HALF-YEARLY FINANCIAL REPORT
AS OF 30 JUNE 2021

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CORPORATE BODIES

BOARD OF DIRECTORS

CHAIRMAN	MR	FILIPPO CASADIO
EXECUTIVE DIRECTOR	MR	FRANCESCO GANDOLFI COLLEONI
NON-EXECUTIVE DIRECTOR	MR	GIANFRANCO SEPRIANO
INDEPENDENT DIRECTOR	MS	FRANCESCA PISCHEDDA
NON-EXECUTIVE DIRECTOR	MR	ORFEO DALLAGO
INDEPENDENT DIRECTOR	MS	GIGLIOLA DI CHIARA

BOARD OF STATUTORY AUDITORS

CHAIRMAN	MR	FABIO SENESE
STANDING STATUTORY AUDITOR	MR	ADALBERTO COSTANTINI
STANDING STATUTORY AUDITOR	MS	DONATELLA VITANZA
SUBSTITUTE STATUTORY AUDITOR	MR	GIANFRANCO ZAPPI
SUBSTITUTE STATUTORY AUDITOR	MS	CLAUDIA MARESCA

INDEPENDENT AUDITORS

Deloitte & Touche S.p.A.

CONTROL AND RISKS COMMITTEE

MS GIGLIOLA DI CHIARA
MR GIANFRANCO SEPRIANO
MS FRANCESCA PISCHEDDA

REMUNERATION COMMITTEE

MS FRANCESCA PISCHEDDA
MR GIANFRANCO SEPRIANO
MS GIGLIOLA DI CHIARA

INTERNAL AUDIT

MR FABRIZIO BIANCHIMANI

SUPERVISORY BODY

MR FRANCESCO BASSI
MR GABRIELE FANTI
MR GIANLUCA PIFFANELLI

INTERIM REPORT ON OPERATIONS AS OF 30 JUNE 2021

The consolidated financial statements of IRCE Group (hereinafter also the "Group") for the first half year of 2021 (hereinafter also the "Group") closed with a profit of € 6.65 million.

Consolidated turnover was € 228.04 million, 66.8% higher than € 136.69 million recorded in the first half of 2020, thanks to the combined effect of the increase in sales volumes and the price of copper (LME quotation in Euro, in the first half of 2021, was 51.4% higher than in the first six month of 2020). For a correct reading of the data, please note that in the second quarter of 2020, due to the effects of the pandemic and the measures taken by the various countries to contain it, sales had drastically reduced.

In the first half of this year, sales in both our areas of business, winding wires and energy cables, confirm the recovery of demand, which gained further vigour also compared to the first quarter of the year.

In this context, turnover without metal[1] increased by 51.6%; the winding wire sector raised by 40.8% and the cable sector recorded a growth by 93.4%.

Consolidated turnover without metal (€/million)	2021 1st half		2020 1st half		Change
	Value	%	Value	%	%
Winding wires	34.57	*73.9%*	24.55	*79.5%*	*40.8%*
Cables	12.22	*26.1%*	6.32	*20.5%*	*93.4%*
Total	46.79	*100%*	30.87	*100.0%*	*51.6%*

The following table shows the changes in results compared to the first half of 2020, including adjusted EBITDA and EBIT.

Consolidated income statement data (€/million)	1st half 2021	1st half 2020	Change
Turnover[2]	228.04	136.69	91.35
EBITDA[3]	16.97	2.58	14.39
EBIT	11.41	(0.99)	12.40
Profit/(Loss) before tax	10.06	(0.27)	10.33
Result for the period	6.65	(0.43)	7.08
Adjusted EBITDA[4]	15.71	2.94	12.77
Adjusted EBIT[4]	10.15	(0.63)	10.78

Consolidated net financial debt, at the end of June 2021, was € 72.75 million, up from € 39.74 million at the end of 2020, as a result of the growth in sales volumes and the cooper price.

Consolidated statement of financial position data (€/million)	30/06/2021	31/12/2020	Change
Net invested capital	204.35	162.36	41.99
Shareholders' equity	131.60	122.62	8.98
Net financial debt[5]	72.75	39.74	33.01

[1] Turnover without metal corresponds to overall turnover after deducting the metal component.
[2] The item "Turnover" consists in the "Revenues" as recognised in the income statement.
[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 respectively calculated as the sum of EBITDA and EBIT and the gains/losses on copper and electricity derivatives transactions (€ -1.26 million in the first half of 2021 and € +0.36 million in the first half of 2020). These are indicators the Group's Management uses to monitor and assess 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 therefore not comparable.

Shareholders' equity was positively affected by the change in the translation reserve mainly due to the revaluation of the Brazilian real (which accounted for € 2.76 million), which, from the beginning of the year, increased by 8%.

Investments

The Group's investments, in the first half of 2021, were € 2.12 million and mainly concerned IRCE SpA and the Brazilian subsidiary IRCE Ltda.

Main Risks and Uncertainties

The Group's main risks and uncertainties, as well as risk management policies, are detailed below:

Market risk

The Group is strongly concentrated on the European market (some 70% of consolidated turnover); the risk of major contractions in demand or of worsening of the competitive scenario may significantly impact the results. To address these risks, the medium-term strategy of the Group focuses on geographic diversification in non-EU countries, with the fastest growing market for our products. It is the pursuit of this strategy that led to the establishment in China of the company Irce Electromagnetic Wire (Jiangsu) Co. Ltd with the aim of producing and serving the local market.

Risk associated with changes in financial and economic variables

- *Exchange rate risk*
  The Group primarily uses the euro as the reference currency for its sales transactions. It is exposed to exchange rate risks in relation to its copper purchases, which it partly carries out in dollars; it hedges such transactions using forward contracts. It is also exposed to foreign currency translation risks for its investments in Brazil, the UK, India, Switzerland, Poland, China and Czech Republic.
  As for the foreign currency translation risk, the Group believes this risk mainly concerns the investment in Brazil due to the high volatility of the real, which affects the investment's carrying amount. It should be noted that, during the first half of 2021, the Brazilian currency had an extremely fluctuating trend, and then closed on 30 June 2021 with a re-valuation of about 8% on the value at the end of 2020. However, it should be emphasized that the Brazilian subsidiary continues to record improving economic results also in Euro, not causing the fluctuations in the exchange rate particular concern.

- *Interest rate risk*
  The Group obtains short and medium/long-term bank financing mainly at floating rates. The risk of wide fluctuations in interest rates is not considered significant and therefore the Group does not implement special hedging policies.

- *Risks related to fluctuations in the prices of raw materials*
  The main raw material used by the Group is copper. The changes in its price can affect margins as well as financial requirements. In order to mitigate the potential effect on margins of changes in the price of copper, the Group implements a hedging policy using forward contracts on the positions generated by operating activities. During the first half of 2021, the price of copper continued to grow as in the second half of 2020, reaching an all-time high, with an average price on the first half of 2021 of 7.54 Euro / kg.

- *Risks associated with the procurement of raw materials at reasonable prices*
  The uncertainty about the price trend of many raw materials, in particular plastics, materials for insulation and electricity, as well as the extent of the required increases could make complex their absorption or their timely transfer to sales prices.

[5] Net financial debt is measured as the sum of short-term and long-term financial liabilities minus cash and financial assets (see note 15). It should be noted that the methods for measuring net financial debt comply with 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.

- *Credit risk*
  There are no significant concentrations of credit risk. The Group monitors this risk using adequate assessment and lending procedures with respect to each credit position. In addition, considering that the Group's main customers are established, industry-leading firms, there are no particular risks.

- *Liquidity risk*
  Based on its financial position, the Group rules out the possibility of difficulties in meeting obligations associated with liabilities. The limited use of credit lines as well as the high credit standing of the Group suggests that liquidity risk is insignificant.

The COVID-19 risk

In the first half of 2021, the Group had no significant impacts due to the Coronavirus pandemic; for more details on the effects of the pandemic on the business and on the Group's results, please refer to the specific paragraph of the explanatory notes.

Cyber Security risks

The spread of technologies allowing to transfer and share sensitive information virtually gives rise to computer vulnerabilities that could affect the business and compromise the business continuity of the Group. Given the increasing frequency and breadth of cyber attacks in recent times, IRCE recently launched an analysis and identified potential issues inside and outside the company, and then implemented a Cyber Security plan as well as a recovery procedure.

Climate Change Risks

The Group has examined the climate change risk scenarios relevant to its operations, considering that, on the one hand, copper is the commodity required for the new energy transition, centred on electric grids, automation and development of battery-powered vehicles, and, on the other hand, that the strong demand for this metal could cause procurement issues. At present, the Group is constantly monitoring these scenarios and sees more opportunities than risks in climate change.

The Half-Yearly Financial Report does not include all the risk management information required for preparing the annual financial statements and should be read in conjunction with the financial statements for the year ended 31 December 2020. It is confirmed, however, that the level of risk management, which aims to minimize any negative impacts on the Group's financial performance, has not undergone substantial changes compared to 31 December 2020

Outlook

The forecasts for the 2021 results remain optimistic; the demand for our products was high for the entire first half of the year, and we expect it to consolidate in the second half. However, the procurement of many raw materials at reasonable prices continues to represent an element of risk.

Imola, 15 September 2021

On behalf of the Board of Directors

The Chairman

Mr Filippo Casadio

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
(Unit of Euro)			
ASSETS	**Notes**	**30.06.2021**	**31.12.2020**
NON CURRENT ASSETS			
Goodwill and Other intangible assets	1	100,450	133,008
Property, plant and machinery	2	38,082,622	40,862,438
Equipments and other tangible assets	2	1,529,469	1,542,621
Assets under constructions and advances	2	2,443,790	971,478
Investments	3	104,813	102,137
Non current financial assets	3	5,300	124,882
Deferred tax assets	4	2,211,223	1,386,848
NON CURRENT ASSETS		**44,477,667**	**45,123,412**
CURRENT ASSETS			
Inventories	5	103,187,233	76,230,890
Trade receivables	6	107,222,057	73,906,499
Tax receivables	7	6,604	7,236
Other current assets	8	2,030,283	1,935,970
Current financial assets	9	564,961	1,903,141
Cash and cash equivalent	10	6,552,952	10,259,995
CURRENT ASSETS		**219,564,090**	**164,243,731**
TOTAL ASSETS		**264,041,757**	**209,367,143**

EQUITY AND LIABILITIES	Notes	30.06.2021	31.12.2020
SHAREHOLDERS' EQUITY			
Share capital	11	13,821,563	13,821,563
Reserves	11	111,431,804	106,384,781
Profit (loss) for the period	11	6,647,353	2,725,715
Shareholders' equity attributable to shareholders of Parent Company		**131,900,720**	**122,932,059**
Shareholders equity attributable to Minority interests	11	(304,179)	(308,043)
TOTAL SHAREHOLDERS' EQUITY		**131,596,541**	**122,624,016**
NON CURRENT LIABILITIES			
Non current financial liabilities	12	23,164,997	21,311,962
Deferred tax liabilities		118,604	181,882
Non current provisions for risks and charges	13	796,083	309,344
Non current provisions for post employment obligation	14	4,643,067	4,990,269
NON CURRENT LIABILITIES		**28,722,751**	**26.793,457**
CURRENT LIABILITIES			
Current financial liabilities	15	56,701,122	30,594,634
Trade payables	16	33,879,262	21,200,554
Current tax payables	17	3,788,938	594,843
(of which related parties)		*2,147,540*	*225,605*
Social security contributions		1,713,384	1,950,195
Other current liabilities	18	7,421,459	5,414,449
Current provisions for risks and charges	13	218,300	194,995
CURRENT LIABILITIES		**103,722,465**	**59,949,670**
SHAREHOLDERS' EQUITY AND LIABILITIES		**264,041,757**	**209,367,143**

CONSOLIDATED INCOME STATEMENT			
(Unit of Euro)	Notes	30.06.2021	30.06.2020
Sales revenues	19	228,037,671	136,687,527
Other revenues and income		328,062	588,281
TOTAL REVENUES		**228,365,733**	**137,275,808**
Raw materials and consumables	20	(193,387,840)	(109,853,158)
Change in inventories of work in progress and finished goods		14,286,236	1,194,011
Cost for services	21	(15,764,454)	(11,275,378)
Personnel costs	22	(15,809,565)	(14,328,588)
Amortization /depreciation/write off tangible and intagible assets	23	(4,113,532)	(3,528,816)
Provision and write downs	24	(1,443,908)	(48,717)
Other operating costs	25	(725,275)	(428,819)
EBIT		**11,407,395**	**(993,657)**
Financial income / (charges)	26	(1,350,027)	727,422
RESULT BEFORE TAX		**10,057,368**	**(266,325)**
Income taxes	27	(3,406,150)	(155,395)
NET RESULT FOR THE PERIOD		**6,651,218**	**(421.630)**
Net result for the period attributable to non-controlling interests		3,864	7,514
Net result for the period attributable to the Parent Company		**6,647,354**	**(429,144)**

Earnings/(loss) per share (EPS)

- basic EPS for the period attributable to ordinary shareholders of the Parent Company	28	0.2501	(0.0161)
- diluted EPS for the period attributable to ordinary shareholders of the Parent Company	28	0.2501	(0.0161)

The effects of related party transactions on the consolidated income statement are reported in Note 29 “Related party disclosures”.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME			
(Thousand of Euro)	**Notes**	**30.06.2021**	**30.06.2020**
Net result for the period		**6,651**	**(422)**
Translation difference on financial statements of foreign companies	11	2,960	(10,319)
Total items that will be reclassified to Net result		**2,960**	**(10,319)**
Actuarial gains / (losses) IAS 19	14	201	53
Tax effect	4	(41)	(10)
Total IAS 19 reserve variance	**11**	**160**	**43**
Total items that will not be reclassified to net result		**160**	**43**
Total comprehensive income for the period		**9,770**	**(10,698)**
attributable to shareholders of Parent Company		*9,767*	*(10,706)*
attributable to Minority interest		*4*	*8*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY											
(Thousand of Euro)	**Share capital**	**Capital reserves**		**Profit reserves**					**Equity attributable to shareholders of Parent company**	Equity attributable to minority interest	**Total shareholders' equity**
		Share premium reserve	Other reserves	Legal reserve	IAS 19 reserve	Retained earnings	Translation reserve	Result for the period			
Balance as of 31 December 2019	**13,827**	**40,572**	**45,924**	**2,925**	**(1,196)**	**50,747**	**(22,894)**	**1,942**	**131,847**	**(344)**	**131,501**
Sell / purchase own shares	(5)	(9)							**(14)**		**(14)**
Allocation of previous year profits						1,942		(1,942)			
Other comprehensive income for the period					43		(10,319)	0	**(10,276)**		**(10,276)**
Result for the period								(429)	**(429)**	8	**(421)**
Total comprehensive income for the period	**0**	**0**	**0**	**0**	**43**	**0**	**(10,319)**	**(429)**	**(10,705)**	**8**	**(10,697)**
Balance as of 30 June 2020	**13,822**	**40,563**	**45,924**	**2,925**	**(1,153)**	**52,689**	**(33,213)**	**(429)**	**121,128**	**(336)**	**120,790**
Balance as of 31 December 2020	**13,822**	**40,562**	**45,923**	**2,925**	**(1,212)**	**52,689**	**(34,502)**	**2,726**	**122,932**	**(308)**	**122,624**
Allocation of previous year profits						2,726		(2,726)			
Decreases											
Dividends						(797)			**(797)**		**(797)**
Other comprehensive income for the period					160		2,960		**3,120**	0	**3,120**
Result for the period								6,647	**6,647**	4	**6,651**
Total comprehensive income for the period	**0**	**0**	**0**	**0**	**160**	**0**	**2,960**	**6,647**	**9,767**	**4**	**9,771**
Balance as of 30 June 2021	**13,822**	**40,562**	**45,923**	**2,925**	**(1,053)**	**54,617**	**(31,542)**	**6,647**	**131,902**	**(304)**	**131,598**

With regard to the items of consolidated shareholders' equity, please refer to note 11.

CONSOLIDATED STATEMENT OF CASH FLOWS			
(Thousand of Euro)	**Notes**	**30.06.2021**	**30.06.2020**
OPERATING ACTIVITIES			
Result of the period (Group and Minorities)		**6,651**	**(422)**
Adjustments for:			
Depreciation / Amortization	26	4,114	3,485
Net change in deferred tax (assets) / liabilities		(920)	272
Capital (gains) / losses from disposal of fixed assets		(6)	12
Losses / (gains) on unrealised exchange rate differences		142	22
Provisions for risks		500	-
Income taxes	30	4,326	427
Financial (income) / expenses	29	1,306	(286)
Operating result before changes in working capital		**16,112**	**3,510**
Income taxes paid		(983)	(148)
Financial charges paid	29	(2,317)	(250)
Financial income collected	29	1,011	532
Decrease / (Increase) in inventories	6	(25,933)	(4,612)
Change in trade receivables	7	(31,859)	6,606
Change in trade payables	17	12,631	1,049
Net changes in current other assets and liabilities		(704)	639
Net changes in current other assets and liabilities - related parties		1,992	-
Net changes in non current other assets and liabilities		(145)	(1,051)
CASH FLOW FROM OPERATING ACTIVITIES		**(30,194)**	**6,275**
INVESTING ACTIVITIES			
Investments in intangible assets	2	(10)	(22)
Investments in tangible assets	1	(2,106)	(803)
Investments in subsidiaries, associates, other entities		(1)	-
Disposals of tangible and intangible assets		11	-
CASH FLOW FROM INVESTING ACTIVITIES		**(2,107)**	**(825)**
FINANCING ACTIVITIES			
Repayments of loans	13	(5,087)	(1,086)
Obtainment of loans	13	7,000	-
Net changes of current financial liabilities	16	25,979	413
Net changes of current financial assets	10	1,159	(2,388)
Other effects on shareholders' equity		-	43
Dividends paid to shareholders		(797)	-
Management of own shares (sales/purchases)			(14)
CASH FLOW FROM FINANCING ACTIVITIES		**28,254**	**(3.033)**
NET CASH FLOW FROM THE PERIOD		**(4,047)**	**2,417**
CASH BALANCE AT THE BEGINNING OF THE PERIOD	11	**10,260**	**8,632**
Exchange rate differences		340	(1,496)
NET CASH FLOW FROM THE PERIOD		(4,047)	2,417
CASH BALANCE AT THE END OF THE PERIOD	11	**6,553**	**9,553**

NOTES TO THE CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS

GENERAL INFORMATION

The Half-Yearly Financial Report of IRCE S.p.A and its subsidiaries (hereafter referred to as "IRCE Group" or "Group") as of 30 June 2021 was approved by the Board of Directors of IRCE SpA (hereafter also referred to as the "Company" or the "Parent Company") on 15 September 2021.
IRCE Group owns 9 manufacturing plants and is one of the major players in the European winding wire industry, as well as in the Italian electrical cable sector.
Italian plants are located in the towns of Imola (Bologna), Guglionesi (Campobasso), Umbertide (Perugia) and Miradolo Terme (Pavia), while foreign operations are carried out by Smit Draad Nijmegen BV in Nijmegen (NL), FD Sims Ltd in Blackburn (UK), IRCE Ltda in Joinville (SC – Brazil), Stable Magnet Wire P.Ltd in Kochi (Kerala – India) and Isodra GmbH in Kierspe (D).
The distribution network consists of agents and the following commercial subsidiaries: Isomet AG in Switzerland, DMG GmbH in Germany, Isolveco Srl in liquidation and Isolveco 2 Srl in Italy, Irce S.L. in Spain, and IRCE SP.ZO.O in Poland.
Finally, have been recently established Irce Electromagnetic Wire (Jiangsu) Co. Ltd, with the headquarter in Haian (China) and Irce S.r.o. with the headquarter in Ostrawa (Rep. Ceca), and they are not currently operating.

GENERAL DRAFTING CRITERIA

The Half-Yearly Financial Report has been prepared in accordance with IAS 34 "Interim Financial Reporting", pursuant to the provisions for the condensed interim financial statements, and based on Article 154 ter of the Consolidated Financial Act. The Half-Yearly Financial Report does not therefore include all the information required for preparing the annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020.

The Half-Yearly Financial Report is drafted in euro and all values reported in the notes are stated in thousands of euro, unless specified otherwise.

The financial statements have been prepared in accordance with the provisions of IAS 1; in particular:

- the statement of financial position was drafted by presenting current and non-current assets, and current and non-current liabilities, as separate classifications;
- the income statement was drafted by classifying the items by nature;
- the statement of cash flows was drafted, in accordance with IAS 7, by classifying cash flows during the period into operating, investing and financing activities. Cash flows from operating activities were presented using the indirect method.

The Directors have assessed the applicability of the going concern assumption in the preparation of the Half-Yearly Financial Report, concluding that this assumption is appropriate as there is no doubt about the company's ability to continue as a going concern.

ACCOUNTING STANDARDS

The accounting standards adopted to prepare the Half-Yearly Financial Report as of 30 June 2021 are the same as those used to prepare the consolidated financial statements as of 31 December 2020 to which reference should be made for further details, except for the following.

It should be noted that, for a better representation of the financial statements, the "Share capital", equal to €/000 14.627, has been shown net of the "Reserve for own shares", equal to €/000 805, while at 31 December 2020 the latter item was included among the "Reserves". The comparative consolidated statements of financial position have been adjusted accordingly.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 1 JANUARY 2021

The following accounting standards, amendments and IFRS interpretations were applied for the first time by the Group from 1 January 2021:

Accounting standard / Amendment / IFRS Interpretation	Issuing date	Effective date	Endorsement date
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 e IFRS 16 Interest Rate Banchmark Reform - Phase 2	27 August 2020	1 January 2021	13 January 2021
Amendments to IFRS 4 Insurance Contracts - deferral of IFRS 9	25 June 2020	1 January 2021	15 December 2020

The adoption of these amendments did not have any impact on the Group consolidated financial statements.

ACCOUNTING STANDARDS, AMENDMENTS AND IFRS AND IFRIC INTERPRETATIONS APPROVED BY THE EUROPEAN UNION, NOT YET MANDATORY AND NOT ADOPTED BY THE GROUP IN ADVANCE AS OF 30 JUNE 2021

Accounting standard / Amendment / IFRS Interpretation	Issuing date	Effective date	Endorsement date
Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment , IAS 37 Provisions, Contingent Liabilities and Contingent Assets	14 May 2020	1 January 2022	28 June 2021
Annual Improvements 2018-2020 to IFRS 1, IFRS 9, IAS 41, IFRS 16	14 May 2020	1 January 2022	28 June 2021

The Directors do not expect a significant impact on the Group's consolidated annual financial statements from the adoption of said Accounting standards, Amendments and Interpretations.

ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION AS OF 30 JUNE 2021

Furthermore, as at the reporting date of this document, the European Union competent bodies have not yet completed the approval process required for the adoption of the following accounting standards and amendments:

Accounting standard / Amendment / IFRS Interpretation	Issuing date	Effective date	Expected endorsement date
IFRS 17 Insurance Contracts	18 May 2017	1 January 2023	Undetermined
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current	23 January 2020 e 15 July 2020	1 January 2023	Undetermined
Amendments to: - IFRS 3 Business Combination - IAS 16 Property, Plant and Equipment; - IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Annual Improvements 2018-2020	14 May 2020	1 January 2022	Undetermined
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Estimates	12 February 2021	1 January 2023	Undetermined
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	12 February 2021	1 January 2023	Undetermined
Amendments to IFRS 16 Leases: Covid 19 Related Rent Concessions beyond 30 June 2021	31 March 2021	1 January 2021	31 August 2021
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	7 May 2021	1 January 2023	Undetermined

The Directors do not expect a significant impact on the Group's consolidated annual financial statements from the adoption of said Accounting standards, Amendments and Interpretations.

USE OF ESTIMATES

The drafting of the condensed consolidated half-yearly financial statements pursuant to IFRSs requires to make estimates and assumptions which affect the amounts of the assets and liabilities recognised in the financial statements as well as the disclosure related to contingent assets and liabilities at the reporting date. The final results could differ from these estimates. Estimates are mainly used to recognise the provisions for bad debt, realisable value, inventory obsolescence, depreciation and amortisation, impairment of assets, employee benefits, and taxes. The estimates and assumptions are reviewed periodically and the effects of each change are reflected in the income statement.

SCOPE OF CONSOLIDATION

The following table shows the list of companies included in the scope of consolidation as of 30 June 2021:

Company	% of investment	Registered office	Share capital		Consolidation
Isomet AG	100%	Switzerland	CHF	1,000,000	line by line
Smit Draad Nijmegen BV	100%	Netherlands	€	1,165,761	line by line
FD Sims Ltd	100%	UK	£	15,000,000	line by line
Isolveco Srl in liquidation	75%	Italy	€	46,440	line by line
DMG GmbH	100%	Germany	€	255,646	line by line
IRCE S.L.	100%	Spain	€	150,000	line by line
IRCE Ltda	100%	Brazil	BRL	157,894,223	line by line
ISODRA GmbH	100%	Germany	€	25,000	line by line
Stable Magnet Wire P.Ltd.	100%	India	INR	165,189,860	line by line
IRCE SP.ZO.O	100%	Poland	PLN	200,000	line by line
Isolveco 2 S.R.L.	100%	Italy	€	10,000	line by line
Irce Electromagnetic Wire (Jiangsu) Co. Ltd	100%	China	CNY	15,209.587	line by line
Irce S.r.o.	100%	Czech Republic	CZK	3.300.000	line by line

In the first quarter of 2021, the company IRCE s.r.o, wholly owned by the Parent Company IRCE Spa, was established in the Czech Republic.

The main exchange rates used to convert the figures of foreign countries into euros in the current and previous comparative periods were as follows:

	30 June 21		31 December 20		30 June 20	
Currency	**Average**	**Spot**	**Average**	**Spot**	**Average**	**Spot**
GBP	0.8683	0.85805	0.8892	0.8990	0.8743	0.9124
CHF	1.0943	1.0980	1.0703	1.0802	1.0639	1.0651
BRL	6.8928	5.9050	5.8898	6.3735	5.4169	6.1118
INR	88.3949	88.3240	84.5790	89.6605	81.6766	84.624
CNY	7.7969	7.6742	7.8707	8.0225	7.7742	7.9219
PLN	4.5369	4.5201	4.4431	4.5597	4.4136	4.4560
CZK	25.396	25.4880				

COVID-19 - IMPACTS OF THE PANDEMIC - UPDATES

The increase in vaccinations during the first half of 2021 gave rise to a marked decline in the infections of Covid-19 at a global level and allowed a gradual attenuation of the social distancing measures in the areas where the percentage of the vaccinated population is greatest, such as the United States, the United Kingdom and the European Union.
However, infections remained high in some emerging economies; mobility restrictions were also accentuated in Japan. Since June, the emergence of a more contagious variant of the virus has resulted in an increase in cases in many countries without, however, leading to an increase in deaths where vaccination is greater.

The general improvement in the situation related to the coronavirus pandemic (Covid-19) has allowed a recovery of global economic activity and world trade, with prospects for further improvement, albeit heterogeneously between different areas.

Consistently with the previous year, in order to reduce the risk of contagion and respond to the Government orders to contain the pandemic, each company of the Group has implemented specific internal procedures such as the sanitising premises, taking temperatures at the entrance, using of masks, distancing, using gel sanitiser as well as, when deemed necessary, using remote working.

In this context, the Irce Group continued to produce regularly, promptly coping with the significant orders increase which began at the end of 2020 and continued in the first quarter of 2021.

As regards the supply chain, the difficulty in finding raw materials on the world market has not currently had a significant impact on the Group's production. Nevertheless, the potential impact on the business associated with this risk is carefully monitored although the Group can benefit from a wide geographical diversification as well as from multiple sources of supply in the various countries.

With regard to customers and the valuation of final inventories, no critical elements emerged from the analyzes carried out.

With respect to potential liquidity risks, it should be noted that the Group still maintains a solid financial position; Net Financial Debt, albeit increasing compared to December 31, 2020 due to the dynamics of working capital, is equal to € 72.7 million at 30 June 2021 while available and unused credit lines amounted to € 61.0 million at the same date.

Considering the above, the Directors believe that the current financial conditions allow the Group to support its growth and the achievement of the stated objectives.

SEGMENT REPORTING

IFRS 8 defines an operating segment as follows. An operating segment is a component of an entity:
a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
b) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
c) for which discrete financial information is available.

Strategic decisions, including the allocation of financial resources, are the responsibility of the Chairman of the Board of Directors of the Parent Company as well as the Parent Company's General Manager—the top operational decision-making level.

At least on a quarterly basis, the General Manager assesses and monitors the Group's performance by geographic area of production of operating results.

In accordance with IFRS 8, the companies of the IRCE Group were grouped in the following 3 operating segments, considering their similar economic characteristics:

- Italy: Irce SpA, Isolveco 2 Srl and Isolveco Srl in liquidation;
- EU: Smit Draad Nijemegen BV, DMG Gmbh, Irce S.L., Isodra Gmbh and IRCE SP. ZO.O., Irce S.r.o.
- Non-EU: FD Sims Ltd, Irce Ltda, Isomet AG, Stable Magnet Wire Ltda Irce Electromagnetic Wire (Jiangsu)

Below is the income statement broken down by operating segments of the Irce Group, compared with the period 30 June 2020, as well as the balance sheet balances of intangible and tangible fixed assets, compared with 31 December 2020:

€/000	Italy	UE	Non-EU	Consolidation entries	Irce Group Total
Current period					
Revenues	154,547	19,680	61,818	(8,008)	228,038
Ebitda	11,273	(503)	6,222	(28)	16,965
Ebit	7,764	(901)	4,571	(28)	11,407
Financial income / (charges)	-	-	-	-	(1,350)
Taxes	-	-	-	-	(3,406)
Result for the period	-	-	-	-	6,651
Intangible assets	61	-	39	-	100
Tanbgible assets	21,486	5,725	14,835	-	42,056
Comparative period					
Sales revenues	85,366	19,463	36,075	(4,187)	136,687
Ebitda	1,502	(23)	1,059	46	2,584
Ebit	(340)	(553)	(170)	69	(994)
Financial income / (charges)	-	-	-	-	727
Taxes	-	-	0	-	(155)
Result for the period	-	-	0	-	(422)
Intangible assets	83	-	50	-	133
Tanbgible assets	21,741	6,032	15,603	-	43,377

DERIVATIVE INSTRUMENTS

The Group uses the following types of derivative instruments:

- Derivative instruments related to copper forward purchase and sale transactions with maturity after 30 June 2021. The Group entered into sale contracts to hedge against price decreases relating to the availability of raw materials, and purchase contracts to prevent price increases relating to sale commitments with fixed copper values. The fair value of copper forward contracts outstanding at the reporting date is determined on the basis of forward prices of copper with reference to the maturity dates of contracts outstanding at the reporting date. These transactions do not qualify as hedging instruments for the purposes of hedge accounting and, therefore, they affected the result for the period.

Below is a summary of cooper commodity derivative contracts for forward sales and purchases, outstanding as of 30 June 2021:

Measurement unit of the notional amount	Net notional amount - tonnes		Result with fair value measurement as of 30/06/2021		
	Assets	Liabilities	Assets - €/000	Liabilities - €/000	Net carrying amount - €/000
Non-current assets and liabilities					
Tonnes	875	1025	581	(276)	305
Total			**581**	**(276)**	**305**

- Derivative instruments related to USD and GBP forward purchase and sale transactions with maturity after 30 June 2021. These transactions do not qualify as hedging instruments for the purposes of cash flow hedge accounting and, therefore, they affected the result for the period.

Below is a summary of the currency derivative contracts for forward sales and purchases, outstanding as of 30 June 2021:

Measurement unit of the notional amount	Net notional amount - currency		Result with fair value measurement as of 30/06/2021		
	Assets/000	Liabilities/000	Assets - €/000	Liabilities - €/000	Net carrying amount - €/000
Current financial assets and liabilities					
USD	520	(1.040)	12	(26)	(14)
GBP		6,000		(403)	(403)
Total			**12**	**(429)**	**(417)**

- Derivative instruments related to electricity purchase obligations with a maturity date after 30 June 2021. These transactions do not qualify as hedging instruments for the purposes of cash flow hedge accounting.

Below is a summary of the electricity derivative contracts for forward purchases and sales, outstanding as of 30 June 2021:

Measurement unit of the notional amount	Net notional amount - MWh		Result with fair value measurement as of 30/06/2021		
	Assets	Liabilities	Assets - €/000	Liabilities - €/000	Net carrying amount - €/000
Current assets and liabilities					
MWh	2,208		110		110
Total			**110**		**110**

COMMENT ON THE MAIN ITEMS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. INTANGIBLE ASSETS

This item refers to intangible assets from which future economic benefits are expected.

The following table shows the changes in their net carrying amount for the first half of 2021:

€/000	Patents and intellectual property rights	Licenses, trademarks, similar rights and multi-year charges	Total
Opening balance current period	**41**	**92**	**133**
Purchases	6	4	10
Amortization	(14)	(29)	(43)
Reclassifications	-	-	-
Effect of exchange rates	-	-	-
Closing balance current period	**33**	**67**	**100**

It should be noted that research costs are incurred periodically and, in the absence of the conditions required by IAS 38 for their possible capitalisation, they are recognised in the income statement.

2. TANGIBLE ASSETS

€/000	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Opening balance current period	**12,820**	**12,340**	**15,702**	**1,071**	**472**	**971**	**43,377**
Investments	-	8	149	258	70	1,622	2,107
Amortization	(14)	(565)	(2,997)	(224)	(122)	-	(3,922)
Riclassifications	-	-	-	79	(75)	(4)	-
Write-downs	-	-	-	-	-	(149)	(149)
Disposals - Historical cost	-	-	-	-	(50)	-	(50)
Disposals - Depreciation Fund.	-	-	-	-	45	-	45
Effect of exchange rates	89	211	339	(1)	7	3	648
Closing balance current period	**12,895**	**11,994**	**13,193**	**1,183**	**347**	**2,443**	**42,056**

Investments of the Group in the first half of 2021, not including Right-of-use assets, amounted to € 2.11 million and mainly related to machinery of IRCE S.p.A. and the Brazilian subsidiary IRCE Ltda.

It should be noted that the closing balance as at 30 June 2021, equal to € 42.06 million, includes Right-of-use assets for € 1.5 million (€ 1.7 million as at 31 December 2020). In particular, Land includes the investment for € 1.3 million made by the Chinese subsidiary to acquire the 50-year concession for the land on which the production site will be built.

The "Write down" of the period, equal to € 0.15 million, refers to plant and machinery under construction of the Parent Company and the Indian subsidiary.

Impairment Test

As envisaged by IAS no. 36, tangible fixed assets, such as plants, machinery and equipment, as well as intangible fixed assets must be impairment tested: separately, if they can generate their own cash flows, or on a CGU level, if they cannot generate their own cash flows (IAS 36.22). For assets with a definite useful life, impairment testing is only carried out where there is an indication that value may have been lost; instead, for assets with an undefined useful life, impairment testing is carried out at least once a year (IAS 36.11). The Irce Group does not own assets with an indefinite useful life and in relation to assets with a definite useful life the Directors point out that, in consideration of the final results in the first half of 2021, aligned with the estimates of the business plan used for the preparation of the impairment test at 31 December 2020 and taking into account current market trends and expectations, the Group evaluate to be able to achieve the objectives set by the aforementioned business plan and, therefore, they believe that as at 30 June 2021 there are no impairment indicators for assets with a defined useful life recorded in the consolidated financial statements of the Group at 30 June 2021.

3. OTHER NON-CURRENT FINANCIAL ASSETS AND RECEIVABLES

Other non-current financial assets and receivables are broken down as follows:

€/000	30 June 2021	31 December 2020
Equity investments in other companies	105	102
Other non current receivables	5	125
Total investments and non-current finanacial assets	**110**	**227**

The item "equity investments in other companies" refers to a shareholding entirely held by the Indian subsidiary Stable Magnet Wire P. Ltd.

4. DEFERRED TAX ASSETS AND LIABILITIES

A breakdown of deferred tax assets and liabilities is shown below:

€/000	30 June 2021	31 December 2020
Deferred tax assets	2,211	1,387
Deferred tax liabilities	(119)	(182)
Total deferred tax assets and liabilities	**2,093**	**1,205**

It should be noted that deferred tax assets are offset against related deferred tax liabilities within the same tax jurisdiction.

Here below is the changes of the period of Deferred tax assets and Deferred tax liabilities.

€/000	Opening balance	Increases	Decreases	Equity effects	Exchange rate differences	Closing balance
Deferred tax assets	1,387	2,048	(1,221)	(8)	6	2,211
Deferred tax liabilities	(182)	-	94	(33)	3	(119)
Total	**1,205**	**2,048**	**(1,128)**	**(41)**	**9**	**2,093**

The changes of deferred tax assets mainly refer to provision for write down inventory, bad debt provision, provision for risks and charges, provision for employee benefits as well as losses carried forward.

5. INVENTORIES

Inventories are broken down as follows:

€/000	30 June 2021	31 December 2020
Raw materials, ancillary and consumables	39,419	27,179
Work in progress and semi-finished goods	19,444	10,893
Finished products and goods	48,650	41,835
Provision for write down of raw materials	(2,903)	(2,865)
Provision for write down of finished products and goods	(1,423)	(811)
Total inventories	**103,187**	**76,231**

Inventories are not pledged nor used as collateral.

The provision for write-down of raw materials corresponds to the amount deemed necessary to cover the risks of obsolescence, mainly of packaging, whilst the provision for write-down of finished products and goods is set aside against slow-moving or non-moving finished products and to align their value to their estimated realisable value.

The significant change in the period is due to the increase in volumes in stock and in the price of the raw material. The quotation of copper has in fact increased steadily compared to the end of December 31, 2020 by 6.31 € / kg, reaching in May the average monthly values of 8.38 € / kg, while in June, following a drop in prices, the monthly average values settled at € / kg 7.98.

The table below shows the changes in the provision for write-down of inventories in the first half of 2021:

€/000	Opening balance	Allocation to provisions	Use of provisions	Effect of exchange rates	Closing period
Provision for write-down of raw materials	(2,865)	(58)	30	(9)	(2,903)
Provision for write-down of finished goods	(811)	(585)	-	(27)	(1,423)
Total provision for write-down	**(3,676)**	**(643)**	**30**	**(36)**	**(4,326)**

6. TRADE RECEIVABLES

€/000	30 June 2021	31 December 2020
Customers/bills receivable	108,950	74,766
Bad debt provision	(1,728)	(859)
Total trade receivables	**107,222**	**73,907**

The balance of receivables due from customers is entirely composed of receivables due within the next 12 months.

The increase of trade receivables is substantially attributable to the raise of Group's turnover compared to the last quarter of 2020.

Trade receivables sold without recourse during the period amounted to € 26.4 million (€ 30.0 million at 31 December 2020) of which € 26.1 million relating to invoices sold but not yet due as at 30 June 2021 (€ 16.6 million at December 31, 2020).

The table below shows the changes in the bad debt provision during the first half of 2021:

€/000	Opening balance	Allocation to provisions	Use of provisions	Effect of exchange rates	Closing balance
Bad debt provision	(857)	(916)	56	(11)	(1,728)

The increase in the Bad debt provision is mainly due to the updated estimation of "expected losses", as the possible renewal of the insurance policy on trade receivables expired at the beginning of the year is still being assessed.

7. TAX RECEIVABLES

Tax receivables refer to tax advances paid partially offset by current tax payables within the same tax jurisdiction.

8. RECEIVABLES DUE FROM OTHERS

The item is broken down as follows:

€/000	30 June 2021	31 December 2020
Accrued income and prepaid expenses	180	63
Social securities receivables	45	19
Other current assets	803	1,126
VAT receivables	1,002	728
Total trade receivables	**2,030**	**1,936**

The increase in "Accrued income and prepaid expenses" is due to services pertaining to the entire year invoiced at beginning of the period.

"Other current assets" mainly refers to deposits paid and insurance reimbursements.

The increase in "VAT receivables" is manily attributable to the Brazilian subsidiary, only partially offset by the decrease of the VAT balance of the Parent Company. It should be reminded that the VAT receivable is offset within the same tax jurisdiction if, and only if, the entity has the right to offset the recognised amounts and intends to settle on a net basis.

9. OTHER CURRENT FINANCIAL ASSETS

€/000	30 June 2021	31 December 2020
Mark to Market copper forward transactions	305	572
Guarantee deposits and other current financial assets	150	1,293
Mark to market energy forward transactions	110	38
Total current financial assets	**565**	**1,903**

The items "Mark to Market copper forward transactions" and "Mark to market energy forward transactions" refer to the Mark to Market (Fair Value) measurement of copper and energy outstanding as of 30/06/2021 of the Parent Company IRCE SpA.

The change of item "Guarantee deposits and other current financial assets" is due to the repayment of the margin calls ("hedging requests") deposited with the brokers for copper forward transactions on the LME (London Metal Exchange).

10. CASH AND CASH EQUIVALENTS

This item includes bank deposits, cash and cash equivalents.

€/000	30 June 2021	31 December 2020
Bank and postal deposits	6,542	10,249
Cash and cash equivalents	11	11
Total cash and cash equivalents	**6,553**	**10,260**

Short-term bank deposits are remunerated at floating rates. Bank deposits outstanding as of 30 June 2021 are not subject to constraints or restrictions.

11. SHAREHOLDERS' EQUITY

Share capital

The share capital is composed of 28,128,000 ordinary shares worth € 14,626,560 without par value. The shares are fully subscribed and paid up and bear no rights, privileges or restrictions as far as dividend distribution and capital distribution, if any, are concerned.

The number of treasury shares as of 30 June 2021 are 1,548,088, i.e. 5.5% of the share capital.
Therefore the outstanding shares are n. 26,579,912. No changes took place during the period.

The table below shows the break down of the share capital:

€/000	30 June 2021	31 December 2020
Subscribed share capital	14,627	14,627
Treasury shares	(805)	(805)
Total share capital	**13,822**	**13,822**

Shareholders' equity is detailed below:

€/000	30 June 2021	31 December 2020
Share capital	13,822	13,822
Share premium reserve	40,539	40,539
Revaluation reserve	22,328	22,328
Treasury share premium reserve	24	24
Legal Reserve	2,925	2,925
IAS 19 Reserve	(1,053)	(1,212)
Extraordinary Reserve	45,075	44,662
Other reserve	23,595	23,595
Retained earnings / losses carried forward	9,542	8,027
Foreign currency translation reserve	(31,543)	(34,502)
Result for the period	6,647	2,726
TOTAL GROUP SHAREHOLDERS' EQUITY	**131,901**	**122,932**
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(304)	(308)
TOTAL SHAREHOLDERS' EQUITY	**131,597**	**122,624**

IAS 19 reserve

This reserve includes actuarial gains and losses accumulated as a result of the application of IAS 19 Revised.

The change in the reserve is as follows:

balance as of 31/12/2020	(1,212)
Actuarial valuation	201
Tax effect on actuarial valuation	(41)
Balance as of 30/06/2021	(1,053)

Foreign currency translation reserve

The change in the translation reserve, equal to € 2,96 million, is mainly due to the revaluation of the Brazilian real against the Euro.

12. NON-CURRENT FINANCIAL LIABILITIES

Here below is the breakdown:

€/000	30 June 2021	31 December 2020
Financial liabilities due to banks	22,975	21,069
IFRS 16 financial liabilities	190	243
Total non-current financial liabilities	**23,165**	**21,312**

The table below shows the breakdown of non-current loans outstanding at year-end, highlighting, in particular, the type of rate and due date.

€/000	Currency	Rate	Company	30/06/2021	31/12/2020	Due date
Banco di Imola	EUR	Floating	IRCE SpA	5,500	5,500	2026
Unicredit	EUR	Floating	IRCE SpA	6,000	10,000	2025
Mediocredito	EUR	Floating	IRCE SpA	2,769	3,231	2025
Banco Popolare	EUR	Floating	IRCE SpA	1,250	1,875	2023
M.P.S.	EUR	Floating	IRCE SpA	7,000	-	2025
Credit Suisse	CHF	Zero	Isomet AG	455	463	2025
IFRS 16	EUR	Floating	Isodra Gmbh	117	139	2025
IFRS 16	EUR	Floating	IRCE SpA	27	39	2023
IFRS 16	EUR	Floating	IRCE SL	47	60	2023
IFRS 16	EUR	Floating	Magnet Wire Ltd	-	5	2022
Total				**23,165**	**21,312**	

It should be noted that as at 31 December 2020 all the financial constraints relating to existing loans, where envisaged, were fully satisfied. At 30 June 2021, however, the compliance with financial constraints is not envisaged as the "testing date" is contractually at the end of the year.

The IFRS 16 items derive from the application of the accounting standard on "Leases"; in particular the lease contracts stipulated by the Group relate to lease contracts for properties and cars.

13. PROVISIONS FOR RISKS AND CHARGES

The movements of the provisions for risks and charges - non current and current – as at 30 June 2021 are shown below:

€/000	Opening balance	Provisions	Use of provisions	Closing balance
Provision for severance payments to agents	140	-	-	140
Provisions for risks and disputes	169	500	(13)	656
Total provision for risks and charges - non current	**309**	**500**	**(13)**	**796**

€/000	Opening balance	Provisions	Use of provisions	Closing balance
Provision for severance payments to agents	1	15	(1)	15
Provisions for risks and disputes	194	35	(26)	203
Total provision for risks and charges - current	**195**	**50**	**(27)**	**218**

The item "Provision for severance payments to agents" refers to allocations made for severance payments relating to outstanding agency contracts of the Parent Company.

The "Provision for risks and disputes" refer mainly to the Parent Company and the subsidiaries FD Sims and Smit Draad Nijmegen. The increase for the period is mainly due to the provision made, with the support of its consultants, against a lawsuit still in a preliminary phase for the English subsidiary.

The Directors also point out that in May 2021, the Brazilian Supreme Court of Justice (Receipta Federal do Brasil – RFB) issued a ruling that it irrevocably stated that the ICMS regional tax should be excluded from the basis for calculating PIS and Cofins federal taxes. Therefore, the Brazilian subsidiary has the right to claim for reimbursement for the extra PIS and Cofins taxes paid to the Brazilian Treasury in relation to sales invoices issued from March 2017. Although the ruling is final, the Directors have considered appropriate to not include the tax income in this half-yearly report waiting for an appropriate clarification that allow to have a complete and exhaustive picture of the actual financial convenience to request the reimbursement. On the basis of a preliminary estimate, the potential effect on the income statement resulting from the recording of this financial gain would be less than Euro 1 million.

14. PROVISIONS FOR EMPLOYEE DEFINED BENEFITS

The table below shows the changes in the Provision for employee defined benefits:

€/000	Opening balance	Provisions	Provisions / utilization actuarial Ias 19	Utilization/ payments	Exchange rate differences	Closing balance
Provision for employee defined benefit - non current	4,990	56	(201)	(188)	14	4,643
Total	**4,990**	**56**	**(201)**	**(188)**	**(14)**	**4,643**

The Provision includes €/000 3,668 related to the Parent Company IRCE S.p.A., €/000 836 related to the subsidiary ISOMET AG, €/000 65 related to the subsidiary Isolveco SRL, €/000 24 related to the subsidiary Isolveco 2 SRL as well as €/000 51 related to the subsidiary Magnet Wire.

The Provision for employee benefits is part of the defined benefit plans. In order to determine the relevant liability, the Company used the Projected Unit Credit (PUC) cost method, which consists in the following:

- it projected up to the estimated future payment date the employee termination indemnity (TFR) accrued by each employee and reassessed as of the date of the financial statements;
- it calculated probable TFR payments referred to above that the company will have to make in the event that the employee leaves the company following dismissal, resignation, disability, death and retirement, as well as in the event of advance payment requests;
- it discounted, at the measurement date, each payment based on the probability of occurrence.

Below are the assumptions used by the actuary for the measurement of the provision for employee benefits with reference to the main Group companies, IRCE S.p.A. and Isomet AG respectively:

A) Parent Company IRCE S.p.A.

Demographic assumptions:

- death: RG48 mortality tables issued by the State General Accounting Department;
- disability: INPS tables based on age and gender;
- pension: 100% on reaching the requirements of the general compulsory insurance (AGO, Assicurazione Generale Obbligatoria).

Technical-economic assumptions:

	30/06/2021	31/12/2020
Annual discount rate	0.25%	-0.02%
Annual inflation rate	0.80%	0.80%
Annual rate of increase of employee termination indemnities	2.10%	2.10%

With regard the discount rate, in line with paragraph 83 of IAS 19, the IBOXX Corporate AA index with a 7-10-year duration as of the measurement date was used as a benchmark for the discount rate.

The annual rate of increase of employee termination indemnities, as envisaged by art. 2120 of the Italian Civil Code, is equal to 75% of inflation, plus 1.5 percentage points.

Sensitivity analysis of the main measurement parameters:

(Thousand of Euro)	DBO 30/06/2021	DBO 31/12/2020
Turnover rate + 1%	3,644	3,826
Turnover rate -1%	3,694	3,890
Inflation rate + 0.25%	3,712	3,905
Inflation rate – 0,25%	3,624	3,810
Discount rate + 0.25%	3,598	3,781
Discount rate – 0.25%	3,741	3,935

Service cost: 0.00
Duration of the plan: 8.4

B) ISOMET

Demographic and technical-economic assumptions:

	30/06/2021	31/12/2020
Discount rate	0.35%	0.20%
Interest rate on capital	0.50%	0.50%
Salary increase rate	1.00%	1.00%
Mortality tables	BVG2015 GT	BVG2015 GT

Sensitivity analysis of ISOMET AG's main measurement parameters:

(Thousand of Euro)	DBO 30/06/2021	DBO 31/12/2020
Discount rate -0.25%	4,434	5,006
Discount rate + 0.25%	4,104	4,586
Interest rate on capital -0.25%	4,221	4,744
Interest rate on capital +0.25%	4,306	4,834
Salary increase rate -0.25%	4,247	4,766
Salary increase rate +0.25%	4,280	4,806
Life expectancy +1 year	4,363	4,898
Life expectancy -1 year	4,162	4,678

2022 service cost with +0.25% discount rate: €/000 86
2022 service cost with +0.25% interest rate on capital: €/000 95
Duration of the plan: 15.5.

15. CURRENT FINANCIAL LIABILITIES

Current financial liabilities are broken down as follows:

€/000	30 June 2021	31 December 2020
Payables due to banks	56,164	30,384
Current financial liabilities - IFRS 16	120	138
Mark to market derivatives – exchange rate	417	73
Total current financial liabilities	**56,701**	**30,595**

The item "Mark to Market derivatives – exchange rate" refers to the Mark to Market (Fair Value) measurement of USD and GBP forward contracts outstanding as of 30/06/2021 of the Parent Company IRCE SpA.

IFRS 16 refers to the application of the accounting standard on "leases", in particular the lease contracts stipulated by the Group relate to lease contracts for properties and cars.

Starting from this half-year report, the Group applied the new "**Net financial position**" scheme provided for by Consob's Notice no. 5/21 of 29 April 2021, which incorporates the ESMA Guideline published on 4 March 2021.

€/000	30 June 2021	31 December 2020
Cash	6,553	10,260
Other current financial assets	565	1,903
Liquid assets	**7,118**	**12,163**
Current financial liabilities	(54,528)	(28,422)
Long term loans - current portion	(2,173)	(2,173)
Net current financial indebtedness	**(49,583)**	**(18,432)**
Non-current financial liabilities	(23,165)	(21,312)
NET FINANCIAL INDEBTEDNESS	**(72,748)**	**(39,744)**

Consolidated net financial debt, at the end of June 2021, was € 72.75 million, up from € 39.74 million at the end of 2020, as a result of the growth in sales volumes and the cooper price.

16. TRADE PAYABLES

Trade payables are all due in the following 12 months.
As of 30 June 2021, they totalled €/000 33,879 compared to €/000 21,201 as of 31 December 2020.

The increase in trade payables is mainly due to the higher quantity of copper in transit at 30 June 2021 compared to the previous year as well as to additional supplies of metal received at the Parent Company's plant in June and paid at the beginning of July.

17. TAX PAYABLES

The item, equal to € / 000 3,789, refers to income tax payables, of which €/000 2,148 represent the liability vs the Parent Company Aequafin with which a National Tax Consolidation contract is in place.

18. OTHER CURRENT LIABILITIES

Other payables are broken down as follows:

€/000	30 June 2021	31 December 2020
Payables due to employees	4,182	3,119
Accrued liabilities and deferred income	307	307
Other payables	371	628
VAT payables	2,205	885
Employee IRPEF (personal income tax) payables	356	475
Total other current liabilities	**7,421**	**5,414**

The increase of VAT payables is mainly due to the Parent Company.

COMMENT ON THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

19. REVENUES

These refer to revenues from the sale of goods, net of returns, rebates and the return of packaging. Consolidated turnover in the first six months of 2021, equal to €/000 228,038, increased by 66.83% compared to the prior year period (€/000 136,688), the latter negatively impacted by the Covid 19 pandemia.
For additional details, see the note on segment reporting.

20. COSTS FOR RAW MATERIALS AND CONSUMABLES

This item, equal to € 193.4 million, includes respectively for € 201,05 costs incurred for the acquisition of raw materials, the most significant of which are copper, insulating materials and materials for packaging and maintenance, for € 3,99 million the purchase of finished goods, partially offset, for € 11.55 million, by the positive change in inventory of raw materials and consumables.

21. COSTS FOR SERVICES

These include costs incurred for the supply of services pertaining to copper processing as well as utilities, transportation, commercial and administrative services, and the costs for the use of third-party assets, as detailed below:

€/000	30 June 2021	30 June 2020	Change
External processing	3,039	2,280	759
Utility expenses	6,366	3,760	2,606
Maintenance	936	856	80
Transport of sales and purchase	2,613	2,063	550
Payable fees	70	141	(71)
Statutory auditors compensation	37	37	-
Other services	2,600	2,008	592
Costs for the use of third-party goods	103	130	(27)
Total cost for services	**15,764**	**11,275**	**4,489**

The change in costs for services, in particular in variable costs (external works, utilities and transport costs), is linked to the significant increase of production, essentially in Italy and in the Brazilian plant as well as, with the particular reference to the electricity, to the higher unit cost per MWh.

The item “Other services” includes primarily technical, legal and tax consulting fees as well as insurance and business expenses.

22. PERSONNEL COSTS

Personnel costs are detailed as follows:

€/000	30 June 2021	30 June 2020	Change
Salaries and wages	10,720	9,857	863
Social security charges	2,674	2,492	182
Retirement costs for defined contribution plans	729	719	10
Other personnel costs	1,687	1,261	426
Total personnel costs	**15,810**	**14,329**	**1,481**

The item "Other personnel costs" includes costs for temporary work, contract work, and the compensation of Directors.

The increase in personnel costs is attributable to the fact that in the first half of 2020, to cope with the drop in production due to the Covid-19 pandemic, the available holidays were used and Irce SpA had recourse to temporary layoff funds.

The Group's average number of personnel for the period and the current number at the reporting date is shown below:

Personnel	Average 1st half 2021	Average 1st half 2020	30/06/2021
- Executives/Managers	25	22	25
- White collars	156	157	153
- Blue collars	543	528	540
Total	**724**	**707**	**718**

The number of employees is calculated according to the Full-Time Equivalent method and includes both internal and external (temporary and contract) staff.
Personnel is classified according to the type of employment contract.

23. DEPRECIATION/AMORTISATION AND IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

Here is the breakdown of depreciation/amortisation:

€/000	30 June 2021	30 June 2020	Change
Amortisation of intangible assets	43	36	7
Depreciation of tangible assets	3,839	3,449	390
Depreciation IFRS 16	83	44	39
Write-downs of tangible assets	149	-	149
Total amortisation/depreciation	**4,114**	**3,529**	**585**

24. PROVISIONS AND WRITE-DOWNS

Provisions and write-downs are broken down as follows:

€/000	30 June 2021	30 June 2020	Change
Write-downs of receivables	916	49	867
Receivables losses	28	-	28
Provision for risks	500	-	500
Total provisions and write-downs	**1,444**	**49**	**1,395**

See the sections "Provisions for risks and charges" and "Trade receivables" for the comment on the "Provisions for risks" and write-down of receivables.

25. OTHER OPERATING COSTS

Other operating costs are broken down as follows:

€/000	30 June 2021	30 June 2020	Change
Other taxes and indirect taxes	624	150	474
Capital losses on disposals of assets	38	16	22
Other costs	63	263	(200)
Total other operating costs	**725**	**429**	**296**

The change in the item "Taxes and non-income taxes", mainly relating to the Brazilian subsidiary, is attributable both to the reclassification in this report of the ICMS, PIS and Cofins taxes, included up to last year in the "Other costs" and to the increase in turnover, compared to the previous period, which represents the taxable base of these taxes.

26. FINANCIAL INCOME AND CHARGES

Financial income and charges are broken down as follows:

€/000	30 June 2021	30 June 2020	Change
Financial income	1,011	814	197
Financial charges	(2,317)	(528)	1,789
Foreign exchange gains/(losses)	(44)	441	(485)
Total financial income and charges	**(1,350)**	**727**	**2,077**

The item "Financial income" includes € 0.91 million of interest income on payment extension granted to customers mainly by the Brazilian subsidiary and € 0.10 million of net effect of derivatives on electricity.

The item "Financial charges" essentially includes € 1.36 million of net effect of forward transactions on cooper, both already settled during the half year and from valuation at the end of the period, as well as € 0.82 million of charges related to the discount without recourse of trade receivables mainly by the Brazilian subsidiary.

The negative balance of the item "Exchange gains/(losses)" includes for € 0.36 million the net effect of forward currency transactions, both already settled during the half year and from valuation at the end of the period, partially offset by realized and unrealized exchange differences for a total of € 0.32 million.

27. INCOME TAXES

€/000	30 June 2021	30 June 2020	Change
Current taxes	(4,326)	(427)	(2,829)
Deferred tax assets/(liabilities)	921	272	124
Total income tax	**(3,405)**	**(155)**	**(1,875)**

28. EARNINGS PER SHARE

As required by IAS 33, here below are the disclosures on the data used to calculate basic and diluted earnings per share.

For the purposes of calculating the basic earnings per share, the profit or loss for the period less the portion attributable to non-controlling interests was used as the numerator. In addition, it should be noted that there were no preference dividends, settlements of preference shares, and other similar effects to be deducted from the profit or loss attributable to the ordinary equity holders. The weighted average number of ordinary shares outstanding was used as the denominator; this figure was calculated by deducting the average

number of own shares held during the period from the overall number of shares composing the share capital.
Basic and diluted earnings per share were equal, as there are no ordinary shares that could have a dilutive effect and no shares or warrants that could have a dilutive effect will be exercised.

	30/06/2021	30/06/2020
Net result attributable to shareholders of the Parent Company	6,647,353	(429,144)
Average weighted number of ordinary shares used to calculate basic earnings per share	26,579,912	26,579,912
Basic earnings/(loss) per share	0.2501	(0.0161)
Diluted earnings/(loss) per share	0.2501	(0.0161)

29. RELATED PARTY DISCLOSURES

In compliance with the requirements of IAS 24, the half-yearly compensation for the members of the Board of Directors of the Parent Company is shown below:

€/000	Compensation for the office held	Compensation for other tasks	Total
Directors	108	159	267

This table shows the compensation paid for any reason and in any form, excluding social security contributions.

In addition, it should be noted that Irce SpA has a tax payable vs the consolidating company Aequafin SpA of €/000 226 deriving from the National Tax Consolidation Agreement.

30. MANAGEMENT OF TRADE RECEIVABLES

The classification of receivables takes into account any positions subject to renegotiation.

Risk level	30/06/2021 Exposure €/000	30/06/2020 Exposure €/000
Low	76,227	33,898
Medium	21,983	17,998
Above-average	9,902	1,219
High	838	872
Total	**108,950**	**53,987**

Due date	30/06/2021 Exposure €/000	30/06/2020 Exposure €/000
Not yet due	58,120	30,734
< 30 days	48,093	19,228
31-60	1,218	1,585
61-90	201	407
91-120	18	387
> 120	1,300	1,647
Total	**108,950**	**53,987**

The Fair Value of trade receivables corresponds to their nominal exposure net of the provision for bad debts.

The bad debt provision, equal to €/000 1,728, refers for €/000 1,028 to the ranges between "91-120" and "> 120" days and to the "Above average" and "High" risk level while for the residual €/000 700 to the previous ranges, with "Minimum" and "Medium" risk levels.

Please note that there are no clients generating revenue for the Group that exceeds 10% of total revenue.

31. EVENTS AFTER THE REPORTING PERIOD

No significant events occurred between the reporting date and the date when the financial statements are prepared.

Certification of the condensed consolidated half-yearly financial statements pursuant to Article 154-bis, paragraph 5, of Italian Legislative Decree no. 58 of 24 February 1998:

We, the undersigned, Mr Filippo Casadio, Chairman, and Ms Elena Casadio, Manager responsible for preparing the corporate accounting documents of IRCE S.p.A., hereby certify, taking into account the provisions of Article 154-bis, paragraph 5, of Italian Legislative Decree No. 58 of 24 February 1998:

- the adequacy in relation to the company's characteristics, and
- the effective implementation

of the administrative and accounting procedures used to prepare the IAS/IFRS half-yearly financial statements.

In addition, it is hereby certified that the IAS/IFRS half-yearly financial statements:

a) are consistent with accounting books and records;
b) are prepared in accordance with IAS/IFRSs and give a true and fair view of the financial position, financial performance and cash flows of the Issuer as well as of the group of companies included within the scope of consolidation; and
c) that the interim report on operations contains a reliable analysis of the information pursuant to Article 154-ter, paragraph 4 of Italian Legislative Decree no. 58 of 24 February 1998.

Imola, 15 September 2021

Filippo Casadio
Chairman

Elena Casadio
Manager responsible for preparing the corporate accounting documents

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REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Irce S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Irce S.p.A. and subsidiaries (the "Irce Group"), which comprise the consolidated statement of financial position as of June 30, 2021 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of the Irce Group as at June 30, 2021 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Francesco Masetti
Partner

Bologna, Italy
September 15, 2021

This report has been translated into the English language solely for the convenience of international readers.