



INTERIM REPORT ON OPERATIONS AT 31st MARCH 2022

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

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NON-EXECUTIVE DIRECTOR	MR	GIANFRANCO SEPRIANO
NON-EXECUTIVE DIRECTOR	MR	ORFEO DALLAGO
NON-EXECUTIVE DIRECTOR	MS	FRANCESCA PISCHEDDA
INDEPENDENT DIRECTOR	MS	GIGLIOLA DI CHIARA
INDEPENDENT DIRECTOR	MS	CLAUDIA PERI

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 MR GIANFRANCO SEPRIANO
 MS CLAUDIA PERI

REMUNERATION COMMITTEE

MR GIANFRANCO SEPRIANO
 MS GIGLIOLA DI CHIARA
 MS CLAUDIA PERI

RELATED PARTIES COMMITTEE

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 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 AT 31 MARCH 2022

In the first quarter 2022, IRCE Group (hereinafter also the "Group") recorded a profit of the period of € 1.65 million.

Consolidated turnover was € 126.12 million, up 21.8% compared to € 103.53 million in the first quarter 2021, as a result of the increase in the copper price (in the first quarter of 2022, LME average copper price in euro were 26.5% higher than in the same period of 2021).

The increase in the prices of raw materials and, mostly, in the cost of energy, which, with the conflict in Ukraine, reached in March the highest level, continued to negatively affect the results of the quarter. The Group continues its activity of transferring the cost increases to the market in order to limit their negative impact on results.

The pressure on production costs was combined with a slowdown in demand in the business area of winding wires, which recorded a small contraction in volumes. As regards the energy cables, volumes remained at the same levels as in the first quarter of last year.

The consolidated turnover without metal¹ grew by 11.6%, the winding wires sector increased by 12.7% and the cable sector by 8.7%.

In detail:

Consolidated turnover without metal (€/million)	2022 1 st quarter		2021 1 st quarter		Change
	Value	%	Value	%	%
Winding wires	18.22	73.3%	16.16	72.6%	12.7%
Cables	6.63	26.7%	6.10	27.4%	8.7%
Total	24.85	100.0%	22.26	100.0%	11.6%

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

Consolidated income statement data (€/million)	1 st quarter 2022	1 st quarter 2021	Change
Turnover ²	126.12	103.53	22.59
EBITDA ³	5.38	7.17	(1.79)
EBIT	3.23	4.64	(1.41)
Profit / (loss) before taxes	2.82	4.22	(1.40)
Net profit / (loss) of the period	1.65	3.34	(1.69)
Adjusted EBITDA ⁴	6.04	6.45	(0.41)
Adjusted EBIT ⁴	3.89	3.92	(0.03)

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

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

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

⁴ Adjusted EBITDA and EBIT are respectively calculated as the sum of EBITDA and EBIT and the income/charges from operations on copper and electricity derivatives transactions (€ +0.66 million in the first quarter 2022 and € -0.72 million in the first quarter 2021). These indicators are used by the Management of the Group in order to monitor and assess the operational performance of the Group and are not identified as accounting items within IFRS. Given that the composition of these measures is not regulated by the reference accounting standards, the criterion used by the Group could potentially not be consistent with that adopted by others and therefore not be comparable.

Consolidated statement of financial position data (€/million)	As of 31.03.2022	As of 31.12.2021	Change
Net capital employed	216.90	196.25	20.65
Shareholders' equity	140.00	131.96	8.04
Net financial debt ⁵	76.90	64.29	12.61

As at March 31, 2022 net financial debt was € 76.90 million, up from € 64.29 million as at December 31, 2021; this growth must be related to the increase in working capital.

Shareholders' equity increased by € 8,04 million, thanks to the positive change in the translation reserve (€ 6.40 million) generated by the revaluation of the Brazilian real, which, since the beginning of the year appreciated by almost 20% over the euro.

The Group's investments, in the first quarter 2022, were € 2.65 million, mainly related to IRCE S.p.A.

The sharp increases in the cost of raw materials and energy, combined with the effects on the global economy of the Russian-Ukrainian conflict, are reason for considerable uncertainty regarding the trend in demand in the coming months and on the group's sales margin, despite the activity of transferring to the market the cost increases.

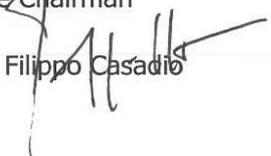
It should be noted that on May 5, 2022 the Parent Company has signed a preliminary agreement for the sale of the business unit relating to the production of power cord located in the Miradolo Terme (PV) plant. The Execution Date will be no later than June 30, 2022. The company considers that the production of power cord, which has always been a secondary activity, will not be in the future of strategic interest for the Group and for this reason the company intends to proceed with the sale of the related business unit. In 2021 the business unit recorded a turnover of some € 5.3 million.

Imola, 11th May 2022

On behalf of the Board of Directors

The Chairman

Mr Filippo Casadio



⁵ Net financial debt is measured as the sum of short-term and long-term financial liabilities minus cash and current financial assets; It should be noted that the methods for measuring net financial debt comply with the methods for measuring the Net Financial Position as defined by Consob's Notice no. 5/21 attention recall of 29 April 2021, which takes over the ESMA guideline of 4 March 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Thousand of Euro)	Notes	2022 31 March	2021 31 December
ASSETS			
Non current assets			
Goodwill and Other intangible assets		55	60
Property, plant and machinery	1	37,219	37,267
Equipments and other tangible assets	1	1,374	1,445
Assets under constructions and advances	1	7,961	5,475
Investments		136	111
Non current financial assets		5	5
Deferred tax assets		1,957	2,002
NON CURRENT ASSETS		48,707	46,365
Current assets			
Inventories	2	120,921	104,985
Trade receivables	3	94,149	91,924
Tax receivables		28	18
Other current assets	4	4,448	1,680
Current financial assets	5	1,013	673
Cash and cash equivalent		5,242	10,678
CURRENT ASSETS		225,801	209,958
TOTAL ASSETS		274,508	256,323

(Thousand of Euro)	Notes	2022 31 March	2021 31 December
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		13,802	13,802
Reserves		124,879	109,089
Profit (loss) for the period		1,647	9,376
Shareholders' equity attributable to shareholders of Parent company		140,328	132,267
Shareholders equity attributable to Minority interests		(325)	(305)
TOTAL SHAREHOLDERS' EQUITY	6	140,003	131,962
Non current liabilities			
Non current financial liabilities	7	17,183	17,846
Deferred tax liabilities		72	87
Non current provisions for risks and charges	8	445	167
Non current provisions for post employment obligation		4,888	4,842
NON CURRENT LIABILITIES		22,588	22,942
Current liabilities			
Current financial liabilities	9	65,975	57,790
Trade payables	10	33,184	30,402
Current tax payables	11	3,774	2,986
<i>(of which related parties)</i>		2,947	2,163
Social security contributions		1,515	1,897
Other current liabilities	12	7,207	8,045
Current provisions for risks and charges	8	262	299
CURRENT LIABILITIES		111,917	101,419
SHAREHOLDERS' EQUITY AND LIABILITIES			
		274,508	256,323

CONSOLIDATED INCOME STATEMENT

(Thousand of Euro)	Notes	2022 31 March	2021 31 March
Sales revenues	13	126,115	103,525
Other revenues and income		285	237
TOTAL REVENUES		126,400	103,762
Raw materials and consumables	14	(107,011)	(88,733)
Change in inventories of work in progress and finished goods		7,238	7,911
Cost for services	15	(12,991)	(7,435)
Personnel costs	16	(7,797)	(7,747)
Amortization /depreciation/write off tangible and intangible assets	17	(1,662)	(2,321)
Provision and write downs	18	(494)	(210)
Other operating costs		(456)	(591)
EBIT		3,227	4,636
Financial income / (charges)	19	(407)	(412)
RESULT BEFORE TAX		2,820	4,224
Income taxes	20	(1,193)	(886)
NET RESULT FOR THE PERIOD		1,627	3,338
Net result for the period attributable to non-controlling interests		(20)	2
Net result for the period attributable to the parent company		1,647	3,336

Earnings / losses per shares

- basic EPS for the period attributable to shareholders of the parent company	21	0.063	0.126
- diluted EPS for the period attributable to shareholders of the parent company	21	0.063	0.126

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Thousand of Euro)	Notes	2022 31 Marzo	2021 31 Marzo
Net result for the period		1,627	3,338
Translation difference on financial statements of foreign companies		6,418	(1,608)
Total items that will be reclassified to net result		6,418	(1,608)
Actuarial gain / (losses) IAS 19		(1)	-
Tax effect		-	-
Total IAS 19 reserve variance		(1)	-
Total items that will not be reclassified to net result		(1)	-
Total comprehensive income for the period		8,044	1,730
Attributable to shareholders of Parent company		8,064	1,728
Attributable to Minority interest		(20)	2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Thousand of Euro	Share capital	Other reserves		Retained earnings					Equity attributable to parent company shareholders'	Equity attributable to minority interest	Total shareholders' equity
		Share premium reserve	Other reserves	Legal reserve	IAS 19 reserve	Retained earnings	Translation reserve	Result for the period			
Opening balance previous year	13,822	40,562	45,923	2,925	(1,212)	52,689	(34,502)	2,726	122,932	(308)	122,624
Allocation of previous year net result	-	-	-	-	-	2,726	-	(2,726)	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-	(1,608)	-	(1,608)	-	(1,608)
Net result for the period	-	-	-	-	-	-	-	3,336	3,336	2	3,338
Total comprehensive income for the period	-	-	-	-	-	-	(1,608)	3,336	1,728	2	1,730
Closing balance previous period	13,822	40,562	45,923	2,925	(1,212)	55,415	(36,110)	3,336	124,660	(306)	124,354
Opening balance current year	13,802	40,474	45,923	2,925	(1,183)	54,617	(33,667)	9,376	132,267	(305)	131,962
Sell / (purchase) own shares	(0)	(3)	-	-	-	-	-	-	(3)	-	(3)
Allocation of previous year net result	-	-	-	-	-	9,376	-	(9,376)	-	-	-
Other comprehensive income for the period	-	-	-	-	(1)	-	6,418	-	6,417	-	6,417
Net result for the period	-	-	-	-	-	-	-	1,647	1,647	(20)	1,627
Total comprehensive income for the period	-	-	-	-	(1)	-	6,418	1,647	8,064	(20)	8,044
Closing balance current period	13,802	40,471	45,923	2,925	(1,184)	63,993	(27,249)	1,647	140,328	(325)	140,003

CONSOLIDATED STATEMENT OF CASH FLOW

(Thousand of Euro)	Notes	2022 31 March	2021 31 March
OPERATING ACTIVITIES			
Result of the period (Group and Minorities)		1,627	3,338
<i>Adjustments for:</i>			
Deprecitation / Amortization	17	1,662	2,321
Net change in deferred tax (assets) / liabilities	20	54	40
Capital (gains) / losses from disposal of fixed assets		(16)	(6)
Losses / (gains) on unrealised exchange rate differences		(84)	(39)
Provisions for risks	18	300	-
Income taxes	20	1,139	846
Financial (income) / expenses	19	(125)	725
Operating result before changes in working capital		4,557	7,225
Income taxes paid		(821)	(420)
Financial charges paid		(1,342)	(759)
Financial income collected		1,466	34
Decrease / (Increase) in inventories		(12,851)	(11,531)
Change in trade receivables		(520)	(16,341)
Change in trade payables		2,593	1,986
Net changes in current other assets and liabilities		(4,176)	(19)
Net changes in current other assets and liabilities - related parties		784	(156)
Net changes in non current other assets and liabilities		18	6
CASH FLOW FROM OPERATING ACTIVITIES		(10,292)	(19,976)
INVESTING ACTIVITIES			
Investments in intangible assets		-	(4)
Investments in tangible assets	1	(2,620)	(729)
Investments in subsidiaries, associates, other entities		(25)	-
Disposals of tangible and intangible assets		22	10
CASH FLOW FROM INVESTING ACTIVITIES		(2,623)	(723)
FINANCING ACTIVITIES			
Repayments of loans		(657)	(462)
Obtainment of loans		-	7,000
Net changes of current financial liabilities		7,826	8,826
Net changes of current financial assets		(279)	1,222
Sell/(purchase) of own shares	6	(3)	-
CASH LOW FROM FINANCING ACTIVITIES		6,887	16,586
NET CASH FLOW FROM THE PERIOD		(6,028)	(4,113)
CASH BALANCE AT THE BEGINNING OF THE PERIOD		10,678	10,260
Exchange rate differences		592	13
NET CASH FLOW FROM THE PERIOD		(6,028)	(4,113)
CASH BALANCE AT THE END OF THE PERIOD		5,242	6,160

NOTES TO THE INTERIM REPORT ON OPERATIONS AT 31 MARCH 2021**GENERAL INFORMATION**

The interim report on operations of IRCE SpA and its subsidiaries (hereafter referred to as “IRCE Group” or “Group”) as of 31 March 2022 was approved by the Board of Directors (hereafter also referred to as the “Company” or the “Parent Company”) on 11 May 2022.

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

IRCE Group owns 9 plants and is one of the major industrial players in Europe in winding wires as well as in electrical cables in Italy.

Italian plants are located in the towns of Imola (Bologna), Guglionesi (Campobasso), Umbertide (Perugia) and Miradolo Terme (Pavia), while foreign operations are carried out by Smit Draad Nijmegen BV in Nijmegen (NL), FD Sims Ltd in Blackburn (UK), IRCE Ltda in Joinville (SC – Brazil), Stable Magnet Wire P.Ltd in Kochi (Kerala – India) and Isodra GmbH in Kierspe (D).

The distribution network consists of agents and of the following trading subsidiaries: Isomet AG in Switzerland, DMG GmbH in Germany, Isolveco 2 Srl in Italy, IRCE S.L. in Spain, and IRCE SP.ZO.O in Poland.

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

GENERAL DRAFTING CRITERIA

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

The interim report on operations is drafted in 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 31 March 2022 are consistent with those used for the preparation of the financial statements as at 31 December 2021 to which reference should be made for further information, with the exception of the new standards which have come into force and which became effective from 1 January 2022, subsequently summarized.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 1 JANUARY 2022

Accounting standard, Amendment, Interpretation	Entry into force	Effective date	Endorsement date
Amendments to IFRS 3 Business Combination; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020	2 July 2021	1 January 2022	28 June 2021

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

USE OF ESTIMATES

The drafting of Interim report on operations pursuant to IFRSs requires to make estimates and assumptions which affect the amounts of the assets and liabilities recognised in the financial statements as well as the disclosure related to contingent assets and liabilities at the reporting date. The final results could differ from these estimates. Estimates are mainly used to recognise the provisions for bad debt, inventory and deferred tax assets as well as the provisions for risks and charges, depreciation and amortisation, impairment of assets and taxes. The estimates and assumptions are reviewed periodically and the effects of each change are reflected in the income statement.

CONSOLIDATION AREA

The table below lists the companies included in the consolidation area as at March 31st, 2022:

Company	% of investment	Registered office	Currency	Share capita	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	165,189,860	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	15,209,587	line by line
IRCE s.r.o	100%	Rep. Ceca	CZK	3,300,000	line by line

The rates used for the translation of the financial statements of the Group's subsidiaries as at 31 March 2022 and in the comparative periods are as follows:

Currency	Current period		Previous year		Comparative period	
	Average	Spot	Average	Spot	Average	Spot
GBP	0.8365	0.8459	0.8599	0.8401	0.8746	0.8520
CHF	1.0370	1.0269	1.0815	1.0329	1.0905	1.1072
BRL	5.8836	5.2974	6.3820	6.3107	6.5935	6.7732
INR	84.4135	84.0670	87.4656	84.1569	87.8889	85.7633
CNY	7.1265	7.0418	7.6332	7.1939	7.8105	7.6834
PLN	4.6182	4.6531	4.5643	4.5962	4.5433	4.6554
CZK	24.6379	24.3750	25.3960	24.8580	25.7882	26.1281

SEGMENT REPORTING

In accordance with IFRS 8 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 financial information is available.

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

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

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

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

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

(Thousand of Euro)	Italy	UE	Extra UE	Consolidation entries	Irce Group
Current period					
Sales revenues	88,037	9,210	33,128	(4,259)	126,115
Ebitda	3,314	(397)	2,493	(26)	5,383
Ebit	2,341	(582)	1,794	(326)	3,227
Financial income / (charges)	535	13	(940)	(15)	(407)
Income taxes	(972)	-	(232)	10	(1,193)
Net result for the period	1,905	(569)	621	(331)	1,627
Intangible assets	22	-	33	-	55
Tangible assets	24,832	5,343	16,378	-	46,554
Previous period					
Sales revenues	70,014	8,844	28,338	(3,672)	103,525
Ebitda	5,328	(460)	2,309	(10)	7,166
Ebit	4,050	(746)	1,342	(10)	4,636
Financial income / (charges)	(622)	(26)	266	(30)	(412)
Income taxes	(296)	-	(613)	22	(886)
Net result for the period	3,133	(772)	995	(18)	3,337
Intangible assets	26	-	35	-	60
Tangible assets	23,189	5,380	15,617	-	44,186

DERIVATIVE INSTRUMENTS

The Group used the following types of derivative instruments:

- Derivative instruments related to copper purchase and sale forward transactions with maturity after March 31st, 2022. These transactions do not qualify as hedging instruments for the purposes of hedge accounting.

Below is a summary of copper commodity derivative contracts for forward sales and purchases, outstanding as of March 31, 2022:

Measurement unit of the notional amount	Notional amount – tonnes		Result with fair value measurement as of 31/03/2022		
	Assets	Liabilities	Assets - €/000	Liabilities - €/000	Net carrying amount - €/000
Current assets and liabilities					
Tonnes	1,200	475	977	(146)	(831)
Total			977	(146)	(831)

- Derivative instruments related to GBP forward sale contracts with maturity after March 31, 2022. These transactions do not qualify as hedging instruments for the purposes of cash flow hedge accounting.

Below is a summary of the currency derivative contracts for forward sales, outstanding as of March 31, 2022:

Measurement unit of the notional amount	Net notional amount - currency		Result with fair value measurement as of 31/03/2022		
	Assets (000)	Liabilities (000)	Assets - €/000	Liabilities - €/000	Net carrying amount - €/000
Current assets and liabilities					
GBP		6,000	40		40
Total			40		40

COMMENT ON THE MAIN ITEMS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION
1. TANGIBLE ASSETS

The following table shows the breakdown and changes in tangible assets for the period 31 March 2022.

(Thousand of Euro)	Lands	Buildings	Plant and machinery	Equipments	Other tangible assets	Assets under constructions and advances	Total
Closing balance - previous period	14,305	11,483	11,479	1,156	289	5,475	44,187
Changes - current period							
Purchases	-	10	73	40	41	2,482	2,647
Depreciation	(8)	(288)	(1,194)	(120)	(45)	-	(1,655)
Reclass	6	(3)	(3)	(115)	115	-	-
Disposals	-	-	(1,722)	(73)	(19)	-	(1,815)
Disposals - Depreciation fund	-	-	1,717	73	19	-	1,809
Exchange rate differences	333	292	739	-	12	5	1,381
Closing balance-current period	14,636	11,494	11,089	961	413	7,961	46,554

Investments, without including right-of-use assets, amounted in the first quarter 2022 to € 2,620 thousand. The investments related to the category “Assets under constructions and advances” mainly refer to machinery of the Parent company.

2. INVENTORIES

Inventories are detailed as follows:

(Thousand of Euro)	2022 31 March	2021 31 December
Raw materials, ancillary and consumables	47,642	38,126
Work in progress and semi-finished goods	19,959	17,897
Finished products and goods	59,101	54,699
Provision for write down of raw material	(3,342)	(3,340)
Provision for write down of finished products	(2,438)	(2,398)
Total inventories	120,921	104,985

Inventories are not pledged nor used as collateral.

The change in the period is mainly due to the price effect of the metal in stock taking into account that the average price of copper in the first quarter of 2022 was 9.12 €/kg, significantly higher than the one of the

previous year, equal to 7.88 Euro/Kg, moreover, the quotation at 31 March 2022 was 9.29 €/kg, up from 8.56 €/kg at 31 December 2021.

The table below shows the changes in the provision for write-down of inventories in the 1st quarter 2022.

(Thousand of Euro)	Opening balance	Provisions	Utilizations	Exchange rate differences	Closing balance
Provision for write down of raw material	(3,340)	(13)	27	(16)	(3,342)
Provision for write down of finished products	(2,398)	(4)	-	(36)	(2,438)
Total	(5,738)	(17)	27	(52)	(5,780)

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

3. TRADE RECEIVABLES

The item was broken down as follows:

(Thousand of Euro)	2022 31 March	2021 31 December
Current trade receivables	96,008	93,690
Current bad debt provision	(1,859)	(1,766)
Total trade receivables	94,149	91,924

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

The deadlines of trade receivables are broken down below:

Due dates (Thousand of Euro)	2022 31 March	2021 31 December
Current trade receivables - not due	50,400	53,397
Current trade receivables - < 30 day	41,739	37,638
Current trade receivables - 30-60 days	2,832	1,162
Current trade receivables - 60-120 days	335	688
Current trade receivables - > 120 days	703	820
Total trade receivables	96,008	93,705

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

(Thousand of Euro)	Opening balance	Provisions	Utilizations	Exchange rate differences	Closing balance
Current bad debt provision	(1,766)	(93)	1	(1)	(1,859)

4. RECEIVABLES DUE FROM OTHERS

The item was broken down as follows:

(Thousand of Euro)	2022 31 March	2021 31 December
Accrued income and prepaid expenses	301	87
Other current assets	1,786	649
VAT receivables	2,361	943
Total receivables due from others	4,448	1,680

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

The change in "Other current assets" is mainly related to the tax credit accounted by the Parent Company against the expenses incurred on the energy component, purchased and actually used in the first quarter of 2022, in accordance with the provisions of the Sostegni-ter decree.

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

5. CURRENT FINANCIAL ASSETS

(Thousand of Euro)	2022 31 March	2021 31 December
Mark to market derivatives on metal	831	420
Guarantees deposits	7	7
Mark to market derivatives on currency	40	3
Mark to market gains derivatives on electricity	-	107
Other current financial assets	135	136
Total current financial assets	1,013	673

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

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

6. SHAREHOLDERS' EQUITY

Shareholders' equity is broken down below:

(Thousand of Euro)	2022 31 March	2021 31 December
Share capital	14,627	14,627
Own share capital	(825)	(824)
Share premium reserve	40,539	40,539
Revaluation reserve	22,328	22,328
Own share premium	(68)	(65)
Legal reserve	2,925	2,925
IAS 19 Reserve	(1,184)	(1,183)
Extraordinary reserve	45,075	45,075
Other reserve	23,595	23,595
Profit (losses) of previous years	18,918	9,542
Translation Reserve	(27,249)	(33,667)
Profit (loss) for the period	1,647	9,376
Total shareholders' equity attributable to Parent company	140,327	132,267
Shareholders' equity attributable to Minority interests	(325)	(305)
Total shareholders' equity	140,003	131,962

Share capital

The following table shows the breakdown of the share capital.

(Thousands of Euro)	2022 31 March	2021 31 December
Subscribed share capital	14,627	14,627
Treasury share capital	(825)	(824)
Total share capital	13,802	13,823

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

Own shares as of 31st March, 2022 amounted to 1,586,388 and correspond to 5.6% of the share capital.

The number of shares (in thousands) outstanding at the beginning and at the end of the period is shown below:

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

Translation reserve

The reserve represents the accounting differences in value with respect to the historical exchange rate resulting from the conversion of the financial statements of the foreign subsidiaries, with a local currency other than the Euro, at the official exchange rate of 31 March 2022.

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

7. NON-CURRENT FINANCIAL LIABILITIES

(Thousand of Euro)	2022 31 March	2021 31 December
Non current Financial liabilities due to banks	17,034	17,680
Non current Financial liabilities - IFRS 16	149	166
Total non current financial liabilities	17,183	17,846

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

(Thousand of Euro)	Currency	Rates	Company	31/03/2022	31/12/2021	Due date
Banco di Imola	EUR	Floating	IRCE S.p.A.	4,821	4,821	2026
Unicredit	EUR	Floating	IRCE S.p.A.	5,000	5,000	2025
Mediocredito	EUR	Floating	IRCE S.p.A.	1,846	2,307	2025
Banco Popolare	EUR	Floating	IRCE S.p.A.	625	625	2023
Banco Popolare	EUR	Fixed	IRCE S.p.A.	2,630	2,630	2026
IFRS 16	EUR	Floating	IRCE S.p.A.	34	39	2023
NAB	CHF	Zero	Isomet AG	365	403	2025
Banco Popolare	EUR	Floating	IRCE S.p.A.	1,747	1,892	2026
IFRS 16	EUR	Fixed	IRCE SL	32	33	2023
IFRS 16	EUR	Fixed	Isodra GmbH	83	95	2025
Total				17,183	17,845	

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

8. PROVISIONS FOR RISKS AND CHARGES

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

(Thousand of Euro)	Opening balance	Provisions	Utilization	Closing balance
Provision for severance payments to agents - non current	145	-	-	145
Other provision for risks and charges - non current	22	300	(22)	300
Total provision for risk and charges - non current	167	300	(22)	445

(Thousand of Euro)	Opening balance	Provisions	Utilizations	Closing balance
Provision for severance payments to agents - current	4	1	-	5
Other provision for risks and charges - current	295	-	(38)	257
Total provision for risk and charges- current	299	1	(38)	262

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

In May 2021, the Brazilian Supreme Court of Justice (Recepta Federal do Brasil - RFB) issued a ruling irrevocably defining that the ICMS regional tax should be excluded from the federal tax base PIS and Cofins. The Brazilian subsidiary therefore started a legal action in order to obtain the refund of the higher PIS and Cofins taxes paid to the Brazilian tax authorities in relation to the sales invoices issued since March 2017. The Directors assessed that there were no conditions in these financial statements to record the tax income because, accordingly with the opinion of the lawyer in charge, although it is probable to obtain a positive judgment, the requirement of reasonable certainty required by IAS 37 for its accounting is currently missing.

During 2021, the subsidiary FD Sims was sued by its customer to a French court for alleged defects in its supplies. The lawyer of Irce Group, after evaluating the conclusions of the expert appointed by the Parent Company that excludes any responsibilities attributable to the products supplied by FD Sims, assessed that, in relation to the plaintiff's claim for damages quantified at € 307 thousand, the risk of loss is only possible. Therefore, the Directors, consistently with the accounting principles and also taking into account that this claim is covered by insurance, have not made any provisions in the financial statements as of 31 March 2022.

9. CURRENT FINANCIAL LIABILITIES

Current financial liabilities are detailed below:

(Thousand of Euro)	2022 31 March	2021 31 December
Current Financial liabilities due to banks	60,954	53,446
Current Financial liabilities - IFRS 16	98	101
Mark to market derivatives on currency	-	21
Long term loans- current portion	4,924	4,222
Total current financial liabilities	65,975	57,790

The item "Mark to Market Derivatives on currency" refers to the fair value measurement of currencies forward contracts outstanding as of 31/03/2022 of the Parent Company IRCE S.p.A.

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

(Thousand of Euro)	2022 31 March	2021 31 December
Cash and cash equivalents	5,242	10,678
Current financial assets	1,013	673
Cash and cash equivalents	6,256	11,351
<i>Other current financial liabilities</i>	<i>(61,052)</i>	<i>(53,568)</i>
<i>Long term loans- current portion</i>	<i>(4,924)</i>	<i>(4,222)</i>
Current net financial position	(59,720)	(46,439)
<i>Non current financial liabilities third parties</i>	<i>(17,183)</i>	<i>(17,846)</i>
Net financial position	(76,903)	(64,285)

10. TRADE PAYABLES

Trade payables are € 33.2 million as of 31/03/2022, up compared to 30.4 million of 31/12/2021.

Trade payables are all due in the next 12 months.

11. TAX PAYABLES

Tax payables are detailed as follows:

(Thousand of Euro)	2022 31 March	2021 31 December
Tax payables due to Aequafin	2,947	2,163
Tax payables-current	827	823
Total tax payables	3,774	2,986

The item "Tax payables due to Aequafin" shows the liability of Irce SpA for IRES due to its parent company with which a national tax consolidation contract is in place.

The "Tax payables-current" includes the Parent Company's debt for Irap, as well as the debt of the other Group companies for income taxes, net of the related tax advance payments

The change of the period is mainly due to the Parent company and the Brazilian subsidiary.

12. OTHER CURRENT LIABILITIES

(Thousand of Euro)	2022 31 March	2021 31 December
Payables due to employees	4,028	3,513
Accrued liabilities and deferred income	597	332
Other payables	580	1,037
VAT payables	1,690	2,682
Income taxes withheld on income from employee	311	480
Total other current liabilities	7,207	8,045

The item "Payables due to employees" includes the liabilities for the thirteenth month's salary, for holiday accrued and not taken and for production premiums.

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

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

COMMENT ON THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

13. SALES REVENUES

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

The consolidated turnover of the first three months 2022, equal to € 126.1 million, increased of some 22% respect to the same period of the previous year (€ 103.5 million).

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

(Thousand of Euro)	Current period			Previous period		
	Winding wires	Cables	Total	Winding wires	Cables	Total
Revenues	101,387	24,728	126,115	84,800	18,725	103,525
% of total	80.4%	19.6%	100.0%	81.9%	18.1%	100.0%

(Thousand of Euro)	Current period				Previous period			
	Italy	UE	Extra UE	Total	Italy	UE	Extra UE	Total
Revenues	51,147	39,191	35,777	126,115	39,278	32,604	31,642	103,525
% of total	40.6%	31.1%	28.4%	100.0%	37.9%	31.5%	30.6%	100.0%

14. COSTS OF RAW MATERIALS AND CONSUMABLES

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

(Thousand of Euro)	2022 31 March	2021 31 March	Change
Raw materials and consumables	110,620	90,439	20,181
Change in inventory of raw materials and consumables	(5,613)	(3,619)	(1,994)
Purchasing finished goods	2,005	1,914	91
Total raw materials and consumables	107,011	88,734	18,278

This item "Raw materials and consumables", equal to € 110.6 million, includes the costs incurred for the acquisition of raw materials, of which the most significant are copper, insulating materials and packaging and maintenance materials.

15. COST FOR SERVICES

Cost of services are broken down below:

(Thousand of Euro)	2022 31 March	2021 31 March	Change
External processing	1,753	1,637	116
Utility expenses	7,724	2,826	4,898
Maintenance	516	353	163
Transport of sales and purchase	1,458	1,191	267
Payable fees	35	66	(31)
Statutory auditors compensation	32	19	13
Other services	1,421	1,290	131
Operating leasing	52	54	(2)
Total cost for services	12,991	7,435	5,556

The change in "Costs for services" is essentially connected to the significant increase of "Utility expenses" mainly following the relevant increase of unit cost per MWh compared to 31 March 2021.

The item "Other services" mainly includes costs for technical, legal and tax advice, as well as costs for R&D, insurance and commercial costs.

The item "Operating leasing" includes lease payments related to leasing contracts for 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.

16. PERSONNEL COST

Here below is the breakdown of personnel cost:

(Thousand of Euro)	2022 31 March	2021 31 March	Change
Salaries and wages	5,309	5,209	100
Social security charges	1,259	1,343	(84)
Pension costs	492	364	128
Other personnel costs	736	831	(95)
Total personnel costs	7,797	7,748	49

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

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

(Number of employees)	2022 31 March Average	2022 31 March Closing
Executives	29	28
Whitecollars	144	143
Bluecollars	542	541
Total	715	712

17. AMORTISATION/DEPRECIATION

Amortisation and depreciation are detailed as follows:

(Thousand of Euro)	2022 31 March	2021 31 March	Variazione
Amortization of intangible assets	7	17	(11)
Depreciation of tangible assets	1,611	2,265	(653)
Depreciation of tangible assets - IFRS 16	44	39	5
Total amortization/depreciation and write-down	1,662	2,321	(659)

18. PROVISIONS AND WRITE-DOWNS

Provisions and write-downs are broken down as follows:

(Thousand of Euro)	2022 31 March	2021 31 March	Change
Bad debt provision	105	210	(104)
Receivables losses	88	-	88
Provision for risks	300	-	300
Total provisions and write-downs	494	210	284

19. FINANCIAL INCOME AND CHARGES

Financial income and charges are detailed as follows:

(Thousand of Euro)	2022 31 March	2021 31 March	Change
Financial income	1,466	442	1,024
Financial charges	(1,342)	(1,167)	(175)
Foreign exchanges	(531)	313	(844)
Total financial income and charges	(407)	(412)	5

The item "Financial income" includes € 0.8 million of interest income on extended payments granted to customers by the Brazilian subsidiary and € 0.7 million the net effect of derivatives on copper.

The item "Financial charges" mainly includes charges for some € 1.3 million relating to the non-recourse discount of trade receivables sold by the Parent Company and the Brazilian subsidiary.

The negative balance of the item "Foreign exchange" includes for € 0.6 million the negative net effect of realised and unrealised exchange differences and for € 0.1 million the net effect of forward transactions in currencies, both already settled and the closing period valuation.

20. INCOME TAX

(Thousand of Euro)	2022 31 March	2021 31 March	Change
Current taxes	(1,139)	(846)	(294)
Deferred tax assets/liabilities (PL)	(54)	(40)	(14)
Total income tax	(1,193)	(886)	(307)

Current taxes mainly refer to the Parent company and the Brazilian subsidiary.

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

	31/03/2022	31/03/2021
Result for the period (Thousand of Euro)	1,647	3,336
Average weighted number of ordinary shares outstanding	26,541,612	26,579,912
Basic earnings/(loss) per Share	0.063	0.126
Diluted earnings/(loss) per Share	0.063	0.126

22. RELATED PARTY DISCLOSURES

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

(Thousand of Euro)	Compensation for office held	Compensation for other tasks	Total
Directors	55	79	134

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

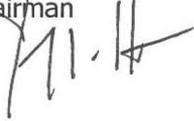
23. EVENTS FOLLOWING THE REPORTING PERIOD

On May 4, 2022, the Parent Company Irce SpA signed a preliminary contract for the sale of the business unit relating to the production of power cord located in the Miradolo Terme (PV) plant. The business unit sold recorded a turnover in 2021 of some € 5.3 million.

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

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

Filippo Casadio
Chairman



Elena Casadio
Manager responsible for preparing the corporate accounting documents

