



CEMBRE

INTERIM REPORT

2022 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

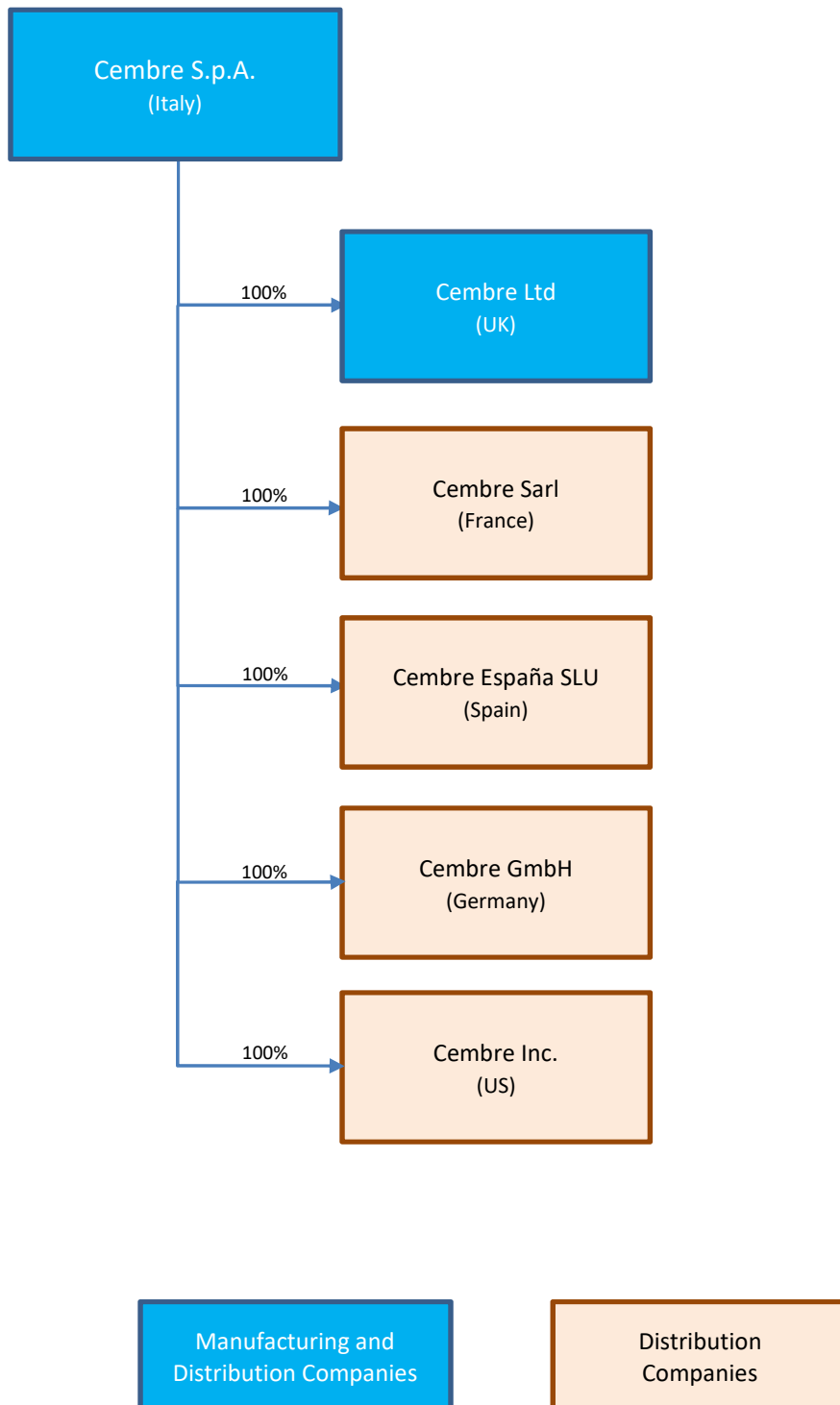
Board of Statutory Auditors

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 2022, despite an extremely difficult international scenario, due to the residual effects of the pandemic and the outbreak of the conflict in Ukraine, the Group's sales posted significant growth, with consolidated revenues amounting to €48,647 thousand, marking a 27.1 percent increase compared with the €38,267 thousand recorded in the first three months of 2021.

Consolidated sales by geographical area show growth in the Italian market of 36.5% and amount €21.4 million; revenues in other European markets amount to €22.2 million and rose by 18.2% compared to the first quarter of 2021; finally, non-European sales amounted to €5.0 million, marking an increase of 32.4%. In the 1st Quarter of 2022, 44.1% of Group sales were represented by Italy (as compared with 41.0% in the first three months of 2021), 45.7% by the rest of Europe (49.2% in the first three months of 2021), and the remaining 10.2% by the rest of the World (9.8% in the 1st Quarter of 2021).

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

(euro '000)	1st Quarter 2022	1st Quarter 2021	Change	1st Quarter 2020	1st Quarter 2019	1st Quarter 2018
Italy	21,433	15,697	36.5%	14,341	15,336	15,401
Rest of Europe	22,240	18,812	18.2%	17,432	17,947	15,036
Rest of the World	4,974	3,758	32.4%	4,686	5,118	5,533
Total	48,647	38,267	27.1%	36,459	38,401	35,970

Revenues from sales and services in the first three months of 2022 by Group company (net of intragroup sales):

(euro '000)	1st Quarter 2022	1st Quarter 2021	Change	1st Quarter 2020	1st Quarter 2019	1st Quarter 2018
Parent Company	27,187	20,194	34.6%	18,464	19,594	20,245
Cembre Ltd. (UK)	6,130	5,162	18.8%	4,976	5,682	4,759
Cembre S.a.r.l. (F)	2,796	2,907	-3.8%	2,405	2,780	2,702
Cembre España S.L.U. (E)	3,985	3,234	23.2%	3,042	2,877	2,613
Cembre GmbH (D)*	5,407	4,498	20.2%	4,236	3,947	2,044
Cembre Inc. (USA)	3,142	2,272	38.3%	3,336	3,521	3,607
Total	48,647	38,267	27.1%	36,459	38,401	35,970

*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 2022, Group companies reported the following pre-consolidated sales revenues and results:

	Sales revenues (pre-consolidation)					
(euro '000)	1 st Quarter 2022	1 st Quarter 2021	Change	1 st Quarter 2020	1 st Quarter 2019	1 st Quarter 2018
Cembre S.p.A.	37,543	28,662	31.0%	27,692	28,111	28,754
Cembre Ltd. (UK)	6,745	5,453	23.7%	5,345	6,144	5,354
Cembre S.a.r.l. (F)	2,894	2,965	-2.4%	2,450	2,796	2,704
Cembre España S.L.U. (E)	3,987	3,241	23.0%	3,043	2,884	2,616
Cembre GmbH (D)*	5,429	4,537	19.7%	4,254	3,986	2,063
Cembre Inc. (USA)	3,144	2,281	37.8%	3,338	3,522	3,607

	Pre-tax result (pre-consolidation)					
(euro '000)	1 st Quarter 2022	1 st Quarter 2021	Change	1 st Quarter 2020	1 st Quarter 2019	1 st Quarter 2018
Cembre S.p.A.	12,427	8,439	47.3%	7,506	10,828	9,556
Cembre Ltd. (UK)	801	727	10.2%	576	933	644
Cembre S.a.r.l. (F)	93	169	-45.0%	81	271	277
Cembre España S.L.U. (E)	611	270	126.3%	136	120	82
Cembre GmbH (D)*	442	182	142.9%	165	356	158
Cembre Inc. (USA)	317	88	260.2%	267	433	570

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 2022	1 st Quarter 2021	Change	1 st Quarter 2020	1 st Quarter 2019	1 st Quarter 2018
Cembre Ltd. (UK)	Gbp	5,641	4,766	18.4%	4,609	5,361	4,730
Cembre Inc. (USA)	US\$	3,526	2,478	42.3%	3,681	4,000	4,434

	Currency	Pre-tax result (pre-consolidation)					
('000)		1 st Quarter 2022	1 st Quarter 2021	Change	1 st Quarter 2020	1 st Quarter 2019	1 st Quarter 2018
Cembre Ltd. (UK)	Gbp	670	635	5.5%	497	639	569
Cembre Inc. (USA)	US\$	356	106	235.8%	296	491	701

To provide a better understanding of the Company's financial performance for the first three months of 2022, a comparative Consolidated Income Statement for the corresponding period in 2021 showing percentage changes is enclosed as Attachment 1.

Consolidated gross operating profit for the first quarter of 2022 amounted to €13,816 thousand, corresponding to a 28.4% margin on sales, up by 35.9% on €10,166 thousand reported in the first three months of 2021 (26.6% of margin on sales). The incidence of the cost of goods sold rose as did the weight of the cost for services during the period. Personnel costs in absolute terms increased by 8.8% compared to the first quarter of 2021, mainly as a result of the increase in the average number of Group workers from 763 in the first quarter of 2021 to 810 in the first quarter of 2022. However, the percentage of personnel costs as a percentage of turnover decreased from 29.9% to 25.6%.

The consolidated operating profit for the first quarter of 2022 amounted to €10,950 thousand, corresponding to a 22.5% margin on sales, up by 48.5% on €7,374 thousand reported in the first three months of 2021 (19.3% of margin on sales).

Consolidated profit before taxes for the first three months of 2022 amounted to €10,985 thousand, representing a 22.6% margin on sales, up by 46.6% on the profit before taxes reported in the first quarter of 2021, amounting to €7,494 thousand and corresponding to a 19.6% margin on sales.

Consolidated net profit for the period rose by 46.2% compared to 2021 from €5,640 thousand, representing 14.7% of sales, to €8,243 thousand, representing 16.9% of sales.

The net financial position as at March 31, 2022 is composed as follows:

	(euro '000)	03/31/2022	12/31/2021	03/31/2021
A	Cash	11	11	13
B	Bank deposits	48,302	46,625	32,582
C	Cash and cash equivalents (A+B)	48,313	46,636	32,595
D	Current bank payables	(26,000)	(20,000)	(16,400)
E	Current financial leasing liabilities	(1,705)	(1,710)	(1,607)
F	Current financial debt (D+E)	(27,705)	(21,710)	(18,007)
G	Net current financial position (C+F)	20,608	24,926	14,588
H	Non-current bank debts	-	-	-
I	Non-current financial leasing liabilities	(3,983)	(4,279)	(4,964)
J	Non-current financial debt (H+I)	(3,983)	(4,279)	(4,964)
K	Net Financial Position (G+J)	16,625	20,647	9,624

The net financial position as at March 31, 2022, amounting to a positive €16.6 million, was down compared to December 31, 2021, when it amounted to €20.6 million.

The net financial position at March 31, 2021 was a positive €9.6 million.

The investments made by the Group in the first quarter of the current year came to €2.3 million in property, plant and equipment and €0.2 million in intangible assets. Investments totalled €3.3 million in the first three months of 2021.

Subsequent events

The situation in Ukraine continues to be of concern and, unfortunately, its resolution is uncertain. The economic effects of the conflict are especially negatively affecting the prices of raw materials and energy resources. The explosion of contagions in the Shanghai area is also alarming, and has prompted the Chinese government to apply severe restrictions on freedom of movement, which risk heavily affecting the logistics chain, given the strategic importance of the Chinese city as a port of call.

Outlook

The Cembre Group has no significant exposure to the markets affected by the Russia-Ukraine conflict; sales in these markets have never been significant and there have been no direct supplies from these markets.

It is extremely complicated to make reliable forecasts: geopolitical tensions, the evolution of infections and material and service price trends make the future scenario highly uncertain; furthermore, the consequences and indirect effects of this negative international situation are difficult to predict. In any case, the Cembre Group's consolidated revenues are expected to grow in 2022 and the consolidated economic result is expected to be positive.

Attachment 1 to the Interim Report on Operations

Comparative Consolidated Income Statement

	1 st Quarter 2022	%	1 st Quarter 2021	%	Change
	<i>(euro '000)</i>				
Revenue from contracts with customers	48,647	100.0%	38,267	100.0%	27.1%
Other revenues and income	185		194		-4.6%
Total Revenues and Income	48,832		38,461		27.0%
Cost of goods and merchandise	(21,733)	-44.7%	(12,724)	-33.3%	70.8%
Change in inventories	5,348	11.0%	194	0.5%	
Cost of sales	(16,385)	-33.7%	(12,530)	-32.7%	30.8%
Cost for services	(5,688)	-11.7%	(4,303)	-11.2%	32.2%
Lease and rental costs	(62)	-0.1%	(43)	-0.1%	44.2%
Personnel costs	(12,461)	-25.6%	(11,451)	-29.9%	8.8%
Other operating costs	(775)	-1.6%	(493)	-1.3%	57.2%
Capitalised internal construction costs	402	0.8%	563	1.5%	-28.6%
Write-down of receivables	(39)	-0.1%	(31)	-0.1%	25.8%
Accruals to provisions for risks and charges	(8)	0.0%	(7)	0.0%	14.3%
Gross operating profit	13,816	28.4%	10,166	26.6%	35.9%
Depreciation of property, plant and equipment	(2,204)	-4.5%	(2,136)	-5.6%	3.2%
Amortisation of intangible fixed assets	(198)	-0.4%	(206)	-0.5%	-3.9%
Depreciation of lease assets	(464)	-1.0%	(450)	-1.2%	3.1%
Operating profit	10,950	22.5%	7,374	19.3%	48.5%
Financial income	1	0.0%	1	0.0%	0.0%
Financial charges	(22)	0.0%	(25)	-0.1%	-12.0%
Foreign exchange gains (losses)	56	0.1%	144	0.4%	-61.1%
Pre-tax result	10,985	22.6%	7,494	19.6%	46.6%
Income taxes	(2,742)	-5.6%	(1,854)	-4.8%	47.9%
Net profit for the period	8,243	16.9%	5,640	14.7%	46.2%

Consolidated Financial Statements at March 31, 2022

Consolidated Statement of Comprehensive Income

	1 st Quarter 2022	1 st Quarter 2021
(euro '000)		
Revenue from contracts with customers	48,647	38,267
Other revenues and income	185	194
Total Revenues and Income	48,832	38,461
Cost of goods and merchandise	(21,733)	(12,724)
Change in inventories	5,348	194
Cost for services	(5,688)	(4,303)
Lease and rental costs	(62)	(43)
Personnel costs	(12,461)	(11,451)
Other operating costs	(775)	(493)
Capitalised internal construction costs	402	563
Write-down of receivables	(39)	(31)
Accruals to provisions for risks and charges	(8)	(7)
Gross operating profit	13,816	10,166
Depreciation of property, plant and equipment	(2,204)	(2,136)
Amortisation of intangible fixed assets	(198)	(206)
Depreciation of lease assets	(464)	(450)
Operating profit	10,950	7,374
Financial income	1	1
Financial charges	(22)	(25)
Foreign exchange gains (losses)	56	144
Pre-tax result	10,985	7,494
Income taxes	(2,742)	(1,854)
Net profit for the period	8,243	5,640
Elements that could be charged to the income statement		
Conversion difference reserves	53	1,296
Comprehensive income	8,296	6,936

Consolidated Statement of Financial Position – Assets

ASSETS	03.31.2022	12.31.2021
(euro '000)		
NON-CURRENT ASSETS		
Property, plant and equipment	84,568	84,501
Investment property	802	813
Intangible fixed assets	4,454	4,476
Goodwill	4,608	4,608
Lease assets	5,669	5,960
Other investments	5	5
Other non-current assets	81	81
Deferred tax assets	3,190	3,057
TOTAL NON-CURRENT ASSETS	103,377	103,501
CURRENT ASSETS		
Inventories	62,099	57,617
Trade receivables	37,125	28,164
Tax receivables	483	683
Other receivables	1,505	1,218
Cash and cash equivalents	48,313	46,636
TOTAL CURRENT ASSETS	149,525	134,318
NON-CURRENT ASSETS HELD FOR DISPOSAL	-	-
TOTAL ASSETS	252,902	237,819

Consolidated Statement of Financial Position – Liabilities and Shareholders' Equity

LIABILITIES AND SHAREHOLDERS' EQUITY	03.31.2022	12.31.2021
(euro '000)		
SHAREHOLDERS' EQUITY		
Share capital	8,840	8,840
Reserves	167,412	141,997
Net profit for the period	8,243	25,321
TOTAL SHAREHOLDERS' EQUITY	184,495	176,158
NON-CURRENT LIABILITIES		
Non-current financial liabilities	3,983	4,279
Employee Termination Indemnity and other personnel benefits	2,005	1,989
Provisions for risks and charges	421	372
Deferred tax liabilities	3,433	3,371
TOTAL NON-CURRENT LIABILITIES	9,842	10,011
CURRENT LIABILITIES		
Current financial liabilities	27,705	21,710
Trade payables	16,449	16,261
Tax payables	5,031	2,774
Other payables	9,380	10,905
TOTAL CURRENT LIABILITIES	58,565	51,650
LIABILITIES ON ASSETS HELD FOR DISPOSAL	-	-
TOTAL LIABILITIES	68,407	61,661
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	252,902	237,819

Consolidated Statement of Cash Flows

	1 st Quarter 2022	1 st Quarter 2021
(euro '000)		
A) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	46,636	37,688
B) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit (loss) for the period	8,243	5,640
Amortisation/depreciation and write-downs	2,866	2,792
(Gains)/Losses on disposal of assets	-	9
Net change in Employee Termination Indemnity	16	(17)
Net change in provisions for risks and charges	49	32
Operating profit (loss) before changes in working capital	11,174	8,456
(Increase) Decrease in trade receivables	(8,961)	(5,838)
(Increase) Decrease in inventories	(4,482)	(704)
(Increase) Decrease in other receivables and deferred tax assets	(235)	(77)
Increase (Decrease) in trade payables	(860)	(210)
Increase (Decrease) in other payables, deferred tax liabilities and tax payables	794	997
Change in working capital	(13,744)	(5,832)
NET CASH FLOW GENERATED BY (USED IN) OPERATING ACTIVITIES	(2,570)	2,624
C) CASH FLOW FROM INVESTING ACTIVITIES		
Investment in fixed assets:		
- intangible	(176)	(229)
- tangible	(2,286)	(3,257)
Proceeds from disposal of tangible, intangible, available-for-sale fixed assets		
- tangible	5	20
Increase (Decrease) in trade payables for assets	1,048	1,328
NET CASH FLOW GENERATED BY (USED IN) INVESTMENT ACTIVITIES	(1,409)	(2,138)
D) CASH FLOW FROM FINANCING ACTIVITIES		
(Increase) Decrease in bank debts	6,000	(6,201)
Payment of principal portion for lease payables	(459)	(448)
Change in stock option reserves	41	40
NET CASH FLOW GENERATED BY (USED IN) FINANCING ACTIVITIES	5,582	(6,609)
E) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)	1,603	(6,123)
F) Foreign exchange conversion differences	74	1,030
G) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+E+F)	48,313	32,595
Of which: assets held for disposal	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	48,313	32,595

(continued)

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	1 st Quarter 2022	1 st Quarter 2021
(euro '000)		
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	48,313	32,595
Current financial liabilities	(27,705)	(18,007)
Non-current financial liabilities	(3,983)	(4,964)
NET CONSOLIDATED FINANCIAL POSITION	16,625	9,624

BREAKDOWN OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Cash	11	13
Bank deposits	48,302	32,582
	48,313	32,595

Statement of Changes in the Consolidated Shareholders' Equity

(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

(euro '000)	Balance at December 31, 2020	Allocation of profits to reserves	Valuation of stock option plan - IFRS2	Other changes	Comprehensive Income for the period	Balance at March 31, 2021
Share capital	8,840					8,840
Share premium reserve	12,245					12,245
Legal reserve	1,768					1,768
Reserve for Treasury Shares	(4,897)					(4,897)
Suspended-tax reserves	585					585
Other suspended-tax reserves	68					68
Other reserves	22,912	2,520		134		25,566
Conversion differences	(2,625)			(134)	1,296	(1,463)
Extraordinary reserve	97,186					97,186
First time application of IAS/IFRS reserve	3,715					3,715
Discounting of employee termination indemnities	65					65
Merger differences	4,397					4,397
Stock options reserve	355		40			395
Retained earnings	-	16,455				16,455
Net profit	18,975	(18,975)			5,640	5,640
Total Shareholders' Equity	163,589	-	40	-	6,936	170,565

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, 2022 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, 2021.

The Group’s financial statements include those as at March 31, 2022 of Cembre S.p.A. (Parent Company) and the following companies:

	Share owned by the Group March 31, 2022	Share owned by the Group March 31, 2021
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,	Average exchange rate
British pound	0.8460	0.8364
US Dollar	1.1101	1.1217

Brescia, May 13, 2022

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

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: 2022 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 2022 first Quarter Interim Report corresponds to the document results, books and accounting records.

Brescia, May 13, 2022

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



CEMBRE SpA

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