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consolidated financial statements

*Testo del comunicato*

Vedi allegato.



## **APPROVAL OF 2020 SEPARATED AND CONSOLIDATED FINANCIAL STATEMENTS**

The Board of Directors has today approved the separated and the consolidated financial statements of the year 2020.

IRCE Group's (hereinafter also the "Group") year 2020 closed with a net profit of € 2.73 million, with results that started improving in the third quarter of the year.

Consolidated turnover was € 295.26 million, down by 5.3% compared to the € 311.94 million of 2019, due to the contraction in sales volumes.

After the sharp decline recorded in first part of the year, in particular in the second quarter, due to the spread of Coronavirus, sales started recovering in the third quarter and improved further in the fourth, thus reducing the difference from 2019. In the winding wires sector, sales on the European market registered a strong slowdown, while on the non-European market volumes increased. The cables sector grew on the European market.

The results are reported in the following table.

Consolidated income statement data (€/million)	Year 2020	Year 2019	Change
Turnover <sup>1</sup>	295.26	311.94	(16.68)
Turnover without metal <sup>2</sup>	68.31	70.37	(2.06)
EBITDA <sup>3</sup>	10.75	7.82	2.93
EBIT	3.20	0.42	2.78
Profit before taxes	4.29	2.72	1.57
Net Profit / (Loss) of the period	2.73	1.94	0.79
Adjusted EBITDA <sup>4</sup>	12.15	9.55	2.60
Adjusted EBIT <sup>4</sup>	4.60	2.15	2.45

  

Consolidated statement of financial position data (€/million)	As of 31.12.2020	As of 31.12.2019	Change
Net invested capital	162.36	173.53	(11.17)
Shareholders' Equity	122.62	131.50	(8.88)
Net financial debt	39.74	42.03	(2.29)

Consolidated net financial debt, at the end of December 2020, was € 39.74 million, down from € 42.03 million at the end of 2019.

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 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 energy derivatives transactions (€ +1.40 million in year 2020 and € +1.73 million in year 2019). 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.

## PRESS RELEASE

The decrease of consolidated shareholders' equity is mainly linked to the devaluation of the Brazilian Real (around 30% against the Euro from the beginning of the year), which made it necessary to increase the negative value of the translation reserve by € 11.41 million.

The Group's investments, in the year 2020, were € 2.15 million and mainly concerned IRCE SpA.

The improvement recorded in the last quarter of 2020 is continuing in 2021. The general scenario, however, conditioned by the effects on the economy of the still present Coronavirus pandemic, remains uncertain. The forecasts for 2021, based on the current economic situation and on the improvement of the health emergency, are for a recovery in demand compared to last year.

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 2020 in compliance with the legislative decree 254/2016 provisions of Legislative Decree no. 254/2016.

The Board of Directors resolved a proposal to distribute a dividend of € 0.03 per share, with dividend date on May 24, 2021, record date May 25, 2021 and day of payment May 26, 2021.

The Shareholders' Meeting is called for the first call on April 29, 2021 and on the second call on May 3, 2021; 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 2020 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 2020 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, 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, 16<sup>th</sup> March 2021

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 a recent company in China. The Group employs 710 employees.*

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(Euros)

<b>ASSETS</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>NON CURRENT ASSETS</b>		
Goodwill and Other intangible assets	133,008	256,300
Property, plant and machinery	40,862,438	48,354,131
Equipments and other tangible assets	1,542,621	1,750,118
Assets under constructions and advances - Net Book Value	971,478	1,436,379
Investments	102,137	113,010
Non current financial assets	124,882	121,755
Non current tax receivables	-	375,564
Deferred tax assets	1,386,848	1,375,021
<b>NON CURRENT ASSETS</b>	<b>45,123,412</b>	<b>53,782,278</b>
<b>CURRENT ASSETS</b>		
Inventories	76,230,890	82,308,481
Trade receivables	73,906,499	61,350,882
Tax receivables	7,236	832,772
<i>(of which related parties)</i>	-	<i>196,803</i>
Other current assets	1,935,970	2,053,794
Current financial assets	1,903,141	385,919
Cash and cash equivalent	10,259,995	8,631,545
<b>CURRENT ASSETS</b>	<b>164,243,731</b>	<b>155,563,394</b>
<b>TOTAL ASSETS</b>	<b>209,367,143</b>	<b>209,345,672</b>

<b>EQUITY AND LIABILITIES</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>EQUITY</b>		
Share capital	14,626,560	14,626,560
Reserves	105,579,784	115,276,611
Result for the period	2,725,715	1,942,159
<b>Shareholders equity attributable to group shareholders</b>	<b>122,932,059</b>	<b>131,845,330</b>
Shareholders equity attributable to non controlling interest	(308,043)	(343,966)
<b>SHAREHOLDERS' EQUITY</b>	<b>122,624,016</b>	<b>131,501,364</b>
<b>NON CURRENT LIABILITIES</b>		
Non current financial liabilities	21,311,962	8,746,825
Deferred tax liabilities	181,882	127,125
Provision for risks and charges	309,344	534,920
Provision for employee defined benefit	4,990,269	5,099,185
<b>NON CURRENT LIABILITIES</b>	<b>26,793,457</b>	<b>14,508,055</b>
<b>CURRENT LIABILITIES</b>		
Current financial liabilities	30,594,634	42,300,450
Trade payables	21,200,554	13,454,746
Tax payables	594,843	126,082
<i>(of which related parties)</i>	<i>155,914</i>	<i>0</i>
Social security contributions	1,950,195	1,848,422
Other current liabilities	5,414,449	5,240,189
Provision for risks and charges	194,995	366,364
<b>CURRENT LIABILITIES</b>	<b>59,949,670</b>	<b>63,336,253</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>209,367,143</b>	<b>209,345,672</b>

**CONSOLIDATED INCOME STATEMENT**

(Euros)

	<b>31.12.2020</b>	<b>31.12.2019</b>
Sales revenues	295,262,303	311,937,790
Other revenues and income	827,690	1,009,464
<b>TOTAL REVENUES</b>	<b>296,089,993</b>	<b>312,947,254</b>
Raw materials and consumables	(229,092,247)	(240,879,183)
Change in inventories of work in progress and finished goods	(2,721,107)	(5,240,697)
Cost for services	(23,669,706)	(27,688,404)
Personnel costs	(28,525,135)	(30,195,481)
Amortization /depreciation/write off tangible and intangible assets	(7,098,824)	(7,291,619)
Provision and write downs	(455,257)	(104,027)
Other operating costs	(1,331,944)	(1,124,960)
<b>EBIT</b>	<b>3,195,773</b>	<b>422,884</b>
Financial income and charges	1,096,781	2,300,442
<b>PROFIT BEFORE TAX</b>	<b>4,292,554</b>	<b>2,723,325</b>
Income taxes	(1,530,916)	(750,042)
<b>Net result for the period</b>	<b>2,761,638</b>	<b>1,973,283</b>
Net result for the period attributable to non-controlling interests	35,923	31,125
<b>Net result for the period attributable to the parent company</b>	<b>2,725,715</b>	<b>1,942,159</b>

Earnings/(loss) per share (EPS)

- basic EPS of the year ascribable to ordinary shareholders of the parent company	0.103	0.073
- diluted EPS of the year ascribable to ordinary shareholders of the parent company	0.103	0.073

<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>		
<b>€/000</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>OPERATING ACTIVITIES</b>		
<b>Result of the period (Group and Minorities)</b>	<b>2,762</b>	<b>1,973</b>
<i>Adjustments for:</i>		
Deprecitation / Amortization	7,099	7,194
Net change in deferred tax (assets) / liabilities	34	(73)
Capital (gains) / losses from disposal of fixed assets	2	(25)
Profit /loss on unrealised exchange rate differences	66	(464)
Provisions for risks	10	-
Income taxes	1,497	(782)
Financial (income) / expenses	(1,494)	(2,133)
<b>Operating result before changes in working capital</b>	<b>9,976</b>	<b>5,690</b>
Income taxes paid	(1,411)	(2,478)
Financial charges paid	(1,076)	(852)
Financial income collected	2,463	2,996
Decrease / (Increase) in inventories	2,446	13,698
Change in trade receivables	(16,870)	8,828
Change in trade payables	8,032	(2,932)
Net changes in current other assets and liabilities	641	1,967
Net changes in current other assets and liabilities - related parties	751	0
Net changes in non current other assets and liabilities	27	(1,375)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>4,979</b>	<b>25,542</b>
<b>INVESTING ACTIVITIES</b>		
Investments in intangible assets	(7)	(181)
Investments in tangible assets	(2,133)	(5,729)
Investments in subsidiaries, associates, other entities	0	0
Disposals of tangible and intangible assets	13	19
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(2,127)</b>	<b>(5,891)</b>
<b>FINANCING ACTIVITIES</b>		
Repayments of borrowings	(3,486)	(8,860)
Obtainment of loans	15,933	0
Net changes of current financial liabilities	(11,546)	(8,115)
Net changes of current financial assets	(1,111)	204
Other effects on shareholders' equity	0	0
Dividends	0	(1,330)
Management of own shares (sales/purchase)	(14)	(43)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(224)</b>	<b>(18,144)</b>
<b>NET CASH FLOW FROM THE PERIOD</b>	<b>2,628</b>	<b>1,507</b>
CASH BALANCE AT THE BEGINNING OF THE PERIOD	8,632	7,019
Exchange rate differences	(1,001)	107
NET CASH FLOW FROM THE PERIOD	2,628	1,507
<b>CASH BALANCE AT THE END OF THE PERIOD</b>	<b>10,259</b>	<b>8,633</b>

**SEPARATED ASSETS AND LIABILITIES STATEMENT**

(Euros)

<b>ASSETS</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>NON CURRENT ASSETS</b>		
Goodwill and Other intangible assets	81,872	170,638
Property, plant and machinery	19,574,997	21,163,594
Equipments and other tangible assets	1,210,439	1,255,951
Assets under constructions and advances - Net Book Value	835,750	1,338,853
Investments	73,170,322	75,180,322
Non current financial assets	19,986,307	18,782,425
<i>(of which related parties)</i>	<i>19,866,725</i>	<i>18,660,317</i>
Non current tax receivables	-	375,564
Deferred tax assets	1,346,817	1,169,865
<b>NON CURRENT ASSETS</b>	<b>116,206,505</b>	<b>119,437,212</b>
<b>CURRENT ASSETS</b>		
Inventories	54,448,190	56,402,788
Trade receivables	59,470,237	44,783,194
<i>(of which related parties)</i>	<i>9,878,690</i>	<i>9,649,150</i>
Tax receivables	-	807,186
<i>(of which related parties)</i>	-	-
Other current assets	682,848	345,951
Current financial assets	1,903,144	385,919
Cash and cash equivalent	511,090	757,781
<b>CURRENT ASSETS</b>	<b>117,015,509</b>	<b>103,482,819</b>
<b>TOTAL ASSETS</b>	<b>233,222,013</b>	<b>222,920,031</b>



## PRESS RELEASE

<b>EQUITY AND LIABILITIES</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>EQUITY</b>		
Share capital	14,626,560	14,626,560
Reserves	136,686,323	133,111,960
Result for the period	1,210,478	3,603,483
<b>SHAREHOLDERS' EQUITY</b>	<b>152,523,361</b>	<b>151,342,003</b>
<b>NON CURRENT LIABILITIES</b>		
Non current financial liabilities	20,644,383	7,307,343
Provision for risks and charges	7,193,480	6,877,856
Provision for employee defined benefit	3,837,703	4,009,497
<b>NON CURRENT LIABILITIES</b>	<b>31,675,566</b>	<b>18,194,696</b>
<b>CURRENT LIABILITIES</b>		
Current financial liabilities	25,870,104	38,199,601
Trade payables	17,906,871	10,302,215
<i>(of which related parties)</i>	<i>273,517</i>	<i>356,446</i>
Tax payables	221,292	-
<i>(of which related parties)</i>	<i>155,914</i>	-
Social security contributions	1,757,025	1,608,589
Other current liabilities	3,267,794	3,272,927
<b>CURRENT LIABILITIES</b>	<b>49,023,086</b>	<b>53,383,332</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>233,222,013</b>	<b>222,920,031</b>

**SEPARATE INCOME STATEMENT**

(Euros)

	<b>31.12.2020</b>	<b>31.12.2019</b>
Sales revenues	183,350,407	203,020,950
<i>(of which related parties)</i>	<i>6,599,743</i>	<i>7,328,555</i>
Other revenues and income	612,363	688,132
<i>(of which related parties)</i>	<i>123,608</i>	<i>105,037</i>
<b>TOTAL REVENUES</b>	<b>183,962,771</b>	<b>203,709,082</b>
Raw materials and consumables	(141,455,053)	(156,322,020)
<i>(of which related parties)</i>	<i>(38,596)</i>	<i>(692,392)</i>
Change in inventories of work in progress and finished goods	(1,812,290)	(3,541,794)
Cost for services	(17,225,622)	(20,001,588)
<i>(of which related parties)</i>	<i>(919,930)</i>	<i>(922,984)</i>
Personnel costs	(16,825,516)	(17,590,498)
Amortization /depreciation/write off tangible and intangible assets	(3,853,707)	(3,350,887)
Provision and write downs	(141,377)	(92,268)
Other operating costs	(692,308)	(450,357)
<b>EBIT</b>	<b>1,956,899</b>	<b>2,359,670</b>
Impairment of equity investments	(2,425,022)	(736,566)
Financial income and charges	1,672,276	2,561,502
<i>(of which related parties)</i>	<i>541,813</i>	<i>1,094,102</i>
<b>PROFIT BEFORE TAX</b>	<b>1,204,153</b>	<b>4,184,606</b>
Income taxes	6,325	(581,123)
<b>NET RESULT FOR THE PERIOD</b>	<b>1,210,478</b>	<b>3,603,483</b>

PRESS RELEASE

<b>CASH FLOW STATEMENT</b>		
€/000	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>OPERATING ACTIVITIES</b>		
<b>Result of the period</b>	<b>1,210</b>	<b>3,603</b>
<i>Adjustments for:</i>		
Deprecitation / Amortization	3,854	3,301
Net change in deferred tax (assets) / liabilities	(172)	277
Capital (gains) / losses from disposal of fixed assets	0	(25)
Profit /loss on unrealised exchange rate differences	44	(329)
Expenses / (Income) from investments	1,425	(264)
Income taxes	166	(261)
Financial (income) / expenses	(817)	(1,715)
<b>Operating result before changes in working capital</b>	<b>5,710</b>	<b>4,587</b>
Income taxes paid	(89)	(2,093)
Financial charges paid	(794)	(255)
Financial income collected	1,611	1,972
Decrease / (Increase) in inventories	1,955	10,945
Change in trade receivables	(14,457)	9,066
Change in trade payables	7,688	(2,809)
Net changes in current other assets and liabilities	(39)	1,214
Net changes in current other assets and liabilities - related parties	439	(1,326)
Net changes in non current other assets and liabilities	95	(1,886)
Net changes in non current other assets and liabilities - related parties	(1,206)	(50)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>913</b>	<b>19,365</b>
<b>INVESTING ACTIVITIES</b>		
Investments in intangible assets	(6)	(181)
Investments in tangible assets	(1,582)	(3,795)
Investments in subsidiaries, associates, other entities	(10)	-
Dividends received from investments	1,000	1,000
Disposals of tangible and intangible assets	10	19
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(588)</b>	<b>(2,957)</b>
<b>FINANCING ACTIVITIES</b>		
Repayments of borrowings	(2,173)	(7,444)
Obtainment of loans	15,500	-
Net changes of current financial liabilities	(12,369)	(8,162)
Net changes of current financial assets	(1,516)	204
Dividends paid	-	(1,333)
Other effects on shareholders' equity	-	-
Management of own shares (sales/purchase)	(14)	(43)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(572)</b>	<b>(16,778)</b>
<b>NET CASH FLOW FROM THE PERIOD</b>	<b>(247)</b>	<b>(370)</b>
CASH BALANCE AT THE BEGINNING OF THE PERIOD	758	1,128
NET CASH FLOW FROM THE PERIOD	(247)	(370)
<b>CASH BALANCE AT THE END OF THE PERIOD</b>	<b>511</b>	<b>758</b>

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