

Interim Report on Operations as of 30 September 2023

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CORPORATE BODIES

Board of Directors

Chairman	Mr	Filippo Casadio
Executive Director	Mr	Francesco Gandolfi Colleoni
Non-Executive Director	Mr	Gianfranco Sepriano
Non-Executive Director	Ms	Francesca Pischedda
Non-Executive Director	Mr	Orfeo Dallago
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 S.p.A.

Components	Control and Risks Committee	Remuneration Committee	Related Parties Committee
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Ms Gigliola Di Chiara	■	■	■
Mr Gianfranco Sepriano	■	■	
Ms Claudia Peri	■	■	■
Ms Francesca Pischedda			■

Financial Reporting Officer

Ms Elena Casadio

Internal Auditor

Mr Fabrizio Bianchimani

Supervisory Board

Mr Francesco Bassi
Mr Gabriele Fanti
Mr Gianluca Piffanelli

INTERIM REPORT ON OPERATIONS AS OF 30 SEPTEMBER 2023

The consolidated financial statements of Irce Group (hereinafter also the "Group") for the first nine months of 2023 closed with a profit of € 6.55 million.

Consolidated turnover was € 311.31 million, down by 15.0% compared to € 366.39 million of 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 nine months of 2023, was -6,8% lower than in the same period of 2022). EBITDA and EBIT improved due to higher margins and better efficiency linked to the introduction of new machineries.

In this first nine months of the year, we are witnessing a weak market demand in both business units. In the winding wires, the decline of volumes went on also in the third quarter and continue. In the cable business, volumes were down compared to the nine months of 2022, but we have recorded a recovery in recent months, thanks to the acquisition of some important public contracts in the infrastructure sector.

In this context, turnover without metal¹ increased by 0.7%; the winding wires sector raised by 0.3% while the cable sectors recorded a decrease by 1.8%.

In detail:

Consolidated turnover without metal (€/million)	30 September 2023		30 September 2022		Change
	Value	%	Value	%	%
Winding wires	55.25	73.0%	55.07	73.3%	0.3%
Cables	20.41	27.0%	20.05	26.7%	1.8%
Total	75.66	100.0%	75.12	100.0%	0.7%

The following table shows the changes in 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)	30 September 2023		30 September 2022		Change
	Value		Value		Value
Turnover ²	311.31		366.39		(55.08)
EBITDA ³	15.64		12.33		3.31
EBIT	10.53		6.11		4.42
Net result before tax	9.66		5.6		4.06
Net result for the period	6.55		4.99		1.56
Adjusted EBITDA ⁴	15.91		12.72		3.19
Adjusted EBIT ⁴	10.8		6.5		4.3

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 (€ +0.27 million in the first nine months of 2023 and € +0.39 million in the first nine months of 2022). These are indicators that 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)	30 September 2023 Value	30 September 2022 Value	Change Value
Net capital employed ⁵	197.17	204.84	(7.67)
Shareholders' equity	151.83	144.79	7.04
Net financial position ⁶	45.34	60.05	(14.71)

As at September 30, 2023 net financial position was € 45.34 million, lower than € 60.05 million as at December 31, 2022, thanks to the cash flow generated by operating activities and the reduction in working capital.

The Group's investments, in the first nine months of 2023, were € 9.13 million, they mainly concerned the parent company IRCE S.p.A and related to the winding wires sector.

The economic situation of the main economies makes it difficult and uncertain the forecast of the recovery of market demand. Europe, in particular, IRCE's main reference market, is more importantly affected by the ongoing slowdown. In the winding wires business, sales volumes remain at low levels and there are no signs of improvement by the end of the year. In the cable business, instead, the current order book should allow us to end the year with a significant recovery in volumes. The group continues its strategy of focusing on more highly specialized sectors and products with expected significant growth, including the automotive industry and that of energy generation and transport.

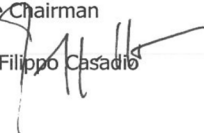
Excluding further reductions in copper prices within the year, we confirm the forecast of a year-end result in line with that of the last year.

Imola, 14 November 2023

On behalf of the Board of Directors

The Chairman

Mr Filippo Casadio



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. 9 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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Thousand of Euro)	Notes	2023 30 September	2022 31 December
ASSETS			
Non current assets			
Goodwill and other intangible assets		79	49
Property, plant and machinery	3	39,224	37,961
Equipments and other tangible assets	3	1,416	1,374
Assets under constructions and advances	3	15,385	12,278
Non current financial assets		5	5
Deferred tax assets		2,380	2,357
Other non current assets non financial	4	1,185	2,813
NON CURRENT ASSETS		59,674	56,837
Current assets			
Inventories	5	99,965	117,988
Trade receivables	6	74,519	61,498
Tax receivables		765	2,676
<i>(of which related parties)</i>		710	2,175
Other current assets	7	2,657	5,659
Current financial assets		600	490
Cash and cash equivalent		9,471	5,608
CURRENT ASSETS		187,977	193,919
TOTAL ASSETS		247,651	250,756

(Thousand of Euro)	Notes	2023 30 September	2022 31 December
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		13,782	13,802
Reserves		131,815	122,084
Profit (loss) for the period		6,552	9,224
Shareholders' equity attributable to shareholders of Parent company		152,149	145,110
Shareholders equity attributable to Minority interests		(324)	(325)
TOTAL SHAREHOLDERS' EQUITY	8	151,825	144,785
Non current liabilities			
Non current financial liabilities	9	14,873	19,777
Deferred tax liabilities		319	338
Non current provisions for risks and charges	10	892	280
Non current provisions for post employment obligation		3,378	3,449
NON CURRENT LIABILITIES		19,462	23,844
Current liabilities			
Current financial liabilities	9	40,533	46,366
Trade payables		27,852	27,240
Current tax payables		132	555
Social security contributions		1,693	2,000
Other current liabilities		5,915	5,709
Current provisions for risks and charges	10	239	257
CURRENT LIABILITIES		76,364	82,127
SHAREHOLDERS' EQUITY AND LIABILITIES		247,651	250,756

CONSOLIDATED INCOME STATEMENT

(Thousand of Euro)	Notes	2023 30 September	2022 30 September
Sales revenues	11	311,311	366,386
Other revenues and income	12	1,016	1,817
TOTALE REVENUES AND INCOME		312,327	368,203
Raw materials and consumables	13	(241,716)	(295,191)
Change in inventories of work in progress and finished goods		(3,814)	338
Cost for services	14	(28,079)	(37,112)
Personnel costs	15	(22,239)	(22,670)
Amortization /depreciation/write off tangible and intangible assets	16	(5,147)	(5,616)
Provision and write downs	17	45	(603)
Other operating costs	18	(844)	(1,240)
EBIT		10,533	6,109
Financial income / (charges)	19	(873)	(511)
RESULT BEFORE TAX		9,660	5,598
Income taxes	20	(3,106)	(625)
NET RESULT FOR THE PERIOD		6,554	4,973
Net result attributable to non-controlling interests		2	(18)
Net result attributable to shareholders of the Parent Company		6,552	4,992
EARNINGS/(LOSSES) PER SHARES			
- basic EPS for the period attributable to shareholders of the parent company	21	0.2472	0.1881
- diluted EPS for the period attributable to shareholders of the parent company	21	0.2472	0.1881

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Thousand of Euro)	Notes	2023 30 September	2022 30 September
Net result for the period		6,554	4,973
Translation difference on financial statements of foreign companies	8	2,262	6,860
Total items that will be reclassified to net result		2,262	6,860
Actuarial gain / (losses) IAS 19		(123)	858
Tax effect		22	(189)
Total IAS 19 reserve variance	8	(101)	669
Total items that will not be reclassified to net result		(101)	669
Total comprehensive income for the period		8,715	12,503
Attributable to shareholders of Parent company		8,713	12,521
Attributable to Minority interest		2	(18)

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	-	-	-	-	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 previous period	13,802	40,471	45,923	2,925	(514)	62,667	(26,807)	4,992	143,457	(323)	143,135
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	(20)	(62)	-	-	-	-	-	-	(82)	-	(82)
Allocation of previous year net result	-	-	-	-	-	9,224	-	(9,224)	-	-	-
Other comprehensive income for the period	-	-	-	-	(101)	-	2,262	-	2,161	-	2,161
Net result for the period	-	-	-	-	-	-	-	6,552	6,552	2	6,554
Total comprehensive income for the period	-	-	-	-	(101)	-	2,262	6,552	8,713	2	8,715
Closing balance current period	13,782	40,409	45,923	2,925	(525)	70,304	(27,221)	6,552	152,149	(324)	151,825

CONSOLIDATED STATEMENT OF CASH FLOW

(Thousand of Euro)	Notes	2023 30 September	2022 30 September
OPERATING ACTIVITIES			
Result of the period (Group and Minorities)		6,554	4,973
<i>Adjustments for:</i>			
Depreciation / Amortization	16	5,147	5,616
Net change in deferred tax (assets) / liabilities	19	(10)	(206)
Capital (gains) / losses from disposal of fixed assets		(88)	(699)
Losses / (gains) on unrealised exchange rate differences		(191)	(358)
Provisions for risks	17	633	200
Income taxes	20	3,116	831
Financial (income) / expenses	19	1,232	26
Operating result before changes in working capital		16,393	10,383
Income taxes paid		591	(5,278)
Financial charges paid	19	(3,449)	(2,629)
Financial income collected	19	2,217	2,603
Decrease / (Increase) in inventories		19,328	(8,909)
Change in trade receivables		(12,086)	7,828
Change in trade payables		400	12,937
Net changes in current other assets and liabilities		(839)	(1,940)
Net changes in current other assets and liabilities - related parties		1,465	(3,003)
Net changes in non current other assets and liabilities		1,533	(376)
CASH FLOW FROM OPERATING ACTIVITIES		25,553	11,616
INVESTING ACTIVITIES			
Investments in intangible assets		(76)	(13)
Investments in tangible assets	3	(9,056)	(9,276)
Investments in subsidiaries, associates, other entities		-	(73)
Disposals of tangible and intangible assets		108	713
CASH FLOW FROM INVESTING ACTIVITIES		(9,024)	(8,649)
FINANCING ACTIVITIES			
Repayments of loans		(4,917)	(9,224)
Obtainment of loans		-	7,000
Net changes of current financial liabilities		(5,925)	(4,205)
Net changes of current financial assets		(256)	44
Other effects on shareholders' equity		-	1
Dividends paid to shareholders	8	(1,592)	(1,327)
Sell/(purchase) of own shares	8	(82)	(3)
CASH FLOW FROM FINANCING ACTIVITIES		(12,772)	(7,714)
NET CASH FLOW FROM THE PERIOD		3,757	(4,747)
CASH BALANCE AT THE BEGINNING OF THE PERIOD			
Exchange rate differences	9	5,608	10,678
NET CASH FLOW FROM THE PERIOD		3,757	(4,747)
CASH BALANCE AT THE END OF THE PERIOD	9	9,471	6,840

NOTES TO THE INTERIM REPORT ON OPERATIONS AT 30th SEPTEMBER 2023

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 2023 was approved by the Board of Directors of Irce SpA (hereafter also referred to as the “Company” or the “Parent Company”) on 14 November 2023. Irce SpA, 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 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). 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 trading subsidiaries: Isomet AG in Switzerland, DMG GmbH in Germany, Isolvec 2 S.R.L. in Italy, Irce S.L. in Spain, and Irce SP.ZO.O in Poland.

The companies Irce Electromagnetic Wire (Jiangsu) Co. Ltd based in Hai'an (China) and Irce S.r.o. based in Ostrava (Czech Republic), currently not operational, have recently been established.

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 2022 consolidated financial statements.

The interim report on operations is drafted in euro and all values reported in the notes are 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 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 on 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 significant impact on the Group consolidated financial statements.

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 September 2023:

Company	% of investment	Registered office	Currency	Share capital	Method of 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 SL	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 September 2023 as well as comparative periods were as follows:

Currency	Current period		Previous year		Previous period	
	Average	Spot	Average	Spot	Average	Spot
GBP	0.8710	0.8644	0.8525	0.8872	0.8469	0.8833
CHF	0.9776	0.9670	1.0051	0.9854	1.0124	0.9561
BRL	5.4264	5.3325	5.4498	5.6362	5.4754	5.2629
INR	89.2470	87.9757	82.7205	88.3048	82.3221	79.2880
CNY	7.6211	7.7340	7.0805	7.3650	7.0214	6.9380
PLN	4.5844	4.6283	4.6849	4.6843	4.6703	4.8496
CZK	23.8290	24.3390	24.5603	24.1160	24.5763	24.5490

1. 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, Iolveco 2 Srl and Iolveco Srl in liquidation;
- EU: Smit Draad Nijmegen BV, DMG GmbH, Irce S.L., Isodra GmbH and Irce SP. Z.O.O., Irce S.r.o.
- Non-EU: FD Sims Ltd, Irce Ltda, Isomet AG, Stable Magnet Wire Ltda, Fine Wire P. Ltd, Irce Electromagnetic Wire (Jiangsu)

Below is the income statement broken down by operating segments of the Irce Group, compared with the period 30 September 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	201,586	32,389	92,891	(15,555)	311,311
Ebitda	13,474	724	1,390	48	15,635
Ebit	10,909	(87)	(336)	48	10,533
Financial income/(charge)	-	-	-	-	(873)
Income taxes	-	-	-	-	(3,106)
Net result for the period	-	-	-	-	6,554
Intangible assets	58	-	20	-	79
Tangible assets	33,127	7,804	15,094	-	56,025
Previous 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/(charge)	-	-	-	-	(511)
Income taxes	-	-	-	-	(625)
Net result for the period	-	-	-	-	4,973
Intangible assets	22	-	27	-	49
Tangible assets	30,612	6,452	14,549	-	51,613

2. 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 September 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 September 2023:

	Notional amount		Fair value at 30/09/2023		
	Assets (Ton)	Liabilities (Ton)	Current assets (€/000)	Current liabilities (€/000)	Net carrying amount (€/000)
Forward purchase and sale transactions on copper	1,700	675	283	(105)	178

- 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 September 2023:

	Notional Value		Fair value at 30/09/2023		
	Assets (Thousand)	Liabilities (Thousand)	Current Assets (€/000)	Current Liabilities (€/000)	Net carrying amount (€/000)
Forward sale transactions on GBP		6,000		(254)	(254)

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

3. TANGIBLE ASSETS

The following table shows the breakdown and changes in tangible assets for the period closed as at 30 September 2023:

(Thousand of Euro)	Lands	Buildings	Plant and machinery	Equipments	Other tangible assets	Assets under construction and advances	Total
Closing balance - previous period	14,593	10,537	12,831	973	401	12,278	51,613
Changes - current period							
Purchase	-	1,999	3,633	464	72	2,972	9,140
Depreciation	(22)	(845)	(3,744)	(355)	(134)	-	(5,100)
Reclass	-	0	(175)	(27)	27	175	0
Disposals	(5)	0	(1,009)	(61)	(48)	0	(1,123)
Disposals - Depreciation fund	5	-	999	50	48	1	1,103
Exchange rate differences	89	173	165	0	4	(41)	392
Closing balance- current period	14,660	11,864	12,700	1,046	370	15,385	56,025

The Group's investments as of September 30, 2023 amounted to € 9,140 thousand, of which € 85 thousand related to rights of use, and mainly concerned investments by Irce SpA and, to a lesser extent, by some subsidiaries, mainly in the "Buildings" and "Plant and machinery" categories.

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 € 15.385 thousand, mainly refer to investments for the renewal of the plant stock, which will be mainly come to operation within the current year.

4. OTHER NON CURRENT ASSETS

(Thousand of Euro)	2023 30 September	2022 31 December
Other non current assets	1.185	2.813
Total other non current assets	1.185	2.813

The balance refers to the Brazilian subsidiary and essentially relates to ICMS, Pis and Cofins tax receivables.

5. INVENTORIES

Inventories are broken down as follows:

(Thousand of Euro)	2023 30 September	2022 31 December
Raw materials, ancillary and consumables - grsso value	36,454	50,565
Work in progress and semi-finished goods - gross value	19,880	16,642
Finished products and goods - gross value	50,767	56,697
Provision for write down of raw material	(4,176)	(3,388)
Provision for write down of work in progress and semi-finished goods	(2)	(1)
Provision for write down of finished products and goods	(2,958)	(2,527)
Total inventories	99,965	117,988

The change in the period is mainly due to a quantitative effect, essentially attributable to the lower volumes of metal in stock, in particular at Irce SpA and, to a lesser extent, to the price effect.

The price of copper on the London Metal Exchange had a fluctuating trend over the period, standing at €/kg 7.77 as of 30 September 2023, down 1% compared to the price of € 7.86/kg on 31 December 2022. The average price of copper in the first nine months of 2023, on the other hand, was €/kg 7.93, 7% lower than that of the same period of 2022, equal to €/kg 8.51.

On the basis of the above and taking into account the expected trends in the price of copper and the expectations regarding the realisation time of inventories in stock, the Group, as required by internal policies and in line with IFRS, has written down copper in stock to the presumed realisable value as it is expected to be lower than the weighted average cost as at 30 September 2023.

The changes in the provision for write-down of inventories during 2023 are as follows:

(Thousand of Euro)	Opening balance	Provision	Utilization	Exchange rate differences	Closing balance
Provision for write down of raw material	(3,388)	(942)	161	(7)	(4,176)
Provision for write down of work in progress	(1)	(2)	1	-	(2)
Provision for write down of finished products	(2,527)	(494)	78	(15)	(2,958)
Total	(5,916)	(1,438)	240	(22)	(7,136)

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 in the provision for doubtful inventories of € 1.4 million is mainly due to the Parent Company.

6. TRADE RECEIVABLES

The details of trade receivables are as follows:

(Thousand of Euro)	2023 30 September	2022 31 December
Current trade receivables - third parties	75,773	63,464
Current bad debt provision - third parties	(1,254)	(1,966)
Total trade receivables	74,519	61,498

The change in trade receivables is essentially attributable to the Group's higher turnover in Q3 2023 compared to Q4 2022 as well as to lower non-recourse sales outstanding at 30 September 2022 compared to 31 December 2022. In particular, trade receivables not yet due as of September 30, 2023 amounted to € 26.0 million, some € 6.4 million lower than those of December 31, 2022, equal to € 32.4 million.

The breakdown of "Current trade receivables" by "Due dates" is detailed below:

(Thousand of Euro)	2023 30 September	2022 31 December	Change
Due dates			
Not yet due	49,789	41,000	8,789
0 - 30 days	22,738	19,101	3,637
30 - 60 days	1,633	989	644
60 - 120 days	236	1,023	(787)
> 120 days	1,377	1,351	26
Total trade receivables	75,773	63,464	12,309

The changes in the provision for doubtful accounts during 2023 are as follows:

(Thousand of Euro)	Opening balance	Provision	Reversal	Exchange rate differences	Closing balance
Current bad debt provision - third parties	(1,966)	(19)	736	(5)	(1,254)

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

7. OTHER CURRENT ASSETS

Below is the item detailed:

(Thousand of Euro)	2023 30 September	2022 31 December
Accrued income and prepaid expenses	201	126
Social securities receivables	37	58
Other current assets	821	1,154
VAT receivables	1,598	4,321
Total other current assets	2,657	5,659

The change in "Other current assets" is essentially due to the Parent Company, in particular to the utilization during the period of the tax credit attributed in accordance with the Sostegni-ter decree to energy-intensive companies.

The reduction in "VAT receivables" is mainly attributable to the Parent Company and Irce Ltda and, with reference to the latter, to the offsetting and collection of part of the receivable recorded by ICMS, Pis and Cofins.

8. SHAREHOLDERS' EQUITY

The item "Shareholders' equity" amounts to € 151.8 million as of 30 September 2023 (€ 144,8 million as of 31 December 2022) and is detailed in the following table.

(Thousand of Euro)	2023 30 September	2022 31 December
Share capital	14,627	14,627
Own share capital	(845)	(825)
Share premium reserve	40,539	40,539
Revaluation reserve	22,328	22,328
Own share premium	(130)	(68)
Legal reserve	2,925	2,925
IAS 19 Reserve	(525)	(424)
Extraordinary reserve	53,496	49,300
Other reserve	23,595	23,595
Profit (losses) of previous years	16,808	13,372
Translation Reserve	(27,221)	(29,483)
Profit (loss) for the period	6,552	9,224
Total shareholders' equity attributable to Parent company	152,149	145,110
Shareholders' equity attributable to Minority interests	(324)	(325)
Total shareholders' equity	151,825	144,785

Share capital

The following table shows the breakdown of the share capital.

(Thousand of Euro)	2023 30 September	2022 31 December
Subscribed share capital	14,627	14,627
Treasury share capital	(845)	(825)
Total share capital	13,782	13,802

The share capital is made up of 28,128,000 ordinary shares worth € 14,626,560. 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 September 2023 amounted to 1,624,413, corresponding to 5.78% of the share capital. The total number of outstanding shares is then 26,503,587.

The following table shows, in thousands, the movements of outstanding shares during the period:

Outstanding shares	Thousand of shares
Balance as of 31.12.2022	26.542
Share buyback	(38)
Sales of treasury shares	-
Balance as of 30.09.23	26.504

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:

IAS 19 Reserve	Thousand of Euro
Balance as of 31.12.22	(424)
Actuarial valuation	(124)
Tax effect	23
Balance as of 30.09.23	(525)

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 € 1,592 thousand.

Translation reserve

The positive change in the translation reserve, equal to € 2,262 thousand, is mainly due to the revaluation of the Brazilian real against the Euro.

9. FINANCIAL LIABILITIES

Details of non-current and current financial liabilities are shown in the following tables:

(Thousand of Euro)	2023 30 September	2022 31 December
Non current Financial liabilities due to banks	14,709	19,601
Non current Financial liabilities - IFRS 16	164	174
Other non current financial liabilities	-	2
Total non current financial liabilities	14,873	19,777

(Thousand of Euro)	2023 30 September	2022 31 December
Current Financial liabilities due to banks	34,271	40,831
Current Financial liabilities - IFRS 16	108	121
Mark to market losses derivatives exchange rate	229	-
Long term loans- current portion	5,925	5,272
Total current financial liabilities	40,533	46,224

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	30.09.2023	31.12.2022	Due date
Banca di Imola	EUR	Floating	Irce SpA	2.506	3.473	2026
Mediocredito	EUR	Floating	Irce SpA	462	1.385	2025
Banco Popolare	EUR	Fixed	Irce SpA	1.324	1.886	2026
Deutsche Bank	EUR	Fixed	Irce SpA	4.813	6.125	2027
BPER	EUR	Floating	Irce SpA	4.583	5.000	2032
Credit Suisse	EUR	Zero	Isomet AG	218	296	2025
Banco Popolare	EUR	Fixed	Isomet AG	802	1.436	2026
Totale				14.708	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. As of 30 September 2023, however, there is no provision for the control of financial constraints as the loan agreements only establish the end of the year as a "testing date".

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 September	2022 31 December
Cash and cash equivalents	9,471	5,608
Current financial assets	600	490
Cash and cash equivalents	10,071	6,098
Other current financial liabilities	(34,608)	(41,094)
Long term loans - current portion	(5,925)	(5,272)
Current net financial position	(30,463)	(40,268)
Non current financial liabilities third parties	(14,873)	(19,777)
Net financial position	(45,336)	(60,045)

The net financial position amounted to € 45.3 million at 30 September 2023, down from € 60.0 million at 31 December 2022 thanks to the cash generated by operations activities and the reduction in working capital.

As of 30 September 2023, the Irce Group has contractual commitments in place for a total of € 52.8 million, mainly relating to the purchase of copper, machinery, as well as the construction of a building in Europe, which will be carried out over the next 15 months.

10. PROVISIONS FOR RISKS AND CHARGES

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

(Thousand of Euro)	Opening	Provision	Utilization	Exchange rate	Closing
Provision for severance payments to agents	130	-	(22)	-	108
Other provision for risks and charges	150	633	-	1	784
Total non current provision for risk and charge	280	633	(22)	1	892

(Thousand of Euro)	Opening	Provision	Utilization	Closing
Provision for severance payments to agents	-	2	-	2
Other provision for risks and charges	257	11	(32)	236
Total current provision for risk and charges	257	14	(32)	238

The “ Provision for severance payments to agents” refers to the provisions for severance indemnities relating to the agency contracts in place of the Parent Company and the subsidiary Smit Draad Nijmegen BV.

The provision for the period of "Other non-current provisions" refers for € 230 to the potential risk of enforcement of a guarantee by a customer of the Parent Company and for € 403 thousand to disputes with customers of FD Sims and Smit Draad Nijmegen for alleged product defects.

COMMENT ON THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

11. 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 September	2022 30 September	Change
Sales revenues	311,311	366,386	(55,075)

Consolidated revenues for the first nine months of 2023 amounted to € 311.3 million, down 15.05% compared to last year. The change is due to a reduction in volumes sold and in the price of copper, only partially offset by an increase in the price of processing.

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	Winding wires	Cables	Total
Revenues	251,697	59,613	311,311	292,085	74,301	366,386
% of total	80.9%	19.1%	100.0%	79.7%	20.3%	100.0%

(Thousand of Euro)	Current period				Previous period			
	Italy	UE	Extra UE	Total	Italy	UE	Extra UE	Total
Revenues	109,636	98,661	103,014	311,311	148,773	110,606	107,007	366,386
% of total	35.2%	31.7%	33.1%	100.0%	40.6%	30.2%	29.2%	100.0%

12. OTHER REVENUES AND INCOME

Other revenues and income are broken down as follows:

(Thousand of Euro)	2023 30 September	2022 30 September	Change
Increase in internally generated fixed assets	58	304	(245)
Capital gains on assets disposals	88	704	(616)
Insurance reimbursements	87	50	37
Contingent assets	236	74	162
Other revenues	547	685	(138)
Total other revenues and income	1,016	1,817	(801)

The change in "Increase in internally generated fixed assets" mainly refers to work carried out internally on plant and equipment, most of which are recorded in the "Assets under construction" category.

"Capital gain on asset disposals" included in the balance of 30 September 2022 the sale of the "Miradolo" business unit for € 665 thousand.

The item "Other revenues and income" mainly includes revenues from the sale of energy efficiency certificates "TEE", rents, 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 damage suffered due to the theft of a wire rod truck.

13. RAW MATERIALS AND CONSUMABLES

Costs for raw material and consumables are detailed as follows:

(Thousand of Euro)	2023 30 September	2022 30 September	Change
Raw materials and consumables	(219,305)	(298,070)	78,765
Change in inventory of raw materials and consumables	(15,514)	9,409	(24,923)
Purchasing finished goods	(6,897)	(6,530)	(367)
Total raw materials and consumables	(241,716)	(295,191)	53,475

"Costs for raw materials and consumables", amounting to € 219.3 million, include the costs incurred for the purchase of raw materials, the most significant of which are copper and aluminium, insulating materials and packaging and maintenance materials. The change in the period compared to 30 September 2022 is due to both a reduction in volumes purchased and a decrease in the average price of copper.

14. COST FOR SERVICES

The "Costs per service" are detailed below:

(Thousand of Euro)	2023 30 September	2022 30 September	Change
External processing	(6,635)	(4,831)	(1,804)
Utility expenses	(9,830)	(21,177)	11,347
Maintenance	(2,053)	(1,746)	(307)
Transport of sales and purchase	(4,474)	(4,710)	236
Payable fees	(101)	(130)	29
Statutory auditors compensation	(52)	(86)	34
Other services	(4,695)	(4,265)	(430)
Operating leasing	(239)	(167)	(72)
Total cost for services	(28,079)	(37,112)	9,033

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

The significant change in "Utilities expenses" compared to the same period of the previous year is attributable both to a reduction in the MWh of electricity consumed following the drop in production, to the significant decrease in the unit cost in the market per MWh and to the entry into operation in July 2023 of the photovoltaic plant at the Imola plant used for self-consumption

15. PERSONNEL COSTS

Personnel costs are detailed as follows:

(Thousand of Euro)	2023 30 September	2022 30 September	Change
Salaries and wages	(15,361)	(15,593)	232
Social security charges	(3,590)	(3,621)	31
Pension costs	(1,343)	(1,337)	(6)
Other personnel costs	(1,945)	(2,119)	174
Total personnel costs	(22,239)	(22,670)	431

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)	2022 31 December Closing	2023 30 September Closing	2023 30 September Average
Executives	27	26	26
Whitecollars	134	112	113
Bluecollars	451	467	468
Total Employees	612	605	607
Executives (temporary)	2	1	1
Whitecollars (temporary)	6	3	3
Bluecollars (temporary)	50	51	54
Total Temporary workers	58	55	58
Total headcount	670	660	665

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.

16. AMORTIZATION/DEPRECIATION AND WRITE DOWNS

Here is the breakdown of depreciation/amortisation:

(Thousand of Euro)	2023 30 September	2022 30 September	Change
Amortization of intangible assets	(47)	(26)	(21)
Depreciation of tangible assets	(4,972)	(5,450)	478
Depreciation of tangible assets - IFRS 16	(128)	(140)	12
Total amortization/depreciation and write-down	(5,147)	(5,616)	469

17. PROVISIONS AND WRITE-DOWNS

Provisions and write-downs are detailed as follows:

(Thousand of Euro)	2023 30 September	2022 30 September	Change
Bad debt provision	681	(310)	991
Receivables losses	(3)	(93)	90
Provision for risks	(633)	(200)	(433)
Total provisions and write-downs	45	(603)	648

In relation to the change in the items "Bad debt provision" and "Provisions for risks", reference should be made to paragraphs "6 - Trade receivables" and "10 - Provision for risks and charges" respectively.

18. OTHER OPERATING COSTS

(Thousand of Euro)	2023 30 September	2022 30 September	Change
Other taxes and indirect taxes	(595)	(976)	381
Capital losses on disposals of assets	-	(5)	5
Other costs	(227)	(215)	(12)
Contingent liabilities	(22)	(44)	22
Total other operating costs	(844)	(1,240)	396

The change in "Other taxes and indirect taxes" is attributable to the subsidiary Irce Ltda.

19. FINANCIAL INCOME AND CHARGES

Financial income and charges are broken down as follows:

(Thousand of Euro)	2023 30 September	2022 30 September	Change
Financial income	2,217	2,603	(386)
Financial charges	(3,449)	(2,629)	(820)
Foreign exchanges	359	(485)	844
Total financial income and charges	(873)	(511)	(362)

"Financial income" essentially includes € 1.8 million of interest income on deferred payments granted to customers mainly by the Brazilian subsidiary, as well as € 0.3 million of income on forward purchases and sales of metal. The change compared with the previous period is due to the reduction in interest income on deferred payments.

The item "Financial charges" mainly includes charges for € 1.4 million relating to the non-recourse discount of trade receivables sold mainly by the Brazilian subsidiary, as well as interest expense on financial payables for some € 1.9 million. The change compared to the previous period is linked to higher interest expense on loans, related to the significant increase in market interest rates, only partially offset by the reduction in financial charges on non-recourse sales.

"Foreign exchange" are made up of net positive exchange rate differences, realized and unrealized, for a total of € 0.4. The change in is essentially attributable to the lower impact of the negative exchange rate differences realized.

20. INCOME TAXES

Below is the breakdown of income taxes:

(Thousand of Euro)	2023 30 September	2022 30 September	Change
Current taxes	(2,862)	(850)	(2,012)
Income taxes related to previous years	(254)	19	(273)
Deferred tax assets/(liabilities)	10	206	(196)
Total income tax	(3,106)	(625)	(2,481)

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.

21. 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 30 September	2022 31 December
Result for the period (Thousand of Euro)	6,552	4,992
Average weighted number of ordinary shares outstanding	26,503,587	26,541,612
Basic earnings/(loss) per Share	0.2472	0.1881
Diluted earnings/(loss) per Share	0.2472	0.1881

22. RELATED PARTY DISCLOSURES

In accordance with the requirements of IAS 24, the remuneration received by the members of the Board of Directors of Irce SpA as at 30 September 2023 is as follows:

(Thousand of Euro)	Compensation for office head	Compensation for other tasks	Total
Directors	186	216	402

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 € 710 thousand deriving from the National Tax Consolidation Agreement.

23. GUARANTEES

In relation to the guarantees provided, the parent company Irce SpA issued SIX sureties for a total of € 2,2 million in favour of a publicly owned company to guarantee the supply of electrical cables.

24. EVENTS AFTER THE REPORTING PERIOD

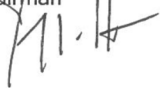
No significant subsequent events have occurred from 30 September 2023 to the date of preparation of these financial statements.

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.

Imola, 14 November 2023

Filippo Casadio
Chairman



Elena Casadio
Manager responsible for preparing the corporate accounting documents

