



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
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(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