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Oggetto : First half-year 2022 financial results

<i>Testo del comunicato</i>
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Vedi allegato.



## FIRST HALF YEAR 2022 FINANCIAL RESULTS

The Board of Directors has approved today the consolidated financial statements as at June 30<sup>th</sup> 2022.

The consolidated financial statements of IRCE Group (hereinafter also the "Group") for the first half year of 2022 closed with a profit of € 4.19 million.

Consolidated turnover was € 261.00 million, up 14.5% compared to € 228.04 million in the first half year 2021, as a result of the increase in the copper price (in the first half year of 2022, LME average copper price in euro was 18.3% higher than in the same period of 2021).

The result of this first half year was negatively affected by the strong growth in the costs of raw materials and especially of electric energy. However, the transfer of the cost increase to the market continues with the aim of limiting the negative impact on margins as much as possible.

In addition to the increase in production costs, in the business area of winding wires from the beginning of the year there was a slowdown in demand with a consequent reduction in volumes, which was higher in the second quarter. As regards cables, volumes remained at the same levels as in the first half year 2021.

Results are reported in the following table.

Consolidated income statement data (€/million)	1 <sup>st</sup> half year 2022	1 <sup>st</sup> half year 2021	Change
Turnover <sup>1</sup>	261.00	228.04	32.96
Turnover without metal <sup>2</sup>	51.86	46.79	5.07
EBITDA <sup>3</sup>	8.50	16.97	(8.47)
EBIT	4.78	11.41	(6.63)
Result before taxes	4.52	10.06	(5.54)
Result of the period	4.19	6.65	(2.46)
Adjusted EBITDA <sup>4</sup>	8.93	15.71	(6.78)
Adjusted EBIT <sup>4</sup>	5.21	10.15	(4.94)
Consolidated statement of financial position data (€/million)	As of 30.06.2022	As of 31.12.2021	Change
Net invested capital	226.64	196.25	30.39
Shareholders' Equity	141.35	131.96	9.39
Net financial debt <sup>5</sup>	85.29	64.29	21.00

<sup>1</sup> The item "Turnover" represents the "Revenues" reported in the income statement.

<sup>2</sup> Turnover without metal corresponds to the total turnover less the metal component.

<sup>3</sup> 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.

<sup>4</sup> 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 (€ +0.43 million in the first half year of 2022 and € -1.26 million in the first half year 2021). 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.

<sup>5</sup> 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

As at June 30, 2022 net financial debt was € 85.29 million, up from € 64.29 million as at December 31, 2021, following mainly the increase in working capital.

Shareholders' equity increased by € 9.39 million, thanks to the positive change in the translation reserve (€ 5.9 million) generated by the revaluation of the Brazilian real, which, since the beginning of the year strengthened by almost 17% over the Euro.

The Group's investments, in the first half year 2022, were € 5.13 million, mainly related to IRCE S.p.A.

Since July, following the intensification of geo-political tensions due to the Russian-Ukrainian conflict, we have recorded in Europe a new sharp increase in the costs of energy and, consequently, of many raw materials that have reached exorbitant levels.

In this context, waiting to know the further measures will be adopted by the EU and European governments to reduce the impact of these increases, it is very difficult to make reliable forecasts for the rest of the year. To date, based on the information available, compared to the first half year of 2022, a reduction in demand and margins is expected.

However, the foreseeable implementation in Europe of incisive measures in order to contain the costs of natural gas and energy, the presence of the Group in non-European countries that have only minimally affected by energy problem and, ultimately, the positive effects of the transfer of cost increases to the market, should allow the Group to contain the reduction in margins and therefore close year 2022 with a positive result, although down compared to 2021.

Furthermore, taking into account that the fundamentals of the Group's business have not been impacted by the current market situation, no important economic and financial effects are expected on the positive outlook of the Group in the medium and long term.

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 included in this press release is consistent with the supporting documentation, accounting books and records.

Imola, 16<sup>th</sup> September 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 (including the Miradolo Terme plant sold on 30 June 2022) 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 employed 715 employees in the first half of 2022 (including 40 employees at the Miradolo Terme plant).*

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(Thousand of Euro)	2022 30 June	2021 31 December
<b>ASSETS</b>		
<b>Non current assets</b>		
Goodwill and Other intangible assets	59	60
Property, plant and machinery	35,519	37,267
Equipments and other tangible assets	1,243	1,445
Assets under constructions and advances	10,262	5,475
Investments	165	111
Non current financial assets	5	5
Deferred tax assets	2,135	2,002
<b>NON CURRENT ASSETS</b>	<b>49,388</b>	<b>46,365</b>
<b>Current assets</b>		
Inventories	116,802	104,985
Trade receivables	118,523	91,924
Tax receivables	25	18
Other current assets	2,070	1,680
Current financial assets	370	673
Cash and cash equivalent	6,891	10,678
<b>CURRENT ASSETS</b>	<b>244,681</b>	<b>209,958</b>
<b>TOTAL ASSETS</b>	<b>294,069</b>	<b>256,323</b>

PRESS RELEASE

(Thousand of Euro)	2022 30 June	2021 31 December
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>		
Share capital	13,802	13,802
Reserves	123,682	109,089
Profit (loss) for the period	4,192	9,376
<b>Shareholders' equity attributable to shareholders of Parent company</b>	<b>141,676</b>	<b>132,267</b>
Shareholders equity attributable to Minority interests	(325)	(305)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>141,351</b>	<b>131,962</b>
<b>Non current liabilities</b>		
Non current financial liabilities	17,416	17,846
Deferred tax liabilities	157	87
Non current provisions for risks and charges	145	167
Non current provisions for post employment obligation	3,684	4,842
<b>NON CURRENT LIABILITIES</b>	<b>21,402</b>	<b>22,942</b>
<b>Current liabilities</b>		
Current financial liabilities	75,138	57,790
Trade payables	43,735	30,402
Current tax payables	2,379	2,986
<i>(of which related parties)</i>	<i>1,937</i>	<i>2,163</i>
Social security contributions	2,017	1,897
Other current liabilities	7,777	8,045
Current provisions for risks and charges	270	299
<b>CURRENT LIABILITIES</b>	<b>131,316</b>	<b>101,419</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>294,069</b>	<b>256,323</b>

**CONSOLIDATED INCOME STATEMENT**

(Thousand of Euro)	2022 30 June	2021 30 June
Sales revenues	261,000	228,038
Other revenues and income <i>(of which non recurrent)</i>	1,572 665	328
<b>TOTAL REVENUES</b>	<b>262,572</b>	<b>228,366</b>
Raw materials and consumables	(225,112)	(193,388)
Change in inventories of work in progress and finished goods	12,648	14,286
Cost for services	(24,900)	(15,764)
Personnel costs	(15,930)	(15,810)
Amortization /depreciation/write off tangible and intangible assets	(3,620)	(4,114)
Provision and write downs	(95)	(1,444)
Other operating costs	(778)	(725)
<b>EBIT</b>	<b>4,785</b>	<b>11,407</b>
Financial income / (charges)	(266)	(1,350)
<b>RESULT BEFORE TAX</b>	<b>4,519</b>	<b>10,057</b>
Income taxes	(347)	(3,406)
<b>NET RESULT FOR THE PERIOD</b>	<b>4,172</b>	<b>6,651</b>
Net result for the period attributable to non-controlling interests	(20)	4
<b>Net result for the period attributable to the parent company</b>	<b>4,192</b>	<b>6,647</b>

**Earnings/(loss) per share (EPS)**

- basic EPS for the period attributable to ordinary shareholders of the Parent Company	0.1579	0.2501
- diluted EPS for the period attributable to ordinary shareholders of the Parent Company	0.1579	0.2501

**CONSOLIDATED STATEMENT OF CASH FLOWS**

(Thousand of Euro)	2022 30 June	2021 30 June
<b>OPERATING ACTIVITIES</b>		
Result of the period (Group and Minorities)	4,172	6,651
<i>Adjustments for:</i>		
Depreciation / Amortization	3,620	4,114
Net change in deferred tax (assets) / liabilities	(228)	(920)
Capital (gains) / losses from disposal of fixed assets	(686)	(6)
Losses / (gains) on unrealised exchange rate differences	(328)	141
Provisions for risks	-	500
Income taxes	575	4,326
Financial (income) / expenses	(320)	1,306
<b>Operating result before changes in working capital</b>	<b>6,805</b>	<b>16,112</b>
Income taxes paid	(1,897)	(983)
Financial charges paid	(1,669)	(2,317)
Financial income collected	1,989	1,011
Decrease / (Increase) in inventories	(9,663)	(25,933)
Change in trade receivables	(24,391)	(31,859)
Change in trade payables	13,119	12,631
Net changes in current other assets and liabilities	447	(704)
Net changes in current other assets and liabilities - related parties	(226)	1,992
Net changes in non current other assets and liabilities	(349)	(145)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(15,835)</b>	<b>(30,194)</b>
<b>INVESTING ACTIVITIES</b>		
Investments in intangible assets	(13)	(10)
Investments in tangible assets	(5,039)	(2,106)
Investments in subsidiaries, associates, other entities	(50)	(1)
Disposals of tangible and intangible assets	701	11
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(4,401)</b>	<b>(2,107)</b>
<b>FINANCING ACTIVITIES</b>		
Repayments of loans	(7,497)	(5,087)
Obtainment of loans	7,000	7,000
Net changes of current financial liabilities	16,918	25,979
Net changes of current financial assets	478	1,159
Other effects on shareholders' equity	-	-
Dividends paid to shareholders	(1,327)	(797)
Sell/(purchase) of own shares	(3)	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>15,569</b>	<b>28,254</b>
<b>NET CASH FLOW FROM THE PERIOD</b>	<b>(4,667)</b>	<b>(4,047)</b>
CASH BALANCE AT THE BEGINNING OF THE PERIOD	10,678	10,260
Exchange rate differences	880	340
NET CASH FLOW FROM THE PERIOD	(4,667)	(4,047)
<b>CASH BALANCE AT THE END OF THE PERIOD</b>	<b>6,891</b>	<b>6,553</b>

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