



CEMBRE

INTERIM REPORT

2023 FIRST QUARTER

Cembre S.p.A.

Head Office: Via Serenissima 9, Brescia, Italy
Share Capital: EUR 8,840,000 (fully paid-up).
Registration no: 00541390175 (Commercial Register of Brescia)

This document contains translations of the Interim Report drawn up in the Italian language

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Corporate Boards and Independent Auditors

Board of Directors

Giovanni Rosani	Chairman and Managing Director
Aldo Bottini Bongrani	Deputy Chairman
Anna Maria Onofri	Director
Sara Rosani	Director
Felice Albertazzi	Director
Franco Celli	Director
Paola Carrara	Independent Director
Elisabetta Ceretti	Independent Director

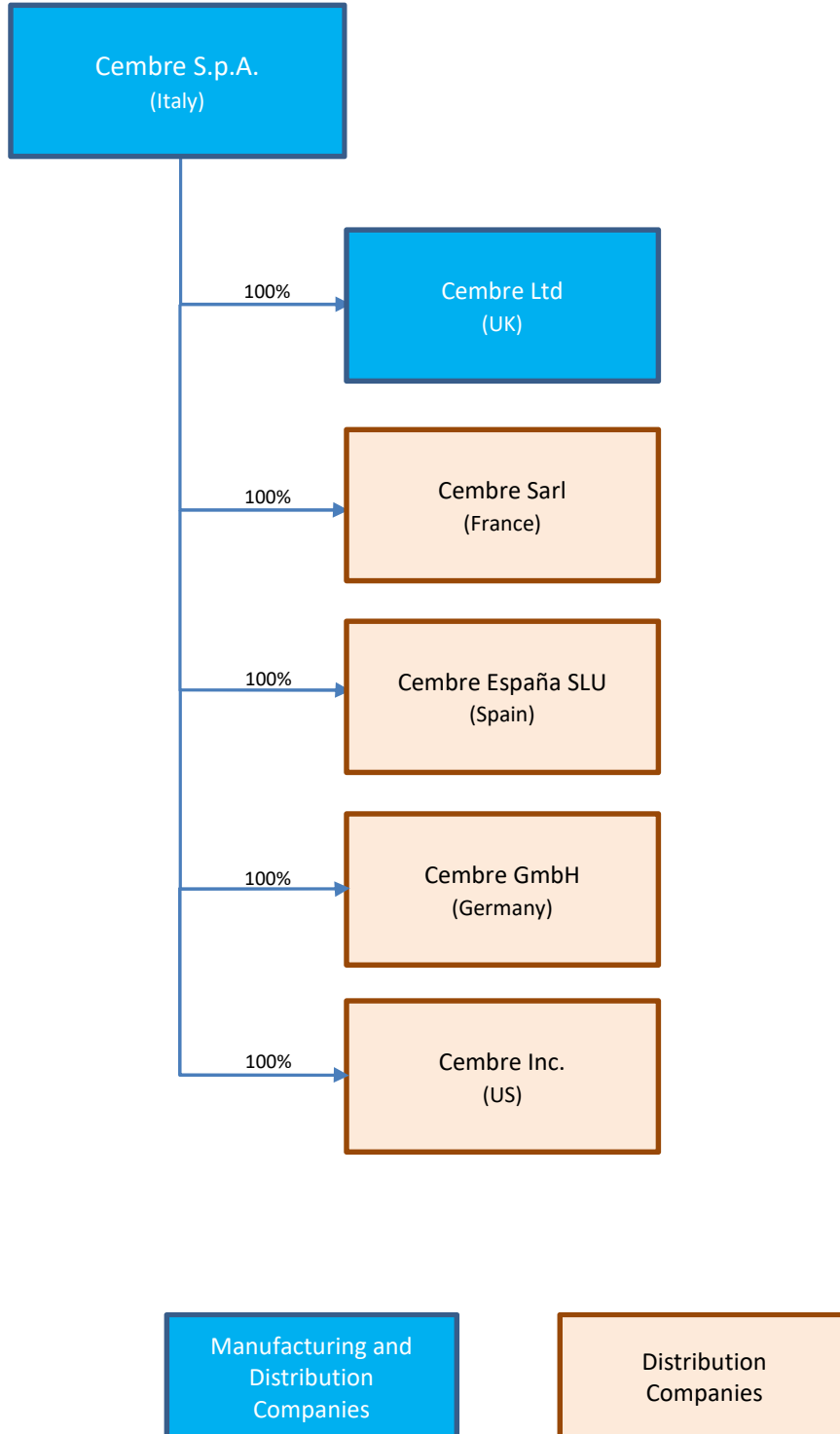
Board of Statutory Auditors

Fabio Longhi	Chairman
Riccardo Astori	Auditor
Rosanna Angela Pilenga	Auditor
Maria Grazia Lizzini	Substitute Auditor
Alessandra Biggi	Substitute Auditor

Independent Auditors

EY S.p.A.

Group Structure



Interim Report on Operations

In the first quarter of 2023, the Group's sales confirmed the growth trend seen in the course of 2022 and consolidated turnover stood at €57,789 thousand, marking an increase of 18.8% compared to €48,647 thousand recorded in the first three months of 2022.

Consolidated sales by geographical area show growth in the Italian market of 15.6% and amount €24.8 million; revenues in other European markets amount to €27.1 million and rose by 21.8% compared to the first quarter of 2022; finally, non-European sales amounted to €5.9 million, marking an increase of 18.9%. In the 1st Quarter of 2023, 42.9% of Group sales were represented by Italy (as compared with 44.1% in the first three months of 2022), 46.9% by the rest of Europe (45.7% in the first three months of 2022), and the remaining 10.2% by the rest of the World (10.2% in the 1st Quarter of 2022).

The summary table of sales by geographical area is reported below:

(euro '000)	1 st Quarter 2023	1 st Quarter 2022	Change	1 st Quarter 2021	1 st Quarter 2020	1 st Quarter 2019
Italy	24,777	21,433	15.6%	15,697	14,341	15,336
Rest of Europe	27,098	22,240	21.8%	18,812	17,432	17,947
Rest of the World	5,914	4,974	18.9%	3,758	4,686	5,118
Total	57,789	48,647	18.8%	38,267	36,459	38,401

Revenues from sales and services in the first three months of 2023 by Group company (net of intragroup sales):

(euro '000)	1 st Quarter 2023	1 st Quarter 2022	Change	1 st Quarter 2021	1 st Quarter 2020	1 st Quarter 2019
Parent Company	30,402	27,187	11.8%	20,194	18,464	19,594
Cembre Ltd. (UK)	6,735	6,130	9.9%	5,162	4,976	5,682
Cembre S.a.r.l. (F)	3,765	2,796	34.7%	2,907	2,405	2,780
Cembre España S.L.U. (E)	5,699	3,985	43.0%	3,234	3,042	2,877
Cembre GmbH (D)*	7,195	5,407	33.1%	4,498	4,236	3,947
Cembre Inc. (USA)	3,993	3,142	27.1%	2,272	3,336	3,521
Total	57,789	48,647	18.8%	38,267	36,459	38,401

*In 2020, the German company IKUMA KG, acquired by Cembre GmbH in May 2018, was merged by incorporation in Cembre GmbH. For said reason, the tables show the 2019 data

in consolidated form, considering the data of the German companies involved in the merger jointly.

In the first three months of 2023, Group companies reported the following pre-consolidated sales revenues and results:

	Sales revenues (pre-consolidation)					
(euro '000)	1 st Quarter 2023	1 st Quarter 2022	Change	1 st Quarter 2021	1 st Quarter 2020	1 st Quarter 2019
Cembre S.p.A.	44,487	37,543	18.5%	28,662	27,692	28,111
Cembre Ltd. (UK)	7,211	6,745	6.9%	5,453	5,345	6,144
Cembre S.a.r.l. (F)	3,789	2,894	30.9%	2,965	2,450	2,796
Cembre España S.L.U. (E)	5,710	3,987	43.2%	3,241	3,043	2,884
Cembre GmbH (D)*	7,256	5,429	33.7%	4,537	4,254	3,986
Cembre Inc. (USA)	3,999	3,144	27.2%	2,281	3,338	3,522

	Pre-tax result (pre-consolidation)					
(euro '000)	1 st Quarter 2023	1 st Quarter 2022	Change	1 st Quarter 2021	1 st Quarter 2020	1 st Quarter 2019
Cembre S.p.A.	15,523	12,427	24.9%	8,439	7,506	10,828
Cembre Ltd. (UK)	811	801	1.2%	727	576	933
Cembre S.a.r.l. (F)	151	93	62.4%	169	81	271
Cembre España S.L.U. (E)	855	611	39.9%	270	136	120
Cembre GmbH (D)*	771	442	74.4%	182	165	356
Cembre Inc. (USA)	358	317	12.9%	88	267	433

For a more direct evaluation of the effect of foreign exchange translations, we include below sales figures and pre-tax result figures of the companies operating outside the euro area in the respective currency.

	Currency	Sales revenues (pre-consolidation)					
('000)		1 st Quarter 2023	1 st Quarter 2022	Change	1 st Quarter 2021	1 st Quarter 2020	1 st Quarter 2019
Cembre Ltd. (UK)	Gbp	6,368	5,641	12.9%	4,766	4,609	5,361
Cembre Inc. (USA)	US\$	4,291	3,526	21.7%	2,478	3,681	4,000

	Currency	Pre-tax result (pre-consolidation)					
('000)		1 st Quarter 2023	1 st Quarter 2022	Change	1 st Quarter 2021	1 st Quarter 2020	1 st Quarter 2019
Cembre Ltd. (UK)	Gbp	716	670	6.9%	635	497	639
Cembre Inc. (USA)	US\$	385	356	8.1%	106	296	491

To provide a better understanding of the Company's financial performance for the first three months of 2023, a Reclassified Consolidated Income Statement for the same period and the corresponding period in 2022 showing percentage changes is enclosed as Attachment 1.

Consolidated gross operating profit for the first quarter of 2023 amounted to €17,770 thousand, corresponding to a 30.7% margin on sales, up by 28.6% on €13,816 thousand reported in the first three months of 2022 (28.4% of margin on sales). The incidence of the cost of goods sold declined, while the weight of the cost for services rose during the period. Personnel costs in absolute terms increased by 12.8% compared to the first quarter of 2022, mainly as a result of the increase in the average number of Group workers from 810 in the first quarter of 2022 to 834 in the first quarter of 2023. However, personnel costs as a percentage of turnover decreased from 25.6% to 24.3%.

The consolidated operating profit for the first quarter of 2023 amounted to €14,678 thousand, corresponding to a 25.4% margin on sales, up by 34.0% on €10,950 thousand reported in the first three months of 2022 (22.5% of margin on sales).

Consolidated profit before taxes for the first three months of 2023 amounted to €14,742 thousand, representing a 25.5% margin on sales, up by 34.2% on the profit before taxes reported in the first quarter of 2022, amounting to €10,985 thousand and corresponding to a 22.6% margin on sales.

Consolidated net profit for the period rose by 31.8% compared to 2022 from €8,243 thousand, representing 16.9% of sales, to €10,864 thousand, representing 18.8% of sales.

The net financial position as at March 31, 2023 is composed as follows:

		03/31/2023	12/31/2022	03/31/2022
A	Cash	8	10	11
B	Bank deposits	11,991	15,018	48,302
C	Other financial assets	6,000	15,000	-

D	Cash and cash equivalents (A+B+C)	17,999	30,028	48,313
E	Current bank payables	(1)	(10,359)	(26,000)
F	Current financial leasing liabilities	(1,841)	(1,708)	(1,705)
G	Current financial debt (E+F)	(1,842)	(12,067)	(27,705)
H	Net current financial position (G+D)	16,157	17,961	20,608
I	Non-current bank debts	-	-	-
J	Non-current financial leasing liabilities	(5,475)	(3,365)	(3,983)
K	Non-current financial indebtedness (I+J)	(5,475)	(3,365)	(3,983)
L	Net financial position (H+K)	10,682	14,596	16,625

The net financial position as at March 31, 2023, amounting to a positive €10.7 million, was down compared to December 31, 2022, when it amounted to €14.6 million.

The net financial position at March 31, 2022 was a positive €16.6 million.

The investments made by the Group in the first quarter of the current year came to €3.6 million in property, plant and equipment and €0.3 million in intangible assets. Investments totalled €2.5 million in the first three months of 2022.

Subsequent events

No event having significant effects on the Group's operations and results occurred after the close of the period.

Outlook

The monetary policy implemented by the various banking institutions is aimed at halting rising inflation. However, prices continue to remain high; this, coupled with the recent financial turmoil in the banking system and the continuing conflict in Ukraine, makes the economic situation extremely uncertain and suggests a possible slowdown in growth during 2023.

It is extremely complicated for companies to make reliable forecasts. Nevertheless, in light of the positive results achieved in the first quarter, it is estimated that the Cembre Group's consolidated revenues will grow and the consolidated economic result will be positive in 2023.

Attachment 1 to the Interim Report on Operations

Comparative Consolidated Income Statement

	1 st Quarter 2023	%	1 st Quarter 2022	%	Change
<i>(euro '000)</i>					
Revenue from contracts with customers	57,789	100.0%	48,647	100.0%	18.8%
Other revenues and income	187		185		1.1%
Total Revenues and Income	57,976		48,832		18.7%
Cost of goods and merchandise	(19,167)	-33.2%	(21,733)	-44.7%	-11.8%
Change in inventories	315	0.5%	5,348	11.0%	
Cost of sales	(18,852)	-32.6%	(16,385)	-33.7%	15.1%
Cost for services	(7,207)	-12.5%	(5,688)	-11.7%	26.7%
Lease and rental costs	(80)	-0.1%	(62)	-0.1%	29.0%
Personnel costs	(14,058)	-24.3%	(12,461)	-25.6%	12.8%
Other operating costs	(407)	-0.7%	(775)	-1.6%	-47.5%
Capitalised internal construction costs	486	0.8%	402	0.8%	20.9%
Write-down of receivables	(57)	-0.1%	(39)	-0.1%	46.2%
Accruals to provisions for risks and charges	(31)	-0.1%	(8)	0.0%	287.5%
Gross operating profit	17,770	30.7%	13,816	28.4%	28.6%
Depr. of property, plant and equipment	(2,329)	-4.0%	(2,204)	-4.5%	5.7%
Amortisation of intangible fixed assets	(248)	-0.4%	(198)	-0.4%	25.3%
Depreciation of lease assets	(515)	-0.9%	(464)	-1.0%	11.0%
Operating profit	14,678	25.4%	10,950	22.5%	34.0%
Financial income	61	0.1%	1	0.0%	
Financial charges	(41)	-0.1%	(22)	0.0%	86.4%
Foreign exchange gains (losses)	44	0.1%	56	0.1%	-21.4%
Pre-tax result	14,742	25.5%	10,985	22.6%	34.2%
Income taxes	(3,878)	-6.7%	(2,742)	-5.6%	41.4%
Net profit for the period	10,864	18.8%	8,243	16.9%	31.8%

Consolidated Financial Statements at March 31, 2023

Consolidated Statement of Comprehensive Income

	1 st Quarter 2023	1 st Quarter 2022
(euro '000)		
Revenue from contracts with customers	57,789	48,647
Other revenues and income	187	185
Total Revenues	57,976	48,832
Cost of goods and merchandise	(19,167)	(21,733)
Change in inventories	315	5,348
Cost for services received	(7,207)	(5,688)
Lease and rental costs	(80)	(62)
Personnel costs	(14,058)	(12,461)
Other operating costs	(407)	(775)
Increase in assets due to internal construction	486	402
Write-down of receivables	(57)	(39)
Accruals to provisions for risks and charges	(31)	(8)
Gross operating profit	17,770	13,816
Depreciation of property, plant and equipment	(2,329)	(2,204)
Amortisation of intangible fixed assets	(248)	(198)
Depreciation of lease assets	(515)	(464)
Operating profit	14,678	10,950
Financial income	61	1
Financial charges	(41)	(22)
Foreign exchange gains (losses)	44	56
Pre-tax result	14,742	10,985
Income taxes	(3,878)	(2,742)
Net profit for the period	10,864	8,243
Items that may be reclassified subsequently to profit and loss		
Conversion difference included in equity	28	53
Comprehensive income	10,892	8,296

Consolidated Statement of Financial Position – Assets

ASSETS	03.31.2023	12.31.2022
(euro '000)		
NON-CURRENT ASSETS		
Property, plant and equipment	87,827	86,567
Investment property	760	770
Intangible fixed assets	4,445	4,394
Goodwill	4,608	4,608
Right of use assets	7,238	5,038
Other investments	5	5
Other non-current assets	79	79
Deferred tax assets	3,629	3,358
TOTAL NON-CURRENT ASSETS	108,591	104,819
CURRENT ASSETS		
Inventories	71,820	71,571
Trade receivables	45,020	31,656
Other financial assets	6,000	15,000
Tax receivables	2,049	2,169
Other receivables	1,343	1,080
Cash and cash equivalents	11,999	15,028
TOTAL CURRENT ASSETS	138,231	136,504
NON-CURRENT ASSETS AVAILABLE FOR SALE	-	-
TOTAL ASSETS	246,822	241,323

Consolidated Statement of Financial Position – Liabilities and Shareholders' Equity

LIABILITIES AND SHAREHOLDERS' EQUITY	03.31.2023	12.31.2022
(euro '000)		
SHAREHOLDERS' EQUITY		
Capital Stock	8,840	8,840
Reserves	179,263	147,337
Net profit for the period	10,864	31,918
TOTAL SHAREHOLDERS' EQUITY	198,967	188,095
NON-CURRENT LIABILITIES		
Non-current financial liabilities	5,475	3,365
Employee Severance Indemnity and other personnel benefits	1,780	1,682
Provisions for risks and charges	692	653
Deferred tax liabilities	3,719	3,608
TOTAL NON-CURRENT LIABILITIES	11,666	9,308
CURRENT LIABILITIES		
Current financial liabilities	1,842	12,067
Trade payables	18,441	19,203
Tax payables	5,768	2,292
Other payables	10,138	10,358
TOTAL CURRENT LIABILITIES	36,189	43,920
LIABILITIES ON ASSETS HELD FOR DISPOSAL	-	-
TOTAL LIABILITIES	47,855	53,228
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	246,822	241,323

Consolidated Cash Flow Statement

	1 st Quarter 2023	1 st Quarter 2022
(euro '000)		
A) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	15,028	46,636
B) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit (loss) for the period	10,864	8,243
Income taxes	3,878	2,742
Financial charges/(Financial profits)	(20)	(21)
(Gains)/Losses on disposal of assets	(15)	0
Amortisation/depreciation and write-downs	3,092	2,866
Net change in Employee Termination Indemnity	98	16
Net change in provisions for risks and charges	39	49
Stock options plan IFRS2 remeasurement	28	41
Operating profit (loss) before changes in working capital	17,964	13,936
(Increase) Decrease in trade receivables	(13,364)	(8,961)
(Increase) Decrease in inventories	(249)	(4,482)
Increase (Decrease) in trade payables	(762)	188
(Increase) Decrease in working capital	(14,375)	(13,255)
Other changes	(643)	(1,883)
Interest received/(Interest paid)	20	21
(Income taxes paid)	(282)	(285)
NET CASH FLOW GENERATED BY (USED IN) OPERATING ACTIVITIES	2,684	(1,466)
C) CASH FLOW FROM INVESTING ACTIVITIES		
Investment in fixed assets:		
- intangible	(298)	(176)
- tangible	(3,555)	(2,286)
Proceeds from disposal of tangible, intangible, available-for-sale fixed assets		
- tangible	19	5
NET CASH FLOW GENERATED BY (USED IN) INVESTMENT ACTIVITIES	(3,834)	(2,457)
D) CASH FLOW FROM FINANCING ACTIVITIES		
(Increase) Decrease in other financial assets	9,000	-
(Increase) Decrease in bank payables	(10,358)	6,000
Increase (Decrease) in other financial payables	22	-
Repayment of leasing liabilities	(495)	(474)
Change in reserves	(48)	-
NET CASH FLOW GENERATED BY (USED IN) FINANCING ACTIVITIES	(1,879)	5,526
E) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)	(3,029)	1,603
F) Foreign exchange conversion differences	-	74
G) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+E+F)	11,999	48,313
Of which: assets held for disposal	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	11,999	48,313

(continued)

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	1 st Quarter 2023	1 st Quarter 2022
(euro '000)		
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	11,999	48,313
Other financial assets	6,000	-
Current financial liabilities	(1,842)	(27,705)
Non-current financial liabilities	(5,475)	(3,983)
NET CONSOLIDATED FINANCIAL POSITION	10,682	16,625

BREAKDOWN OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Cash	8	11
Bank deposits	11,991	48,302
	11,999	48,313

Statement of Changes in the Consolidated Shareholders' Equity

(euro '000)	Balance at December 31, 2022	Allocation of profits to reserves	Valuation of stock option plan - IFRS2	Other changes	Comprehensive Income for the period	Balance at March 31, 2023
Share capital	8,840					8,840
Share premium reserve	12,245					12,245
Legal reserve	1,768					1,768
Reserve for Treasury Shares	(4,129)					(4,129)
Suspended-tax reserves	585					585
Other suspended-tax reserves	68					68
Other reserves	27,726	2,849		(48)		30,527
Conversion differences	(1,440)				28	(1,412)
Extraordinary reserve	101,722	(48)	(24)			101,650
First time application of IAS/IFRS reserve	3,715					3,715
Discounting of employee termination indemnities	347					347
Merger differences	4,397					4,397
Stock options reserve	333		52			385
Retained earnings	-	29,117				29,117
Net profit	31,918	(31,918)			10,864	10,864
Total Shareholders' Equity	188,095	-	28	(48)	10,892	198,967

(euro '000)	Balance at December 31, 2021	Allocation of profits to reserves	Valuation of stock option plan - IFRS2	Other changes	Comprehensive Income for the period	Balance at March 31, 2022
Share capital	8,840					8,840
Share premium reserve	12,245					12,245
Legal reserve	1,768					1,768
Reserve for Treasury Shares	(4,489)					(4,489)
Suspended-tax reserves	585					585
Other suspended-tax reserves	68					68
Other reserves	25,894	1,832		(5)		27,721
Conversion differences	(988)			5	53	(930)
Extraordinary reserve	98,342	69				98,411
First time application of IAS/IFRS reserve	3,715					3,715
Discounting of employee termination indemnities	99					99
Merger differences	4,397					4,397
Stock options reserve	361		41			402
Retained earnings	-	23,420				23,420
Net profit	25,321	(25,321)			8,243	8,243
Total Shareholders' Equity	176,158	-	41	-	8,296	184,495

Notes to the accounts

Accounting principles, form and content of the Financial Statements, estimates

The Interim Report on Operations of the Cembre Group at March 31, 2023 was prepared in compliance with article 2.2.3, paragraph 3 of the “Rules for Markets organised and managed by Borsa Italiana S.p.A.” and aims to provide a general description of the financial position and the economic performance of the Company and its subsidiaries in the period, in addition to reporting important events occurred and operations carried out and their effect on the financial position of the Company and its subsidiaries.

All the information required by IAS 34 is not provided in this document.

The consolidation principles and measurement criteria adopted conform to the international accounting standards (IAS/IFRS) and are consistent with those adopted to draft the financial statements of the Group for the year ended as at December 31, 2022.

The Group’s financial statements include those as at March 31, 2023 of Cembre S.p.A. (Parent Company) and the following companies:

	Share owned by the Group March 31, 2023	Share owned by the Group March 31, 2022
Cembre Ltd. (UK)	100%	100%
Cembre S.a.r.l. (France)	100%	100%
Cembre España S.L.U. (Spain)	100%	100%
Cembre GmbH (Germany)	100%	100%
Cembre Inc. (USA)	100%	100%

The Parent Company has control of the above companies pursuant to Article 2359 of the Italian Civil Code.

The criteria used in the preparation of the financial statements were applied consistently within the Group. Where necessary, financial data were adjusted and reclassified. In compliance with IAS 1, in the financial statements costs were classified by nature.

Amounts are expressed in thousands of Euro.

The Interim Report was prepared according to the “separation of periods method”, based on which the reference period is considered an autonomous financial year. The income statement for the quarter thus reflects the income components relating to the period based on the accrual method.

Bonuses recognised to customers at the end of the period were estimated based on past sales and their expected future performance.

Translation of financial statements expressed in currencies other than the euro

The functional and reporting currency of the Group is the euro.

Exchange rates applied in the translation of financial statements of subsidiaries are shown in the table below (expressed in currency/€).

Currency	Exchange rate at March 31, 2023	Average exchange rate 2023
British pound	0.8792	0.8831
US Dollar	1.0875	1.0730

Brescia, May 15, 2023

**FOR THE BOARD OF DIRECTORS
OF THE PARENT COMPANY CEMBRE S.P.A.**
Chair and Managing Director
Giovanni Rosani

**CEMBRE**

DECLARATION

pursuant to art 154-bis, Paragraph 2 of Legislative Decree 58 dated Feb. 24, 1998 “Consolidated Law on financial intermediation regulations” and subsequent integrations and updates

Re: 2023 first Quarter Interim Report

The undersigned,

Claudio Bornati, Manager responsible for preparing the Cembre S.p.A. financial reports

DECLARES

pursuant to Paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the financial disclosure contained in the 2023 first Quarter Interim Report corresponds to the document results, books and accounting records.

Brescia, May 15, 2023

Signed by: Claudio Bornati
Manager in charge of drafting
the accounts of Cembre S.p.A.



CEMBRE SpA

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