

INTERIM REPORT ON OPERATIONS AT 30th SEPTEMBER 2022

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Certification pursuant to Article 154-*bis* of Italian Legislative Decree 58/1998

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NON-EXECUTIVE DIRECTOR	MR	GIANFRANCO SEPRIANO
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INDEPENDENT DIRECTOR	MS	CLAUDIA PERI

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MR GIANFRANCO SEPRIANO
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FINANCIAL REPORTING OFFICER

MS ELENA CASADIO

INTERNAL AUDITOR

MR FABRIZIO BIANCHIMANI

SUPERVISORY BODY

MR FRANCESCO BASSI
MR GABRIELE FANTI
MR GIANLUCA PIFFANELLI

REPORT ON OPERATIONS

The consolidated financial statements of IRCE Group (hereinafter also the "Group") for the first nine months of 2022 closed with a profit of € 4.99 million.

Consolidated turnover was € 366.39 million, up 7.4% compared to € 341.13 million of the nine months 2021, mostly due to the copper turnover (the first nine-month average LME price in Euro were 10.8% higher than in the same period of 2021).

Results were negatively affected by the continuous growth of raw materials costs, especially of electric energy, which reached their highest values in the third quarter. At the same time, demand continued to slowdown, in particular for winding wire sector starting from the first quarter, while for the cable one beginning from the third quarter.

To limit the negative effects of the increasing costs on margins, the Group adopted an appropriate pricing policies.

The consolidated turnover without metal¹ grew by 7.8%; the winding wires sector increased by 8.0% and the cable sector by 7.5%.

In detail:

Consolidated turnover without metal (€/million)	2022 3 rd quarter		2021 3 rd quarter		Change
	Value	%	Value	%	%
Winding wires	55.07	73.3%	51.01	73.2%	8.0%
Cables	20.05	26.7%	18.65	26.8%	7.5%
Total	75.12	100.0%	69.66	100.0%	7.8%

The following table reports the results compared with those of the first nine months of last year, including the adjusted values of EBITDA and EBIT.

Consolidated income statement data (€/million)	2022 3 rd quarter	2021 3 rd quarter	Change
Turnover ²	366.39	341.13	25.26
EBITDA ³	12.33	21.73	(9.40)
EBIT	6.11	14.29	(8.18)
Profit / (loss) before taxes	5.60	13.15	(7.55)
Net profit / (loss) of the period	4.99	8.88	(3.89)
Adjusted EBITDA ⁴	12.72	20.59	(7.87)
Adjusted EBIT ⁴	6.50	13.15	(6.65)

¹ Turnover without metal corresponds to overall turnover after deducting the metal component.

² The item "Turnover" represents the "Sales Revenues" reported in the income statement.

³ EBITDA is a performance indicator used by the Management of the Group in order to assess the operating performance of the company and is not identified as an accounting item within IFRS; it is calculated by IRCE S.p.A. by adding amortisation/depreciation, allocations and write-downs to EBIT.

⁴ Adjusted EBITDA and EBIT are respectively calculated as the sum of EBITDA and EBIT and the income/charges from operations on copper and electricity derivatives transactions (€ +0.39 million in nine months 2022 and € -1.14 million in nine months 2021). These indicators are used by the Management of the Group in order to monitor and assess the operational performance of the Group and are not identified as accounting items within IFRS. Given that the composition of these measures is not regulated by the reference accounting standards, the criterion used by the Group could potentially not be consistent with that adopted by others and therefore not be comparable.

Consolidated statement of financial position data (€/million)	As of 30.09.2022	As of 31.12.2021	Change
Net capital employed	205.17	196.25	8.92
Shareholders' equity	143.14	131.96	11.18
Net financial debt ⁵	62.03	64.29	(2.26)

As at September 30, 2022 net financial debt was € 62.03 million, down from € 64.29 million as at December 31, 2021, also in relation to the cash generated by operating activities net of investments made in the period.

Shareholders' equity increased by € 11.18 million, thanks to the positive change in the translation reserve for € 6.86 million, following in particular by the revaluation of the Brazilian real, which, since the beginning of the year, strengthened by almost 20% over the Euro.

The Group's investments, in the first nine months of 2022, were € 9.40 million, mainly related to IRCE S.p.A.

In the fourth quarter, we are experiencing contractions in market demand. However, the increase in sales prices and the significant decrease in the cost of electricity allowed margin recoveries. Taking also into account that non-European activities were not affected by the increase in energy prices, the Group expects to close 2022 with a positive result, although lower than in 2021.

Imola, 14th November 2022

On behalf of the Board of Directors

The Chairman

Mr Filippo Casadio

⁵ Net financial debt is measured as the sum of short-term and long-term financial liabilities minus cash and current financial assets (see note n. 14). 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 attention recall of 29 April 2021, which takes over the ESMA guideline of 4 March 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Thousand of Euro)	Notes	2022 30 September	2021 31 December
ASSETS			
Non current assets			
Goodwill and Other intangible assets		50	60
Property, plant and machinery	4	34,160	37,267
Equipments and other tangible assets	4	1,269	1,445
Assets under constructions and advances	4	14,112	5,475
Investments		194	111
Non current financial assets		5	5
Deferred tax assets		2,092	2,002
NON CURRENT ASSETS		51,882	46,365
Current assets			
Inventories	5	117,032	104,985
Trade receivables	6	86,523	91,924
Tax receivables	7	1,039	18
<i>(of which related parties)</i>		<i>841</i>	<i>-</i>
Other current assets	8	5,465	1,680
Current financial assets	9	1,020	673
Cash and cash equivalent		6,840	10,678
CURRENT ASSETS		217,919	209,958
TOTAL ASSETS		269,801	256,323

(Thousand of Euro)	Notes	2022 30 September	2021 31 December
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		13,802	13,802
Reserves		124,664	109,089
Profit (loss) for the period		4,992	9,376
Shareholders' equity attributable to shareholders of Parent company		143,458	132,267
Shareholders equity attributable to Minority interests		(323)	(305)
TOTAL SHAREHOLDERS' EQUITY	10	143,135	131,962
Non current liabilities			
Non current financial liabilities	11	15,738	17,846
Deferred tax liabilities		128	87
Non current provisions for risks and charges	12	315	167
Non current provisions for post employment obligation	13	3,711	4,842
NON CURRENT LIABILITIES		19,892	22,942
Current liabilities			
Current financial liabilities	14	54,151	57,790
Trade payables	15	44,005	30,402
Current tax payables	16	8	2,986
<i>(of which related parties)</i>		-	2,163
Social security contributions		1,823	1,897
Other current liabilities	17	6,513	8,045
Current provisions for risks and charges	12	274	299
CURRENT LIABILITIES		106,774	101,419
SHAREHOLDERS' EQUITY AND LIABILITIES		269,801	256,323

CONSOLIDATED INCOME STATEMENT

(Thousand of Euro)	Notes	2022 30 September	2021 30 September
Sales revenues	18	366,386	341,125
Other revenues and income <i>(of which non recurrent)</i>	19 1	1,817 665	416 -
TOTAL REVENUES		368,203	341,541
Raw materials and consumables	20	(295,191)	(286,946)
Change in inventories of work in progress and finished goods		338	15,050
Cost for services	21	(37,112)	(24,238)
Personnel costs	22	(22,670)	(22,603)
Amortization /depreciation/write off tangible and intangible assets	23	(5,616)	(5,919)
Provision and write downs	24	(603)	(1,518)
Other operating costs		(1,240)	(1,078)
EBIT		6,109	14,289
Financial income / (charges)	25	(511)	(1,143)
RESULT BEFORE TAX		5,598	13,146
Income taxes	26	(625)	(4,261)
NET RESULT FOR THE PERIOD		4,973	8,885
Net result for the period attributable to non-controlling interests		(18)	5
Net result for the period attributable to the parent company		4,992	8,880

Earnings / losses per shares

- basic EPS for the period attributable to shareholders of the Parent company	27	0.1881	0.3345
- diluted EPS for the period attributable to shareholders of the Parent company	27	0.1881	0.3345

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Thousand of Euro)	Notes	2022 30 September	2021 30 September
Net result for the period		4,973	8,885
Translation difference on financial statements of foreign companies	10	6,860	807
Total items that will be reclassified to net result		6,860	807
Actuarial gain / (losses) IAS 19	13	858	201
Tax effect		(189)	(41)
Total IAS 19 reserve variance	10	669	160
Total items that will not be reclassified to net result		669	160
Total comprehensive income for the period		12,503	9,852
Attributable to shareholders of Parent company		12,521	9,847
Attributable to Minority interest		(18)	5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Thousand of Euro	Share capital	Other reserves		Retained earnings				Equity attributable to parent company shareholders*	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
Opening balance previous year	13,822	40,562	45,923	2,925	(1,212)	52,689	(34,502)	2,726	122,932	(308)	122,624
Dividends	-	-	-	-	-	(797)	-	-	(797)	-	(797)
Sell / (purchase) own shares	(19)	(89)	-	-	-	-	-	-	(108)	-	(108)
Allocation of previous year net result	-	-	-	-	-	2,726	-	(2,726)	-	-	-
Other comprehensive income for the period	-	-	-	-	160	-	807	-	967	-	967
Net result for the period	-	-	-	-	-	-	-	8,880	8,880	5	8,885
Total comprehensive income for the period	-	-	-	-	160	-	807	8,880	9,847	5	9,852
Closing balance previous period	13,802	40,474	45,923	2,925	(1,052)	54,617	(33,696)	8,880	131,873	(303)	131,570
Opening balance current year	13,802	40,474	45,923	2,925	(1,183)	54,617	(33,667)	9,376	132,267	(305)	131,962
Dividends	-	-	-	-	-	(1,327)	-	-	(1,327)	-	(1,327)
Sell / (purchase) own shares	-	(3)	-	-	-	-	-	-	(3)	-	(3)
Allocation of previous year net result	-	-	-	-	-	9,376	-	(9,376)	-	-	-
Other comprehensive income for the period	-	-	-	-	669	-	6,860	-	7,529	-	7,529
Net result for the period	-	-	-	-	-	-	-	4,992	4,992	(18)	4,973
Total comprehensive income for the period	-	-	-	-	669	-	6,860	4,992	12,521	(18)	12,503
Closing balance current period	13,802	40,471	45,923	2,925	(514)	62,667	(26,807)	4,992	143,458	(323)	143,135

CONSOLIDATED STATEMENT OF CASH FLOW

(Thousand of Euro)	Notes	2022 30 September	2021 30 September
OPERATING ACTIVITIES			
Result of the period (Group and Minorities)		4,973	8,885
<i>Adjustments for:</i>			
Depreciation / Amortization	23	5,616	5,919
Net change in deferred tax (assets) / liabilities	26	(206)	(162)
Capital (gains) / losses from disposal of fixed assets		(699)	(7)
Losses / (gains) on unrealised exchange rate differences		(358)	(395)
Provisions for risks	24	200	500
Income taxes	26	831	4,423
Financial (income) / expenses	25	26	1,193
Operating result before changes in working capital		10,383	20,356
Income taxes paid		(5,278)	(862)
Financial charges paid		(2,629)	(2,931)
Financial income collected		2,603	1,738
Decrease / (Increase) in inventories		(8,909)	(23,368)
Change in trade receivables		7,828	(24,521)
Change in trade payables		12,937	7,584
Net changes in current other assets and liabilities		(1,940)	(728)
Net changes in current other assets and liabilities - related parties		(3,003)	1,654
Net changes in non current other assets and liabilities		(376)	(121)
CASH FLOW FROM OPERATING ACTIVITIES		11,616	(21,199)
INVESTING ACTIVITIES			
Investments in intangible assets		(13)	(23)
Investments in tangible assets	4	(9,276)	(3,090)
Investments in subsidiaries, associates, other entities		(73)	(1)
Disposals of tangible and intangible assets		713	11
CASH FLOW FROM INVESTING ACTIVITIES		(8,649)	(3,103)
FINANCING ACTIVITIES			
Repayments of loans		(9,224)	(6,572)
Obtainment of loans		7,000	10,000
Net changes of current financial liabilities		(4,205)	14,756
Net changes of current financial assets		44	1,347
Other effects on shareholders' equity		1	-
Dividends paid to shareholders	10	(1,327)	(797)
Sell/(purchase) of own shares	10	(3)	(108)
CASH FLOW FROM FINANCING ACTIVITIES		(7,714)	18,626
NET CASH FLOW FROM THE PERIOD		(4,747)	(5,676)
CASH BALANCE AT THE BEGINNING OF THE PERIOD	14	10,678	10,260
Exchange rate differences		909	167
NET CASH FLOW FROM THE PERIOD		(4,747)	(5,676)
CASH BALANCE AT THE END OF THE PERIOD	14	6,840	4,752

NOTES TO THE INTERIM REPORT ON OPERATIONS AT 30th SEPTEMBER 2022

GENERAL INFORMATION

The interim report on operations of IRCE SpA and its subsidiaries (hereafter referred to as “IRCE Group” or “Group”) as of 30 September 2022 was approved by the Board of Directors (hereafter also referred to as the “Company” or the “Parent Company”) on 14 November 2022.

IRCE S.p.A., as issuer traded on the STAR segment of the MTA market managed by Borsa Italiana, is subject to the provisions of Article 2.2.3 of the Stock Exchange Regulations. The Parent Company will make available to the public within 45 days the interim financial information of the first and third quarters of the year end.

IRCE Group owns 8 plants and is one of the major industrial players in Europe in winding wires as well as in electrical cables in Italy.

Italian plants are located in the towns of Imola (BO), Guglionesi (CB) and Umbertide (PG), 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 of the following trading subsidiaries: Isomet AG in Switzerland, DMG GmbH in Germany, Isolveco 2 Srl in Italy, IRCE S.L. in Spain, and IRCE SP.ZO.O in Poland.

The new companies recently established, IRCE Electromagnetic wire (Jiangsu) Co. Ltd. and Irce S.r.o, host the offices respectively in Hai'an (China) and in Ostrava (Rep. Ceca) and are not currently operating.

GENERAL DRAFTING CRITERIA

The interim report on operations have been drawn up in compliance with the IAS 34 “Interim Financial Reporting” pursuant to the provisions for the condensed interim financial statements and with article 154 ter of TUF. This interim consolidated financial report doesn't include all information requested by annual consolidated financial statements and should be read jointly with the December 31st 2021 consolidated financial statements.

The interim report on operations is drafted in thousands of Euro, unless specified otherwise.

The formats used for the consolidated 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 interim consolidated financial statements, concluding that this assumption is appropriate as there is no doubt about the company's ability to continue as a going concern.

ACCOUNTING PRINCIPLES

The accounting principles and criteria adopted for the preparation of the Interim Report on operations as at 30 September 2022 are consistent with those used for the preparation of the financial statements as at 31 December 2021 to which reference should be made for further information, with the exception of the new standards which have come into force and which became effective from 1 January 2022, subsequently summarized.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 1 JANUARY 2022

Accounting standard, Amendment, Interpretation	Entry into force	Effective date	Endorsement date
Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets;	14/05/2020	01/01/2022	28/06/2021
Annual Improvements 2018-2020 to IFRS 1, IFRS 9, IAS 41, IFRS 16	14/05/2020	01/01/2022	28/06/2021

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

USE OF ESTIMATES

The drafting of Interim report on operations 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, inventory and deferred tax assets as well as the provisions for risks and charges, depreciation and amortisation, impairment of assets and taxes. The estimates and assumptions are reviewed periodically and the effects of each change are reflected in the income statement.

CONSOLIDATION AREA

The following table shows the list of companies included in the scope of consolidation as of 30 June 2022:

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

EXCHANGE RATE

The exchange rates used to translate in Euro the figures of the subsidiaries as at 30 September 2022 as well as comparative periods were as follows:

Currency	Current period		Previous year		Comparative period	
	Average	Spot	Average	Spot	Average	Spot
GBP	0.8469	0.8833	0.8599	0.8401	0.8640	0.8608
CHF	1.0124	0.9561	1.0815	1.0329	1.0904	1.0830
BRL	5.4754	5.2629	6.3820	6.3107	6.3816	6.2684
INR	82.3221	79.2880	87.4656	84.1569	88.0445	85.9834
CNY	7.0214	6.9380	7.6332	7.1939	7.7398	7.4841
PLN	4.6703	4.8496	4.5643	4.5962	4.5467	4.6325
CZK	24.5763	24.5490	25.3960	24.8580	25.3960	25.4950

1. SALE OF THE BUSINESS UNIT LOCATED IN MIRADOLO

On June 30, 2022, Irce SpA completed the sale of its business unit relating to the production of power cables located in the Miradolo Terme (PV) plant.

The Company considers that the production of power cord, which has always been a secondary activity, will not be in the future of strategic interest for the Group.

The business unit sold, consisting of tangible fixed assets, inventories and deferred payables to employees (Tfr, holidays, 13th month), recorded a turnover in 2021 of € 5.3 million and in the first half of 2022 of € 2.8 million.

As can be seen from the attached summary prospectus, Irce SpA collected € 1.2 million following the sale, of which € 0.9 million within 30 June and the remaining amount in July 2022.

Taking into account that the book value of the business unit sold was equal to € 0.5 million, the accounting capital gain was approximately € 0.7 million mainly attributable to the item "Tangible fixed assets".

Business Unit sold	Thousand of Euro
Inventories	838
Tangible fixed assets	9
Deferred payables to employees	(308)
Total Net Book Value	539
Sale price	1,204
Capital gain	665

2. SEGMENT REPORTING

In accordance with IFRS 8 an operating segment is a component of an entity:

- 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);
- 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
- for which 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 Nijmegen BV, DMG GmbH, Irce S.L., Isodra GmbH, IRCE SP. ZO.O., Irce S.r.o
- Non-EU: FD Sims Ltd, Irce Ltda, Isomet AG, Stable Magnet Wire P.Ltd, Irce Electromagnetic Wire (Jiangsu) Co. Ltd

The following table shows, broken down by operating segment, the main consolidated economic data compared with 30 September 2021 as well as the Intangible Fixed Assets and Tangible Fixed Assets compared with 31 December 2021.

(Thousand of Euro)	Italy	UE	Extra UE	Consolidation entries	Total Irce Group
Current period					
Sales revenues	246,924	32,134	99,692	(12,364)	366,386
Ebitda	8,526	(640)	4,360	82	12,328
Ebit	5,297	(1,384)	2,115	82	6,109
Financial income / (charges)	(129)	85	(325)	(141)	(511)
Income taxes	(80)	-	(560)	15	(625)
Net result for the period	5,088	(1,299)	1,229	(45)	4,973
Intangible assets	19	-	31	-	50
Tangible assets	27,869	6,060	15,613	-	49,541
Previous period					
Sales revenues	230,437	28,355	94,075	(11,742)	341,125
Ebitda	14,196	(718)	8,266	(19)	21,725
Ebit	9,664	(1,315)	5,958	(19)	14,289
Financial income / (charges)	(1,031)	(76)	9	(46)	(1,143)
Income taxes	(2,168)	-	(2,121)	29	(4,261)
Net result for the period	6,465	(1,390)	3,846	(36)	8,885
Intangible assets	26	-	35	-	60
Tangible assets	23,189	5,380	15,617	-	44,186

3. DERIVATIVE INSTRUMENTS

The Group used the following types of derivative instruments:

- Derivative instruments related to copper purchase and sale forward transactions with maturity after September 30th, 2022. These transactions do not qualify as hedging instruments for the purposes of hedge accounting.

Below is a summary of copper commodity derivative contracts for forward sales and purchases, outstanding as of September 30, 2022:

Measurement unit of the notional amount	Notional amount – tonnes		Result with fair value measurement as of 31/03/2022		
	Assets	Liabilities	Assets - €/000	Liabilities - €/000	Net carrying amount - €/000
Current assets and liabilities					
Tonnes	325	325	47	(127)	(80)
Total			47	(127)	(80)

- Derivative instruments related to GBP forward sale contracts with maturity after September 30, 2022. These transactions do not qualify as hedging instruments for the purposes of cash flow hedge accounting.

Below is a summary of the currency derivative contracts for forward sales, outstanding as of September 30, 2022:

Measurement unit of the notional amount	Net notional amount - currency		Result with fair value measurement as of 31/03/2022		
	Assets (000)	Liabilities (000)	Assets - €/000	Liabilities - €/000	Net carrying amount - €/000
Current assets and liabilities					
GBP		6,000	279		279
Total			279		279

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

4. TANGIBLE ASSETS

The following table shows the breakdown and changes in tangible assets for the period.

(Thousand of Euro)	Lands	Buildings	Plant and machinery	Equipments	Other tangible assets	Assets under constructions and advances	Total
Closing balance - previous period	14,305	11,483	11,479	1,156	289	5,475	44,187
Changes - current period							
Purchases	8	69	397	162	125	8,639	9,400
Depreciation	(24)	(879)	(4,217)	(327)	(143)	-	(5,590)
Reclassification	-	-	-	(28)	28	-	-
Disposals	-	(20)	(11,424)	(888)	(238)	-	(12,570)
Disposals - Depreciation fund	-	20	11,418	879	237	-	12,554
Exchange rate differences	464	312	769	4	13	(2)	1,560
Closing balance- current period	14,753	10,985	8,422	958	311	14,112	49,541

Investments of the Group in the first months of 2022 have been equal to € 9.400 thousand of which € 124 thousand related to Right-of-use assets and mainly concerned the investments in machinery of IRCE SpA.

The disposals refer, mainly, to the sale of the "Miradolo" business unit.

The "Exchange rate differences" substantially refer to the Brazilian subsidiary following the revaluation of the Real against the Euro.

Assets under constructions and advances, amounting to Euro 14.1 million, mainly related to investments for the renewal of the plant stock, which will be partly come to operation during this year.

5. INVENTORIES

Inventories are detailed as follows:

(Thousand of Euro)	2022 30 September	2021 31 December
Raw materials, ancillary and consumables	48,832	38,126
Work in progress and semi-finished goods	16,462	17,897
Finished products and goods	58,097	54,700
Provision for write down of raw material	(3,801)	(3,340)
Provision for write down of work in progress	(1)	-
Provision for write down of finished products	(2,557)	(2,398)
Total inventories	117,032	104,985

Inventories are not pledged nor used as collateral.

The significant increase in the period compared to 31 December 2021 is attributable both to the quantity effect (higher in particular on the Brazilian subsidiary) and to the price effect (processing and raw materials) partially offset by € 838 thousand from the sale of the Miradolo business unit.

It should be noted, however, that the copper in stock has been written down to the estimated realisable value. In particular, the price of copper, compared to 8.56 €/kg at the end of 31 December 2021, grew until April 2022 where it reached a peak of 9.41 €/kg, while from May a downward trend began, reaching 7.40 €/kg in July; since August, although prices recovered (the average price of copper in October was € 7.76 / kg), they were lower than the weighted average cost of the period, consequently leading to a write down of stocks.

The table below shows the changes in the provision for write-down of inventories in the first nine months of 2022.

(Thousand of Euro)	Opening balance	Provisions	Reversal	Exchange rate differences	Closing balance
Provision for write down of raw material	(3,340)	(535)	90	(16)	(3,801)
Provision for write down of work in progress	-	(56)	55	-	(1)
Provision for write down of finished products	(2,398)	(443)	330	(46)	(2,557)
Total	(5,738)	(1,034)	475	(62)	(6,359)

The provision for the write-down of raw materials corresponds to the amount deemed necessary to cover the risks of obsolescence, mainly of packaging, whilst the provision for the write-down of finished products and goods is made against slow-moving or non-moving finished products as well as for aligning the fair value to their estimated realizable value.

6. TRADE RECEIVABLES

The item was broken down as follows:

(Thousand of Euro)	2022 30 September	2021 31 December
Current trade receivables	88,462	93,690
Current bad debt provision	(1,946)	(1,766)
Total trade receivables	86,516	91,924

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

The change in the period is due to the lower Group turnover in the third quarter of 2022 compared to the last quarter of 2021, partially offset by the increase in trade receivables of the Brazilian subsidiary following the lower non-recourse receivables sold, not yet due at 30 September 2022, compared to 31 December 2021. The deadlines of trade receivables are broken down below:

(Thousand of Euro)	2022 30 September	2021 31 December	Change
Due dates			
Not yet due	51,007	53,390	(2,383)
< 30 days	33,309	37,630	(4,321)
30-60 days	2,397	1,162	1,235
61-120 days	962	688	274
> 120 days	787	820	(33)
Total trade receivables	88,462	93,690	(5,228)

The table below shows the changes in the bad debt provision during the first nine months of 2022:

(Thousand of Euro)	Opening balance	Provisions	Utilization	Closing balance
Current bad debt provision	(1,766)	(310)	130	(1,946)

The provisions of the period mainly relate to the Parent Company.

7. TAX RECEIVABLES

(Thousand of Euro)	2022 30 September	2021 31 December
Tax receivables	198	18
Tax receivables - Aequafin	841	-
Total	1,039	18

"Tax receivables" relate to advance payments paid by Group companies as well as by the Parent Company, the latter limited to IRAP.

The item "Tax receivables - Aequafin" refers to the IRES advances paid by Irce SpA to its Parent company Aequafin with which a National Tax Consolidation agreement is in place.

8. OTHER CURRENT ASSETS

The item was broken down as follows:

(Thousand of Euro)	2022 30 September	2021 31 December
Accrued income and prepaid expenses	115	87
Other current assets	2,650	650
VAT receivables	2,700	943
Total receivables due from others	5,465	1,680

The increase in "Other current assets" is mainly related to the tax credit recorded by the Parent Company, and not yet offset, in accordance with the provisions of the Sostegni-ter decree, against the expenses incurred on the energy component purchased and actually used in the first nine months of 2022.

The change in "VAT receivables" is due to the increase in ICMS and PIS/Cofins tax receivables of the Brazilian subsidiary, since in the period 2022 the purchases of copper exceeded the sales.

9. CURRENT FINANCIAL ASSETS

(Thousand of Euro)	2022 30 September	2021 31 December
Copper mark-to-market derivatives	-	420
Guarantee deposits and other current financial assets	741	143
Mark to market gains derivatives exchange rate	279	3
MWh mark-to-market derivatives	-	107
Total current financial assets	1,020	673

The items "Mark to market derivatives on metal", "Mark to market derivatives on currency" and "Mark to market derivatives on electricity " refer to the fair value of forward contracts on copper, foreign exchange and electricity open at the end of the period by the Parent company.

"Security deposits" mainly refer to the balance of restricted account opened for copper forward transactions on the LME (London Metal Exchange) and in particular to the so-called margin calls required by the Broker.

The item " Other current financial assets " mainly includes the energy efficiency certificates TEE.

10. SHAREHOLDERS' EQUITY

Shareholders' equity is broken down below:

(Thousand of Euro)	2022 30 September	2021 31 December
Share capital	14,627	14,627
Own share capital	(825)	(824)
Share premium reserve	40,539	40,539
Revaluation reserve	22,328	22,328
Own share premium	(68)	(65)
Legal reserve	2,925	2,925
IAS 19 Reserve	(514)	(1,183)
Extraordinary reserve	49,300	45,075
Other reserve	23,595	23,595
Profit (losses) of previous years	13,367	9,542
Translation Reserve	(26,807)	(33,667)
Profit (loss) for the period	4,992	9,376
Total shareholders' equity attributable to Parent company	143,458	132,267
Shareholders' equity attributable to Minority interests	(323)	(305)
Total shareholders' equity	143,135	131,962

Share capital

The following table shows the breakdown of the share capital.

(Thousands of Euro)	2022 30 September	2021 31 December
Subscribed share capital	14,627	14,627
Treasury share capital	(825)	(824)
Total share capital	13,802	13,803

The share capital is composed of 28,128,000 ordinary shares for an equivalent of € 14,626,560 without nominal 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.

"Treasury share capital" refers to the nominal value of the treasury shares held by the Company and, as required by IFRS, is deducted from "Subscribed share capital".

Treasury shares as of 30 September 2022 amounted to 1,586,388, corresponding to 5.64% of the share capital.

The total number of outstanding shares is then 26,541,612.

The change of the outstanding number of shares (in thousands) since 31 December 2021 is shown below:

Thousands of shares	
Balance as of 31/12/2021	26,543
Share buyback	(1)
Balance as of 31/03/2022	26,542

Extraordinary reserve

The extraordinary reserve is increased annually by the retained earnings of the Parent Company and decreased by the dividends distributed during the period equal to € 1,3 million.

Translation reserve

The reserve represents the accounting differences in value with respect to the historical exchange rate resulting from the conversion of the financial statements of the foreign subsidiaries, with a local currency other than the Euro, at the official exchange rate of 30 September 2022.

The improvement of 6,8 million in the translation reserve is mainly due to the significant revaluation of the Brazilian Real against the Euro.

11. NON-CURRENT FINANCIAL LIABILITIES

(Thousand of Euro)	2022 30 September	2021 31 December
Non current Financial liabilities due to banks	15,601	17,680
Non current Financial liabilities - IFRS 16	137	166
Total non current financial liabilities	15,738	17,846

The table below shows the breakdown of “Non current financial liabilities due to banks” at the closing date, highlighting, in particular, type of rate and due date.

Thousand of Euro	Currency	Rate	Company	30.09.2022	31.12.2021	Due date
Banca di Imola	EUR	Floating	IRCE SPA	3,811	4,821	2026
Unicredit	EUR	Floating	IRCE SPA	-	5,000	2025
Mediocredito	EUR	Floating	IRCE SPA	1,385	2,307	2025
Banco Popolare	EUR	Floating	IRCE SPA	-	625	2023
Banco Popolare	EUR	Fixed	IRCE SPA	2,072	2,630	2026
Deutsche Bank	EUR	Fixed	IRCE SPA	6,564	-	2027
NAB	EUR	Zero	Isomet AG	305	404	2025
Banco Popolare	EUR	Fixed	Isomet AG	1,464	1,893	2026
Total				15,601	17,680	

It should be noted that as at 31 December 2021 all the financial constraints relating to existing loans, where envisaged, were fully satisfied. At 30 September 2022, however, the compliance with financial constraints is not envisaged as the “testing date” is contractually at the end of the year.

12. PROVISIONS FOR RISKS AND CHARGES

The movements of the provisions for risks and charges – non current and current - are shown below:

(Thousand of Euro)	Opening balance	Provisions	Utilization	Closing balance
Provision for severance payments to agents	145	-	(30)	115
Other provision for risks and charge	22	200	(22)	200
Total provision for risk and charges - non current	167	200	(52)	315

(Thousand of Euro)	Opening balance	Provisions	Utilization	Closing balance
Provision for severance payments to agents - current	4	1	-	5
Other provision for risks and charges - current	295	-	(26)	269
Total provision for risk and charges- current	299	1	(26)	274

The item “Provision for severance payments to agents” refers to allocations made for severance payments relating to outstanding agency contracts of the Parent Company and Smit Draad Nijmegen BV.

The provision of the period, equal to € 200 thousand, refers to a conservative allocation made by the Dutch subsidiary against some disputes, still at the preliminary stage.

In May 2021, the Brazilian Supreme Court of Justice (Recepta Federal do Brasil - RFB) issued a ruling irrevocably defining that the ICMS regional tax should be excluded from the federal tax base PIS and Cofins. The lawsuit started by the Brazilian subsidiary in order to obtain the reimbursement of the higher PIS and Cofins taxes paid to the Brazilian Treasury on sales invoices issued from March 2017, as well as the legal interest accrued in the meantime, had a negative outcome in September 2022. Irce Brazil appealed the judgment and in addition started an administrative refund request although the latter does not allow, compared to the lawsuit, the recovery of legal interest and has the risk, for older years, of a five-year prescription. The Directors assessed that there were no conditions in these financial statements to record the tax income because, accordingly with the opinion of the lawyer in charge, although it is probable to obtain a positive judgment, the requirement of reasonable certainty required by IAS 37 for its accounting is currently missing. On the basis of a preliminary estimate, the potential maximum effect on the income statement as of 30 September 2022 deriving from the recording of this tax income would be, net of the tax effect, equal to 10.7 million of Reais (some € 2.0 million), excluding interest.

During 2021, the subsidiary FD Sims was sued by its customer to a French court for alleged defects in its supplies. The lawyer of Irce Group, after evaluating the conclusions of the expert appointed by the Parent Company that excludes any responsibilities of the products supplied by FD Sims, assessed that, in relation to the plaintiff's claim for damages quantified in € 307 thousand, the risk of loss is only possible. Therefore, the Directors, consistently with the accounting principles and also taking into account that this claim is covered by insurance, have not made any provision.

13. PROVISIONS FOR EMPLOYEE DEFINED BENEFITS

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

(Thousand of Euro)	Opening balance	Provisions	Effects on Equity	Utilization	Exchange rate differences	Closing balance
Provision for employee defined benefit	4,842	(15)	(858)	(309)	51	3,711
Total	4,842	(15)	(858)	(309)	51	3,711

The "Provision for employee defined benefit", which is part of the defined benefit plans, includes € 3,053 thousand related to the Parent Company, € 496 thousand to Isomet, € 55 thousand to Magnet Wire, € 65 thousand to Isolveco in liquidation, € 36 related to Isolveco 2 as well as € 4 thousand to Dmg.

The item "Utilization" includes € 179 thousand for the Provision for defined benefit relating to employees of the "Miradolo" business unit, which has been sold.

The significant decrease of "Net equity effects" is mainly attributable to the increase in the annual discount rate of the Plans which has consistently resulted in a reduction in liabilities.

14. CURRENT FINANCIAL LIABILITIES

Current financial liabilities are detailed below:

(Thousand of Euro)	2022 30 September	2021 31 December
Current Financial liabilities due to banks	48,467	53,446
Derivatives on exchange rate	-	21
Derivatives on metal	80	-
Current Financial liabilities - IFRS 16	131	101
Other current financial liabilities	4	-
Long term loans- current portion	5,469	4,222
Total current financial liabilities	54,151	57,790

The items "Derivatives on metal" and "Derivatives on exchange rate" refer to the fair value measurement of forward contracts on copper and currency, outstanding as of 30/09/2022, concluded by the Parent Company.

The following table highlights the net financial position of Irce Group, determined on the basis of the new scheme envisaged by Consob attention call no. 5/21 of 29 April 2021, which incorporates the ESMA guideline published on 4 March 2021:

(Thousand of Euro)	2022 30 September	2021 31 December
Cash and cash equivalents	6,840	10,678
Current financial assets	1,020	673
Cash and cash equivalents	7,860	11,351
Other current financial liabilities	(48,682)	(53,568)
Long term loans- current portion	(5,469)	(4,222)
Current net financial position	(46,291)	(46,439)
Non current financial liabilities third parties	(15,738)	(17,846)
NET FINANCIAL POSITION	(62,029)	(64,285)

Net financial debt at 30 September 2022 amounted to € 62.03 million, down from € 64.29 million at 31 December 2021, thanks to the operating result net of investments for the period.

15. TRADE PAYABLES

Trade payables amounted to € 44.0 million at 30 September, up from € 30.4 million of 31/12/2021.

The change in the period is mainly attributable to the Brazilian subsidiary and in particular to the higher quantities of copper in transit recorded at the end of the period compared to 31 December 2021 as well as to higher electricity payables, following the significant increase in the unit cost per MWh.

Trade payables are all due in the next 12 months.

16. TAX PAYABLES

The significant reduction in tax payables compared to December 31, 2021 is attributable to the payment of the balance of taxes mainly by the Parent Company and the Brazilian subsidiary.

17. OTHER CURRENT LIABILITIES

"Other current liabilities" are detailed as follows:

(Thousand of Euro)	2022 30 September	2021 31 December
Payables due to employees	3,466	3,513
Accrued liabilities and deferred income	692	332
Other payables	848	1,038
VAT payables	1,294	2,682
Income taxes withheld on income from employee	213	480
Total other current liabilities	6,513	8,045

"Other payables" are mainly due to tax authorities for withholdings, advances to customers, when non-countervailable with related receivables, and other miscellaneous liabilities.

The change of "VAT payables" is referring essentially to the Parent Company.

COMMENT ON THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

18. SALES REVENUES

These items refer to revenues for the sales of goods after returns and discount.

The consolidated turnover of the first nine months 2022, equal to € 366.4 million, increased for some 7,4% compared to the same period of the previous year (€ 341.1 million).

In the following tables are broken down respectively the revenues by product and the revenues by geographical area of destination of finished goods sold.

(Thousand of Euro)	Current period			Previous period		
	Winding wires	Cables	Total	Winding wires	Cables	Total
Revenues	292,085	74,301	366,386	274,703	66,422	341,125
<i>% of total</i>	80%	20%	100%	81%	19%	100%

(Thousand of Euro)	Current period				Previous period			
	Italy	UE	Extra UE	Total	Italy	UE	Extra UE	Total
Revenues	148,773	110,606	107,007	366,386	135,493	103,627	102,005	341,125
<i>% of total</i>	41%	30%	29%	100%	40%	30%	30%	100%

For further details please refer to paragraph 2 "Segment reporting" and to the Report on Operations.

19. OTHER REVENUES AND INCOME

Other revenues and income are broken down as follows:

(Thousand of Euro)	2022 30 September	2021 30 September	Change
Increase in internally generated fixed assets	304	5	299
Capital gains on assets disposals	704	7	697
Insurance reimbursements	50	16	34
Contingent assets	74	169	(95)
Other revenues	685	219	466
Total other revenues and income	1,817	416	1,401

“Capital gains on asset disposals” includes for € 665 thousand the capital gain related to the sale of the business unit “Miradolo”.

The item “Other revenues” mainly includes revenues from the sale of energy efficiency certificates TEE, revenues from the recognition of the tax credit related to “ex super/iper ammortamento” and for costs incurred for sanitisation and purchases of anti-COVID-19 protective equipment, training fees, chargebacks to customers for reimbursement of expenses as well as charging of damages and penalties to suppliers. The change in the period is mainly due to the charge to the service provider of the damages suffered for the theft of a wire rod truck.

20. COSTS OF RAW MATERIALS AND CONSUMABLES

Cost of raw material and consumables are broken down as follows:

(Thousand of Euro)	2022 30 September	2021 30 September	Change
Raw materials and consumables	(298,070)	(288,994)	(9,076)
Change in inventory of raw materials and consumables	9,409	8,318	1,091
Purchasing finished goods	(6,530)	(6,270)	(260)
Total raw materials and consumables	(295,191)	(286,946)	(8,245)

This item “Raw materials and consumables”, equal to € 298,1 million, includes the costs incurred for the acquisition of raw materials, of which the most significant are copper, insulating materials and packaging and maintenance materials. The change in the period is mainly due to the increase in the average price of copper and other raw materials compared to the comparative period.

21. COST FOR SERVICES

Cost of services are broken down below:

(Thousand of Euro)	2022 30 September	2021 30 September	Change
External processing	(4,831)	(4,130)	(701)
Utility expenses	(21,177)	(10,363)	(10,814)
Maintenance	(1,746)	(1,613)	(133)
Transport of sales and purchase	(4,710)	(3,879)	(831)
Payable fees	(130)	(106)	(24)
Statutory auditors compensation	(86)	(56)	(30)
Other services	(4,265)	(3,935)	(330)
Operating leasing	(167)	156	(11)
Total cost for services	(37,112)	(24,238)	(12,874)

The change in "Utility expenses" is essentially attributable to the significant increase in the unit cost per MWh of electricity, only partially offset by the contribution recognized to energy-intensive companies as a tax credit in accordance with the Sostegni-ter decree.

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

The item "Operating leasing" include lease payments to which IFRS 16 does not apply because the underlying asset has a low value (less than € 5 thousand) or the lease term is 12 months or less.

22. PERSONNEL COST

Here below is the breakdown of personnel cost:

(Thousand of Euro)	2022 30 September	2021 30 September	Change
Salaries and wages	(15,593)	(15,297)	(296)
Social security charges	(3,621)	(3,803)	182
Pension costs	(1,337)	(1,104)	(233)
Other personnel costs	(2,119)	(2,399)	280
Total personnel costs	(22,670)	(22,603)	(67)

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

The Group's average number of employees during the first nine months 2022 and the current number at the end of the period is shown below:

(Number of employees)	Closing December 2021	Closing September 2022	Average September 2022
Executives	29	29	29
Whitecollars	142	140	143
Bluecollars	546	501	532
Total	717	670	705

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. AMORTISATION/DEPRECIATION

Amortisation and depreciation are detailed as follows:

(Thousand of Euro)	2022 30 September	2021 30 September	Change
Amortization of intangible assets	(26)	(72)	46
Depreciation of tangible assets	(5,450)	(5,574)	124
Depreciation of tangible assets - IFRS 16	(140)	(126)	(14)
Write off tangible assets	-	(147)	147
Total amortization/depreciation and write-down	(5,616)	(5,919)	303

24. PROVISIONS AND WRITE-DOWNS

Provisions and write-downs are broken down as follows:

(Thousand of Euro)	2022 30 September	2021 30 September	Change
Bad debt provision	(310)	(990)	680
Receivables losses	(93)	(28)	(65)
Provision for risks	(200)	(500)	300
Total provisions and write-downs	(603)	(1,518)	915

The change in the period of the item "Bad debt provision" is due to the "extraordinary" provision made in 2021 following the redetermination of the "expected losses" following the non-renewal of the insurance policy on trade receivables.

25. FINANCIAL INCOME AND CHARGES

Financial income and charges are detailed as follows:

(Thousand of Euro)	2022 30 September	2021 30 September	Change
Financial income	2,603	1,738	865
Financial charges	(2,629)	(2,931)	302
Foreign exchanges	(485)	50	(535)
Total financial income and charges	(511)	(1,143)	632

The item "Financial income" includes € 2.2 million of interest income on payment extension granted to customers mainly by the Brazilian subsidiary and € 0.4 million of net effect of derivatives on copper, both already settled and form valuation.

The item "Financial charges" includes mainly € 2.3 million of charges related to the discount without recourse of trade receivables made mainly by the Parent Company and the Brazilian subsidiary and € 0.3 million of interest expenses on financing, either short and long term.

The balance of the item "Foreign exchange" includes for € 0.8 million the net negative effect of realized and unrealised exchange differences, partly offset by the net positive effect of exchange differences on derivatives.

26. INCOME TAX

(Thousand of Euro)	2022 30 September	2021 30 September	Change
Current taxes	(831)	(4,423)	3,592
Deferred tax assets / (liabilities)	206	162	44
Total income tax	(625)	(4,261)	3,636

Current taxes refer mainly to the Brazilian subsidiary and marginally to the Parent Company.

In fact, the IRES tax base of Irce SpA includes significant permanent decreases attributable both to hyper/super-depreciation and to the contributions for the electricity tax credit granted to energy-intensive companies, the latter not present in the comparative period.

27. 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 dilutive effects and no shares or warrants that could have dilutive effects will be exercised.

	2022 30 September	2021 30 September
Result for the period (Thousand of Euro)	4,992	8.880
Average weighted number of ordinary shares outstanding	26,541,612	26,579,912
Basic earnings/(loss) per Share	0.1881	0.3345
Diluted earnings/(loss) per Share	0.1881	0.3345

28. RELATED PARTY DISCLOSURES

In compliance with the requirements of IAS 24, the quarterly compensation for the members of the Board of Directors is shown below:

(Thousand of Euro)	Compensation for office held	Compensation for other tasks	Total
Directors	161	235	396

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

29. COMMITMENTS AND GUARANTEES

There are no significant commitments made by the Group as of the reporting date; it should be noted that the Parent company issued four guarantees respectively of € 670 thousand, € 79 thousand, € 230 thousand and € 38 thousand in favour of a publicly owned company to guarantee a supply of electrical cables.

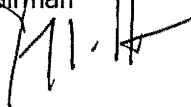
30. EVENTS FOLLOWING THE REPORTING PERIOD

No significant events occurred between the reporting date and the current drafting date.

31. CERTIFICATION PURSUANT TO ARTICLE 154-BIS OF ITALIAN LEGISLATIVE DECREE 58/1998

The Financial Reporting Officer assigned to draw up the company books, Ms. Elena Casadio, declares that the information contained in this quarterly report is an accurate representation of the supporting documentation, accounting books and records.

Filippo Casadio
Chairman



Elena Casadio
Manager responsible for preparing the corporate accounting documents

