.e. at amortised cost, at fair value recognised in other comprehensive income (OCI) and at fair value through profit or loss.
The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial assets and on the business model that the Group uses to manage them.
Trade receivables that do not contain a significant financing component are valued at the transaction price determined in accordance with IFRS 15. See the “Revenue from Contracts with Customers” paragraph.
Other financial assets are recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.
For a financial asset to be classified and measured at amortised cost or at fair value recognised in OCI, it must generate cash flows that depend solely on the principal and interest on the amount of principal to be repaid (*known as ‘solely payments of principal and interest (SPPI)’*). This measurement is referred to as the SPPI test and is carried out at the instrument level.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below.

Financial assets at amortised cost (debt instruments)
This category is the most important for the Group. The Group measures the financial assets at amortised cost if both of the following requirements are met:
- *the financial asset is held as part of a business model whose objective is to hold financial assets for the purpose of collecting contractual cash flows* and
- the contractual terms of the financial asset envisage, at certain dates, cash flows represented solely by payments of principal and interest on the amount of principal to be repaid.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or revalued.
Financial assets at amortised cost of the Group include trade receivables.

Financial assets at fair value through profit or loss
This category includes all assets held for trading, assets designated at initial recognition as financial assets measured at fair value with changes recognised in the income statement, or financial assets that must be measured at fair value. Assets held for trading are all those assets acquired for sale or repurchase in the short term. Derivatives, separated or otherwise, are classified as financial instruments held for trading, unless they are designated as effective hedging instruments. Financial assets with cash flows that are not represented solely by principal and interest payments are classified and measured at fair value through profit or loss, regardless of the business model. Financial instruments at fair value with changes recognised in the income statement are recognised in the statement of financial position at fair value and net changes in fair value are recognised in the income statement.
This category includes derivative instruments.
The Group does not hold financial assets at fair value recognised in other comprehensive income with reclassification of cumulative gains and losses or financial assets recognised in other comprehensive income without reversal of cumulative gains and losses upon derecognition.

Cancellation
A financial asset (or, if applicable, part of a financial asset or part of a group of similar financial assets) is firstly written off (e.g. removed from the statement of financial position of the Group) when:
- the rights to receive cash flows from the asset are extinguished, or
- the Group transferred to a third party the right to receive financial flows from the asset or has taken on the contractual obligation to pay them fully and without delay and (a) transferred substantially all the risks and benefits of the ownership of the financial asset or (b) did not substantially transfer or retain all the risks and benefits of the asset, but transferred their control.

If the Group has transferred the rights to receive cash flows from an asset or has signed an agreement on the basis of which it retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more beneficiaries (pass-through), it considers whether or to what extent it has retained the risks and benefits concerning the ownership. If it has not substantially transferred or retained all the risks and benefits or has not lost control over it, the asset continued to be recognised in the financial statements of the Group to the extent of its residual involvement in the asset itself. In this case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured in such a way as to reflect the rights and obligations that pertain to the Group. When the residual involvement of the entity is a guarantee in the transferred asset, the involvement is measured based on the amount of the asset or the maximum amount of the consideration received that the entity could be obliged to pay, whichever lower.

Provisions for risks and charges
Provisions for risks and charges are provisioned to cover losses and debts, the existence of which is certain or probable, but whose amount or date of occurrence cannot be determined at the end of the year. Provisions are stated in the statement of financial position only when a legal or implicit obligation exists that determines the use of resources with an impact on profit and loss to meet that obligation and the amount can be reliably estimated. If the effect is significant, the provisions are calculated by updating future cash flows estimated at a rate including taxes such as to reflect current market valuations of the current value of the cash and specific risks associated with the liability.

Post-employment benefit
The post-employment benefit is provisioned to cover the entire liability accruing vis-à-vis employees in compliance with current legislation and with national and supplementary company collective labour contracts. This liability is subject to revaluation via application of indices fixed by current regulations. Up to 31 December 2006, post-employment benefits were considered defined-benefit plans and accounted for in compliance with IAS 19, using the projected unit-credit method. The regulations of this fund were amended by Italian Law no. 296 of 27 December 2006 and subsequent Decrees and Regulations issued during the first months of 2007. In the light of these changes, and, in particular, for companies with at least 50 employees, post-employment benefits must now be considered a defined-benefit plan only for the portions accruing before 1 January 2007 (and not yet paid as at the end of the reporting period). Conversely, portions accruing after that date are treated as defined-contribution plans. Actuarial gains or losses are recognised immediately under "Other total profits/(losses)".

Trade payables and other financial liabilities

Initial recognition
All financial liabilities are initially recognised at fair value, in addition to directly attributable transaction costs in case of mortgages, loans and payables.

The Company's financial liabilities include trade payables and other payables, mortgages and loans, including current account overdrafts and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below.

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value with changes recognised in the income statement include liabilities held for trading and financial liabilities initially recognised at fair value, with

changes recognised in the income statement. Liabilities held for trading are those liabilities acquired in order to discharge or transfer them in the short term. This category also includes derivative financial instruments subscribed by the Company and not designated as hedging instruments in a hedging relationship pursuant to IFRS 9. Embedded derivatives, separated from the main contract, are classified as financial instruments held for trading, unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the income statement. Financial liabilities are designated at fair value with changes recognised in the income statement from the date of initial recognition, only if the criteria of IFRS 9 are met.

Loans and payables

This is the most important category for the Company and includes interest-bearing payables and loans. After initial statement, loans are valued using the amortised cost approach, applying the effective interest rate method. Gains and losses are recognised in the income statement when the liability is discharged, as well as through the amortisation process. Amortised cost is calculated by recognising the discount or premium on the acquisition and the fees or costs that are an integral part of the effective interest rate. Amortisation at the effective interest rate is included in financial expenses in the income statement.

Cancellation

A financial liability is derecognised when the obligation underlying the liability is discharged, cancelled or fulfilled. If an existing financial liability is replaced by another from the same lender, at substantially different conditions, or if the conditions of an existing liability are substantially changed, this replacement or change is treated as a derecognition of the original liability accompanied by the recognition of a new liability, with any differences between the carrying values recognised in the income statement.

Policy for conversion of foreign currency items

Receivables and payables originally expressed in foreign currencies are converted into euro at the exchange rates in force on the date of the transactions originating them. Forex differences realised upon collection of receivables and payment of payables in foreign currency are posted in the income statement. Income and costs relating to foreign-currency transactions are converted at the rate in force on the transaction date.

At year-end, assets and liabilities expressed in foreign currencies, with the exception of non-current items, are posted at the spot exchange rate in force at the end of the reporting period and related foreign exchange gains and losses are posted in the income statement. If conversion generates a net gain, this value constitutes a non-distributable reserve until it is effectively realised.

Derivative instruments and hedge accounting

The Group's business is exposed to financial risks relating to changes in exchange rates, commodity prices and interest rates. The company uses derivative instruments (mainly forward contracts on currencies and commodity options) to hedge risks stemming from changes in foreign currencies relating to irrevocable commitments or to planned future transactions.

Derivatives are initially recognised at cost and are then adjusted to fair value on subsequent closing dates.

Changes in the fair value of derivatives designated and recognised as effective for hedging future cash flows relating to the Group's contractual commitments and planned transactions are recognised directly in shareholders' equity, while the ineffective portion is immediately posted in the income statement. If the contractual commitments or planned transactions materialise in the recognition of assets or liabilities, when such assets or liabilities are recognised, the gains or losses on the derivative that were directly recognised in equity are factored back into the initial valuation of the cost of acquisition or carrying value of the asset or liability. For cash flow hedges that do not lead to recognition of assets or liabilities, the amounts that were directly recognised in equity are included in the income statement in the same period when the contractual commitment or planned transaction hedged impacts profit and loss – for example, when a planned sale actually takes place.
For effective hedges of exposure to changes in fair value, the item hedged is adjusted for the changes in fair value attributable to the risk hedged and recognised in the income statement. Gains and losses stemming from the derivative's valuation are also posted in the income statement.
Changes in the fair value of derivatives not designated as hedging instruments are recognised in the income statement in the period when they occur.
Hedge accounting is discontinued when the hedging instrument expires, is sold or is exercised, or when it no longer qualifies as a hedge. At this time, the cumulative gains or losses of the hedging instrument recognised in equity are kept in the latter until the planned transaction actually takes place. If the transaction hedged is not expected to take place, cumulative gains or losses recognised directly in equity are transferred to the year's income statement.
Embedded derivatives included in other financial instruments or contracts are treated as separate derivatives when their risks and characteristics are not strictly related to those of their host contracts and the latter are not measured at fair value with posting of related gains and losses in the income statement.

Revenue from contracts with customers

The Group is engaged in the supply of components for household appliances (mainly gas parts, such as valves and burners, hinges and electronic components).
Revenue from contracts with customers is recognised when control of the goods is transferred to the customer for an amount that reflects the consideration that the Group expects to receive in exchange for the goods. The control of the goods passes to the customer according to the terms of return defined with the customer. The usual extended payment terms range from 30 to 120 days from shipment; the Group believes that the price does not include significant financing components.
The guarantees provided for in the contracts with customers are of a general nature and not extended and are accounted for in accordance with IAS 37.

Financial income

Finance income includes interest receivable on funds invested and income from financial instruments, when not offset as part of hedging transactions. Interest income is recognised in the income statement at the time of vesting, taking effective output into consideration.

Financial expenses
Financial expenses include interest payable on financial debt calculated using the effective interest method and bank expenses. All the other financial expenses are recognised as costs for the year in which they are incurred.

Income taxes for the year
Income taxes include all taxes calculated on the Group's taxable income. Income taxes are directly recognised in the income statement, with the exception of those concerning items directly debited or credited to shareholders' equity, in which case the tax effect is recognised directly in shareholders' equity. Other taxes not relating to income, such as property taxes, are included among operating expenses. Deferred taxes are provisioned in accordance with the global liability provisioning method. They are calculated on all temporary differences emerging between the taxable base of an asset and liability and its carrying value in the consolidated financial statements, with the exception of goodwill that is not tax-deductible and of differences stemming from investments in subsidiaries for which cancellation is not envisaged in the foreseeable future. Deferred tax assets on unused tax losses and tax credits carried forward are recognised to the extent that it is probable that future taxable income will be available against which they can be recovered. Current and deferred tax assets and liabilities are offset when income taxes are levied by the same tax authority and when there is a legal right to settle on a net basis. Deferred tax assets and liabilities are measured using the tax rates that are expected to be applicable, according to the respective regulations of the countries where the Group operates, in the years when temporary differences will be realised or settled.

Dividends
Dividends are posted on an accrual basis when the right to receive them materialises, i.e. when shareholders approve dividend distribution.

Treasury shares
Treasury shares are booked as a reduction of shareholders' equity. The carrying value of treasury shares and revenues from any subsequent sales are recognised in the form of changes in shareholders' equity.

Equity-settled transactions
Some Group employees receive part of the remuneration in the form of share-based payments, therefore employees provide services in exchange for shares ("equity-settled transactions"). The cost of equity-settled transactions is determined by the fair value at the date on which the assignment is made using an appropriate measurement method, as explained in more detail in Note 39.
This cost, together with the corresponding increase in shareholders' equity, is recognised under personnel costs (Note 28) over the period in which the conditions relating to the achievement of objectives and/or the provision of the service are met. The cumulative costs recognised for such transactions at the end of each reporting period up to the vesting date are commensurate with the expiry of the vesting period and the best estimate of the number of equity instruments that will actually vest.
Service or performance conditions are not taken into account when defining the fair value of the plan at the assignment date. However, the probability of these conditions being met is taken into account when defining the best estimate of the number of equity instruments

that will vest. Market conditions are reflected in the fair value at the assignment date. Any other condition related to the plan that does not involve a service obligation is not considered to be a vesting condition. Non-vesting conditions are reflected in the fair value of the plan and result in the immediate recognition of the cost of the plan, unless there are also service or performance conditions.
No cost is recognised for rights that do not vest in that the performance and/or service conditions are not met. When the rights include a market condition or a non-vesting condition, these are treated as if they had vested regardless of whether the market conditions or other non-vesting conditions to which they are subject are met or not, it being understood that all other performance and/or service conditions must be met.
If the conditions of the plan are changed, the minimum cost to be recognised is the fair value at the assignment date in the absence of the change in the plan itself, on the assumption that the original conditions of the plan are met. Moreover, a cost is recognised for each change that results in an increase in total fair value of the payment plan, or that is in any case favourable for employees; this cost is measured with reference to the date of change. When a plan is cancelled, any remaining element of the plan's fair value is immediately expensed to the income statement.

Earnings per share
Basic EPS is calculated by dividing the profit or loss attributable to the direct parent company's shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit or loss attributable to the direct parent company's shareholders by the weighted average number of shares outstanding, adjusted to take into account the effects of all potential ordinary shares with a dilutive effect.

Use of estimates
Preparation of the financial statements and notes in accordance with IFRS requires management to make estimates and assumptions that affect the carrying values of assets and liabilities and the disclosures on contingent assets and liabilities as of the end of the reporting period. Actual results might differ from these estimates. Estimates are used to measure tangible and intangible assets subject to impairment testing, as described earlier, as well as to measure provisions for bad debts, for inventory obsolescence, depreciation and amortisation, asset write-downs, employee benefits, taxes, and other provisions. Specifically:

Recoverable amount of tangible and intangible assets
The procedure for determining impairment losses of tangible and intangible assets described in "Impairment" implies – in estimating the value of use – the use of the Business Plans of investees, which are based on a series of assumptions relating to future events and actions of the investees' management bodies, which may not necessarily come about. In estimating market value, however, assumptions are made on the expected trend in trading between third parties based on historical trends, which may not actually be repeated.

Provisions for bad debts
Receivables are adjusted by the related bad debt provision to take into account their recoverable amount. To determine the size of the write-downs, management must make subjective assessments based on the documentation and information available regarding,

among other things, the customer's solvency, as well as experience and historical payment trends.

Provisions for inventory obsolescence and inventory write-downs at their expected sale value
Inventories subject to obsolescence and slow turnover are systematically measured and written down if their recoverable value is less than their carrying value. Write-downs are calculated based on management assumptions and estimates, resulting from experience and historical results.
If the expected sale value is less than the purchase or production cost, inventories of finished goods are written down to market value, estimated on the basis of current selling prices.

Employee benefits
The current value of liabilities for employee benefits depends on a series of factors determined using actuarial techniques based on certain assumptions. Assumptions concern the discount rate, estimates of future salary increases, and mortality and resignation rates. Any change in the above-mentioned assumptions might have significant effects on liabilities for pension benefits.

Share-based payments
Estimating the fair value of share-based payments requires the determination of the most appropriate valuation model, which depends on the terms and conditions under which these instruments are granted. This also requires the identification of data to feed into the valuation model, including assumptions about the exercise period of the options, volatility and dividend yield. The Group uses a binomial model for the initial measurement of the fair value of share-based payments with employees.

Income taxes
The Group is subject to different bodies of tax legislation on income. Determining liabilities for Group taxes requires the use of management valuations in relation to transactions whose tax implications are not certain at the end of the reporting period. Furthermore, the valuation of deferred taxes is based on income expectations for future years; the valuation of expected income depends on factors that might change over time and have a significant effect on the valuation of deferred tax assets.

Other provisions
When estimating the risk of potential liabilities from disputes, the Directors rely on communications regarding the status of recovery procedures and disputes from the lawyers who represent the Group in litigation. These estimates are determined taking into account the gradual development of the disputes, considering existing exemptions.

Climate change
With reference to the potential impact of climate change on the Group's activities, the Management carries out targeted analyses to identify and manage the main risks and uncertainties to which the Group is exposed, adapting the corporate strategy accordingly, as described in detail in the Sustainability Statement within the Report on Operations.

To date, climate-related issues have not had a significant impact on the opinions and estimates used in preparing these Consolidated Financial Statements.

Estimates and assumptions are regularly reviewed and the effects of each change immediately reflected in the income statement.

New standards

Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates: lack of exchangeability"

On 15 August 2023, the IASB issued amendments to IAS 21 that specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it provides information that enables users of its financial statements to understand how the currency that is not exchangeable into the other currency affects, or is expected to affect, the entity's financial result, financial position and cash flows. These changes had no significant impact on the Group's consolidated financial statements.

Standards issued but not yet in force

IFRS 18 'Financial Statement presentation and disclosure'

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 'Presentation of financial statements'. The main changes introduced by the standard concern:

- new requirements for the presentation of the income statement, such as specific totals/subtotals and the classification of expenses and revenues within four categories (operating activities, investing activities, financing activities, income taxes and discontinued operations);
- reporting on the basis of the new definition of management-defined performance measures (MPMs);
- new provisions for the aggregation and disaggregation of financial information based on the identified roles of the Primary Financial Statements (PFS) and notes;
- using the subtotal of operating profit as the starting point for the indirect method of reporting cash flows from operating activities.

IFRS 18 and subsequent amendments to other standards are effective for financial years beginning on or after 1 January 2027, but early application is permitted subject to disclosure. IFRS 18 will apply retrospectively. The Group is currently assessing the impact the changes will have on its financial statements and notes thereto, as well as on the determination of performance indicators.

IFRS 19 "Subsidiaries without public accountability"

In May 2024, the IASB issued IFRS 19, which allows subsidiaries that meet certain eligibility criteria to elect to apply reduced disclosure requirements compared to the disclosure requirements of IFRS Accounting Standards when complying with the recognition, measurement and presentation requirements of IFRS Accounting Standards. The eligibility criteria require an entity to be a subsidiary as defined in IFRS 19, not to be publicly accountable, and have an ultimate or intermediate parent entity that prepares consolidated financial statements which are available to the public and drafted in accordance with IFRS accounting standards.
IFRS 19 will become effective for financial years beginning on or after 1 January 2027, with the possibility of early adoption. Sabaf S.p.A. is not a controlled entity and is listed on a regulated market, therefore it is excluded from the scope of application of this standard.

Amendments to IFRS 9 and IFRS 7 'Classification and Measurement of Financial Instruments'

On 30 May 2024, the IASB issued amendments to the classification and measurement of financial instruments. It clarifies when a financial liability is derecognised on the 'settlement date' and introduces an accounting policy option to derecognise financial liabilities settled through an electronic payment system before the settlement date if certain conditions are met. Clarification was provided on how to measure the contractual cash flow characteristics of financial assets that include ESG and similar characteristics. In addition, the amendments clarify the treatment of non-recourse financial assets and contractually-bound instruments. The amendment to IFRS 7 requires additional disclosure for financial assets and liabilities with contractual terms that refer to a contingent event (including those that are linked to ESG factors) and for equity instruments classified at fair value and recognised in other components of the comprehensive income statement. The amendments will become effective for annual periods beginning on or after 1 January 2026, and entities may adopt the changes in the classification of financial assets and related disclosures early. No significant impact on the Group's consolidated financial statements is expected.

Annual cycle of improvements to IFRS accounting standards – Volume 11

In July 2024, the IASB issued nine amendments of limited scope as part of the regular maintenance of IFRS. The amendments include clarifications, simplifications, corrections or changes aimed at improving consistency in the standards: IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7. The amendments will take effect for financial years beginning on or after 1 January 2026. Early adoption is permitted, provided that adequate information is provided. **These changes are not expected to have a material impact on the** Group's consolidated financial statements.

Amendments to IFRS 9 and IFRS 7 "Contracts for electricity derived from natural sources"

In December 2024, the IASB issued amendments to IFRS 9 and IFRS 7 relating to contracts for the purchase of electricity generated from natural sources. These amendments clarify the application of the requirements relating to the '*own use*' exemption for contracts falling within its scope; they also amend the requirements for designating the hedged item in cash flow hedge accounting in relation to such contracts and introduce specific disclosure requirements.

The amendments will take effect for financial years beginning on or after 1 January 2026; early adoption is permitted, but appropriate disclosure must be provided. The amendments relating to the own-use exemption must be applied retrospectively, whilst those relating to hedge accounting must be applied prospectively to new designated hedging relationships from the date of initial application. The amendments to the disclosure requirements under IFRS 7 must be applied in conjunction with the amendments to IFRS 9.

Based on the analyses carried out, no significant impact on the Group's consolidated financial statements is anticipated.

Amendments to IAS 21 relating to translation into a hyperinflationary presentation currency

In November 2025, the IASB issued amendments to IAS 21, which change the translation procedures for entities that present their balance sheets in a hyperinflationary currency. The amendments apply to the translation of the results and financial position of: an entity whose functional currency is not hyperinflationary but whose presentation currency is hyperinflationary; a foreign operation whose functional currency is not hyperinflationary. The changes will come into effect on 1 January 2027, with the option of early implementation. The Group is currently working to identify the impact these changes will have on the consolidated financial statements.

Hyperinflation - Turkey: application of IAS 29

As from 1 April 2022, the Turkish economy is considered and hyperinflationary economy in accordance with the criteria set out in "IAS 29 - Financial Reporting in Hyperinflationary Economies", i.e. following the assessment of qualitative and quantitative elements including the presence of a cumulative inflation rate greater than 100% over the previous three years. Therefore, starting with the consolidated financial statements as at 31 December 2022, IAS 29 was applied with reference to the parent company's subsidiaries in Turkey, Sabaf Turkey and Okida. Starting from the financial statements at 31 December 2023, following the merger by incorporation of Okida into Sabaf Turkey, IAS 29 was only applied with reference to the subsidiary Sabaf Turkey.

The cumulative levels of general consumer price indices are shown below:

Consumer price index	**Value at 31/12/2024**	**Value at 31/12/2025**	**Change**
TURKSTAT	2,684.55	3,513.87	+30.89%

Consumer price index	**Value at 31/12/2023**	**Value at 31/12/2024**	**Change**
TURKSTAT	1,859.38	2,684.55	+44.38%

Consumer price index	**Value at 31/12/2022**	**Value at 31/12/2023**	**Change**
TURKSTAT	1,128.45	1,859.38	+64.77%

Accounting effects

The financial statements of Sabaf Turkey were redetermined before being included in the Group's consolidated financial statements. In particular, the effect related to the re-measurement of non-monetary assets and liabilities, equity items and income statement items, net of the related tax effect, was recognised in a separate item in the income statement under financial income and expenses. The related tax effect was recognised, instead, in taxes for the period. On consolidation, as required by IAS 21, the restated financial statements were converted using the final exchange rate in order to restore the amounts to current values.

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

(€/000)	**31/12/2025**	**Hyperinflation effect**	**31/12/2025 with hyperinflation effect**
Total non-current assets	134,412	32,379	166,791
Total current assets	177,462	717	178,179
Total assets	311,874	33,096	344,970
Total shareholders' equity	126,692	33,096	159,788
Total non-current liabilities	82,305	-	82,305
Total current liabilities	102,877	-	102,877
Total liabilities and shareholders' equity	311,874	33,096	344,970

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

(€/000)	**12M 2025**	**Hyperinflation effect**	**12 months 2025 with hyperinflation effect**
Operating revenue and income	289,751	(1,093)	288,658
Operating costs	(248,401)	523	(247,878)
Operating profit before depreciation & amortisation, capital gains/losses and write-downs/write-backs of non-current assets (EBITDA)	41,350	(570)	40,780
EBIT	21,149	(4,986)	16,163
Profit before taxes	15,796	(7,639)	8,157
Income taxes	(1,261)	(57)	(1,318)
Minority interests	1,659	-	1,659
Profit attributable to the Group	12,876	(7,696)	5,180

Comments on significant balance sheet items

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	1,437	5,783	3,430	3,263	13,913
Disposals	(52)	(5,277)	(557)	(71)	(5,957)
Reclassifications	102	2,511	1,100	(3,784)	(71)
Monetary revaluation (IAS 29)	2,652	8,764	3,115	-	14,531
Forex differences	(1,847)	(5,080)	(1,944)	(67)	(8,938)
At 31 December 2024	**80,791**	**275,177**	**76,382**	**3,839**	**436,189**
Increases	883	9,251	2,912	5,263	18,309
Disposals	(321)	(2,806)	(304)	-	(3,431)
Reclassifications	7	2,151	245	(2,435)	(32)
Monetary revaluation (IAS 29)	2,065	6,730	2,416	-	11,211
Forex differences	(3,111)	(9,320)	(3,057)	(246)	(15,734)
At 31 December 2025	**80,314**	**281,183**	**78,594**	**6,421**	**446,512**
Accumulated amortisation					
At 31 December 2023	**32,829**	**220,464**	**60,677**	**-**	**313,970**
Depreciations for the year	3,282	11,058	4,844	-	19,184
Derecognition due to disposal	(52)	(4,892)	(507)	-	(5,451)
Reclassifications	-	-	-	-	-
Monetary revaluation (IAS 29)	955	4,017	1,895	-	6,867
Forex differences	(395)	(2,225)	(1,300)	-	(3,920)
At 31 December 2024	**36,619**	**228,422**	**65,609**	**-**	**330,650**
Depreciations for the year	3,303	11,219	4,418	-	18,940
Derecognition due to disposal	(267)	(2,532)	(187)	-	(2,986)
Write-downs	-	104	-	-	104
Reclassifications	5	(29)	24	-	-
Monetary revaluation (IAS 29)	801	3,543	1,736	-	6,080
Forex differences	(1,207)	(5,105)	(2,149)	-	(8,461)
At 31 December 2025	**39,254**	**235,622**	**69,451**	**-**	**344,327**
Net carrying value					
At 31 December 2024	**44,172**	**46,755**	**10,773**	**3,839**	**105,539**
At 31 December 2025	**41,060**	**45,561**	**9,143**	**6,421**	**102,185**

The breakdown of the net carrying value of Property was as follows:

	31/12/2025	31/12/2024	Change
Land	9,313	9,527	(214)
Industrial buildings	31,747	34,645	(2,898)
Total	**41,060**	**44,172**	**(3,112)**

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 2024	**5,508**	**7**	**1,028**	**6,543**
Increases	234	-	803	1,037
Monetary revaluation (IAS 29)	422	-	-	422
Amortisation/depreciation	(1,400)	(7)	(365)	(1,772)
Decreases	(54)	-	(77)	(131)
Foreign exchange differences	(590)	-	-	(590)
At 31 December 2025	**4,120**	**-**	**1,389**	**5,509**

The main investments during the year were aimed at the Group's organic growth in terms of internationalisation and product innovation, as well as optimising the efficiency and automation of production processes. The largest investments were made in plants in Brazil, India and Mexico.
Furthermore, in 2025, a 2.5 MW photovoltaic system was installed on the roofs of the Ospitaletto plants, representing an investment of €2.2 million.
Decreases mainly relate to the disposal of machinery no longer in use.
Assets under construction include machinery under construction and advance payments to suppliers of capital equipment.

At 31 December 2025, the Group identified no endogenous or exogenous indicators of impairment of its property, plant and equipment. As a result, the value of property, plant and equipment was not submitted to impairment testing, with the exception of assets relating to cash-generating units to which assets with an indefinite useful life are allocated, for which the entire capital employed was submitted to impairment testing. Please refer to Note 3 for further details.

2. INVESTMENT PROPERTY

Cost	
At 31 December 2023	**1,771**
Increases	-
Disposals	(165)
Reclassifications	-
At 31 December 2024	**1,606**
Increases	-
Disposals	(138)
Reclassifications	-
At 31 December 2025	**1,468**

Depreciations and write-downs	
At 31 December 2023	**1,080**
Increases	90
Disposals	(101)
Reclassifications	-
At 31 December 2024	**1,069**
Increases	85
Disposals	(94)
Reclassifications	-
At 31 December 2025	**1,060**

Net carrying value	
At 31 December 2024	**537**
At 31 December 2025	**408**

The change in investment properties includes the following movements resulting from the application of IFRS 16:

	Investment property
1 January 2025	40
Increases	-
Decreases	-
Amortisation/depreciation	(40)
At 31 December 2025	**-**

The item Investment property includes non-operating buildings owned by the Group: these are mainly properties for residential use, held for rental. Disposals during the period, amounting to a net book value of €44 thousand, resulted in capital gains totalling €95 thousand.

At 31 December 2025, the Group found no other endogenous or exogenous indicators of impairment of its investment property. As a result, the value of investment property was not submitted to impairment testing.

3. INTANGIBLE ASSETS

	Goodwill	Patents and software	Development costs	Other intangible assets	Total
Cost					
At 31 December 2023	**33,560**	**11,444**	**12,143**	**31,209**	**88,356**
Increases	-	178	2,782	70	3,030
Decreases	-	(10)	-	(5)	(15)
Reclassifications	-	29	-	-	29
Monetary revaluation (IAS 29)	6,487	268	-	3,832	10,587
Forex differences	(1,776)	(108)	(1)	(920)	(2,805)
At 31 December 2024	**38,271**	**11,801**	**14,924**	**34,186**	**99,182**
Increases	-	598	1,011	38	1,647
Decreases	-	(2)	-	(4)	(6)
Reclassifications	-	612	(598)	-	14
Monetary revaluation (IAS 29)	4,113	220	-	2,803	7,136
Forex differences	(5,080)	(255)	-	(3,703)	(9,038)
At 31 December 2025	**37,304**	**12,974**	**15,337**	**33,320**	**98,935**
Amortisation/Write-downs					
At 31 December 2023	**4,546**	**10,254**	**6,046**	**10,279**	**31,125**
Depreciations for the year	-	447	923	2,443	3,813
Decreases	-	239	-	-	239
Write-downs	2,915	-	-	-	2,915
Reclassifications	-	-	-	-	-
Monetary revaluation (IAS 29)	-	-	-	1,425	1,425
Forex differences	-	(87)	-	(384)	(471)
At 31 December 2024	**7,461**	**10,853**	**6,969**	**13,763**	**39,046**
Depreciations for the year	-	586	1,721	3,463	5,770
Decreases	-	(1)	-	-	(1)
Reclassifications	-	-	-	-	-
Monetary revaluation (IAS 29)	-	187	-	1,236	1,423
Forex differences	-	(222)	-	(1,524)	(1,746)
At 31 December 2025	**7,461**	**11,403**	**8,690**	**16,938**	**44,492**
Net carrying value					
At 31 December 2024	**30,810**	**948**	**7,955**	**20,423**	**60,136**
At 31 December 2025	**29,843**	**1,571**	**6,647**	**16,382**	**54,443**

Goodwill

Pursuant to IAS 36, goodwill is allocated to different cash-generating units ("CGUs"), which are identified on the basis of operating segments, according to geographic logics and corresponding to the businesses being acquired. The CGUs to which goodwill has been allocated are shown below:

CGU	31/12/2024	Revaluation IAS29	Forex differences	Write-downs	31/12/2025
Professional burners	1,770	-	-	-	1,770
Electronic components	18,299	4,113	(4,984)	-	17,428
P.G.A. electronic components	1,804	-	-	-	1,804
Hinges	4,414	-	-	-	4,414
C.M.I. hinges	3,680	-	-	-	3,680
MEC hinges	843	-	(96)	-	747
Total	30,810	4,113	(5,080)	-	29,843

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.

The main assumptions used to determine the value of use of the different CGUs refer a) to the financial flows deriving from company *business plans* , b) to the discount rate and c) to the long term growth rate.

Determining cash flows

The management defined a single plan for each CGU with respect to the 2026-2028 period, which represents the best estimate of the expected trend in operations, based on corporate strategies and the growth indices of the specific sector and reference markets. In particular, the forecasts for the first year of the forecast plan (2026) were developed based on the Group's 2026 budget, approved by the Parent Company's Board of Directors on 18 December 2025; the forecasts for the next two years (2027 and 2028) were determined analytically while updating the Group's 2026 - 2028 Business Plan. The multi-year plans of each CGU were submitted for approval to the Boards of Directors of the Group companies to which each CGU belongs and to the Parent Company's Board of Directors at the same time as the impairment tests were approved.

Revenues were estimated on the basis of information obtained from customers and on the basis of management's expectations regarding the trend of the reference market, which anticipate a moderate recovery from the weak phase that characterised 2025. The contribution of revenues from new products already developed, weighted by their probability of success, was also estimated. The plans were prepared under the assumption of substantially unchanged raw material prices, in view of the proven historical ability of CGUs to pass on changes in material costs to selling prices. Estimates of revenues and profitability incorporate elements of caution to reflect geopolitical and macroeconomic uncertainty. It should be noted that the CGUs to which intangible assets with an indefinite useful life are allocated are not exposed to significant transitional climatic risks, that energy costs have an extremely low incidence compared to the industrial cost of products, and that the related production processes do not directly use fossil fuels (gas) as an energy source.

The business plans consider only real growth, do not take into account expected inflation and have been prepared in Euro, i.e. in the currency in which - with the exception of MEC

- the sales prices and main operating costs of the CGUs are expressed. The business plan of MEC, which operates in dollars, was prepared under the assumption of a stable euro/dollar exchange rate. Furthermore, with reference to the "Electronic Components" CGU, the plan does not take into account the accounting effects of IAS 29 (hyperinflation) due to their non-monetary nature.

Lastly, cash flows for the 2026-2028 period were augmented by the so-called terminal value, which expresses the operating flows that the CGU is expected to generate from the fourth year to infinity and determined based on the perpetual income.

Discount rate
The discount rate used to discount expected future cash flows was determined for each CGU, and is represented by the weighted average cost of capital (WACC), which reflects the current market valuation of the time value of money for the period considered and the specific risks of the Group companies and their reference sectors. The values of the discount rates used last year are shown below for comparison, and it should be noted that the updating of the panel of comparables had no significant effect.

Long-term growth rate
In addition to the flows expected for the period 2026-2027, which are explicitly forecasted, there is also the so-called Perpetuity, representing the Terminal Value. This was determined, according to the same logics adopted in the previous year, using a long-term growth rate (g-rate), specific to each CGU, reflecting the growth potential of the area in question.

The table below shows the main basic assumptions used in performing the impairment test.

CGU	Discount rate (WACC) %		Long-term growth rate (g-rate)		Cash flow horizon	Terminal Value Calculation Method
	2025	2024	2025	2024		
Professional burners	8.58%	9.27%	2.00%	2.00%	3 years old	Perpetual instalment
Electronic components	11.24%	12.90%	2.50%	2.50%	3 years old	Perpetual instalment
P.G.A. electronic components	8.60%	9.78%	2.50%	2.50%	3 years old	Perpetual instalment
Hinges	8.90%	9.70%	2.00%	2.00%	3 years old	Perpetual instalment
C.M.I. hinges	8.87%	9.34%	2.00%	2.00%	3 years old	Perpetual instalment
MEC hinges	9.02%	9.38%	2.00%	2.00%	3 years old	Perpetual instalment

The changes in the discount rates, compared to those used when preparing the consolidated financial statements as at 31 December 2024, are mainly due to the reduction in the cost of debt and the risk-free rate.

The impairment tests carried out according to the methods described above and approved by the Board of Directors on 03 March 2026, with the opinion of the Control and Risk Committee, did not reveal any impairment losses, as the recoverable value of the CGUs at 31 December 2025 was higher than the corresponding net invested capital (carrying amount).

The following activities were carried out to complete the analysis:

- a sensitivity analysis aimed at verifying the recoverability of goodwill against changes in the basic assumptions used to determine discounted cash flows. In particular, the table below shows the WACC, g-rate and EBITDA that would result in an impairment if all other basic assumptions remained unchanged:

	Break-even values in a "steady case" situation		
Sensitivity analysis	WACC	g-rate	EBITDA
Professional burners	24.0%	n/a	-60.7%
Electronic components	11.7%	1.96%	-4.8%
P.G.A. electronic components	13.5%	n/a	-37.7%
Hinges	21.5%	n/a	-54.3%
C.M.I. hinges	24.4%	n/a	-54.0%
MEC hinges	18.6%	n/a	-45.5%

  with reference to the break-even values of the g-rate, it should be noted that, with the exception of the investment in P.G.A., even if the g-rate were 0, no impairment loss would occur;
- the verification of the recoverability of goodwill against possible upward and downward 50 bps changes in WACC and 25 bps changes in the g-rate;
- the verification of the recoverability of goodwill against possible 10% and 20% downward changes in EBITDA.

With reference to the "Electronic components" CGU, sensitivity analyses show a difference between recoverable value and net invested capital ranging from +4.1 million to -€5.4 million. With reference to the other CGUs submitted to impairment testing, none of the scenarios covered by the sensitivity analysis showed a recoverable value lower than the carrying value.

Lastly, in examining possible indicators of impairment, the Group also took into consideration the relationship between stock market capitalisation (€175.7 million) and the carrying value of the Group's equity at 31 December 2025 (€151.9 million), which shows a positive difference.

Patents and software

The main investments in software are related to extending the functions and updating the Group's management system (SAP) and to the filing of patents.

Development costs
Development costs mainly refer to the development of new products to extend the range and features offered within the induction cooking sector (carrying amount at 31 December 2025: €4,362 thousand). To this end, it is worth remembering that a dedicated project team was set up to develop the project know-how in-house, with patents, proprietary software and hardware.
Increases in development costs include projects in progress and therefore not yet subject to amortisation.

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

Other intangible assets
The other intangible assets recognised in these consolidated financial statements mainly derive from the Purchase Price Allocation carried out following the acquisition of Okida Elektronik in September 2018, C.M.I. S.r.l., in July 2019, P.G.A. in October 2022 and of MEC in July 2023.

The net carrying value of other intangible assets is broken down as follows:

	31/12/2025	31/12/2024	Change
Customer relationship	11,526	14,351	(2,825)
Brand	3,118	3,518	(400)
Know-how	289	567	(278)
Patents	1,244	1,776	(532)
Other	205	211	(6)
Total	**16,382**	**20,423**	**(4,041)**

At 31 December 2025, the recoverability of the amount of other intangible assets was verified as part of the impairment test of the related goodwill described in the previous paragraph.

4. EQUITY INVESTMENTS

	31/12/2025	31/12/2024	Change
Other equity investments	86	86	-
Total	**86**	**86**	**-**

5. NON-CURRENT RECEIVABLES

	31/12/2025	31/12/2024	Change
Tax receivables	117	63	54
Guarantee deposits	196	197	(1)
Receivables from former P.G.A. shareholders	671	645	26
Total	**984**	**905**	**79**

Tax receivables relate to indirect taxes expected to be recovered after 31 December 2025.

Receivables from former P.G.A. shareholders, already agreed upon between the parties and discounted, refer to compensation obligations envisaged upon the occurrence of certain events (liabilities incurred by P.G.A.) regulated by the acquisition agreement.

6. INVENTORIES

	31/12/2025	31/12/2024	Change
Raw Materials	27,174	29,476	(2,302)
Semi-processed goods	16,601	17,442	(841)
Finished products	23,729	21,604	2,125
Provision for inventory write-downs	(5,713)	(5,390)	(323)
Total	**61,791**	**63,132**	**(1,341)**

The value of closing inventories as at 31 December 2025 shows a decrease compared with the end of the previous financial year, mainly attributable to the measures taken during the period to improve the efficiency of logistics operations.
At 31 December 2025, 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. The following table shows the changes in the Provision for inventory write-downs during the current financial year:

31/12/2024	**5,390**
Provisions	3,803
Utilisation	(3,102)
Monetary revaluation (IAS 29)	6
Forex differences	(384)
31/12/2025	**5,713**

7. TRADE RECEIVABLES

	31/12/2025	31/12/2024	Change
Total trade receivables	65,557	65,891	(334)
Bad debt provision	(2,033)	(1,054)	(979)
Net total	**63,524**	**64,837**	**(1,313)**

The amount of trade receivables at 31 December 2025 was substantially in line with the balance at the end of 2024. There were no significant changes in the payment terms agreed with customers.
The amount of trade receivables recognised in the financial statements includes approximately €22.3 million in insured receivables.
The breakdown of trade receivables by past due period is shown below:

	31/12/2025	31/12/2024	Change
Current receivables (not past due)	47,802	49,368	(1,566)
Outstanding up to 30 days	8,455	9,856	(1,401)
Outstanding from 30 to 60 days	5,206	3,114	2,092
Outstanding from 60 to 90 days	2,368	1,209	1,159
Outstanding for more than 90 days	1,726	2,344	(618)
Total	**65,557**	**65,891**	**(334)**

The bad debt provision was adjusted to the better estimate of the credit risk and at the end of the reporting period, also carried out by analysing each expired item. Changes during the year were as follows:

31/12/2024	**1,054**
Provisions	1,065
Utilisation	-
Forex differences	(86)
31/12/2025	**2,033**

8. TAX RECEIVABLES

	31/12/2025	31/12/2024	Change
For income tax	2,685	3,813	(1,128)
For VAT and other sales taxes	8,219	5,997	2,222
Other tax credits	137	99	38
Total	**11,041**	**9,909**	**1,132**

At 31 December 2025 income tax receivables mainly include:

- €830 thousand relating to the tax credit for investments in capital goods;
- €294 thousand relating to the tax credit for research and development;
- €635 thousand related to the "Patent Box" tax credit for the years 2020 and 2021, following the prior agreement signed with the Tax Authorities during the 2023 financial year;
- advance payments on Italian income taxes: IRES for €1,075 thousand and IRAP for €106 thousand.

9. OTHER CURRENT RECEIVABLES

	31/12/2025	31/12/2024	Change
Advances to suppliers	1,382	1,888	(506)
Credits to be received from suppliers	748	951	(203)
Accrued income and prepaid expenses	1,030	1,197	(167)
Other	133	286	(153)
Total	**3,293**	**4,322**	**(1,029)**

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

10. FINANCIAL ASSETS

	31/12/2025		31/12/2024	
	Current	Non-current	Current	Non-current
Time deposit accounts	3,738	-	2,744	-
Derivative instruments	256	-	376	-
Total	**3,994**	**-**	**3,120**	**-**

Time deposit accounts are time deposits by certain foreign subsidiaries; these are temporary investments of liquidity in excess of normal operations at better yields than ordinary deposits.
Derivatives refer to:

- The interest rate swap contracts have not been designated as capital flow hedges and are therefore recognised with the "Fair Value through profit or loss" method, with "Financial income" as a balancing entry. This IRS contract has the same amount and maturity as an unsecured loan currently being repaid, the outstanding balance of which as at 31 December 2025 is €6,320,000;
- four interest rate swap (IRS) contracts to which the Group applies hedge accounting, verifying their compliance with the requirements of IFRS 9. These contracts have amounts and maturities that correspond to unsecured loans, the outstanding balance of which as at 31 December 2025 stands at €31,732,000. For further details, please refer to Notes 13 and 37 to these consolidated financial statements.

11. CASH AND CASH EQUIVALENTS

The item "Cash and cash equivalents", equal to €34,536 thousand at 31 December 2025 (€30,641 thousand at 31 December 2024), refers to cash and bank current account balances, which are mainly in euro or US dollars. Changes in the cash and cash equivalents are analysed in the statement cash flows.

12. SHARE CAPITAL

The parent company's share capital consists of 12,686,795 shares with a par value of € 1.00 each. The share capital paid in and subscribed did not change during the year. The structure of the share capital as at 31 December 2025 is shown in the table below.

	No. of shares	% of share capital	Rights and obligations
Ordinary shares	5,874,278	46.3%	-
Ordinary shares with increased vote	6,812,517	53.7%	Two voting rights per share
TOTAL	***12,686,795***	***100%***	

With the exception of the right to increased vote, there are no rights, privileges or restrictions on the shares of the Parent Company. The availability of the Parent Company's reserves is indicated in the separate financial statements of Sabaf S.p.A.

13. TREASURY SHARES AND OTHER RESERVES

Treasury shares
During the financial year, in accordance with the resolutions passed by the Shareholders' Meeting on 8 May 2024 and 29 April 2025, 130,214 treasury shares were purchased under share buyback schemes at an average price of €14.43 per share. No treasury shares were sold in 2025.
At 31 December 2025, Sabaf S.p.A. held 283,520 treasury shares (2.235% of the share capital), reported in the financial statements as an adjustment to shareholders' equity at a weighted average unit value of €14.81 (the closing stock market price of the Share at 31 December 2025 was €13.95). There were 12,403,275 outstanding shares at 31 December 2025.

Stock grant reserve
Items "Retained earnings, other reserves" of €73,042 thousand includes, at 31 December 2025, the stock grant reserve of €989 thousand, which included the measurement at 31 December 2025 of the fair value of rights assigned to receive shares of the Parent Company relating to the new 2024 – 2026 Stock Grant Plan, medium- and long-term incentive plan for directors and employees of the Sabaf Group, please refer to Note 39 for further details.

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 2024	**(65)**
Change during the period	132
Value at 31 December 2025	**67**

The characteristics of the derivative financial instruments that gave rise to theCash Flow Hedge reserve and the accounting effects on other items in the financial statements are broken down in Note 37, in the paragraph Foreign exchange risk management.

14. LOANS

	31/12/2025			31/12/2024		
	Current	Non-current	Total	Current	Non-current	Total
Bond issue	-	29,790	29,790	-	29,755	29,755
Unsecured loans	21,181	40,254	61,435	18,508	28,246	46,754
Short-term bank loans	2,000	-	2,000	11,000	-	11,000
Advances on bank receipts or invoices	82	-	82	1,711	-	1,711
Leases	1,600	3,668	5,268	1,786	4,854	6,640
Interest payable	179	-	179	229	-	229
Total	**25,042**	**73,712**	**98,754**	**33,234**	**62,855**	**96,089**

In 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 loan has the same covenants, defined with reference to the consolidated financial statements at the end of each reporting period, all complied with at 31 December 2025 and for which, according to the Group's business plan, compliance is also expected in subsequent years:
During the financial year, the Group took out new unsecured loans totalling €41.1 million in order to finance the investments made, support the growth strategy set out in the business plan and extend the average maturity of its debt, thereby optimising the maturity profile. Certain outstanding unsecured loans, with a remaining balance as at 31 December 2025 of €49.7 million, are subject to covenants, defined with reference to the Consolidated Financial Statements as at the end of each financial year.
These covenants are complied with at 31 December 2025, according to the Group's business plan, compliance is also expected in subsequent years.
All bank loans are denominated in euro.
To manage interest rate risk, some unsecured loans (with a total residual value of €50,813 thousand at 31 December 2025) are stipulated at either fixed-rate or hedged by IRS. On the other hand, the residual value of unsecured loans taken out at a variable rate and not covered by IRS was €10,622 thousand.

The following table shows the changes in lease liabilities during the year:

Lease liabilities at 31 December 2023	**6,739**
New agreements signed during 2024	1,696
Repayments during 2024	(1,861)
Forex differences	66
Lease liabilities at 31 December 2024	**6,640**
New agreements signed during 2025	1,435
Repayments during 2025	(2,294)
Forex differences	(513)
Lease liabilities at 31 December 2025	**5,268**

The value of lease liabilities at 31 December 2025 includes €4,964 thousand in operating leases and €304 thousand in finance leases, all recognised in accordance with IFRS16. Note 37 provides information on financial risks, pursuant to IFRS 7.

15. OTHER FINANCIAL LIABILITIES

	31/12/2025		31/12/2024	
	Current	Non-current	Current	Non-current
Option on MEC minorities	14,982	-	11,469	-
Derivative instruments on interest rates	4	-	-	-
Currency derivatives	-	-	84	-
Total	**14,986**	**-**	**11,553**	**-**

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 €11,469 thousand was recognised in the consolidated financial statements at 31 December 2024. As required by IFRS 9, the Group revalued the outlay estimate based on the most recent results of MEC and increased the liability by €3,513 thousand recognising financial charges of €5,034 thousand and positive foreign exchange differences of €1,521 thousand as a balancing entry.

Derivative instruments on interest rates refer to an interest rate swap (IRS) whose amount and maturity coincides with an unsecured loan, whose residual balance at 31 December 2025 is €6.4 million. The Group applies hedge accounting to this financial instrument, verifying its compliance with the requirements of IFRS 9.

16. POST-EMPLOYMENT BENEFITS AND RETIREMENT PROVISIONS

	Post-employment benefit
At 31 December 2024	**4,049**
Provisions	642
Financial expenses	106
Payments made	(648)
Tax effect	(101)
Forex differences	(193)
At 31 December 2025	**3,855**

In accordance with IAS 19 – Employee Benefits, all actuarial gains or losses are recognised in full in Other comprehensive income under "Actuarial gains and losses".

Post-employment benefits are calculated as follows:

Financial assumptions	**31/12/2025**	**31/12/2024**
Discount rate	3.2% - 3.7%	3.1% - 3.3%
Inflation	2.5%	2.5%

Demographic theory	**31/12/2025**	**31/12/2024**
Mortality rate	IPS55 ANIA	IPS55 ANIA
Disability rate	INPS 2000	INPS 2000
Staff turnover	2.5% - 10%	3% - 10%
Advance payouts	0% - 5%	1% - 5%
Retirement age	Pursuant to legislation in force at 31 December 2025	Pursuant to legislation in force at 31 December 2024

The sensitivity analyses carried out to take into account possible changes in actuarial assumptions did not reveal any significant changes in the liability.

17. PROVISIONS FOR RISKS AND CHARGES

	31/12/2024	**Provisions.**	**Utilisation**	**Forex differences**	**31/12/2025**
Provision for agents' indemnities	191	4	(14)	-	181
Product guarantee fund	31	29	-	-	60
Provision for legal risks	98	521	(12)	-	607
Total	**320**	**554**	**(26)**	**-**	**848**

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.

During the financial year, provisions were made to the legal risks provision in respect of disputes arising in the ordinary course of business; these reflect the best estimate of the related contingent liabilities based on the information currently available.
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

	31/12/2025	31/12/2024	Change
Total	**-**	**109**	**(109)**

Other non-current liabilities, amounting to €109,000 at the end of 2024, relate to tax liabilities due in the 2026 financial year and have therefore been reclassified as other current liabilities.

19. TRADE PAYABLES

	31/12/2025	31/12/2024	Change
Total	**39,585**	**41,681**	**(2,096)**

Average payment terms did not change versus the previous year. At 31 December 2025, there were no overdue payables of a significant amount and the Group did not receive any injunctions for overdue payables.

20. TAX PAYABLES

	31/12/2025	31/12/2024	Change
For income tax	384	1,778	(1,394)
Withholding taxes	1,392	1,911	(519)
Other tax payables	3,519	1,105	2,414
Total	**5,295**	**4,794**	**501**

21. OTHER CURRENT PAYABLES

	31/12/2025	31/12/2024	Change
To employees	7,132	6,978	154
To social security institutions	3,572	3,410	162
To agents	283	337	(54)
Advances from customers	639	884	(245)
Other current payables	6,343	5,869	474
Total	**17,969**	**17,478**	**491**

At the beginning of 2026, payables due to employees and social security institutions were paid in accordance with the scheduled expiry dates.
Other current payables include accrued liabilities and deferred income totalling €5,840 thousand.

22. DEFERRED TAX ASSETS AND LIABILITIES

	31/12/2025	31/12/2024	Change
Deferred tax assets	8,686	10,460	(1,774)
Deferred tax liabilities	(3,891)	(3,807)	(84)
Net position	**4,795**	**6,653**	**(1,858)**

The table below analyses the nature of the temporary differences that determine the recognition of deferred tax liabilities and assets and their changes during the year and the previous year.

	Non-current tangible and intangible assets	Provisions, value adjustments	Fair value of derivative instruments	Goodwill .	Tax incentives	Tax losses	Actuarial evaluation of post-employment benefits	effect	Other temporary differences	Total
31/12/2024	**(1,254)**	**2,226**	**(92)**	**532**	**4,429**	**797**	**122**	**(1,308)**	**1,201**	**6,653**
Through profit or loss	541	61	50	(177)	(241)	0	0	4	(1,017)	(779)
In shareholders' equity	0	0	(31)	0	0	0	(4)	0	0	(35)
Reclassification from tax receivables	0	0	0	0	0	(609)	0	0	0	(609)
Forex differences	(566)	(42)	0	0	(1,206)	0	0	1,380	(1)	(435)
31/12/2025	**(1,279)**	**2,245**	**(73)**	**355**	**2,982**	**188**	**118**	**76**	**183**	**4,795**

Deferred taxes related to “non-current property, plant and equipment and intangible assets” arise from the difference between the related carrying amount and the amount calculated for tax purposes (purchase price allocation, tax revaluations made in previous years on Sabaf Turkey's assets, other differences).
Deferred tax assets relating to goodwill refer to the exemption of the carrying amount 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 tax effects of the application of IAS 29 and hyperinflation according to the rules in place in Turkey are cumulatively shown in the column "Hyperinflation" and reflect the changed local regulations and the partial recognition of hyperinflation for tax purposes.
The line 'reclassification from tax receivables' relates to taxes on tax losses that cannot be immediately offset under the national tax consolidation scheme.

23. TOTAL FINANCIAL DEBT

As required by the CONSOB memorandum of 28 July 2006, we disclose that the Group's net financial debt is as follows:

		31/12/2025	31/12/2024	Change
A.	Cash	34,536	30,641	3,895
B.	Cash equivalents	-	-	-
C.	Other current financial assets	3,994	3,120	874
D.	**Liquidity (A+B+C)**	**38,530**	**33,761**	**4,769**
E.	Current financial payable	18,847	26,279	(7,432)
F.	Current portion of non-current financial debt	21,181	18,508	2,673
G.	**Current financial debt (E+F)**	**40,028**	**44,787**	**(4,759)**
H.	**Net current financial debt (G-D)**	**1,498**	**11,026**	**(9,528)**
I.	Non-current financial payable	43,922	33,100	10,822
J.	Debt instruments	29,790	29,755	35
K.	Trade payables and other non-current payables	-	-	-
L.	**Non-current financial debt (I+J+K)**	**73,712**	**62,855**	**10,857**
M.	**Total financial debt (H+L)**	**75,210**	**73,881**	**1,329**

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. In particular, as can be seen from the Consolidated Statement of Cash Flows, the decrease in net financial debt in the period is mainly attributable to the cash flows generated by operations, also through the reduction in net working capital.

Comments on key income statement items

24. REVENUE

In 2025, sales revenue totalled €278,201 thousand, down by €6,890 thousand compared with 2024 (-2.4%).

Revenue by geographical area

Revenue	2025	%	2024	%	% change
Europe (excluding Turkey)	81,417	*29.3%*	80,246	*28.1%*	+1.5%
Turkey	65,084	*23.4%*	76,103	*26.7%*	-14.5%
North America	65,136	*23.4%*	60,889	*21.4%*	+7.0%
South America	38,164	*13.7%*	35,895	*12.6%*	+6.3%
Africa and Middle East	11,458	*4.1%*	15,188	*5.3%*	-24.6%
Asia and Oceania	16,942	*6.1%*	16,770	*5.9%*	+1.0%
Total	**278,201**	***100%***	**285,091**	***100%***	**-2.4%**

Revenue by product family

Revenue	2025	%	2024	%	% change
Gas parts	165,052	*59.3%*	169,403	*59.4%*	-2.6%
Hinges	90,002	*32.3%*	87,364	*30.6%*	+3.0%
Electronic components	22,724	*8.2%*	27,850	*9.8%*	-18.4%
Induction	423	*0.2%*	474	*0.2%*	-10.8%
Total	**278,201**	***100%***	**285,091**	***100%***	**-2.4%**

2025 was characterised by varying trends in demand across the main reference markets. In Europe and Asia, demand remained broadly stable, with signs of improvement compared with the previous year. In North America, there was growth in volumes, driven in particular by the hinge business and the expansion of the new production site in Mexico. The South American market also performed well. By contrast, the Turkish and Middle Eastern markets, affected by macroeconomic uncertainty, showed marked weakness. Average sales prices in 2025 were on average 0.4% higher than in 2024.

25. OTHER INCOME

	2025	2024	Change
Sale of trimmings	4,964	5,525	(561)
Contingent income	481	385	96
Rental income	84	66	18
Use/release of provisions for risks and charges	25	58	(33)
Other income	4,903	4,900	3
Total	**10,457**	**10,934**	**(477)**

In 2025, other income mainly included: tax benefits for investments in capital goods and for research and development of €1,124 thousand; revenues from the sale of moulds and equipment for €757 thousand, Turkish public grants of €573 thousand as incentives for the hiring of personnel; insurance compensation of €210 thousand, revenues from the sale of energy produced by photovoltaic plants of €79 thousand.

26. PURCHASES OF MATERIALS

	2025	2024	Change
Commodities and outsourced components	121,280	126,418	(5,138)
Consumables	9,546	10,592	(1,046)
Total	**130,826**	**137,010**	**(6,184)**

During 2025, the effective purchase prices of the main raw materials (aluminium alloys, steel and brass) were on average lower than in 2024, with a negative impact of 0.3% of sales. Consumption (purchases plus change in inventories) as a percentage of sales was 45.5% in 2025, compared with 46.4% in 2024;

27. COSTS FOR SERVICES

	2025	2024	Change
Outsourced processing	10,990	10,966	24
Natural gas and power	8,742	9,085	(343)
Maintenance	7,867	7,907	(40)
Transport	5,797	5,703	94
Advisory services	2,640	2,654	(14)
Travel expenses and allowances	930	944	(14)
Commissions	1,231	1,519	(288)
Directors' fees	1,186	1,169	17
Insurance	1,402	1,257	145
Canteen	1,208	1,289	(81)
Other costs	7,793	8,450	(657)
Total	**49,786**	**50,943**	**(1,157)**

The main outsourced processing include hot moulding of brass and steel blanking as well as some mechanical processing and assembly. Other costs included expenses for the registration of patents, waste disposal, cleaning, leasing third-party assets and other minor charges.

28. PERSONNEL COSTS

	2025	2024	Change
Salaries and wages	48,617	47,959	658
Social Security costs	13,691	13,802	(111)
Temporary agency workers	4,047	4,995	(948)
Post-employment benefit and other costs	3,568	3,551	17
Stock grant plan	595	95	500
Total	**70,518**	**70,402**	**116**

The Group workforce as at 31 December 2025 was 1,733 (1,717 as at 31 December 2024), of which 1,617 were employees (1,570 as at 31 December 2024). The number of temporary staff was 116 (147 at 31 December 2024). The number of employees compared to the previous year increased by 16.
Overall, staff costs remained unchanged compared with the previous financial year: the inflationary pressures that characterised the 2025 financial year, particularly in relation to the Italian companies and the Turkish subsidiary, were kept in check through the implementation of efficiency measures.
The item "Stock Grant Plan" included the measurement at 31 December 2025 of the fair value of options to the allocation of shares of the Parent Company assigned to Group employees. For details of the Stock Grant Plan, refer to Note 39.

29. OTHER OPERATING COSTS

	2025	2024	Change
Non-income taxes	660	604	56
Other operating expenses	354	562	(208)
Contingent liabilities	247	230	17
Losses and write-downs of trade receivables	1,074	320	754
Provisions for risks	544	32	512
Other provisions	32	2	30
Total	**2,911**	**1,750**	**1,161**

Non-income taxes chiefly relate to property tax. For details regarding provisions for bad debts and provisions for risks and charges, please refer to the relevant notes, namely Note 25 and Note 35 respectively.

30. FINANCIAL INCOME

	2025	2024	Change
Interest from bank accounts	397	1,341	(944)
MEC option valuation adjustment (note 15)	-	959	(959)
Interest rate derivatives	23	88	(65)
Other financial income	191	92	99
Total	**611**	**2,480**	**(1,869)**

31. EXPENSES FROM HYPERINFLATION/FINANCIAL EXPENSES

	2025	2024	Change
Expenses from hyperinflation	**2,631**	**4,215**	**(1,584)**
Interest paid to banks	2,455	3,256	(801)
Interest paid on finance lease contracts	305	346	(41)
Banking expenses	224	230	(6)
MEC option valuation adjustment (note 15)	5,034	-	5,034
Other financial expense	559	826	(267)
Financial expenses	**8,577**	**4,658**	**3,919**

As from 2022, the effect of inflation on the Turkish subsidiaries was recognised, which involved in these financial statements, the recognition of overall hyperinflation expenses of €2,631 thousand. For an appropriate and thorough analysis, please refer to the specific paragraph "Hyperinflation – Turkey: application of IAS 29" 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. Other financial expenses mainly include interest expenses related to the early transfer of trade receivables to factors.

32. EXCHANGE RATE GAINS AND LOSSES

DURING 2025, the Group recorded net foreign exchange gains of €2,591,000. This amount includes €1,521,000 resulting from the revaluation at year-end exchange rates of the US dollar-denominated financial debt relating to the put option granted to MEC's minority shareholders (Note 15). During 2024, the Group recorded net foreign exchange gains of €1,471 thousand, mainly due to the appreciation of the US dollar against the euro.

33. INCOME TAXES

	2025	2024	Change
Current taxes for the year	577	3,914	(3,337)
Deferred tax assets and liabilities	799	996	(217)
Taxes related to previous financial years	37	6	(43)
Total	**1,319**	**4,916**	**(3,597)**

Reconciliation between the tax burden booked in the financial statements and the theoretical tax burden calculated according to the statutory tax rates currently in force in Italy is shown in the following table:

	2025	2024
Theoretical income tax	2,207	3,074
Permanent tax differences	(753)	(286)
Taxes related to previous financial years	25	16
Tax effect from different foreign tax rates	92	169
Effect of non-recoverable tax losses	524	912
“Super and Iperammortamento” tax benefit	(209)	(446)
Patent Box benefit	0	(32)
Hyperinflation – Turkey	870	2,949
Tax incentives for investments in Turkey	(2,470)	(1,513)
Other differences	565	(372)
Income taxes booked in the accounts, excluding IRAP and withholding taxes (current and deferred)	**851**	**4,471**
IRAP (current and deferred)	467	445
Total	**1,318**	**4,916**

Theoretical taxes were calculated applying the current corporate income tax (IRES) rate, i.e. 24% to the pre-tax result. IRAP is not taken into account for the purpose of reconciliation because, as it is a tax with a different assessment basis from pre-tax profit, it would generate distorting effects.
In these consolidated financial statements, the Group recognised:

- the tax benefits relating to "Superammortamento" (Super amortisation) and "Iperammortamento" (Hyper amortisation), related to the investments made in Italy, amounting to €209 thousand (€446 thousand in 2024);
- the tax benefits deriving from the investments made in Turkey amounting to €2,470 thousand (€1,513 thousand in 2024);
- the tax effects of the changed local legislation in Turkey and the partial recognition for tax purposes of the accounting effects of hyperinflation, which resulted in the recognition of higher deferred tax assets of €2,123 thousand.

34. EARNINGS PER SHARE

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

Profit

(€/000)	2025	2024
Profit for the year	5,180	6,928

Number of shares

	2025	2024
Weighted average number of ordinary shares for determining basic earnings per share	12,454,378	12,510,823
Dilutive effect from potential ordinary shares	-	-
Weighted average number of ordinary shares for determining diluted earnings per share	12,454,378	12,510,823

Earnings per share

(in €)	**2025**	**2024**
Basic earnings per share	0.416	0.554
Diluted earnings per share	0.416	0.554

Basic earnings per share are calculated on the average number of outstanding shares minus the average number of treasury shares, equal to 232,417 in 2025 (175,972 in 2024). Diluted earnings per share are calculated taking into account any shares approved but not yet subscribed.

35. DIVIDENDS

On 29 May 2025, shareholders were paid an ordinary dividend of €0.58 per share (total dividends of €7,220 thousand in implementation of the shareholders' resolution of 29 April 2025. The Directors have recommended payment of a dividend of €0.58 per share this year, subject to approval of shareholders in the annual Shareholders' Meeting and therefore not included under liabilities in these financial statements. The dividend proposed is scheduled for payment on 27 May 2026 (ex-date 25 May and record date 26 May).

36. INFORMATION BY BUSINESS SEGMENT

Information by business segment for 2025 and 2024 is provided below

2025 FY

	Gas parts (household and professional)	**Hinges**	**Electronic components**	**Components for induction cooking**	**Unallocated Revenues and Costs**	**Total**
Sales	165,695	90,164	22,954	423	(1,035)	**278,201**
Operating profit	16,541	10,877	2,603	(3,379)	(10,479)	**16,163**

2024 FY

	Gas parts (household and professional)	**Hinges**	**Electronic components**	**Components for induction cooking**	**Unallocated Revenues and Costs**	**Total**
Sales	164,081	86,627	25,783	474	8,126	**285,091**
Operating profit	14,153	8,270	4,120	(717)	(8,087)	**17,739**

Unallocated Revenues and costs refer to:

- unallocated revenues and costs refer to auxiliary or common activities, such as overhead costs, which cannot be allocated to individual business segments;
- accounting effects resulting from the application of IAS 29, for which the Group's reporting system does not allow recognition by operating segment.

37. INFORMATION ON FINANCIAL RISK

Categories of financial instruments

In accordance with IFRS 7, a breakdown of the financial instruments is shown below, among the categories set forth in IFRS 9:

	31/12/2025	31/12/2024
Financial assets		
Amortised cost		
Cash and cash equivalents	34,536	30,641
Term bank deposits	3,738	2,744
Trade receivables and other receivables	66,817	69,159
Fair value through profit or loss		
Derivatives to hedge cash flows	164	376
Hedge accounting		
Derivatives to hedge cash flows	92	-

Financial liabilities		
Amortised cost		
Loans	98,754	96,089
Other financial liabilities	-	-
Trade payables	39,585	41,681
Fair value through profit or loss		
Option on MEC minorities	14,982	11,469
Hedge accounting		
Derivatives to hedge cash flows	4	84

The Group is exposed to financial risks related to its operations, mainly:

- credit risk, with special reference to normal trade relations with customers;
- market risk, relating to the volatility of prices of commodities, foreign exchange and interest rates;
- liquidity risk, which can be expressed by the inability to find financial resources necessary to ensure Group operations.

It is part of the Sabaf Group's policies to hedge exposure to changes in prices and in fluctuations in exchange and interest rates via derivative financial instruments. Hedging is done using forward contracts, options or combinations of these instruments. Generally speaking, the maximum duration covered by such hedging does not exceed 18 months. The Group does not engage in speculative transactions. When the derivatives used for hedging purposes meet the necessary requisites, hedge accounting rules are followed.

Credit risk management

Trade receivables involve producers of domestic appliances, multinational groups and smaller manufacturers in a few or single markets. The Group assesses the creditworthiness of all its customers at the start of supply and systemically at least on an annual basis. The procedure adopted for credit management includes, inter alia:

- the assignment of a specific credit limit for each customer;
- weekly verification of receivables overdue;
- the sending of payment reminders on a monthly basis;
- the definition of a time limit after credit expiry beyond which deliveries are blocked (no deliveries and no confirmation of new orders).

The Group factors receivables with factoring companies based on without recourse agreements, thereby transferring the related risk.
A credit insurance policy is in place, which guarantees cover for approximately 35.1% of trade receivables.
Credit risk relating to customers operating in emerging economies is generally attenuated by the expectation of revenue through letters of credit.

Forex risk management
The key currencies other than the euro to which the Group is exposed are the US dollar, the Brazilian real and the Turkish lira, in relation to sales made in dollars (chiefly on some Asian and American markets) and the production units in Brazil and Turkey. The sales prices of the Turkish subsidiary are exclusively denominated in euro or US dollars; those of the Brazilian subsidiary are denominated in Brazilian real for domestic sales and in US dollars for exports. Sales in US dollars represented 31.2% of total turnover in 2025, while purchases in dollars represented 11.5% of total turnover. During the year, operations in dollars were partially hedged through forward sales contracts. As at 31 December 2025, the Group had no outstanding forward foreign exchange contracts.

Sensitivity analysis
With reference to financial assets and liabilities in US dollars at 31 December 2025, a hypothetical and immediate appreciation of 10% of euro against the dollar would have led to a loss of €1,704 thousand.

Net value of assets and liabilities in foreign subsidiaries
The net value of assets and liabilities in foreign subsidiaries constitutes an investment in foreign currency, which generates a translation difference on consolidation of the Group, with an impact on the comprehensive income statement and the financial position. The table below shows the impact on the Group's equity of a 10% increase or decrease in the value of each currency against the euro at the end of 2025:

Value date	**Effect on Group Shareholders' Equity**	
Brazilian real	+/-	1,841
Turkish lira	+/-	7,158
Mexican peso	+/-	1,302
Indian Rupee	+/-	428
Chinese renminbi	+/-	123
US Dollar	+/-	1,259
Total	**+/-**	**12,111**

Interest rate risk management

Excluding the financial liabilities related to the put option on minority interests and leases, at the end of 2025, approximately 89% of the Group's gross financial debt was at a fixed rate or converted to a fixed rate by entering into interest rate swaps (IRS) when the loan was opened. As at 31 December 2025, IRS totalling €44.5 million were in place, mirrored in loans with the same residual debt. These derivative contracts have been designated as cash flow hedges and are therefore accounted for using hedge accounting, with the exception of the IRS contract with Mediobanca, which is accounted for at fair value with the gain or loss recognised in the income statement.

The following table shows the characteristics of the derivative financial instruments described in the previous paragraph.

Company	Counterparty	Instrument	Maturity	Value date	Notional	Fair value hierarchy
Sabaf S.p.A.	Mediobanca	IRS	28/04/27	EUR	6,320,000	2
	Intesa Sanpaolo		31/12/29		6,400,000	
	Credito Emiliano		19/05/30		4,531,928	
	Intesa Sanpaolo		30/05/30		2,700,000	
	MPS		30/06/30		4,500,000	
	Crédit Agricole		30/06/30		20,000.00	

Sensitivity analysis

With reference to financial liabilities at variable rate at 31 December 2025, a hypothetical and immediate 1% increase in interest rates would have led to a loss of €205 thousand.

Commodity price risk management

A significant portion of the Group's purchase costs is represented by aluminium, steel and brass. Based on market conditions and contractual agreements, the Group may not be able to pass on changes in raw material prices to customers in a timely and/or complete manner, with consequent effects on margins. The Group protects itself from the risk of changes in the price of aluminium, steel and brass with supply contracts signed with suppliers for delivery up to twelve months in advance or, alternatively, with derivative financial instruments. During 2025, the Group entered into a commodity swap contract relating to aluminium consumption, which was accounted for under hedge accounting and closed during the financial year. In 2024, the Group did not use financial derivatives on commodities.

Liquidity risk management

The Group operates with a debt ratio considered physiological (net financial debt/shareholders' equity at 31 December 2025 of 47.07%, net financial debt/EBITDA of 1.84) and has unused short-term lines of credit. To minimise the risk of liquidity, the Administration and Finance Department:

- maintains a correct balance of net financial debt, financing investments with capital and with medium to long-term debt.
- verifies systematically that the short-term accrued cash flows (amounts received from customers and other income) are expected to accommodate the deferred cash flows (short-term financial debt, payments to suppliers and other outgoings);

- regularly assesses expected financial needs in order to promptly take any corrective measures.

An analysis by expiry date of financial payables at 31 December 2025 and 31 December 2024 is shown below:

At 31 December 2025

	Carrying value	Contractual cash flows	Within 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years
Short-term bank loans	2,000	2,004	2,004	-	-	-
Unsecured loans	61,435	64,726	2,645	20,040	42,013	28
Bond issue	29,790	32,220	-	555	25,554	6,111
Finance leases	5,268	5,884	512	1,348	2,290	1,734
MEC option	14,982	14,982	-	14,982	-	-
Derivative instruments	264	264	264	-	-	-
Total financial payables	**113,739**	**120,080**	**5,425**	**36,925**	**69,857**	**7,873**
Trade payables	39,586	39,585	35,982	3,603	-	-
Total	**153,325**	**159,665**	**41,407**	**40,528**	**69,857**	**7,873**

At 31 December 2024

	Carrying value	Contractual cash flows	Within 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years
Short-term bank loans	12,940	12,973	12,973	-	-	-
Unsecured loans	46,754	49,106	2,669	17,083	29,354	-
Bond issue	29,755	32,775	-	555	19,887	12,333
Finance leases	6,640	7,461	530	1,572	4,991	368
MEC option	11,469	11,469	-	11,469	-	-
Derivative instruments	84	84	84	-	-	-
Total financial payables	**107,642**	**113,868**	**16,256**	**30,679**	**54,232**	**12,701**
Trade payables	41,681	41,681	37,743	3,936	2	-
Total	**149,323**	**155,549**	**53,999**	**34,615**	**54,234**	**12,701**

The various due dates are based on the period between the end of the reporting period and the contractual expiry date of the commitments, the values indicated in the table correspond to non-discounted cash flows. Cash flows include the shares of principal and interest; for floating rate liabilities, the shares of interest are determined based on the value of the reference parameter at the end of the reporting period and increased by the spread set forth in each contract.

Hierarchical levels of fair value assessment

The revised IFRS 7 requires that financial instruments reported in the statement of financial position at fair value be classified based on a hierarchy that reflects the significance of the input used in determining the fair value. IFRS 7 makes a distinction between the following levels:

- Level 1 – quotations found on an active market for assets or liabilities subject to assessment;
- Level 2 - input other than prices listed in the previous point, which can be observed directly (prices) or indirectly (derived from prices) on the market;
- Level 3 – input based on observable market data.

The following table shows the financial assets and liabilities valued at fair value at 31 December 2025, by hierarchical level of fair value assessment.

	Level 1	Level 2	Level 3	Total
Other financial assets (derivatives on interest rates)	-	164	-	164
Total assets	**-**	**164**	**-**	**164**
Other financial liabilities (MEC put option)	-	-	14,982	14,982
Total liabilities	**-**	**-**	**14,982**	**14,982**

With reference to the financial liability arising from the recognition of the put option in favour of MEC's minority shareholders, a sensitivity analysis was performed to verify the impact of any changes in the discount rate and exchange rate. Specifically, with 0.5% increases/decreases in the discount rate and 10% increases/decreases in the exchange rate, the value of the put option could vary between + €1.9 million and - €1.6 million.

38. RELATED PARTY TRANSACTIONS

Transactions between consolidated companies were derecognised from the consolidated financial statements and are not reported in these notes. No transactions with other related parties took place in the 2025 and 2024 financial years.

Fees to directors, statutory auditors and executives with strategic responsibilities
Please see the 2025 Report on Remuneration for this information.

39. SHARE-BASED PAYMENTS

2024 – 2026 Stock Grant Plan
A plan for the free allocation of shares, approved by the Shareholders' Meeting of 8 May 2024, is in place. The related Regulations were approved by the Board of Directors on 18 June 2024. The main features of this Plan are summarised below.

<u>Aim</u>
The Plan aims to promote and pursue the involvement of the beneficiaries whose activities are considered relevant for the implementation of the contents and the achievement of the objectives set out in the Business Plan, foster loyalty development and motivation of managers, by increasing their entrepreneurial approach as well as align the interests of management with those of the Company's shareholders more closely, with a view to promoting the sustainable success of the Company and the Group, the achievement of specific levels of growth and development, and the Group’s sustainable objectives.

Purpose

The purpose 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 relevant Plan, 1 Sabaf S.p.A. share.
The free allocation of Sabaf S.p.A. shares is conditional on the achievement, in whole or in part, with progressiveness, of the business targets related to the ROI and EBITDA and the social and environmental targets.

Beneficiaries

The Plan is intended for persons who hold or will hold key positions in the Company and/or its Subsidiaries, with reference to the implementation of the contents and the achievement of the objectives of the 2024 - 2026 Business Plan. A total of 263,000 Rights were allocated to the Beneficiaries already identified.

Deadline

The 2024 - 2026 Plan is due to expire in 2027.

Accounting impacts and Fair Value measurement methods

In connection with this Plan, €595,000 (Note 28) were recognised in personnel costs during the year, an equity reserve of the same amount (Note 13) was recognised as a balancing entry.
In line with the date on which the beneficiaries became aware of the assignment of the rights and terms of the plan, the grant date was set at 1 July 2024.

The main assumptions made at the beginning of the vesting period and the methods for determining the fair value at the end of the reporting period are illustrated below. The following economic and financial parameters were taken into account in determining the fair value per share at the start of the vesting period:

Share price on grant date adjusted for dividends	€16.60
Dividend yield	2.90%
Expected volatility per year	31.30%
Interest rate per year	3.10%

Based on the exercise right at the different dates established by the Plan Regulations and on the estimate of the expected probability of achieving the objectives for each reference period, the unitary fair value at 31 December 2025 was determined as follows:

Rights relating to objectives measured on ROI	Total value on ROI	-	Fair Value	-
	Rights on ROI	35%		

Rights relating to objectives measured on EBITDA	Total value on EBITDA	10.79	Fair Value	4.86
	Rights on EBITDA	45%		

Rights relating to ESG objectives measured on personnel training	Total value on "Personnel training"	14.02	Fair Value	0.70
	Rights on "Personnel training".	5%		

Rights relating to ESG objectives measured on safety indicator	Total value on "Safety indicator"	10.17	Fair Value	0.51
	Rights on "Safety indicator"	5%		

Rights relating to ESG objectives measured on reduction of emissions.	Total value on "Reduction of emissions"	13.73	Fair Value	1.37
	Rights on "Reduction of emissions"	10%		

Fair Value per share	7.44

40. CAPITAL MANAGEMENT

For the purposes of managing the Group's capital, it has been defined that this includes the issued share capital, the share premium reserve and all other capital reserves attributable to the shareholders of the Parent Company. The main objective of capital management is to maximise the value for shareholders. In order to maintain or correct its financial structure, the Group may intervene in dividends paid to shareholders, purchase its own shares, redeem capital to shareholders or issue new shares. The Group controls equity using a gearing ratio consisting of the ratio of net financial debt (as defined in Note 23) to shareholders' equity. The Group's policy is to keep this ratio below 1. In order to achieve this objective, the management of the Group's capital aims, among other things, to ensure that the covenants, linked to loans, which define the capital structure requirements, are complied with. Violations of covenants would allow the lenders to demand immediate repayment of loans (Note 14). During the current financial year, there

were no breaches of the covenants linked to loans.
In the years ended 31 December 2025 and 2024, no changes were made to the objectives, policies and procedures for capital management.

41. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

Pursuant to the Consob memorandum of 28 July 2006, the Group reports that during 2025 that no significant non-recurring events or transactions, as defined by the memorandum, took place.

42. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In light of the sudden death, on 18 February 2026, of the company's CEO, Pietro Iotti, the Company promptly made changes to its governance. By resolution of 18 February 2026, the Board of Directors assigned ad interim to director and CFO Mr Gianluca Beschi the powers previously granted to Mr Iotti.

On 24 March 2026, the Board of Directors confirmed Gianluca Beschi as CEO and CFO and appointed Mr Andrea Bonfadelli, previously Technical Director of the Gas Division and Group Supply Chain Director, as General Manager of the Company, by attributing them with the relative delegations and powers.

43. ATYPICAL AND/OR UNUSUAL TRANSACTIONS

Pursuant to CONSOB memorandum of 28 July 2006, the Group declares that no atypical and/or unusual transactions as defined by the CONSOB memorandum were carried out during 2025.

44. COMMITMENTS

Guarantees issued

The Sabaf Group has issued sureties to guarantee consumer and mortgage loans granted by banks to Group employees for a total of €1,787 thousand.

45. SCOPE OF CONSOLIDATION AND SIGNIFICANT EQUITY INVESTMENTS

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	Jundiaì - São Paulo (Brazil)	BRL 53,348,061	Sabaf S.p.A.	100%
Sabaf Beyaz Esya Parcalari Sanayi Ve Ticaret Limited Sirketi (Sabaf Turkey)	Manisa (Turkey)	TRY 1,306,029,421	Sabaf S.p.A.	100%
Sabaf Appliance Components Ltd.	Kunshan (China)	CNY 78,062,950	Sabaf S.p.A.	100%
Sabaf India Private Limited	Bangalore (India)	INR 311,666,338	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 Potosì (Mexico)	MXN 141003832	Sabaf S.p.A.	100%
C.M.I. Cerniere Meccaniche Industriali S.r.l. on 31 December 2021.	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 4000000	Sabaf S.p.A.	100%
Mansfield Engineered Components LLC (MEC)	Mansfield (USA)	USD 2,823,248	Sabaf America	51%

46.GENERAL INFORMATION ON THE PARENT COMPANY

Name of the parent company:	Sabaf S.p.A.
Legal status:	Joint-stock company (S.p.A.)
Domicile of entity:	Italy
Registered and administrative office:	Via dei Carpini, 1 – 25035 Ospitaletto (BS) - Italy
Main place of business:	Via dei Carpini, 1 – 25035 Ospitaletto (BS) - Italy
Country of registration:	Italy
Contacts:	Tel: +39 030 - 6843001 Fax: +39 030 - 6848249 E-mail: info@sabaf.it Website: www.sabafgroup.com
Tax information:	REA Brescia 347512 Tax code 03244470179 VAT number 01786910982

Type of business:
The purpose of the company is the design, production and sale of gas fittings and burners, thermostats, safety valves, other components and accessories for household appliances, as well as sanitary and plumbing fittings in general. The purpose of the company is also the design, construction and trade of machine tools, automation systems in general and related equipment, tools, as well as the provision of related maintenance, repair, support and business organisation services. The company, within the limits set by the relevant regulations in force, may carry out any other security, property, industrial and commercial transaction that is deemed necessary, appropriate or useful for the achievement of the company purpose. It may acquire shareholdings in other companies whose purpose is similar or related to its own as well as provide personal guarantees or collaterals including mortgages also for third parties' obligations provided that such activities do not take precedence over the company's business and are not carried out vis-à-vis the public and therefore within the limits and in the manner provided for by Legislative Decree No. 385/1993; the company can perform the management and coordination function with regard to its subsidiaries, providing the organisational, technical, managerial and financial support and coordination deemed appropriate. However, the activities reserved to investment companies under Legislative Decree No. 415/1996, and pursuant to the relevant provisions in force, are excluded.

Appendix
Information as required by Article 149-duodecies of the CONSOB Issuers' Regulation

The following table, prepared pursuant to Art. 149-duodecies of the CONSOB Issuers' Regulation, shows fees relating to 2025 for auditing and for services other than auditing provided by the Independent Auditors and their network.

(in thousands of Euro)	**Party providing the service**	**Recipient**	**Fees pertaining to the 2025 financial year**
Audit	EY S.p.A.	Parent company	48
	EY S.p.A.	Italian subsidiaries	57
	EY network	Foreign subsidiaries	56
Limited Assessment Sustainability Reporting	EY S.p.A.	Parent company	37.5
Other services	EY S.p.A.	Parent company	33.3(1)
	EY S.p.A.	Italian subsidiaries	8.5(2)
Total			***240.3***

(1) Agreed auditing procedures in relation to interim reports of management and audit procedures in respect of the Statement of Expenditure on Research and Development and Transition 5.0 tax credit certification.
(2) Revision of the Statement of Expenditure on Research and Development.

Certification of the Consolidated Financial Statements, in accordance with Article 154 bis of Italian Legislative Decree no. 58/98

The undersigned Gianluca Beschi, CEO and Financial Reporting Officer of Sabaf S.p.A., has 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 for the formation of the consolidated financial statements during the 2025 financial year.

They also certify that:

- the Consolidated Financial Statements:
  - were prepared in accordance with the international accounting policies recognised in the European Community in accordance with EC regulation 1606/2002 of the European Parliament and Council of 19 July 2002 and with the measures issued in implementation of Article 9 of Italian Legislative Decree 38/2005;
  - 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 report on operations contains a reliable analysis of the performance and results of operations and the situation of the issuer and the companies included in the scope of consolidation, along with a description of the key risks and uncertainties to which they are exposed.

Ospitaletto, 24 March 2026

CEO and Financial Reporting Officer

Gianluca Beschi

SABAF S.p.A.

SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2025

CORPORATE BODIES

Board of Directors	
Chairwoman	Claudio Bulgarelli
Chief Executive Officer	Gianluca Beschi
Director	Alessandro Potestà
Director	Christian Richard Prinoth
Director	Cinzia Saleri
Director (*)	Laura Ciambellotti
Director (*)	Francesca Michela Maurelli
Director (*)	Federica Menichetti
Director (*)	Daniela Toscani

(*) Independent directors

Board of Statutory Auditors	
Chairwoman	Alessandra Tronconi
Statutory Auditor	Maria Alessandra Zunino de Pignier
Statutory Auditor	Mauro Vivenzi

Independent Auditors	EY S.p.A.

Statement of financial position

(in €)	NOTES	31/12/2025	31/12/2024
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	**1**	40,437,982	41,411,044
Investment property	**2**	408,012	536,584
Intangible assets	**3**	7,583,103	8,300,878
Equity investments	**4**	129,504,556	130,922,447
Non-current financial assets	**5**	3,999,950	7,294,122
- of which from related parties	**38**	*3,999,950*	*7,294,122*
Non-current receivables	**6**	700,162	676,733
Deferred tax assets	**22**	2,337,203	3,137,496
Total non-current assets		**184,970,968**	**192,279,305**
CURRENT ASSETS			
Inventories	**7**	23,873,967	23,870,264
Trade receivables	**8**	30,182,959	30,793,497
- of which from related parties	**38**	*15,459,371*	*12,476,174*
Tax receivables	**9**	3,778,164	4,748,643
- of which from related parties	**38**	*919,768*	*400,798*
Other current receivables	**10**	4,133,113	1,514,010
- of which from related parties	**38**	*2,596,513*	*0*
Current financial assets	**11**	256,390	375,526
Cash and cash equivalents	**12**	10,911,464	2,039,118
Total current assets		**73,136,057**	**63,341,057**
TOTAL ASSETS		**258,107,025**	**255,620,362**
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	**13**	12,686,795	12,686,795
Retained earnings, Other reserves		105,313,641	112,386,335
Profit for the year		10,652,567	1,327,683
Total shareholders' equity		**128,653,003**	**126,400,813**
NON-CURRENT LIABILITIES			
Loans	**15**	70,438,642	58,117,675
Post-employment benefits and retirement provisions	**17**	1,290,114	1,481,739
Provisions for risks and charges	**18**	281,139	262,604
Deferred tax liabilities	**22**	447,015	440,753
Total non-current liabilities		**72,456,910**	**60,302,771**
CURRENT LIABILITIES			
Loans	**15**	23,484,284	34,525,653
- of which from related parties	**38**	*0*	*3,000,000*
Other financial liabilities	**16**	86,271	9,600
Trade payables	**19**	21,165,052	21,626,206
- of which from related parties	**38**	*1,748,282*	*1,333,329*
Tax payables	**20**	575,389	1,819,400
- of which from related parties	**38**	*9,918*	*50,674*
Other payables	**21**	11,686,116	10,935,920
Total current liabilities		**56,997,112**	**68,916,778**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**258,107,025**	**255,620,362**

Income statement

(in €)	NOTES	2025	2024
INCOME STATEMENT COMPONENTS			
OPERATING REVENUE AND INCOME			
Revenue	**24**	105,263,336	106,227,726
- of which from related parties	**38**	*21,982,671*	*21,466,025*
Other income	**25**	7,627,596	6,890,868
- of which from related parties	**38**	*3,167,085*	*2,878,829*
Total operating revenue and income		**112,890,932**	**113,118,594**
OPERATING COSTS			
Materials	**26**	(48,576,571)	(50,960,776)
- of which from related parties	**38**	*(2,772,721)*	*(2,221,821)*
Change in inventories		3,704	2,033,845
Services	**27**	(25,315,677)	(24,605,982)
- of which to related parties	**38**	*(559,124)*	*(322,630)*
Personnel costs	**28**	(32,526,643)	(32,175,450)
Other operating costs	**29**	(965,720)	(799,802)
Costs for capitalised in-house work		1,812,057	2,608,193
Total operating costs		**(105,568,850)**	**(103,899,973)**
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION, CAPITAL GAINS/LOSSES, WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS		**7,322,082**	**9,218,621**
Amortisation/depreciation	**1,2,3**	(8,785,485)	(8,117,441)
Capital gains/(losses) on disposals of non-current assets		572,799	685,223
- of which to related parties	**38**	*446,512*	*643,810*
EBIT		**(890,604)**	**1,786,403**
Financial income	**30**	360,332	943,995
- of which to related parties	**38**	*266,194*	*694,171*
Financial expenses	**31**	(2,642,331)	(3,479,369)
- of which to related parties		*(30,240)*	*(138,299)*
Exchange rate gains and losses	**32**	(1,542,954)	824,669
Profits and losses from equity investments	**33**	14,273,439	1,098,982
- of which to related parties		*14,273,439*	*1,107,220*
PROFIT BEFORE TAXES		**9,557,882**	**1,174,686**
Income taxes	**34**	1,094,686	152,998
PROFIT FOR THE YEAR		**10,652,568**	**1,327,683**

Comprehensive income statement

(in €)	2025	2024
PROFIT FOR THE YEAR	**10,652,567**	**1,327,683**
Total profits/losses that will not be subsequently reclassified under profit (loss) for the year		
Actuarial evaluation of post-employment benefits	45,739	31,729
Tax effect	(10,977)	(7,615)
	34,762	24,114
Total profits/losses that will not be subsequently reclassified under profit (loss) for the year		
Hedge accounting for derivative financial instruments	67,378	0
Total other profits/(losses) net of taxes for the year	**102,140**	**24,114**
TOTAL PROFIT	**10,754,707**	**1,351,797**

Statement of changes in shareholders' equity

(€/000)	Share capital	Share premium reserve	Legal reserve	Treasury shares	Actuarial valuation of Post-employment benefit reserve	Other reserves	Profit for the year	Total shareholders' equity
Balance at 31 December 2023	**12,687**	**26,160**	**2,307**	**(3,684)**	**(392)**	**91,360**	**3,504**	**131,942**
Allocation of 2023 profit: To legal reserve			175				(175)	0
Payment of dividends						(3,447)	(3,329)	(6,776)
Purchase/sale of treasury shares				(211)				(211)
Stock grant plan (IFRS 2)				1,573		(1,479)		94
Total profit at 31/12/24					24		1,328	1,352
Balance at 31 December 2024	**12,687**	**26,160**	**2,482**	**(2,322)**	**(368)**	**86,434**	**1,328**	**126,401**
Allocation of 2024 profit: - To legal reserve			55				(55)	0
- Payment of dividends						(5,947)	(1,273)	(7,220)
Purchase/sale of treasury shares				(1,879)				(1,879)
Stock grant plan (IFRS 2)						596		596
Total profit at 31/12/25					35	67	10,653	10775
Balance at 31 December 2025	**12,687**	**26,160**	**2,482**	**(4,201)**	**(333)**	**81,205**	**10,653**	**128,653**

Statement of Cash Flows

(€/000)	2025 FY	2024 FY
Cash and cash equivalents at beginning of year	**2,039**	**13,899**
Profit for the year	10,653	1,328
Adjustments for:		
- Depreciations and amortisation	8,785	8,117
- Realised gains	(573)	(685)
- Profits and losses from equity investments	(14,273)	(1,099)
- Valuation of the stock grant plan	596	94
- Net financial income and expenses	2,282	2,535
- Non-monetary foreign exchange differences	189	(393)
- Income tax	(1,095)	(153)
Change in post-employment benefits	(157)	(68)
Change in risk provisions	19	(35)
Change in trade receivables	*611*	*(2,088)*
Change in inventories	*(4)*	*(2,034)*
Change in trade payables	*(461)*	*(979)*
Change in net working capital	146	(5,101)
Change in other receivables and payables, deferred taxes	2,362	1,957
Payment of financial expenses	(2,642)	(2,907)
Collection of financial income	551	857
Cash flows from operations	**6,841**	**4,448**
Investments in non-current assets		
- intangible	(1,328)	(6,618)
- tangible	(8,078)	(2,833)
- financial	(1,647)	(8,214)
Disposal of non-current assets	3,507	3,104
Cash flow absorbed by investments	**(7,545)**	**(14,561)**
Free cash flow	**(3,315)**	**(10,113)**
Repayment of loans	(37,503)	(22,759)
Raising of loans	38,353	14,988
Change in financial assets	3,106	8,833
Purchase/Sale of treasury shares	(1,879)	(211)
Payment of dividends	(7,220)	(6,776)
Collection of dividends	14,719	4,177
Cash flow absorbed by financing activities	**9,576**	**(1,747)**
Total cash flows	**8,872**	**(11,860)**
Cash and cash equivalents at end of year (Note 12)	**10,911**	**2,039**

EXPLANATORY NOTES

ACCOUNTING STANDARDS

Statement of compliance and basis of presentation

The separate financial statements of Sabaf S.p.A. for the financial year 2025 have been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union. Reference to IFRS also includes all current International Accounting Standards (IAS).
The separate financial statements are drawn up in euro, which is the currency in the economy in which the Company operates. The income statement, the comprehensive income statement and the statement of financial position schedules are prepared in euro, while the statement of cash flows, the statement of changes in shareholders' equity and the values reported in the explanatory notes are in thousands of euro.
The financial statements have been prepared on a historical cost basis except for some revaluations of property, plant and equipment undertaken in previous years, and are considered a going concern. With reference to this assumption, the Company assessed that it is a going concern (as defined by paragraphs 25 and 26 of IAS 1), also due to the strong competitive position, high profitability of the Sabaf Group and solidity of the financial structure.
Sabaf S.p.A., as the Parent Company, also prepared the consolidated financial statements of the Sabaf Group at 31 December 2025.

Financial statements

The Company 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 that expresses revenue and expense items not recognised in profit for the year as required or permitted by IFRS;
- 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 Company's capital, business and financial status.

Accounting policies

The accounting standards and policies applied for the preparation of the separate financial statements at 31 December 2025, unchanged versus the previous year, are shown below:

Property, plant and equipment

These are recognised at purchase or manufacturing cost. The cost includes directly chargeable ancillary costs. These costs also include revaluations undertaken in the past based on monetary revaluation rules or pursuant to company mergers.

Depreciation is calculated according to rates deemed appropriate to spread the carrying value of tangible assets over their useful working life. Estimated useful working life in years, unchanged compared to previous financial years, is as follows:

Buildings	33
Light constructions	10
General plant	10
Specific plant and machinery	6 – 10
Equipment	4
Furniture	8
Electronic equipment	5
Vehicles and other transport means	5

Ordinary maintenance costs are expensed in the year in which they are incurred; costs that increase the asset value or useful working life are capitalised and depreciated according to the residual possibility of utilisation of the assets to which they refer.
Land is not depreciated.

Leased assets
The Company assesses at the time of signing an agreement whether it is, or contains, a lease, or if the contract gives the right to control the use of an identified asset for a period of time in exchange for a consideration.
The Company adopts a single recognition and measurement model for all leases according to which the assets acquired relating to the right of use are shown under assets at purchase value less depreciation, any impairment losses and adjusted for any re-measurement of lease liabilities.
Assets are depreciated on a straight-line basis from the starting date of the agreement until the end of the useful life of the asset or the end of the lease agreement, whichever comes first. Set against recognition of such assets, the amounts payable to the lessor, are posted among short- and medium-/long-term payables, by measuring them at the present value of the lease payments not yet made. Moreover, financial charges pertaining to the period are charged to the income statement.

Adoption of the accounting standard IFRS 16 "Leases"

The Company applied IFRS 16 from 1 January 2019 by using the amended retrospective approach.
In adopting IFRS 16, the Company made use of the exemption granted in paragraph 5 a) in relation to leases with a duration of less than 12 months (known as short-term leases) and the exemption granted in paragraph 5 b) in relation to lease agreements whose underlying asset is a low-value asset. For these agreements, lease payments are recognised in the income statement on a straight-line basis for the duration of the respective agreements.

When evaluating the lease liabilities, Sabaf S.p.A. discounted the payments due for the lease using the incremental borrowing rate, the weighted average of which was 3.12% on 31 December 2025 and 2.63% on 31 December 2024.

The lease term is calculated based on the non-cancellable period of the lease, including the periods covered by the option to extend or to terminate the lease if it is reasonably certain that those options will be exercised or not exercised, taking account of all relevant factors that create an economic incentive relating to those decisions.

Assets held for sale

The Company classifies non-current assets as held for sale if their carrying value will be recovered mainly through a sale transaction, rather than through their continued use. These non-current assets classified as held for sale are measured at the lower of their carrying value and their fair value less costs to sell. Selling costs are the additional costs directly attributable to the sale, excluding financial expenses and taxes.

The condition for classification as held for sale is only met when the sale is highly probable and the asset is available for immediate sale in its present condition. The actions required to complete the sale should indicate that significant changes to the sale are unlikely or that the sale will be cancelled. Management must be committed to the sale, which should be completed within one year from the date of classification.

Depreciation of property, plant and equipment and amortisation of intangible assets stops when they are classified as available for sale.

Assets and liabilities classified as held for sale are presented separately in the financial statements.

Investment property

Investment property is valued at cost, including revaluations undertaken in the past based on monetary revaluation rules or pursuant to company mergers.

The depreciation is calculated based on the estimated useful life, considered to be 33 years.

If the recoverable amount of the investment property – determined based on the market value of the properties – is estimated to be lower than its carrying value, the asset's carrying value is reduced to the lower recoverable amount, recognising impairment in the income statement.

When there is no longer any reason for a write-down to be maintained, the carrying value of the asset (or cash generating unit) is increased to the new value stemming from the estimate of its recoverable amount – but not beyond the net carrying value that the asset would have had if it had not been written down for impairment. Reversal of impairment loss is recognised in the income statement.

Intangible assets

As established by IAS 38, intangible assets acquired or internally produced are recognised as assets when it is probable that use of the asset will generate future economic benefits and when asset cost can be measured reliably. If it is considered that these future economic benefits will not be generated, the development costs are written down in the year in which this is ascertained.

Such assets are measured at purchase or production cost and - if the assets concerned have a finite useful life - are amortised on a straight-line basis over their estimated useful life.

In order to reflect the higher degree of innovation in the induction sector compared to the other sectors in which the Company operates, as of these half-yearly separate financial statements the estimated useful life of development costs related to induction cooking projects has been set at 5 years (previously 10 years).
The useful life of projects other than those for induction cooking for which development costs are capitalised is estimated to be 10 years.
The SAP management system is amortised over five years.

Equity investments
Equity investments in subsidiaries, associates and joint-ventures are stated in the accounts at cost. In accordance with IAS 36, the value recognised in the financial statements is subject to an impairment test if there are indications of possible impairment.
Equity investments in companies other than subsidiaries, associates and joint ventures are classified as financial assets measured at fair value, which normally corresponds to the transaction price including directly attributable transaction costs. Subsequent changes in fair value are recognised in the Income statement (FVPL) or, if the option is exercised in accordance with the standard, in the Statement of comprehensive income (FVOCI) under the heading "Instrument reserve at FVOCI".

Impairment
At each end of the reporting period, Sabaf S.p.A. reviews the carrying value of its property, plant and equipment, intangible assets and equity investments to determine whether there are signs of impairment of these assets. If there is any such indication, the recoverable amount of said assets is estimated so as to determine the total of the write-down. If it is not possible to estimate the recoverable amount individually, the Company estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs. In particular, the recoverable amount of the cash generating units (which generally coincide with the legal entity to which the capitalised assets refer) is verified by determining the value of use. The recoverable amount is the higher of the net selling price and value of use. In measuring the value of use, future cash flows net of taxes, estimated based on past experience, are discounted to their present value using a pre-tax rate that reflects current market valuations of the present cost of money and specific asset risk. The main assumptions used for calculating the value of use concern the discount rate, growth rate, expected changes in selling prices and cost trends during the period used for the calculation. The growth rates adopted are based on future market expectations in the relevant sector. Changes in the sales prices are based on past experience and on the expected future changes in the market. The Company prepares operating cash flow forecasts based on the most recent budgets approved by the Boards of Directors of the investees, draws up four-year forecasts and determines the terminal value (current value of perpetual income), which expresses the medium- and long-term operating flows in the specific sector.
Furthermore, the Company checks the recoverable amount of its investees at least once a year when the separate financial statements are prepared.
If the recoverable amount of an asset (or CGU) is estimated to be lower than its carrying value, the asset's carrying value is reduced to the lower recoverable amount, recognising impairment of value in the income statement.

When there is no longer any reason for a write-down to be maintained, the carrying value of the asset (or cash generating unit) is increased to the new value stemming from the estimate of its recoverable amount – but not beyond the net carrying value that the asset would have had if it had not been written down for impairment. Reversal of impairment loss is recognised in the income statement.

Inventories

Inventories are measured at the lower of purchase or production cost – determined using the weighted average cost method – and the corresponding fair value represented by the replacement cost for purchased materials and by the presumed realisable value for finished and semi-processed products – calculated taking into account any manufacturing costs and direct selling costs yet to be incurred. Inventory cost includes accessory costs and the portion of direct and indirect manufacturing costs that can reasonably be assigned to inventory items. Inventories subject to obsolescence and low turnover are written down in relation to their possibility of use or realisation. Inventory write-downs are derecognised in subsequent years if the reasons for such write-downs cease to exist.

Trade receivables and other financial assets

Initial recognition

Upon initial recognition, financial assets are classified, as the case may be, on the basis of subsequent measurement methods, i.e. at amortised cost, at fair value recognised in other comprehensive income (OCI) and at fair value recognised in the income statement.
The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial assets and on the business model that the Company uses to manage them.
Trade receivables that do not contain a significant financing component are valued at the transaction price determined in accordance with IFRS 15. See the “Revenue from Contracts with Customers” paragraph.
Other financial assets are recognised at fair value plus, in the case of a financial asset not at fair value recognised in the income statement, transaction costs.
For a financial asset to be classified and measured at amortised cost or at fair value recognised in OCI, it must generate cash flows that depend solely on the principal and interest on the amount of principal to be repaid (known as ‘solely payments of principal and interest (SPPI)’). This measurement is referred to as the SPPI test and is carried out at the instrument level.

Subsequent measurement

- The measurement of financial liabilities depends on their classification, as described below.

Financial assets at amortised cost (debt instruments)

This category is the most important for the Company. The Company measures the financial assets at amortised cost if both of the following requirements are met:

- the financial asset is held as part of a business model whose objective is to hold financial assets for the purpose of collecting contractual cash flows

- and
- the contractual terms of the financial asset envisage, at certain dates, cash flows represented solely by payments of principal and interest on the amount of principal to be repaid.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or revalued.
Financial assets at amortised cost of the Company include trade receivables.

<u>Financial assets at fair value through profit or loss</u>
This category includes all assets held for trading, assets designated at initial recognition as financial assets measured at fair value with changes recognised in the income statement, or financial assets that must be measured at fair value. Assets held for trading are all those assets acquired for sale or repurchase in the short term. Derivatives, separated or otherwise, are classified as financial instruments held for trading, unless they are designated as effective hedging instruments. Financial assets with cash flows that are not represented solely by principal and interest payments are classified and measured at fair value through profit or loss, regardless of the business model. Financial instruments at fair value with changes recognised in the income statement are recognised in the statement of financial position at fair value and net changes in fair value are recognised in the income statement. This category includes derivative instruments.

The Company does not hold financial assets as financial assets at fair value through profit or loss with reclassification of cumulative gains and losses or financial assets as financial assets at fair value through profit or loss without reversal of cumulative gains and losses upon derecognition.

<u>Cancellation</u>
A financial asset (or, if applicable, part of a financial asset or part of a group of similar financial assets) is firstly written off (e.g. removed from the statement of financial position of the Company) when:

- the rights to receive cash flows from the asset are extinguished, or
- the Company transferred to a third party the right to receive financial flows from the asset or has taken on the contractual obligation to pay them fully and without delay and (a) transferred substantially all the risks and benefits of the ownership of the financial asset or (b) did not substantially transfer or retain all the risks and benefits of the asset, but transferred their control.

If the Company has transferred the rights to receive financial flows from an asset or has signed an agreement on the basis of which it retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the financial flows to one or more beneficiaries (pass-through), it considers whether or to what extent it has retained the risks and benefits concerning the ownership. If it has not substantially transferred or retained all the risks and benefits or has not lost control over it, the asset continued to be recognised in the financial statements of the Company to the extent of its residual involvement in the asset itself. In this case, the company also recognises an associated liability. The transferred asset and the associated liability are measured in such a way as to reflect the rights and obligations that pertain to the Company. When the residual involvement of the entity is a guarantee in the transferred asset, the involvement is measured based on the amount of the asset or the maximum amount of the consideration received that the entity could be obliged to pay, whichever lower.

Provisions for risks and charges

Provisions for risks and charges are provisioned to cover losses and debts, the existence of which is certain or probable, but whose amount or date of occurrence cannot be determined at the end of the year. Provisions are stated in the statement of financial position only when a legal or implicit obligation exists that determines the use of resources with an impact on profit and loss to meet that obligation and the amount can be reliably estimated. If the effect is significant, the provisions are calculated by updating future cash flows estimated at a rate including taxes such as to reflect current market valuations of the current value of the cash and specific risks associated with the liability.

Post-employment benefit

The post-employment benefit is provisioned to cover the entire liability accruing vis-à-vis employees in compliance with current legislation and with national and supplementary company collective labour contracts. This liability is subject to revaluation via application of indices fixed by current regulations. Up to 31 December 2006, post-employment benefits were considered defined-benefit plans and accounted for in compliance with IAS 19, using the projected unit-credit method. The regulations of this fund were amended by Italian Law no. 296 of 27 December 2006 and subsequent Decrees and Regulations issued during the first months of 2007. In the light of these changes, and, in particular, for companies with at least 50 employees, post-employment benefits must now be considered a defined-benefit plan only for the portions accruing before 1 January 2007 (and not yet paid as at the end of the reporting period). Conversely, portions accruing after that date are treated as defined-contribution plans.
Actuarial gains or losses are recognised immediately under "Other total profits/(losses)".

Trade payables and other financial liabilities

Initial recognition

All financial liabilities are initially recognised at fair value, in addition to directly attributable transaction costs in case of mortgages, loans and payables.
The Company's financial liabilities include trade payables and other payables, mortgages and loans, including current account overdrafts and derivative financial instruments.

Subsequent measurement

- The measurement of financial liabilities depends on their classification, as described below.
-

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value with changes recognised in the income statement include liabilities held for trading and financial liabilities initially recognised at fair value, with changes recognised in the income statement. Liabilities held for trading are those liabilities acquired in order to discharge or transfer them in the short term. This category also includes derivative financial instruments subscribed by the Company and not designated as hedging instruments in a hedging relationship pursuant to IFRS 9. Embedded derivatives, separated from the main contract, are classified as financial instruments held for trading, unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the income statement. Financial liabilities are designated at fair value with changes recognised in the income statement from the date of initial recognition, only if the criteria of IFRS 9 are met.

Loans and payables
This is the most important category for the Company and includes interest-bearing payables and loans. After initial statement, loans are valued using the amortised cost approach, applying the effective interest rate method. Gains and losses are recognised in the income statement when the liability is discharged, as well as through the amortisation process. Amortised cost is calculated by recognising the discount or premium on the acquisition and the fees or costs that are an integral part of the effective interest rate. Amortisation at the effective interest rate is included in financial expenses in the income statement.

Cancellation
A financial liability is derecognised when the obligation underlying the liability is discharged, cancelled or fulfilled. If an existing financial liability is replaced by another from the same lender, at substantially different conditions, or if the conditions of an existing liability are substantially changed, this replacement or change is treated as a derecognition of the original liability accompanied by the recognition of a new liability, with any differences between the carrying values recognised in the income statement.

Policy for conversion of foreign currency items
Receivables and payables originally expressed in foreign currencies are converted into euro at the exchange rates in force on the date of the transactions originating them. Forex differences realised upon collection of receivables and payment of payables in foreign currency are posted in the income statement. Income and costs relating to foreign-currency transactions are converted at the rate in force on the transaction date.
At year-end, assets and liabilities expressed in foreign currencies are posted at the spot exchange rate in force at the end of the reporting period and related foreign exchange gains and losses are posted in the income statement. If conversion generates a net gain, this value constitutes a non-distributable reserve until it is effectively realised.

Derivative instruments and hedge accounting
The Company's business is exposed to financial risks relating to changes in exchange rates, commodity prices and interest rates. The Company may decide to use derivative financial instruments to hedge these risks.
Derivatives are initially recognised at cost and are then adjusted to fair value on subsequent closing dates.
Changes in the fair value of derivatives designated and recognised as effective for hedging future cash flows relating to the Company's contractual commitments and planned transactions are recognised directly in shareholders' equity, while the ineffective portion is immediately posted in the income statement. If the contractual commitments or planned transactions materialise in the recognition of assets or liabilities, when such assets or

liabilities are recognised, the gains or losses on the derivative that were directly recognised in equity are factored back into the initial valuation of the cost of acquisition or carrying value of the asset or liability. For cash flow hedges that do not lead to recognition of assets or liabilities, the amounts that were directly recognised in equity are included in the income statement in the same period when the contractual commitment or planned transaction hedged impacts profit and loss – for example, when a planned sale actually takes place.
For effective hedges of exposure to changes in fair value, the item hedged is adjusted for the changes in fair value attributable to the risk hedged and recognised in the income statement. Gains and losses stemming from the derivative's valuation are also posted in the income statement.
Changes in the fair value of derivatives not designated as hedging instruments are recognised in the income statement in the period when they occur.
Hedge accounting is discontinued when the hedging instrument expires, is sold or is exercised, or when it no longer qualifies as a hedge. At this time, the cumulative gains or losses of the hedging instrument recognised in equity are kept in the latter until the planned transaction actually takes place. If the transaction hedged is not expected to take place, cumulative gains or losses recognised directly in equity are transferred to the year's income statement.
Embedded derivatives included in other financial instruments or contracts are treated as separate derivatives when their risks and characteristics are not strictly related to those of their host contracts and the latter are not measured at fair value with posting of related gains and losses in the income statement.

Revenue recognition
Revenue is recognised net of return sales, discounts, allowances and bonuses, as well as of the taxes directly associated with sale of goods and rendering of services.
Sales revenue is recognised when the company has transferred the significant risks and benefits associated with ownership of the goods and the amount of revenue can be reliably measured.
Revenues of a financial nature are recognised on an accrual basis.

Financial income
Finance income includes interest receivable on funds invested and income from financial instruments, when not offset as part of hedging transactions. Interest income is recognised in the income statement at the time of vesting, taking effective output into consideration.

Financial expenses
Financial expenses include interest payable on financial debt calculated using the effective interest method and bank expenses. All the other financial expenses are recognised as costs for the year in which they are incurred.

Income taxes for the year
Income taxes include all taxes calculated on the Company's taxable income. Income taxes are directly recognised in the income statement, with the exception of those concerning items directly debited or credited to shareholders' equity, in which case the tax effect is recognised directly in shareholders' equity. Other taxes not relating to income, such as property taxes, are included among operating expenses. Deferred taxes are provisioned in

accordance with the global liability provisioning method. They are calculated on all temporary differences that emerge from the taxable base of an asset or liability and its carrying value. Current and deferred tax assets and liabilities are offset when income taxes are levied by the same tax authority and when there is a legal right to settle on a net basis. Deferred tax assets and liabilities are measured using the tax rates that are expected to be applicable in the years when temporary differences will be realised or settled.

Dividends

Dividends are posted on an accrual basis when the right to receive them materialises, i.e. when shareholders approve dividend distribution.

Treasury shares

Treasury shares are booked as a reduction of shareholders' equity. The carrying value of treasury shares and revenues from any subsequent sales are recognised in the form of changes in shareholders' equity.

Equity-settled transactions

Some of the Company employees receive part of the remuneration in the form of share-based payments, therefore employees provide services in exchange for shares ("equity-settled transactions"). The cost of equity-settled transactions is determined by the fair value at the date on which the assignment is made using an appropriate measurement method, as explained in more detail in Note 45.

This cost, together with the corresponding increase in shareholders' equity, is recognised under personnel costs (Note 28) over the period in which the conditions relating to the achievement of objectives and/or the provision of the service are met. The cumulative costs recognised for such transactions at the end of each reporting period up to the vesting date are commensurate with the expiry of the vesting period and the best estimate of the number of equity instruments that will actually vest.

Service or performance conditions are not taken into account when defining the fair value of the plan at the assignment date. However, the probability of these conditions being met is taken into account when defining the best estimate of the number of equity instruments that will vest. Market conditions are reflected in the fair value at the assignment date. Any other condition related to the plan that does not involve a service obligation is not considered to be a vesting condition. Non-vesting conditions are reflected in the fair value of the plan and result in the immediate recognition of the cost of the plan, unless there are also service or performance conditions.

No cost is recognised for rights that do not vest in that the performance and/or service conditions are not met. When the rights include a market condition or a non-vesting condition, these are treated as if they had vested regardless of whether the market conditions or other non-vesting conditions to which they are subject are met or not, it being understood that all other performance and/or service conditions must be met.

If the conditions of the plan are changed, the minimum cost to be recognised is the fair value at the assignment date in the absence of the change in the plan itself, on the assumption that the original conditions of the plan are met. Moreover, a cost is recognised for each change that results in an increase in total fair value of the payment plan, or that is in any case favourable for employees; this cost is measured with reference to the date of change. When a plan is cancelled, any remaining element of the plan's fair value is immediately expensed to the income statement.

Use of estimates

Preparation of the separate financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the carrying values of assets and liabilities and the disclosures on contingent assets and liabilities at the end of the reporting period. Actual results might differ from these estimates. Estimates are used to measure tangible and intangible assets and investments subject to impairment testing, as described earlier, as well as to measure the ability to recover prepaid tax assets, provisions for bad debts, for inventory obsolescence, depreciation and amortisation, asset write-downs, employee benefits, taxes, other provisions. Specifically:

Recoverability of value of tangible and intangible assets and investments

The procedure for determining impairment losses of tangible and intangible assets described in "Impairment" implies – in estimating the value of use – the use of the Business Plans of investees, which are based on a series of assumptions relating to future events and actions of the investees' management bodies, which may not necessarily come about. In estimating market value, however, assumptions are made on the expected trend in trading between third parties based on historical trends, which may not actually be repeated.

Provisions for bad debts

Receivables are adjusted by the related bad debt provision to take into account their recoverable amount. To determine the size of the write-downs, management must make subjective assessments based on the documentation and information available regarding, among other things, the customer's solvency, as well as experience and historical payment trends.

Provisions for inventory obsolescence and inventory write-downs at their expected sale value

Inventories subject to obsolescence and slow turnover are systematically measured and written down if their recoverable value is less than their carrying value. Write-downs are calculated based on management assumptions and estimates, resulting from experience and historical results.

If the expected sale value is less than the purchase or production cost, inventories of finished goods are written down to market value, estimated on the basis of current selling prices.

Employee benefits

The current value of liabilities for employee benefits depends on a series of factors determined using actuarial techniques based on certain assumptions. Assumptions concern the discount rate, estimates of future salary increases, and mortality and resignation rates. Any change in the above-mentioned assumptions might have an effect on liabilities for pension benefits.

Share-based payments
Estimating the fair value of share-based payments requires the determination of the most appropriate valuation model, which depends on the terms and conditions under which these instruments are granted. This also requires the identification of data to feed into the valuation model, including assumptions about the exercise period of the options, volatility and dividend yield. The Company uses a binomial model for the initial measurement of the fair value of share-based payments with employees.

Income taxes
Determining liabilities for Company taxes requires the use of management valuations in relation to transactions whose tax implications are not certain at the end of the reporting period. Furthermore, the valuation of deferred taxes is based on income expectations for future years; the valuation of expected income depends on factors that might change over time and have a significant effect on the valuation of deferred tax assets.

Other provisions
When estimating the risk of potential liabilities from disputes, the Directors rely on communications regarding the status of recovery procedures and disputes from the lawyers who represent the Company in litigation. These estimates are determined taking into account the gradual development of the disputes, considering existing exemptions.

Climate change
With reference to the potential impact of climate change and energy transition on the Company's activities, the Management carries out targeted analyses to identify and manage the main risks and uncertainties to which the Company is exposed, adapting the corporate strategy accordingly.
To date, climate-related matters have not had a significant impact on the opinions and estimates used in preparing these Separate Financial Statements.

Estimates and assumptions are regularly reviewed and the effects of each change immediately reflected in the income statement.

New standards

Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates: lack of exchangeability"
On 15 August 2023, the IASB issued amendments to IAS 21 that specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it provides information that enables users of its financial statements to understand how the currency that is not exchangeable into the other currency affects, or is expected to affect, the entity's financial result, financial position and cash flows. These amendments did not have an impact on the Company's separate financial statements.

Standards issued but not yet in force

IFRS 18 'Financial Statement presentation and disclosure'

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 'Presentation of financial statements'. The main changes introduced by the standard concern:

- new requirements for the presentation of the income statement, such as specific totals/subtotals and the classification of expenses and revenues within four categories (operating activities, investing activities, financing activities, income taxes and discontinued operations);
- reporting on the basis of the new definition of management-defined performance measures (MPMs);
- new provisions for the aggregation and disaggregation of financial information based on the identified roles of the Primary Financial Statements (PFS) and notes;
- using the subtotal of operating profit as the starting point for the indirect method of reporting cash flows from operating activities.

IFRS 18 and subsequent amendments to other standards are effective for financial years beginning on or after 1 January 2027, but early application is permitted subject to disclosure. IFRS 18 will apply retrospectively. The Company is currently assessing the impact the changes will have on its financial statements and notes to the financial statements.

IFRS 19 "Subsidiaries without public accountability"

In May 2024, the IASB issued IFRS 19, which allows subsidiaries that meet certain eligibility criteria to elect to apply reduced disclosure requirements compared to the disclosure requirements of IFRS Accounting Standards when complying with the recognition, measurement and presentation requirements of IFRS Accounting Standards. The eligibility criteria require an entity to be a subsidiary as defined in IFRS 19, not to be publicly accountable, and have an ultimate or intermediate parent entity that prepares consolidated financial statements which are available to the public and drafted in accordance with IFRS accounting standards.

IFRS 19 will become effective for financial years beginning on or after 1 January 2027, with the possibility of early adoption. Sabaf S.p.A. is not a controlled entity and is listed on a regulated market, therefore it is excluded from the scope of application of this standard.

Amendments to IFRS 9 and IFRS 7 'Classification and Measurement of Financial Instruments'

On 30 May 2024, the IASB issued amendments to the classification and measurement of financial instruments. It clarifies when a financial liability is derecognised on the 'settlement date' and introduces an accounting policy option to derecognise financial liabilities settled through an electronic payment system before the settlement date if certain conditions are met. Clarification was provided on how to measure the contractual cash flow characteristics of financial assets that include ESG and similar characteristics. In addition, the amendments clarify the treatment of non-recourse financial assets and contractually-bound instruments. The amendment to IFRS 7 requires additional disclosure for financial assets and liabilities with contractual terms that refer to a contingent event (including those that are linked to ESG factors) and for equity instruments classified at fair value and recognised in other components of the comprehensive income statement. The amendments will become effective for annual periods beginning on or after 1 January 2026, and entities may adopt the changes in the classification of financial assets and related disclosures early. No significant impact on the Company's separate financial statements is expected.

Annual cycle of improvements to IFRS accounting standards – Volume 11
In July 2024, the IASB issued nine amendments of limited scope as part of the regular maintenance of IFRS. The amendments include clarifications, simplifications, corrections or changes aimed at improving consistency in the standards: IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7. The amendments will take effect for financial years beginning on or after 1 January 2026. Early adoption is permitted, provided that adequate information is provided. **These changes are not expected to have a material impact on the** Company's separate financial statements.

Amendments to IFRS 9 and IFRS 7 "Contracts for electricity derived from natural sources"
In December 2024, the IASB issued amendments to IFRS 9 and IFRS 7 relating to contracts for the purchase of electricity generated from natural sources. These amendments clarify the application of the requirements relating to the '*own use*' exemption for contracts falling within its scope; they also amend the requirements for designating the hedged item in cash flow hedge accounting in relation to such contracts and introduce specific disclosure requirements.
The amendments will take effect for financial years beginning on or after 1 January 2026; early adoption is permitted, but appropriate disclosure must be provided. The amendments relating to the own-use exemption must be applied retrospectively, whilst those relating to hedge accounting must be applied prospectively to new designated hedging relationships from the date of initial application. The amendments to the disclosure requirements under IFRS 7 must be applied in conjunction with the amendments to IFRS 9.
Based on the analyses carried out, no significant impact on the Company's separate financial statements is anticipated.

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	**44,879**	**178,911**	**41,307**	**3,350**	**268,447**
Increases	91	2,808	2,019	2,126	7,044
Disposals	(52)	(6,673)	(470)	-	(7,195)
Reclassification	34	1,755	1,070	(2,878)	(19)
At 31 December 2024	**44,952**	**176,801**	**43,926**	**2,598**	**268,277**
Increases	94	3,230	1,563	4,041	8,928
Disposals	-	(4,920)	(507)	-	(5,427)
Reclassification	-	1,253	184	(1,696)	(259)
At 31 December 2025	**45,046**	**176,364**	**45,166**	**4,943**	**271,519**
Amortisation/depreciation depreciations					
At 31 December 2023	**23,387**	**163,179**	**38,240**	**-**	**224,806**
Depreciations for the year	1,184	4,164	1,585	-	6,933
Derecognition due to disposal	(52)	(4,638)	(183)	-	(4,873)
Reclassification	-	-	-	-	-
At 31 December 2024	**24,519**	**162,705**	**39,642**	**-**	**226,866**
Depreciations for the year	1,181	3,772	1,730	-	6,683
Derecognition due to disposal	-	(2,324)	(144)	-	(2,468)
Reclassification	-	-	-	-	0
At 31 December 2025	**25,700**	**164,153**	**41,228**	**-**	**231,081**
Net carrying value					
At 31 December 2024	20,433	14,096	4,284	2,598	41,411
At 31 December 2025	19,346	12,211	3,938	4,943	40,438

The breakdown of the net carrying value of Property was as follows:

	31/12/2025	31/12/2024	Change
Land	5,404	5,404	-
Industrial buildings	13,941	15,029	1,088
Total	**19,345**	**20,433**	**1,088**

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

	Property	Plant and equipment	Other assets	Total
1 January 2025	**83**	**-**	**812**	**895**
Increases	-	-	566	566
Decreases	-	-	(133)	(133)
Amortisation/depreciation	(43)	-	282	239
At 31 December 2025	**40**	**-**	**1,527**	**1,567**

The main investments during the year were aimed at keeping the production equipment up to date and fully operational. Furthermore, during 2025:

- a 2.5 MW photovoltaic system was installed on the roofs of the Ospitaletto plants, representing an investment of €2.2 million.
- the foundry's wastewater treatment plant has been replaced with a new system designed to minimise energy consumption and maximise water reuse, representing an investment of €341,000;
- machinery and equipment were manufactured in-house and subsequently sold to other Group companies.

Decreases mainly relate to the disposal of machinery to other companies of the Sabaf Group. Overall, the disposals for the year generated a net capital gain of €447 thousand.
Assets under construction include machinery under construction and advance payments to suppliers of capital equipment.
At 31 December 2025, the Company found no endogenous or exogenous indicators of impairment of its property, plant and equipment. As a result, 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)
Reclassifications	-
At 31 December 2024	**1,606**
Increases	
Disposals	(138)
Reclassifications	-
At 31 December 2025	**1,468**
Accumulated amortisation	
At 31 December 2023	**1,080**
Depreciations for the year	90
Derecognition due to disposal	(101)
At 31 December 2024	**1,069**
Depreciations for the year	86
Derecognition due to disposal	(95)
At 31 December 2025	**1,060**
Net carrying value	
At 31 December 2024	537
At 31 December 2025	408

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

	Investment property

1 January 2025	40
Increase	-
Decrease	-
Amortisation/depreciation	(40)
At 31 December 2025	**-**

The item Investment property includes non-operating buildings owned by the Company: these are mainly properties for residential use, held for rental.

At 31 December 2025, the Company found no endogenous or exogenous indicators of impairment of its investment property. As a result, the value of investment property was not submitted to impairment testing.

3. INTANGIBLE ASSETS

	Patents, know-how and software	Development costs	Other intangible assets	Total
Cost				
At 31 December 2023	**7,790**	**11,303**	**667**	**19,760**
Increases	25	2,780	27	2,832
Decreases	(38)	-	(5)	(43)
Reclassifications	19	-	-	19
At 31 December 2024	**7,796**	**14,083**	**689**	**22,568**
Increases	313	1,011	4	1,328
Decreases	(2)	(11)	(4)	(17)
Reclassifications	574	(586)	-	(12)
At 31 December 2025	**8,681**	**14,497**	**689**	**23,867**
Amortisation and write-downs				
At 31 December 2023	**7,272**	**5,355**	**549**	**13,176**
Amortisation/depreciation	208	881	4	1,093
Decreases	(2)	-	-	(2)
At 31 December 2024	**7,478**	**6,236**	**553**	**14,267**
Amortisation/depreciation	319	1,690	8	2,017
Decreases	-	-	-	-
At 31 December 2025	**7,797**	**7,926**	**561**	**16,284**
Net carrying value				
At 31 December 2024	**318**	**7,847**	**136**	**8,301**
At 31 December 2025	**884**	**6,571**	**128**	**7,583**

Intangible assets have a finite useful life and, as a result, are amortised throughout their life.

The increase in the item “Patents, know-how and software” mainly comprises the costs of upgrading the SAP management system to version 4-HANA.

Development costs mainly refer to the development of new products to extend the range and features, both for gas cooking and induction cooking. Increases in development costs include projects in progress and therefore not subject to amortisation.

At 31 December 2025, the Company found no endogenous or exogenous indicators of impairment of its intangible assets. As a result, the value of property, plant and equipment was not submitted to impairment testing.

4. EQUITY INVESTMENTS

	31/12/2025	**31/12/2024**	**Change**
In subsidiaries	129,430	130,847	(1,417)
Other equity investments	75	75	0
Total	**129,505**	**130,922**	**(1,417)**

The change in equity investments in subsidiaries is broken down in the table below:

	Total historical cost 31/12/2024	Share capital increase	Reduction due to settlement	**Total historical cost 31/12/2025**	Provision for write-downs 31/12/2024	Changes 2025	**Provision for write-downs 31/12/2025**
Faringosi Hinges srl	**10,329**	0	0	**10,329**	0	0	**0**
Sabaf do Brasil	**13,161**	0	0	**13,161**	0	0	**0**
Sabaf U.S.	**139**	0	(139)	**0**	0	0	**0**
Sabaf Appliance Components (China)	**8,900**	1,000	0	**9,900**	(8,433)	(111)	**(8,544)**
Sabaf Mexico	**18,979**	647	0	**19,626**	0	0	**0**
Sabaf Turkey	**40,913**	0	0	**40,913**	0	0	**0**
A.R.C.	**6,450**	0	0	**6,450**	0	0	**0**
C.M.I.	**21,044**	0	0	**21,044**	0	0	**0**
Sabaf India	**10,570**	0	0	**10,570**	(3,045)	(2,814)	**(5,859)**
P.G.A.	**8,275**	0	0	**8,275**	0	0	**0**
Sabaf America	**3,565**	0	0	**3,565**	0	0	**0**

	Net book value 31/12/2024	**Portion of shareholders' equity (calculated in compliance with IFRS) 31/12/2024**	**Difference between shareholders' equity and carrying value 31/12/2024**	**Net book value 31/12/2025**	**Portion of shareholders' equity (calculated in compliance with IFRS) 31/12/2025**	**Difference between shareholders' equity and carrying value 31/12/2025**
Faringosi Hinges srl	10,329	8,388	**(1,941)**	10,329	5,031	**(5,298)**
Sabaf do Brasil	13,161	18,913	**5,752**	13,161	16,567	**3,406**
Sabaf U.S.	139	4	**(135)**	0	0	**0**
Sabaf Appliance Components (China)	467	467	**0**	1,356	1,356	**(0)**
Sabaf Mexico	18,979	13,771	**(5,208)**	19,626	14,326	**(5,300)**
Sabaf Turkey*	40,913	78,507	**37,594**	40,913	55,303	**14,390**
A.R.C.	6,450	6,883	**433**	6,450	5,357	**(1,093)**
C.M.I.	21,044	22,764	**1,720**	21,044	19,026	**(2,018)**
Sabaf India	7,525	7,524	**(1)**	4,711	4,710	**(1)**
P.G.A.	8,275	3,948	**(4,327)**	8,275	4,724	**(3,551)**
Sabaf America	3,565	5,216	**1,651**	3,565	4,992	**1,427**
Total	**130,847**	**166,385**	**35,538**	**129,430**	**131,392**	**1,962**

* values determined in accordance with IAS 29 - Financial Reporting in Hyperinflationary Economies, applied to companies in Turkey as from 1 April 2022

Sabaf do Brasil

In 2025, Sabaf do Brasil achieved positive results. At 31 December 2025, Shareholders' equity (converted into euros at the end-of-year exchange rate) is significantly higher than the carrying amount of the equity investment.

Sabaf Turkey

In 2025, Sabaf Turkey achieved positive results. At 31 December 2025, Shareholders' equity (converted into euros at the end-of-year exchange rate) is significantly higher than the carrying amount of the equity investment.

Sabaf Appliance Components (China)

Sabaf Appliance Components (Kunshan) Co., Ltd. has been producing burners for the Chinese market since 2015. Furthermore, the company has performed the function as distributor on the Chinese market of Sabaf products manufactured in Italy and Turkey.
During the year, the Company carried out a capital increase of €1 million.
Given the loss in the financial year, the equity investment was written down by €111 thousand to bring the value in line with shareholders' equity.

Sabaf India

Sabaf India started production of gas components for the local market in 2022, where strong growth is expected in the medium to long term, given that to date only a small proportion of the population uses gas as a fuel source for cooking food.
The specific characteristics of the local market means there is uncertainty over the recoverability of the start-up costs and recognised losses, therefore, at 31 December 2025, the carrying value of the investment was adjusted to the shareholders' equity using the year-end exchange rate, with the recording of a write-down of €2,814 thousand.

Sabaf Mexico

In 2024 Sabaf Mexico started production of components for the North American market in San Luis Potosi (Mexico).
During the 2025 financial year, the Company carried out capital increases totalling €647,000, primarily to finance the working capital of its subsidiary, which is experiencing rapid business growth (revenue of €7.6 million, compared with €3.2 million in 2024), accompanied by a strongly positive gross operating profit.
The difference between the carrying value of the equity investment and shareholders' equity converted at the year-end exchange rate is mainly due to the start-up costs and can be recovered in the coming years with the achievement of positive income results, as also foreseen in the 2026 budget given expectations of a significant growth in revenues and a related improvement in margins.

Sabaf U.S.

Sabaf U.S. has been wound up and placed into liquidation, resulting in a capital loss of €135,000.

Sabaf America

The company was established in 2023 as part of the acquisition of 51% of MEC, in which it directly holds an equity investment.

P.G.A.

During the financial year, P.G.A. achieved highly positive results, representing a marked improvement on 2024.

As at 31 December 2025, the Company carried out an impairment test – conducted with the assistance of independent experts – on the carrying amount of its investments in Faringosi Hinges, A.R.C., C.M.I., P.G.A. and the investment in Sabaf America, consisting in particular of the values relating to Sabaf S.p.A.'s equity interest and loan to Sabaf America (of which the 51% stake in MEC represents the sole asset), thereby determining its recoverable amount. This was verified by calculating the value in use through the discounting of the expected cash flows of the individual companies and, in the case of Sabaf America, of MEC.

The main assumptions used to determine the value in use of the various equity investments are related to a) cash flows from the company's business plans, b) the discount rate and c) the long-term growth rate.

Determining cash flows

The management has defined a single plan for each investee, with reference to the period from 2026 to 2028, which represents the best estimate of the business outlook, based on the company's strategies and the growth indicators of its sector and reference markets. In particular, the forecasts for the first year of the forecast plan (2026) were developed on the basis of the 2026 budgets approved by the Boards of Directors of the investees and Sabaf S.p.A. in December 2025; the forecasts for the next two years (2027 and 2028) were determined analytically as part of the process of updating the 2026 - 2028 Business Plan. The multi-year plans of the individual investees were submitted for approval by the respective Boards of Directors of the Group companies and the Board of Directors of Sabaf S.p.A. at the same time as the approval of the impairment tests.

Revenues were estimated on the basis of information obtained from customers and on the basis of management's expectations regarding the trend of the reference market, which anticipate a moderate recovery from the weak phase that characterised 2025. The contribution of revenues from new products already developed, weighted by their probability of success, was also estimated. The plans were prepared on the assumption that raw material prices will remain broadly unchanged, in consideration of the proven historical ability of the investees to pass on changes in the cost of materials to sales prices. Estimates of revenues and profitability incorporate elements of caution reflecting geopolitical and macroeconomic uncertainty. It should be noted that investees are not exposed to significant transitional climate risks, that energy costs are extremely low in relation to the industrial cost of the products and that the related production processes do not directly use fossil fuels (gas) as an energy source.

The business plans consider only real growth, do not take into account expected inflation and have been prepared in Euro, i.e. in the currency in which - with the exception of MEC - the sales prices and main operating costs of the investees are expressed. *The business plan of MEC, which operates in dollars, was prepared on the assumption of a stable euro/dollar exchange rate*.

Finally, cash flows for the period from 2026 to 2028 were augmented by the terminal value, which expresses the operating flows that each investee is expected to generate from the fourth year to infinity and determined based on the perpetual income.

Discount rate
As in the previous year, the discount rate used to discount the expected future cash flows was determined for each investee, and is represented by the weighted average cost of capital employed (WACC), which reflects the current market valuation of the time value of money for the period in question and the specific risks of the investees and their sectors. Compared to the previous year, it was deemed appropriate to update the panel of comparables in order to better represent the systematic risk of the Group's core businesses, including in accordance with the evolution of the Group's strategy and scope. The discount rates used last year are shown below for comparison, and it should be noted that the updating of the panel of comparables did not have any significant effects.

Long-term growth rate
In addition to the flows expected for the period from 2026 to 2028, which are explicitly forecast, there is the Perpetuity flow, which is representative of the Terminal Value. This was determined, according to the same logic adopted in the previous year, using a long-term growth rate (g-rate), specific to each investee, which reflects the growth potential of the reference area.

The table below shows the key assumptions used in the impairment test.

	Discount rate (WACC) %		Long-term growth rate (g-rate)		Cash flow horizon	Terminal Value Calculation Method
	2025	2024	2025	2024		
Faringosi Hinges	8.90%	9.70%	2.00%	2.00%	3 years old	Perpetual instalment
A.R.C.	8.58%	9.27%	2.00%	2.00%	3 years old	Perpetual instalment
C.M.I.	8.87%	9.34%	2.00%	2.00%	3 years old	Perpetual instalment
P.G.A.	8.60%	9.78%	2.50%	2.50%	3 years old	Perpetual instalment
Sabaf America/MEC	9.02%	9.38%	2.00%	2.00%	3 years old	Perpetual instalment

The changes in discount rates, compared to those used in the preparation of the separate financial statements as at 31 December 2024, are mainly due to the reduction in the risk-free rate.

The impairment tests carried out according to the methods described above and approved by the Board of Directors on 03 February 2026, with the opinion of the Control and Risk Committee, did not reveal any impairment losses, as the recoverable value of the CGUs at 31 December 2025 was higher than the corresponding net invested capital (carrying amount).

The following activities were carried out to complete the analysis:

- a sensitivity analysis to test the recoverability of equity investments against changes in the basic assumptions used to determine the discounted flows. In particular, the table below shows the WACC, g-rate and EBITDA that would result in an impairment if all other basic assumptions remained unchanged:

	Break-even values in a "steady case" situation		
Sensitivity analysis	WACC	g-rate	EBITDA
Faringosi Hinges	18.4%	n/a	-48.7%
A.R.C.	26.7%	n/a	-63.5%
C.M.I.	31.9%	n/a	-59.3%
P.G.A.	14.0%	n/a	-40.0%
Sabaf America/MEC	21.5%	n/a	-50.4%

  With reference to the break-even values of the g-rate, please note that, even if the g-rate were 0, there would be no loss of value.

- recoverability check of equity investments against possible increases and decreases of 50 bps in the WACC and 25 bps in the g-rate;
- recoverability check of equity investments against possible decreases of 10% and 20% of EBITDA.

For the other equity investments tested for impairment, none of the scenarios included in the sensitivity analysis resulted in a recoverable amount below the carrying value.

5. NON-CURRENT FINANCIAL ASSETS

	31/12/2025	31/12/2024	Change
Financial receivables from subsidiaries	4,000	7,294	(3,294)
Total	**4,000**	**7,294**	**(3,294)**

At 31 December 2025, financial receivables from subsidiaries include a residual interest-bearing loan of USD 4.7 million (€4 million at the end-of-year exchange rate), granted to the subsidiary Sabaf America as part of the acquisition of the equity investment in MEC, maturing in July 2033. During 2025 the subsidiary repaid USD 800 thousand.

6. NON-CURRENT RECEIVABLES

	31/12/2025	31/12/2024	Change
Receivables from former P.G.A. shareholders	671	645	26
Guarantees	29	32	(3)
Total	**700**	**677**	**23**

Receivables from former P.G.A. shareholders, already agreed upon between the parties and discounted, refer to compensation obligations envisaged upon the occurrence of certain events (liabilities incurred by P.G.A.) regulated by the acquisition agreement.

7. INVENTORIES

	31/12/2025	31/12/2024	Change
Raw Materials	11,236	12,327	(1,091)
Semi-processed goods	7,129	6,403	726
Finished products	7,328	6,847	481
Provision for inventory write-downs	(1,819)	(1,707)	(112)
Total	**23,874**	**23,870**	**4**

The value of final inventories at 31 December 2025 remained substantially unchanged compared with the previous year.
The provision for write-downs is mainly allocated for hedging the obsolescence risk, quantified on the basis of specific analyses carried out at the end of the year on slow-moving and non-moving products, and refers to raw materials for €752 thousand, semi-finished products for €345 thousand and finished products for €722 thousand. The following table shows the changes in the Provision for inventory write-downs during the current financial year:

31/12/2024	**1,707**
Provisions	126
Utilisation	(14)
31/12/2025	**1,819**

8. TRADE RECEIVABLES

	31/12/2025	31/12/2024	Change
Trade receivables from third parties	15,574	18,599	(3,025)
Trade receivables from subsidiaries	15,459	12,794	2,665
Bad debt provision	(850)	(600)	(250)
Net total	**30,183**	**30,793**	**(610)**

At 31 December 2025, trade receivables included balances totalling USD 8,185 thousand, booked at the EUR/USD exchange rate in effect on 31 December 2025, equal to 1.175. The amount of trade receivables recognised in the financial statements includes approximately €5.5 million in insured receivables (€12 million at 31 December 2024). There were no significant changes in average payment terms agreed with customers.

The following table shows the breakdown of receivables from third parties by maturity date:

	31/12/2025	31/12/2024	Change
Current receivables (not past due)	11,786	13,800	(2,014)
Outstanding up to 30 days	1,389	2,559	(1,170)
Outstanding from 30 to 60 days	675	597	78
Outstanding from 60 to 90 days	1,067	500	567
Outstanding for more than 90 days	657	1,143	(486)
Total	**15,574**	**18,599**	**(3,025)**

The bad debt provision was adjusted to the better estimate of the credit risk and *expected losses at the end of the reporting period,* also carried out by analysing each expired item.

Changes during the year were as follows:

	31/12/2024	Provisions	Utilisation	31/12/2025
Bad debt provision	600	250	-	850

9. TAX RECEIVABLES

	31/12/2025	31/12/2024	Change
For income tax	3,254	4,268	(1,014)
for VAT	525	481	44
Total	**3,779**	**4,749**	**(970)**

The Company has opted for the national tax consolidation scheme pursuant to Articles 117/129 of the Unified Income Tax Law.

At 31 December 2025, income tax receivables included:

- the receivable from the subsidiary Faringosi Hinges s.r.l amounting to €236 thousand
- the receivable from the subsidiary A.R.C. s.r.l. amounting to €284 thousand
- the receivable from the subsidiary CMI s.r.l. amounting to €400 thousand,

relating to the balance of the 2025 income taxes transferred by the subsidiaries to the consolidating company Sabaf S.p.A., in accordance with the provisions of the tax regulations relating to the national tax consolidation and the tax consolidation contracts entered into between the parties.

Income tax receivables also include:

- €808 million of receivables for investments in capital equipment referred to Decree Law 160/2019, Budget Law 178/2020 and Budget Law 234/2021;
- €635 thousand tax credit for "Patent Box" for the years 2020 and 2021, following the prior agreement signed with the Tax Authorities during 2023;
- tax advances paid in previous years in the amount of €634 thousand.

10. OTHER CURRENT RECEIVABLES

	31/12/2025	31/12/2024	Change
Receivables from subsidiaries for dividends	2,597	0	2,597
Credits to be received from suppliers	736	919	(183)
Advances to suppliers	318	57	261
Other	482	538	(56)
Total	**4,133**	**1,514**	**2,619**

Receivables from subsidiaries for dividends relate to the portion of dividends authorised during the financial year but not yet received at the balance sheet date, owed by the subsidiary Sabaf do Brasil.
Credits to be received from suppliers mainly refer to bonuses paid to the Company for the attainment of purchasing objectives.

11. CURRENT FINANCIAL ASSETS

	31/12/2025	31/12/2024	Change
Interest rate derivatives	256	376	(120)
Total	**256**	**376**	**(120)**

At 31 December 2025, the Company has in place four interest rate swap (IRS) contracts for amounts and maturities coinciding with four unsecured loans that are being amortised, whose residual value at 31 December 2025 is €31,732 thousand.
Derivatives refer to:

- The interest rate swap contracts have not been designated as capital flow hedges and are therefore recognised with the “Fair Value through profit or loss” method, with "Financial income" as a balancing entry. This IRS contract has the same amount and maturity as an unsecured loan currently being repaid, the outstanding balance of which as at 31 December 2025 is €6,320,000;
- four interest rate swap (IRS) contracts to which the Company applies hedge accounting, verifying their compliance with the requirements of IFRS 9. These contracts have amounts and maturities that correspond to unsecured loans, the outstanding balance of which as at 31 December 2025 stands at €31,732,000. For further details, please refer to Notes 14 and 37 to these separate financial statements.

12. CASH AND CASH EQUIVALENTS

The item Cash and cash equivalents, equal to €10,911 thousand at 31 December 2025 (€2,039 thousand at 31 December 2024), refers almost exclusively to bank current account balances. Please refer to the Statement of Cash Flows for an analysis of changes in liquidity during the year.

13. SHARE CAPITAL

The share capital consists of 12,686,795 shares with a par value of € 1.00 each. The share capital paid in and subscribed did not change during the year.

At 31 December 2025, the structure of the share capital is shown in the table below.

	No. of shares	% of share capital	Rights and obligations
Ordinary shares	5,874,278	46.30%	--
Ordinary shares with increased vote	6,812,517	53.70%	Two voting rights per share
TOTAL	***12,686,795***	**100%**	

With the exception of the right to increased vote, there are no rights, privileges or restrictions on the Company. The availability of reserves is indicated in a table at the end of these Explanatory Notes.

14. TREASURY SHARES AND OTHER RESERVES

Treasury shares
During the financial year, in accordance with the resolutions passed by the Shareholders' Meeting on 8 May 2024 and 29 April 2025, 130,214 treasury shares were purchased under share buyback schemes at an average price of €14.43 per share. No treasury shares were sold in 2025.
At 31 December 2025, Sabaf S.p.A. held 283,520 treasury shares (2.235% of the share capital), reported in the financial statements as an adjustment to shareholders' equity at a weighted average unit value of €14.81 (the closing stock market price of the Share at 31 December 2025 was €13.95). There were 12,403,275 outstanding shares at 31 December 2025.

Stock grant reserve
Items "Retained earnings, other reserves" of €73,042 thousand included, at 31 December 2025, the stock grant reserve of €989 thousand, which included the measurement at 31 December 2025 of the fair value of rights assigned to receive shares of the Company relating to the new 2024 – 2026 Stock Grant Plan, medium- and long-term incentive plan for directors and employees of the Sabaf Group, for the details of which reference is made to Note 45.

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 2024	**0**
Change during the period	67
Value at 31 December 2025	**67**

The characteristics of the derivative financial instruments that gave rise to the cash flow hedge reserve and the accounting effects on other items in the financial statements are broken down in Note 37, in the paragraph Foreign exchange risk management

15. LOANS

	31/12/2025			**31/12/2024**		
	Current	Non-current	Total	Current	Non-current	Total
Bond issue	-	29,790	29,790	-	29,755	29,755
Unsecured loans	20,833	39,773	60,606	18,122	27,418	45,540
Leases	483	876	1,359	482	945	1,427
Short-term bank loans	2,000	-	2,000	12,702	-	12,702
Short-term loans from subsidiaries	-	-	-	3,000	-	3,000
Accruals for financial expenses	168	-	168	219	-	219
Total	**23,484**	**70,439**	**93,923**	**34,525**	**58,118**	**92,643**

In 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 loan has the following covenants, defined with reference to the Group consolidated figures widely complied with at 31 December 2025 and for which, according to the Group's business plan, compliance is also expected in subsequent years:
During the financial year, the Company took out new unsecured loans totalling €41.1 million in order to finance the investments made, support the growth strategy set out in the business plan and extend the average maturity of its debt, thereby optimising the maturity profile.
Certain outstanding unsecured loans, with a remaining balance as at 31 December 2025 of €49.7 million, are subject to covenants, defined with reference to the Consolidated Financial Statements as at the end of each financial year.
These covenants are complied with at 31 December 2025 and for which, according to the Group's business plan, compliance is also expected in subsequent years.
All bank loans are denominated in euro.

Short-term loans from subsidiaries were granted at market conditions as part of the optimisation of the Group's liquidity management.

To manage interest rate risk, some unsecured loans (with a total residual value of €50,205 thousand at 31 December 2025) are either fixed-rate or hedged by IRS. On the other hand, the residual value of unsecured loans taken out at a variable rate and not covered by the IRS was €10,400 thousand.

The following table shows the changes in lease liabilities during the year:

Lease liabilities at 1 January 2024	**1,519**
New agreements signed during 2024	446
Repayments during 2024	(538)
Lease liabilities at 31 December 2024	**1,427**
New agreements signed during 2025	595
Repayments during 2025	(663)
Lease liabilities at 31 December 2025	**1,359**

Note 37 provides information on financial risks, pursuant to IFRS 7.

16. OTHER FINANCIAL LIABILITIES

	31/12/2025		**31/12/2024**	
	Current	Non-current	Current	Non-current
Interest rate derivatives	4	-	-	-
Other	82	-	10	-
Total	**86**	**-**	**10**	**-**

The item ‘Interest rate derivatives’ includes the fair value of an interest rate swap (IRS) contract, the amount and maturity of which correspond to those of an unsecured loan, the residual value of which as at 31 December 2025 is €6.4 million. The Group applies hedge accounting to this financial instrument, verifying its compliance with the requirements of IFRS 9.

17. Post-employment benefit

At 31 December 2024	**1,482**
Financial expenses	48
Payments made	(194)
Tax effect	(46)
At 31 December 2025	**1,290**

Actuarial gains or losses are recognised immediately in the comprehensive income statement ("Other comprehensive income") under the item "Actuarial income and losses".

Post-employment benefits are calculated as follows:

Financial assumptions

	31/12/2025	*31/12/2024*
Discount rate	3.67%	3.28%
Inflation	2.50%	2.50%

Demographic theory

	31/12/2025	*31/12/2024*
Mortality rate	IPS55 ANIA	IPS55 ANIA
Disability rate	INPS 2000	INPS 2000
Staff turnover	6%	5%
Advance payouts	1% per year	1% per year
Retirement age	pursuant to legislation in force on 31 December 2025	pursuant to legislation in force on 31 December 2024

The sensitivity analyses carried out to take into account possible changes in actuarial assumptions did not reveal any significant changes in the liability.

18. PROVISIONS FOR RISKS AND CHARGES

	31/12/2024	**Provisions**	**Utilisation**	**31/12/2025**
Provision for agents' indemnities	185	3	(13)	175
Product guarantee fund	31	29	-	60
Provision for legal risks	46	-	-	46
Total	**262**	**32**	**(13)**	**281**

The provision for agents' indemnities covers amounts payable to agents if the Company terminates the agency relationship.
The product guarantee fund covers the risk of returns or charges by customers for products already sold.

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.

19. TRADE PAYABLES

	31/12/2025	**31/12/2024**	**Change**
Total	**21,165**	**21,626**	**(461)**

Average payment terms did not change versus the previous year.
At 31 December 2025, there were no overdue payables of a significant amount and the Company did not receive any injunctions for overdue payables.

In 2025 Sabaf S.p.A. introduced a Sustainable Procurement Policy as part of its internal procedures, which integrates environmental considerations into the management of purchases, transport and energy supplies, as described in detail in the Sustainability Statement.

20. TAX PAYABLES

	31/12/2025	31/12/2024	Change
To inland revenue for income tax	14	1,117	(1,103)
To subsidiaries for income tax	10	51	(41)
To inland revenue for IRPEF tax deductions	551	651	(100)
Total	**575**	**1,819**	**(1,244)**

Payables to inland revenue for income tax are related to IRAP for €14,000.

The Company has opted for the national tax consolidation scheme pursuant to Articles 117/129 of the Unified Income Tax Law. At 31 December 2025, payables to subsidiaries for income taxes refer to tax advances received from the subsidiary CGD s.r.l.

Payables for IRPEF tax deductions, relating to employment and self-employment, were duly paid at maturity.

21. OTHER CURRENT PAYABLES

	31/12/2025	31/12/2024	Change
To employees	4,695	4,489	206
To social security institutions	2,278	2,290	(12)
Advances from customers	211	527	(316)
To agents	113	123	(10)
Other current payables	4,389	3,507	882
Total	**11,686**	**10,936**	**750**

At the beginning of 2026, payables due to employees and social security institutions were paid in accordance with the scheduled expiry dates.
Other current payables include accrued liabilities and deferred income, of which €2,604 thousand refer to the accrual basis of accounting of tax benefits driving from investments in capital goods referred to Decree Law 160/2019, Budget Law 178/2020 and Budget Law 234/2021.

22. DEFERRED TAX ASSETS AND LIABILITIES

	31/12/2025	31/12/2024	Change
Deferred tax assets	2,337	3,138	(801)
Deferred tax liabilities	(447)	(441)	(6)
Net position	**1,890**	**2,697**	**(807)**

The table below analyses the nature of the temporary differences that determine the recognition of deferred tax liabilities and assets and their changes during the year and the previous year.

	Amortisation and leasing	Provisions and value adjustments	Fair value of derivative instruments	Goodwill	Tax loss	Actuarial evaluation of post-employment benefits	Other temporary differences	Total
At 31 December 2023	**383**	**813**	**(206)**	**709**	**-**	**132**	**283**	**2,114**
Through profit or loss	(23)	36	116	(177)	-	-	29	(19)
In shareholders' equity	-	-	-	-	-	(7)	-	(7)
Reclassification	-	-			609			609
At 31 December 2024	**360**	**849**	**(90)**	**532**	**609**	**125**	**312**	**2,697**
Through profit or loss	(20)	51	50	(177)	-	0	(69)	(165)
In shareholders' equity	-	-	(22)	0	-	(11)	0	(33)
Use of tax credits	-	-	0	0	(609)	0	0	(609)
At 31 December 2025	**340**	**900**	**(62)**	**355**	**-**	**114**	**243**	**1,890**

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

The line item “reclassified from tax receivables” relates to tax on tax losses from the previous financial year that were utilised for tax relief purposes during 2025.

23. TOTAL FINANCIAL DEBT

As required by the CONSOB memorandum of 28 July 2006, we disclose that the Company's net financial debt is as follows:

		31/12/2025	31/12/2024	Change
A.	Cash	10,911	2,039	8,872
B.	Cash equivalents	0	0	0
C.	Other current financial assets	256	376	(120)
D.	Liquidity (A+B+C)	**11,167**	**2,415**	**8,752**
E.	Current financial payable	2,737	16,413	(13,676)
F.	Current portion of non-current financial debt	20,833	18,122	2,711
G.	Current financial debt (E+F)	**23,570**	**34,535**	**(10,965)**
H.	Net current financial debt (G-D)	**12,403**	**32,120**	**(19,717)**
I.	Non-current financial payable	40,649	28,363	12,286
J.	Debt instruments	29,790	29,755	35
K.	Trade payables and other non-current payables	0	0	0
L.	Non-current financial debt (I+J+K)	**70,439**	**58,118**	**12,321**
M.	Total financial debt (H+L)	**82,842**	**90,238**	**(7,396)**

The 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.

Comments on key income statement items

24. REVENUE

In 2025, sales revenue amounted to €105,263 thousand, 0.9% lower than the €106,288 thousand in 2024.

Revenue by geographical area

	2025	%	2024	%	% change
Europe (excluding Turkey)	32,455	30.8%	32,536	30.6%	*-0.2%*
Turkey	31,357	29.8%	32,780	30.9%	*-4%*
North America	7,841	7.4%	6,001	5.6%	*30.7%*
South America	14,166	13.5%	12,639	11.9%	*12.1%*
Africa and Middle East	9,034	8.6%	12,276	11.6%	*-26.4%*
Asia and Oceania	10,410	9.9%	9,996	9.4%	*4%*
Total	**105,263**	**100%**	**106,228**	**100%**	**-0.9%**

Revenue by product family

	2025	%	2024	%	% change
Valves and thermostats	44,021	41.8%	44,325	41.73%	*-0.7%*
Burners	46,753	44.4%	47,887	45.08%	*-2.4%*
Accessories and other revenues	13,763	13.1%	13,194	12.42%	*4.3%*
Electronic components	302	0.3%	352	0.33%	*-14.2%*
Induction	424	0.4%	470	0.44%	*-9.8%*
Total	**105,263**	**100%**	**106,228**	**100%**	***-0.9%***

25. OTHER INCOME

	2025	2024	Change
Sale of trimmings	2,272	2,177	95
Services to subsidiaries	2,549	2,163	386
Contingent income	397	287	110
Rental income	60	66	(6)
Use of provisions for risks and charges	13	36	(23)
Other income	2,337	2,162	175
Total	**7,628**	**6,891**	**737**

Services to subsidiaries refer to administrative, commercial and technical services provided within the scope of the Group.

In 2025, other income mainly includes:

- €1,253 thousand in charges of various kinds to customers, including partnerships in investments for dedicated products €1,161 thousand in 2024);
- €690 thousand of benefits granted as tax credits for investments made in 2024 and in previous years pursuant to Law 160/2019 paragraphs 184 to 196, Law 178/2020 and 234/2021 (€568 thousand in 2024);

- €162,000 in insurance claims (€312,000 in 2024).

26. PURCHASES OF MATERIALS

	2025	2024	Change
Commodities and outsourced components	43,951	46,771	(2,820)
Consumables	4,626	4,190	436
Total	**48,577**	**50,961**	**(2,384)**

During 2025, the effective purchase prices of the main raw materials (aluminium alloys, steel and brass) were on average higher than in 2024, with a negative impact of 0.8% of sales.

27. COSTS FOR SERVICES

	2025	2024	Change
Outsourced processing	6,835	6,931	(96)
Electricity and natural gas	5,109	5,171	(62)
Maintenance	4,003	3,729	274
Advisory services	2,446	1,696	750
Transport and export expenses	1,306	1,596	(290)
Directors' fees	463	471	(8)
Insurance	675	659	16
Commissions	468	479	(11)
Travel expenses and allowances	615	606	9
Waste disposal	455	471	(16)
Canteen	366	335	31
Temporary agency workers	233	311	(78)
Other costs	2,342	2,151	191
Total	**25,316**	**24,606**	**710**

The main outsourced processing carried out by the Company include hot moulding of brass and some mechanical processing and assembly.
Other costs included expenses for the registration of patents, waste disposal, cleaning, leasing third-party assets and other minor charges.
During 2025, the Company's total energy consumption amounted to 41,366 MWh, a decrease of 4.5% compared with the 43,315 MWh recorded in 2024.

28. PERSONNEL COSTS

	2025	2024	Change
Salaries and wages	20,848	20,773	75
Social Security costs	6,736	6,688	48
Temporary agency workers	2,729	3,055	(326)
Post-employment benefit and other costs	1,618	1,566	52
Stock grant plan (Note 45)	595	94	501
Total	**32,526**	**32,176**	**350**

Average of the Company headcount at 31 December 2025 totalled 478 employees (331 blue-collars, 121 white-collars and supervisors, 14 managers), an increase of 24 compared to 2024 (310 blue-collars, 130 white-collars and supervisors, 14 managers). The number of temporary staff with temporary work contract was 36 at 31 December 2025 (66 at the end of 2024).

29. OTHER OPERATING COSTS

	2025	2024	Change
Non-income related taxes and duties	289	291	(2)
Losses and write-downs of trade receivables	251	-	251
Contingent liabilities	237	205	32
Other provisions	31	1	30
Other operating expenses	158	303	(145)
Total	**966**	**800**	**166**

Non-income taxes mainly include IMU, TASI and the tax for the disposal of urban solid waste. Other provisions refer to the allocations to provisions for risks described in Note 18.

Other operating expenses include donations of €70 thousand, 0.1% of turnover for 2025, for community support activities,

30. FINANCIAL INCOME

	2025	2024	Change
Interests receivable from banks	51	134	(83)
Interests receivable from loans	286	723	(437)
IRS spreads receivable	23	87	(64)
Total	**360**	**944**	**(584)**

31. FINANCIAL EXPENSES

	2025	2024	Change
Interest paid to banks	2,368	3,117	(749)
Banking expenses	123	125	(2)
IRS spreads payable	27	-	27
Other financial expense	124	151	(27)
Total	**2,642**	**3,393**	**(751)**

32. EXCHANGE RATE GAINS AND LOSSES

During 2025, the Company recorded net foreign exchange gains of €1,543,000.
During 2024, net foreign exchange gains of €825 thousand were recorded, mainly due to the appreciation of the US dollar against the euro.

33. PROFITS AND LOSSES FROM EQUITY INVESTMENTS

	2025	2024	Change
Dividends received from Faringosi Hinges s.r.l.	4,544	1,156	3,388
Dividends received from A.R.C. s.r.l.	2,719	755	1,964
Dividends received from C.M.I. s.r.l.	6,366	2,266	4,100
Dividends received from Sabaf do Brasil	3,703	-	3,703
Capital loss on equity investments	(134)	-	(134)
Write-down of equity investments	(2,925)	(3,078)	153
Total	**14,273**	**1,099**	**13,174**

In 2025, the 'Write-down of equity investments' relates to Sabaf India in the amount of €2,814 thousand and Sabaf China in the amount of €111 thousand. See Note 4 for more details.

34. INCOME TAXES

	2025	2024	Change
Current taxes	(1,239)	(219)	(1,020)
Deferred tax assets and liabilities	165	19	146
Taxes related to previous financial years	(21)	47	(68)
Total	**(1,095)**	**(153)**	**(942)**

The tax income related to the tax loss for the 2025 tax year is recognised in current taxes for 2025.

Reconciliation between the tax burden booked in the financial statements and the theoretical tax burden calculated according to the statutory tax rates currently in force in Italy is shown in the following table:

	2025	2024
Theoretical income tax	2,294	282
Taxes related to previous financial years	24	89
Tax effect of dividends from investee companies	(3,996)	(952)
“Iper and Superammortamento” tax benefit	(178)	(381)
Permanent tax differences	660	755
“Patent box” tax benefit	-	(32)
IRES (current and deferred)	**(1,196)**	**(239)**
IRAP (current and deferred)	**101**	**86**
Total	**(1,095)**	**(153)**

Theoretical taxes were calculated applying the current corporate income tax (IRES) rate, i.e. 24%, to the pre-tax result. IRAP is not taken into account for the purpose of reconciliation because, as it is a tax with a different assessment basis from pre-tax profit, it would generate distorting effects.

35. DIVIDENDS

On 29 May 2025, shareholders were paid an ordinary dividend of €0.58 per share (total dividends of €7,220 thousand) in implementation of the shareholders' resolution of 29 April 2025.
The Directors have recommended payment of a dividend of €0.58 per share this year, subject to approval of shareholders in the annual Shareholders' Meeting and therefore not included under liabilities in these financial statements. The dividend proposed is scheduled for payment on 27 May 2026 (ex-date 25 May and record date 26 May).

36. SEGMENT REPORTING

Information by business segment for 2025 is provided below

	Gas parts	Electronic components	Components for induction cooking	Unallocated costs	Total
Sales	104,538	302	423	0	105,263
Operating profit	7,758	4	(3,379)	(5,274)	(891)

Unallocated revenues and costs refer to auxiliary or common activities, such as overhead costs, which cannot be allocated to individual business segments.

37. INFORMATION ON FINANCIAL RISK

Categories of financial instruments

In accordance with IFRS 7, a breakdown of the financial instruments is shown below, among the categories set forth in IFRS 9.

	31/12/2025	31/12/2024
Financial assets		
Amortised cost		
Cash and cash equivalents	10,911	2,039
Trade receivables and other receivables	34,316	32,308
Non-current loans	3,400	7,295
Fair Value through profit or loss		
Derivatives cash flow hedges (on interest rates)	256	376
Financial liabilities		
Amortised cost		
Loans	94,009	92,653
Other financial liabilities	82	10
Trade payables	21,165	21,626
Hedge accounting		
Derivatives to hedge cash flows	4	0

The Company is exposed to financial risks related to its operations, mainly:

- credit risk, with special reference to normal trade relations with customers;
- market risk, relating to the volatility of prices of commodities, foreign exchange and interest rates;
- liquidity risk, which can be expressed by the inability to find financial resources necessary to ensure Company operations.

It is part of Sabaf's policies to hedge exposure to changes in prices and in fluctuations in exchange and interest rates via derivative financial instruments. Hedging is done using forward contracts, options or combinations of these instruments. Generally speaking, the maximum duration covered by such hedging does not exceed 18 months. The Company does not enter into speculative transactions. When the derivatives used for hedging purposes meet the necessary requisites, hedge accounting rules are followed.

Credit risk management
Trade receivables involve producers of domestic appliances, multinational groups and smaller manufacturers in a few or single markets. The Company assesses the creditworthiness of all its customers at the start of supply and systemically at least on an annual basis. The credit management procedure includes, among other things:

- assigning a specific credit limit to each customer;
- checking, on a weekly basis, receivables past due;
- sending payment reminders on a monthly basis;
- defining a time limit after which deliveries are blocked (impossibility of making deliveries and confirming new orders).

The Company factors receivables with factoring companies based on without recourse agreements, thereby transferring the related risk.
A credit insurance policy is in place, which guarantees cover for approximately 35% of trade receivables.
Credit risk relating to customers operating in emerging economies is generally attenuated by the expectation of revenue through letters of credit.

Forex risk management
The main exchange rate to which the Company is exposed is the euro/USD in relation to sales made in dollars (mainly in North America) and, to a lesser extent, to some purchases (mainly from Asian manufacturers). Sales in US dollars represented 13.6% of total turnover in 2025, while purchases in dollars represented 4.2% of total turnover.

Sensitivity analysis
With reference to financial assets and liabilities in US dollars at 31 December 2025, a hypothetical and immediate appreciation of 10% of euro against the dollar would have led to a loss of €1,255 thousand.

Interest rate risk management

Considering the IRS in place, at the end of 2025 almost 89% of the Company's gross financial debt was at a fixed rate. At 31 December 2025, IRS totalling €44.5 million were in place, mirrored in mortgages with the same residual debt, through which the Company transformed the floating rate of the mortgages into fixed rate. These derivative contracts have been designated as cash flow hedges and are therefore accounted for using hedge accounting, with the exception of the IRS contract with Mediobanca, which is accounted for at fair value with the gain or loss recognised in the income statement. The following table shows the characteristics of the derivative financial instruments described in the previous paragraph.

Company	Counterparty	Instrument	Maturity	Value date	Notional	Fair value hierarchy
Sabaf S.p.A.	Mediobanca	IRS	28/04/27	EUR	6,320,000	2
	Intesa Sanpaolo		31/12/29		6,400,000	
	Credito Emiliano		19/05/30		4,531,928	
	Intesa Sanpaolo		30/05/30		2,700,000	
	MPS		30/06/30		4,500,000	
	Crédit Agricole		30/06/30		20,000,000	

Sensitivity analysis

With reference to financial liabilities at variable rate at 31 December 2025, a hypothetical and immediate increase of 1% of interest rates would have led to a loss of €205 thousand.

Commodity price risk management

A significant portion of the Company’s purchase costs is represented by aluminium, steel and brass. Based on market conditions and contractual agreements, the Company may not be able to pass on changes in raw material prices to customers in a timely and/or complete manner, with consequent effects on margins. The Company also protects itself from the risk of changes in the price of aluminium, steel and brass with supply contracts signed with suppliers for delivery up to twelve months in advance or, alternatively, with derivative financial instruments. During 2025, the Company entered into a commodity swap contract relating to aluminium consumption, which was accounted for under hedge accounting and closed during the financial year. In 2024, the Group did not use financial derivatives on commodities.

Liquidity risk management

The management of liquidity and financial debt is coordinated at Group level. The Group operates with a debt ratio considered physiological (net financial debt/shareholders' equity at 31 December 2025 of 64%, net financial debt/EBITDA of 11.3) and has unused short-term lines of credit. To minimise the risk of liquidity, the Administration and Finance Department:

- maintains a correct balance of net financial debt, financing investments with capital and with medium to long-term debt;
- verifies systematically that the short-term accrued cash flows (amounts received from customers and other income) are expected to accommodate the deferred cash flows (short-term financial debt, payments to suppliers and other outgoings);
- regularly assesses expected financial needs in order to promptly take any corrective measures.

An analysis by expiry date of financial payables at 31 December 2025 and 31 December 2024 is shown below:

At 31 December 2025

	Carrying value	Contractual cash flows	Within 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years
Unsecured loans and leases	60,606	63,866	2,577	19,745	41,516	28
Bond issue	29,790	32,220	-	555	25,554	6,111
Finance leases	1,359	1,460	148	375	600	337
Short-term loans	2,254	2,258	258	2,000	-	-
Total financial payables	**94,009**	**99,804**	**2,983**	**22,675**	**67,670**	**6,476**
Trade payables	21,165	21,165	19,479	1,686	-	-
Total	**115,174**	**120,969**	**22,462**	**24,361**	**67,670**	**6,476**

At 31 December 2024

	Carrying value	Contractual cash flows	Within 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years
Unsecured loans and leases	45,540	47,839	2,562	16,770	28,507	-
Bond issue	29,755	32,775	-	555	19,887	12,333
Finance leases	1,427	1,504	131	383	909	81
Short-term loans	15,921	15,921	219	15,702	-	-
Total financial payables	**92,643**	**98,039**	**2,912**	**33,410**	**49,303**	**12,414**
Trade payables	21,626	21,626	19,889	1,737	-	-
Total	**114,269**	**119,665**	**22,801**	**35,147**	**49,303**	**12,414**

The various due dates are based on the period between the end of the reporting period and the contractual expiry date of the commitments, the values indicated in the table correspond to non-discounted cash flows. Cash flows include the shares of principal and interest; for floating rate liabilities, the shares of interest are determined based on the value of the reference parameter at the end of the reporting period and increased by the spread set forth in each contract.

Hierarchical levels of fair value assessment

The revised IFRS 7 requires that financial instruments reported in the statement of financial position at fair value be classified based on a hierarchy that reflects the significance of the input used in determining the fair value. IFRS 7 makes a distinction between the following levels:

- Level 1 – quotations found on an active market for assets or liabilities subject to assessment;
- Level 2 - input other than prices listed in the previous point, which can be observed directly (prices) or indirectly (derived from prices) on the market;
- Level 3 – input based on observable market data.

The following table shows the assets and liabilities measured at fair value at 31 December 2025, by hierarchical level of fair value assessment.

	Level 1	Level 2	Level 3	Total
Other financial assets (derivatives on interest rates)	-	256	-	256
Total assets and liabilities at fair value	**-**	**256**	**-**	**256**

38. RELATIONS BETWEEN GROUP COMPANIES AND WITH RELATED PARTIES

The table below illustrates the impact of all transactions between Sabaf S.p.A. and other related parties on the balance sheet and income statement items and related parties, with the exception of the directors' fees, auditors and key management personnel which is stated in the Report on Remuneration.

Impact of related-party transactions or positions on statement of financial position items

	Total 2025	**Subsidiaries**	**Other related parties**	**Total related parties**	**Impact on the total**
Non-current financial assets	3,400	3,400	-	3,400	100%
Trade receivables	30,183	15,459	-	15,459	51.22%
Tax receivables	3,778	918	-	918	24.30%
Other current receivables	4,133	2,597	-	-	62.84%
Short-term financial payables	23,484	-	-	-	0.00%
Trade payables	21,165	1,748	-	1,748	8.26%
Tax payables	575	10	-	10	1.74%

	Total 2024	**Subsidiaries**	**Other related parties**	**Total related parties**	**Impact on the total**
Non-current financial assets	7,294	7,294	-	7,294	100%
Trade receivables	30,793	12,476	-	12,476	40.52%
Tax receivables	4,749	401	-	401	8.44%
Short-term financial payables	34,526	3,000	-	3,000	8.69%
Trade payables	21,626	1,333	-	1,333	6.16%
Tax payables	1,918	51	-	51	2.66%

Impact of related-party transactions on income statement items

	Total 2025	**Subsidiaries**	**Other related parties**	**Total related parties**	**Impact on the total**
Revenue	105,263	21,983	-	21,983	20.88%
Other income	7,628	3,167	-	3,167	41.52%
Materials	48,577	2,773	-	2,773	5.71%
Services	25,316	559	-	559	2.21%
Capital gains on non-current assets	573	353	-	353	61.61%
Financial income	360	206	-	206	57.22%
Financial expenses	2,642	30	-	30	1.14%
Profits and losses from equity investments	14,273	14,273	-	14,273	100%

	Total 2024	Subsidiaries	Other related parties	Total related parties	Impact on the total
Revenue	106,228	21,466	-	21,466	20.21%
Other income	6,891	2,879	-	2,879	41.78%
Materials	50,961	2,222	-	2,222	4.36%
Services	24,606	323	-	323	1.31%
Capital gains on non-current assets	685	644	-	644	94.01%
Financial income	944	694	-	694	73.52%
Financial expenses	3,479	138	-	138	3.97%
Profits and losses from equity investments	1,099	1,107	-	1,107	100.73%

Relations with subsidiaries mainly consist of:

- trade relations, relating to the purchase and sale of semi-processed goods or finished products;
- sales of machinery, which generated the capital gains highlighted;
- charging for the provision of intra-group technical, commercial and administrative services;
- charging for intra-group royalties;
- intra-group loans;
- tax consolidation scheme.

39. SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

Pursuant to the Consob memorandum of 28 July 2006, the Group declares that no significant non-recurring events or transactions, as defined by the memorandum, took place in 2025.

40. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In light of the sudden death, on 18 February 2026, of the company's CEO, Pietro Iotti, the Company promptly made changes to its governance. The Board of Directors assigned ad interim to director and CFO Mr Gianluca Beschi the powers previously granted to Mr Iotti.

On 24 March 2026, the Board of Directors confirmed Gianluca Beschi as CEO and CFO and appointed Mr Andrea Bonfadelli, previously Technical Director of the Gas Division and Group Supply Chain Director, as General Manager of the Company, by attributing them with the relative delegations and powers.

41. ATYPICAL AND/OR UNUSUAL TRANSACTIONS

Pursuant to CONSOB memorandum of 28 July 2006, the Company declares that no atypical and/or unusual transactions as defined by the CONSOB memorandum were carried out during 2024.

42. SECONDARY OFFICES AND LOCAL UNITS

In addition to its head office in Ospitaletto (Brescia), the Company operates a branch in Busto Arsizio (Varese).

43. COMMITMENTS

Guarantees issued
Sabaf S.p.A. issued sureties to guarantee mortgage loans granted by banks to employees for a total of €1,787,000.

44. OTHER INFORMATION

The Company has management systems certified to the ISO 14001, ISO 9001, ISO 45001 and ISO 50001 standards.

45. FEES TO DIRECTORS, STATUTORY AUDITORS AND EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

Fees to directors, statutory auditors and executives with strategic responsibilities are described in the Report on Remuneration that will be presented to the shareholders' meeting called to approve these separate financial statements.

46. SHARE-BASED PAYMENTS

2024 – 2026 Stock Grant Plan
A plan for the free allocation of shares, approved by the Shareholders' Meeting of 8 May 2024, is in place. The related Regulations were approved by the Board of Directors on 18 June 2024. The main features of this Plan are summarised below.

<u>Aim</u>
The Plan aims to promote and pursue the involvement of the beneficiaries whose activities are considered relevant for the implementation of the content and the achievement of the objectives set out in the Business Plan, foster loyalty development and motivation of managers, by increasing their entrepreneurial approach as well as align the interests of management with those of the Company's shareholders more closely, with a view to promoting the sustainable success of the Company and the Group, achieve specific levels of growth and development, and the Group's sustainable objectives.

<u>Purpose</u>
The purpose 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 relevant Plan, 1 Sabaf S.p.A. share.
The free allocation of Sabaf S.p.A. shares is conditional on the achievement, in whole or in part, with progressiveness, of the business targets related to the ROI and EBITDA and the social and environmental targets.

Beneficiaries
The Plan is intended for persons who hold or will hold key positions in the Company and/or its Subsidiaries, with reference to the implementation of the contents and the achievement of the objectives of the 2024 - 2026 Business Plan. A total of 263,000 Rights were allocated to the Beneficiaries already identified.

Deadline
The 2024 - 2026 Plan expires in 2027.

Accounting impacts and *Fair value measurement methods*
In connection with this Plan, €595,000 (Note 28) were recognised in personnel costs during the year, an equity reserve of the same amount (Note 13) was recognised as a balancing entry.
In line with the date on which the beneficiaries became aware of the assignment of the rights and terms of the plan, the grant date was set at 1 July 2024.

The main assumptions made at the beginning of the vesting period and the methods for determining the fair value at the end of the reporting period are illustrated below. The following economic and financial parameters were taken into account in determining the fair value per share at the start of the vesting period:

Share price on grant date adjusted for dividends	€16.60
Dividend yield	2.90%
Expected volatility per year	31.30%
Interest rate per year	3.10%

Based on the exercise right at the different dates established by the Plan Regulations and on the estimate of the expected probability of achieving the objectives for each reference period, the unitary fair value at 31 December 2025 was determined as follows:

Rights relating to objectives measured on ROI	Total value on ROI	-	Fair Value	-
	Rights on ROI	35%		

Rights relating to objectives measured on EBITDA	Total value on EBITDA	10.79	Fair Value	4.86
	Rights on EBITDA	45%		

Rights relating to ESG objectives measured on personnel training	Total value on "Personnel training"	14.02	Fair Value	0.70
	Rights on "Personnel training".	5%		

Rights relating to ESG objectives measured on safety indicator	Total value on "Safety indicator"	10.17	Fair Value	0.51
	Rights on "Safety indicator"	5%		

Rights relating to ESG objectives measured on reduction of emissions.	Total value on "Reduction of emissions”	13.73	Fair Value	1.37
	Rights on "Reduction of emissions”	10%		

Fair Value per share	7.44

Summary of public grants pursuant to Article 1, paragraphs 125-129, Italian Law no. 124/2017

In compliance with the requirements of transparency and publicity envisaged pursuant to Italian Law no. 124 of 4 August 2017, article 1, paragraphs 125-129, which imposed on companies the obligation to indicate in the explanatory notes "grants, contributions, and in any case economic advantages of any kind", the following are the details of the relative amounts, accounted for "on a cash basis", in addition to what has already been published in the National State Aid Register - transparency of individual aid.

Statutory References	**Contribution value**	**Disbursing Subject**
Transition 5.0 Loan	1,074	Italian State
Super/Iper ammortamento (Super/Hyper amortisation)	485	Italian State
R&D Tax credit	216	Italian State
Total	**1,775**	

Transition 5.0: grant pursuant to Article 38 of Decree-Law No. 19 of 2 March 2024, converted, with amendments, into Law No. 56 of 29 April 2024, and the decree of the Minister for Enterprise and Made in Italy, in agreement with the Minister for the Economy and Finance, dated 24 July 2024.

Iperammortamento (Hyper amortisation): it allows an over-estimation for tax purposes of capital equipment to which "Industry 4.0" benefits are applicable, which differs according to the year of acquisition. The reference regulations are included in the Budget Laws from the year 2017 to the year 2020, 2021 Budget Law, Law 178/2020.

Superammortamento (Super amortisation): it allows an over-estimation for tax purposes of 130% or 140% of investments in new capital equipment; the reference regulations are contained in Italian Law no. 205 of 27 December 2017.

Research and development activities: Contribution accessible with reference to Article 1, paragraphs 198-209 of Law no. 160 of 27 December 2019 and the Implementing Decree of the Ministry of Economic Development of 26 May 2020 ("Transition 4.0" Decree).

LIST OF EQUITY INVESTMENTS IN SUBSIDIARIES[27]

Company name	Registered offices	Share capital at 31 December 2025	Shareholders	% of ownership	Shareholders' equity at 31 December 2025	2025 profit (loss)
Faringosi Hinges S.r.l.	Ospitaletto (BS)	EUR 90000	Sabaf S.p.A.	100%	EUR 5031496	EUR 1151079
Sabaf do Brasil Ltda	Jundiaì (Brazil)	BRL 53348061	Sabaf S.p.A.	100%	BRL 106631610	BRL 8823268
Sabaf Appliance Components (Kunshan) Co., Ltd.	Kunshan (China)	CNY 78062950	Sabaf S.p.A.	100%	CNY 11334947	CNY 171938
Sabaf Beyaz Esya Parcalari Sanayi Ve Ticaret Limited Sirteki	Manisa (Turkey)	TRY 1306029421	Sabaf S.p.A.	100%	TRY 2727411531	TRY 547,576,570
A.R.C. S.r.l.	Campodarsego (PD)	EUR 45000	Sabaf S.p.A.	100%	EUR 5387838	EUR 1173538
Sabaf Mexico Appliance Components	San Louis Potosì (Mexico)	PESOS 141003832	Sabaf S.p.A.	100%	PESOS 304063799	PESOS -5959307
C.M.I s.r.l.	Valsamoggia (BO)	€1,000,000	Sabaf S.p.A.	100%	EUR 19096424	EUR 2539621
C.G.D. S.r.l.	Valsamoggia (BO)	EUR 26000	C.M.I. S.r.l.	100%	EUR 1674110	EUR 145492
Sabaf India Private Limited	Bangalore (India)	INR 311666338	Sabaf S.p.A.	100%	INR 646,832,577*	INR -96,227,467*
P.G.A S.r.l.	Fabriano (AN)	EUR 100000	Sabaf S.p.A.	100%	EUR 4724122	EUR 776186
Sabaf America Inc.	Delaware (USA)	USD 4000000	Sabaf S.p.A.	100%	USD 5865927	USD 446851
Mansfield Engineered Components LLC(MEC)	Mansfield (USA)	USD 2823248	Sabaf America	51%	USD 18012709	USD 4591164

'* The values shown for Sabaf India Private Limited refer to 31 March 2025, the local reporting date

OTHER SIGNIFICANT EQUITY INVESTMENTS

None

[27] Values taken from the separate financial statements of subsidiaries, prepared in accordance with locally applicable accounting standards

ORIGIN, POSSIBILITY OF UTILISATION AND AVAILABILITY OF RESERVES

Description	Amount	Possibility of utilisation	Available share	Amount subject to taxation for the company in the case of distribution
Capital reserves:				
Share premium reserve	26,160	A, B, C	26,160	0
Revaluation reserve, Law 413/91	42	A, B, C	42	42
Revaluation reserve, Law 342/00	1,592	A, B, C	1,592	1,592
Retained earnings:				
Legal reserve	2,482	B	0	0
Other retained earnings	69,439	A, B, C	68,173	0
Revaluation reserve, Law Decree no. 104/20	4,873	A, B	4,873	4,727
Valuation reserve:				
Post-employment benefit actuarial provision	(331)		0	0
Reserve for stock grant plan	990		0	0
Hedge accounting reserve	67		0	0
Total	105,314		100,840	6,361

Key:

A. for share capital increase
B. to hedge losses
C. for distribution to shareholders

STATEMENT OF REVALUATIONS

OF EQUITY ASSETS AT 31 December 2024

		Gross value	Cumulative depreciation	Net value
Non-current assets held for sale	Law 342/2000	0	0	0
		0	**0**	**0**
Plant and equipment	Law 576/75 Law 72/1983 1989 merger 1994 merger	177 1,923 6,140 6,820	(177) (1,923) (6,140) (6,820)	0 0 0 0
		15,060	**(15,060)**	**0**
Industrial and commercial equipment	Law 72/1983	**161**	**(161)**	**0**
Other assets	Law 72/1983	**50**	**(50)**	**0**
TOTAL		**15,271**	**(15,271)**	**0**

GENERAL INFORMATION

Sabaf S.p.A. is a company organised under the legal system of the Republic of Italy.

Registered and administrative office:		Via dei Carpini, 1 25035 Ospitaletto (Brescia)
Contacts:	Tel:	+39 030 - 6843001
	Fax:	+39 030 - 6848249
	E-mail:	info@sabaf.it
	Web site:	http://www.sabaf.it
Tax information:	REA Brescia	347512
	Tax code	03244470179
	VAT NUMBER	01786910982

Appendix

Information as required by Article 149-duodecies of the CONSOB Issuers' Regulation

The following table, prepared pursuant to Art. 149-duodecies of the CONSOB Issuers' Regulation, shows fees relating to 2025 for auditing services and for services other than auditing provided by the Independent Auditors. No services were provided by entities belonging to the network.

(€/000)	Party providing the service	Fees pertaining to the 2025 financial year
Audit	EY S.p.A.	63
Limited Assessment Sustainability Reporting	EY S.p.A	38
Other audit services	EY S.p.A	33 (1)
Total		*134*

1. Agreed auditing procedures for interim management statements and review of the Statement of Expenditure on Research and Development.

Certification of Separate financial statements pursuant to Article 154-bis of Legislative Decree no. 58/98

Gianluca Beschi, CEO and Financial Reporting Officer of Sabaf S.p.A., has 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 for the formation of the separate financial statements during the 2025 financial year.

They also certify that:

- the separate financial statements:
  - were prepared in accordance with the international accounting policies recognised in the European Community in accordance with EC regulation 1606/2002 of the European Parliament and Council of 19 July 2002 and with the measures issued in implementation of Article 9 of Legislative Decree 38/2005;
  - are consistent with accounting books and records;
  - provide a true and fair view of the financial position and performance of the issuer;

- the report on operations contains a reliable analysis of the performance and results of operations and the situation at the issuer, along with a description of the key risks and uncertainties to which it is exposed.

Ospitaletto, 24 March 2026

CEO and Financial Reporting Officer

Gianluca Beschi