EMARKET SDIR CERTIFIED

# HALF-YEARLY FINANCIAL REPORT AS OF 30 JUNE 2023

TABLE OF CONTENTS

## CORPORATE BODIES

| BOARD OF DIRECTORS | | |
|---|---|---|
| CHAIRMAN | MR | FILIPPO CASADIO |
| EXECUTIVE DIRECTOR | MR | FRANCESCO GANDOLFI COLLEONI |
| NON-EXECUTIVE DIRECTOR | MR | GIANFRANCO SEPRIANO |
| NON-EXECUTIVE DIRECTOR | MR | ORFEO DALLAGO |
| NON-EXECUTIVE DIRECTOR | MS | FRANCESCA PISCHEDDA |
| INDEPENDENT DIRECTOR | MS | GIGLIOLA DI CHIARA |
| INDEPENDENT DIRECTOR | MS | CLAUDIA PERI |

| BOARD OF STATUTORY AUDITORS | | |
|---|---|---|
| CHAIRMAN | MS | DONATELLA VITANZA |
| STANDING STATUTORY AUDITOR | MR | FABRIZIO ZAPPI |
| STANDING STATUTORY AUDITOR | MR | GIUSEPPE DI ROCCO |
| SUBSTITUTE STATUTORY AUDITOR | MR | FEDERICO POLINI |
| SUBSTITUTE STATUTORY AUDITOR | MS | DEBORA FREZZINI |

**INDEPENDENT AUDITORS**

DELOITTE & TOUCHE SPA

**CONTROL AND RISKS COMMITTEE**

MS GIGLIOLA DI CHIARA
MR GIANFRANCO SEPRIANO
MS CLAUDIA PERI

**REMUNERATION COMMITTEE**

MS GIGLIOLA DI CHIARA
MR GIANFRANCO SEPRIANO
MS CLAUDIA PERI

**RELATED PARTIES COMMITTEE**

MS FRANCESCA PISCHEDDA
MS GIGLIOLA DI CHIARA
MS CLAUDIA PERI

**FINANCIAL REPORTING OFFICER**

MS ELENA CASADIO

**INTERNAL AUDITOR**

MR FABRIZIO BIANCHIMANI

**SUPERVISORY BODY**

MR FRANCESCO BASSI
MR GABRIELE FANTI
MR GIANLUCA PIFFANELLI

## INTERIM REPORT ON OPERATIONS AS OF 30 JUNE 2023

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

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

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

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

In this context, turnover without metal[1] increased by 0.8%; the winding wires sector raised by 3.6% while the cables sector recorded a decrease by 6.6%.

| Consolidated turnover without metal (€/million) | 2023 1st half year | | 2022 1st half year | | Change |
|---|---|---|---|---|---|
| | Value | % | Value | % | % |
| Winding wires | 39.23 | 75.0% | 37.87 | *73.0%* | *3.6%* |
| Cables | 13.07 | 25.0% | 13.99 | *27.0%* | *-6.6%* |
| Total | 52.30 | 100.0% | 51.86 | *100.0%* | *0.8%* |

The following table shows the changes in results compared to the first half of 2022, including adjusted EBITDA and EBIT.

| Consolidated income statement data (€/million) | 1st half year 2023 | 1st half year 2022 | Change |
|---|---|---|---|
| Turnover[2] | 218.96 | 261.00 | (42.04) |
| EBITDA[3] | 11.39 | 8.50 | 2.89 |
| EBIT | 7.60 | 4.78 | 2.82 |
| Result before taxes | 6.51 | 4.52 | 1.99 |
| Result for the period | 4.94 | 4.19 | 0.75 |
| | | | |
| Adjusted EBITDA[4] | 11.32 | 8.93 | 2.39 |
| Adjusted EBIT[4] | 7.53 | 5.21 | 2.32 |

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

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

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

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

**Investments**

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

**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 focused on the European market; the risk of contractions in demand as well as of worsening of the competitive scenario may impact the results. To deal with these risks, the Group's medium-long term strategy provides for a geographic diversification in non-European countries.

*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 subject 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 subject 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 on the subsidiaries, the Group believes this risk mainly concerns the investment in Brazil due to the high volatility of the Real, which affects the carrying amount of the investment.
  As of June 30, 2023, the exchange rate of the Brazilian currency against the Euro appreciated by some 7%, resulting in an important positive effect on the translation reserve.

- *Interest rate risk*
  In the past the Group financed itself in the medium to long term by borrowing mainly at floating interest rate (linked to Euribor) thus exposing itself to the risk deriving from the rise in rates. The Group chose not to hedge given a relatively short average loan term (less than 3 years) and low interest rates. For the future, the Group will consider whether to implement hedges at the time of the conclusion of new financing on the basis of the economic conditions offered by the market and the expectations of interest rate developments.
  Short-term credit lines are always at floating rates.

- *Risks related to fluctuation in copper price*
  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 effects on margins of changes in the price of copper, a hedging policy is implemented, with forward contracts on the positions generated by the operating activity.
  However, if copper prices fall, there is still a risk to write-down the final inventories at the expected realisable value, if lower than the weighted average cost for the period, with a negative impact on the result.
  The average price of copper in the first half of 2023 on the London Metal Exchange was 8.05 Euro/Kg, down some 9.75% compared to the same figure of 30 June 2022, equal to 8.92 Euro/Kg, and some 3.48% Euro/Kg

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

[6] Net financial position is measured as the sum of short-term and long-term financial liabilities minus cash and current financial assets (see note n.17 of consolidated financial statements). It should be noted that the method for measuring net financial position comply with the one defined by the Consob's notice no. 5/21 attention recall of 29 April 2021, which takes over the ESMA guideline of 4 March 2021.

compared to the yearly average price of 31 December 2022, equal to 8.34 €/kg; the spot price as at 30 June 2023 was equal to 7.80 Euro/Kg, in line with the one as at 31 December 2022, equal to 7.86 Euro/Kg.

- *Risks associated with the procurement of raw materials at sustainable prices*
  Uncertainty on the trend of cost of many raw materials, in particular plastics, insulation materials, electricity and gas, as well as the extent of the increases could make their absorption or their timely transfer to sales prices more complex.

*Financial risks*

These are risks associated with financial resources.

- *Credit risk*
  There are no significant concentrations of credit risk. The Group monitors this risk using adequate assessment and awarding 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 that could cause days sales outstanding or credit quality to deteriorate, including those related to the Russian-Ukrainian conflict.
  Starting from 2023, the Group has also selectively taken out insurance coverage in order to limit the risk of insolvency.

- *Liquidity risk*
  The financial position and the available credit lines together with the high standing of the Group, which allows the acquisition of new loans at competitive prices in a short time, are such as to exclude difficulties in fulfilling the obligations associated with the liabilities.

*Climate Change Risks*

The Group assessed the climate change risks relevant to its activities and business. In particular, on the one hand it is expected that the sector to which it belongs can be positively impacted by an increase in demand both in specific fields such as home automation, industrial automation and automotive and, more generally, for the need to strengthen electricity networks, on the other hand, the strong demand for "green" raw materials (in particular, copper cathode and electricity) could lead to an increase in prices, making its timely and complete transfer to end customers potentially complex.
At present, these scenarios are constantly monitored by the Group, which currently foresees in climate change greater opportunities than risks.
With reference to the flood that occurred in the second quarter of 2023, which mainly affected some provinces of Emilia Romagna, it is hereby stated that Irce SpA and in particular the Imola plant did not suffer damage or interruptions in production activities.

*Risk associated with the Russian-Ukrainian conflict*

The protracted war in Ukraine continues to entail possible downside risks in the Group's volumes and margins, although they are mitigated compared to the previous year.
Significant increases in the cost of electricity, the price of which is currently closely linked to the one of natural gas, make uncertainties about the Group's ability to transfer its costs completely and promptly to the market;
furthermore, temporary or permanent interruptions of natural gas supplies from Russia entail the risk of electricity quotas and, consequently, the need for the Group to reduce production volumes.
It should be noted, however, that Irce Group has so far managed to contain the negative economic effects on financial statements related to these risks thanks to both production diversification and extraordinary contributions paid by the Italian Government to energy-intensive companies.

*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 spread of cyber-attacks in recent times, IRCE identified the potential issues inside and outside the company, and then implemented a Cyber Security plan as well as a recovery procedure.
In the current context, given the ongoing Russian-Ukrainian conflict, the Group has also intensified monitoring and defensive activities in relation to possible malware attacks, adopting appropriate measures to mitigate risks.

**Intra-Group Transactions and Transactions with Related Parties**

The transactions between the Parent Company and the subsidiaries are of commercial and financial nature.
With regard to transactions with related parties, including intra-group transactions, it should be noted that they can be classified neither as atypical nor unusual, as they are part of the normal course of business of the Group's companies and have been carried out at arm's length.

Pursuant to paragraph 8 of Article 5 of the "Related Party Transactions Regulation" adopted by Consob with resolution no. 17221 of 12 March 2010, as subsequently integrated and last amended by resolution no. 21624 of 10 December 2020, it should be noted that during the first half of 2023 the Company has not carried out "major transactions".

**Outlook**

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

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

Imola, 13 September 2023

On behalf of the Board of Directors

The Chairman

Mr Filippo Casadio

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| (Thousand of Euro) | Notes | 2023<br>30 June | 2022<br>31 December |
|---|---|---|---|
| **ASSETS** | | | |
| **Non current assets** | | | |
| Goodwill and other intangible assets | 4 | 94 | 49 |
| Property, plant and machinery | 5 | 35,475 | 37,961 |
| Equipments and other tangible assets | 5 | 1,371 | 1,374 |
| Assets under constructions and advances | 5 | 16,868 | 12,278 |
| Non current financial assets | | 5 | 5 |
| Deferred tax assets | 6 | 2,685 | 2,357 |
| Other non current non financial assets | 7 | 1,753 | 2,813 |
| **NON CURRENT ASSETS** | | **58,251** | **56,837** |
| **Current assets** | | | |
| Inventories | 8 | 118,709 | 117,988 |
| Trade receivables | 9 | 80,056 | 61,498 |
| Tax receivables | 10 | 1,863 | 2,676 |
| *(of which related parties)* | | *1,570* | *2,175* |
| Other current assets | 11 | 3,041 | 5,659 |
| Current financial assets | 12 | 210 | 490 |
| Cash and cash equivalent | | 9,559 | 5,608 |
| **CURRENT ASSETS** | | **213,438** | **193,919** |
| **TOTAL ASSETS** | | **271,689** | **250,756** |

| (Thousand of Euro) | Notes | 2023<br>30 June | 2022<br>31 December |
|---|---|---|---|
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' equity** | | | |
| Share capital | | 13,792 | 13,802 |
| Reserves | | 132,263 | 122,084 |
| Profit (loss) for the period | | 4,944 | 9,224 |
| **Shareholders' equity attributable to shareholders of Parent company** | | **150,999** | **145,110** |
| Shareholders equity attributable to Minority interests | | (324) | (325) |
| **TOTAL SHAREHOLDERS' EQUITY** | **13** | **150,675** | **144,785** |
| | | | |
| **Non current liabilities** | | | |
| Non current financial liabilities | 14 | 16,681 | 19,777 |
| Deferred tax liabilities | 6 | 295 | 338 |
| Non current provisions for risks and charges | 15 | 893 | 280 |
| Non current provisions for post employment obligation | 16 | 3,459 | 3,449 |
| **NON CURRENT LIABILITIES** | | **21,328** | **23,844** |
| | | | |
| **Current liabilities** | | | |
| Current financial liabilities | 17 | 59,263 | 46,366 |
| Trade payables | 18 | 31,269 | 27,240 |
| Current tax payables | 19 | 240 | 555 |
| Social security contributions | | 2,059 | 2,001 |
| Other current liabilities | 20 | 6,613 | 5,708 |
| Current provisions for risks and charges | 15 | 242 | 257 |
| **CURRENT LIABILITIES** | | **99,686** | **82,127** |
| | | | |
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | **271,689** | **250,756** |

## CONSOLIDATED INCOME STATEMENT

| (Thousand of Euro) | Notes | 2023 30 June | 2022 30 June |
|---|---|---|---|
| Sales revenues | 21 | 218,956 | 261,000 |
| Other revenues and income | 22 | 663 | 1,572 |
| **TOTALE REVENUES AND INCOME** | | **219,619** | **262,572** |
| Raw materials and consumables | 23 | (181,049) | (225,112) |
| Change in inventories of work in progress and finished goods | | 8,817 | 12,648 |
| Cost for services | 24 | (19,994) | (24,900) |
| Personnel costs | 25 | (15,456) | (15,930) |
| Amortization /depreciation/write off tangible and intangible assets | 26 | (3,545) | (3,620) |
| Provision and write downs | 27 | (243) | (95) |
| Other operating costs | | (552) | (778) |
| **EBIT** | | **7,597** | **4,785** |
| Financial income / (charges) | 28 | (1,087) | (266) |
| **RESULT BEFORE TAX** | | **6,510** | **4,519** |
| Income taxes | 29 | (1,565) | (347) |
| **NET RESULT FOR THE PERIOD** | | **4,945** | **4,172** |
| Net result attributable to non-controlling interests | | 1 | (20) |
| **Net result attributable to shareholders of the Parent Company** | | **4,944** | **4,192** |

| | | | |
|---|---|---|---|
| Earnings / (Losses) per shares | | | |
| - basic EPS for the period attributable to shareholders of the parent company | 30 | 0.1864 | 0.1579 |
| - diluted EPS for the period attributable to shareholders of the parent company | 30 | 0.1864 | 0.1579 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| (Thousand of Euro) | Notes | 2023<br>30 June | 2022<br>30 June |
|---|---|---|---|
| **Net result for the period** | | **4,945** | **4,172** |
| Translation difference on financial statements of foreign companies | 13 | 2,676 | 5,885 |
| **Total items that will be reclassified to net result** | | **2,676** | **5,885** |
| Actuarial gain / (losses) IAS 19 | 16 | (123) | 849 |
| Tax effect | 6 | 23 | (187) |
| Total IAS 19 reserve variance | 13 | (100) | 662 |
| **Total items that will not be reclassified to net result** | | **(100)** | **662** |
| **Total comprehensive income for the period** | | **7,521** | **10,719** |
| Attributable to shareholders of Parent company | | 7,520 | 10,739 |
| Attributable to Minority interest | | 1 | (20) |

## 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** | **13,802** | **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 | - | - | - | - | 662 | - | 5,885 | - | 6,547 | - | 6,547 |
| Net result for the period | - | - | - | - | - | - | - | 4,192 | 4,192 | (20) | 4,172 |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **-** | **662** | **-** | **5,885** | **4,192** | **10,739** | **(20)** | **10,719** |
| **Closing balance previous period** | **13,802** | **40,471** | **45,923** | **2,925** | **(521)** | **62,666** | **(27,782)** | **4,192** | **141,676** | **(325)** | **141,351** |
| **Opening balance current year** | **13,802** | **40,471** | **45,923** | **2,925** | **(424)** | **62,672** | **(29,483)** | **9,224** | **145,110** | **(325)** | **144,785** |
| Dividends | - | - | - | - | - | (1,592) | - | - | (1,592) | - | (1,592) |
| Sell / (purchase) own shares | (10) | (29) | - | - | - | - | - | - | (39) | - | (39) |
| Allocation of previous year net result | - | - | - | - | - | 9,224 | - | (9,224) | - | - | - |
| Other comprehensive income for the period | - | - | - | - | (100) | - | 2,676 | - | 2,576 | - | 2,576 |
| Net result for the period | - | - | - | - | - | - | - | 4,944 | 4,944 | 1 | 4,945 |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **-** | **(100)** | **-** | **2,676** | **4,944** | **7,519** | **1** | **7,521** |
| **Closing balance current period** | **13,792** | **40,442** | **45,923** | **2,925** | **(524)** | **70,304** | **(26,807)** | **4,944** | **150,999** | **(324)** | **150,675** |

## CONSOLIDATED STATEMENT OF CASH FLOW

| (Thousand of Euro) | Notes | 2023<br>30 June | 2022<br>30 June |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Result of the period (Group and Minorities) | | 4,945 | 4,172 |
| *Adjustments for:* | | | |
| Depreciation / Amortization | 26 | 3,545 | 3,620 |
| Net change in deferred tax (assets) / liabilities | 29 | (336) | (228) |
| Capital (gains) / losses from disposal of fixed assets | | (20) | (686) |
| Losses / (gains) on unrealised exchange rate differences | 28 | (287) | (328) |
| Provisions for risks | 27 | 633 | - |
| Income taxes | 30 | 1,901 | 575 |
| Financial (income) / expenses | 29 | 1,133 | (320) |
| **Operating result before changes in working capital** | | **11,514** | **6,805** |
| Income taxes paid | | (1,406) | (1,897) |
| Financial charges paid | 28 | (2,412) | (1,669) |
| Financial income collected | 28 | 1,278 | 1,989 |
| Decrease / (Increase) in inventories | | 650 | (9,663) |
| Change in trade receivables | | (17,308) | (24,391) |
| Change in trade payables | | 3,758 | 13,119 |
| Net changes in current other assets and liabilities | | 3,064 | 447 |
| Net changes in current other assets and liabilities - related parties | | 605 | (226) |
| Net changes in non current other assets and liabilities | | 1,069 | (349) |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | **812** | **(15,835)** |
| **INVESTING ACTIVITIES** | | | |
| Investments in intangible assets | 4 | (76) | (13) |
| Investments in tangible assets | 5 | (5,036) | (5,039) |
| Investments in subsidiaries, associates, other entities | | - | (50) |
| Disposals of tangible and intangible assets | | 28 | 701 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | **(5,084)** | **(4,401)** |
| **FINANCING ACTIVITIES** | | | |
| Repayments of loans | | (3,132) | (7,497) |
| Obtainment of loans | | - | 7,000 |
| Net changes of current financial liabilities | | 12,832 | 16,918 |
| Net changes of current financial assets | | (27) | 478 |
| Other effects on shareholders' equity | | - | - |
| Dividends paid to shareholders | 13 | (1,592) | (1,327) |
| Sell/(purchase) of own shares | 13 | (38) | (3) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | **8,043** | **15,569** |
| **NET CASH FLOW FROM THE PERIOD** | | **3,771** | **(4,667)** |
| CASH BALANCE AT THE BEGINNING OF THE PERIOD | 17 | 5,608 | 10,678 |
| Exchange rate differences | | 180 | 880 |
| NET CASH FLOW FROM THE PERIOD | | 3,771 | (4,667) |
| **CASH BALANCE AT THE END OF THE PERIOD** | **17** | **9,559** | **6,891** |

# 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 2023 was approved by the Board of Directors of IRCE SpA (hereafter also referred to as the "Company" or the "Parent Company") on 13 September 2023.

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) and Umbertide (Perugia) 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).
In addition, the Group also owns a non-operational plant in Kochi (Kerala – India), headquarter of Fine Wire P. Ltd..

The distribution network consists of agents and the following commercial 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.

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 2022.

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 PRINCIPLES

The accounting principles and criteria adopted for the preparation of the Half-Yearly Financial Report as at 30 June 2023 are consistent with those used for the preparation of the financial statements as at 31 December 2022 to which reference should be made for further information, with the exception of the new standards which have come into force, and which have been endorsed and became effective from 1 January 2023, subsequently summarized.

For a better representation, as highlighted in the table below, starting from this half-yearly financial report, the items "Financial accrued liabilities and financial deferred income" and "Advances from customers", shown at 31 December 2022 under "Other current liabilities", have been reclassified respectively under "Current payables due to banks" and under "Trade receivables".

| Items reclassified in comparative balances as at 31.12.2022 | €/000 | Previous classification | Present classification |
|---|---|---|---|
| Financial accrued liabilities and financial deferred income | 142 | Other current liabilities | Current payables due to banks |
| Advances from customers | 90 | Other current liabilities | Trade payables |

**ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 1 JANUARY 2023**

| Accounting standard, Amendment, Interpretation | Issued date | Effective date | Endorsement date |
|---|---|---|---|
| IFRS 17 Insurance Contracts including Amendments to IFRS 17 | 18/05/2017 / 25/06/2020 | 01/01/2023 | 19/11/2021 |
| Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates | 12/02/2021 | 01/01/2023 | 02/03/2022 |
| 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 | 12/02/2021 | 01/01/2023 | 02/03/2022 |
| Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 07/05/2021 | 01/01/2023 | 11/08/2022 |
| Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information | 09/12/2021 | 01/01/2023 | 08/09/2022 |

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

**ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION AS OF 30 JUNE 2023**

| Accounting standard / Amendment / IFRS Interpretation | Issued date | Effective date | Expected endorsement date |
|---|---|---|---|
| Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements | 25/05/2023 | 01/01/2024 | Indeterminate |
| Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules | 23/05/2023 | 31/12/2023 | Indeterminate |
| Amendments to IAS 1 Presentation of Financial Statements:<br>• Classification of Liabilities as Current or Non-current Date;<br>• Classification of Liabilities as Current or Non-current - Deferral of Effective Date; and<br>• Non-current Liabilities with Covenants | 23/01/2020<br>15/07/2020<br>31/10/2022 | 01/01/2024 | Indeterminate |
| Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback | 22/09/2022 | 01/01/2024 | Indeterminate |

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 IFRS 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 assess the recoverability of fixed assets, 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 2023:

| Company | % of investment | Registered office | Currency | Share capital | Consolidation |
|---|---|---|---|---|---|
| Isomet AG | 100% | Switzerland | CHF | 1,000,000 | line by line |
| Smit Draad Nijmegen BV | 100% | Netherlands | EUR | 1,165,761 | line by line |
| FD Sims Ltd | 100% | UK | GBP | 15,000,000 | line by line |
| Isolveco Srl | 75% | Italy | EUR | 46,440 | line by line |
| DMG GmbH | 100% | Germany | EUR | 255,646 | line by line |
| Irce S.L. | 100% | Spain | EUR | 150,000 | line by line |
| Irce Ltda | 100% | Brazil | BRL | 157,894,223 | line by line |
| ISODRA GmbH | 100% | Germany | EUR | 25,000 | line by line |
| Stable Magnet Wire P.Ltd. | 100% | India | INR | 335,516,340 | line by line |
| Irce SP.ZO.O | 100% | Poland | PLN | 200,000 | line by line |
| Isolveco 2 Srl | 100% | Italy | EUR | 10,000 | line by line |
| Irce Electromagnetic Wire (Jiangsu) Co. Ltd | 100% | China | CNY | 16,684,085 | line by line |
| Irce s.r.o | 100% | Czech Republic | CZK | 5,700,000 | line by line |
| Fine Wire P. Ltd | 100% | India | INR | 820,410 | line by line |

## EXCHANGE RATE

The exchange rates used to translate in Euro the figures of the subsidiaries as at 30 June 2023 as well as comparative periods were as follows:

| | Current period | | Previous year | | Previous period | |
|---|---|---|---|---|---|---|
| **Currency** | **Average** | **Spot** | **Average** | **Spot** | **Average** | **Spot** |
| GBP | 0.8766 | 0.8582 | 0.8525 | 0.8872 | 0.8421 | 0.8581 |
| CHF | 0.9856 | 0.9781 | 1.0051 | 0.9854 | 1.0320 | 0.9951 |
| BRL | 5.4834 | 5.2693 | 5.4498 | 5.6362 | 5.5711 | 5.3833 |
| INR | 88.8879 | 89.0507 | 82.7205 | 88.3048 | 83.3112 | 82.1088 |
| CNY | 7.4895 | 7.8901 | 7.0805 | 7.3650 | 7.0837 | 6.9657 |
| PLN | 4.6264 | 4.4384 | 4.6849 | 4.6843 | 4.6329 | 4.6869 |
| CZK | 23.6801 | 23.7420 | 24.5603 | 24.1160 | 24.6364 | 24.7390 |

## 1. CLIMATE CHANGE - UPDATES

Paragraph 2 of the consolidated financial statements as at 31 December 2022 summarizes the main aspects that emerged from the internal assessment carried out at year end by the management of the Irce Group in relation to the possible impacts that climate change could have on its business and activities.

With respect to this analysis, the updates that took place in 2023 are summarized below.

The Group is still continuing to determine its "Carbon Footprint" and the activities to be implemented to reduce CO2 emissions. In this context, it should be noted that:

- ✓ investments in new machinery and plants aimed at saving and improving energy efficiency and reducing CO2 emissions continued also in the first half of 2023, also obtaining energy efficiency certificates (TEE);
- ✓ during July 2023 the photovoltaic system for self-consumption came into operation at the Imola plant;
- ✓ the incidence of purchases of copper from primary production (mining extraction) has further decreased in favour of that from secondary production (recycled metal).

With regard to the EV (Electric Vehicle) sector, the Irce Group continues to develop winding conductors for new generation electric motors as well as the acquiring of new orders, with the aim of becoming one of the main European suppliers in the sector.

Finally, during the semester quantitative and qualitative information was also included in the CDP (Carbon Disclosure Project) platform in order to acquire a rating on its environmental sustainability.

## 2. 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.

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, Fine Wire P. Lyd, Irce Electromagnetic Wire (Jiangsu)

Below is the income statement broken down by operating segments of the Irce Group, compared with the period 30 June 2022, as well as the balance sheet balances of intangible and tangible fixed assets, compared with 31 December 2022:

| (Thousand of Euro) | Italy | UE | Extra UE | Consolidation entries | Irce Group |
|---|---|---|---|---|---|
| Current period | | | | | |
| Sales revenues | 143,039 | 23,527 | 63,540 | (11,149) | 218,956 |
| Ebitda | 7,680 | 793 | 2,855 | 58 | 11,385 |
| Ebit | 5,805 | 159 | 1,575 | 58 | 7,597 |
| Financial income/(charge) | - | - | - | - | (1,087) |
| Income taxes | - | - | - | - | (1,565) |
| Net result for the period | - | - | - | - | 4,945 |
| | | | | | |
| Intangible assets | 71 | - | 23 | - | 94 |
| Tangible assets | 32,503 | 6,354 | 14,858 | - | 53,714 |
| Previous period | | | | | |
| Sales revenues | 179,240 | 20,992 | 68,548 | (7,780) | 261,000 |
| Ebitda | 4,495 | (115) | 4,269 | (150) | 8,498 |
| Ebit | 2,653 | (483) | 2,764 | (150) | 4,784 |
| Financial income/(charge) | - | - | - | - | (266) |
| Income taxes | - | - | - | - | (347) |
| Net result for the period | - | - | - | - | 4,171 |
| | | | | | |
| Intangible assets | 22 | - | 27 | - | 49 |
| Tangible assets | 30,612 | 6,452 | 14,549 | - | 51,613 |

### 3. DERIVATE INSTRUMENTS

The Group uses the following types of derivative instruments:

- Derivative instruments related to metal forward purchase and sale transactions with maturity after 30 June 2023. These transactions do not qualify as hedging instruments for the purposes of hedge.

Below is a summary of the metal derivative contracts outstanding as at 30 June 2023:

| | Notional amount | | Fair value as of 30/06/2023 | | |
|---|---|---|---|---|---|
| | Assets (Ton) | Liabilities (Ton) | Current Assets (€/000) | Current Liabilities (€/000) | Net carrying amount (€/000) |
| Copper forward sales and purchases | 625 | 1,060 | 72 | (267) | (194) |

- Derivative instruments related to currency forward purchase and sale transactions with maturity after 30 June 2023. 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 outstanding as at 30 June 2023:

| | Notional amount | | Fair value as of 30/06/2023 | | |
|---|---|---|---|---|---|
| | Assets (Ton) | Liabilities (Ton) | Current Assets (€/000) | Current Liabilities (€/000) | Net carrying amount (€/000) |
| GBP forward sales | | 6,000 | | (236) | (236) |

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

### 4. GOODWILL AND OTHER 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 2023:

| (Thousand of Euro) | Patents and intellectual property rights | Licenses, trademarks, similar rights and multi-year charges | Total |
|---|---|---|---|
| | | | |
| **Closing balance - previous period** | **31** | **18** | **49** |
| **Changes - current period** | | | |
| Purchase | 57 | 19 | 76 |
| Depreciation | (25) | (6) | (31) |
| Exchange rate differences | 1 | 0 | 1 |
| **Closing balance - current period** | **64** | **31** | **94** |

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.

### 5. TANGIBLE ASSETS

| (Thousand of Euro) | Lands | Buildings | Plant and machinery | Equipments | Other tangible assets | Assets under constructions and advances | Total |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| **Closing balance - previous period** | **14,593** | **10,537** | **12,831** | **973** | **401** | **12,278** | **51,613** |
| **Changes - current period** | | | | | | | |
| Purchase | - | 102 | 334 | 240 | 62 | 4,382 | 5,120 |
| Depreciation | (15) | (545) | (2,641) | (224) | (89) | - | (3,514) |
| Reclass | - | 0 | (173) | (27) | 27 | 173 | 0 |
| Disposals | (5) | 0 | (664) | (50) | (25) | (8) | (752) |
| Disposals - Depreciation fund | 5 | - | 664 | 50 | 25 | - | 744 |
| Exchange rate differences | 69 | 195 | 189 | 2 | 5 | 42 | 503 |
| **Closing balance- current period** | **14,647** | **10,288** | **10,540** | **965** | **406** | **16,868** | **53,714** |

Investments of the Group in the first half of 2023 have been equal to € 5,120 thousand of which € 85 thousand related to Right-of-use assets and mainly concerned the investments in machinery of IRCE SpA and FD Sims Ltd.

The item "Reclass" refers to investments carried out in previous years or in the current year, initially recorded in the category "Assets under constructions and advances" and finally allocated, once completed, to the specific categories to which they belong.

The “Exchange rate differences” mainly refer to the Brazilian subsidiary following the revaluation of the Real against the Euro.

Assets under constructions and advances, amounting to Euro 16.8 million, mainly refer to investments for the renewal of the plant stock, which will be mainly come to operation during the second half of 2023.

The Directors consider the medium/long-term outlook for the Group to be substantially confirmed, as reflected in the 2023-2027 plan used for the preparation of the impairment test at 31 December 2022.Therefore, also taking into account the positive results reported by the Group at 30 June 2023 and the expected trend for the second half of the year, they believe that there are no indicators of impairment compared to the values recorded in the financial statements, with particular reference to tangible and intangible assets and, consequently, did not consider it necessary to update the impairment test as at 30 June 2023.

### 6. DEFERRED TAX ASSETS AND LIABILITIES

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

| (Thousand of Euro) | 2023<br>30 June | 2022<br>31 December |
|---|---|---|
| Deferred tax assets | 2,685 | 2,357 |
| Deferred tax liabilities | (295) | (338) |
| **Total net deferred tax** | **2,390** | **2,019** |

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

| (Thousand of Euro) | Opening balance | Increase | Decrease | Reclass | Net equity effect | Exchange rate differences | Closing balance |
|---|---|---|---|---|---|---|---|
| Deferred tax assets | 2,357 | 563 | (290) | 50 | (9) | 13 | 2,685 |
| Deferred tax liabilities | (338) | (50) | 13 | 50 | 31 | (2) | (295) |
| **Total** | **2,019** | **513** | **(277)** | **100** | **23** | **11** | **2,390** |

The changes of deferred tax assets and liabilities is mainly due to the items Provision for obsolescence fund, Provision for Bad Debts and Provision for risks and charges.

The Directors believe that deferred taxes will be reasonably recovered through the generation of taxable income in future financial years.

### 7. OTHER NON CURRENT ASSETS

| (Thousand of Euro) | 2023<br>30 June | 2022<br>31 December |
|---|---|---|
| Other non current assets | 1,753 | 2,813 |
| **Total other non current assets** | **1,753** | **2,813** |

The balance refers to the Brazilian subsidiary and essentially concerns ICMS, PIS and Cofins tax receivables.

### 8. INVENTORIES

Inventories, broken down as follows, are not pledged nor used as collateral.

| (Thousand of Euro) | 2023<br>30 June | 2022<br>31 December |
|---|---|---|
| Raw materials, ancillary and consumables - gross value | 42,497 | 50,565 |
| Work in progress and semi-finished goods - gross value | 20,919 | 16,642 |
| Finished products and goods - gross value | 62,727 | 56,697 |
| Provision for write down of raw material | (4,333) | (3,388) |
| Provision for write down of work in progress and semi-finished goods | (1) | (1) |
| Provision for write down of finished products and goods | (3,100) | (2,527) |
| **Total inventories** | **118,709** | **117,988** |

The quotation of copper on the London Metal Exchange, compared to the price of 7.86 €/kg as at 31 December 2022, grew in the first months of the year while from April a downward trend began and reached 7.80 €/kg at the end of June.. The average price of copper in the first half of the year was 8.05 €/Kg, significantly lower than the average of the first half of 2022, equal to 8.92 €/Kg.

On the basis of the above and taking into account the expected trend in the price of copper and the expectations regarding the sales time of inventories the Group, as required by its policies and in line with IFRS principles, has written down copper in stock at the net realisable value as it is lower than the weighted average cost of the first half of 2023.

The table below shows the changes in the provision for write-down of inventories in the first half of 2023:

| (Thousand of Euro) | Opening balance | Provision | Reversal | Exchange rate differences | Closing balance |
|---|---|---|---|---|---|
| Provision for write down of raw material | (3,388) | (986) | 49 | (8) | (4,333) |
| Provision for write down of work in progress and semi-finished goods | (1) | - | - | - | (1) |
| Provision for write down of finished products and goods | (2,527) | (553) | - | (20) | (3,100) |
| **Total** | **(5,916)** | **(1,539)** | **49** | **(28)** | **(7,434)** |

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 work in progress and finished products and goods is set aside against slow-moving or non-moving finished products. The increase of “Provision for write down” for Euro 1.5 million is mainly due to the Parent Company and, to a lesser extent, to the subsidiaries Irce Ltda and Isomet AG.

## 9. TRADE RECEIVABLES

The breakdown of trade receivables is shown below:

| (Thousand of Euro) | 2023<br>30 June | 2022<br>31 December |
|---|---|---|
| Current trade receivables - third parties | 81,610 | 63,464 |
| Current bad debt provision - third parties | (1,554) | (1,966) |
| **Total trade receivables** | **80,056** | **61,498** |

Trade receivables sold without recourse during the first six months amounted to € 31.5 million while the invoices sold but not yet due as at 30 June 2023 are equal to € 24.9 million (€ 32.3 million at December 31, 2022). The change of trade receivables is substantially attributable to the raise of Group’s turnover in the second quarter 2023 compared to the last quarter of 2022 as well as the decrease of trade receivables sold without recourse not yet due as at 30 June 2023 compared to 31 December 2022.

The breakdown of “Current trade receivables” by “Due dates” and “Risk level” is detailed below:

| **Due dates**<br>(Thousand of Euro) | 2023<br>30 June | 2022<br>31 December | Change |
|---|---|---|---|
| Not yet due | 53,568 | 41,000 | 12,568 |
| 0 - 30 days | 25,478 | 19,101 | 6,377 |
| 30 - 60 days | 1,020 | 989 | 31 |
| 60 - 120 days | 161 | 1,023 | (862) |
| > 120 days | 1,383 | 1,351 | 32 |
| **Total trade receivables** | **81,610** | **63,464** | **18,146** |

| **Risk level**<br>(Thousand of Euro) | 2023<br>30 June | 2022<br>31 December | Change |
|---|---|---|---|
| Minimum | 62,300 | 47,071 | 15,229 |
| Medium | 16,290 | 13,217 | 3,073 |
| Above average | 1,800 | 2,143 | (343) |
| High | 1,220 | 1,033 | 187 |
| **Total trade receivables** | **81,610** | **63,464** | **18,146** |

The table below shows the changes in the bad debt provision during the first half of 2023:

| (Thousand of Euro) | Opening balance | Provision | Reversal | Utilization | Exchange rate differences | Closing balance |
|---|---|---|---|---|---|---|
| Current bad debt provision - third parties | (1,966) | (8) | 400 | 26 | (6) | (1,554) |

The item "Reversal" is attributable to the re-assessment of the "expected losses" on the trade receivables at 30 June 2023 of the Parent Company following the conclusion of a credit insurance starting from 1 January 2023 for the most of the Company's customers.

### 10. TAX RECEIVABLES

| (Thousand of Euro) | 2023 30 June | 2022 31 December |
|---|---|---|
| Tax receivables | 293 | 501 |
| Tax receivables – Aequafin | 1,570 | 2,175 |
| **Total tax receivables** | **1,863** | **2,676** |

The item "Direct tax credits" refers to the advance payments of direct taxes net of the tax allocation for the half-year; the balance refers mainly to the IRAP of the Parent Company.

The item "Tax receivables vs Aequafin" highlights the net balance at 30 June 2023 to its Parent company Aequafin with which a tax consolidation agreement is in place.

### 11. OTHER CURRENT ASSETS

Below is the item detailed:

| (Thousand of Euro) | 2023 30 June | 2022 31 December |
|---|---|---|
| Accrued income and prepaid expenses | 257 | 126 |
| Social securities receivables | 56 | 58 |
| Other current assets | 1,119 | 1,154 |
| VAT receivables | 1,609 | 4,321 |
| **Total receivables due from others** | **3,041** | **5,659** |

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

The decrease in “VAT receivables” is mainly attributable to Irce SpA and Irce Ltda.

### 12. CURRENT FINANCIAL ASSETS

The item is broken down as follows:

| (Thousand of Euro) | 2023 30 June | 2022 31 December |
|---|---|---|
| Mark to market gains derivatives on metal | - | 117 |
| Guarantees deposits | 17 | 15 |
| Mark to market gains derivatives exchange rate | - | 25 |
| Other current financial assets | 193 | 333 |
| **Total current financial assets** | **210** | **490** |

The items “Mark to market gains derivatives on metal” and “Mark to market gains derivatives exchange rate” refer to the fair value of forward contracts on copper and on foreign exchange open at 30 June 2023 by the Parent Company.

The item “Other current financial assets” principally encloses the energy efficiency certificates “TEE”.

## 13. SHAREHOLDERS’ EQUITY

The item “Shareholders’ equity” amounts to € 150.7 million as of 30 June 2023 (€ 144,8 million as of 31 December 2022) and is detailed in the following table.

| (Thousand of Euro) | 2023 30 June | 2022 31 December |
|---|---|---|
| Share capital | 14,627 | 14,627 |
| Own share capital | (834) | (825) |
| Share premium reserve | 40,539 | 40,539 |
| Revaluation reserve | 22,328 | 22,328 |
| Own share premium | (97) | (68) |
| Legal reserve | 2,925 | 2,925 |
| IAS 19 Reserve | (524) | (424) |
| Extraordinary reserve | 53,496 | 49,300 |
| Other reserve | 23,595 | 23,595 |
| Profit (losses) of previous years | 16,807 | 13,372 |
| Translation Reserve | (26,807) | (29,483) |
| Profit (loss) for the period | 4,944 | 9,224 |
| **Total shareholders' equity attributable to Parent company** | **150,998** | **145,110** |
| Shareholders' equity attributable to Minority interests | (324) | (325) |
| **Total shareholders' equity** | **150,675** | **144,785** |

Share capital

The following table shows the breakdown of the share capital.

| (Thousands of Euro) | 2023 30 June | 2022 31 December |
|---|---|---|
| Subscribed share capital | 14,627 | 14,627 |
| Treasury share capital | (835) | (825) |
| **Total share capital** | **13,792** | **13,802** |

The share capital is made up 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.

Treasury share capital refers to the nominal value of the treasury shares held by the Company and, as required by IFRS, are deducted from Subscribed share capital. Treasury share capital as of 30 June 2023 amounted to 1,604,688, corresponding to 5.70% of the share capital. The total number of outstanding shares is then 26,523,312.

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, in thousand, is as follows:

| | |
|---|---|
| **Balance as of 31/12/2022** | **(424)** |
| Actuarial valuation | (123) |
| Tax effect on actuarial valuation | 23 |
| **Balance as of 30/06/2023** | **(524)** |

Extraordinary reserve

The extraordinary reserve is increased annually by the retained earnings of the Parent Company and decreased by the dividends distributed, in the first half of 2023 equal to € 1,6 million.

Translation reserve

The positive change in the translation reserve, equal to € 2,7 million, is mainly due to the revaluation of the Brazilian real against the Euro.

### 14. NON-CURRENT FINANCIAL LIABILITIES

The item is broken down as follows:

| (Thousand of Euro) | 2023 30 June | 2022 31 December |
|---|---|---|
| Non current Financial liabilities due to banks | 16,477 | 19,601 |
| Non current Financial liabilities - IFRS 16 | 203 | 174 |
| Other non current financial liabilities | 1 | 2 |
| **Total non current financial liabilities** | **16,681** | **19,777** |

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

| Thousand of Euro | Currency | Rate | Company | 30.06.2023 | 31.12.2022 | Due date |
|---|---|---|---|---|---|---|
| Banca di Imola | EUR | Floating | IRCE SPA | 2,843 | 3,473 | 2026 |
| Mediocredito | EUR | Floating | IRCE SPA | 923 | 1,385 | 2025 |
| Banco Popolare | EUR | Fixed | IRCE SPA | 1,512 | 1,886 | 2026 |
| Deutsche Bank | EUR | Fixed | IRCE SPA | 5,250 | 6,125 | 2027 |
| BPER | EUR | Floating | IRCE SPA | 4,722 | 5,000 | 2032 |
| Credit Suisse | EUR | Zero | Isomet AG | 259 | 296 | 2025 |
| Banco Popolare | EUR | Fixed | Isomet AG | 968 | 1,436 | 2026 |
| **Total** | | | | **16,477** | **19,601** | |

It should be noted that as at 31 December 2022 all the financial constraints relating to existing loans, where envisaged, were fully satisfied. At 30 June 2023, however, the compliance with financial constraints is not envisaged as the "testing date" is contractually at the end of the year.

### 15. PROVISIONS FOR RISKS AND CHARGES

The movements of the provisions for risks and charges – current and non current – as at 30 June 2023 are shown below:

| (Thousand of Euro) | Opening | | Utilization | | Closing |
|---|---|---|---|---|---|
| Other provision for risks and charges - current | 257 | | (15) | | 242 |
| **Total provision for risk and charges- current** | **257** | | **(15)** | | **242** |

| (Thousand of Euro) | Opening | Provision | Utilization | Effetti cambi | Closing |
|---|---|---|---|---|---|
| Provision for severance payments to agents - non current | 130 | - | (22) | - | 108 |
| Other provision for risks and charges - non current | 150 | 633 | - | 2 | 785 |
| **Total provision for risk and charges - non current** | **280** | **633** | **(22)** | **2** | **893** |

The items “Provision for severance payments to agents” refers to the Parent Company and to Smit Draad Nijmegen.

The provision for the period of the item "Other provision for risks and charges" refers respectively for Euro 230 thousand to the risk of enforcement of a surety by a customer of the Parent Company and for Euro 403 thousand to disputes with customers of FD Sims and Smit Draad Nijmegen for alleged product defects.

### 16. PROVISIONS FOR EMPLOYEE DEFINED BENEFITS

The item refers for € 2,843 thousand to the Parent Company, for € 450 thousand to Isomet, for € 49 thousand to Magnet Wire, for € 65 thousand to Isolveco in liquidation, for € 50 thousand to Isolveco 2 as well as for € 2 thousand to DMG.

Due to the number of employees involved and the value of the defined benefit plans, the actuarial evaluation is prepared for the half-yearly basis only for the Parent Company and Isomet.

The table below shows the changes in the Provision for employee defined benefits in the first half of 2023:

| (Thousand of Euro) | Opening | Provision | Net equity effect | Utilization | Exchange rate differences | Closing |
|---|---|---|---|---|---|---|
| Provision for employee defined benefit - non current | 3,449 | 39 | 123 | (155) | 3 | 3,459 |
| **Total** | **3,449** | **39** | **123** | **(155)** | **3** | **3,459** |

### 17. CURRENT FINANCIAL LIABILITIES

Current financial liabilities are broken down as follows:

| (Thousand of Euro) | 2023 30 June | 2022 31 December |
|---|---|---|
| Current Financial liabilities due to banks | 52,950 | 40,973 |
| Mark to market losses derivatives on metal | 194 | - |
| Current Financial liabilities - IFRS 16 | 105 | 121 |
| Mark to market losses derivatives exchange rate | 235 | - |
| Long term loans- current portion | 5,779 | 5,272 |
| **Total current financial liabilities** | **59,263** | **46,366** |

The following table highlights the net financial position of Irce Group, determined on the basis of the 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) | 2023 30 June | 2022 31 December |
|---|---|---|
| Cash and cash equivalents | 9,559 | 5,608 |
| Current financial assets | 210 | 490 |
| Cash and cash equivalents | 9,769 | 6,098 |
| Other current financial liabilities | (53,484) | (41,094) |
| Long term loans - current portion | (5,779) | (5,272) |
| Current net financial position | (49,494) | (40,268) |
| Non current financial liabilities third parties | (16,681) | (19,777) |
| **Net financial position** | **(66,175)** | **(60,045)** |

Net financial position at 30 June 2023 amounted to € 66.2 million, up from € 60.0 million at 31 December 2022 mainly due to cash utilization deriving from the change in working capital, in particular trade receivables.

The Irce Group also has contractual commitments in place at 30 June 2023 for a total of € 64,7 million relating mainly to the purchase of copper and machinery, as well as for the construction of a building in Europe, which will be realized over the next 18 months.

It should also be noted that the Group is proceeding with the development of a project to enter the Asian market.

## 18. TRADE PAYABLES

| (Thousand of Euro) | 2023<br>30 June | 2022<br>31 December |
|---|---|---|
| Trade payables | 31,269 | 27,240 |
| **Total trade payables** | **31,269** | **27,240** |

Trade payables are all due in the following 12 months.

The change is attributable both to the Parent Company and to some subsidiaries, in particular FD Sims, Irce Ltda, Smit Draad and Isomet and is mainly due to the early interruption of copper deliveries following the Christmas closing on December for which their payments have been made, unlike the deliveries made closely to the end of June, within the month of delivery.

## 19. TAX PAYABLES

| (Thousand of Euro) | 2023<br>30 June | 2022<br>31 December |
|---|---|---|
| Tax payables-current | 240 | 555 |
| **Total tax payables** | **240** | **555** |

This item, equal to Euro 240 thousand, refers to income tax payables of certain subsidiaries, net of advances paid. The reduction compared to 31 December 2022 is attributable to Irce Ltda.

## 20. OTHER CURRENT LIABILITIES

Other payables are broken down as follows:

| (Thousand of Euro) | 2023<br>30 June | 2022<br>31 December |
|---|---|---|
| Payables due to employees | 3,924 | 3,120 |
| Accrued liabilities and deferred income | 437 | 615 |
| Other payables | 639 | 903 |
| VAT payables | 1,220 | 548 |
| Income taxes withheld on income from employees | 393 | 522 |
| **Total other current liabilities** | **6,613** | **5,708** |

The “Payables due to employees” include the liabilities for the thirteenth month’s salary, for holiday accrued and not taken and for production premiums. The increase compared to 31 December 2022 is attributable to accrued holidays and the allocation of the thirteenth month's salary, which will be paid in December 2023.

The change of VAT payables is essentially due to the Parent Company and Smit Draad Nijmegen.

## COMMENT ON THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

### 21. REVENUES

The item refers to revenues from the sale of goods, net of returns, rebates and the return of packaging.

| (Thousand of Euro) | 2023 30 June | 2022 30 June | Change |
|---|---|---|---|
| Sales revenues | 218,956 | 261,000 | (42,044) |

The consolidated turnover in the first half of 2023, equal to € 219,0 million, decreased by 16.1% compared to the same period of the prior year.

The following tables highlight revenues broken down by product and by geographical area of destination of finished products.

| (Thousand of Euro) | Current period | | | Previous period | | |
|---|---|---|---|---|---|---|
| | Winding wires | Cables | Total | Widing wires | Cables | Total |
| Revenues | 177,486 | 41,470 | 218,956 | 206,198 | 54,802 | 261,000 |
| *% of total* | *81.1%* | *18.9%* | *100.0%* | *79.0%* | *21.0%* | *100.0%* |

| (Thousand of Euro) | Current period | | | | Previous period | | | |
|---|---|---|---|---|---|---|---|---|
| | Italy | UE | Extra UE | Total | Italy | UE | Extra UE | Total |
| Revenues | 76,068 | 72,188 | 70,700 | 218,956 | 108,666 | 79,074 | 73,260 | 261,000 |
| *% of total* | *34.7%* | *33.0%* | *32.3%* | *100.0%* | *41.6%* | *30.3%* | *28.1%* | *100.0%* |

For further details please refer to paragraph 2 “Segment reporting“ and to “Report on Operations”.

### 22. OTHER REVENUES AND INCOME

Other revenues and income are broken down as follows:

| (Thousand of Euro) | 2023 30 June | 2022 30 June | Change |
|---|---|---|---|
| Increase in internally generated fixed assets | 43 | 214 | (171) |
| Capital gains on assets disposals | 20 | 691 | (671) |
| Insurance reimbursement | 86 | 2 | 84 |
| Contingent assets | 224 | 47 | 177 |
| Other revenues | 290 | 618 | (328) |
| **Total other revenues and income** | **663** | **1,572** | **(909)** |

“Capital gains on asset disposals” included as at 30 June 2022 the capital gain of € 665 thousand for the sale of the business unit “Miradolo”.

The item "Contingency assets" mainly includes the collection of receivables previously written off, supplies never claimed and currently time-barred, reversal of invoices to be received over-estimated in previous years.

"Other revenues and income" mainly include revenues from the sale of energy efficiency certificates "TEE", leases receivable, contributions received for training courses, chargebacks to customers for reimbursement of expenses as well as the charge of damages and penalties to suppliers. The change in the period is mainly due to a significant charge to a service provider, made in the comparative period, in relation to damages suffered for the theft of a wire rod truck.

### 23. COSTS FOR RAW MATERIALS AND CONSUMABLES

Costs for raw material and consumables are detailed as follows:

| (Thousand of Euro) | 2023 30 June | 2022 30 June | Change |
|---|---|---|---|
| Raw materials and consumables | (166,571) | (218,666) | 52,095 |
| Change in inventory of raw materials and consumables | (9,467) | (2,147) | (7,320) |
| Purchasing finished goods | (5,011) | (4,299) | (711) |
| **Total raw materials and consumables** | **(181,049)** | **(225,112)** | **44,063** |

The item “Raw material and consumables”, equal to € 166.6 million, includes the cost of purchasing of raw materials, the most significant of which are copper, aluminium, insulating materials, materials for packaging and maintenance
The change in the period compared to first half 2022 is due both to a reduction in the volumes purchased and to a decrease in the average price of copper.

### 24. COSTS FOR SERVICES

“Costs for services” are detailed as follows:

| (Thousand of Euro) | 2023 30 June | 2022 30 June | Change |
|---|---|---|---|
| External processing | (4,953) | (3,662) | (1,291) |
| Utility expenses | (7,099) | (13,744) | 6,645 |
| Maintenance | (1,310) | (1,068) | (242) |
| Transport of sales and purchase | (3,100) | (3,200) | 100 |
| Payable fees | (78) | (86) | 8 |
| Statutory auditors compensation | (35) | (34) | (1) |
| Other services | (3,274) | (3,004) | (270) |
| Operating leasing (in scope for IFRS 16) | (145) | (102) | (43) |
| **Total cost for services** | **(19,994)** | **(24,900)** | **4,906** |

The change in "External processing" is mainly attributable to the significant increase in the cost for transforming the metal cathode into wire rod.

It should be noted that also during the first half of 2023 the Company benefited from the contribution paid to energy-intensive companies in the form of a tax credit, accounted for by nature to reduce the related cost "Expenses for utilities". The change in "Utility expenses" is due both to a reduction of MWh of electricity consumed following the drop in production and to the significant decrease in the market of the unit cost per MWh.

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

The item “Operating leasing” includes 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.

## 25. PERSONNEL COSTS

Personnel costs are detailed as follows:

| (Thousand of Euro) | 2023<br>30 June | 2022<br>30 June | Change |
|---|---|---|---|
| Salaries and wages | (10,745) | (10,974) | 229 |
| Social security charges | (2,510) | (2,544) | 34 |
| Pension costs | (913) | (879) | (34) |
| Other personnel costs | (1,288) | (1,533) | 245 |
| **Total personnel costs** | **(15,456)** | **(15,930)** | **474** |

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

The reduction in personnel costs is attributable to the Parent Company, in particular to the sale of the Miradolo business unit in the first half of 2022.

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

| (Number of employees) | 2023<br>30 June<br>Closing | 2023<br>30 June<br>Average | 2022<br>30 June<br>Closing |
|---|---|---|---|
| Executives | 25 | 26 | 27 |
| Whitecollars | 142 | 138 | 143 |
| Bluecollars | 443 | 446 | 477 |
| **Total Employees** | **610** | **610** | **647** |
| Executives (temporary) | 1 | 1 | 1 |
| Whitecollars (temporary) | 3 | 4 | 3 |
| Bluecollars (temporary) | 43 | 39 | 68 |
| **Total Temporary workers** | **47** | **44** | **72** |
| **Total headcount** | **657** | **654** | **719** |

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.

The reduction in the workforce is mainly due to the sale of Miradolo Terme (PV) plant, which employed about 40 people and temporary workers. A further reduction is due to the decline in the last half in production activity, which required less recourse to temporary workers in the Italian plants.

## 26. DEPRECIATION/AMORTISATION AND IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

Here is the breakdown of depreciation/amortisation:

| (Thousand of Euro) | 2023<br>30 June | 2022<br>30 June | Change |
|---|---|---|---|
| Amortization of intangible assets | (31) | (16) | (15) |
| Depreciation of tangible assets | (3,429) | (3,504) | 75 |
| Depreciation of tangible assets - IFRS 16 | (85) | (100) | 15 |
| **Total amortization/depreciation and write-down** | **(3,545)** | **(3,620)** | **75** |

### 27. PROVISIONS AND WRITE-DOWNS

Provisions and write-downs are broken down as follows:

| (Thousand of Euro) | 2023 30 June | 2022 30 June | Change |
|---|---|---|---|
| Bad debt provision | 392 | (2) | 394 |
| Receivables losses | (2) | (93) | 91 |
| Provision for risks | (633) | - | (633) |
| **Total provisions and write-downs** | **(243)** | **(95)** | **(148)** |

With reference to the change of the items "Bad debt provision" and "Provision for risks", please refer respectively to paragraphs "9 - Trade receivables" and "15 - Provision for risks and charges".

### 28. FINANCIAL INCOME AND CHARGES

Financial income and charges are broken down as follows:

| (Thousand of Euro) | 2023 30 June | 2022 30 June | Change |
|---|---|---|---|
| Financial income | 1,278 | 1,989 | (711) |
| Financial charges | (2,412) | (1,669) | (743) |
| Foreign exchanges | 47 | (586) | 633 |
| **Total financial income and charges** | **(1,087)** | **(266)** | **(821)** |

The item "Financial income" includes € 1.2 million of interest income on payment extension granted to customers mainly by the Brazilian subsidiary. The change compared to the previous period is largely due to the impact of copper derivatives whose impact in the present half was negative for € 0.1 million, while in the previous period it was positive for € 0.4 million.

The item "Financial charges" includes for € 1.0 million the charges relating to the discount without recourse of trade receivables mainly by the Brazilian subsidiary as well as interest expense on financial payables of approximately € 1.2 million.
The increase compared to the previous period is mainly attributable to the higher market interest rates.

"Foreign exchange" includes for € 240 thousand negative realized exchange differences and for € 287 thousand positive unrealized exchange differences. The change of the item "Foreign exchange" is mainly due to Irce SpA and Irce Ltda.

### 29. INCOME TAXES

Below is the detail of income taxes:

| (Thousand of Euro) | 2023 30 June | 2022 30 June | Change |
|---|---|---|---|
| Current taxes | (1,746) | (575) | (1,170) |
| Income taxes related to previous years | (155) | 1 | (156) |
| Deferred tax | 336 | 227 | 109 |
| **Total income tax** | **(1,565)** | **(347)** | **(1,218)** |

It should be noted that, consistently with the previous period, the Parent Company's tax base incorporates significant permanent tax decreases, related both to "hyper/super-depreciation" and to contributions for the electricity tax credit granted to energy-intensive companies.

The increase in the tax rate at 30 June 2023 compared to the comparative period is mainly attributable to the Parent Company and in particular to the lower incidence of the permanent tax decreases described above on the pre-tax result.

It should be noted that the Parent Company at 30 June 2022, despite having reported a "Result before taxes" equal to over 60% compared to one of the Group, recorded a "negative" tax base on which deferred taxes were counted.

### 30. 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.

| | 2023<br>30 June | 2022<br>30 June |
|---|---|---|
| Result for the period (Thousand of Euro) | 4,944 | 4,192 |
| Average weighted number of ordinary shares outstanding | 26,523,312 | 26,541,612 |
| Basic earnings/(loss) per Share | 0.1864 | 0.1579 |
| | | |
| Diluted earnings/(loss) per Share | 0.1864 | 0.1579 |

### 31. 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:

| (Thousand of Euro) | Compensation for the office held | Compensation for other tasks | Total |
|---|---|---|---|
| Directors | 124 | 144 | 268 |

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 receivables vs the Parent company Aequafin SpA of € 1,6 million deriving from the National Tax Consolidation Agreement.

### 32. COMMITMENTS AND GUARANTEES

In relation to the guarantees provided, the parent company IRCE S.p.A. issued five sureties for a total of € 1,484 thousand in favour of a publicly owned company to guarantee the supply of electrical cables.
With reference to outstanding commitments, please refer to note 17 – Current financial liabilities.

### 33. EVENTS AFTER THE REPORTING PERIOD

No significant subsequent events occurred between the reporting date of first half of 2023 and the date of preparation of these financial statements.

***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 consolidated 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, 13 September 2023

Filippo Casadio
Chairman

Elena Casadio
Manager responsible for preparing the corporate accounting documents

Deloitte.

Deloitte & Touche S.p.A.
Piazza Malpighi, 4/2
40123 Bologna
Italia

Tel: +39 051 65811
Fax: +39 051 230874
www.deloitte.it

# 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 statement of financial position as of June 30, 2023 and the income statement, statement of comprehensive income, statement of changes in equity and 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, 2023 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
Giovanni Fruci
Partner

Bologna, Italy
September 13, 2023

*This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.*