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september 2022

*Testo del comunicato*

Vedi allegato.



## INTERIM REPORT ON OPERATIONS AT 30 SEPTEMBER 2022

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

The consolidated financial statements of IRCE Group (hereinafter also the "Group") for the first nine months of 2022 closed with a profit of € 4.99 million.

Consolidated turnover was € 366.39 million, up 7.4% compared to € 341.13 million of the nine months 2021, mostly due to the copper turnover (the first nine-month average LME price in Euro were 10.8% higher than in the same period of 2021).

Results were negatively affected by the continuous growth of raw materials costs, especially of electric energy, which reached their highest values in the third quarter. At the same time, demand of winding wire continued to slowdown; it had already started to weaken in the first quarter, while demand of cable, only began to contract in the third quarter.

To limit the negative effects of the increasing costs on margins, the Group adopted an appropriate pricing policies.

Results are reported in the following table.

Consolidated income statement data (€/million)	9 months 2022	9 months 2021	Change
Turnover <sup>1</sup>	366.39	341.13	25.26
Turnover without metal <sup>2</sup>	75.12	69.66	5.46
EBITDA <sup>3</sup>	12.33	21.73	(9.40)
EBIT	6.11	14.29	(8.18)
Result before taxes	5.60	13.15	(7.55)
Result of the period	4.99	8.88	(3.89)
Adjusted EBITDA <sup>4</sup>	12.72	20.59	(7.87)
Adjusted EBIT <sup>4</sup>	6.50	13.15	(6.65)
Consolidated statement of financial position data (€/million)	As of 30.09.2022	As of 31.12.2021	Change
Net invested capital	205.17	196.25	8.92
Shareholders' Equity	143.14	131.96	11.18
Net financial debt <sup>5</sup>	62.03	64.29	(2.26)

<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 (€ +0.39 million in nine months of 2022 and € -1.14 million in nine months of 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 September 30, 2022 net financial debt was € 62.03 million, down from € 64.29 million as at December 31, 2021, also in relation to the cash generated by operating activities net of investments made in the period.

Shareholders' equity increased by € 11.18 million, thanks to the positive change in the translation reserve for € 6.86 million, generated by the revaluation of the Brazilian real, which, since the beginning of the year, strengthened by almost 20% over the Euro.

The Group's investments, in the first nine months of 2022, were € 9.40 million, mainly related to IRCE S.p.A.

In the fourth quarter, we are experiencing contractions in market demand. However, the increase in sales prices and the significant decrease in the cost of electricity have allowed recoveries of marginality. Taking also into account that non-European activities were not affected by the increase in energy prices, the Group expects to close 2022 with a positive result, although lower than in 2021.

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, 14<sup>th</sup> November 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 3 facilities in Italy (Miradolo Terme plant has been 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 globally 670 employees.*

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(Thousand of Euro)	2022 30 September	2021 31 December
<b>ASSETS</b>		
<b>Non current assets</b>		
Goodwill and Other intangible assets	50	60
Property, plant and machinery	34,160	37,267
Equipments and other tangible assets	1,269	1,445
Assets under constructions and advances	14,112	5,475
Investments	194	111
Non current financial assets	5	5
Deferred tax assets	2,092	2,002
<b>NON CURRENT ASSETS</b>	<b>51,882</b>	<b>46,365</b>
<b>Current assets</b>		
Inventories	117,032	104,985
Trade receivables	86,523	91,924
Tax receivables	1,039	19
<i>(of which related parties)</i>	<i>841</i>	<i>-</i>
Other current assets	5,465	1,680
Current financial assets	1,020	673
Cash and cash equivalent	6,840	10,678
<b>CURRENT ASSETS</b>	<b>217,919</b>	<b>209,959</b>
<b>TOTAL ASSETS</b>	<b>269,801</b>	<b>256,324</b>

PRESS RELEASE

(Thousand of Euro)	2022 30 September	2021 31 December
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>		
Share capital	13,802	13,802
Reserves	124,664	109,089
Profit (loss) for the period	4,992	9,376
<b>Shareholders' equity attributable to shareholders of Parent company</b>	<b>143,458</b>	<b>132,267</b>
Shareholders equity attributable to Minority interests	(323)	(305)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>143,135</b>	<b>131,962</b>
<b>Non current liabilities</b>		
Non current financial liabilities	15,738	17,846
Deferred tax liabilities	128	87
Non current provisions for risks and charges	315	167
Non current provisions for post employment obligation	3,711	4,842
<b>NON CURRENT LIABILITIES</b>	<b>19,892</b>	<b>22,942</b>
<b>Current liabilities</b>		
Current financial liabilities	54,151	57,790
Trade payables	44,005	30,402
Current tax payables	8	2,986
<i>(of which related parties)</i>	-	2,163
Social security contributions	1,823	1,898
Other current liabilities	6,513	8,045
Current provisions for risks and charges	274	299
<b>CURRENT LIABILITIES</b>	<b>106,774</b>	<b>101,420</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>269,801</b>	<b>256,324</b>

**CONSOLIDATED INCOME STATEMENT**

(Thousand of Euro)	2022 30 September	2021 30 September
Sales revenues	366,386	341,125
Other revenues and income <i>(of which non recurrent)</i>	1,817 665	416
<b>TOTAL REVENUES</b>	<b>368,203</b>	<b>341,541</b>
Raw materials and consumables	(295,191)	(286,946)
Change in inventories of work in progress and finished goods	338	15,050
Cost for services	(37,112)	(24,238)
Personnel costs	(22,670)	(22,603)
Amortization /depreciation/write off tangible and intangible assets	(5,616)	(5,919)
Provision and write downs	(603)	(1,518)
Other operating costs	(1,240)	(1,078)
<b>EBIT</b>	<b>6,109</b>	<b>14,289</b>
Financial income / (charges)	(511)	(1,143)
<b>RESULT BEFORE TAX</b>	<b>5,598</b>	<b>13,146</b>
Income taxes	(625)	(4,261)
<b>NET RESULT FOR THE PERIOD</b>	<b>4,973</b>	<b>8,885</b>
Net result for the period attributable to non-controlling interests	(18)	5
<b>Net result for the period attributable to the parent company</b>	<b>4,992</b>	<b>8,880</b>

**Earnings / losses per shares**

- basic EPS for the period attributable to shareholders of the Parent company	0.1881	0.3345
- diluted EPS for the period attributable to shareholders of the Parent company	0.1881	0.3345

**CONSOLIDATED STATEMENT OF CASH FLOWS**

(Thousand of Euro)	2022 30 September	2021 30 September
<b>OPERATING ACTIVITIES</b>		
Result of the period (Group and Minorities)	4,973	8,885
<i>Adjustments for:</i>		
Depreciation / Amortization	5,616	5,919
Net change in deferred tax (assets) / liabilities	(206)	(162)
Capital (gains) / losses from disposal of fixed assets	(699)	(7)
Losses / (gains) on unrealised exchange rate differences	(358)	(395)
Provisions for risks	200	500
Income taxes	831	4,423
Financial (income) / expenses	26	1,193
<b>Operating result before changes in working capital</b>	<b>10,383</b>	<b>20,356</b>
Income taxes paid	(5,278)	(862)
Financial charges paid	(2,629)	(2,931)
Financial income collected	2,603	1,738
Decrease / (Increase) in inventories	(8,909)	(23,368)
Change in trade receivables	7,828	(24,521)
Change in trade payables	12,937	7,584
Net changes in current other assets and liabilities	(1,940)	(728)
Net changes in current other assets and liabilities - related parties	(3,003)	1,652
Net changes in non current other assets and liabilities	(375)	(121)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>11,616</b>	<b>(21,199)</b>
<b>INVESTING ACTIVITIES</b>		
Investments in intangible assets	(13)	(23)
Investments in tangible assets	(9,276)	(3,090)
Investments in subsidiaries, associates, other entities	(73)	(1)
Disposals of tangible and intangible assets	714	12
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(8,649)</b>	<b>(3,103)</b>
<b>FINANCING ACTIVITIES</b>		
Repayments of loans	(9,224)	(6,572)
Obtainment of loans	7,000	10,000
Net changes of current financial liabilities	(4,205)	14,756
Net changes of current financial assets	44	1,348
Other effects on shareholders' equity	1	-
Dividends paid to shareholders	(1,327)	(797)
Sell/(purchase) of own shares	(3)	(108)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(7,714)</b>	<b>18,626</b>
<b>NET CASH FLOW FROM THE PERIOD</b>	<b>(4,747)</b>	<b>(5,676)</b>
CASH BALANCE AT THE BEGINNING OF THE PERIOD	10,678	10,260
Exchange rate differences	908	167
NET CASH FLOW FROM THE PERIOD	(4,747)	(5,676)
<b>CASH BALANCE AT THE END OF THE PERIOD</b>	<b>6,840</b>	<b>4,752</b>

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