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Oggetto : Half-yearly Financial Report as of 30 june
2023

Testo del comunicato

Vedi allegato.



FIRST HALF YEAR 2023 FINANCIAL RESULTS

The Board of Directors has approved today the consolidated financial statements as at June 30th 2023.

The consolidated financial statements of IRCE Group (hereinafter also the "Group") for the first half year of 2023 closed with a profit of € 4.94 million.

Consolidated turnover was € 218.96 million, down by 16.1% compared to € 261.00 million in the same period of 2022, a reduction due to lower volumes and to the drop in the copper price (LME average price in Euro, in the first half year of 2023, was 9,7% lower than in the same period of 2022).

In this first half year, we are witnessing a weak market demand in both business units. In the winding wires sector, sales volumes are down, with a worsening in the second quarter compared to the first. In the cables sector, sales volumes also decreased, if compared to the first half of 2022, but there was an improvement in the second quarter, thanks to the acquisition of some important public contracts relating to investments in infrastructure.

Trends of the EBITDA and EBIT are positively affected not only by the lower production costs but also by the contribution of the recent investments in high-efficiency plant and machinery.

Results are reported in the following table.

| Consolidated income statement data (€/million) | 1 st half year 2023 | 1 st half year 2022 | Change |
|---|--------------------------------|--------------------------------|---------|
| Turnover ¹ | 218.96 | 261.00 | (42.04) |
| Turnover without metal ² | 52.30 | 51.86 | 0.44 |
| EBITDA ³ | 11.39 | 8.50 | 2.89 |
| EBIT | 7.60 | 4.78 | 2.82 |
| Result before tax | 6.51 | 4.52 | 1.99 |
| Net Result of the period | 4.94 | 4.19 | 0.75 |
| Adjusted EBITDA ⁴ | 11.32 | 8.93 | 2.39 |
| Adjusted EBIT ⁴ | 7.53 | 5.21 | 2.32 |

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 the Group's Management uses to assess the operating performance of the company and is not an IFRS measure; IRCE S.p.A. calculates it by adding depreciation/amortisation, provisions and write-downs to EBIT.

⁴ Adjusted EBITDA and EBIT are calculated as the sum of EBITDA and EBIT and the gains/losses on copper and electricity derivatives transactions if realized (€ -0.07 million in the first half year of 2023 and € +0,43 million in the first half year 2022). These are indicators the Group's Management uses to monitor and assess its own operating performance and are not IFRS measures. Given that the composition of these measures is not regulated by the reference accounting standards, the criterion used by the Group may not be consistent with that adopted by others and is therefore not comparable.

PRESS RELEASE

| Consolidated statement of financial position data (€/million) | As of 30.06.2023 | As of 31.12.2022 | Change |
|--|------------------|------------------|--------|
| Net invested capital ⁵ | 216.86 | 204.84 | 12.02 |
| Shareholders' equity | 150.68 | 144.79 | 5.89 |
| Net financial position ⁶ | 66.18 | 60.05 | 6.13 |

As at June 30, 2023 net financial position was € 66.18 million, up from € 60.05 million as at December 31, 2022, due to the increase in working capital.

The Group's investments, in the first half of 2023, were € 5.11 million and they mainly concerned the parent company IRCE S.p.A and the English subsidiary FD Sims Ltd.

The negative economic situation that is affecting the main world economies makes the recovery of market demand uncertain and difficult to forecast. To date, sales volumes are at low levels; for winding wires there are no signs of a trend reversal within the end of the year, except for products for generation and transport of energy. In the cables sector, on the other hand, the current order backlog should allow for a recovery in volumes in the coming months. The group continues its strategy of focusing on more highly specialized sectors and products with expected significant growth, including the automotive world.

In this context and in the absence of penalizing trends in the copper price, we expect a result by the end of the year in line with that of the previous year.

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, 13th September 2023

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 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 three companies currently inoperative (Czech Republic, China and India). The Group employed globally 657 employees.

⁵ Net invested capital is the sum of net working capital, fixed assets, other receivables net of other payables, provisions for risks and charges and provisions for employee benefits.

⁶ 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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| (Thousand of Euro) | 2023 30 June | 2022 31 December |
|---|-----------------|---------------------|
| ASSETS | | |
| Non current assets | | |
| Goodwill and other intangible assets | 94 | 49 |
| Property, plant and machinery | 35,475 | 37,961 |
| Equipments and other tangible assets | 1,371 | 1,374 |
| Assets under constructions and advances | 16,868 | 12,278 |
| Non current financial assets | 5 | 5 |
| Deferred tax assets | 2,685 | 2,357 |
| Other non current non financial assets | 1,753 | 2,813 |
| NON CURRENT ASSETS | 58,251 | 56,837 |
| Current assets | | |
| Inventories | 118,709 | 117,988 |
| Trade receivables | 80,056 | 61,498 |
| Tax receivables | 1,863 | 2,676 |
| <i>(of which related parties)</i> | <i>1,570</i> | <i>2,175</i> |
| Other current assets | 3,041 | 5,659 |
| Current financial assets | 210 | 490 |
| Cash and cash equivalent | 9,559 | 5,608 |
| CURRENT ASSETS | 213,438 | 193,919 |
| TOTAL ASSETS | 271,689 | 250,756 |

PRESS RELEASE

| (Thousand of Euro) | 2023 30 June | 2022 31 December |
|--|-----------------|---------------------|
| EQUITY AND LIABILITIES | | |
| Shareholders' equity | | |
| Share capital | 13,792 | 13,802 |
| Reserves | 132,263 | 122,084 |
| Profit (loss) for the period | 4,944 | 9,224 |
| Shareholders' equity attributable to shareholders of Parent company | 150,999 | 145,110 |
| Shareholders equity attributable to Minority interests | (324) | (325) |
| TOTAL SHAREHOLDERS' EQUITY | 150,675 | 144,785 |
| Non current liabilities | | |
| Non current financial liabilities | 16,681 | 19,777 |
| Deferred tax liabilities | 295 | 338 |
| Non current provisions for risks and charges | 893 | 280 |
| Non current provisions for post employment obligation | 3,459 | 3,449 |
| NON CURRENT LIABILITIES | 21,328 | 23,844 |
| Current liabilities | | |
| Current financial liabilities | 59,263 | 46,366 |
| Trade payables | 31,269 | 27,240 |
| Current tax payables | 240 | 555 |
| Social security contributions | 2,059 | 2,001 |
| Other current liabilities | 6,613 | 5,708 |
| Current provisions for risks and charges | 242 | 257 |
| CURRENT LIABILITIES | 99,686 | 82,127 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | 271,689 | 250,756 |

CONSOLIDATED INCOME STATEMENT

| (Thousand of Euro) | 2023 30 June | 2022 30 June |
|--|-------------------------|-------------------------|
| Sales revenues | 218,956 | 261,000 |
| Other revenues and income | 663 | 1,572 |
| TOTALE REVENUES AND INCOME | 219,619 | 262,572 |
| Raw materials and consumables | (181,049) | (225,112) |
| Change in inventories of work in progress and finished goods | 8,817 | 12,648 |
| Cost for services | (19,994) | (24,900) |
| Personnel costs | (15,456) | (15,930) |
| Amortization /depreciation/write off tangible and intangible assets | (3,545) | (3,620) |
| Provision and write downs | (243) | (95) |
| Other operating costs | (552) | (778) |
| EBIT | 7,597 | 4,785 |
| Financial income / (charges) | (1,087) | (266) |
| RESULT BEFORE TAX | 6,510 | 4,519 |
| Income taxes | (1,565) | (347) |
| NET RESULT FOR THE PERIOD | 4,945 | 4,172 |
| Net result attributable to non-controlling interests | 1 | (20) |
| Net result attributable to shareholders of the Parent Company | 4,944 | 4,192 |

Earnings/(loss) per share (EPS)

| | | |
|--|--------|--------|
| - basic EPS for the period attributable to ordinary shareholders of the Parent Company | 0.1864 | 0.1579 |
| - diluted EPS for the period attributable to ordinary shareholders of the Parent Company | 0.1864 | 0.1579 |

CONSOLIDATED STATEMENT OF CASH FLOW

| (Thousand of Euro) | 2023 30 June | 2022 30 June |
|---|-----------------|-----------------|
| OPERATING ACTIVITIES | | |
| Result of the period (Group and Minorities) | 4,945 | 4,172 |
| <i>Adjustments for:</i> | | |
| Depreciation / Amortization | 3,545 | 3,620 |
| Net change in deferred tax (assets) / liabilities | (336) | (228) |
| Capital (gains) / losses from disposal of fixed assets | (20) | (686) |
| Losses / (gains) on unrealised exchange rate differences | (287) | (328) |
| Provisions for risks | 633 | - |
| Income taxes | 1,901 | 575 |
| Financial (income) / expenses | 1,133 | (320) |
| Operating result before changes in working capital | 11,514 | 6,805 |
| Income taxes paid | (2,982) | (1,897) |
| Financial charges paid | (2,412) | (1,669) |
| Financial income collected | 1,278 | 1,989 |
| Decrease / (Increase) in inventories | 650 | (9,663) |
| Change in trade receivables | (17,308) | (24,391) |
| Change in trade payables | 3,758 | 13,119 |
| Net changes in current other assets and liabilities | 4,640 | 447 |
| Net changes in current other assets and liabilities - related parties | 605 | (226) |
| Net changes in non current other assets and liabilities | 1,069 | (349) |
| CASH FLOW FROM OPERATING ACTIVITIES | 812 | (15,835) |
| INVESTING ACTIVITIES | | |
| Investments in intangible assets | (76) | (13) |
| Investments in tangible assets | (5,036) | (5,039) |
| Investments in subsidiaries, associates, other entities | - | (50) |
| Disposals of tangible and intangible assets | 28 | 701 |
| CASH FLOW FROM INVESTING ACTIVITIES | (5,084) | (4,401) |
| FINANCING ACTIVITIES | | |
| Repayments of loans | (3,132) | (7,497) |
| Obtainment of loans | - | 7,000 |
| Net changes of current financial liabilities | 12,832 | 16,918 |
| Net changes of current financial assets | (27) | 478 |
| Other effects on shareholders' equity | - | - |
| Dividends paid to shareholders | (1,592) | (1,327) |
| Sell/(purchase) of own shares | (38) | (3) |
| CASH FLOW FROM FINANCING ACTIVITIES | 8,043 | 15,569 |
| NET CASH FLOW FROM THE PERIOD | 3,771 | (4,667) |
| CASH BALANCE AT THE BEGINNING OF THE PERIOD | 5,608 | 10,678 |
| Exchange rate differences | 180 | 880 |
| NET CASH FLOW FROM THE PERIOD | 3,771 | (4,667) |
| CASH BALANCE AT THE END OF THE PERIOD | 9,559 | 6,891 |

Fine Comunicato n.0163-22

Numero di Pagine: 8