ANNUAL REPORT

2024

Annual Report 20 24

SABAF®

ANNUAL REPORT **2024**

CREATIVE CONCEPT

2024

There's life inside.

CONCEPT

We drew inspiration from the headline “There’s life inside,” used in corporate campaigns. Sabaf, in fact, provides invisible yet essential components for household appliances that are part of everyone’s daily life. This gave rise to the idea of transforming evocative words into containers that hold within them meaningful claims and texts—expressions of their very essence.The words open up and reveal their hidden part, their beating heart—by analogy, the essential Sabaf component inside the products.

WE PROVIDE THE INVISIBLE THAT MAKES LIFE POSSIBLE.

SABAF

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SABAF

Sabaf. There's life inside.

We supply what is invisible to the eye, yet essential for the proper performance of every product. We are the silent driving force that ensures reliability, efficiency, and continuous innovation. There's life inside: our technology is the vital core of the products you rely on every day.

SABAF

PEOPLE ARE THE KEY TO INNOVATION AND SUCCESS.

LIFE

there are people inside there are people inside there are people inside
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Life. There are people inside.

People are the driving force behind every company's growth.
Ideas turn into innovation, and goals become tangible results.
Investing in people means investing in a strategy where collaboration, development, and creativity come together to build long-lasting success.

SABAF

SUSTAINABILITY IS OUR ULTIMATE GOAL.

GOAL

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Goal. There's future inside.

Through an ethical business approach, energy efficient processes and eco-friendly materials we work every day to create sustainable value, respecting the planet and future generations.

SABAF

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Letter from the Chief Executive Officer to stakeholders

Dear Shareholders and Stakeholders,

A trend of activity at different speeds was evident in 2024. The high level of market demand in the last few months of 2023 continued in the first half of the year. There was a slowdown in the fourth quarter due to the intention of large manufacturers to reduce stocks, followed by a good recovery in new orders in the first quarter of 2025.

Sabaf remained firmly on course and, in contrast to the reference market, reported strong growth in volumes with sales revenue consolidated at €277 million (+16%), representing an all-time sales record for our company.

The results of the gas and hinge divisions were particularly positive. Sales of burners for gas cookers (still by far the most important cooking technology in the world) were boosted not only by the Group's traditional sites (Italy, Turkey and Brazil) but also by the activity of the new production plants in Mexico and India, which significantly increased capacity to serve the major American and Asian manufacturers.

The results of the hinges division benefited fully from the acquisition (in mid-2023) of the US company Mansfield Engineered Components (MEC), which made Sabaf the leading manufacturer of hinges for household appliances in the Western world.

The two-speed trend of the business was reflected in profitability, with a first half of the year characterised by strong growth and a second half of the year characterised by a slowdown in demand and the increase in costs due to energy and, in particular, labour costs, which had an impact in Italy and particularly in Turkey.

Looking beyond the current situation, the concentration of the household appliance market, which has been underway for some years, continued in 2024. It is still led by the Eastern European and Turkish groups, as the recent acquisitions in Europe show. Another structural trend is the growth of low-end volumes, with the consequent benefits for manufacturers who rely on price as a competitive lever.

The strategic direction followed by Sabaf in recent years, through organic growth (diversification of the offer, global development of the production organisation, commercial flexibility) and growth through acquisitions, maintained our competitiveness. Today, our Group is one of the few Italian manufacturers of components able to meet the needs of the major global players, who are looking for innovative suppliers with high production capacity, who are financially sound and located close to their plants. We are also the only manufacturer able to cover all the cooking technologies available today (gas, radiant, induction).

In 2024, the company continued to diversify its offer in order to position Sabaf as an all-round player in smart appliances. We are working to extend the application of the products of the electronics division beyond household appliances by exploring segments with potentially larger competitive spaces.

The research and development activities of the four divisions (induction, electronics, hinges and gas) continued at a rapid pace during the year, with more than one hundred electronic and mechanical engineers working in the Group's various companies. Many projects are underway to improve the quality, innovation and competitiveness of our products. Many of these will be implemented in North and South America, Europe, India and North Africa as early as 2025, generating additional revenues.

The commitment to sustainability that has driven the development strategy and organisational decisions for years, often ahead of the market, continues. Sabaf complies with international best practice in the key areas of sustainability: reduction of emissions, energy efficiency, occupational safety, health prevention and support for the communities in the areas where the company operates. In 2024, work continued to meet the targets set out in the Business Plan for safety, training and reduction of CO2 emissions. An investment of approximately €2.5 million was made in the construction of a photovoltaic system: by 2025, the self-produced energy consumption of the Ospitaletto plant will reach 10% of total consumption.
In 2024, for the sixth year in a row, Sabaf was among the winners of the Best Managed Companies Award, given by Deloitte Private to the best Italian companies, further confirming the high level of professionalism that characterises the Group's companies at all levels, both managerial and operational.

2025 started with a good increase in order intake, suggesting that the first part of the year will see an improvement in results compared to the same period in 2024. It remains to be seen what impact the economic policies of the new US administration will have, as they are creating international tensions whose effects are difficult to predict. In any case, the global production organisation protects Sabaf from significant risks related to the introduction of tariffs.

Thanks to the new products to be launched in 2025 and the market share gained over the last two years, we are confident that the Group's growth and solidity will continue. We believe that the skills and professionalism of our people are a guarantee of achieving our objectives and a fundamental factor in building a lasting relationship of trust with customers.

Pietro Iotti

WE PROVIDE THE INVISIBLE THAT MAKES LIFE POSSIBLE.

SABAF

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We supply what is invisible to the eye, yet essential for the proper performance of every product. We are the silent driving force that ensures reliability, efficiency, and continuous innovation. There's life inside: our technology is the vital core of the products you rely on every day.

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. The comparative normalised consolidated economic results of the 2023 financial year also exclude the start-up costs of Sabaf India, Sabaf Mexico and the Induction division, the results of which are instead included in the normalised consolidated figures in 2024. This representation allows a better understanding of the Group's performance and a more accurate comparison with previous periods.

(€/000)	**2024**	**2023**	**2024-2023 change**	**% change**
Sales revenue	285,091	237,949	47,142	*+19.8*
Hyperinflation – Turkey	(8,126)	1,160		
Start-up revenue	-	(23)		
Normalised revenue	**276,965**	**239,086**	**37,879**	**+15.8**
EBITDA	43,704	29,612	14,092	*+47.6*
EBITDA %	*15.3*	*12.4*		
Start-up costs	-	2,649		
Hyperinflation – Turkey	(3,306)	786		
Normalised EBITDA	**40,398**	**33,047**	**7,351**	**+22.2**
Normalised EBITDA %	***14.6***	***13.8***		
EBIT	17,739	11,062	6,677	*+60.4*
EBIT %	*6.2*	*4.6*		
Start-up costs	-	3,724		
Hyperinflation – Turkey	3,465	2,710		
Normalised EBIT	**21,204**	**17,496**	**3,708**	**+21.2**
Normalised EBIT%	**7.7**	**7.3**		
Group net result	6,928	3,103	3,825	*+123.3*
Net result %	*2.4*	*1.3*		
Start-up costs	-	3,530		
Hyperinflation – Turkey	9,022	7,521		
Normalised result of the Group	**15,950**	**14,154**	**1,796**	**+12.7**
Normalised result %	**5.8**	**5.9**		

The Sabaf Group ended the 2024 financial year with normalised sales revenue of €277 million, up 15.8% (+10.1% on a like-for-like basis) compared to €239.1 million in 2023. This is, historically, the highest level of revenue achieved by the Group, and the figure is highly significant when one considers that the weakness in the household appliances sector continued even in 2024. Sabaf focused on internationalisation, product range expansion and increased production potential to increase its market share. Growth was supported by a good performance in Europe, a positive contribution from the South American market and the steady expansion of activities at the new sites in Mexico and India.

Average sales prices in 2024 were essentially unaltered from 2023.

The recovery in sales volumes compared to 2023 contributed to the improvement of profitability: normalised EBITDA was €40.4 million (14.6% of turnover), up 22.2% from €33 million in 2023 (13.8% of turnover) and normalised EBIT reached €21.2 million (7.7% of turnover) compared to €17.5 million in 2023 (7.3% of turnover). Normalised net profit was €16 million (5.8% of sales) compared to €14.2 million (5.9% of sales) in 2023.

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

Normalised revenue	2024	%	2023	%	% change
Gas parts	164,081	59.2%	144,010	60.2%	+13.9%
Hinges	86,627	31.3%	70,410	29.4%	+23.0%
Electronic components	25,783	9.3%	24,666	10.3%	+4.5%
Induction	474	0.2%	-	-	-
Total	**276,965**	**100%**	**239,086**	**100%**	**+15.8%**

The geographical breakdown of normalised revenues is shown below:

Normalised revenue	2024	%	2023	%	% change
Europe (excluding Turkey)	79,036	28.5%	71,734	30.0%	+10.2%
Turkey	70,459	25.4%	63,419	26.5%	+11.1%
North America	60,088	21.7%	47,697	19.9%	+26.0%
South America	35,654	12.9%	27,858	11.7%	+28.0%
Africa and Middle East	15,190	5.5%	17,762	7.4%	-14.5%
Asia and Oceania	16,538	6.0%	10,616	4.4%	+55.8%
Total	**276,965**	**100%**	**239,086**	**100%**	**+15.8%**

Normalised labour costs as a percentage of revenue were affected by inflation in 2023, rising from 24.2% in 2023 to 25% in 2024. Normalised net financial expenses as a percentage of revenue remained low (0.7%); during the year, the Group recognised normalised positive exchange rate differences of €1.4 million in the income statement (€2.2 million of negative exchange rate differences had been recognised in 2023).

In 2024, the Group recognised income taxes of €3.4 million (in 2023, normalised income of €2.4 million was recognised under this item, mainly related to tax benefits on investments).

STATEMENT OF FINANCIAL POSITION AND CASH FLOWS

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

(€/000)	31.12.2024	31.12.2023
Non-current assets	*177,663*	*181,167*
Short-term assets[2]	142,200	133,401
Short-term liabilities[3]	(63,953)	(61,553)
Working capital [4]	*78,247*	*71,848*
Provisions for risks and charges, post-employment benefit, deferred taxes, other non-current payables	*(8,285)*	*(9,477)*
Net invested capital	**247,625**	**243,538**
Short-term net financial position	(11,026)	20,118
Medium/long-term net financial position	(62,855)	(93,268)
Net financial debt	**(73,881)**	**(73,150)**
Shareholders' equity	**173,744**	**170,388**

[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 short-term assets and short-term liabilities.

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

(€/000)	**2024**	**2023**
Opening liquidity	***36,353***	***20,923***
Operating cash flow	*27,033*	*39,852*
Cash flow from investments	*(14,706)*	*(16,942)*
Free cash flow	**12,327**	**22,910**
Cash flow from financing activities	(16,773)	(14,670)
Share capital increase	-	17,312
Acquisitions	-	(9,108)
Foreign exchange differences	(1,266)	(1,014)
Cash flow for the period	**(5,712)**	**15,430**
Closing liquidity	***30,641***	***36,353***

In 2024, the Group generated operating cash flow of €27 million (€39.9 million in 2023). At 31 December 2024, the impact of the net working capital on revenue was 27.4% compared to 30.2% at 31 December 2023[5].

In 2024, in line with the budget, the net investments of the Group amounted to €14.7 million (€16.9 million in 2023).

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 2024, the positive free cash flow[6] generated by the Sabaf Group was €12.3 million (€22.9 million in 2023).

TOTAL FINANCIAL DEBT

At 31 December 2024, net financial debt was €73.9 million (€73.2 million at 31 December 2023).
The change in net financial debt is summarised in the table below:

Net financial debt at 31 December 2023	***(73,150)***
Free cash flow	12,327
Financial assets	(560)
MEC put option valuation	252
Buy-back of shares	(211)
Distribution of dividends	(8,663)
Financial liabilities IFRS 16	(1,931)
Change in fair value of derivative financial instruments	(679)
Foreign exchange differences and other changes	(1,266)
Net financial debt at 31 December 2024	***(73,881)***

Shareholders' equity totalled €173.7 million at 31 December 2024; the ratio between the net financial debt and the shareholders' equity was 0.43 and was unchanged compared to 2023.

[5] At 31 December 2023, the impact of the net working capital to pro-forma revenue (i.e. including the contribution of the acquisition of MEC for the whole of 2023) is 28.2%.
[6] Free cash flow is the difference between Cash Flows from operations and Net investments.

ECONOMIC AND FINANCIAL INDICATORS

	2024		2023	
		pro-forma[7]		pro-forma[7]
Change in turnover	+19.8%	+14.1%	-6.0%	-13.8%
ROCE (return on capital employed)	7.16%		4.54%	
Net debt/EBITDA	1.69		2.47	
Net debt/equity ratio	42.5%		42.9%	
Market capitalisation (31/12)/equity ratio	1.10		1.30	

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;

[7] The change in pro-forma turnover is calculated on a like-for-like basis.

- diversification of commercial investments in growing and emerging markets with local commercial and productive investments;
- entry into new segments / business sectors.

Risks associated with the conflicts in Ukraine and the Middle East

In relation to the conflict between Ukraine and Russia, note that the Group has an insignificant direct exposure to the markets of Russia, Belarus and Ukraine. However, these are markets supplied by some of the Sabaf Group's customers, who are exposed to these markets to varying degrees.

In October 2023, the war that broke out between Israel and Hamas further increased global geopolitical tensions. With regard to this conflict, the Group does not recognise any significant risks since it does not operate in the territories involved in the war.

In general, the economic recovery that characterised the early post-pandemic period has come to an end and the short to medium term outlook remains uncertain and difficult to assess, with the possibility of a continuation of a weak macroeconomic situation. The Group continuously monitors the macroeconomic environment and its impact on the business.

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 2024, Turkey represented 26% 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 particular, since turnover in US dollars accounted for 28.5% of consolidated turnover, 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 South and North 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 2024 were as follows:

Gas parts

- design and industrialisation of a new component for countertop hobs;
- development of a new version of the fixed gas valve;
- study of new customisations for flame spreaders for the Indian market and burners;
- design of a new burner;
- design of customised components for individual customers and markets.

Hinges

- development of a new hinge for dishwashers;
- development of a modular hinge design for built-in dishwashers;
- completion of a new hinge model for dishwashers with an adjustment system;
- development of a motorised hinge;
- development of a hinge for large built-in refrigerators.

Electronic components

- development of a new electronic control platform for ovens;
- completion of the development of the IOT platform for the electronic control of household appliances;
- industrialisation of the first product for the automotive market.

Induction

- development of new assisted cooking features;
- 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 €2,782,000 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.

KEY INTANGIBLE RESOURCES

The disclosure on key intangible resources is provide in the Consolidated Sustainability Statement at the paragraph *Enhancement of intangible assets and of its intellectual capital*.

DERIVATIVE FINANCIAL INSTRUMENTS

For the comments on this item, please see Note 37 of the Consolidated Financial Statements.

ATYPICAL OR UNUSUAL TRANSACTIONS

Sabaf Group companies did not execute any unusual or atypical transactions in 2024.

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. e 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

After three years of widespread weakness in demand, the household appliances market appears to be heading for a gradual recovery in volumes, partly due to the stimulus in consumption and residential investment resulting from lower interest rates. There are, however, some reasons for uncertainty. The first economic policy measures taken by the new US administration have created international tensions, the effects of which are difficult to predict. Sabaf's global production structure, with the direct manufacturing presence in the United States enabled by the recent acquisition of MEC, mitigates the risks associated with the introduction of tariffs. The Group expects sustained growth in 2025 as the benefits of the strategy outlined in the Business Plan (diversification of the offering, strengthening of the industrial footprint, development of group synergies and growth through acquisitions) is further materializing. In particular, an important contribution is expected from sales in North America, even thanks to the Mexican production plant that is constantly increasing volumes and expanding its product range. For all divisions, sales of new products - which will be partly customised for some customers - will begin and should help to strengthen market shares. The orders received in the first part of the year confirm this trend.

The Group is strengthening its efforts to improve margins through further efficiency measures, innovative projects and adjustments of price lists.

BUSINESS AND FINANCIAL SITUATION OF SABAF S.P.A.

(€/000)	**2024**	**2023**	**Change**	**% change**
Sales revenue	106,228	99,842	*6,386*	*+6,4%*
EBITDA	9,219	5,518	*3,701*	*+67.1%*
EBIT	1,786	(814)	*2,600*	*+319.4%*
Pre-tax profit (EBT)	1,175	1,123	*52*	*+4.6%*
Net profit	1,328	3,504	*(2,176)*	*-62.1%*

Thanks to the good performance in the European market and Turkey, the 2024 financial year closed with sales of €106.2 million, 6.8% higher than in 2023.

In 2024, Sabaf S.p.A. recognised dividend income in the amount of €4.2 million from Italian subsidiaries and write-downs of equity investments of €3.1 million.

The reclassification based on financial criteria is illustrated below:

(€/000)	**31.12.2024**	**31.12.2023**
Non-current assets[8]	*184,308*	*179,655*
Non-current financial assets	*7,971*	*16,386*
Short-term assets[9]	60,926	57,971
Short-term liabilities[10]	(34,382)	(34,229)
Working capital[11]	*26,544*	*23,742*
Provisions for risks and charges, Post-employment benefits, deferred taxes	*(2,185)*	*(2,420)*
Net invested capital	**216,638**	**217,363**
Short-term net financial position	(32,120)	(9,108)
Medium/long-term net financial position	(58,117)	(76,313)
Total financial debt[12]	**(90,237)**	**(85,421)**
Shareholders' equity	**126,401**	**131,942**

8 Excluding Financial assets.
9 Sum of Inventories, Trade receivables, Tax receivables and Other current receivables.
10 Sum of Trade payables, Tax payables and Other liabilities.
11 Difference between short-term assets and short-term liabilities.
12 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)	2024	2023
Opening liquidity	***13,899***	***2,604***
Operating cash flow	*4,448*	*13,437*
Cash flow from investments (net of divestments)	*(14,561)*	*(16,890)*
Free cash flow	(10,113)	(3,453)
Cash flow from financing activities	(1,747)	14,748
Cash flow for the period	**(11,860)**	**11,295**
Closing liquidity	***2,039***	***13,899***

At 31 December 2024, working capital stood at €26.5 million compared with €23.7 million at the end of the previous year: its percentage impact on turnover stood at 24.9% from 23.9% at the end of 2023.
The net financial debt was €90.2 million, compared with €85.4 million at 31 December 2023.
At the end of the year, shareholders' equity amounted to €126.4 million, compared with €131.9 million in 2023. The ratio between the net financial debt and the shareholders' equity was 71%; it was 65% at the end of 2023.

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 2024 financial year and Group shareholders' equity at 31 December 2024 with the same values of the parent company Sabaf S.p.A. is given below:

	31.12.2024		31.12.2023	
Description	**Profit for the year**	**Shareholders' equity**	**Profit for the year**	**Shareholders' equity**
Profit and shareholders' equity of parent company Sabaf S.p.A.	**1,328**	**126,401**	**3,504**	**131,942**
Equity and consolidated company results	16,422	134,492	13,297	124,424
Derecognition of the carrying value of consolidated equity investments	3,070	(109,351)	1,000	(103,854)
Monetary revaluation - hyperinflation (IAS 29)	(9,022)	36,794	(7,521)	32,742
Put options on minorities	252	(11,469)	(855)	(11,721)
Intercompany eliminations	(4,271)	(3,068)	(5,962)	(2,975)
Other adjustments	114	(55)	(83)	(170)
Minority interests	(965)	(7,940)	(277)	(8,293)
Profit and shareholders' equity attributable to the Group	**6,928**	**165,804**	**3,103**	**162,095**

Proposal for allocation of 2024 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 ended 31 December 2024 with a profit for the year of €1,327,683.
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 €1,272,205 of the profit for 2024 available after setting aside to the legal reserve €55,479 from the profit and, for the residual part, by distributing a portion of the extraordinary reserve. The dividend is scheduled for payment on 28 May 2025 (ex-date 26 May and record date 27 May 2025).

Ospitaletto, 25 March 2025

The Board of Directors

CONSOLIDATED SUSTAINABILITY STATEMENT 2024

ESRS 2 GENERAL INFORMATION

[ESRS 2 BP-1] GENERAL BASIS FOR PREPARATION OF SUSTAINABILITY STATEMENT

The Sabaf Group's Consolidated Sustainability Statement 2024 (hereinafter also referred to as the "Statement" or "Sustainability Statement") has been drafted in accordance with Legislative Decree No. 125 of 6 September 2024 and the European Sustainability Reporting Standards (ESRS).

The Statement 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 25 March 2025 and subjected to a limited review by the auditing firm EY S.p.A.

[ESRS 2 BP-2] DISCLOSURES 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 (IROs) 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.

This Sustainability Statement is the first to be prepared by the Group in compliance with the ESRS and in application of Legislative Decree No. 125 of 6 September 2024 and the Corporate Sustainability Reporting Directive (CSRD), therefore no changes in the preparation and presentation of sustainability information compared to previous reporting periods can be reported. Similarly, there were no material reporting errors in previous years. In order to prepare this Sustainability Statement, the Group used the option of phase-in provisions and did not report comparative values for previous years.

[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 Board of Directors of the Parent Company Sabaf S.p.A., appointed by the shareholders' meeting on 8 May 2024 and in office for 3 financial years, is composed of 9 members, 2 of whom are executive board members (the CEO Pietro Iotti and the CFO Gianluca Beschi) and 7 are non-executive board members (the Chairman Claudio Bulgarelli, Cinzia Saleri Alessandro Potestà, Laura Ciambellotti, Francesca Michela Maurelli, Federica Menichetti and Daniela Toscani), 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 average ratio of female to male board members is 125%.

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 average 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 directors Pietro Iotti (Committee Chairman and CEO), Gianluca Beschi (CFO in charge of Sustainability Statement) and Francesca Michela Maurelli, an independent non-executive director with relevant experience. The average ratio of female to male Committee members stands at 50%.
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 Appointments 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 Appointments 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 corporate bodies, on 20 February 2024, 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;
- Pietro Iotti, who held positions of increasing responsibility in several industrial companies (Gruppo Fiat, Smeg, Technogym, Interpump Group), has been with Sabaf since 2017 and holds the position of Chief Executive Officer;
- Gianluca Beschi, who has been at Sabaf since 1997, CFO, as well as Investor Relator;
- 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.;

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;
- monitoring the evolution of sustainability matters and the reference regulatory framework, including in the light of international guidelines and principles on the subject, identifying any adjustment actions 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, which includes the CEO and CFO (unlike the previous mandate, in which the Sustainability Committee overlapped with the Control and Risk Committee and was composed exclusively of independent directors), is more functional for the effective integration and implementation of sustainability in corporate activities.

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 CO_2 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.

[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 *[IRO-1] Description of the processes to identify and assess material impacts, risks and opportunities*.

CORE ELEMENTS OF DUE DILIGENCE	PARAGRAPHS IN THE SUSTAINABILITY STATEMENT
A) EMBEDDING DUE DILIGENCE IN GOVERNANCE, STRATEGY AND BUSINESS 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

CORE ELEMENTS OF DUE DILIGENCE	PARAGRAPHS IN THE SUSTAINABILITY STATEMENT
C) IDENTIFYING AND ASSESSING ADVERSE 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 the 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
D) TAKING ACTIONS TO ADDRESS THOSE ADVERSE IMPACTS	[E1-3] Actions and resources in relation to climate change policies
	[E2-2] Actions and resources related to pollution
	[E3-2] Water-related actions and resources
	[E5-2] Actions and resources related to resource use and the circular economy
	[S1-3] Processes to remediate negative impacts and channels for own workers 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) TRACKING THE EFFECTIVENESS OF THESE EFFORTS AND COMMUNICATING	[E1-4 MDR-T] Tracking the effectiveness of climate change-related policies and actions
	[E1-5] Energy consumption and mix
	[E1-6] Gross Scopes 1, 2, 3 and Total GHG emissions
	[E2-3 MDR-T] Tracking the effectiveness of pollution-related policies and actions
	[E2-4] Pollution of air, water and soil
	[E2-5] Substances of concern and substances of very high concern
	[E3 MDR-T] Tracking the effectiveness of water-related policies and actions
	[E3-4] Water consumption
	[E5 MDR-T] Tracking the effectiveness of circular economy-related policies and actions
	[E5-4] Resource inflows
	[E5-5] Resource outflows

CORE ELEMENTS OF DUE DILIGENCE	PARAGRAPHS IN THE SUSTAINABILITY STATEMENT
E) TRACKING THE EFFECTIVENESS OF THESE EFFORTS AND COMMUNICATING	[S1-5 MDR-T] Tracking effectiveness of policies and actions through targets
	[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 MDR-T] Tracking effectiveness of policies and actions through targets
	[S3 MDR-T] Tracking the effectiveness of affected communities-related policies and actions
	[S4 MDR-T] Tracking the effectiveness of end-user-related policies and actions
	[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 SUSTAINABILITY REPORTING

Risk management and internal controls associated with sustainability reporting is governed by the Procedure for Consolidated Sustainability Statement, which was revised and updated during the year and approved by the Board of Directors on 25 February 2025 in order to adapt the process to the entry into force of the Corporate Sustainability Reporting Directive (CSRD). The Procedure identifies the roles and responsibilities, the stages of the reporting process, as well as the reference documents and regulations for the report. 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.

The data and information collection process, which is overseen by the ESG Reporting Team, involves "group data owners", who are assigned the task of coordinating and supervising the data collection process at the Group level and carrying out internal consistency and coherence checks on the data received from subsidiaries, and also involves "subsidiary data owners", who are assigned the task of verifying and approving the qualitative and quantitative information included in the reporting packages of subsidiaries and providing documentation to support internal controls. The ESG Reporting Team, headed by the Reporting Officer, is responsible for coordinating the entire reporting process through appropriate periodic information flows to and from the data owners for the Group and its subsidiaries, as well as for carrying out internal consistency checks on the data collected, requesting, where necessary, additional supporting documentation and going over the workflow in the event of anomalies.

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 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 any 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 verticalization 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. 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 1,500 employees, the Sabaf Group is one of the world's leading manufacturers of components for household gas cooking appliances, with a market share exceeding 40% in Europe and over 10% worldwide.
The total of more than 1,500 employees is distributed across the different geographical areas as follows:

GEOGRAPHICAL AREA	NUMBER OF EMPLOYEES
Europe (excluding Turkey)	724
Turkey	498
North America	218
South America	108
Asia and Oceania	22
Total	**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

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.

HINGES

They allow movement and balancing when opening and closing the oven door, washing machine door or dishwasher door.

ELECTRONIC COMPONENTS

Electronic control boards, timers and display and power units for ovens, refrigerators, freezers, hoods and other products.

INDUCTION

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

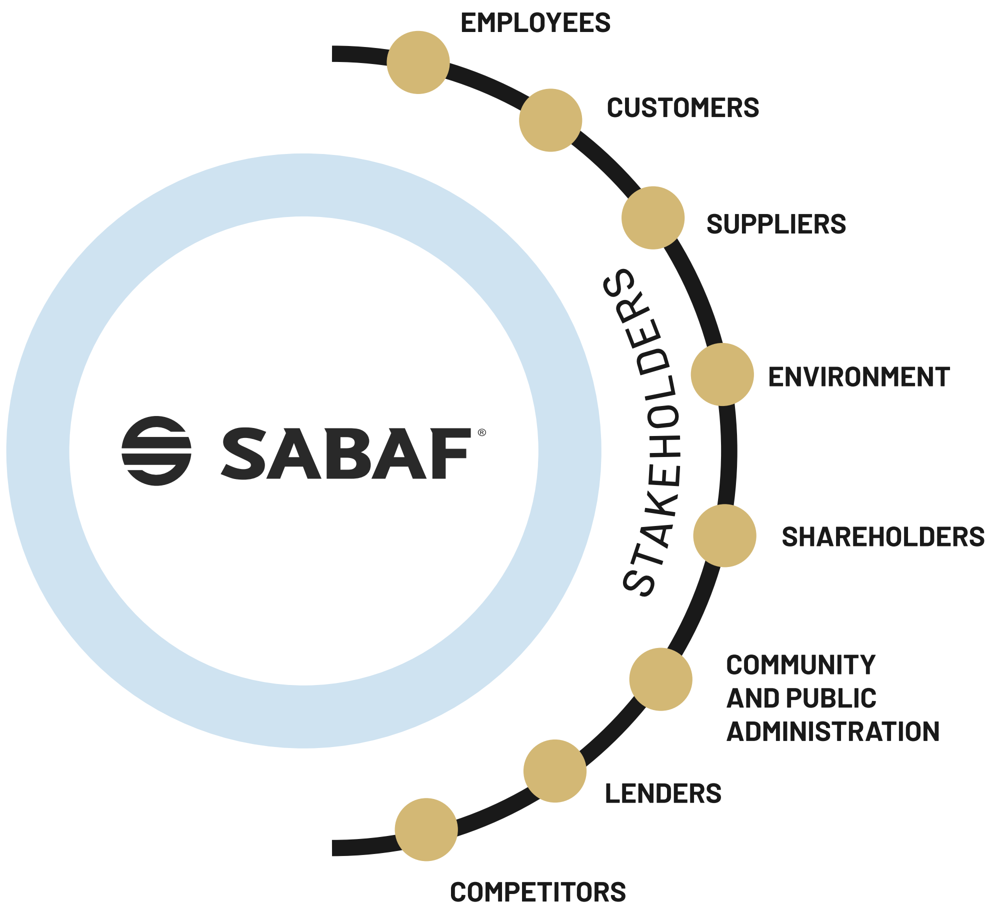
	2024	
	(€/000)	%
Gas parts	169,403	59.4%
Hinges	87,364	30.6%
Electronic components	27,850	9.8%
Induction	474	0.2%
Total	**285,091**	**100%**

REVENUE BY GEOGRAPHICAL AREA

	2024	
	(€/000)	%
Europe (excluding Turkey)	80,246	28.1%
Turkey	76,103	26.7%
North America	60,889	21.4%
South America	35,895	12.6%
Africa and Middle East	15,188	5.3%
Asia and Oceania	16,770	5.9%
Total	**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 relations 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 involved for each stakeholder category is specified 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, the Sabaf Group conducted a Double Materiality Assessment to identify 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 updating of the double materiality assessment during 2024 has, on the one hand, confirmed certain priorities that had already been identified by the Group in previous years and, on the other, highlighted the need for the introduction of new policies, metrics and objectives, as well as the adoption of updated reporting procedures. 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, AR 16 and the material impacts, risks and opportunities for the Group and its value chain are shown in the tables below.

Environmental 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 E1	CLIMATE CHANGE	CLIMATE CHANGE MITIGATION	*Contribution to climate change by producing GHG emissions during business operations.*	●		●					●	
ESRS E1	CLIMATE CHANGE	CLIMATE CHANGE MITIGATION	*Contribution to climate change through the production of GHG emissions along the upstream value chain.*	●		●				●		
ESRS E1	CLIMATE CHANGE	CLIMATE CHANGE MITIGATION	*Offering of products that produce GHG emissions during their use.*	●		●						●
ESRS E1	CLIMATE CHANGE	CLIMATE CHANGE MITIGATION	*Reduction of greenhouse gas emissions in the use phase through the dissemination of low-emission cooking solutions and the introduction of additional new low-emission products.*		●	●						●
ESRS E1	CLIMATE CHANGE	CLIMATE CHANGE MITIGATION	*Risks associated with adjusting CO2 emissions along the supply chain to meet market requirements and related reporting and monitoring.*					●		●	●	
ESRS E1	CLIMATE CHANGE	CLIMATE CHANGE MITIGATION	*Opportunities for the development of alternative technologies that could result in lower emissions in the use phase of the product, such as induction cooking.*						●		●	
ESRS E1	CLIMATE CHANGE	CLIMATE CHANGE MITIGATION	*Development of gas firing to replace biomass in emerging countries.*						●		●	●
ESRS E1	CLIMATE CHANGE	CLIMATE CHANGE MITIGATION	*Reputational benefits related to the introduction of decarbonisation and energy efficiency strategies.*						●		●	
ESRS E1	CLIMATE CHANGE	CLIMATE CHANGE ADAPTATION	*Risks associated with inability to adapt to market standards with respect to sustainability matters (e.g. effective decarbonisation strategies).*					●			●	
ESRS E1	CLIMATE CHANGE	CLIMATE CHANGE ADAPTATION	*Risks related to the transposition of new climate regulations.*					●			●	
ESRS E1	CLIMATE CHANGE	ENERGY	*Investment in self-generation of energy from renewable sources, with consequent benefits of energy independence and reduced operating costs.*						●		●	
ESRS E2	POLLUTION	POLLUTION OF AIR	*Emission of pollutants into the atmosphere during business operations.*	●			●				●	
ESRS E2	POLLUTION	POLLUTION OF AIR	*Emission of pollutants into the atmosphere in the upstream value chain.*	●		●				●		
ESRS E2	POLLUTION	POLLUTION OF WATER	*Emission of pollutants into water during business operations.*	●			●				●	
ESRS E2	POLLUTION	POLLUTION OF WATER	*Emission of pollutants into water in the upstream value chain.*	●		●				●		
ESRS E2	POLLUTION	POLLUTION OF SOIL	*Emission of pollutants into the soil during business operations.*	●			●				●	
ESRS E2	POLLUTION	POLLUTION OF SOIL	*Emission of pollutants into the soil in 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 E2	POLLUTION	SUBSTANCES OF CONCERN	*Emission of pollutants into the atmosphere, water and soil during business operations.*	●			●				●	
			Emission of pollutants into the atmosphere, water and soil in the upstream value chain.	●		●				●		
		SUBSTANCES OF VERY HIGH CONCERN	*Emission of pollutants into the atmosphere, water and soil during business operations.*	●			●				●	
			Emission of pollutants into the atmosphere, water and soil in the upstream value chain.	●						●		
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.	●		●				●		
ESRS E5	CIRCULAR ECONOMY	RESOURCES INFLOWS, INCLUDING RESOURCE USE	*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.*		●	●				●	●	
			Risk related to commodity price volatility and dependence on non-renewable raw materials, in own operations and along the 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.*		●	●				●	●	
		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.						●		●	
			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 positively influence economic performance.						●		●	

				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	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.		●						●	
			Risk related to the lack of specific technical skills for Sabaf's business on the labour market.					●			●	
			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.						●		●	
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.					●		●		
ESRS S3	AFFECTED COMMUNITIES	COMMUNITIES' ECONOMIC, SOCIAL AND CULTURAL RIGHTS	*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.		●	●						●
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 AND 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 - AR 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 2023, the Sabaf Group initiated a process of alignment with the Corporate Sustainability Reporting Directive (CSRD), which resulted in the updating of the materiality analysis according to the requirements of the ESRS standards. In order to comply with the ESRS, the Sabaf Group conducted a Double Materiality Assessment, which was divided into two main phases: Impact Materiality Analysis and Financial Materiality Analysis. Details of the 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 - AR 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).

The short list of material impacts and topics was reviewed by the Risk and Sustainability Control Committee and subsequently approved by the Board of Directors on 20 February 2024.

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, AR 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 2023, 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.

The results of the Double Materiality Assessment were presented and discussed by the Sustainability Committee at its meeting on 10 December 2024 and approved by the Board of Directors on 17 December 2024. 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 IN ESRS COVERED BY THE SUSTAINABILITY STATEMENT

Section *[IRO-1] Description of the process to identify and assess material impacts, risks and opportunities* 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 INFORMATION		
ESRS 2 BP-1 General basis for preparation of Sustainability Statement	23	
ESRS 2 BP-2 Disclosures in relation to specific circumstances	23	
ESRS 2 GOV-1 The role of the administrative, management and supervisory bodies	23-25	
ESRS 2 GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	25	
ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes	25	
ESRS 2 GOV-4 Statement on due diligence	25-28	
ESRS 2 GOV-5 Risk management and internal controls over Sustainability Statement	28-29	
ESRS 2 SBM-1 Strategy, business model and value chain	29-31	
ESRS 2 SBM-2 Interests and views of stakeholders	32-33	
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	33-37	
ESRS 2 IRO-1 Description of the process to identify and assess material impacts, risks and opportunities	37-38	
ESRS 2 IRO-2 Disclosure Requirements in ESRS covered by the Sustainability Statement	39-49	
ESRS E1 CLIMATE CHANGE		
ESRS 2 GOV-3 E1 Integration of sustainability-related performance in incentive schemes	58	
ESRS E1-1 Transition plan for climate change mitigation	58	
ESRS 2 SBM-3 E1 Material impacts, risks and opportunities and their interaction with strategy and business model	58-59	
ESRS 2 IRO-1 E1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities	59-61	
ESRS E1-2 Policies related to climate change mitigation and adaptation	61-62	

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	PAGE NUMBER	NOTES
ESRS E1 CLIMATE CHANGE		
ESRS E1-3 Actions and resources in relation to climate change policies	62	
ESRS E1-4 Tracking the effectiveness of climate change-related policies and actions	62	
ESRS E1-5 Energy consumption and mix	63	
ESRS E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions	64-66	
ESRS E1-7 GHG removals and GHG mitigation projects financed through carbon credits		Not-material for the Sabaf Group
ESRS E1-8 Internal carbon pricing		Not-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 phase-in provisions for the first year of reporting
ESRS E2 POLLUTION		
ESRS 2 IRO-1 E2 Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	66-67	
ESRS E2-1 Policies related to pollution	67	
ESRS E2-2 Actions and resources related to pollution	67	
ESRS E2-3 Tracking the effectiveness of pollution-related policies and actions	67-68	
ESRS E2-4 Pollution of air, water and soil	68	
ESRS E2-5 Substances of concern and substances of very high concern	68	
ESRS E2-6 Anticipated financial effects from pollution-related, risks and opportunities		The Sabaf Group used the phase-in provisions for the first year of reporting
ESRS E3 WATER		
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ESRS E3-5 Anticipated financial effects from water and marine resources-related impacts, risks and opportunities		The Sabaf Group used the phase-in provisions for the first year of reporting
ESRS E4 BIODIVERSITY AND ECOSYSTEMS		
ESRS E4-1 Transition plan and consideration of biodiversity and ecosystems in strategy and business model		Not-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 and opportunities		
ESRS E4-2 Policies related to biodiversity and ecosystems		
ESRS E4-3 Actions and resources related to biodiversity and ecosystems		
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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	71	
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ESRS E5-4 Resource inflows	73	
ESRS E5-5 Resource outflows	74	
ESRS E5-6 Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities		The Sabaf Group used the phase-in provisions for the first year of reporting

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ESRS 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	77-78	
ESRS S1-5 MDR-T Tracking effectiveness of policies and actions through targets	78	
ESRS S1-6 Characteristics of employees	79-80	
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ESRS S1-9 Diversity metrics	81	
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ESRS S1-11 Social Protection		The Sabaf Group used the phase-in provisions for the first year of reporting
ESRS S1-12 Persons with disabilities		Not-material for the Sabaf Group
ESRS S1-13 Training and skills development metrics	81-82	
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ESRS S1-15 Work-life balance metrics	83	
ESRS S1-16 Remuneration metrics (pay gap and total remuneration)	83	
ESRS S1-17 Incidents, complaints and severe human rights impacts	83	

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ESRS 2 SBM-2 S2 Interests and views of stakeholders	84	
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ESRS S2-1 Policies related to value chain workers	84	
ESRS S2-2 Processes for engaging with value chain workers about impacts	85	
ESRS S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	85	
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	85	
ESRS S2 MDR-T Tracking effectiveness of policies and actions through targets	85	
ESRS S3 AFFECTED COMMUNITIES		
ESRS 2 SBM-2 S3 Interests and views of stakeholders	32-33	
ESRS 2 SBM-3 S3 Material impacts, risks and opportunities and their interaction with strategy and business model	86	
ESRS 2 S3-1 Policies related to affected communities	86	
ESRS S3-2 Processes for engaging with affected communities about impacts	86	
ESRS S3-3 Processes to remediate negative impacts and channels for own workers to raise concerns		Not-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	86-87	
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ESRS S4 CONSUMERS AND END-USERS		
ESRS 2 SBM-2 S4 Interests and views of stakeholders	32-33	
ESRS 2 SBM-3 S4 Material impacts, risks and opportunities and their interaction with strategy and business model	87	
ESRS S4-1 Policies related to consumers and end-users	87	
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ESRS 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	88	
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ESRS 2 GOV-1 G1 The role of the administrative, management and supervisory bodies	89	
ESRS 2 IRO-1 G1 Description of the process to identify and assess material impacts, risks and opportunities	89	
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ESRS G1-2 Management of relationships with suppliers	90	
ESRS G1-3 Prevention and detection of corruption or bribery	90-91	
ESRS G1-4 Incidents of corruption or bribery	91	
ESRS G1-5 Political influence and lobbying activities		Not-material for the Sabaf Group
ESRS G1-6 Payment Practices	91	

Below are the information elements from other EU legislation listed in Appendix B of Annex II of the CSRD.

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ESRS 2 GENERAL INFORMATION		
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	24
ESRS 2 GOV-1 Percentage of board members who are independent, paragraph 21 (e)	**Benchmark regulation:** dommission delegated regulation (EU) 2020/1816, annex II	24
ESRS 2 GOV-4 Statement on due diligence, paragraph 30	**SFDR:** annex I, table 3, indicator No. 10	26-28
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	30-32
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	30-32
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	30-32
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	30-32
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	58
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	58
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	63
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	63

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ESRS E1 CLIMATE CHANGE		
ESRS E1-5 Energy consumption and mix, paragraph 37	**SFDR:** annex I, table 1, Indicator No. 5	63-64
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	63-64
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	64
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	64
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 for the first year of reporting
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 eegulation (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: ioans 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 the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, 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	68
ESRS E3 WATER AND MARINE RESOURCES		
ESRS E3-1 Water and marine resources, paragraph 9	**SFDR:** annex I, table 2, indicator No. 7	69
ESRS E3-1 Dedicated policy, paragraph 13	**SFDR:** annex I, table 2, indicator No. 8	69
ESRS E3-1 Sustainable oceans and seas paragraph 14	**SFDR:** annex I, table 2, indicator No. 12	Non-material for the Sabaf Group

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ESRS E3-4 Total water recycled and reused, paragraph 28(c)	**SFDR:** annex I, table 2, indicator No. 6.2	70
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	70
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	74
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	**SFDR:** annex I, table 1, indicator No. 9	74
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	75
ESRS 2 SBM-3 S1 Risk of incidents of child labour, paragraph 14 (g)	**SFDR:** annex I, table 3, indicator No. 12	75
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	75-77
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	75-77
ESRS S1-1 Processes and measures for preventing trafficking in human beings, paragraph 22	**SFDR:** annex I, table 3, indicator No. 11	75-77
ESRS S1-1 Workplace accident prevention policy or management system, paragraph 23	**SFDR:** annex I, table 3, indicator No. 1	75-77
ESRS S1-3 Grievance/complaints handling mechanisms, paragraph 32(c)	**SFDR:** annex I, table 3, indicator No. 5	77
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	82

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ESRS S1 OWN WORKFORCE		
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness, paragraph 88 (e)	**SFDR:** annex I, table 3, indicator No. 3	82
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	83
ESRS S1-16 Excessive CEO pay ratio, paragraph 97 (b)	**SFDR:** annex I, table 3, indicator No. 8	83
ESRS S1-17 Incidents of discrimination, paragraph 103 (a)	**SFDR:** annex I, table 3, indicator No. 7	83
ESR S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines 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	83
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	84
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	84-85
ESRS S2-1 Policies related to value chain workers, paragraph 18	**SFDR:** annex I, table 3, indicators Nos. 11 and 4	84-85
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	84-85
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	84-85
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	85
ESRS S3 COMMUNITIES CONCERNED		
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	86
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	86
ESRS S3-4 Human Rights issues and incidents, paragraph 36	**SFDR:** annex I, table 3, indicator No. 14	86-87

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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	87-88
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	87-88
ESRS S4-4 Human rights issues and incidents, paragraph 35	**SFDR:** annex I, table 3, indicator No. 14	88
ESRS G1 BUSINESS CONDUCT		
ESRS G1-1 United Nations Convention against Corruption, paragraph 10 (b)	**SFDR:** annex I, table 3, indicator No. 15	89-90
ESRS G1-1 Protection of whistleblowers, paragraph 10 (d)	**SFDR:** annex I, table 3, indicator No. 6	89-90
ESRS G1-4 Fines imposed for violations of laws against corruption and bribery, paragraph 24(a)	**SFDR:** annex I, table 3, indicator No. 17 **Benchmark regulation:** annex II of delegated regulation 2020/1816	91
ESRS G1-4 Rules for combating Corruption and bribery, paragraph 24 (b)	**SFDR:** annex I, table 3, indicator No. 16	91

[13] 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).
[14] 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 investment firms and amending regulation (EU) No 648/2012 (capital requirements regulation 'CRR') (OJ L 176, 27.6.2013, p. 1).
[15] 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).
[16] EU Climate Law: 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 regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law')(OJ L 243, 9.7.2021, p. 1).

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 operating 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.
For the taxonomic reporting pertaining to the reference year, the reporting obligation covering both Taxonomy-eligible and aligned economic activities will be extended to all six objectives of the Taxonomy.

Eligible activities

In accordance with the 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. In 2024, the eligibility and alignment analysis covered the activities specified in Annexes I and II of the Climate Delegated Act and was also extended to those of the other delegated regulations, i.e., the activities contained in Annexes I, II, III and IV of the Environmental Delegated Act and Delegated Act 2023/2485.
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". Indeed, Sabaf manufactures "key components" of household appliances that fall within the scope of the above-mentioned activity. 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.
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[17].
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. 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.

[17] 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". el documento *Platform considerations on voluntary information as part of Taxonomy-eligibility reporting* presentato in allegato alle FAQs della Commissione Europea pubblicate a dicembre 2021 si legge infatti che "*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*".

Eligible economic activities for the 2024 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.	CapEx
3.2 Renovation of existing buildings	Transition to a circular economy	Restructuring activities conducted at the company A.R.C. s.r.l.	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	Adaptation works for the 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	Transition to a 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 acts, concluding that activities 4.1, 7.2, 3.2 and 2.2 are only eligible for the year 2024, 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 2024 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	Adaptation works for the 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 acts, 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.
The CapEx indicator associated with activity *7.6. Installation, maintenance and repair of renewable energy technologies*, was found to be aligned as part of a plan to expand economic activities aligned with the Taxonomy or to enable economic activities eligible for the latter to align with the Taxonomy ('CapEx plan').

Substantial contribution of aligned activities
Economic activities 7.4. and 7.6. can be considered aligned with the Taxonomy if they meet the criterion of substantial contribution to the mitigation objective. The analysis conducted on the Company's specific circumstances concluded that both activities 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 adaptation works for the installation of a photovoltaic system at the Sabaf S.p.A. plant as part of a CapEx plan, as defined in Annex I of Delegated Regulation (EU) 2021/2178. Once installed, this system will enable the production of electricity using photovoltaic solar technology, contributing substantially to the goal 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 the reporting period, 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 acts. 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 the strategy and business model* and *[E1 IRO-1] Description of processes for identifying and assessing material climate-related impacts, risks and opportunities*.

Analysis of minimum safeguards
Article 18 of the EU Taxonomy Regulation describes minimum safeguards, or "minimum social 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 Group companies, as measures to contribute to the energy transition of the companies themselves. 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).

Template - Proportion of turnover from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2024 (€/000)

2024 financial year	**2024**			**Substantial contribution criteria**						**DNSH criteria ("Does not significantly harm")**									
Economic activities	Code	Absolute turnover	Proportion of turnover (2024)	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	**Taxonomy-aligned (A.1.) or Taxonomy-eligible (A.2) proportion of turnover (2023)**	Category (enabling activity)	Category (transitional activity)
		€/000	*%*	*Yes; No; N/EL*	*Yes; No; N/EL*	*Yes; No; N/EL*	*Yes; No; N/EL*	*Yes; No; N/EL*	*Yes; No; N/EL*	*Yes/ No*	*Yes/ No*	*Yes/ No*	*Yes/ No*	*Yes/ No*	*Yes/ No*	*Yes/ No*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0.00%**	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.0%**		
of which enabling		**0**	**0.00%**	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.0%**	E	
of which transitional		**0**	**0.00%**	-						-	-	-	-	-	-	-	**0.0%**		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*Optional*							*%*		
Electricity generation using solar photovoltaic technology	CCM 4.1.	50	0.02%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								**0.0%**		
Turnover of Taxonomy-eligible activities but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**50**	**0.02%**	-	-	-	-	-	-								**0.0%**		
Total (A.1 + A.2)		**50**	**0.02%**	-	-	-	-	-	-								**0.0%**		
B. TAXONOMY NON-ELIGIBLE ACTIVITES																			
Turnover of Taxonomy-non-eligible activities (B)		**295,975**	**99.98%**																
Total (A + B)		**296,025**	**100%**																

Template - Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2024 (€/000)

2024 financial year	2024			Substantial contribution criteria						DNSH criteria ("Does not significantly harm")										
Economic activities	Code	Absolute turnover	Proportion of turnover (2024)	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	**Taxonomy-aligned (A.1.) or Taxonomy-eligible (A.2) proportion of CapEx 2023**	Category (enabling activity)	Category (transitional activity)
		€/000	*%*	*Yes; No; N/EL*	*Yes; No; N/EL*	*Yes; No; N/EL*	*Yes; No; N/EL*	*Yes; No; N/EL*	*Yes; No; N/EL*	*Yes/ No*	*Yes/ No*	*Yes/ No*	*Yes/ No*	*Yes/ No*	*Yes/ No*	*Yes/ No*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
IInstallation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4.	**12**	**0.07%**	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	**0.0%**	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	**251**	**1.48%**	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	**0.0%**	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**263**	**1.55%**	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.0%**		
of which enabling		**263**	**1.55%**	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.0%**	E	
of which transitional		**0**	**0.00%**	-						-	-	-	-	-	-	-	**0.0%**		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*Optional*							*%*		
Renovation of existing buildings	**CCM 7.2.** CE 3.2.	**189**	**1.12%**	*EL*	*N/EL*	*N/EL*	*EL*	*N/EL*	*N/EL*								**0.0%**		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**189**	**1.12%**	-	-	-	-	-	-								**0.0%**		
Total (A.1 + A.2)		**452**	**2.67%**	-	-	-	-	-	-								**0.0%**		
B. TAXONOMY NON-ELIGIBLE ACTIVITES																			
CapEx of Taxonomy non-eligible activities (B)		**16,491**	**97.33%**																
Total (A + B)		**16,943**	**100%**																

Template - Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2024 (€/000)

2024 financial year	2024			Substantial contribution criteria						DNSH criteria ("Does not significantly harm")									
Economic activities	Code	Absolute turnover	Proportion of turnover (2024)	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	**Taxonomy-aligned (A.1.) or Taxonomy-eligible (A.2) proportion of Opex (2023)**	Category (enabling activity)	Category (transitional activity)
		€/000	*%*	*Yes; No; N/EL*	*Yes; No; N/EL*	*Yes; No; N/EL*	*Yes; No; N/EL*	*Yes; No; N/EL*	*Yes; No; N/EL*	*Yes/ No*	*Yes/ No*	*Yes/ No*	*Yes/ No*	*Yes/ No*	*Yes/ No*	*Yes/ No*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Operating expenses of environmentally sustainable activities (taxonomy-aligned) (A.1)		**0**	**0.00%**	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.0%**		
of which enabling		**0**	**0.00%**	-	-	-	-	-	-	-	-	-	-	-	-	-	**0.0%**	E	
of which transitional		**0**	**0.00%**	-						-	-	-	-	-	-	-	**0.0%**		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*Optional*							*%*		
Production of alternative water resources for purposes other than human consumption	CE 2.2.	**11**	**0.13%**	N/EL	N/EL	N/EL	EL	N/EL	N/EL								**0.0%**		
Operating expenses of Taxonomy-eligible but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		**11**	**0.13%**	-	-	-	-	-	-								**0.0%**		
Total (A.1 + A.2)		**11**	**0.13%**	-	-	-	-	-	-								**0.0%**		
B. TAXONOMY NON-ELIGIBLE ACTIVITES																			
OpEx of Taxonomy non-eligible activities (B)		**8,622**	**99.87%**																
Total (A + B)		**8,633**	**100%**																

Multi-objective template

	Proportion of turnover/Total turnover	
	Taxonomy-aligned by objective	Taxonomy-eligible by objective
CCM	0.00%	0.02%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	0.00%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned by objective	Taxonomy-eligible by objective
CCM	1.55%	2.67%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	1.12%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned by objective	Taxonomy-eligible by objective
CCM	0.00%	0.00%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	0.13%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

Annex XII of Regulation 2022/1214

Regulation (EU) 2022/1214, which amends Delegated (EU) Regulation 2021/2139, introduces a template to report on nuclear energy and fossil gas related activities. The Sabaf Group conducted an audit without identifying any nuclear energy and fossil gas related activities.

Template 1 - Nuclear and fossil gas related activities

	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

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 Delegated Regulation:

- Turnover;
- Capital expenditure ("CapEx");
- Operating expenses ("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 numerator of the KPI consists of the Taxonomy-eligible and Taxonomy-aligned turnover. The denominator of the KPI consists of the Group's total net turnover as per the 2024 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.

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 numerator of the KPI considers the share of capital expenditure related to eligible activities, possibly aligned, while the denominator is the total of such expenditure. According to the EU Taxonomy, CapEx may include:

- capital expenditures related to assets or processes that are associated with Taxonomy-eligible/aligned economic activities (category as per par. 1.1.2.2. annex I delegated Act Art. 8);
- capital expenditures that are part of 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 act art. 8;
- capital expenditure related to the purchase of output 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 act art. 8).

The additions attributable to expenses incurred as part of a CapEx plan referred to in point 1.1.2. of annex I of delegated regulation (EU) 2021/2178 and expenses recognised in accordance with IFRS 16 *Leases* and IAS 40 *Investment Property* were considered.
Finally, there are no CapEx attributable to IAS 41 *Agriculture*.

OpEx

Under Regulation (EU) 2021/2178, operating expenses are 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 operating expenses is based on the analysis of all the accounts comprising the management accounting system, identifying all items pertaining to the above categories.

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 CO_2 emissions.

[E1-1] TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

The Sabaf Group has not currently adopted a transition plan for climate change mitigation. Moreover, in order to address stakeholder requirements and new climate and sustainability reporting regulations, in 2023 the Group launched a carbon management and climate change mitigation pathway that includes the identification of specific drivers of decarbonisation. These specific drivers will form the basis for the future formalisation of a transition plan, which the Group aims to define by 2025.

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 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.[18]

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).[19] 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.

Another in-depth study[20] 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.

[E1 SBM-3] MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Although it has not yet adopted a transition plan for climate change mitigation, 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 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

[18]Selin Oğuz, Mapped: The Global Reliance on Harmful Cooking Fuels, 7 December 2023.
[19]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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[20]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 e Mauro Moresi, Università of Tuscia

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 RCP 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 2024 - in order to identify the risks to which it is most exposed and adopt a proper mitigation strategy - 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 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 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 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 Policy):
- rationalising and making efficient use of energy resources;
- investing in the supply and self-production of energy from renewable energy sources;
- measuring performance indicators related to 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 climate change legislation, and proactively using its processes as a means of continuous surveillance;
- pre-emptively assessing climate change aspects in the planning and design of investments, industrial operations and raw material selection;
- complying with climate change adaptation principles when planning investments related to the construction and maintenance of production facilities and sites.

The commitments outlined in the Environmental 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 *[SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model*).
The Environmental 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 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 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 Policy.
The Parent Company's Board of Directors is responsible for the approval, implementation and periodic review of the Group's Environmental 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 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 Gross Scopes 1, 2 and 3 emissions, conducted annually.

In 2024 the Sabaf Group conducted and/or planned the following actions in order to pursue its climate change policy commitments:

- installation of a photovoltaic system at the Ospitaletto plant (Sabaf S.p.A.), which will allow the self-production of an estimated 10% of the site's current consumption. For this activity, which started in 2024, Sabaf has already incurred capital expenditure (CapEx) of €251 thousand. This amount was aligned within the scope of Regulation (EU) 202/852 (Taxonomy Regulation) for FY 2024 and reported in this Sustainability Statement according to the applicable provisions. The Group expects to complete the work by the end of 2025, for a total CapEx amount of approximately €2.3 million;
- 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 2024, Sabaf invested €2.3 million in capital expenditure (CapEx) and €0.5 million in operating expenses. For 2025, planned capital expenditure will amount to about €3 million, with operating expenditure (OpEx) of €1 million.
- installation, at the Sabaf S.p.A. Production plant, of charging stations for electric vehicles, with associated capital expenditure (CapEx) of about €12 thousand. This amount was aligned within the Taxonomy Regulation and reported in this Sustainability Statement according to the applicable provisions.
- energy efficiency measures, aimed at reducing energy consumption associated with operational processes. In 2024, Sabaf replaced two compressors at the Ospitaletto plant with new, more energy-efficient equipment, incurring capital expenditure (CapEx) of €118 thousand. Sabaf also plans to replace the current die-casting waste treatment system (electric evaporator) with a chemical-physical treatment system by 2025, which will significantly reduce the associated energy consumption. Also planned for 2025 is the replacement of two dosing furnaces in the die-casting department with more efficient furnaces. Capital expenditure (CapEx) of €450 thousand is expected to be incurred for the implementation of these measures.

The Sabaf Group intends to meet these investments through self-financing.
The periodic measurement and monitoring of Gross Scopes 1, 2 and 3 emissions are part of the recurring operating costs.
Since it has not formalised a transition plan, as defined by ESRS E1-1, the Sabaf Group has not identified specific decarbonisation drivers associated with the above actions, and has not quantified actual or prospective GHG emission reductions.

[E1-4 MDR-T] TRACKING THE EFFECTIVENESS OF CLIMATE CHANGE-RELATED POLICIES AND ACTIONS

Sabaf monitors progress on climate change commitments in its Environmental Policy through both regular implementation activities and the monitoring of its environmental management systems and through the measurement of specific performance indicators. In general, the Sabaf Group ensures the monitoring of environmental impacts (including impacts related to GHG emissions) 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. Sabaf S.p.A. applies an Integrated Environment and Energy management system which is ISO 14001 and ISO 50001 certified.
The Sabaf Group measures performance indicators related to Scope 1, 2 and 3 greenhouse gas (GHG) emissions and monitors the respective trends annually. All Scope 3 categories are reviewed and measured on annual basis, according to the methodology reported in *[E1-6] Gross Scopes 1, 2, 3 and Total GHG emissions*.
The Group does not have measurable, results-oriented targets relating to the effects of climate change, except as part of its Long-Term Incentive Plan (LTIP), as described in *[GOV-3] Integration of sustainability-related performance in incentive schemes*. The level of ambition that Sabaf has set itself to date corresponds to compliance with applicable regulations. The path related to Carbon Management and climate change mitigation, which the Group embarked on in 2023, will be of assistance in defining a decarbonisation strategy and the associated monitoring activities, i.e. a superior level of climate ambition.

[E1-5] ENERGY CONSUMPTION AND MIX

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

	2024
ENERGY CONSUMPTION AND MIX	
1) Fuel consumption from coal and coal products (MWh)	0
2) Fuel consumption from crude oil and petroleum products (MWh)	1,475
3) Fuel consumption from natural gas (MWh)	53,674
4) Fuel consumption from other fossil sources (MWh)	0
5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	31,089
6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	**86,238**
Share of fossil sources in total energy consumption (%)	**89%**
7) Consumption from nuclear sources (MWh)	**1,272**
Share of consumption from nuclear sources in total energy consumption (%)	**1%**
8) Fuel consumption for renewable sources including biomass (also comprising industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.) (MWh)	11
9) Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources (MWh)	9,168
10) The consumption of self-generated non-fuel renewable energy (MWh)	126
11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	**9,305**
Share of renewable sources in total energy consumption (%)	**10%**
Total energy consumption (MWh) (calculated as the sum of lines 6, 7 and 11)	**96,815**

	2024
ENERGY INTENSITY BASED ON NET REVENUE	
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/€m)	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 relating 'Total energy consumption' to the Group's net revenue.

[E1-6] GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS

	2024
SCOPE 1 GHG EMISSIONS	
Gross Scope 1 GHG emissions (tCO_{2eq})	11,312
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0%
SCOPE 2 GHG EMISSIONS	
Gross location-based Scope 2 GHG emissions (tCO_{2eq})	12,074
Gross market-based Scope 2 GHG emissions (tCO_{2eq})	15,618
SIGNIFICANT SCOPE 3 GHG EMISSIONS	
Total gross indirect (Scope 3) GHG emissions (tCO_{2eq})	25,563,260
Percentage of gross indirect Scope 3 emissions	99.9%
1. Purchased goods and services (tCO_{2eq})	183,850
2. Capital goods (tCO_{2eq})	4,383
3. Fuel and energy-related activities (not included in Scope 1 or Scope 2) (tCO_{2eq})	4,133
4. Upstream transportation and distribution (tCO_{2eq})	11,509
5. Waste generated in operations (tCO_{2eq})	1,607
6. Business travel (tCO_{2eq})	1,170
7. Employee commuting (tCO_{2eq})	2,015
9. Downstream transportation (tCO_{2eq})	2,004
11. Use of sold products (tCO_{2eq})	25,352,041
12. End-of-life treatment of sold products (tCO_{2eq})	454
13. Downstream leased assets (tCO_{2eq})	94
TOTAL GHG EMISSIONS	
Total GHG emissions (location-based) (tCO_{2eq})	25,586,646
Total GHG emissions (market-based) (tCO_{2eq})	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 2024 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 calculated its total market-based and location-based emission intensity as 0.09 and 0.09 tCO_{2eq}/euro, respectively.

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

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 (2024 DEFRA).

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 2024 IEA Database 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 22% of the total electricity consumption from the grid. The emission factors used follow the market-based methodology (using AIB 2023 for the residual mix) 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 3.11 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 Scope 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 2024 DEFRA database was used, while the emission factors from the 2024 IEA database 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 2024 DEFRA database, 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 operation***s: the Average Data Method was used to calculate emissions, whereby collected data was converted into emissions using the 2024 DEFRA database. 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 2024 DEFRA database. 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 2024.
- ***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 2024 DEFRA database, 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[21], 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 macro category). This consumption was then multiplied by the corresponding fuel emission factor derived from the 2024 DEFRA database.
- ***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 2024 DEFRA database, 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 2024 DEFRA, and for electricity it is the 2024 IEA.

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 Double Materiality Assessment, 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 MDR-T] Tracking the effectiveness of pollution-related policies and actions*, 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. This approach applies to all Group entities for pollutants in soil and water (except for the gas division in Turkey, as explained in *[E3-2] Actions and resources related to water and marine resources* referred to) and the Brazilian plant for pollutants in air. 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.

[21] *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 entire burner production process is carried out at Sabaf Brazil, Sabaf Turkey and Sabaf Mexico.
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 through 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. The production activity generates negligible emissions.

[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 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 Policy aim to mitigate and/or prevent negative impacts related to pollution (see section *[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 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 were certified ISO 14001 compliant in 2022 (gas and hinge division production plants) and in 2023 (electronics division production plant). C.M.I. s.r.l.'s production site was ISO 14001 certified in 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 MDR-T] Tracking the effectiveness of pollution-related policies and actions*.
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 MDR-T] TRACKING THE EFFECTIVENESS OF POLLUTION-RELATED POLICIES AND ACTIONS

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 were 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 soil*, the figure is not reported.

[E2-5] SUBSTANCES OF CONCERN AND SUBSTANCES OF VERY HIGH CONCERN

(t)	**2024**	
	SUBSTANCES OF CONCERN	**SUBSTANCES OF VERY HIGH CONCERN**
Total quantities of substances of concern purchased per hazard class	**28**	**33**
Danger to human health (hazard class code H3xx)	28	0
Danger to human health and the environment (hazard class code H3xx & H4xx)	0	33
Total quantities of substances of concern leaving production facilities as part of products broken down by hazard classes	**28**	**33**
Danger to human health (hazard class code H3xx)	28	0
Danger to human health and the environment (hazard class code H3xx & H4xx)	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. 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.

ESRS E3 WATER

[E3 IRO-1] DESCRIPTION OF PROCESSES TO IDENTIFY AND ASSESS MATERIAL WATER-RELATED IMPACTS, RISKS AND OPPORTUNITIES

As part of the Double Materiality Assessment, 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 Institute.

[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 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 reuse 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 Policy aim to mitigate and/or prevent negative impacts related to water (see section *[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 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] WATER-RELATED ACTIONS AND RESOURCES

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 MDR-T] Tracking the effectiveness of water-related policies and actions*.

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.
In 2024, the Sabaf Group recorded operating expenses (OpEx) of €11 thousand for the maintenance of the rainwater collection plant which is destined for industrial reuse at the Sabaf S.p.A. plant. This amount was found to be eligible within the framework of Regulation (EU) 202/852 (Taxonomy Regulation) and reported in this Sustainability

Statement according to the provisions. It should be noted that, in general, treatment and recovery activities, as well as monitoring and prevention activities (as detailed in *[E3 MDR-T] Tracking the effectiveness of water-related policies and actions*), contribute to the recurring operating costs of Group companies.

[E3 MDR-T] TRACKING THE EFFECTIVENESS OF WATER-RELATED POLICIES AND ACTIONS

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-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.

[E3-4] WATER CONSUMPTION

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

Water consumption was calculated as the difference between withdrawals and discharges. Withdrawals are derived from direct measurements[22] , while discharges were estimated.
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.
The volume of water stored has remained constant throughout the year, so there is no change.

(m^3 per million EUR net revenue)	2024
Water intensity - Total water consumption in own operations	126

The metrics reported in this paragraph are not validated by external bodies.

[22] 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 Double Materiality Assessment, 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.

The Double Materiality Assessment also identified a risk connected to commodity price volatility and dependence on non-renewable raw materials in own operations and along the value chain.

[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 Policy, 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 Policy outlines 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 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 *[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 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. are certified according 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 MDR-T] Tracking the effectiveness of circular economy-related policies and actions*.
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. has planned an investment of €80,000 (CapEx) for the year 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 MDR-T] TRACKING THE EFFECTIVENESS OF CIRCULAR ECONOMY-RELATED POLICIES AND ACTIONS

The Sabaf Group verifies the effectiveness of its policies and, in particular, the commitments set out in the Environmental 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 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

RESOURCE INFLOWS	2024		
	USED	*of which from recycled*	
	(t)	(t)	(%)
Raw materials	**32,021**	**17,352**	**43.0%**
Steel	21,607	7,944	19.7%
Aluminium alloys	9,877	8,893	22.0%
Brass	527	515	1.3%
Other	10	-	0.0%
Semi-finished goods or purchased components	**5,281**	**333**	**0.8%**
Iron and steel components	3,962	2	0.0%
Enamel	353	-	0.0%
Cast iron components	285	157	0.4%
Electrical and electronic components	208	-	0.0%
Brass components	181	171	0.4%
Thermoelectric safety components	146	-	0.0%
Plastic Components	86	-	0.0%
Components in mixed materials	36	-	0.0%
Aluminium alloy components	24	3	0.0%
Associated process materials	**654**	**-**	**0.0%**
Lubricants/Oils	312	-	0.0%
Release agent for foundry	202	-	0.0%
Blasting grit	100	-	0.0%
Solvents/Detergents	32	-	0.0%
Other	8	-	0.0%
Packaging	**2,425**	**1,117**	**2.8%**
Wood	1,073	15	0.0%
Cardboard	956	749	1.9%
Plastic	396	353	0.9%
Total	**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 (54 tonnes in 2024, representing 17% of the category 'Lubricants/Oils' 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.

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 reparability 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).

Waste

(t)	2024
Total amount of waste generated	**12,989**
Hazardous waste diverted from disposal	**459**
preparation for reuse	0
recycling	0
other recovery operations	459
Non-hazardous waste diverted from disposal	**9,539**
preparation for reuse	98
recycling	3,019
other recovery operations	6,422
Hazardous waste directed to disposal	**2,514**
incineration	0
landfill	235
other disposal operations	2,279
Non-hazardous waste directed to disposal	**477**
incineration	0
landfill	150
other disposal operations	327

Non-recycled waste	**2,991**
Percentage of non-recycled waste	23%
Hazardous waste	**2,973**
Radioactive waste	**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. 77% of the waste produced in 2024 is destined for recovery.
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 *[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 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. 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 wellbeing of workers and enables a work-life balance, through monitoring and acknowledging feedback within the scope of employee satisfaction surveys and the analysis of corporate climate, 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. 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 connected with the loss of key resources and the lack of the specific technical skills required for its business in the labour market. 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 that has been identified relates to the 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 positively influence economic performance. Finally, the Sabaf Group has identified an opportunity 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. Dissemination of and compliance with the Charter of Values is verified by the administration and supervisory bodies of the parent company, inter alia, through the periodic reports by the Head of Internal Audit and the Supervisory Board. 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. Any stakeholder of the Sabaf Group is also required to report cases of alleged non-compliance with the Charter by sending a written, non-anonymous description to Sabaf S.p.A.'s Internal Audit department.
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;
- 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 *[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. Sabaf S.p.A., Faringosi Hinges s.r.l., C.M.I. s.r.l. and C.G.D. s.r.l. adopt a health and safety management system that has been certified according to ISO 45001 since 2017, 2021, 2022 and 2020, 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

[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.

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 *[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 is delegated to the Group Human Resources Department. In 2024, the corporate climate analysis was carried out involving all Sabaf Brazil employees;
- 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 WORKERS 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 *[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, C.M.I. and C.G.D.) adopt a Whistleblowing Reporting Procedure through a dedicated channel accessible by employees with specific training on the subject. 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. The causes of this accident are still being investigated by the competent authorities. 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.

[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.

With reference to the risk of loss of key resources and related skills, it should be noted that in 2024 Sabaf Turkey once again obtained the Great Place to Work® certification, which recognises the company as having an excellent working environment, that is attentive to people's well-being and able to attract talent, increase employee motivation and improve employer branding.

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.
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. In 2024, specific training projects covered cybersecurity and whistleblowing.
As of 2024, Sabaf S.p.A. also initiated a competence assessment system.
The initiatives enabling the achievement of opportunities related to the dissemination of a corporate culture based on health and safety, include Sabaf S.p.A.'s participation in the *"Le persone: prima!" (People: first!)* project, promoted by Confindustria Brescia and designed to strengthen the province's health and safety culture. This project aims to empower as many actors as possible, by promoting a widespread sense of responsibility on the issue. In this context, Sabaf took on the role of Safety Ambassador by conducting health and safety communication and awareness campaigns. The project also provides for an operational focus on training and refresher courses related to safety, Diversity & Inclusion policies, corporate welfare and work-life balance initiatives, as well as proposals for safety-related technological innovation and virtuous corporate management systems.
In order to pursue the opportunities associated with the attraction and retention of talent, in 2024 Sabaf participated in the first 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 inseme" (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*, as well as through the monitoring of training and health and safety targets and objectives associated with the LTI plan and illustrated in section *[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 MDR-T] TRACKING EFFECTIVENESS OF POLICIES AND ACTIONS THROUGH TARGETS

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

(n.)	2024
GENDER	**NUMBER OF EMPLOYEES**
Male	947
Female	623
Other[24]	0
Not disclosed	0
TOTAL EMPLOYEES	**1,570**

The methodology used to calculate the number of employees is the headcount at the end of the reporting period (31 December 2024).

Number of employees in countries where the Group has at least 50 employees representing at least 10 % of the total number of employees

(n.)	2024
COUNTRY	**NUMBER OF EMPLOYEES**
Italy	665
Turkey	498
USA	152

Number of employees by contract type, broken down by gender

	2024				
(n.)	FEMALE	MALE	OTHER	NOT DISCLOSED	TOTAL
Number of employees	**623**	**947**	**0**	**0**	**1,570**
Number of permanent employees	606	933	0	0	**1,539**
Number of temporary employees	17	14	0	0	**31**
Number of non-guaranteed hours employees	0	0	0	0	**0**
Number of full-time employees	561	932	0	0	**1,493**
Number of part-time employees	62	15	0	0	**77**

Number of employees by contract type, broken down by country

	2024								
(n.)	ITALY	TURKEY	USA	BRAZIL	MEXICO	POLAND	INDIA	CHINA	TOTAL
Number of employees	**665**	**498**	**152**	**108**	**66**	**59**	**15**	**7**	**1,570**
Number of permanent employees	660	498	152	108	66	33	15	7	**1,539**
Number of temporary employees	5	0	0	0	0	26	0	0	**31**
Number of non-guaranteed hours employees	0	0	0	0	0	0	0	0	**0**
Number of full-time employees	605	498	135	108	66	59	15	7	**1,493**
Number of part-time employees	60	0	17	0	0	0	0	0	**77**

[24] Gender as specified by the employees themselves.

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

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

(n.)	2024
Number of terminated employees	518
Number of employees	1,570
Turnover rate	33%

Turnover is calculated as the number of employees who voluntarily or involuntarily left the Sabaf Group during 2024 out of the total number of employees as at 31 December 2024.

In Note 28 to the Consolidated Financial Statements, the personnel costs for the year 2024 are detailed.

[S1-7] CHARACTERISTICS OF NON-EMPLOYEES IN OWN WORKFORCE

(n.)	2024
Number of non-employee workers	**149**
of which self-employed	2
of which workers provided by employment agencies	147

The methodology used to calculate the number of non-employee workers is the headcount as at 31 December 2024.

[S1-8] COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE

	2024	
(%)	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)**
0-19 %	-	-
20-39 %	-	-
40-59 %	-	-
60-79 %	-	-
80-100 %	Italy	Italy
Coverage rate	**100%**	**98%**

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

[S1-9] DIVERSITY METRICS

Gender distribution at top management level

2024		
GENDER	**NUMBER**	**%**
Female	2	7%
Male	28	93%
Other	0	0%
Not disclosed	0	0%
Total top management	**30**	**100%**

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

Distribution of employees by age group and gender

	2024							
	< 30 YEARS OLD		**30-50 YEARS OLD**		**> 50 YEARS OLD**		**TOTAL**	
GENDER	**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 disclosed	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).
The Group made use of the phase-in option with regard to this metric.

Average number of training hours per employee and by gender

	2024			
	EMPLOYEES		NON-EMPLOYEES	
GENDER	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 disclosed	0	0	0	0
Total	**36,328**	**23**	**7,281**	**49**

[S1-14] HEALTH AND SAFETY METRICS

	2024		
	EMPLOYEES	NON-EMPLOYEES	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%**
Number of fatalities as a result of work-related injuries and work-related ill health	0	0	**0**
Number of recordable work-related accidents[25]	26	2	**28**
Hours worked	2,798,344	246,438	**3,044,782**
Rate of recordable work-related accidents	9	8	**9**
Number of cases of recordable work-related ill health subject to legal restrictions on data collection	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	756	76	**832**

[25]Recordable work-related injury: work-related injury that results in any of the following:
i. death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or
ii. significant injury, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.

[S1-15] WORK-LIFE BALANCE METRICS

	2024				
(%)	FEMALE	MALE	OTHER	NOT DISCLOSED	TOTAL
Percentage of employees entitled to family-related leave	98%	98%	0%	0%	**98%**
Percentage of entitled employees who took family-related leave	12%	10%	0%	0%	**11%**

[S1-16] REMUNERATION METRICS (PAY GAP AND TOTAL REMUNERATION)

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

The calculation of the remuneration metrics includes all employees in force as at 31 December 2024 (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.

[S1-17] INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS

During 2024, there were no incidents of discrimination, complaints and serious human rights incidents (e.g. forced labour, human trafficking or child labour).

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. Sabaf has recently 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 *[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 2024, 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 *[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 MDR-T] TRACKING EFFECTIVENESS OF POLICIES AND ACTIONS THROUGH TARGETS

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 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 relations 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 *[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 a representative of the local communities was involved in the assessment of the Sabaf Group's impacts, in order to incorporate the views of affected communities.

[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.

In 2024, Sabaf made a donation to the GNAO1 APS Families Association, which provides support to families with relatives affected by the rare genetic disease GNAO1 including through a community support network. The Association also aims to inform and raise awareness of this genetic disease and support scientific research projects to shed light on the mechanisms underlying the disease to identify effective treatments. Sabaf's donation specifically supports a scientific research project at the Department of Biology and Biotechnology of the Sapienza University of Rome.

Also in 2024, 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 MDR-T] TRACKING THE EFFECTIVENESS OF AFFECTED COMMUNITIES-RELATED POLICIES AND ACTIONS

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 *[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;

More information on the management and control systems and procedures applied in this area can be found in the section *[S4 MDR-T] Tracking effectiveness of policies and actions through targets*.

[S4 MDR-T] TRACKING THE EFFECTIVENESS OF END-USER-RELATED POLICIES AND ACTIONS

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, by collecting 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 THE 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 PROCESS TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

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 relations 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 fundamental 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;
- fairness 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 Sabaf S.p.A e Faringosi Hinges 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 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 relations with suppliers, by ensuring the adoption of consistent procedures and practices. The two documents, and the commitments outlined therein, allow the Group to address the impacts identified in relation to the ethical and transparent conduct of business.
The social and environmental criteria with which Sabaf selects its suppliers cover the following topics: Ethics and Human Rights, Occupational health and safety, Environmental protection, Management of environmentally and socially critical materials, Information security, 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 a printed 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 2024, the Group's average payment terms were 88 days from the date of purchase or service.

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:

(%)	2024
up to 30 days	32%
31-60 days	24%
61-90 days	32%
91-120 days	12%
more than 120 days	0%

The percentages were determined on the basis of an analysis of the payment terms of all suppliers for Group companies adopting the SAP management system (this sample accounts for 80% of total purchases). The values are weighted on the basis of the 2024 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.

SABAF®

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

Pietro Iotti, the Chief Executive Officer, and Gianluca Beschi, the Financial Reporting Officer for Sabaf S.p.A., hereby certify, 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:

- 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;
- 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, 25 March 2025

Chief Executive Officer	**The Financial Reporting Officer**
Pietro Iotti	Gianluca Beschi

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Independent auditor's report on the limited assurance of the Consolidated Sustainability Statement in accordance with Article 14-bis of Legislative Decree n. 39, dated 27 January 2010
(*Translation from the original Italian text*)

To the Shareholders of
Sabaf S.p.A.

Conclusions

We have been appointed to perform a limited assurance engagement pursuant to Articles 8 and 18, paragraph 1, of Legislative Decree n. 125 dated 6th September 2024 (hereinafter "Decree") on the Consolidated Sustainability Statement of Sabaf S.p.A. and its subsidiaries (hereinafter "Group" or "Sabaf Group") for the year ended on 31st December 2024, prepared in accordance with Article 4 of the Decree, included in the specific section of the 2024 Annual Financial Report of Sabaf Group.

Based on the procedures performed, nothing has come to our attention that causes us to believe that:

- the Sabaf Group Consolidated Sustainability Statement for the year ended on 31st December 2024, has not been prepared, in all material respects, in accordance with the reporting principles adopted by the European Commission pursuant to European Directive 2013/34/EU (*European Sustainability Reporting Standards*, hereinafter also referred to as "ESRS");
- the information included in the paragraph "*Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)*" of the Consolidated Sustainability Statement has not been prepared, in all material respects, in accordance with Article 8 of European Regulation n. 852 dated 18 June 2020 (hereinafter "Taxonomy Regulation").

Elements underlying the conclusions

We have performed a limited assurance engagement in accordance with the Sustainability Reporting Assurance Standard ("*Principio di Attestazione della Rendicontazione di sostenibilità*") – SSAE (Italy). The procedures performed in this type of engagement vary in nature and timing compared to those necessary for conducting an engagement aimed at obtaining a reasonable level of assurance and are also less extensive. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the level of assurance that would have been obtained if the engagement aimed to acquire a reasonable level of assurance. Our responsibilities under this Standard are further described in the section "*Auditor's responsibility for the Assurance on the Consolidated Sustainability Statement*" of this report.

We are independent in accordance with the standards and principles regarding ethics and independence applicable to the assurance engagement of the Consolidated Sustainability Statement according to Italian law.

Our audit firm applies the International Standard on Quality Control (ISQM Italy) 1, under which it is required to establish, implement, and operate a quality management system that includes instructions and procedures on compliance with ethical principles, professional principles, and applicable legal and regulatory provisions.

We believe we have obtained sufficient and appropriate evidence on which to base our conclusions.

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Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998

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Other Matters – Comparative information

The Consolidated Sustainability Statement for the year ended on 31st December 2024, contains, in the specific section "*Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)*" the comparative information referred to in Article 8 of the Taxonomy Regulation related to the year ended on 31st December 2023, which has not been subjected to verification.

Responsibility of the Sabaf Group Directors and Board of Statutory Auditors for the Consolidated Sustainability Statement

The Directors are responsible for the development and implementation of procedures used to identify the information included in the Consolidated Sustainability Statement in accordance with the requirements of the ESRS (hereinafter the "Materiality assessment process") and for the description of such procedures in the paragraph "[ESRS 2 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model" and in the paragraph "[ESRS 2 IRO-1] Description of the process to identify and assess material impacts, risks and opportunities" of the Consolidated Sustainability Statement.

The Directors are also responsible for the preparation of the Consolidated Sustainability Statement, which contains the information identified through the Materiality assessment process, in accordance with the requirements of Article 4 of the Decree, including:

- compliance with *ESRS*;
- compliance with Article 8 of the EU Taxonomy Regulation regarding the information contained in the paragraph "Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)".

This responsibility entails the establishment, implementation, and maintenance, as required by law, for that part of internal control that they consider necessary in order to allow the preparation of the Consolidated Sustainability Statement in accordance with the requirements of Article 4 of the Decree, free from material misstatements caused by fraud or not intentional behaviors or events. This responsibility also includes the selection and application of appropriate methods for processing the information as well as the development of assumptions and estimates regarding specific sustainability information that are reasonable under the circumstances.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Inherent limitations in the preparation of the Consolidated Sustainability Statement

As indicated in chapter "ESRS 2 General Information", paragraph "[ESRS 2 BP-1] General basis for preparation of Sustainability Statement", for the purpose of reporting prospective information in accordance with the ESRS, the Directors are required to prepare such information based on 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 realization of any future events, both concerning the occurrence itself and regarding the extent and timing of its occurrence, the variations between actual values and prospective information could be significant.

As indicated in the chapter "ESRS E1 Climate change", paragraph "[E1-6] Gross Scopes 1, 2, 3 and Total GHG emissions", the information related to Scope 3 greenhouse gas emissions is subject to greater inherent limitations compared to Scope 1 and 2, due to the limited availability and accuracy of the information used to define such information, both quantitative and qualitative, as well as due to reliance on data, information, and evidence provided by third parties.

Auditor's responsibility for the Assurance of the Consolidated Sustainability Statement

Our objectives are to plan and perform procedures to obtain a limited level of assurance that the Consolidated Sustainability Statement is free from material misstatements, due to fraud or not intentional behaviors or events, and to issue a report containing our conclusions. Errors may arise from fraud or not intentional behaviors or events and are considered significant if it can be reasonably expected that they, individually or in the aggregate, could influence the decisions made by users based on the Consolidated Sustainability Statement.

In the context of the engagement aimed at obtaining a limited level of assurance in accordance with the Sustainability Reporting Assurance Standard ("*Principio di Attestazione della Rendicontazione di Sostenibilità*") – SSAE (Italy), we exercised professional judgment and maintained professional skepticism throughout the duration of the engagement.

Our responsibilities include:

- considering the risks to identify the information in which a significant error is likely to occur, whether due to fraud or not intentional behaviors or events;
- defining and performing procedures to verify the information in which a significant error is likely to occur. The risk of not detecting a significant error due to fraud is higher than the risk of not detecting a significant error arising from not intentional behaviors or events, as fraud may involve collusion, forgery, intentional omissions, misleading representations, or manipulation of internal controls;
- directing, supervising, and conducting the limited assurance of the Consolidated Sustainability Statement and assuming full responsibility for the conclusions regarding the Consolidated Sustainability Statement.

Summary of the work performed

An engagement aimed at obtaining a limited level of assurance involves performing procedures to obtain evidence as a basis for formulating our conclusions.

The procedures performed on the Consolidated Sustainability Statement were based on our professional judgment and included interviews, primarily with the company personnel responsible for preparing the information included in the Consolidated Sustainability Statement, as well as documents analysis, recalculations and other procedures aimed to obtain evidence considered appropriate.

In particular, we performed the following procedures, partly in a preliminary phase before the end of the year and subsequently in a final phase up to the date of issuance of this report:

- understanding the business model, the Group's strategies, and the context in which it operates concerning sustainability issues;
- understanding the processes underlying the generation, detection, and management of the qualitative and quantitative information included in the Consolidated Sustainability Statement, including the analysis of the reporting perimeter;
- understanding the process implemented by the Group for identifying and assessing relevant impacts, risks, and opportunities based on the principle of Double Materiality concerning

Shape the future with confidence

sustainability issues and verifying the related information included in the Consolidated Sustainability Statement;

- identifying the information for which there is a likelihood of a significant error risk;
- defining and performing analytical and substantive procedures, based on our professional judgment, to address the identified significant error risks, including:
    - for the information collected at the Group level:
        - carrying out inquiries and document analysis regarding qualitative information, particularly policies, actions, and targets on sustainability issues, to verify consistency with the evidence collected;
        - performing analytical procedures and limited assurance procedures on a sample basis regarding quantitative information;
    - For the information collected at Company level, site visits were held for Sabaf S.p.A. (Ospitaletto plant) and C.G.D. s.r.l. (Valsamoggia plant). These Companies were selected based on their activities and their contribution to the Consolidated Sustainability Statement metrics. During these activities, we conducted interviews with Group personnel and obtained documentary evidence regarding the determination of the metrics.
- regarding the requirements of Article 8 of the EU Taxonomy Regulation, understanding the process implemented by the Group to identify eligible economic activities and determine their aligned nature based on the provisions of the EU Taxonomy Regulation, and verifying the related information included in the Consolidated Sustainability Statement;
- cross-checking the information reported in the Consolidated Sustainability Statement with the information contained in the consolidated financial statements in accordance with the applicable financial reporting framework or with the accounting data used for the preparation of the consolidated financial statements or with the management data of an accounting nature;
- verifying the structure and presentation of the information included in the Consolidated Sustainability Statement in accordance with the ESRS;
- obtaining the representation letter.

Brescia, 28th March 2025

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

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

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ANNEXES TO THE REPORT ON OPERATIONS

RECONCILIATION OF THE CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2024

(€/000)	2024	IAS 29 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 WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS	**43,704**	**(3,306)**	**40,398**
Amortisation	(22,932)	3,843	(19,089)
Capital gains on disposals of non-current assets	(118)	119	1
Value adjustments of 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**

RECONCILIATION OF THE CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2023

(€/000)	2023	IAS 29 effect	Start-up effect	Normalised 2023
INCOME STATEMENT COMPONENTS				
OPERATING REVENUE AND INCOME				
Revenue	237,949	1,160	(23)	239,086
Other income	9,056	19	(39)	9,036
Total operating revenue and income	**247,005**	**1,179**	**(62)**	**248,122**
OPERATING COSTS				
Materials	(112,684)	122	83	(112,479)
Change in inventories	(3,433)	(102)	6	(3,529)
Services	(44,923)	(204)	2,081	(43,046)
Personnel costs	(58,160)	(188)	539	(57,809)
Other operating costs	(1,735)	(21)	2	(1,754)
Costs for capitalised in-house work	3,542	-	-	3,542
Total operating costs	**(217,393)**	**(393)**	**2,711**	**(215,075)**
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS	**29,612**	**786**	**2,649**	**33,047**
Amortisation	(20,066)	1,920	1,075	(17,071)
Capital gains on disposals of non-current assets	1,516	4	-	1,520
Value adjustments of non-current assets	-	-	-	-
EBIT	**11,062**	**2,710**	**3,724**	**17,496**
Financial income	1,815	110	-	1,925
Financial expenses	(5,248)	(11)	-	(5,259)
Net income/(charges) from hyperinflation	(5,276)	5,276	-	-
Exchange rate gains and losses	(2,359)	190	-	(2,169)
Profits and losses from equity investments	-	-	-	-
PROFIT BEFORE TAXES	**(6)**	**8,275**	**3,724**	**11,993**
Income taxes	3,386	(754)	(194)	2,438
PROFIT FOR THE YEAR	**3,380**	**7,521**	**3,530**	**14,431**
of which:				
Minority interests	277	-	-	277
PROFIT ATTRIBUTABLE TO THE GROUP	**3,103**	**7,521**	**3,530**	**14,154**

PEOPLE ARE THE KEY TO INNOVATION AND SUCCESS.

there are people inside	there are people inside	there are people inside
there are people inside	there are people inside	there are people inside
there are people inside	there are people inside	there are people inside
there are people inside	there are people inside	there are people inside
there are people inside	there are people inside	there are people inside

LIFE

Life. There are people inside.

People are the driving force behind every company's growth.
Ideas turn into innovation, and goals become tangible results.
Investing in people means investing in a strategy where collaboration, development, and creativity come together to build long-lasting success.

CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2024

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%

Sabaf US Corp. (Sabaf US)
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

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

* independent directors

Board of Statutory Auditors

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

Independent Auditors

EY S.p.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€/000)	Notes	31.12.2024	31.12.2023
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1	105,539	108,741
Investment property	2	537	691
Intangible assets	3	60,136	57,231
Equity investments	4	86	95
Non-current receivables	5	905	1,094
Deferred tax assets	22	10,460	13,315
TOTAL NON-CURRENT ASSETS		**177,663**	**181,167**
CURRENT ASSETS			
Inventories	6	63,132	61,985
Trade receivables	7	64,837	55,826
Tax receivables	8	9,909	11,722
Other current receivables	9	4,322	3,868
Current financial assets	10	3,120	7,257
Cash and cash equivalents	11	30,641	36,353
TOTAL CURRENT ASSETS		**175,961**	**177,011**
ASSETS HELD FOR SALE		-	-
TOTAL ASSETS		**353,624**	**358,178**

SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	12	12,687	12,687
Retained earnings, Other reserves	13	88,528	97,656
IAS 29 reserve		57,661	48,649
Profit for the year		6,928	3,103
Total equity interest of the Group		165,804	162,095
Minority interests		7,940	8,293
TOTAL SHAREHOLDERS' EQUITY		**173,744**	**170,388**
NON-CURRENT LIABILITIES			
Loans	14	62,855	81,547
Other financial liabilities	15	-	11,721
Post-employment benefit and retirement provisions	16	4,049	3,805
Provisions for risks and charges	17	320	353
Deferred tax liabilities	22	3,807	5,136
Other non-current payables	18	109	183
TOTAL NON-CURRENT LIABILITIES		**71,140**	**102,745**
CURRENT LIABILITIES			
Loans	14	33,234	23,317
Other financial liabilities	15	11,553	175
Trade payables	19	41,681	42,521
Tax payables	20	4,794	3,025
Other payables	21	17,478	16,007
TOTAL CURRENT LIABILITIES		**108,740**	**85,045**
LIABILITIES HELD FOR SALE		-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**353,624**	**358,178**

CONSOLIDATED INCOME STATEMENT

(€/000)	Notes	2024	2023
INCOME STATEMENT COMPONENTS			
OPERATING REVENUE AND INCOME			
Revenue	**24**	285,091	237,949
Other income	**25**	10,934	9,056
TOTAL OPERATING REVENUE AND INCOME		**296,025**	**247,005**
OPERATING COSTS			
Materials	**26**	(137,010)	(112,684)
Change in inventories		4,659	(3,433)
Services	**27**	(50,943)	(44,923)
Personnel costs	**28**	(70,402)	(58,160)
Other operating costs	**29**	(1,750)	(1,735)
Costs for capitalised in-house work		3,125	3,542
TOTAL OPERATING COSTS		**(252,321)**	**(217,393)**
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION, CAPITAL GAINS/LOSSES, AND WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS		**43,704**	**29,612**
Amortisation	**1, 2, 3**	(22,932)	(20,066)
Capital gains on disposals of non-current assets		(118)	1,516
Value adjustments of non-current assets		(2,915)	-
EBIT		**17,739**	**11,062**
Financial income	**30**	2,480	1,815
Financial expenses	**31**	(4,658)	(5,248)
Net income/(charges) from hyperinflation	**31**	(4,215)	(5,276)
Exchange rate gains and losses	**32**	1,471	(2,359)
Profits and losses from equity investments		(8)	-
PROFIT BEFORE TAXES		**12,809**	**(6)**
Income taxes	**33**	(4,916)	3,386
PROFIT FOR THE YEAR		**7,893**	**3,380**
of which:			
Minority interests		965	277
PROFIT ATTRIBUTABLE TO THE GROUP		**6,928**	**3,103**
EARNINGS PER SHARE (EPS)	**34**		
Base (€)		**0.554**	**0.263**
Diluted (€)		**0.554**	**0.263**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€/000)	2024	2023
PROFIT FOR THE YEAR	**7,893**	**3,380**
Total profits/losses that will not be subsequently reclassified under profit (loss) for the year:		
Actuarial evaluation of post-employment benefit	1	(48)
Tax effect	-	11
	1	**(37)**
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	(12,146)	(25,713)
Hedge accounting for derivative financial instruments	(139)	76
TOTAL PROFIT	**(4,391)**	**(22,294)**
of which:		
Net profit for the period attributable to minority interests	965	277
Forex differences due to translation of financial statements in foreign currencies - attributable to minority interests	569	-
TOTAL PROFIT ATTRIBUTABLE TO MINORITY INTERESTS	**1,534**	**277**
TOTAL PROFIT ATTRIBUTABLE TO THE GROUP	**(5,925)**	**(22,571)**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(€/000)	Share capital	Share premium reserve	Legal reserve	Treaury shares	Translation reserve	IAS 29 reserve	Post-employment benefit reserve	Other reserves	Profit for the year	Group shareholders' equity	Minority interests	Shareholders' equity
Balance at 31 December 2022	**11,533**	**10,002**	**2,307**	**(3,221)**	**(54,715)**	**32,748**	**(328)**	**142,587**	**15,249**	**156,162**	**-**	**156,162**
Allocation of 2022 profit												
- carried forward								15,249	(15,249)	-		-
Share capital increase	1,154	16,158								17,312		17,312
IFRS 2 measurement Stock Grant								543		543		543
Treasury share transactions				(462)						(462)		(462)
Change in the scope of consolidation										-	8,016	8,016
Put options on minorities								(10,866)		(10,866)		(10,866)
Hyperinflation (IAS 29)						15,901		6,077		21,978		21,978
Other changes								(1)		(1)		(1)
Change in translation reserve					*(25,713)*					*(25,713)*		*(25,713)*
Other components of the total result							*(37)*	*76*	*3,103*	*3,142*	*277*	*3,419*
Total profit at 31 December 2023					(25,713)		(37)	76	3,103	(22,571)	277	(22,294)
Balance at 31 December 2023	**12,687**	**26,160**	**2,307**	**(3,683)**	**(80,428)**	**48,649**	**(365)**	**153,665**	**3,103**	**162,095**	**8,293**	**170,388**
Allocation of 2023 profit												
- carried forward			175						(175)	-		-
- dividends								(3,848)	(2,928)	(6,776)	(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**

CONSOLIDATED STATEMENT OF CASH FLOWS

(€/000)	**2024**	**2023**
Cash and cash equivalents at beginning of year	***36,353***	***20,923***
Profit for the year	7,893	3,380
Adjustments for:		
- Depreciations and amortisation	22,932	20,066
- Write-downs of non-current assets	2,915	-
- Realised gains/losses	118	(1,516)
- Valuation of the stock grant plan	95	543
- Profits and losses from equity investments	8	-

(€/000)	2024	2023
- Monetary revaluation IAS 29	9,022	7,521
- Net financial income and expenses	(6,055)	2,164
- Income tax	4,916	(3,386)
- Non-monetary foreign exchange differences	707	-
Change in post-employment benefit	244	107
Change in risk provisions	(33)	(204)
Change in trade receivables	*(9,745)*	*7,375*
Change in inventories	*(3,520)*	*4,079*
Change in trade payables	*(484)*	*2,438*
Change in net working capital	(13,749)	13,892
Change in other receivables and payables, deferred taxes	2,375	2,528
Payment of taxes	(1,960)	(3,763)
Payment of financial expenses	(3,813)	(3,405)
Collection of financial income	1,418	1,925
Cash flows from operations	**27,033**	**39,852**
Investments in non-current assets		
- intangible	(3,030)	(2,714)
- tangible	(12,132)	(16,802)
- financial	-	2
Disposal of non-current assets	456	2,572
Cash flow absorbed by investments	**(14,706)**	**(16,942)**
Free Cash Flow	**12,327**	**22,910**
Repayment of loans	(27,469)	(33,671)
Raising of loans	16,586	25,552
Short-term financial assets	2,984	(6,089)
Purchase/sale of treasury shares	(211)	(462)
Payment of dividends	(8,663)	-
Cash flow absorbed by financing activities	**(16,773)**	**(14,670)**
Mansfield (MEC) acquisition	-	(8,325)
Acquisition of P.G.A.	-	(783)
Share capital increase	-	17,312
Foreign exchange differences	(1,266)	(1,014)
Net cash flows for the year	**(5,712)**	**15,430**
Cash and cash equivalents at end of year (Note 11)	***30,641***	***36,353***

EXPLANATORY NOTES

ACCOUNTING STANDARDS

STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

The Consolidated Financial Statements of the Sabaf group for the 2024 financial years 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. 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 2024, remained unchanged from the previous year, 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 U.S.
- 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 reference to the comparative period, the financial results of Sabaf America and MEC have been consolidated as of 1 July 2023, the nearest accounting closing date to the acquisition date (14 July 2023).

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	Exchange rate in effect at 31.12.2024	Average exchange rate 2024	Exchange rate in effect at 31.12.2023	Average exchange rate 2023
Brazilian real	6.42530	5.82828	5.36180	5.40101
Turkish lira	36.73720	35.57340	32.6531	25.75970
Chinese renminbi	7.58330	7.78747	7.85090	7.66002
US Dollar	1.03890	1.08238	1.10500	1.08188
Indian Rupee	88.93350	90.55625	91.90450	89.30011
Mexican peso	21.55040	19.83138	18.72310	19.18301

With reference to the 2023 financial year, as the average exchange rate for the US dollar, the average exchange rate for the consolidation period of the Group's US companies (1 July - 31 December 2023) was used.

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.

ACCOUNTING POLICIES

The accounting standards and policies applied for the preparation of the Consolidated Financial Statements at 31 December 2024, unchanged versus the previous year, are shown below:

Property, plant and equipment

Sono iscritte al costo di acquisto o di costruzione. Nel costo sono 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 5.75% on 31 December 2024 and 5.15% on 31 December 2023. 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, is as follows:

Customer relationship	15
Brand	15
Patents	9
Know how	7
Development costs	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 i ncome 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 ACCOUNTING STANDARDS

Amendments to IFRS 16 "Financial Instruments"
In September 2022, the IASB issued an amendment to IFRS 16 that provides specific measurement requirements for lease liabilities that may include variable lease payments arising from a Sale and leaseback transaction. The objective is to ensure that the selling lessor does not recognise any gain or loss in respect of the right of use it retains. These changes had no impact on the Group's Consolidated Financial Statements.

Amendments to IAS 1 "Presentation of Financial Statements"
The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current.
In particular, the amendments clarify:
a) what is meant by the right to postpone an expiry;
b) that the right to postpone must exist at the end of the reporting period;
c) that classification is not impacted by the likelihood that the entity will exercise its right to postpone;
d) that only if a derivative embedded in a convertible liability is itself an equity instrument does the maturity of the liability have no impact on classification.
Finally, a requirement has been introduced to disclose when a liability arising from a loan agreement is classified as non-current and when the entity's right to postpone is conditional on meeting *covenants* within twelve months. These changes had no impact on the Group's Consolidated Financial Statements.

Amendments to IAS 7 "Statement of Cash Flows" and to IFRS 7 "Financial instruments"
The amendments clarify the characteristics of supply chain financing agreements (Supply finance arrangements) and introduce certain specific disclosure requirements to help users of financial statements understand the impact of such transactions on liabilities, cash flows and exposure to liquidity risk. These changes had no impact on the Group's Consolidated Financial Statements.

Principles enacted but not yet in force

IFRS18 "Presentation and Disclosure in Financial Statements"
In April 2024, the IASB issued IFRS 18, which replaces IAS 1 'Presentation of Financial Statements'. The main changes introduced by the principle concern:
a) 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);
b) disclosure on the basis of the new definition of management-defined performance indicators (MPMs);
c) new provisions for the aggregation and disaggregation of financial information based on the identified roles of Primary Financial Statements - PFS) and notes;
d) use of 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.

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 to enable users of its financial statements to understand how the non-exchangeable currency in the other currency affects, or is expected to affect, the entity's financial result, financial position and cash flows. The amendments will be effective for financial years beginning on or after 1 January 2025. Early application is permitted and disclosure of this fact is required. No significant impact on the Group's Consolidated Financial Statements is expected.

Amendments to IFRS 9 and IFRS 7 "Classification and valuation of financial Instruments"
On 30 May 2024, the IASB issued amendments to the classification and valuation of financial instruments. It clarified when a financial liability is derecognised on the 'settlement date' and introduced an accounting policy option to derecognise financial liabilities settled through an electronic payment system before the settlement date, where certain conditions are met. Clarification was provided on the valuation procedures for the contractual characteristics of cash flows of financial assets which include ESG characteristics and similar characteristics. In addition, the amendments clarified 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 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 financial years beginning on or after 1 January 2026, and entities may opt for the early adoption of changes in the classification of financial assets and related supplementary disclosures. No significant impact on the Group's Consolidated Financial Statements is expected.

IFRS19 "Subsidiaries without Public Accountability: Disclosures"
In May 2024, the IASB issued IFRS 19, which allows subsidiaries meeting certain eligibility criteria to choose 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 therefore excluded from the scope of application of this standard.

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 31.12.2023**	**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%*

Consumer price index	**Value at 01.01.2021**	**Value at 31.12.2022**	**Change**
TURKSTAT	686.95	1,128.45	*+64.27%*

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)	**31.12.2024**	**Hyperinflation effect**	**31.12.2024 with Hyperinflation effect**
Total non-current assets	142,377	35,286	177,663
Total current assets	175,085	876	175,961
TOTAL ASSETS	**317,462**	**36,162**	**353,624**
Total shareholders' equity	136,950	36,794	173,744
Total non-current liabilities	71,772	(632)	71,140
Total current liabilities	108,740	-	108,740
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**317,462**	**36,162**	**353,624**

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

(€/000)	12 months 2024	Hyperinflation effect	12 months 2024 with hyperinflation effect
Operating revenue and income	287,704	8,321	296,025
Operating costs	(247,306)	(5,015)	(252,321)
Operating profit before depreciation & amortisation, capital gains/losses and write-downs/write-backs of non-current assets (EBITDA)	40,398	3,306	43,704
EBIT	21,204	(3,465)	17,739
Profit before taxes	20,269	(7,460)	12,809
Income taxes	(3,354)	(1,562)	(4,916)
Minority interests	965	-	965
PROFIT ATTRIBUTABLE TO THE GROUP	**15,950**	**(9,022)**	**6,928**

The negative hyperinflation effect on the operating result shown in the table includes €2,809 thousand for the write-down of the goodwill of the "Electronic components" CGU, in compliance with the provisions of IAS 36 and following the revaluation of the CGU's assets (including the goodwill) deriving from the application of IAS 29. For further details, refer to Note 3.

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 2022	**66,676**	**251,610**	**66,658**	**9,229**	**394,173**
Increases	5,999	7,992	3,345	3,163	20,499
Disposals	(450)	(2,273)	(563)	-	(3,286)
Change in the scope of consolidation	2,330	6,253	586	35	9,204
Reclassifications	3,664	3,383	710	(7,906)	(149)
Monetary revaluation (IAS 29)	2,497	8,250	2,860	-	13,607
Forex differences	(2,217)	(6,739)	(2,358)	(23)	(11,337)
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**
ACCUMULATED AMORTISATION					
At 31 December 2022	**30,430**	**207,786**	**56,352**	**-**	**294,568**
Depreciations for the year	2,720	9,993	4,146	-	16,859
Derecognition due to disposal	(295)	(2,087)	(360)	-	(2,742)
Change in the scope of consolidation	-	4,351	457	-	4,808
Reclassifications	(54)	(5)	(114)	-	(173)
Monetary revaluation (IAS 29)	978	3,269	1,410	-	5,657
Forex differences	(950)	(2,843)	(1,214)	-	(5,007)
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**
NET CARRYING VALUE					
At 31 December 2023	**45,670**	**48,012**	**10,561**	**4,498**	**108,741**
At 31 December 2024	**44,172**	**46,755**	**10,773**	**3,839**	**105,539**

The breakdown of the net carrying value of Property was as follows:

	31.12.2024	31.12.2023	Change
Land	9,527	9,560	(33)
Industrial buildings	34,645	36,110	(1,465)
Total	**44,172**	**45,670**	**(1,498)**

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

	Property	Plant and equipment	Other assets	Total
At 31 December 2023	**5,277**	**48**	**856**	**6,181**
Increases	1,102	-	479	1,581
Monetary revaluation (IAS 29)	511	-	-	511
Amortisation	(1,379)	(41)	(295)	(1,715)
Decreases	-	-	(12)	(12)
Foreign exchange differences	(3)	-	-	(3)
At 31 December 2024	**5,508**	**7**	**1,028**	**6,543**

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.
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 2024, 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 2022	**2,265**
Increases	117
Disposals	(583)
Reclassifications	(28)
At 31 December 2023	**1,771**
Increases	-
Disposals	(165)
Reclassifications	-
At 31 December 2024	**1,606**

DEPRECIATIONS AND WRITE-DOWNS	
At 31 December 2022	**1,282**
Depreciations for the year	105
Derecognition due to disposal	(307)
Reclassifications	-
At 31 December 2023	**1,080**
Increases	90
Disposals	(101)
Reclassifications	-
At 31 December 2024	**1,069**

NET CARRYING VALUE	
At 31 December 2023	**691**
At 31 December 2024	**537**

The change in investment properties includes the following movements resulting from the application of IFRS 16:

INVESTMENT PROPERTY	
1 January 2024	**80**
Increases	-
Decreases	-
Depreciations	(40)
At 31 December 2024	**40**

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, for a net carrying value of €64 thousand, resulted in capital gains totalling €31 thousand.

At 31 December 2024, 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 2022	**32,178**	**10,848**	**10,234**	**28,749**	**82,009**
Increases	-	431	2,249	33	2,713
Decreases	-	-	-	-	-
Change in the scope of consolidation	1,564	-	-	2,473	4,037
Reclassifications	-	147	(337)	(178)	(368)
Monetary revaluation (IAS 29)	6,466	260	-	3,819	10,545
Forex differences	(6,648)	(242)	(3)	(3,687)	(10,580)
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**

	Goodwill	Patents and software	Development costs	Other intangible assets	Total
AMORTISATION/WRITE-DOWNS					
At 31 December 2022	**4,546**	**9,772**	**5,350**	**8,173**	**27,841**
Depreciations for the year	-	466	696	2,110	3,272
Decreases	-	-	-	-	-
Change in the scope of consolidation	-	-	-	-	-
Reclassifications	-	-	-	-	-
Monetary revaluation (IAS 29)	-	221	-	1,167	1,388
Forex differences	-	(205)	-	(1,171)	(1,376)
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
Change in the scope of consolidation	-	-	-	-	-
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**

	Goodwill	Patents and software	Development costs	Other intangible assets	Total
NET CARRYING VALUE					
At 31 December 2023	**29,014**	**1,190**	**6,097**	**20,930**	**57,231**
At 31 December 2024	**30,810**	**948**	**7,955**	**20,423**	**60,136**

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	31.12.2023	Revaluation IAS29	Forex differences	Write-downs	31.12.2024
Professional burners	1,770	-	-	-	1,770
Electronic components	16,447	6,488	(1,827)	(2,809)	18,299
P.G.A. electronic components	1,910	-	-	(106)	1,804
Hinges	4,414	-	-	-	4,414
C.M.I. hinges	3,680	-	-	-	3,680
MEC hinges	793	-	50	-	843
TOTAL	**29,014**	**6,488**	**(1,777)**	**(2,915)**	**30,810**

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 2025-2027 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 (2025) were developed based on the Group's 2025 budget, approved by the Parent Company's Board of Directors on 17 December 2024; the forecasts for the next two years (2026 and 2027) were determined analytically while updating the Group's 2025 - 2027 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 2024. 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 2025-2027 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. 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 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 2025-2027, 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
	2024	2023	2024	2023		
Professional burners	9.27%	11.09%	2.00%	2.00%	3 years old	Perpetual instalment
Electronic components	12.90%	15.69%	2.50%	2.50%	3 years old	Perpetual instalment
P.G.A. electronic components	9.78%	10.94%	2.50%	2.50%	3 years old	Perpetual instalment
Hinges	9.70%	11.84%	2.00%	2.00%	3 years old	Perpetual instalment
C.M.I. hinges	9.34%	11.45%	2.00%	2.00%	3 years old	Perpetual instalment
MEC hinges	9.38%	10.99%	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 2023, 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 25 February 2025, with the opinion of the Control and Risk Committee, did not reveal any impairment losses, except for the "P.G.A. Electronic components" CGU and the "Electronic components" CGU.

In particular, with reference to the "P.G.A. Electronic components" CGU, the recoverable amount as at 31 December 2024 was lower than the corresponding net invested capital (carrying amount) by €106 thousand, therefore the related goodwill was written down by this amount. With reference to the "Electronic components" CGU, an enterprise value of €34.816 million was determined, which was €2.809 million lower than the carrying value at 31 December 2024, therefore, the related goodwill was written down by this amount. It should be noted that the value of the CGU's invested capital increased from €30.865 million as at 31 December 2023 to €37.625 million as at 31 December 2024, due to the application of accounting standard IAS 29 (hyperinflation): the revaluation of non-current assets and inventories, which was carried out on the basis of the general consumer price index in Turkey, was not offset by the devaluation of the Turkish lira, which instead remained substantially stable during 2024. It should also be noted that the enterprise value is €24.143 million higher than the net invested capital not restated in accordance with IAS 29 (amounting to €10.673 million).

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 following table shows the WACC, g-rate and EBITDA that would lead to an impairment loss, keeping all other basic assumptions unchanged:

	Break-even values in a "steady case" situation	
Sensitivity analysis	WACC	EBITDA
Professional burners	19%	-47. 2%
Electronic components	n.a.	n.a.
P.G.A. electronic components	n.a.	n.a.
Hinges	28.7%	-63.8%
C.M.I. hinges	25.5%	-54.7%
MEC hinges	13.6%	-27.3%

  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;
- 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 +€3 million to -€10.3 million. For the "P.G.A. Electronic components" CGU, the difference between recoverable value and net invested capital ranges from +€2.1 million to -€2.4 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 (€190.9 million) and the carrying value of the Group's equity at 31 December 2024 (€165.8 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. 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, of C.M.I. S.r.l. in July 2019, of 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:

	31.12.2024	31.12.2023	Change
Customer relationship	14,351	15,090	(739)
Brand	3,518	2,947	571
Know-how	567	400	167
Patents	1,776	2,306	(530)
Other	211	187	24
Total	**20,423**	**20,930**	**(507)**

At 31 December 2024, 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

	31.12.2024	31.12.2023	Change
Other equity investments	86	95	(9)
Total	**86**	**95**	**(9)**

5. NON-CURRENT RECEIVABLES

	31.12.2024	31.12.2023	Change
Tax receivables	63	287	(224)
Guarantee deposits	197	187	10
Receivables from former P.G.A. shareholders	645	620	25
Total	**905**	**1.094**	**(189)**

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, refer to compensation obligations envisaged upon the occurrence of certain events (liabilities incurred by P.G.A.) regulated by the acquisition agreement.

6. INVENTORIES

	31.12.2024	31.12.2023	Change
Raw Materials	29,476	29,084	392
Semi-processed goods	17,442	15,410	2,032
Finished products	21,604	22,920	(1,316)
Provision for inventory write-downs	(5,390)	(5,429)	39
Total	**63,132**	**61,985**	**1,147**

The value of final inventories at 31 December 2024 increased compared to the end of the previous year to meet the higher volumes of activity.
At 31 December 2024, the value of inventories was adjusted based on an improved estimate of the idle capacity and obsolescence risk, measured by analysing slow and non-moving inventory. The following table shows the changes in the Provision for inventory write-downs during the current financial year:

31.12.2023	**5,429**
Provisions	1,856
Utilisation	(1,883)
Monetary revaluation (IAS 29)	162
Forex differences	(174)
31.12.2024	**5,390**

7. TRADE RECEIVABLES

	31.12.2024	31.12.2023	Change
Total trade receivables	65,891	56,661	9,230
Bad debt provision	(1,054)	(835)	(219)
Net total	**64,837**	**55,826**	**9,011**

Trade receivables at 31 December 2024 were higher that at the end of 2023 following higher sales. There were no significant changes in the payment terms agreed with customers.

The amount of trade receivables recognised in the financial statements includes approximately €18.5 million in insured receivables.

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

	31.12.2024	31.12.2023	Change
Current receivables (not past due)	49,368	42,395	6,973
Outstanding up to 30 days	9,856	8,356	1,500
Outstanding from 30 to 60 days	3,114	3,099	15
Outstanding from 60 to 90 days	1,209	911	298
Outstanding for more than 90 days	2,344	1,900	444
Total	**65,891**	**56,661**	**9,230**

The bad debt provision was adjusted to the better estimate of the credit risk and expected loss at the end of the reporting period, also carried out by analysing each expired item. Changes during the year were as follows:

31.12.2023	**835**
Provisions	320
Utilisation	(89)
Forex differences	(12)
31.12.2024	**1,054**

8. TAX RECEIVABLES

	31.12.2024	31.12.2023	Change
For income tax	3,813	7,186	(3,373)
For VAT and other sales taxes	5,997	4,536	1,461
Other tax credits	99	0	99
Total	**9,909**	**11,722**	**(1,813)**

At 31 December 2024 income tax receivables mainly include:
- €1,520 thousand relating to the tax credit for investments in capital goods;
- €357 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 €1,175 thousand and IRAP for €101 thousand.

9. OTHER CURRENT RECEIVABLES

	31.12.2024	31.12.2023	Change
Advances to suppliers	1,888	1,866	22
Credits to be received from suppliers	951	943	8
Accrued income and prepaid expenses	1,197	858	339
Other	286	201	85
Total	**4,322**	**3,868**	**454**

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

10. FINANCIAL ASSETS

	31.12.2024		31.12.2023	
	Current	Non-current	Current	Non-current
Time deposit accounts	2,744	-	6,254	-
Derivative instruments	376	-	1,003	-
Total	**3,120**	**-**	**7,257**	**-**

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.
Derivative instruments refer to three interest rate swap (IRS) contracts for amounts and maturities coinciding with six unsecured loans that are being amortised, whose residual value at 31 December 2024 is €10,319 thousand. The interest rate swap contracts have not been designated as capital flow hedges and are therefore at their fair value through profit and loss, and recognised in the items "Fair Value through profit or loss", with "Financial income" as a balancing entry.

11. CASH AND CASH EQUIVALENTS

The item Cash and cash equivalents, equal to €30,641 thousand at 31 December 2024 (€36,353 thousand at 31 December 2023), 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 2024 is shown in the table below.

	No. of shares	% of share capital	Rights and obligations
Ordinary shares	7,034,278	55.45%	-
Ordinary shares with increased vote	5,652,517	44.55%	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

With regard to the 2021 - 2023 Stock Grant Plan, following the expiry of the three-year vesting period, during the financial year, 103,349 ordinary shares of the Company were allocated and transferred to the beneficiaries, through the use of shares already available to the Parent Company.
To implement the shareholders' meeting resolution of 8 May 2024, a Buyback plan was initiated during the year, under which 14,692 treasury shares were purchased at an average price of €14.36 per share. No treasury shares were sold in 2024.
At 31 December 2024, Sabaf S.p.A. held 153,306 treasury shares (1.208% of the share capital), reported in the financial statements as an adjustment to shareholders' equity at a weighted average unit value of €15.14 (the closing stock market price of the Share at 31 December 2024 was €15.15). There were 12,533,489 outstanding shares at 31 December 2024.

Stock grant reserve

Items "Retained earnings, other reserves" of €88,528 thousand includes, at 31 December 2024, the Stock Grant reserve of €394 thousand, which included the measurement at 31 December 2024 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, for the details of which reference is made to Note 39. During the financial year 2024, the portion related to the 2021 - 2023 Stock Grant Plan, which ended in May 2024, was released, with the allocation of the accrued shares to the beneficiaries.

Cash Flow Hedge reserve

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

Value at 31 December 2023	**74**
Change during the period	(139)
Value at 31 December 2024	**(65)**

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.

14. LOANS

	31.12.2024			31.12.2023		
	Current	Non-current	Total	Current	Non-current	Total
Bond issue	-	29,755	29,755	-	29,720	29,720
Unsecured loans	18,508	28,246	46,754	21,261	46,748	68,009
Short-term bank loans	11,000	-	11,000	-	-	-
Advances on bank receipts or invoices	1,711	-	1,711	155	-	155
Leases	1,786	4,854	6,640	1,660	5,079	6,739
Interest payable	229	-	229	241	-	241
Total	**33,234**	**62,855**	**96,089**	**23,317**	**81,547**	**104,864**

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 2024 and for which, according to the Group's business plan, compliance is also expected in subsequent years:

- commitment to maintain a ratio of net financial debt to shareholders' equity of no more than 1.5;
- commitment to maintain a ratio of net financial debt to EBITDA of no more than 3;
- commitment to maintain a ratio of EBITDA to net financial position of more than 4.

The Group did not take out any new unsecured loans during the year. Some of the outstanding unsecured loans have covenants, defined with reference to the Consolidated Financial Statements at the end of the reporting period, as specified below:

- commitment to maintain a ratio of net financial debt to shareholders' equity of no more than 1 (residual amount of the loans at 31 December 2024 equal to €33.2 million);
- commitment to maintain a ratio of net financial debt to EBITDA of no more than 3 (residual amount of the loans at 31 December 2024 equal to €41.7 million)

complied with at 31 December 2024 and for which, 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 €23,507 thousand at 31 December 2024) 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 €23,247 thousand.

The following table shows the changes in *lease* liabilities during the year:

Lease liabilities at 31 December 2022	**3,088**
New agreements signed during 2023	5,283
Repayments during 2023	(1,462)
Forex differences	(170)
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**

The value of lease liabilities at 31 December 2024 includes €6,158 thousand in operating *leases* and €482 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

	31.12.2024		31.12.2023	
	Current	Non-current	Current	Non-current
Option on MEC minorities	11,469	-	-	11,721
Payables to former P.G.A. shareholders	-	-	175	-
Currency derivatives	84	-	-	-
Total	**11,553**	**-**	**175**	**11,721**

As part of the acquisition of MEC, a call option in favour of Sabaf for the remaining 49% of the share capital, exercisable from 2028, and a put option in favour of the minority shareholders, exercisable from 2025 to 2028, were subscribed. The valuation of the residual share will be based on an Enterprise Value equal to 8 times MEC's average EBITDA of the two financial statements preceding the date of exercise of the relevant option, adjusted for the net financial position at that date. The assignment of an option to sell in the terms described above (put option) required the recording of a liability corresponding to the estimated redemption value, expected at the time of any exercise of the option. To this end, a financial liability of €11,721 thousand was recognised in the Consolidated Financial Statements at 31 December 2023. As required by IFRS 9, the Group revalued the outlay estimate based on the most recent results of MEC and reduced the liability by €252 thousand recognising financial income of €959 thousand and negative foreign exchange differences of €707 thousand as a balancing entry. As at 31 December 2023 the payable to former P.G.A. shareholders referred to price adjustments following the completion of the acquisition and linked to contractually determined ("earn-out") objectives. Given that the objectives were not achieved, the liability was eliminated in the present year.

16. POST-EMPLOYMENT BENEFIT AND RETIREMENT PROVISIONS

	Post-employment benefit
At 31 December 2023	**3,805**
Provisions	539
Financial expenses	102
Payments made	(349)
Tax effect	(1)
Forex differences	(47)
At 31 December 2024	**4,049**

Following the revision of IAS 19 - Employee benefits, from 1 January 2013, all 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	**31.12.2024**	**31.12.2023**
Discount rate	3.1% - 3.3%	3% - 3.2%
Inflation	2.5%	2.5%

Demographic theory	**31.12.2024**	**31.12.2023**
Mortality rate	IPS55 ANIA	IPS55 ANIA
Disability rate	INPS 2000	INPS 2000
Staff turnover	3% - 10%	4% - 10%
Advance payouts	1% - 5%	1% - 3%
Retirement age	Pursuant to legislation in force at 31 December 2024	Pursuant to legislation in force at 31 December 2023

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

	31.12.2023	Provisions	Utilisation	Forex differences	31.12.2024
Provision for agents' indemnities	196	2	(7)	-	191
Product guarantee fund	60	-	(29)	-	31
Provision for legal risks	97	32	(22)	(9)	98
Total	**353**	**34**	**(58)**	**(9)**	**320**

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. The provision for legal risks, set aside for minor disputes, was partially released during the year given the settlement of some of the outstanding disputes. 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

	31.12.2024	31.12.2023	Variazione
Total	**109**	**183**	**(74)**

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

19. TRADE PAYABLES

	31.12.2024	31.12.2023	Change
Total	**41,681**	**42,521**	**(840)**

Average payment terms did not change versus the previous year. At 31 December 2024, there were no overdue payables of a significant amount and the Group did not receive any injunctions for overdue payables.

20. TAX PAYABLES

	31.12.2024	31.12.2023	Change
For income tax	1,778	704	1,074
Withholding taxes	1,406	968	438
Other tax payables	1,610	1,352	258
Total	**4,794**	**3,025**	**1,770**

21. OTHER CURRENT PAYABLES

	31.12.2024	31.12.2023	Change
To employees	6,978	6,452	526
To social security institutions	3,410	3,430	(20)
To agents	337	158	179
Advances from customers	884	385	499
Other current payables	5,869	5,584	285
Total	**17,478**	**16,007**	**1,471**

At the beginning of 2025, 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 €5,451 thousand.

22. DEFERRED TAX ASSETS AND LIABILITIES

	31.12.2024	31.12.2023	Change
Deferred tax assets	10,460	13,315	(2,855)
Deferred tax liabilities	(3,807)	(5,136)	1,329
Net position	**6,653**	**8,179**	**(1,526)**

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 adjustm ents	Fair value of derivative instruments	Goodwill	Tax incentives	Tax losses	Actuarial evaluation of post-employ-ment benefit	Effect	Other temporary differences	Total
31.12.2023	**(140)**	**1,395**	**(222)**	**709**	**3,281**	**467**	**121**	**1,533**	**1,035**	**8,179**
Through profit or loss	(325)	850	121	(177)	1,513	(248)	-	(2,799)	193	(872)
In shareholders' equity	-	-	9	-	-	-	1	-	-	10
Reclassification from tax receivables	(390)	-	-	-	-	609	-	390	-	609
Forex differences	(399)	(19)	-	-	(365)	(31)	-	(432)	(27)	(1,273)
31.12.2024	**(1,254)**	**2,226**	**(92)**	**532**	**4,429**	**797**	**122**	**(1,308)**	**1,201**	**6,653**

Deferred taxes related to 'non-current tangible and intangible assets' arise from the difference between the relevant carrying value and tax value, (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 value of the investment in Faringosi Hinges s.r.l. made in 2011 pursuant to Italian law Decree 98/2011, deductible in ten instalments starting in 2018.
Deferred tax assets relating to tax incentives are commensurate to investments made in Turkey, for which the Group will benefit from a direct tax deduction. The tax effects of the application of IAS29 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:

	31.12.2024	31.12.2023	Change
A. Cash	30,641	36,353	(5,712)
B. Cash equivalents	-	-	-
C. Other current financial assets	3,120	7,257	(4,137)
D. Liquidity (A+B+C)	**33,761**	**43,610**	**(9,849)**
E. Current financial payable	26,279	1,799	24,480
F. Current portion of non-current financial debt	18,508	21,693	(3,185)
G. Current financial debt (E+F)	**44,787**	**23,492**	**21,295**
H. Net current financial debt (G-D)	**11,026**	**(20,118)**	**31,144**
I. Non-current financial payable	33,100	63,548	(30,448)
J. Debt instruments	29,755	29,720	35
K. Trade payables and other non-current payables	-	-	-
L. Non-current financial debt (I+J+K)	**62,855**	**93,268**	**(30,413)**
M. Total financial debt (H+L)	**73,881**	**73,150**	**731**

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

The figures for the 2023 financial year, shown for comparative purposes, include MEC's contribution only for the period during which the Sabaf Group held control, i.e. from 1 July 2023, the accounting closing date closest to the acquisition date (14 July 2023).

24. REVENUE

In 2024, sales revenue totalled €285,091 thousand, up by €47,142 thousand (+19.8%) compared with 2023 (+14.1% on a like-for-like basis).

REVENUE BY GEOGRAPHICAL AREA

Revenue	2024	%	2023	%	% change
Europe (excluding Turkey)	80,246	*28.1%*	71,636	*30.1%*	*+12.0%*
Turkey	76,103	*26.7%*	62,439	*26.2%*	*+21.9%*
North America	60,889	*21.4%*	47,607	*20.0%*	*+27.9%*
South America	35,895	*12.6%*	27,874	*11.7%*	*+28.8%*
Africa and Middle East	15,188	*5.3%*	17,718	*7.4%*	*-14.3%*
Asia and Oceania	16,770	*5.9%*	10,675	*4.5%*	*+57.1%*
Total	**285,091**	***100%***	**237,949**	***100%***	***+19.8%***

REVENUE BY PRODUCT FAMILY

Revenue	2024	%	2023	%	% change
Gas parts	169,403	*59.4%*	143,224	*60.2%*	*+18.3%*
Hinges	87,364	*30.6%*	70,418	*29.6%*	*+24.1%*
Electronic components	27,850	*9.8%*	24,307	*10.2%*	*+14.6%*
Induction	474	0.2%	-	-	-
Total	**285,091**	***100%***	**237,949**	***100%***	***+19.8%***

In 2024, the Sabaf Group achieved positive results in all major markets, despite the continuing economic weakness in the market for household appliances. Growth in the financial year was supported by a good *performance* in Europe, a positive contribution from the South American market and the steady expansion of activities at the new sites in Mexico and India. The average sales prices of 2024 remained essentially in line with those of 2023.

25. OTHER INCOME

	2024	2023	Change
Sale of trimmings	5,525	4,921	604
Contingent income	385	971	(586)
Rental income	66	78	(12)
Use/release of provisions for risks and charges	58	130	(72)
Other income	4,900	2,956	1,944
Total	**10,934**	**9,056**	**1,878**

In 2024, other income mainly included: tax benefits for investments in capital goods and for research and development of €851 thousand, revenues from the sale of moulds and equipment for €874 thousand, Turkish public grants of €562 thousand as incentives for the hiring of personnel; insurance compensation of €425 thousand, mainly related to reimbursements obtained for damages caused by weather events at the Ospitaletto plant; revenues from the sale of energy produced by photovoltaic plants of €50 thousand.

26. PURCHASES OF MATERIALS

	2024	2023	Change
Commodities and outsourced components	126,418	103,486	22,932
Consumables	10,592	9,198	1,394
Total	**137,010**	**112,684**	**24,326**

The increase in purchases is correlated to the growth in business volumes. During 2024, the effective purchase prices of the main raw materials (aluminum alloys, steel and brass) were on average lower than in 2023, with a positive impact of 1% of sales. Consumption (purchases plus change in inventories) as a percentage of sales was 46.4% in 2024, compared with 48.8% in 2023.

27. COSTS FOR SERVICES

	2024	2023	Change
Outsourced processing	10,966	9,513	1,453
Natural gas and power	9,085	7,762	1,323
Maintenance	7,907	6,879	1,028
Transport	5,703	4,328	1,375
Advisory services	2,654	4,109	(1,455)
Travel expenses and allowances	944	946	(2)
Commissions	1,519	1,183	336
Directors' fees	1,169	1,161	8
Insurance	1,257	1,135	122
Canteen	1,289	1,000	289
Other costs	8,450	6,907	1,543
Total	**50,943**	**44,923**	**6,020**

The main outsourced processing includes 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

	2024	2023	Change
Salaries and wages	47,959	38,959	9,000
Social Security costs	13,802	11,442	2,360
Temporary agency workers	4,995	4,196	799
Post-employment benefit and other costs	3,551	3,020	531
Stock grant plan	95	543	(448)
Total	**70,402**	**58,160**	**12,242**

The Group workforce as at 31 December 2024 was 1,717 (1,641 as at 31 December 2023), of which 1,570 were employees (1,524 as at 31 December 2023). The number of temporary staff was 147 (117 at 31 December 2023). The number of employees compared to the previous year increased by 45.
The increase in personnel costs, compared to the previous year, is mainly linked - aside from the higher number of employees - to the change in the scope of consolidation, as well as the inflationary dynamics in 2024, with particular reference to the Italian companies and the Turkish subsidiary.
The item "Stock Grant Plan" included the measurement at 31 December 2024 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

	2024	2023	Change
Non-income taxes	604	603	1
Other operating expenses	562	598	(36)
Contingent liabilities	230	407	(177)
Losses and write-downs of trade receivables	320	34	286
Provisions for risks	32	20	12
Other provisions	2	73	(71)
Total	**1,750**	**1,735**	**15**

Non-income taxes chiefly relate to property tax.

30. FINANCIAL INCOME

	2024	2023	Change
Interest from bank accounts	1,341	1,485	(144)
MEC option valuation adjustment (Note 15)	959	-	959
Interest rate derivatives	88	32	56
Other financial income	92	298	(206)
Total	**2,480**	**1,815**	**665**

31. EXPENSES FROM HYPERINFLATION/FINANCIAL EXPENSES

	2024	2023	Change
Expenses from hyperinflation	**4,215**	**5,276**	**(1,061)**
Interest paid to banks	3,256	3,453	(197)
Interest paid on finance lease contracts	346	219	127
Banking expenses	230	340	(110)
MEC option valuation adjustment (Note 15)	-	855	(855)
Other financial expense	826	381	445
Financial expenses	**4,658**	**5,248**	**(590)**

As from 2022, the effect of inflation on the Turkish subsidiaries was recognised in the financial statements, which involved in these financial statements the recognition of overall hyperinflation expenses of €4,215 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 2024, the Group recorded net foreign exchange gains of €1,471 thousand, mainly due to the appreciation of the US dollar against the euro.

In 2023 there had been net foreign exchange losses of €2,359 thousand because of the devaluation of the Turkish lira which remained largely stable during the current financial year.

33. INCOME TAXES

	2024	2023	Change
Current taxes for the year	3,914	690	3,224
Deferred tax assets and liabilities	996	(4,371)	5,367
Taxes related to previous financial years	6	295	(289)
Total	**4,916**	**(3,386)**	**8,302**

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:

	2024	2023
Theoretical income tax	3,074	136
Permanent tax differences	(286)	(268)
Taxes related to previous financial years	16	(15)
Tax effect from different foreign tax rates	169	169
Effect of non-recoverable tax losses	912	959
"Energy intensive contribution" tax benefit	-	(165)
"Super and Iperammortamento" tax benefit	(446)	(631)
ACE tax benefit	-	(75)
Patent Box benefit	(32)	(635)
Turkey Hyperinflation	2,949	(975)
Tax incentives for investments in Turkey	(1,513)	(1,182)
Other differences	(372)	(946)
Income taxes booked in the accounts, excluding IRAP and withholding taxes (current and deferred)	**4,471**	**(3,628)**
IRAP (current and deferred)	445	242
Total	**4,916**	**(3,386)**

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 €446 thousand (€631 thousand in 2023);
- the tax benefits deriving from the investments made in Italy amounting to €1,513 thousand (€1,182 thousand in 2023);
- 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 lower deferred tax assets of €4,903 thousand.

34. EARNINGS PER SHARE

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

PROFIT		
(€/000)	**2024**	**2023**
Profit for the year	6,928	3,103
NUMBER OF SHARES		
	2024	**2023**
Weighted average number of ordinary shares for determining basic earnings per share	12,510,823	11,812,152
Dilutive effect from potential ordinary shares	-	-
Weighted average number of ordinary shares for determining diluted earnings per share	12,510,823	11,812,152
EARNINGS PER SHARE		
(in €)	**2024**	**2023**
Basic earnings per share	0.554	0.263
Diluted earnings per share	0.554	0.263

Basic earnings per share are calculated on the average number of outstanding shares minus the average number of treasury shares, equal to 175,972 in 2024 (238,941 in 2023).

Diluted earnings per share are calculated taking into account any shares approved but not yet subscribed.

35. DIVIDENDS

On 29 May 2024, shareholders were paid an ordinary dividend of €0.54 per share (total dividends of €6,776 thousand) in accordance with shareholders' resolution of 08 May 2024. 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 28 May 2025 (ex-date 26 May and record date 27 May).

36. INFORMATION BY BUSINESS SEGMENT

Information by business segment for 2024 and 2023 is provided below.

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**
2023 FY						
	Gas parts (household and professional)	**Hinges**	**Electronic components**	**Components for induction cooking**	**Unallocated Revenues and Costs**	**Total**
Sales	144,010	70,410	24,689	-	(1,160)	**237,949**
Operating profit	8,942	5,188	3,834	-	(6,902)	**11,062**

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:

	31.12.2024	31.12.2023
Financial assets		
Amortised cost		
Cash and cash equivalents	30,641	36,353
Term bank deposits	2,744	6,254
Trade receivables and other receivables	69,159	59,694
Fair value through profit or loss		
Derivatives to hedge cash flows	376	877
Hedge accounting		
Derivatives to hedge cash flows	-	126

Financial liabilities		
Amortised cost		
Loans	96,089	104,864
Other financial liabilities	-	175
Trade payables	41,681	42,521
Fair value through profit or loss		
Option on MEC minorities	11,469	11,721
Hedge accounting		
Derivatives to hedge cash flows	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 28.6% 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 28% of total turnover in 2024, while purchases in dollars represented 11% of total turnover. During the year, operations in dollars were partially hedged through forward sales contracts. At 31 December 2024, the Group had in place forward sales contracts of USD 6.2 million, maturing in December 2025 at an average exchange rate of 1.0625. With reference to these contracts, the Group applies *hedge accounting*, checking compliance with IFRS 9.

The table below shows the balance sheet and income statement effects of forward sales contracts recognised under hedge accounting.

(amounts in €/000)	**2024**
Reduction in current financial assets	126
Increase in current financial liabilities	84
Adjustment to the Cash Flow Hedge reserve (equity reserve)	(139)
Positive impact through profit or loss	4

The following table shows the characteristics of the derivative financial instruments described in the previous paragraph.

**EXCHANGE RATE RISK MANAGEMENT:
CASH FLOW HEDGE IN ACCORDANCE WITH IFRS 9 ON COMMERCIAL TRANSACTIONS**

Company	Counterparty	Instrument	Maturity	Value date	Notional	Fair value hierarchy
Faringosi Hinges s.r.l.	BPER Banca	Forward	25/03/2025	USD	750,000	2
			24/06/2025		750,000	
			24/09/2025		750,000	
			17/12/2025		750,000	
C.M.I. s.r.l.	BPER Banca	Forward	02/04/2025	USD	1,000,000	
			02/04/2025		500,000	
			01/07/2025		700,000	
			01/07/2025		1,000,000	

Sensitivity analysis

With reference to financial assets and liabilities in US dollars at 31 December 2024, a hypothetical and immediate revaluation of 10% of euro against the dollar would have led to a loss of €1,998 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 2024:

Value date	Effect on Group Shareholders' Equity
Brazilian real	+/- 1,719
Turkish lira	+/- 8,091
Mexican peso	+/- 1,252
Indian Rupee	+/- 684
Chinese renminbi	+/- 42
US Dollar	+/- 1,128
Total	**+/- 12,916**

Interest rate risk management

Excluding the financial liabilities related to the *put* option on *minorities* and leases, at the end of 2024, approximately 68% 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 31 December 2024, IRS totalling €10.3 million were in place, mirrored in loans with the same residual debt. The derivative contracts were not designated as a cash flow hedge and were therefore recognised using the "Fair value through profit or loss" method.

The following table shows the characteristics of the derivative financial instruments described in the previous paragraph.

Company	Controparte	Instrument	Maturity	Value date	Notional	Fair value hierarchy
Sabaf S.p.A.	Crédit Agricole	IRS	30/06/2025	EUR	1,800,000	2
	Mediobanca		28/04/2027		8,490,000	
P.G.A. s.r.l.	Intesa Sanpaolo		29/07/2025		29,365	

Sensitivity analysis

With reference to financial liabilities at variable rate at 31 December 2024, a hypothetical and immediate 1% increase in interest rates would have led to a loss of €335 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. In 2024 and 2023, 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 2024 of 42%, net financial debt/EBITDA of 1.69) 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 2024 and 31 December 2023 is shown below:

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**

At 31 December 2023	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	396	396	396	-	-	-
Unsecured loans	68,009	73,234	2,370	21,158	49,574	131
Bond issue	29,720	34,680	-	780	14,964	18,936
Finance leases	6,739	7,539	493	1,454	5,298	294
MEC option	11,721	11,721	-	-	11,721	-
Derivative instruments	175	175	-	-	175	-
Total financial payables	**116,760**	**127,745**	**3,259**	**23,392**	**81,732**	**19,361**
Trade payables	42,521	42,521	36,999	5,516	5	-
Total	**159,281**	**170,266**	**40,258**	**28,908**	**81,737**	**19,361**

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 2024, by hierarchical level of *fair value* assessment.

	Level 1	Level 2	Level 3	Total
Other financial assets (derivatives on interest rates)	-	376	-	376
Total assets	**-**	**376**	**-**	**376**
Other financial liabilities (MEC put option)	-	-	11,469	11,469
Total liabilities	**-**	-	**11,469**	**11,469**

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 + €1.5 million and - €1.2 million.

38. RELATED PARTY TRANSACTIONS

Transactions between consolidated companies were derecognised from the Consolidated Financial Statements and are not reported in these notes. The table below illustrates the impact of all transactions between the Group and other related parties on the balance sheet and income statement.

IMPACT OF RELATED-PARTY TRANSACTIONS ON BALANCE SHEET ITEMS

	Total 2024	Non-consolidated subsidiaries	Other related parties	Total related parties	Impact on the total
Trade payables	41,681	-	-	-	0.00%

	Total 2023	Non-consolidated subsidiaries	Other related parties	Total related parties	Impact on the total
Trade payables	45,521	-	4	4	0.00%

IMPACT OF RELATED-PARTY TRANSACTIONS ON INCOME STATEMENT ITEMS

	Total 2024	Non-consolidated subsidiaries	Other related parties	Total related parties	Impact on the total
Services	(50,943)	-	-	-	0.00%

	Total 2023	Non-consolidated subsidiaries	Other related parties	Total related parties	Impact on the total
Services	(44,923)	-	(27)	(27)	0.05%

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

Fees to Directors, Statutory Auditors and Executives with strategic responsibilities

Please see the 2024 Report on Remuneration for this information.

39. SHARE-BASED PAYMENTS

2021 – 2023 Stock Grant Plan

In May 2024, with the allocation of the accrued shares to the beneficiaries, the plan for the free allocation of shares, approved by the Shareholders' Meeting of 6 May 2021 for the period from 2021 to 2023, the Regulations of which had been approved by the Board of Directors on 13 May 2021, came to an end. During the first half of 2024, with a reduction of €300 thousand in staff costs, the Fair value of the rights granted to the beneficiaries for the relevant period was recognised (Note 28) and the related reserve that had been recognised in the Group's shareholders' equity was released (Note 13).

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.

Purpose

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

Subject matter

The subject-matter of the Plan is the free allocation to the Beneficiaries of a maximum of 270,000 Options, each of which entitles them to receive free of charge, under the terms and conditions provided for by the Regulations of the 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, €394 (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	euro 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 2024 was determined as follows:

RIGHTS RELATING TO OBJECTIVES MEASURED ON ROI	Total value on ROI	9.80	fair value	3.43
	Rights on ROI	35%		
RIGHTS RELATING TO OBJECTIVES MEASURED ON EBITDA	Total value on EBITDA	6.33	fair value	2.85
	Rights on EBITDA	45%		
RIGHTS RELATING TO ESG OBJECTIVES MEASURED ON PERSONAL TRAINING	Total value on "Personal training"	14.02	fair value	0.70
	Rights on "Personal 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				8.86

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 2024 and 2023, 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 declares that no significant non-recurring events or transactions, as defined by the memorandum, took place in 2024.

42. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no important events after the 2024 reporting period.

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 2024.

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 €1,688 thousand (€2,293 thousand at 31 December 2023).

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.	Jundiai (San Paolo - 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 69,951,149	Sabaf S.p.A.	100%
Sabaf US Corp.	Plainfield (USA)	USD 200,000	Sabaf S.p.A.	100%
Sabaf India Private Limited	Bangalore (India)	INR 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 141,003,832	Sabaf S.p.A.	100%
C.M.I. Cerniere Meccaniche Industriali s.r.l.	Valsamoggia (BO)	EUR 1,000,000	Sabaf S.p.A.	100%
C.G.D. s.r.l.	Valsamoggia (BO)	EUR 26,000	C.M.I. s.r.l.	100%
P.G.A. s.r.l.	Fabriano (AN)	EUR 100,000	Sabaf S.p.A.	100%
Sabaf America Inc.	Delaware (USA)	USD 4,000,000	Sabaf S.p.A.	100%
Mansfield Engineered Components LLC (MEC)	Mansfield (USA)	USD 2,823,248	Sabaf America	51%

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

Tax information	R.E.A. Brescia 347512
	Tax code 03244470179
	VAT number 01786910982

Contacts Tel: +39 030 - 6843001 | Fax: +39 030 - 6848249 | E-mail: info@sabaf.it | Website: www.sabafgroup.com

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. 385/93; 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. 415/96, 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 2024 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 2024 financial year
Audit	EY S.p.A.	Parent company	47
	EY S.p.A.	Italian subsidiaries	54
	Rete EY	Foreign subsidiaries	40
Limited Assessment Sustainability Statement	EY S.p.A.	Parent company	37.5
Other services	EY S.p.A.	Parent company	24.5[1]
	EY S.p.A.	Italian subsidiaries	2[2]
Total			***205***

[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.
[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 of Legislative Decree 58/98

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

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

of the administrative and accounting procedures for the formation of the consolidated financial statements during the 2024 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, 25 March 2025

Chief Executive Officer	The Financial Reporting Officer
Pietro Iotti	Gianluca Beschi

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25126 Brescia

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Sabaf S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Sabaf Group (the Group), which comprise the consolidated statement of financial position as at December 31st 2024, the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31st 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Sabaf S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

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Key Audit Matter	Audit Response
Recoverability of goodwill	
Goodwill as at December 31, 2024 amounted to Euro 30,8 million, and was allocated to the following Group's Cash Generating Units (CGU): - "Hinges" CGU for Euro 4,4 million; - "Professional burners" CGU for Euro 1,8 million; - "Electronic components" CGU for Euro 18,3 million; - "Electronic components P.G.A." CGU for Euro 1,8 million; - "CMI Hinges" CGU for Euro 3,7 million; - "MEC Hinges" CGU for Euro 0,8 million. The processes and methodologies to valuate and determine the recoverable amount of each CGU, in terms of value in use, are based on complex assumptions that, due to their nature, imply the use of judgement by management, in particular with reference to the future cash flow forecasts in the period covered by the Group business plan, the assessment of the normalized cash flows used to estimate the terminal value and the long term growth and discount rates applied to the future cash flow forecasts. Considering the level of judgement and complexity of the assumptions applied in estimating the recoverable amount of goodwill we determined that this area represents a key audit matter. The disclosures related to the valuation of goodwill are included in paragraph "Goodwill" and in note "3 - Intangible Assets".	Our audit procedures in response to this key audit matter included, among others: (i) assessment of the process and key controls implemented by the Group in connection with the valuation of goodwill; (ii) assessment of the CGUs perimeter and the allocation of the carrying amounts of assets and liabilities to each CGU; (iii) assessment of the key assumptions underlying future cash flow forecasts; (iv) test of the consistency of the future cash flow forecasts allocated to each CGU against the 2025-2027 business plan; (v) assessment of the accuracy of cash flow projections as compared to historical results; (vi) assessment of the long term growth rates and discount rates. In performing our analysis, we engaged our experts in valuation techniques, who have independently performed calculation and sensitivity analyses of key assumptions in order to determine any changes in assumptions that could materially impact the valuation of the recoverable amount. Lastly, we evaluated the appropriateness of the disclosures included in the explanatory notes of the consolidated financial statements and the consistency of the related disclosure provided in the Report on Operations.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS accounting standards issued by International Accounting

Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Sabaf S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated

financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Sabaf S.p.A., in the general meeting held on May 8th 2018, engaged us to perform the audits of the consolidated financial statements for each of the years ending December 31st 2018 to December 31st 2026.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of Sabaf S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the consolidated financial statements, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the consolidated financial statements December 31st 2024 with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31st 2024 have been prepared in the XHTML format and have been marked-up, in all material aspects, in compliance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML.

Opinion and statement pursuant to article 14, paragraph 2, subparagraph e), e-*bis*) and e-*ter*) of Legislative Decree n. 39 dated 27 January 2010 and pursuant to article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Sabaf S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Sabaf Group as at December 31st 2024, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to:

- express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements;
- express an opinion of the compliance with the laws and regulations of the Report on Operations, excluding the section related to the consolidated sustainability information, and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998;
- issue a statement on any material misstatement in the Report on Operations and in certain specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998.

In our opinion, the Report on Operations and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, are consistent with the consolidated financial statements of Sabaf Group as at December 31st 2024.

Furthermore, in our opinion, the Report on Operations, excluding the section related to the consolidated sustainability information, and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e-*ter*), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Our opinion on compliance with applicable laws and regulations does not extend to the section of the Report on Operations related to consolidated sustainability information. The conclusion on the compliance of this section with the applicable standards governing its preparation criteria and the compliance with the disclosure requirements pursuant to article 8 of (EU) Regulation 2020/852 are

Shape the future
with confidence

formulated by us in the attestation report pursuant to article 14-bis of Legislative Decree No. 39 dated 27 January 2010.

Brescia, 28 March 2025

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

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

SABAF®

SUSTAINABILITY IS OUR ULTIMATE GOAL.

GOAL

there's future inside there's future inside there's future inside
there's future inside there's future inside there's future inside
there's future inside there's future inside there's future inside
there's future inside there's future inside there's future inside
there's future inside there's future inside there's future inside

Goal. There's future inside.

Through an ethical business approach, energy efficient processes and eco-friendly materials we work every day to create sustainable value, respecting the planet and future generations.

SEPARATE FINANCIAL STATEMENTS

AT 31 DECEMBER 2024

CORPORATE BODIES

Board of Directors

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

*Independent directors

Board of Statutory Auditors

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

Independent Auditors

EY S.p.A.

STATEMENT OF FINANCIAL POSITION

(in €)	Notes	31.12.2024	31.12.2023
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	**1**	41,411,044	43,641,088
Investment property	**2**	536,584	691,201
Intangible assets	**3**	8,300,878	6,584,238
Equity investments	**4**	130,922,447	126,074,562
Non-current financial assets	**5**	7,294,122	15,734,371
- of which from related parties	**38**	*7,294,122*	*15,734,371*
Non-current receivables	**6**	676,733	651,913
Deferred tax assets	**22**	3,137,496	2,664,226
TOTAL NON-CURRENT ASSETS		**192,279,305**	**196,041,599**
CURRENT ASSETS			
Inventories	**7**	23,870,264	21,836,419
Trade receivables	**8**	30,793,497	28,705,680
- of which from related parties	**38**	*12,476,174*	*15,393,271*
Tax receivables	**9**	4,748,643	6,030,934
- of which from related parties	**38**	*400,798*	*241,331*
Other current receivables	**10**	1,514,010	1,398,665
Current financial assets	**11**	375,526	859,797
Cash and cash equivalents	**12**	2,039,118	13,899,318
TOTAL CURRENT ASSETS		**63,341,057**	**72,730,813**
TOTAL ASSETS		**255,620,362**	**268,772,412**

SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	**13**	12,686,795	12,686,795
Retained earnings, Other reserves		112,386,335	115,751,085
Profit for the year		1,327,683	3,503,797
TOTAL SHAREHOLDERS' EQUITY		**126,400,813**	**131,941,677**
NON-CURRENT LIABILITIES			
Loans	**15**	58,117,675	76,312,511
Post-employment benefit and retirement provisions	**17**	1,481,739	1,574,371
Provisions for risks and charges	**18**	262,604	297,248
Deferred tax liabilities	**22**	440,753	549,721
Total non-current liabilities		**60,302,771**	**78,733,851**
CURRENT LIABILITIES			
Loans	**15**	34,525,653	23,692,542
- of which from related parties	**38**	*3,000,000*	*3,000,000*
Other financial liabilities	**16**	9,600	175,000
Trade payables	**19**	21,626,206	22,605,272
- of which from related parties	**38**	*1,333,329*	*1,185,573*
Tax payables	**20**	1,819,400	1,484,669
- of which from related parties	**38**	*50,674*	*132,816*
Other payables	**21**	10,935,920	10,139,401
TOTAL CURRENT LIABILITIES		**68,916,778**	**58,096,884**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**255,620,362**	**268,772,412**

INCOME STATEMENT

(in €)	Notes	2024	2023
INCOME STATEMENT COMPONENTS			
OPERATING REVENUE AND INCOME			
Revenue	**24**	106,227,726	99,841,748
- of which from related parties	**38**	*21,466,025*	*19,892,042*
Other income	**25**	6,890,868	6,860,349
- of which from related parties	**38**	*2,878,829*	*3,206,776*
TOTAL OPERATING REVENUE AND INCOME		**113,118,594**	**106,702,097**
OPERATING COSTS			
Materials	**26**	(50,960,776)	(45,935,312)
- of which from related parties	**38**	*(2,221,821)*	*(3,095,049)*
Change in inventories		2,033,845	(5,074,801)
Services	**27**	(24,605,982)	(22,123,910)
- of which to related parties	**38**	*(322,630)*	*(447,295)*
Personnel costs	**28**	(32,175,450)	(30,072,064)
Other operating costs	**29**	(799,802)	(1,102,203)
Costs for capitalised in-house work		2,608,193	3,123,763
TOTAL OPERATING COSTS		**(103,899,973)**	**(101,184,527)**

OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION, CAPITAL GAINS/LOSSES, WRITE-DOWNS/WRITE-BACKS OF NON-CURRENT ASSETS		**9,218,621**	**5,517,571**
Amortisation	**1,2,3**	(8,117,441)	(8,198,888)
Capital gains/(losses) on disposals of non-current assets		685,223	1,867,189
- of which to related parties	**38**	*643,810*	*336,097*

EBIT		**1,786,403**	**(814,128)**
Financial income	**30**	943,995	574,700
- of which to related parties	**38**	*694,171*	*415,764*
Financial expenses	**31**	(3,479,369)	(3,466,228)
- of which to related parties		*(138,299)*	*(113,428)*
Exchange rate gains and losses	**32**	824,669	(170,993)
Profits and losses from equity investments	**33**	1,098,982	5,000,000
- of which to related parties		*1,107,220*	*5,000,000*

PROFIT BEFORE TAXES		**1,174,686**	**1,123,351**
Income taxes	**34**	152,998	2,380,446

PROFIT FOR THE YEAR		**1,327,683**	**3,503,797**

COMPREHENSIVE INCOME STATEMENT

(in €)	2024	2023
PROFIT FOR THE YEAR	**1,327,683**	**3,503,797**
Total profits/losses that will not be subsequently reclassified under profit (loss) for the year:		
Actuarial evaluation of post-employment benefit	31,729	9,705
Tax effect	(7,615)	(2,329)
	24,114	**7,376**
Total profits/losses that will not be subsequently reclassified under profit (loss) for the year:		
Hedge accounting for derivative financial instruments	0	13,596
TOTAL OTHER PROFITS/(LOSSES) NET OF TAXES FOR THE YEAR	**24,114**	**20,972**
UTILE COMPLESSIVO	**1,351,797**	**3,524,769**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€/000)	Capital social	Share premium reserve	Legal reserve reserve	Treasury shares	Actuarial valuation of Post-employment benefit reserve	Other reserves	Profit for the year	Total shareholders' equity
Balance at 31 December 2022	**11,533**	**10,002**	**2,307**	**(3,222)**	**(399)**	**88,557**	**2,247**	**111,025**
Allocation of 2022 profit								
- To the extraordinary reserve						2,247	(2,247)	0
Share capital increase	1,154	16,158						17,312
Stock grant plan (IFRS 2)						543		543
Treasury share transactions				(462)				(462)
Total profit at 31 december 2023					7	13	3,504	3,524
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
Treasury share transactions								
Total profit at 31 december 2024					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**

STATEMENT OF CASH FLOWS

(€/000)	**2024 FY**	**2023 FY**
Cash and cash equivalents at beginning of year	***13,899***	***2,604***
Profit for the year	1,328	3,504
Adjustments for:		
- Depreciations and amortisation	8,117	8,199
- Realised gains	(685)	(1,867)
- Profits and losses from equity investments	(1,099)	(5,000)
- Valuation of the stock grant plan	94	542
- Net financial income and expenses	2,535	2,891
- Non-monetary foreign exchange differences	(393)	(286)
- Income tax	(153)	(2,380)
Change in post-employment benefit	(68)	(6)
Change in risk provisions	(35)	(57)
Change in trade receivables	*(2,088)*	*(391)*
Change in inventories	*(2,034)*	*5,075*
Change in trade payables	*(979)*	*1,438*
Change in net working capital	(5,101)	6,122
Change in other receivables and payables, deferred taxes	1,957	3,926
Payment of financial expenses	(2,907)	(2,725)
Collection of financial income	857	575
Cash flows from operations	**4,448**	**13,437**
Investments in non-current assets		
- intangible	(6,618)	(2,367)
- tangible	(2,833)	(6,433)
- financial	(8,214)	(14,569)
Disposal of non-current assets	3,104	6,479
Cash flow absorbed by investments	**(14,561)**	**(16,890)**
Free Cash Flow	**(10,113)**	**(3,453)**
Repayment of loans	(22,759)	(30,415)
Raising of loans	14,988	26,087
Change in financial assets	8,833	(3,774)
Purchase/Sale of treasury shares	(211)	(462)
Payment of dividends	(6,776)	0
Share capital increase	0	17,312
Collection of dividends	4,177	6,000
Cash flow absorbed by financing activities	**(1,747)**	**(14,748)**
Free Cash Flow	**(11,860)**	**(11,295)**
Cash and cash equivalents at end of year (Note 12)	***2,039***	***13,899***

EXPLANATORY NOTES

ACCOUNTING STANDARDS

STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

The Separate Financial statements of Sabaf S.p.A. for the financial year 2024 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 2024.

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.

Starting with these Separate Financial Statements, for the purpose of a better presentation of the economic performance of the Company, write-downs of equity investments are classified under 'Gains and losses from equity investments'. Previously, write-downs of equity investments were recorded under 'Gains and Losses on disposal of non-current assets', income from royalties was reclassified under Revenues, as part of the company's ordinary operations.
For the sake of consistency of comparison, this classification was also adopted in the 2023 income statement, which is presented for comparative purposes in these Separate Financial statements.

ACCOUNTING POLICIES

The accounting standards and policies applied for the preparation of the Separate Financial statements at 31 December 2024, 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 2.63% on 31 December 2024 and 1.78% on 31 December 2023. 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. The useful life of projects 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.

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 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.

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 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 ACCOUNTING STANDARDS

Amendments to IFRS 16 "Financial Instruments"
In September 2022, the IASB issued an amendment to IFRS 16 that provides specific measurement requirements for lease liabilities that may include variable lease payments arising from a sale and leaseback transaction. The objective is to ensure that the selling lessor does not recognise any gain or loss in respect of the right of use it retains. These amendments have not had an impact on the Company's Separate Financial Statements.

Amendments to IAS 1 "Presentation of Financial Statements"
The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. In particular, the amendments clarify (a) what is meant by the right to postpone an expiry; (b) that the right to postpone must exist at the end of the reporting period; (c) that the classification is not affected by the likelihood that the entity will exercise its right to postpone (d) that only if a derivative embedded in a convertible liability is itself an equity instrument does the maturity of the liability have no impact on classification. Finally, a requirement has been introduced to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to postpone is conditional on compliance with covenants within twelve months. These amendments did not have an impact on the Company's Separate Financial statements.

Amendments to IAS 7 "Statement of Cash Flows" and to IFRS 7 "Financial instruments"
The amendments clarify the characteristics of supply chain financing agreements (Supply finance arrangements) and introduce certain specific disclosure requirements to help users of financial statements understand the impact of such transactions on liabilities, cash flows and exposure to liquidity risk. These amendments did not have an impact on the Company's Separate Financial Statements.

Standards issued but not yet in force

IFRS18 '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:
a) 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);
b) reporting on the basis of the new definition of management-defined performance measures (MPMs);
c) new provisions for the aggregation and disaggregation of financial information based on the identified roles of the Primary Financial Statements (PFS) and notes;

d)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.

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. The amendments will be effective for financial years beginning on or after 1 January 2025. Early application is permitted and disclosure of this fact is required. No significant impact on the Group's Consolidated Financial statements is expected.

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.

IFRS19 "Subsidiaries without Public Accountability: Disclosures".

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. The Company is not a controlled entity and is therefore excluded from the scope of application of this standard.

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 2022	**44,753**	**180,039**	**40,732**	**3,093**	**268,617**
Increases	97	3,443	1,408	2,196	7,144
Disposals	-	(5,903)	(1,307)	-	(7,210)
Reclassification	29	1,332	474	(1,939)	(104)
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**
AMORTISATION DEPRECIATIONS					
At 31 December 2022	**22,184**	**161,573**	**37,238**	**-**	**220,995**
Depreciations for the year	1,190	4,604	1,410	-	7,204
Derecognition due to disposal	-	(2,998)	(408)	-	(3,406)
Reclassification	13	-	-	-	13
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**
NET CARRYING VALUE					
At 31 December 2023	**21,492**	**15,732**	**3,067**	**3,350**	**43,641**
At 31 December 2024	**20,433**	**14,096**	**4,284**	**2,598**	**41,411**

The breakdown of the net carrying value of Property was as follows:

	31.12.2024	31.12.2023	Change
Land	5,404	5,404	-
Industrial buildings	15,029	16,088	(1,059)
Total	**20,433**	**21,492**	**(1,059)**

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 2024	**80**	**-**	**632**	**712**
Increases	46	-	426	430
Decreases	-	-	(9)	(9)
Amortisation/depreciation	(43)	-	(237)	(280)
At 31 December 2024	**83**	**-**	**812**	**895**

The main investments during the year were aimed at keeping the production equipment up to date and fully operational.
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 €644 thousand. Assets under construction include machinery under construction and advance payments to suppliers of capital equipment.

At 31 December 2024, 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 2022	**2,265**
Increases	117
Disposals	(583)
Reclassifications	(28)
At 31 December 2023	**1,771**
Increases	-
Disposals	(165)
Reclassifications	-
At 31 December 2024	**1,606**

ACCUMULATED AMORTISATION	
At 31 December 2022	**1,282**
Depreciations for the year	105
Derecognition due to disposal	(307)
At 31 December 2023	**1,080**
Depreciations for the year	90
Derecognition due to disposal	(101)
At 31 December 2024	**1,069**

NET CARRYING VALUE	
At 31 December 2023	**691**
At 31 December 2024	**537**

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

INVESTMENT PROPERTY	
1 January 2024	**80**
Increase	-
Decrease	-
Depreciation	(40)
At 31 December 2024	**40**

The item Investment property includes non-operating buildings owned by the Company: these are mainly properties for residential use, held for rental. Disposals during the period, amounting to a net book value of €64 thousand, resulted in capital gains totalling €31 thousand.

At 31 December 2024, 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 2022	**7,581**	**9,477**	**658**	**17,716**
Increases	146	2,213	9	2,368
Decreases	147	(345)	-	(198)
Reclassifications	(84)	(42)	-	(126)
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**
AMORTISATION AND WRITE-DOWNS				
At 31 December 2022	**7,027**	**4,712**	**547**	**12,286**
Amortisation	245	643	2	890
Decreases	-	-	-	-
At 31 December 2023	**7,272**	**5,355**	**549**	**13,176**
Amortisation	208	881	4	1,093
Decreases	(2)	-	-	(2)
At 31 December 2024	**7,478**	**6,236**	**553**	**14,267**
NET CARRYING VALUE				
At 31 December 2023	**518**	**5,948**	**118**	**6,584**
At 31 December 2024	**318**	**7,847**	**136**	**8,301**

Intangible assets have a finite useful life and, as a result, are amortised throughout their life.

Development costs mainly refer to the development of new products to extend the range and features offered within the induction cooking sector. 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 subject to amortisation.

At 31 December 2024, 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

	31.12.2024	31.12.2023	Change
In subsidiaries	130,847	125,991	4,856
Other equity investments	75	83	(8)
Total	**130,922**	**126,074**	**4,848**

The change in equity investments in subsidiaries is broken down in the table below:

	Historical cost 31.12.2023	Purchases	Value adjustments	Share capital increase	**Historical cost 31.12.2024**	**Provision for write-downs 31.12.2023**	2024 changes	**Provision for write-downs 31.12.2024**
Sabaf do Brasil	**13,161**	-	-	-	**13,161**	**0**	-	**0**
Sabaf Turkey	**40,889**	-	-	24	**40,913**	**0**	-	**0**
Sabaf Appliance Components (China)	**8,900**	-	-	-	**8,900**	**(8,408)**	(25)	**(8,433)**
Sabaf India	**8,570**	-	-	2,000	**10,570**	**0**	(3,045)	**(3,045)**
Sabaf Mexico	**12,789**	-	-	6,190	**18,979**	**0**	-	**0**
Sabaf U.S.	**139**	-	-	-	**139**	**0**	-	**0**
Sabaf America	**3,565**	-	-	-	**3,565**	**0**	-	**0**
Faringosi Hinges	**10,329**	-	-	-	**10,329**	**0**	-	**0**
A.R.C.	**6,450**	-	-	-	**6,450**	**0**	-	**0**
C.M.I.	**21,044**	-	-	-	**21,044**	**0**	-	**0**
P.G.A.	**8,563**	-	(288)	-	**8,275**	0	-	**0**
Total	**134,399**	**-**	**(288)**	**8,214**	**142,325**	**(8,408)**	**(3,070)**	**(11,478)**

	Net book value 31.12.2023	Portion of shareholders' equity 31.12.2023	**Difference between shareholders' equity and carrying value 31.12.2023**	Net book value 31.12.2024	Portion of shareholders' equity 31.12.2024	**Difference between shareholders' equity and carrying value 31.12.2024**
Sabaf do Brasil	13,161	19,757	**6,596**	13,161	18,913	**5,752**
Sabaf Turkey	40,889	62,712*	**21,823**	40,913	78,507*	**37,594**
Sabaf Appliance Components (China)	492	493	**1**	467	467	**0**
Sabaf India	8,570	6,319	**(2,251)**	7,525	7,525	**0**
Sabaf Mexico	12,789	12,037	**(752)**	18,979	13,771	**(5,208)**
Sabaf U.S.	139	167	**28**	139	4	**(135)**
Sabaf America	3,565	3,619	**54**	3,565	5,216	**1,651**
Faringosi Hinges	10,329	8,071	**(2,258)**	10,329	8,388	**(1,941)**
A.R.C.	6,450	6,389	**(61)**	6,450	6,883	**433**
C.M.I.	21,044	21,736	**692**	21,044	22,764	**1,720**
P.G.A.	8,563	3,756	**(4,807)**	8,275	3,948	**(4,327)**
Total	**125,991**	**145,056**	**19,065**	**130,847**	**166,386**	**35,539**

*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 2024, Sabaf do Brasil achieved positive results. At 31 December 2023, 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 2024, Sabaf Turkey achieved positive results. At 31 December 2023, 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. Given the loss in the financial year, the equity investment was written down by €25 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.
During the year, the Company made a share capital increase of €2 million to support the investments required to complete the verticalisation of production in the subsidiary.
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 2024, 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 €3,045 thousand.

Sabaf Mexico
In 2024 Sabaf Mexico started production of components for the North American market in San Luis Potosi (Mexico).
During the year, the Company made share capital increases of €6.2 million, mainly to finance the working capital of the subsidiary.
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 2025 budget given expectations of a significant growth in revenues and a related improvement in margins.

Sabaf U.S.
Sabaf U.S. operates as a commercial support for North America.

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 year, the value of the equity investment was reduced by €288 thousand, of which €113 thousand was for the recognition by the former shareholders of a compensation relating to the obsolescence of the products included in the inventories and €175 thousand for the price adjustment following the finalisation of the acquisition, linked to contractually-determined ("earn-out") objectives.

As at 31 December 2024, with the support of independent experts, the book values of the Company's equity investments in Faringosi Hinges, A.R.C., C.M.I., P.G.A. and Sabaf America (of which the 51% interest in MEC is the only asset) were subject to impairment tests, to determining their recoverable value, which was verified by measuring the value in use by discounting expected cash flows.

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 2025 to 2027, 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 (2025) were developed on the basis of the 2025 budgets approved by the Boards of Directors of the investees and Sabaf S.p.A. in December 2024; the forecasts for the next two years (2026 and 2027) were determined analytically as part of the process of updating the Group's 2025 - 2027 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 2024. 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 2025 to 2027 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 2025 to 2027, 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
	2024	2023	2024	2023		
Faringosi Hinges	9.70%	11.84%	2.00%	2.00%	3 years old	Perpetual instalment
A.R.C.	9.27%	11.09%	2.00%	2.00%	3 years old	Perpetual instalment
C.M.I.	9.34%	11.45%	2.00%	2.00%	3 years old	Perpetual instalment
P.G.A.	9.78%	10.94%	2.50%	2.50%	3 years old	Perpetual instalment
MEC	9.38%	10.99%	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 2023, are mainly due to the reduction in the cost of debt and the risk-free rate.

The impairment tests carried out in the manner described above and approved by the Board of Directors on 25 February 2025, with the opinion of the Control and Risk Committee, did not reveal any impairment, as the recoverable amount of the equity investments at 31 December 2024 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	40.5%	-	-71.7%
A.R.C.	30%	-	-60.7%
C.M.I.	45.5%	-	-64.91%
P.G.A.	9.79%	2.48%	-0.2%
MEC	12.82%	-	-22.2%

*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.

- 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.

With reference to the equity investment in P.G.A., sensitivity analyses show a delta between the recoverable amount and the carrying value of the equity investment ranging from +€2.2 million to -€2.2 million. 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

	31.12.2024	31.12.2023	Change
Financial receivables from subsidiaries	7,294	15,734	8,440
Total	**7,294**	**15,734**	**8,440**

At 31 December 2024, financial receivables from subsidiaries consist of:

- a residual interest-bearing loan of €2 million to the subsidiary Sabaf Turkey, as part of the Group's financial management coordination, maturing in May 2027. During 2024 the subsidiary repaid €6.5 million;
- a residual interest-bearing loan of USD 5.5 million (€5.294 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 2024 the subsidiary repaid USD 994 thousand.

In addition, during the year, the subsidiary Sabaf do Brasil fully repaid loans of USD 1.5 million.

6. NON-CURRENT RECEIVABLES

	31.12.2024	31.12.2023	Change
Receivables from former P.G.A. shareholders	645	620	25
Guarantees	32	32	-
Total	**677**	**652**	**25**

Receivables from former P.G.A. shareholders, already agreed upon between the parties, refer to compensation obligations envisaged upon the occurrence of certain events (liabilities incurred by P.G.A.) regulated by the acquisition agreement.

7. INVENTORIES

	31.12.2024	31.12.2023	Change
Raw Materials	12,327	10,311	2,016
Semi-processed goods	6,403	6,077	326
Finished products	6,847	7,221	(374)
Provision for inventory write-downs	(1,707)	(1,773)	66
Total	**23,870**	**21,836**	**2,034**

The value of final inventories at 31 December 2024 increased compared to the previous year to meet the higher volumes of activity.
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 €697 thousand, semi-finished products for €273 thousand and finished products for €737 thousand.

The following table shows the changes in the Provision for inventory write-downs during the current financial year:

31.12.2023	**1,773**
Provisions	68
Utilisation	(134)
31.12.2024	**1,707**

8. TRADE RECEIVABLES

	31.12.2024	31.12.2023	Change
Trade receivables from third parties	18,599	13,913	4,686
Trade receivables from subsidiaries	12,794	15,393	(2,599)
Bad debt provision	(600)	(600)	0
Net total	**30,793**	**28,706**	**2,087**

At 31 December 2024, trade receivables included balances totalling USD 7,759 thousand, booked at the EUR/USD exchange rate in effect on 31 December 2024, equal to 1.0389. The amount of trade receivables recognised in the financial statements includes approximately €12 million in insured receivables (€12 million at 31 December 2023).

Trade receivables from third parties at 31 December 2024 were higher that at the end of 2023 subsequent to higher sales.
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:

	31.12.2024	31.12.2023	Change
Current receivables (not past due)	13,800	10,410	3,390
Outstanding up to 30 days	2,559	1,753	806
Outstanding from 30 to 60 days	597	435	162
Outstanding from 60 to 90 days	500	364	136
Outstanding for more than 90 days	1,143	951	192
Total	**18,599**	**13,913**	**4,686**

The bad debt provision was adjusted to the better estimate of the credit risk and expected loss expected losses at the end of the reporting period, also carried out by analysing each expired item. Changes during the year were as follows:

	31.12.2023	Provisions	Utilisation	31.12.2024
Bad debt provision	600	50	(50)	600

9. TAX RECEIVABLES

	31.12.2024	31.12.2023	Change
For income tax	4,268	5,568	(1,300)
for VAT	481	462	19
Total	**4,749**	**6,030**	**(1,281)**

In the 2020 financial year, the Company has been part of the national tax consolidation scheme pursuant to Articles 117/129 of the Unified Income Tax Law.
At 31 December 2024, income tax receivables include:

- the receivable from the subsidiary Faringosi Hinges s.r.l amounting to €443 thousand;
- the receivable from the subsidiary A.R.C. s.r.l. amounting to €401 thousand;
- the receivable from the subsidiary CMI s.r.l. amounting to €721 thousand;

relating to the balance of the 2024 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:

- €1.189 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

	31.12.2024	31.12.2023	Change
Credits to be received from suppliers	919	904	15
Advances to suppliers	57	101	(44)
Other	538	393	145
Total	**1,514**	**1,398**	**116**

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

11. CURRENT FINANCIAL ASSETS

	31.12.2024	31.12.2023	Change
Interest rate derivatives	376	860	(484)
Total	**376**	**860**	**(484)**

At 31 December 2024, the Company has in place four Interest Rate Swap (IRS) contracts for amounts and maturities coinciding with six unsecured loans that are being amortised, whose residual value at 31 December 2024 is €10,290 thousand. The contracts have not been designated as capital flow hedges and are therefore at their fair value through profit and loss, and recognised in the items "fair value through profit or loss", with "Financial income" as a balancing entry.

12. CASH AND CASH EQUIVALENTS

The item Cash and cash equivalents, equal to €2,039 thousand at 31 December 2024 (€13,899 thousand at 31 December 2023), 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 2024, the structure of the share capital is shown in the table below.

	No. of shares	% of share capital	Rights and obligations
Ordinary shares	7,034,278	55.45%	–
Ordinary shares with increased vote	5,652,517	44.55%	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

With regard to the 2021 - 2023 Stock Grant Plan, following the expiry of the three-year vesting period, during the financial year, 103,349 ordinary shares of the Company were allocated and transferred to the beneficiaries, through the use of shares already available to the issuer. To implement the shareholders' meeting resolution of 8 May 2024, a buyback plan was initiated during the year, under which 14,692 treasury shares were purchased at an average price of €14.36 per share. No treasury shares were sold in 2024.

At 31 December 2024, Sabaf S.p.A. held 153,306 treasury shares (1.208% of the share capital), reported in the financial statements as an adjustment to shareholders' equity at a weighted average unit value of €15.14 (the closing stock market price of the Share at 31 December 2024 was €15.15). There were 12,533,489 outstanding shares at 31 December 2024.

Stock grant reserve

Items "Retained earnings, other reserves" of €88,528 thousand included, at 31 December 2024, the Stock Grant reserve of €394 thousand, which included the measurement at 31 December 2024 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. During the 2024 financial year, the portion related to the 2021 - 2023 Stock Grant Plan, which ended in May 2024, was released, with the allocation of the accrued shares to the beneficiaries.

15. LOANS

	31.12.2024			31.12.2023		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Bond issue	-	29,755	29,755	-	29,720	29,720
Unsecured loans	18,122	27,418	45,540	20,032	45,534	65,566
Leases	482	945	1,427	460	1,059	1,519
Short-term bank loans	12,702	-	12,702	-	-	-
Short-term loans from subsidiaries	3,000	-	3,000	3,000	-	3,000
Accruals for financial expenses	219	-	219	200	-	200
Total	**34,525**	**58,118**	**92,643**	**23,692**	**76,313**	**100,005**

In December 2021, Sabaf S.p.A. issued a €30 million bond fully subscribed by PRICOA with a maturity of 10 years, an average life of 8 years and a fixed coupon of 1.85% per year. The loan has the following covenants, defined with reference to the Group consolidated figures widely complied with at 31 December 2024 and for which, according to the Group's Business Plan, compliance is also expected in subsequent years:

- commitment to maintain a ratio of net financial debt to shareholders' equity of less than or equal to 1.5;
- commitment to maintain a ratio of net financial debt to EBITDA of less than or equal to 3;
- commitment to maintain a ratio of EBITDA to net financial position of more than 4.

The Company did not take out any new unsecured loans during the year.

Some of the outstanding unsecured loans have covenants, defined with reference to the Consolidated Financial statements at the end of the reporting period, as specified below:

- commitment to maintain a ratio of net financial debt to shareholders' equity of less than or equal to 1 (residual amount of the loans at 31 December 2024 equal to €33.2 million);
- commitment to maintain a ratio of net financial debt to EBITDA of less than or equal to 3 (residual amount of the loans at 31 December 2024 equal to €41.7 million);

complied with at 31 December 2024 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 €22,569 thousand at 31 December 2024) 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 €22,974 thousand.

The following table shows the changes in *lease* liabilities during the year:

Lease liabilities at 1 January 2023	**1,682**
New agreements signed during 2023	485
Repayments during 2023	(648)
Lease liabilities at 31 December 2023	**1,519**
New agreements signed during 2024	446
Repayments during 2024	(538)
Lease liabilities at 31 December 2024	**1,427**

Note 37 provides information on financial risks, pursuant to IFRS 7.

16. OTHER FINANCIAL LIABILITIES

	31.12.2024		31.12.2023	
	Current	Non-current	Current	Non-current
Payables to former PGA shareholders	-	-	-	175
Other	10	-	-	-
Total	**10**	**-**	**-**	**175**

As at 31 December 2023 the payable to former P.G.A. shareholders referred to price adjustments following the completion of the acquisition, linked to contractually-determined ("earn-out") objectives. Since the objectives were not achieved, the liability was eliminated in the current financial year.

17. POST-EMPLOYMENT BENEFIT

At 31 December 2023	1,574
Financial expenses	49
Payments made	(109)
Tax effect	(32)
At 31 December 2024	1,482

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		
	31.12.2024	31.12.2023
Discount rate	3.28%	3.2%
Inflation	2.5%	2.5%

Demographic theory		
	31.12.2024	31.12.2023
Mortality rate	IPS55 ANIA	IPS55 ANIA
Disability rate	INPS 2000	INPS 2000
Staff turnover	5%	5%
Advance payouts	1.00% per year	1.00% per year
Retirement age	pursuant to legislation in force on 31 December 2024	pursuant to legislation in force on 31 December 2023

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

	31.12.2023	Provisions	Utilisation	31.12.2024
Provision for agents' indemnities	191	1	(7)	185
Product guarantee fund	60	-	(29)	31
Provision for legal risks	46	-	-	46
Total	**297**	**1**	**(36)**	**262**

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

	31.12.2024	31.12.2023	Change
Total	**21,626**	**22,605**	**(979)**

Average payment terms did not change versus the previous year.
At 31 December 2024, there were no overdue payables of a significant amount and the Company did not receive any injunctions for overdue payables.

In 2024 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 Report.

20. TAX PAYABLES

	31.12.2024	31.12.2023	Change
To inland revenue for income tax	1,117	904	213
To subsidiaries for income tax	51	133	(82)
To inland revenue for IRPEF tax	651	447	204
Total	**1,819**	**1,484**	**335**

Payables to inland revenue for income tax are related to IRES for €1,104 thousand and IRAP for €13 thousand.

In the 2020 financial year, the Company has been part of the national tax consolidation scheme pursuant to Articles 117/129 of the Unified Income Tax Law. At 31 December 2024, 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

	31.12.2024	31.12.2023	Change
To employees	4,489	4,335	154
To social security institutions	2,290	2,211	79
Advances from customers	527	69	458
To agents	123	105	18
Other current payables	3,507	3,419	88
Total	**10,936**	**10,139**	**1,633**

At the beginning of 2025, 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 €1,729 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

	31.12.2024	31.12.2023	Change
Deferred tax assets	3,138	2,664	474
Deferred tax liabilities	(441)	(550)	109
Net position	**2,697**	**2,114**	**583**

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 benefit	Other temporary differences	Total
At 31 December 2022	**465**	**1,056**	**(383)**	**886**	**-**	**134**	**169**	**2,327**
Through profit	(82)	(243)	178	(177)	-	-	114	(210)
In shareholders' equity	-	-	(1)	-	-	(2)	-	(3)
At 31 December 2023	**383**	**813**	**(206)**	**709**	**-**	**132**	**283**	**2,114**
Through profit	(23)	36	116	(177)	-	-	29	(19)
In shareholders' equity	-	-	-	-	-	(7)	-	(7)
Reclassification	-	-	-	-	609	-	-	-
At 31 December 2024	**360**	**849**	**(90)**	**532**	**609**	**125**	**312**	**2,697**

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

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 Company's net financial debt is as follows:

	31.12.2024	31.12.2023	Change
A. Cash	2,039	13,900	(11,861)
B. Cash equivalents	-	-	-
C. Other current financial assets	376	859	(483)
D. Liquidity (A+B+C)	**2,415**	**14,759**	**(12,344)**
E. Current financial payable	16,413	3,375	13,038
F. Current portion of non-current financial debt	18,122	20,492	(2,370)
G. Current financial debt (E+F)	**34,535**	**23,867**	**10,668**
H. Net current financial debt (G-D)	**32,120**	**9,108**	**23,012**
I. Non-current financial payable	28,363	46,593	(18,230)
J. Debt instruments	29,755	29,720	35
K. Trade payables and other non-current payables	-	-	-
L. Non-current financial debt (I+J+K)	**58,118**	**76,313**	**(18,195)**
M. Total financial debt (H+L)	**90,238**	**85,421**	**4,817**

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 2024, sales revenue amounted to €106,228 thousand, 6.4% higher than the €99,842 thousand in 2023.

REVENUE BY GEOGRAPHICAL AREA

	2024	%	2023	%	Change %
Europe (excluding Turkey)	32,536	*28.8%*	28,672	*28.8%*	*13.5%*
Turkey	32,780	*31.2%*	31,224	*31.2%*	*5%*
North America	6,001	*6.7%*	6,649	*6.7%*	*-9.8%*
South America	12,936	*9.8%*	9,940	*9.8%*	*27.1%*
Africa and Middle East	12,276	*14.5%*	14,431	*14.5%*	*-14.9%*
Asia and Oceania	9,996	*9.0%*	8,926	*9.0%*	*12%*
Total	**106,228**	***100%***	**99,842**	***100%***	***6.4%***

REVENUE BY PRODUCT FAMILY

	2024	%	2023	%	Change %
Valves and thermostats	44,325	*41.7%*	40,216	*40.4%*	*10.2%*
Burners	47,887	*45.1%*	45,398	*45.5%*	*5.5%*
Accessories and other revenues	13,194	*12.5%*	14,228	*14.3%*	*-4.8%*
Electronic components	352	*0.3%*	-	-	-
Induction	470	*0.4%*	-	-	-
Total	**106,228**	***100%***	**99,842**	***100%***	***6.4%***

25. OTHER INCOME

	2024	2023	Variazione
Sale of trimmings	2,177	2,062	115
Services to subsidiaries	2,163	2,232	(69)
Contingent income	287	644	(357)
Rental income	66	78	(12)
Use of provisions for risks and charges	36	130	(94)
Other income	2,162	1,714	448
Total	**6,891**	**6,860**	**31**

Services to subsidiaries refer to administrative, commercial and technical services provided within the scope of the Group.

In 2024, other income mainly includes:
- €1,161 thousand in charges of various kinds to customers, including partnerships in investments for dedicated products;
- €568 thousand of benefits granted as tax credits for investments made in 2024 and in previous years (Law 160/2019 paragraphs 184 to 196, Law 178/2020 and Law 234/2021);
- €312 thousand for insurance compensation related to damages from weather events.

Beginning with these financial statements, income from royalties has been reclassified under Revenues, as part of the company's ordinary operations.

26. PURCHASES OF MATERIALS

	2024	2023	Change
Commodities and outsourced components	46,771	41,568	5,203
Consumables	4,190	4,367	(177)
Total	**50,961**	**45,935**	**(5,026)**

The increase in purchases is correlated to the growth in business volumes. During 2024, the effective purchase prices of the main raw materials (aluminium alloys, steel and brass) were on average lower than in 2023, with a positive impact of 1.3% of sales.

27. COSTS FOR SERVICES

	2024	2023	Change
Outsourced processing	6,931	5,577	1,354
Electricity and natural gas	5,171	3,879	1,292
Maintenance	3,729	3,212	517
Advisory services	1,696	2,866	(1,170)
Transport and export expenses	1,596	1,435	161
Directors' fees	471	407	64
Insurance	659	607	52
Commissions	479	488	(9)
Travel expenses and allowances	606	607	(1)
Waste disposal	471	390	81
Canteen	335	307	28
Temporary agency workers	311	293	18
Other costs	2,151	2,056	95
Total	**24,606**	**22,124**	**2,482**

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.

28. PERSONNEL COSTS

	2024	2023	Change
Salaries and wages	20,773	18,975	1,798
Social Security costs	6,688	6,091	597
Temporary agency workers	3,055	2,518	537
Post-employment benefit and other costs	1,566	1,946	(380)
Stock grant plan (Note 45)	94	542	(448)
Total	**32,176**	**30,072**	**2,104**

Average of the Company headcount at 31 December 2024 totalled 454 employees (310 blue-collars, 130 white-collars and supervisors, 14 managers), unchanged since 2023 (311 blue-collars, 128 white-collars and supervisors, 15 managers). The number of temporary staff with temporary work contract was 66 at 31 December 2024 (56 at the end of 2023).

29. OTHER OPERATING COSTS

	2024	2023	Change
Non-income related taxes and duties	291	356	(65)
Losses and write-downs of trade receivables	-	30	(30)
Contingent liabilities	205	379	(174)
Other provisions	1	103	(102)
Other operating expenses	303	234	69
Total	**800**	**1,102**	**(302)**

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 €132 thousand, 0.1% of turnover 2024, for community support activities,

30. FINANCIAL INCOME

	2024	2023	Change
Interests receivable from banks	134	125	9
Interests receivable from loans	723	450	273
IRS spreads receivable	87	-	87
Total	**944**	**575**	**369**

31. FINANCIAL EXPENSES

	2024	2023	Variazione
Interest paid to banks	3,117	2,952	165
Banking expenses	125	164	39
IRS spreads payable	-	80	(80)
Other financial expense	151	270	(119)
Total	**3,393**	**3,466**	**(73)**

32. EXCHANGE RATE GAINS AND LOSSES

In 2024, the Company reported net foreign exchange profit of €825 thousand (net loss of €171 thousand in 2023) thanks to the due to the appreciation of the dollar against the euro.

33. PROFITS AND LOSSES FROM EQUITY INVESTMENTS

	2024	2023	Change
Dividends received from Faringosi Hinges s.r.l.	1,156	3,000	(1,844)
Dividends received from A.R.C. s.r.l.	755	3,000	(2,245)
Dividends received from C.M.I. s.r.l.	2,266	-	2,266
Write-down of equity investments	(3,078)	(1,000)	(2,078)
Total	**1,099**	**5,000**	**3,901**

In 2024, the 'Write-down of equity investments' relates to Sabaf India in the amount of €3,045 thousand and Sabaf China in the amount of €25 thousand. See Note 4 for more details.
Starting with these Separate Financial Statements, for the purpose of a better presentation of the Income Statement, write-downs of equity investments are classified under 'Gains and losses from equity investments'. Previously, write-downs of equity investments were accounted for under 'Gains and losses on disposal of non-current assets'. For the sake of consistency of comparison, this classification was also adopted in the 2023 income statement, which is presented for comparative purposes in these separate financial statements.

34. INCOME TAXES

	2024	2023	Change
Current taxes	(219)	(1,782)	1,561
Deferred tax assets and liabilities	19	210	827
Taxes related to previous financial years	47	(808)	(161)
Total	**(153)**	**(2,380)**	**2,227**

The tax income related to the tax loss for the 2024 tax year is recognised in current taxes for 2024.

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:

	2024	2023
Theoretical income tax	282	270
Taxes related to previous financial years	89	(73)
Tax effect of dividends from investee companies	(952)	(1,368)
"Iper and Superammortamento" tax benefit	(381)	(558)
Permanent tax differences	755	194
Tax effect on tax credit for energy-intensive and gas-intensive companies	-	(153)
"Patent box" tax benefit	(32)	(635)
IRES (current and deferred)	**(239)**	**(2,323)**
IRAP (current and deferred)	**86**	**(57)**
Total	**(153)**	**(2,380)**

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 2024, shareholders were paid an ordinary dividend of €0.54 per share (total dividends of €6,776 thousand) in implementation of the shareholders' resolution of 08 May 2024.
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 28 May 2025 (ex-date 26 May and record date 27 May).

36. SEGMENT REPORTING

Information by business segment for 2024 is provided below.

	Gas parts	Electronic components	Components for induction cooking	Unallocated costs	Total
Sales	105,402	352	474	-	106,228
Operating profit	7,152	7	(717)	(4,656)	1,786

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.

	31.12.2024	31.12.2023
Financial assets		
Amortised cost		
Cash and cash equivalents	2,039	13,900
Trade receivables and other receivables	32,308	30,104
Non-current loans	7,295	15,734
Fair Value through profit or loss		
Derivatives cash flow hedges (on interest rates)	376	860
Financial liabilities		
Amortised cost		
Loans	92,653	100,005
Other financial liabilities	10	175
Trade payables	21,626	22,605

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 39% 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 2024, while purchases in dollars represented 5.8% of total turnover.

Sensitivity analysis

With reference to financial assets and liabilities in US dollars at 31 December 2024, a hypothetical and immediate appreciation of 10% of euro against the dollar would have led to a loss of €1,216 thousand.

Interest rate risk management

Considering the IRS in place, at the end of 2024 almost 73% of the Company's gross financial debt was at a fixed rate. At 31 December 2024, IRS totalling €10.3 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. The derivative contracts were not designated as a cash flow hedge and were therefore recognised using the "fair value through profit or loss" method.

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.	Crédit Agricole	IRS	30/06/2025	EUR	1,800,000	2
	Mediobanca		28/04/2027		8,490,000	

Sensitivity analysis

With reference to financial liabilities at variable rate at 31 December 2024, a hypothetical and immediate increase of 1% of interest rates would have led to a loss of €335 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. In 2024 and 2023, the Company 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 2024 of 42%, net financial debt/EBITDA of 1.69) 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 2024 and 31 December 2023 is shown below:

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**

At 31 December 2023	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	65,566	70,780	2,270	20,019	48,490	-
Bond issue	29,720	34,680	-	780	14,964	18,936
Finance leases	1,519	1,561	128	357	1,042	34
Short-term loans	3,200	3,000	200	3,000	-	-
Payables to C.M.I. shareholders	175	175	-	-	175	-
Total financial payables	**100,180**	**110,196**	**2,598**	**24,156**	**64,671**	**18,970**
Trade payables	22,605	22,605	19,373	3,232	-	-
Total	**122,785**	**133,001**	**21,971**	**27,388**	**64,671**	**18,970**

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 2024, by hierarchical level of fair value assessment.

	Level 1	Level 2	Level 3	Total
Other financial assets (derivatives on interest rates)	-	376	-	376
Total assets and liabilities at fair value	**-**	**376**	**-**	**376**

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 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%

	Total 2023	Subsidiaries	Other related parties	Total related parties	Impact on the total
Non-current financial assets	15,734	15,734	-	15,734	100%
Trade receivables	28,706	15,393	-	15,393	53.62%
Tax receivables	6,031	241	-	241	4.00%
Short-term financial payables	23,692	3,000	-	3,000	12.66%
Trade payables	22,605	1,186	5	1,192	5.27%
Tax payables	1,485	133	-	133	8.96%

IMPACT OF RELATED-PARTY TRANSACTIONS ON INCOME STATEMENT ITEMS

	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%

	Total 2023	Subsidiaries	Other related parties	Total related parties	Impact on the total
Revenue	99,482	19,892	-	19,892	20.00%
Other income	7,220	3,207	-	3,207	44.42%
Materials	45,935	3,095	-	3,095	6.74%
Services	22,124	447	21	468	2.12%
Capital gains on non-current assets	1,867	336	-	336	18%
Financial income	575	416	-	416	72.35%
Financial expenses	3,466	113	-	113	3.26%
Profits and losses from equity investments	5,000	5,000	-	5,000	100%

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 2024.

40. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no important events after the 2024 reporting period.

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

The Company has another active local unit in Busto Arsizio (Varese), in addition to the registered office in Ospitaletto (Brescia).

43. COMMITMENTS

Guarantees issued
Sabaf S.p.A. also issued sureties to guarantee mortgage loans granted by banks to employees for a total of €1,688 thousand (€2,293 thousand at 31 December 2023).

44. 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.

45. SHARE-BASED PAYMENTS

2021 – 2023 Stock Grant Plan
In May 2024, with the allocation of the accrued shares to the beneficiaries, the plan for the free allocation of shares, approved by the Shareholders' Meeting of 6 May 2021 for the period from 2021 to 2023, the Regulations of which had been approved by the Board of Directors on 13 May 2021, came to an end. During the first half of 2024, as a reduction of €300 thousand in staff costs, the *fair value* of the rights granted to the beneficiaries for the relevant period was recognised (Note 28) and the related reserve that had been recognised in the shareholders' equity was released (Note 13).

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.

Purpose
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 encouraging the achievement of significant results in the economic and asset growth and sustainability of the Company and of the Group.

Subject matter
The subject-matter of the Plan is the free allocation to the Beneficiaries of a maximum of 270,000 Options, each of which entitles them to receive free of charge, under the terms and conditions provided for by the Regulations of the 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 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 258,000 Rights were allocated to the Beneficiaries.

Deadline
The 2024 - 2026 Plan expires on 31 December 2027.

Accounting impacts and Fair Value measurement methods
In connection with this Plan, €394 thousand (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 2024 was determined as follows:

Rights relating to objectives measured on ROI			
Total value on ROI	9.80	Fair value	3.43
Rights on ROI	35%		

Rights relating to objectives measured on EBITDA			
Total value on EBITDA	6.33	Fair value	2.85
Rights on EBITDA	45%		

Rights relating to ESG objectives measured on personal 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	8.86

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
(Super/Hyper amortisation)	1,162	Italian State
R&D Tax credit	164	Italian State
Total	**1,326**	

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[1]

Company name	Registered offices	Share capital at 31 December 2024	Shareholders	% of ownership	Shareholders' equity at 31 December 2024	2024 profit (loss)
Faringosi Hinges s.r.l.	Ospitaletto (BS)	EUR 90,000	Sabaf S.p.A.	100%	EUR 8,387,691	EUR 1,543,694
Sabaf do Brasil Ltda.	Jundiaì (Brazil)	BRL 53,348,061	Sabaf S.p.A.	100%	BRL 121,520,788	BRL 15,586,321
Sabaf US Corp.	Plainfield (USA)	USD 200,000	Sabaf S.p.A.	100%	USD 4,039	USD -180,783
Sabaf Appliance Components (Kunshan) Co., Ltd.	Kunshan (China)	CNY 69,951,149	Sabaf S.p.A.	100%	CNY 4,419,713	CNY -1,196,567
Sabaf Beyaz Esya Parcalari Sanayi ve Ticaret Limited Sirketi	Manisa (Turkey)	TRY 1,306,029,421	Sabaf S.p.A.	100%	TRY 1,985,074,420	TRY 96,020,065
A.R.C. s.r.l.	Campodarsego (PD)	EUR 45,000	Sabaf S.p.A.	100%	EUR 6,933,514	EUR 1,219,214
Sabaf Mexico Appliance Components	San Louis Potosì (Mexico)	MXN 141,003,832	Sabaf S.p.A.	100%	MXN 296,021,470	MXN -52,363,414
C.M.I. s.r.l.	Valsamoggia (BO)	EUR 1,000,000	Sabaf S.p.A.	100%	EUR 22,840,567	EUR 3,366,656
C.G.D. s.r.l.	Valsamoggia (BO)	EUR 26,000	C.M.I. s.r.l.	100%	EUR 1,528,618	EUR -21,393
Sabaf India Private Limited	Bangalore (India)	INR 311,666,338	Sabaf S.p.A.	100%	INR 565,225,897*	INR -110,397,976*
P.G.A. s.r.l.	Fabriano (AN)	EUR 100,000	Sabaf S.p.A.	100%	EUR 3,948,114	EUR 193,504
Sabaf America Inc.	Delaware (USA)	USD 4,000,000	Sabaf S.p.A.	100%	USD 5,419,077	USD 1,417,826
Mansfield Engineered Components LLC (MEC)	Mansfield (USA)	USD 2,823,248	Sabaf America	51%	USD 15,171,544	USD 2,368,423

* The values shown for Sabaf India Private Limited refer to 31 March 2024, the local reporting date

OTHER SIGNIFICANT EQUITY INVESTMENTS

None.

[1] 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	77,209	A, B, C	75,943	0
Revaluation reserve, Law Decree of Legislative Decree 104/20	4,873	A, B	4,873	4,727
Valuation reserve:				
Post-employment benefit actuarial provision	(366)		0	0
Reserve for stock grant plan	394		0	0
Total	**112,386**		**108,610**	**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	**2,870**	**(2,870)**	**0**
Plant and equipment	Law 576/1975	180	(180)	0
	Law 72/1983	2,180	(2,180)	0
	1989 merger	6,140	(6,140)	0
	1994 merger	6,820	(6,820)	0
		15,320	**(15,320)**	**0**
Industrial and commercial equipment	Law 72/1983	**161**	**(161)**	**0**
Other assets	Law 72/1983	**50**	**(50)**	**0**
Total		**18,356**	**(18,356)**	**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: www.sabaf.it

Tax information:	**R.E.A. 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 2024 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 2024 financial year**
Audit	EY S.p.A.	47
Certification services	EY S.p.A.	–
Other audit services	EY S.p.A.	24.5[2]
Total		**71.5**

[2] 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 of Legislative Decree 58/98

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

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

of the administrative and accounting procedures for the formation of the separate financial statements during the 2024 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, 25 March 2025

Chief Executive Officer	The Financial Reporting Officer
Pietro Iotti	Gianluca Beschi

EY S.p.A.
Via Rodolfo Vantini, 38
25126 Brescia

Tel: +39 030 2896111 | +39 030 226326
ey.com

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Sabaf S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sabaf S.p.A. (the Company), which comprise the statement of financial position as at December 31st 2024, the statement of income, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31st 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

EY S.p.A.
Sede Legale: Via Meravigli, 12 – 20123 Milano
Sede Secondaria: Via Lombardia, 31 – 00187 Roma
Capitale Sociale Euro 2.975.000 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998

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Key Audit Matter	Audit Response
Valuation of investments	
The balance of investments at December 31, 2024 amounted to Euro 130,8 million. The most significant investments are: - Sabaf Beyaz Esya Parcalari Sanayi Ve Ticaret Limited: Euro 40,9 million; - C.M.I. S.r.l.: Euro 21 million; - Sabaf do Brasil: Euro 13,2 million; - Sabaf Mexico: Euro 18,9 million; - Faringosi Hinges S.p.A.: Euro 10,3 million; - Sabaf India: Euro 7,5 million; - P.G.A. S.r.l.: Euro 8,3 million; - A.R.C. S.r.l.: Euro 6,5 million. Management assesses the existence of impairment indicators on investments at least annually, in line with its strategy in managing each separate entity within the Group and, if present, such investments are subject to an impairment test. The processes and methodologies to valuate and determine the recoverable amount of investments are based on complex assumptions that, due to their nature, imply the use of judgement by management, in particular with reference to the assumptions underlying future cash flow forecasts in the period covered by the business plan, the estimate of the terminal value and the calculation of the long-term growth and discount rates applied to the future cash flow forecasts. Considering the level of judgement and complexity of the assumptions applied in estimating the recoverable amount of investments, we determined that this area represents a key audit matter. The disclosures related to the valuation of investments are included in paragraph “Use of estimates” and in note “4. Equity Investments”.	Our audit procedures in response to this key audit matter included, among others: (i) assessment of the process and key controls implemented by the Company in connection with the valuation of investments; (ii) assessment of the assumptions underlying future cash flow forecasts; (iii) test of the consistency of the investments future cash flow forecasts against the 2025-2027 business plan; (iv) assessment of the accuracy of cash flow projections as compared to historical results; (v) assessment of the long-term growth rates and discount rates. In performing our analysis, we engaged our experts in valuation techniques, who have independently performed calculation and sensitivity analyses of key assumptions in order to determine any changes in assumptions that could materially impact the valuation of the recoverable amount. Lastly, we evaluated the appropriateness of the disclosures included in the explanatory notes of the financial statements and the consistency of the related disclosure provided in the Report on Operations.

2

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Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Sabaf S.p.A., in the general meeting held on May 8th 2018, engaged us to perform the audits of the financial statements for each of the years ending December 31st 2018 to December 31st 2026.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of Sabaf S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the financial statements, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the financial statements as at December 31st 2024 with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at December 31st 2024 have been prepared in the XHTML format in compliance with the provisions of the Delegated Regulation.

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Opinion and statement pursuant to article 14, paragraph 2, subparagraph e), e-*bis*) and e-*ter*) of Legislative Decree n. 39 dated 27 January 2010 and pursuant to article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Sabaf S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Sabaf S.p.A. as at December 31st 2024, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to:

- express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements;
- express an opinion of the compliance with the laws and regulations of the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998;
- issue a statement on any material misstatement in the Report on Operations and in certain specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998.

In our opinion, the Report on Operations and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, are consistent with the financial statements of Sabaf S.p.A. as at December 31st 2024.

Furthermore, in our opinion, the Report on Operations and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e-*ter*), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Brescia, 28 March 2025

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

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING OF SABAF S.P.A.

in accordance with Art. 2429, paragraph 2 of the Italian Civil Code and Art. 153 of Legislative Decree no. 58/1998

To the Shareholders' Meeting of the Company SABAF S.p.A.

NTRODUCTION

The Board of Statutory Auditors of Sabaf S.p.A. (hereinafter also "Sabaf" or "Company"), pursuant to Art. 153 of Legislative Decree no. 58 of 1998 (hereinafter also TUF) and Art. 2429, paragraph 2 of the Italian Civil Code, is called upon to report to the Shareholders' Meeting called to approve the 2024 Financial Statements on the supervisory activity carried out in the performance of its duties on any omissions and reprehensible facts found and on the results of the financial year, as well as to formulate proposals regarding the financial statements, the approval thereof and matters falling within its competence.
First of all, note that the Board of Directors called the Shareholders' Meeting for the approval of the financial statements for the year 2024 on 29 April 2025 and, therefore, within the term envisaged by Article 2364 of the Italian Civil Code. Note that the relevant documents were made available to the public in accordance with the terms of Art. 154-ter of the TUF.
During the year ended 31 December 2024 and up to date, the Board of Statutory Auditors carried out its supervisory activities in compliance with Law provisions, Rules of Behaviour of the Board of Statutory Auditors of listed companies issued by the Italian Board of Certified Public Accountants and Bookkeepers, the CONSOB provisions on corporate controls, the Corporate Governance Code, as well as by the provisions contained in Art. 19 of Italian Legislative Decree 39/2010.
The financial statements of Sabaf were prepared in accordance with the IAS/IFRS international accounting standards issued by the International Accounting Standards Board (IASB) and approved by the European Union, as well as in accordance with the provisions issued by CONSOB in implementation of Art. 9, paragraph 3, of Legislative Decree 38/2005. The Financial Statements are also in XHTML - ESEF format in compliance with Legislative Decree No. 25 of 15 February 2016 implementing EU Directive 2013/50.
The Company's Financial Statements were prepared in accordance with the law and accompanied by the documents required by the Italian Civil Code and the TUF. The Company also prepared, in accordance with the law, the Group's consolidated financial statements at 31 December 2024, accompanied by the Report of the Board of Directors (including the Consolidated Sustainability Statement pursuant to Legislative Decree no. 125/2024 for the year 2024) and the accompanying documents required by current regulations.
The Board of Statutory Auditors acquired the information necessary for the performance of the supervisory duties assigned to it by i) attending the meetings of the Board of Directors and the Board Committees, ii) the hearings of the Company's and the Group's management, iii) the exchange of information with the Independent Auditors and the Supervisory Body, iv) the information acquired from the competent company structures, as well as through the additional control activities carried out.

APPOINTMENT AND INDEPENDENCE OF THE BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors in office at the date of this Report was appointed by the Shareholders' Meeting of 8 May 2024 in the persons of Alessandra Tronconi (Chairman), Maria Alessandra Zunino de Pignier (Statutory Auditor), Mauro Giorgio Vivenzi (Statutory Auditor). Giovanna Marangoni and Federico Pozzi were also appointed as Alternate Auditors. The control body remains in office for three financial years and will expire on the date of the Shareholders' Meeting called to approve the Financial Statements for the year 2026.
The appointment of the current Board of Statutory Auditors was made on the basis of two lists submitted by the Shareholders Cinzia Saleri S.A.p.A and Quaestio Capital SGR S.p.A. respectively, in compliance with the applicable law, regulatory and statutory provisions.
The composition of the Board of Statutory Auditors complies with the gender distribution criterion set forth in Art. 148 of the TUF and Rec. 8 of the Corporate Governance Code.
At the time of its appointment, the Board of Statutory Auditors checked the existence of the independence requirement as part of the broader process of self-assessment of the control body pursuant to Standard Q.1.1 of the Rules of Behaviour of listed companies; the check was carried out on the basis of the criteria envisaged by the aforesaid Standards and by the provisions of the Corporate Governance Code applicable to independent directors.
This assessment was carried out again on 12 March 2025 and consequently communicated to the Board of Directors, which disclosed it in the Report prepared pursuant to Art. 123-bis of the TUF.

SUPERVISION AND CONTROL OF THE BOARD OF STATUTORY AUDITORS

Supervisory activity on compliance with the law and articles of association

In carrying out its duties, the Board of Statutory Auditors carried out the supervisory activities required by Art. 2403 of the Italian Civil Code, Art. 149 of the TUF, Art. 19 of Legislative Decree No. 39/2010, Art. 10 of Legislative Decree 125/2024, CONSOB recommendations on corporate controls and the activities of the Board of Statutory Auditors and referring to the indications contained in the Corporate Governance Code, as well as the Rules of Behaviour of the Board of Statutory Auditors of listed companies.

Moreover, as part of its functions, and in relation to the financial year in question, the Board of Statutory Auditors:
- attended all the meetings of the Shareholders and Board of Directors, monitoring compliance with the statutory, legislative and regulatory

provisions regulating the operation of the Company's bodies as well as compliance with the principles of proper management;
- supervised, for what of direct concern, the adequacy of the Company's organisational structure and compliance with the principles of proper management, through direct observation, gathering information from heads of the corporate functions and meetings with the Independent auditors to exchange data and information;
- assessed and supervised the adequacy of the internal control system and the administrative and accounting system, as well as its reliability in providing a fair presentation of operational transactions, through the information of the heads of the respective functions, the examination of company documents and the analysis of the results of the work carried out by the Independent Auditors;
- held 17 meetings lasting approximately 1 hour and 45 minutes, and also attended all the meetings of the Board of Directors, as well as of the board committees (Control and Risk Committee, Sustainability Committee, Remuneration and Nomination Committee). For the 2025 financial year, the Board of Statutory Auditors has already met on three occasions, namely on 19 February 2025, 12 March 2025 and today;
- supervised the adequacy of the reciprocal flow of information between SABAF and its subsidiaries pursuant to Art. 114, paragraph 2, of the TUF in the light of the instructions issued by the Company's management to Group companies;
- supervised compliance with the rules of "Market abuse", "Protection of savings" and "Internal Dealing", with a special reference to the processing of inside information and the procedure for the dissemination of statements and information to the public.

In particular, the Board of Statutory Auditors reports here that the Shareholders' Meeting of 8 May 2024 appointed, according to the list voting system set forth in Article 12 of the Company's Articles of Association, the current Board of Directors composed of Claudio Bulgarelli, Pietro Iotti, Gianluca Beschi, Alessandro Potestà, Cinzia Saleri, and the independent directors Daniela Toscani, Francesca Michela Maurelli, Federica Menichetti and Laura Ciambellotti. The Shareholders' meeting also set the term of office of the Board of Directors at three financial years, i.e. until the date of approval of the financial statements for the year ended 31 December 2026.

Following the appointment of the Board of Directors, the latter met in plenary session on the same day to appoint Claudio Bulgarelli as Chairman of the Board of Directors, and Pietro Iotti as Chief Executive Officer, granting him broad powers and delegations, and Gianluca Beschi as the Financial Reporting Officer of the Company pursuant to Article 154-bis of the TUF and Secretary to the Board of Directors. On the same date, the Board also assessed the independence of the directors in accordance with the TUF and the Corporate Governance Code. At that meeting, the Board of Directors also appointed:

(a) the following board committees in accordance with the Corporate Governance Code, which will remain in office until the approval of the financial statements for the year ended 31 December 2026:
- the Control and Risk Committee, which also acts as the Committee for Related Party Transactions and is composed of independent directors Federica Menichetti (Chairman), Laura Ciambellotti and Daniela Toscani;
- the Sustainability Committee, composed of Pietro Iotti (Chairman), Gianluca Beschi and Francesca Michela Maurelli;
- the Remuneration and Appointments Committee, composed of the non-executive directors Daniela Toscani (Chairman), Alessandro Potestà, Cinzia Saleri, Laura Ciambellotti and Francesca Michela Maurelli.

(b) in accordance with Legislative Decree 231/2001, the Supervisory Body composed of Federica Menichetti (Chairman) and Giuseppe Garzillo for the three-year period May 2024 to May 2026

Moreover, the Board of Statutory Auditors:

- obtained from the Directors adequate information on the business carried on and major economic and financial operations carried out by the Company and its subsidiaries pursuant to Art. 150, paragraph 1 of the TUF. In this regard, the Board of Statutory Auditors paid special attention to the fact that the transactions approved and implemented complied with the law and the Articles of Association and were not imprudent or risky, in contrast with the resolutions adopted by the Shareholders' Meeting, in potential conflict of interest or such as to compromise the integrity of the Company's assets;
- held meetings with representatives of the Independent Auditors pursuant to Art. 150, paragraph 3 of the TUF during which there were no significant data and/or information to be reported;
- had exchanges of information with corresponding control bodies (if any) of major subsidiary companies by SABAF pursuant to Art. 151, paragraph 1 and 2 of the TUF;
- supervised the procedures for effective implementation of the corporate governance rules envisaged in the Corporate Governance Code complied with, as adequately represented in the Report on Corporate Governance and Ownership Structures, in compliance with Art. 124-ter of the TUF and Art. 89-bis of the Issuers' Regulations;
- checked, in relation to the periodic assessment to be carried out pursuant to Recommendation 6 and 9 of the Corporate Governance Code, as part of the supervision of the procedures for effective implementation of the corporate governance rules, the correct application of the assessment criteria and procedures adopted by the Board of Directors, with regard to the assessment of the independence of the Directors.

The Board of Statutory Auditors hereby reports that, consistent with the provisions of the Company's Corporate Governance Code and the Corporate Governance Manual, which envisage that the self-assessment of the Board of Directors is to be carried out at least every three years by distributing, compiling, collecting and processing questionnaires, the Company's Board of Directors carried out its latest self-assessment on 25 February 2025 in relation to the 2024 financial year.
The Board of Statutory Auditors also acknowledges that it has issued its consent, pursuant to Art. 5, paragraph 4, of Regulation (EU) 2014/537, to the provision by the Independent Auditors EY S.p.A. of services other than the external audit.

With regard to the Financial Statements for the year ended 31 december 2024, the following is noted:

- the item "start-up and expansion costs", which we remind you can

only be entered as an asset in the Balance Sheet with the prior consent of the Board of Statutory Auditors, pursuant to Article 2426, paragraph 1, point 5, of the Italian Civil Code, is not recognised;
- with regard to development costs with a multi-year use, there was an increase in 2024 of €2,780 thousand. The recognition was made with the prior consent of the Board of Statutory Auditors as envisaged by Article 2426, paragraph 1, point 5 of the Italian Civil Code. At the end of the 2024 reporting period, these costs totalled €7,847 thousand, an amount already net of the provision for amortisation totalling €6,236 thousand;
- the item "goodwill", which, we remind you, can only be entered as an asset in the Balance Sheet with the approval of the Board of Statutory Auditors, pursuant to Article 2426, paragraph 1, point 6, of the Italian Civil Code, has not been recognised.

Supervisory activity on the adequacy of the administrative and accounting system and the auditing and sustainability activity

Pursuant to Art. 19 of Legislative Decree 39/2010 (Consolidated External Audit Act), the Board of Statutory Auditors, in its role as an internal control and external audit committee of public interest entities, is required to supervise:
- the financial reporting process;
- the effectiveness of the internal control and risk management systems;
- the External audit of the annual accounts and consolidated accounts and the certification of compliance with the Consolidated Sustainability Reporting;
- the independence of the Independent Auditors and the Consolidated Sustainability Reporting, specifically as far as the provision of non-audit services is concerned.

The Board of Statutory Auditors carried out its activities in collaboration with the Control and Risk Committee and the Sustainability Committee in order to coordinate their responsibilities and avoid overlapping of activities.

Financial and sustainability reporting process

The Board of Statutory Auditors supervised the existence of rules and procedures relating to the process of formation and dissemination of financial information. In this regard, it should be noted that the Report on Corporate Governance and Ownership Structures illustrates how the Group defined its Internal Control and Risk Management System in relation to the financial reporting process at the consolidated level. The Financial Reporting Officer is Gianluca Beschi. The Financial Reporting Officer is supported by the Internal Audit Department to check the operation of the administrative and accounting procedures through control testing.
Gianluca Beschi was also appointed as the Manager in charge of certifying the Consolidated Sustainability Statement, as required by the new Article 154-ter, paragraph 1-quater, of the TUF.
The Board of Statutory Auditors acknowledges that it has received adequate information on the monitoring of business processes with an administrative and accounting impact within the Internal Control System. This activity was carried out both during the year in relation to the regular management reports, and during the closing of the accounts for the preparation of the Financial Statements, in compliance with the monitoring and certification requirements to which SABAF is subject pursuant to Law no. 262/2005. In particular, the Board of Statutory Auditors acknowledged the Risk Assessment for 2024, as well as the periodic update on testing activities pursuant to Law no. 262/2005.
The adequacy of the administrative and accounting system was also assessed through the acquisition of information from the heads of the respective departments and the analysis of the results of the work carried out by the Independent Auditors.
No particular critical issues or elements hindering the issue of the certification by the Financial Reporting Officer and by the Chief Executive Officer concerning the adequacy of the administrative and accounting procedures for the preparation of the Financial statements of SABAF and the Consolidated Financial Statements for the year 2024 emerged.
The Board of Statutory Auditors supervised compliance with the regulations related to the preparation and publication of the Half-Yearly Report and the Interim Management Reports, as well as the settings given to them and the correct application of the accounting standards, also using the information obtained from the Independent Auditors.

Furthermore, it is acknowledged that:
- the Independent Auditors appointed to carry out the external audit currently in office, EY S.p.A., were appointed for the 2018-2026 period at the Shareholders' Meeting held on 8 May 2018: the procedure for the appointment was carried out in compliance with the provisions of Art. 16 of Regulation (EU) 2014/537. The Board of Statutory Auditors in office at that time submitted to the Board of Directors a reasoned recommendation containing the name of two Independent Auditors suitable to replace the one that is due to expire, expressing preference for one of them. This recommendation was developed at the end of a detailed selection procedure that was carried out in compliance with the provisions contained in Regulation (EU) 2014/537;
- EY S.p.A. was also appointed to certify the compliance of the Sustainability Statement with art. 8 of Legislative Decree 125/2024 by integrating the assignment received on 13 April 2018 relating to the Consolidated Non-Financial Statement;
- EY S.p.A. illustrated to the Board of Statutory Auditors the checks carried out and did not report any findings in the periodic meetings with the Board of Statutory Auditors;
- the Board of Statutory Auditors supervised the auditing of the annual and consolidated financial statements, as well as the auditing of the Consolidated Sustainability Statement, obtaining information and periodically discussing with the Independent Auditors and the board committees.

In particular, all the main phases of the audit activity were illustrated to the Board of Statutory Auditors, including the identification of the risk areas, with a description of the related audit procedures adopted; moreover, the main accounting principles applied by SABAF have been followed.
The Board of Statutory Auditors also acknowledges that on 28 March 2025 the Independent Auditors EY S.p.A. issued their opinions on the consolidated financial statements and the financial statements at 31 December 2024 in the Independent Auditors' Reports pursuant to art. 14 of Legislative Decree no. 39 of 27 January 2010, and art. 10 of Regulation (EU) no. 537/2014. The Reports on the consolidated financial statements and on the separate financial statements do not give rise to any observations or requests for information.
It is acknowledged that the Independent Auditors expressed, both in the Independent Auditors' Report pursuant to art. 14 of Legislative Decree 39/2010 and art. 10 of Regulation (EU) no. 537/2014 on the financial statements at 31 December 2024 and in the Independent Auditors' Report pursuant to art. 14 of Legislative Decree 39/2010

and art. 10 of Regulation (EU) no. 537/2014 on the Consolidated Financial Statements at 31 December 2024, a positive opinion on the consistency with the Financial Statements and compliance with the law:
- of the Report on Operations;
- of the information referred to in Art.123-bis, paragraph 4, Legislative Decree 58/98 contained in the Report on corporate governance and ownership structures.

During the audit of the financial statements at 31 December 2024, special attention was paid to the key aspects relating to the valuation of equity investments; during the audit of the consolidated financial statements at 31 December 2024, special attention was paid to the key aspects relating to the recoverability of the carrying amount of goodwill.
On the same date of 28 March 2025, the Independent Auditors issued the Additional Report for the Board of Statutory Auditors in its role as Internal Control Committee pursuant to art. 11 of Regulation (EU) 537/2014, which will be forwarded by the Board of Statutory Auditors to the Board of Directors, as required by the regulations in force.
The aforementioned Reports issued by the Independent Auditors EY S.p.A. do not reveal any significant shortcomings in the Company's internal control system for financial information and accounting system.
Finally, on 28 March 2025, the independent auditors EY S.p.A. issued the Independent Auditors' Report on the limited review of the Consolidated Sustainability Statement pursuant to art. 14-bis of Legislative Decree 39/2010, in which they certify that, based on the work carried out:
- the Consolidated Sustainability Statement of the Sabaf Group for the 2024 financial year has been prepared, in all material respects, in accordance with the reporting standards adopted by the European Commission pursuant to Directive 2013/34/EU (European Sustainability Reporting Standards, hereinafter also "ESRS");
- the information contained in the Consolidated Sustainability Statement, in particular, in the paragraph "Disclosure pursuant to art. 8 of Regulation (EU) no. 852/2020 (Taxonomy Regulation)", has been prepared, in all material respects, in compliance with art. 8 thereof.

The Board of Statutory Auditors supervised the independence of the Independent Auditors EY S.p.A., verifying the type and extent of services other than auditing with reference to SABAF and its subsidiaries and obtaining explicit confirmation from the Independent Auditors that the independence requirement was met. The statement on independence has been included, pursuant to Art. 11, paragraph 2, letter a), of Regulation (EU) 2014/537, in the above-mentioned Additional Report .

The fees paid by the SABAF Group to the Independent Auditors EY S.p.A. and to companies belonging to the Independent Auditors' network for the 2024 financial year are as follows:

ACTIVITY	AMOUNT (EURO/000)
Audit of the Parent company	47
Audit of the Italian subsidiaries	54
Audit of the foreign subsidiaries (network)	40
Examination of the Consolidated Sustainability Reporting	37.5
Other services	24.5[(1)]
Other services	2[(2)]

In the light of the above, the Board of Statutory Auditors considers that the Independent Auditors EY S.p.A. meet the requirement of independence.

Supervisory activity on the adequacy of the internal control system and the organisational structure

The Board of Statutory Auditors assessed and supervised the adequacy of internal control and the effectiveness of the internal control and risk management systems. The Board of Statutory Auditors acknowledges that it has verified the most significant activities carried out by the overall internal control and risk management system by attending the meetings of the Control and Risk Committee (also with functions of Committee for related-party transactions) attended by:
- members of the Control and Risk Committee;
- members of the Board of Statutory Auditors;
- the Chief Executive Officer and director in charge of the internal control and risk management system;
- the Internal Audit department and its Head;
- the Financial Reporting Officer.

The Board of Statutory Auditors also acknowledges that it attended the periodic meetings among the Company's control bodies attended by:
- members of the Control and Risk Committee;
- members of the Board of Statutory Auditors;
- the Independent Auditors;
- the Chief Executive Officer and Director in charge of the internal control system;
- the Financial Reporting Officer;
- the Internal Audit department and its Head;
- the Supervisory Body.

In particular, as part of these activities, the Board of Statutory Auditors acknowledges that it has received and examined:
- the periodic reports on the activities carried out, prepared by the Control and Risks Committee and the Internal Audit department;
- the reports drawn up at the end of the verification and monitoring activities by the Internal Audit department, with the relative results, the recommended actions and the controls on the implementation of the aforesaid actions also in order to represent the management events;

[1] Auditing procedures agreement relating to interim management reports and audit of the Statement of expenses incurred for R&D activities.
[2] Audit of the Statement of expenses incurred for R&D activities.

- periodic updates on the development of the risk management process, the outcome of the activities carried out by Internal Audit and the objectives achieved.

The Board of Statutory Auditors then reviewed every six months the periodic reports on the activities carried out by the Supervisory Body and examined the activity plan and the budget allocated for 2024. Similarly, the Board of Statutory Auditors acknowledged the compliance with the provisions of Legislative Decree no. 231/2001 and the activity plan for 2024.
Following the activities carried out during the 2024 financial year, as detailed above, the Board of Statutory Auditors shared the positive assessment expressed by the Control and Risk Committee with regard to the adequacy of the Internal Control and Risk Management System.

Supervisory activity on compliance the principles of proper management

The main transactions carried out by the Company during 2024, with respect to which the Board of Statutory Auditors monitored compliance with the principles of proper management pursuant to Italian law, are summarised below:

- the share capital of the subsidiary Sabaf India Private Ltd. – 100% owned by SABAF – was increased by a total of €1,000,000 in capital and share premium;
- the Company approved the liquidation and dissolution of the US company Sabaf US Corp., 100% controlled by SABAF, considering that the operational presence of the SABAF Group in the United States is guaranteed by the company Sabaf America Inc. which owns 51% of Mansfield Engineered Components LLC;
- the share capital increase of the subsidiary Sabaf Mexico Appliance Components – 100% owned by SABAF – from MXN 370,000,000 to MXN 400,000,000 was approved.

Following the supervision and control activities carried out during the year, the Board of Statutory Auditors can certify that:

- during the course of the activity carried out, no omissions, irregularities or reprehensible or significant facts that would require reporting to the control bodies or mention in this Report emerged;
- no reports were received by the Board of Statutory Auditors pursuant to Art. 2408 of the Italian Civil Code, nor has it received any complaints from third parties;
- no communications were received from the Company's Control Bodies containing findings that, in the opinion of the Board of Statutory Auditors, should be noted in this Report;
- no transactions have been identified with third parties, intra-group and/or related parties such as to highlight atypical and/or unusual profiles, in terms of content, nature, size and timing;
- all the transactions and management choices adopted are inspired by the principle of proper management and reasonableness, and comply with the 2024-2026 Business Plan unanimously approved by the Board of Directors on 19 March 2024.

Supervisory activity on implementation of the corporate governance rules

The Board of Statutory Auditors, during the financial year ended 31 December 2024, assessed the application of the corporate governance rules set out in the Corporate Governance Code and the relative level of compliance, also by analysing the Report on corporate governance and ownership structures and comparing its contents with what emerged during the general supervisory activity carried out. The Board also acknowledges that, on 16 December 2021, the Company's Board of Directors adopted the Corporate Governance Manual setting out the principles, rules and operating procedures to enable the Company to implement the recommendations of the Corporate Governance Code.
Moreover, compliance with the obligation on the part of SABAF to inform the market in its Report on corporate governance and ownership structures of its level of compliance with the Code itself was assessed, also in accordance with the provisions of Art. 123-bis of the TUF. The Board of Statutory Auditors is of the opinion that the Report on corporate governance was prepared in accordance with the provisions of Art. 123-bis of the TUF and the Corporate Governance Code and following the format made available by the Corporate Governance Committee of Borsa Italiana S.p.A.

Supervisory activities in relation to the financial statements, the consolidated financial statements and the Consolidated Sustainability Statement

With regard to the separate financial statements for the year ended 31 December 2024, the consolidated financial statements for the year ended on the same date note the following:

- the Board of Statutory Auditors ascertained, through direct audits and information obtained from the Independent Auditors, compliance with law provisions regulating their formation, the layout of the financial statements, the consolidated financial statements and the Report on Operations, and the financial statement formats adopted, certifying the correct use of the accounting standards described in the Explanatory Notes and the Report on operations. In particular, the Board of Statutory Auditors analysed the results of the impairment test carried out by the Company with the support of independent experts, in accordance with IAS 36, both on the value of the individual equity investments held in Faringosi Hinges S.r.l., A.R.C. S.r.l., C.M.I. S.r.l., P.G.A. S.r.l. and Mansfield Engineered Components LLC and on the value of goodwill allocated to the individual "Hinges", "Professional Burners", "Electronic Components" CGUs. In this regard, it should be noted that the Independent Auditors paid special attention, during the audit of the financial statements at 31 December 2024, to the key aspects relating to the valuation of equity investments and, during the audit of the consolidated financial statements at 31 December 2024, to the key aspects relating to the recoverability of the carrying amount of goodwill, describing in their Reports the audit procedures adopted in this regard. The Board of Statutory Auditors has therefore taken note of the procedures adopted;
- in pursuance of CONSOB Communication 6064293 of 28 July 2006, the effects of the related party transactions are expressly indicated in the financial statements. Moreover, in pursuance of this Communication, in the Explanatory Notes, it is specified that during the year no transactions deriving from atypical and/or

unusual operations were carried out and there were no significant non-recurring events or operations;
- the Financial statements are in keeping with the facts and information of which the Board of Statutory Auditors has become aware within its supervisory duties and its control and inspection powers;
- as far as the Board of Statutory Auditors is aware, the Directors, when preparing the financial statements, did not depart from the law provisions pursuant to Art. 2423, paragraph 5 of the Italian Civil Code;
- the Chief Executive Officer and the Financial Reporting Officer issued the certificate, pursuant to Art. 81-ter of CONSOB Regulation no. 11971/1999 as amended and Art. 154-bis of the TUF;
- the Report on Operations complies with legal requirements and is consistent with the data and results of the Financial Statements; it provides the necessary information on the activities and significant transactions of which the Board of Statutory Auditors was informed during the year, on the main risks of the Company and its subsidiaries, on intra-group and related-party transactions, as well as on the process of adapting the corporate organisation to the principles of corporate governance, in accordance with the Corporate Governance Code for listed companies;
- pursuant to the provisions of Art. 123-ter of the TUF, the Remuneration Report is presented to the Shareholders' Meeting and the Board of Statutory Auditors examined and approved the approach followed in preparing it.

In relation to the Consolidated Sustainability Statement, the Board of Statutory Auditors, in compliance with the provisions of Legislative Decree no. 125 of 6 September 2024, and Standard Q.3. 8-bis of the "Rules of Behaviour of the Board of Statutory Auditors of listed companies", supervised the compliance of the Sustainability Statement with the relevant regulatory provisions, as well as the adequacy of the organisational, administrative and reporting system for the purpose of preparing the Consolidated Sustainability Statement itself. In particular, the Board of Statutory Auditors supervised the effectiveness of the internal control and risk management systems and compliance with applicable national and Community regulations on sustainability, ensuring, among other things, that the Company had identified the IROs (Impacts, Risks and Opportunities) and carried out the double materiality analysis as required by the applicable regulations.
It should be noted that the Consolidated Sustainability Statement pursuant to Legislative Decree 125/2024 is contained in a specific section of the Report on Operations and is accompanied by the relative certification of conformity required by art. 154-bis, paragraph 5-ter, of the TUF.
Supervisory activities were also carried out by attending all the meetings of the Board of Directors, the Sustainability Committee, the Remuneration and Nomination Committee and the Control and Risk Committee.

Supervisory activity on relationships with Subsidiaries

The Board of Statutory Auditors supervised the adequacy of the instructions given by the Company to the subsidiaries, in accordance with Art. 114, paragraph 2 of the TUF.
Periodic meetings with the management and the company in charge of Internal Audit did not reveal any critical elements to be reported in this report.
Finally, we acknowledged that to date no communications have been received from the Control Bodies of the Subsidiaries containing findings to be noted in this report.

Supervisory activity on related-party transactions

In relation to the provisions of Art. 2391-bis of the Italian Civil Code, the Board of Statutory Auditors acknowledges that the Board of Directors adopted a procedure for the regulation of Related-Party Transactions, whose main objective is to define the guidelines and criteria for identifying related-party transactions and setting out roles, responsibilities and operating methods so as to guarantee, for such transactions, adequate information transparency and the related procedural and substantial correctness.
That procedure was prepared in compliance with what was established by the CONSOB Regulation on Related Parties (no. 17221 dated 12 March 2010 as amended) and was last updated by the Board of Directors on 3 August 2021 in order to implement the amendments made to the aforementioned Regulation by CONSOB Resolution No. 21624/2020.
The Board of Statutory Auditors supervised the effective application of the rules by the Company and has no observations to make in this regard in this Report.

Risks related to international political tensions

The Board of Statutory Auditors reports that, although the global economic cycle continued to be affected by the uncertainty related to the conflict in Ukraine and the Middle East and the resulting international political tensions during 2024, the Group did not suffer significant repercussions as it has no significant direct exposure to the markets of Russia, Belarus and Ukraine, and does not operate in the territories involved in the conflict between Israel and Hamas.
Tariff or customs barriers could be introduced in 2025 that could affect international economic growth, although it should be noted that the Group's global production organisation, with factories in all the main markets, mitigates the risks related to the introduction of trade tariffs or export restrictions.

PROPOSAL TO THE SHAREHOLDERS' MEETING

On 25 March 2025, the Board of Directors stated that the financial statements closed with a profit of €1,327,683. 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 €1,272,205 of the profit for 2024 available after setting aside to the legal reserve €55,469 from the profit and, for the residual part, by distributing a portion of the Extraordinary Reserve.

The Board of Statutory Auditors expresses its favourable opinion for the approval of the separate financial statements at 31 December 2024 and has no objections to make to the proposed distribution presented by the Board of Directors as formulated in the Explanatory Notes and in the Directors' Report on Operations.

Ospitaletto, 28 March 2025

The Board of Statutory Auditors

Chairman
Alessandra Tronconi

Standing Auditor
Maria Alessandra Zunino de Pignier

Standing Auditor
Mauro Vivenzi

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