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CONSOLIDATED FINANCIAL
STATEMENTS

Testo del comunicato

Vedi allegato.



APPROVAL OF 2021 SEPARATED AND CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors today has approved the separated and the consolidated financial statements of the year 2021.

In 2021 the IRCE Group (hereinafter also the "Group") recorded a net profit of € 9.38 million.

Consolidated turnover was € 457.14 million, up 54.8% compared to € 295.26 million in 2020, thanks to the increase of volumes and of the price of copper (LME average price in euros year 2021 +46.24% on the same period of 2020).

Both winding wires and energy cables confirmed the recovery in market demand, which brought sales volumes back to pre-covid levels.

Since the beginning of the year, we recorded a strong and continuous increase in the cost of raw materials and, starting from the third quarter, was also registered the marked increase in the cost of electricity, which reached the highest prices of the year in December. To limit the negative impact on results, the Group started and continues to pursue the transfer of cost increases to the market.

Results are reported in the following table.

Consolidated income statement data (€/million)	Year 2021	Year 2020	Change
Turnover ¹	457.14	295.26	161.88
Turnover without metal ²	92.37	68.31	24.06
EBITDA ³	23.20	10.75	12.45
EBIT	14.36	3.20	11.16
Result before taxes	14.16	4.29	9.87
Result of the period	9.38	2.73	6.65
Adjusted EBITDA ⁴	22.96	12.15	10.81
Adjusted EBIT ⁴	14.12	4.60	9.52

Consolidated statement of financial position data (€/million)	As of 31.12.2021	As of 31.12.2020	Change
Net invested capital	196.25	162.36	33.89
Shareholders' Equity	131.96	122.62	9.34
Net financial debt ⁵	64.29	39.74	24.55

¹ The item "Turnover" represents the "Revenues" reported in the income statement.

² Turnover without metal corresponds to the total turnover less the metal component.

³ EBITDA is a performance indicator used by the Management of the Group in order to assess the operating performance of the company and is not identified as an accounting item within IFRS; it is calculated by IRCE S.p.A. by adding amortisation/depreciation, allocations and write-downs to EBIT.

⁴ Adjusted EBITDA and EBIT are respectively calculated as the sum of EBITDA and EBIT and the income/charges from operations on copper and electricity derivatives transactions (€ -0.24 million in 2021 and € +1.40 million in 2020). These indicators are used by the Management of the Group in order to monitor and assess the operational performance of the Group and are not identified as accounting items within IFRS. Given that the composition of these measures is not regulated by the reference accounting standards, the criterion used by the Group could potentially not be consistent with that adopted by others and therefore not be comparable.

⁵ The methods for measuring the net financial position as defined by Consob's Notice no. 5/21 of 29 April 2021, which incorporates the ESMA Guideline published on 4 March 2021.

PRESS RELEASE

Net financial debt at 31 December 2021 was € 64.29 million, up from € 39.74 million at 31 the end December 2020, but down from € 72.75 million as at 30 June 2021, as a consequence of the changes in working capital.

The Group's investments, in 2021, were € 7.72 million, mainly related to IRCE S.p.A. and the subsidiary IRCE Ltda.

Although remaining at good levels, at the beginning of 2022, sales volumes reflected a slowdown of demand. The continuous increase in the costs of raw materials and electricity, combined with the effects on the global economy of the Russian-Ukrainian conflict, add further elements of uncertainty in making forecasts.

The Board of Directors of IRCE S.p.A. approved the "Consolidated non-financial report" which covers environmental, social, personnel-related issues, respect of human rights and the fight against corruption. The declaration was included in the Annual Report 2021 in compliance with the legislative decree 254/2016.

The Board of Directors resolved a proposal to distribute a dividend of € 0.05 per share, with dividend date on May 23, 2022, record date May 24, 2022 and day of payment May 25, 2022.

The Shareholders' Meeting is called for the first call on April 28, 2022 and on the second call on May 5, 2022; pursuant to Article 106, paragraph 2, of Legislative Decree 18/20, it will take place exclusively by means of telecommunications and the intervention by the shareholders will be possible only by proxy to be given to the Representative Designated by the Company (ex Article 135-undecies of the TUF).

The separate and consolidated financial statements as at 31 December 2021 are subject to a legal audit of the accounts by the independent auditors, which is in progress.

The "consolidated non-financial report" at 31 December 2021 is subject to limited examination (limited assurance engagement according to the criteria indicated by the ISAE 3000 Revised standard) by a designated external audit company, which is in progress.

The manager responsible for preparing the company's financial reports, Mrs Elena Casadio, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance that the accounting information contained in this press release corresponds to our books and accounting records.

Imola, 15th March 2022

IRCE SPA

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IRCE Group is an important player in the winding wires and electric cable sector. The production is deployed in 4 facilities in Italy and 5 facilities abroad: Nijmegen (NI), Blackburn (UK), Joinville SC (Brazil), Kochi (India) and Kierspe (Germany). The Group includes also 5 commercial companies; four of them are located outside Italy (Germany, Spain, Switzerland, Poland) and two companies currently inoperative (China and Czech Republic). The Group employs 714 employees.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Thousand of Euro)	2021 31 December	2020 31 December
ASSETS		
Non current assets		
Goodwill and Other intangible assets	60	133
Property, plant and machinery	37,267	40,862
Equipments and other tangible assets	1,445	1,543
Assets under constructions and advances	5,475	971
Investments	111	102
Non current financial assets	5	125
Deferred tax assets	2,002	1,387
NON CURRENT ASSETS	46,365	45,123
Current assets		
Inventories	104,985	76,231
Trade receivables	91,924	73,907
Tax receivables	18	7
Other current assets	1,680	1,936
Current financial assets	673	1,903
Cash and cash equivalent	10,678	10,260
CURRENT ASSETS	209,958	164,244
TOTAL ASSETS	256,323	209,367

PRESS RELEASE

(Thousand of Euro)	2021 31 December	2020 31 December
EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	13,802	13,821
Reserves	109,089	106,385
Profit (loss) for the period	9,376	2,726
Shareholders' equity attributable to shareholders of Parent company	132,267	122,932
Shareholders equity attributable to Minority interests	(305)	(308)
TOTAL SHAREHOLDERS' EQUITY	131,962	122,624
Non current liabilities		
Non current financial liabilities	17,846	21,312
Deferred tax liabilities	87	182
Non current provisions for risks and charges	167	309
Non current provisions for post employment obligation	4,842	4,990
NON CURRENT LIABILITIES	22,942	26,793
Current liabilities		
Current financial liabilities	57,790	30,595
Trade payables	30,402	21,201
Current tax payables	2,986	595
<i>(of which related parties)</i>	<i>2,163</i>	<i>156</i>
Social security contributions	1,897	1,950
Other current liabilities	8,045	5,414
Current provisions for risks and charges	299	195
CURRENT LIABILITIES	101,419	59,950
SHAREHOLDERS' EQUITY AND LIABILITIES	256,323	209,367

CONSOLIDATED INCOME STATEMENT

(Thousand of Euro)	2021 31 December	2020 31 December
Sales revenues	457,140	295,262
Other revenues and income	575	828
TOTAL REVENUES	457,715	296,090
Raw materials and consumables	(384,214)	(229,092)
Change in inventories of work in progress and finished goods	17,896	(2,721)
Cost for services	(36,449)	(23,670)
Personnel costs	(30,466)	(28,525)
Amortization /depreciation/write off tangible and intangible assets	(7,597)	(7,099)
Provision and write downs	(1,243)	(455)
Other operating costs	(1,286)	(1,332)
EBIT	14,356	3,196
Financial income / (charges)	(199)	1,097
RESULT BEFORE TAX	14,157	4,293
Income taxes	(4,778)	(1,531)
NET RESULT FOR THE PERIOD	9,379	2,762
Net result for the period attributable to non-controlling interests	3	36
Net result for the period attributable to the parent company	9,376	2,726

Earnings/(loss) per share (EPS)

- basic EPS for the period attributable to ordinary shareholders of the Parent Company	0.353	0.103
- diluted EPS for the period attributable to ordinary shareholders of the Parent Company	0.353	0.103

CONSOLIDATED STATEMENT OF CASH FLOWS

(Thousand of Euro)	2021 31 December	2020 31 December
OPERATING ACTIVITIES		
Result of the period (Group and Minorities)	9,379	2,762
<i>Adjustments for:</i>		
Deprecitation / Amortization	7,597	7,099
Net change in deferred tax (assets) / liabilities	(713)	34
Capital (gains) / losses from disposal of fixed assets	(57)	2
Losses / (gains) on unrealised exchange rate differences	(725)	66
Provisions for risks	100	10
Income taxes	5,490	1,497
Financial (income) / expenses	588	(1,494)
Operating result before changes in working capital	21,659	9,976
Income taxes paid	(3,759)	(1,411)
Financial charges paid	(3,259)	(1,076)
Financial income collected	2,672	2,463
Decrease / (Increase) in inventories	(28,029)	2,446
Change in trade receivables	(17,730)	(16,870)
Change in trade payables	9,134	8,032
Net changes in current other assets and liabilities	1,982	641
Net changes in current other assets and liabilities - related parties	2,007	751
Net changes in non current other assets and liabilities	(406)	27
CASH FLOW FROM OPERATING ACTIVITIES	(15,729)	4,979
INVESTING ACTIVITIES		
Investments in intangible assets	(26)	(7)
Investments in tangible assets	(7,673)	(2,133)
Investments in subsidiaries, associates, other entities	(2)	-
Disposals of tangible and intangible assets	62	13
CASH FLOW FROM INVESTING ACTIVITIES	(7,639)	(2,127)
FINANCING ACTIVITIES		
Repayments of loans	(8,887)	(3,486)
Obtainment of loans	5,395	15,933
Net changes of current financial liabilities (include IFRS 16)	27,044	(11,546)
Net changes of current financial assets	882	(1,111)
Other effects on shareholders' equity	-	-
Dividends paid to shareholders	(797)	-
Sell/(purchase) of own shares	(108)	(14)
CASH LOW FROM FINANCING ACTIVITIES	23,529	(224)
NET CASH FLOW FROM THE PERIOD	161	2,628
CASH BALANCE AT THE BEGINNING OF THE PERIOD	10,260	8,632
Exchange rate differences	257	(1,000)
Net cash flow from the period	161	2,628
CASH BALANCE AT THE END OF THE PERIOD	10,678	10,260

SEPARATED ASSETS AND LIABILITIES STATEMENT

(Unit of Euro)	2021 31 December	2020 31 December
ASSETS		
Non current assets		
Goodwill and Other intangible assets	25,135	81,872
Property, plant and machinery	16,662,501	19,574,997
Equipments and other tangible assets	1,149,518	1,210,439
Assets under constructions and advances	5,263,429	835,750
Investments	69,133,433	73,170,322
Non current financial assets	22,083,958	19,986,307
<i>(of which related parties)</i>	<i>22,083,958</i>	<i>19,866,725</i>
Deferred tax assets	1,752,343	1,346,817
NON CURRENT ASSETS	116,070,317	116,206,504
Current assets		
Inventories	76,657,379	54,448,190
Trade receivables	77,328,737	59,470,237
<i>(of which related parties)</i>	<i>8,854,129</i>	<i>9,878,690</i>
Other current assets	220,481	682,848
Current financial assets	673,118	1,903,144
Cash and cash equivalent	460,975	511,090
CURRENT ASSETS	155,340,690	117,015,509
TOTAL ASSETS	271,411,007	233,222,013

(Unit of Euro)	2021 31 December	2020 31 December
EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	13,802,323	13,821,563
Reserves	137,730,148	137,491,320
Profit (loss) for the period	5,551,458	1,210,478
SHAREHOLDERS' EQUITY	157,083,929	152,523,361
Non current liabilities		
Non current financial liabilities	15,422,321	20,644,383
Non current provisions for risks and charges	7,250,938	7,193,480
Non current provisions for post employment obligation	3,749,602	3,837,703
NON CURRENT LIABILITIES	26,422,861	31,675,566
Current liabilities		
Current financial liabilities	51,221,944	25,870,104
Trade payables	26,440,858	17,906,871
<i>(of which related parties)</i>	<i>169,704</i>	<i>273,517</i>
Current tax payables	2,586,924	221,292
<i>(of which related parties)</i>	<i>2,162,510</i>	<i>155,914</i>
Social security contributions	1,691,635	1,757,025
Other current liabilities	5,962,856	3,267,794
CURRENT LIABILITIES	87,904,217	49,023,086
SHAREHOLDERS' EQUITY AND LIABILITIES	271,411,007	233,222,013

SEPARATED INCOME STATEMENT

(Unit of Euro)	2021 31 December	2020 31 December
Sales revenues	311,586,436	183,350,407
<i>(of which related parties)</i>	<i>12,950,325</i>	<i>6,599,743</i>
Other revenues and income	513,211	612,363
<i>(of which related parties)</i>	<i>148,147</i>	<i>123,608</i>
TOTAL REVENUES	312,099,647	183,962,770
Raw materials and consumables	(263,109,725)	(141,455,051)
<i>(of which related parties)</i>	<i>(2,829,164)</i>	<i>(38,596)</i>
Change in inventories of work in progress and finished goods	13,502,515	(1,812,290)
Cost for services	(28,038,379)	(17,225,622)
<i>(of which related parties)</i>	<i>(1,060,742)</i>	<i>(919,930)</i>
Personnel costs	(18,343,411)	(16,825,516)
Amortization /depreciation/write off tangible and intangible assets	(3,863,751)	(3,853,707)
Provision and write downs	(892,783)	(141,377)
Other operating costs	(286,571)	(692,308)
EBIT	11,067,542	1,956,899
Impairment of equity investments	(4,402,000)	(2,425,022)
Financial income / (charges)	1,361,357	1,672,276
<i>(of which related parties)</i>	<i>1,611,851</i>	<i>541,813</i>
RESULT BEFORE TAX	8,026,899	1,204,153
Income taxes	(2,475,441)	6,325
NET RESULT FOR THE PERIOD	5,551,458	1,210,478

SEPARATED STATEMENT OF CASH FLOWS

(Unit of Euro)	2021 31 December	2020 31 December
OPERATING ACTIVITIES		
Result of the period	5,551,458	1,210,478
<i>Adjustments for:</i>		
Depreciation / Amortization	3,863,751	3,853,707
Net change in deferred tax (assets) / liabilities	(378,523)	(172,271)
Capital (gains) / losses from disposal of fixed assets	(7,800)	-
Losses / (gains) on unrealised exchange rate differences	(633,181)	43,687
Expenses / (Income) from investments	2,902,000	1,425,022
Income taxes	2,853,965	165,946
Financial (income) / expenses	208,851	(816,452)
Operating result before changes in working capital	14,360,521	5,710,117
Income taxes paid	(487,486)	(301,527)
Financial charges paid	(796,676)	(794,593)
Financial income collected	587,824	1,611,045
Decrease / (Increase) in inventories	(22,209,189)	1,954,598
Change in trade receivables	(18,883,061)	(14,457,117)
Change in trade payables	8,637,800	7,687,586
Net changes in current other assets and liabilities	1,717,775	175,411
Net changes in current other assets and liabilities - related parties	2,927,345	438,515
Net changes in non current other assets and liabilities	(343,153)	94,865
Net changes in non current other assets and liabilities - related parties	(2,217,233)	(1,206,409)
CASH FLOW FROM OPERATING ACTIVITIES	(16,705,533)	912,491
INVESTING ACTIVITIES		
Investments in intangible assets	(23,752)	(5,745)
Investments in tangible assets	(5,213,471)	(1,592,814)
Investments in subsidiaries, associates, other entities	(165,112)	(9,832)
Dividends received from investments	1,500,000	1,000,000
Disposals of tangible and intangible assets	7,800	20,179
CASH FLOW FROM INVESTING ACTIVITIES	(3,894,535)	(588,212)
FINANCING ACTIVITIES		
Repayments of loans	(8,221,968)	(2,173,077)
Obtainment of loans	3,000,000	15,500,000
Net changes of current financial liabilities	25,327,695	(12,368,729)
Net changes of current financial assets	1,349,607	(1,514,867)
Dividends paid to shareholders	(797,397)	-
Sell/(purchase) of own shares	(107,984)	(14,297)
CASH FLOW FROM FINANCING ACTIVITIES	20,549,953	(570,970)
NET CASH FLOW FROM THE PERIOD	(50,115)	(246,691)
CASH BALANCE AT THE BEGINNING OF THE PERIOD	511,090	757,781
NET CASH FLOW FROM THE PERIOD	(50,115)	(246,691)
CASH BALANCE AT THE END OF THE PERIOD	460,975	511,090

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