



INTERIM REPORT ON OPERATIONS AT 31st MARCH 2023

TABLE OF CONTENTS**INTERIM REPORT ON OPERATIONS AT 31st MARCH 2023*****Corporate Bodies******Report on operations for 31 March 2023******Consolidated Financial Statements***

Consolidated statement of financial position
Consolidated income statement
Consolidated statement of Comprehensive income
Consolidated statement of Changes in Equity
Consolidated statement of Cash flows

Notes to the interim report on operations

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

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MS ELENA CASADIO

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SUPERVISORY BODY

MR FRANCESCO BASSI
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 MR GIANLUCA PIFFANELLI

INTERIM REPORT ON OPERATIONS AT 31 MARCH 2023

In the first quarter 2023, IRCE Group (hereinafter also the "Group") recorded a profit of the period of € 2.57 million.

Consolidated turnover was € 113.19 million, down 10.3% compared to € 126.12 million in the same period of 2022, a reduction due to lower volumes and to the drop in the copper price (LME average price in euro, in the first quarter of 2023, was 6.5% lower than in the same period of 2022), partially offset by the increase of the prices of processing.

In this first quarter, market demand is still weak in both business units. In the winding wire sector, volumes are low, but improving, if compared to the fourth quarter of 2022, also thanks to the positive situation in the non-European markets; also cables sector recorded a drop in sales volumes but accompanied by an increase of the order portfolio at the end of the quarter.

To support results, the Group adopted pricing policies to limit the negative impact of production costs increases, while we registered the first reductions of the electricity price.

The consolidated turnover without metal¹ grew by 6.2%, the winding wires sector increased by 13.2% and the cable sector decrease by 13.3%.

In detail:

Consolidated turnover without metal (€/million)	2023 1 st quarter		2022 1 st quarter		Change
	Value	%	Value	%	%
Winding wires	20.63	78.2%	18.22	73.3%	13.2%
Cables	5.75	21.8%	6.63	26.7%	-13.3%
Total	26.38	100.0%	24.85	100.0%	6.2%

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 2023	1 st quarter 2022	Change
Turnover ²	113.19	126.12	(12.93)
EBITDA ³	5.51	5.38	0.13
EBIT	3.57	3.23	0.34
Result before taxes	3.28	2.82	0.46
Result for the period	2.57	1.65	0.92
Adjusted EBITDA ⁴	5.73	6.04	(0.31)
Adjusted EBIT ⁴	3.79	3.89	(0.10)

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 (€ +0.22 million in the first quarter 2023 and € +0.66 million in the first quarter 2022). 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 31.03.2023	As of 31.12.2022	Change
Net capital employed ⁵	207.02	204.69	2.33
Shareholders' equity	147.99	144.79	3.20
Net financial position ⁶	59.03	59.90	(0.87)

As at March 31, 2023 net financial position was € 59.03 million, down from € 59.90 million as at December 31, 2022, thanks to cash flow generated from operating activities.

The Group's investments, in the first quarter 2023, were € 3.12 million, mainly related to IRCE S.p.A.

To date, volumes are still low, while the pressure on margins due to raw material and energy costs eased; a recovery in demand is expected from mid-year onwards. The group continues its strategy of focusing on more highly specialized sectors and products with expected significant growth.

Imola, 15th May 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 The methods for measuring the net financial position as defined by Consob's Notice no. 5/21 of 29 April 2021, which incorporates the ESMA Guideline published on 4 March 2021.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Thousand of Euro)	Notes	2023 31 March	2022 31 December
ASSETS			
Non current assets			
Goodwill and other intangible assets		61	49
Property, plant and machinery	3	36,614	37,961
Equipments and other tangible assets	3	1,281	1,374
Assets under constructions and advances	3	15,156	12,278
Non current financial assets		5	5
Deferred tax assets		2,436	2,357
Other non current assets non financial		2,864	2,813
NON CURRENT ASSETS		58,417	56,837
Current assets			
Inventories	4	122,139	117,988
Trade receivables	5	74,506	61,586
Tax receivables		2,684	2,676
<i>(of which related parties)</i>		2,175	2,175
Other current assets	6	4,564	5,659
Current financial assets	7	704	490
Cash and cash equivalent		8,039	5,608
CURRENT ASSETS		212,636	194,007
TOTAL ASSETS		271,053	250,844

(Thousand of Euro)	Notes	2023 31 March	2022 31 December
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		13,802	13,802
Reserves		131,947	122,084
Profit (loss) for the period		2,569	9,224
Shareholders' equity attributable to shareholders of Parent company		148,318	145,110
Shareholders equity attributable to Minority interests		(326)	(325)
TOTAL SHAREHOLDERS' EQUITY	8	147,992	144,785
Non current liabilities			
Non current financial liabilities	9	17,835	19,777
Deferred tax liabilities		332	338
Non current provisions for risks and charges		558	280
Non current provisions for post employment obligation		3,354	3,449
NON CURRENT LIABILITIES		22,079	23,844
Current liabilities			
Current financial liabilities	10	49,940	46,224
Trade payables	11	41,278	27,240
Current tax payables		644	555
Social security contributions	12	1,531	2,000
Other current liabilities	13	7,352	5,939
Current provisions for risks and charges		237	257
CURRENT LIABILITIES		100,982	82,215
SHAREHOLDERS' EQUITY AND LIABILITIES			
		271,053	250,844

CONSOLIDATED INCOME STATEMENT

(Thousand of Euro)	Notes	2023 31 March	2022 31 March
Sales revenues	14	113,191	126,115
Other revenues and income		186	285
TOTALE REVENUES AND INCOME		113,377	126,400
Raw materials and consumables	15	(93,689)	(107,011)
Change in inventories of work in progress and finished goods		3,761	7,238
Cost for services	16	(10,116)	(12,991)
Personnel costs	17	(7,555)	(7,797)
Amortization /depreciation/write off tangible and intangible assets	18	(1,629)	(1,662)
Provision and write downs	19	(308)	(494)
Other operating costs		(271)	(456)
EBIT		3,570	3,227
Financial income / (charges)	20	(288)	(407)
RESULT BEFORE TAX		3,282	2,820
Income taxes	21	(713)	(1,193)
NET RESULT FOR THE PERIOD		2,569	1,627
Net result for the period attributable to non-controlling interests		-	(20)
Net result for the period attributable to the parent company		2,569	1,647

Earnings / losses per shares

- basic EPS for the period attributable to shareholders of the parent company	22	0.097	0.063
- diluted EPS for the period attributable to shareholders of the parent company	22	0.097	0.063

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Thousand of Euro)	Notes	2023 31 March	2022 31 March
Net result for the period		2,569	1,627
Translation difference on financial statements of foreign companies	8	640	6,418
Total items that will be reclassified to net result		640	6,418
Actuarial gain / (losses) IAS 19		(2)	(1)
Tax effect		-	-
Total IAS 19 reserve variance	8	(2)	(1)
Total items that will not be reclassified to net result		(2)	(1)
Total comprehensive income for the period		3,207	8,044
Attributable to shareholders of Parent company		3,207	8,064
Attributable to Minority interest		-	(20)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Thousand of Euro	Share capital	Other reserves		Retained earnings					Equity attributable to parent company shareholders'	Equity attributable to minority interest	Total shareholders' equity
		Share premium reserve	Other reserves	Legal reserve	Ias 19 reserve	Retained earnings	Translation reserve	Result for the period			
Opening balance previous year	13,802	40,474	45,923	2,925	(1,183)	54,617	(33,667)	9,376	132,267	(305)	131,962
Sell / (purchase) own shares	-	(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 previous period	13,802	40,471	45,923	2,925	(1,184)	63,993	(27,249)	1,647	140,328	(325)	140,003
Opening balance current year	13,802	40,471	45,923	2,925	(424)	62,672	(29,483)	9,224	145,110	(325)	144,785
Sell / (purchase) own shares	-	-	-	-	-	-	-	-	-	-	-
Allocation of previous year net result	-	-	-	-	-	9,224	-	(9,224)	-	-	-
Other comprehensive income for the period	-	-	-	-	(2)	-	640	-	638	-	638
Net result for the period	-	-	-	-	-	-	-	2,569	2,569	(0)	2,569
Total comprehensive income for the period	-	-	-	-	(2)	-	640	2,569	3,207	(0)	3,207
Closing balance current period	13,802	40,471	45,923	2,925	(425)	71,896	(28,843)	2,569	148,318	(326)	147,992

CONSOLIDATED STATEMENT OF CASH FLOW

(Thousand of Euro)	Notes	2023 31 March	2022 31 March
OPERATING ACTIVITIES			
Result of the period (Group and Minorities)		2,569	1,627
<i>Adjustments for:</i>			
Depreciation / Amortization	18	1,629	1,662
Net change in deferred tax (assets) / liabilities	21	(76)	54
Capital (gains) / losses from disposal of fixed assets		(11)	(16)
Losses / (gains) on unrealised exchange rate differences		(32)	(84)
Provisions for risks	19	300	300
Income taxes	21	790	1,139
Financial (income) / expenses	20	214	(125)
Operating result before changes in working capital		5,383	4,557
Income taxes paid		(2,733)	(821)
Financial charges paid	20	(1,114)	(1,342)
Financial income collected	20	900	1,466
Decrease / (Increase) in inventories		(3,848)	(12,851)
Change in trade receivables		(12,711)	(520)
Change in trade payables		13,993	2,593
Net changes in current other assets and liabilities		4,152	(4,176)
Net changes in current other assets and liabilities - related parties		-	784
Net changes in non current other assets and liabilities		(114)	18
CASH FLOW FROM OPERATING ACTIVITIES		3,908	(10,292)
INVESTING ACTIVITIES			
Investments in intangible assets		(20)	-
Investments in tangible assets	3	(3,102)	(2,620)
Investments in subsidiaries, associates, other entities		-	(25)
Disposals of tangible and intangible assets		189	22
CASH FLOW FROM INVESTING ACTIVITIES		(2,933)	(2,623)
FINANCING ACTIVITIES			
Repayments of loans		(1,863)	(657)
Net changes of current financial liabilities		3,630	7,826
Net changes of current financial assets		(336)	(279)
Sell/(purchase) of own shares		-	(3)
CASH FLOW FROM FINANCING ACTIVITIES		1,431	6,887
NET CASH FLOW FROM THE PERIOD		2,406	(6,028)
CASH BALANCE AT THE BEGINNING OF THE PERIOD	10	5,608	10,678
Exchange rate differences		25	592
NET CASH FLOW FROM THE PERIOD		2,406	(6,028)
CASH BALANCE AT THE END OF THE PERIOD	10	8,039	5,242

NOTES TO THE INTERIM REPORT ON OPERATIONS AT 31 MARCH 2023**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 2023 was approved by the Board of Directors (hereafter also referred to as the “Company” or the “Parent Company”) on 15 May 2023.

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

IRCE Group owns 8 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, Isolveco 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 31 March 2022 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.

It should be noted that no new IFRS accounting standards, amendments or interpretations came into force in the first quarter of 2023.

USE OF ESTIMATES

The drafting of Interim report on operations pursuant to IFRS 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,2023:

Company	% of investment	Registered office	Currency	Share capital	Consolidation
Isomet AG	100%	Switzerland	CHF	1,000,000	line by line
Smit Draad Nijmegen BV	100%	Netherlands	EUR	1,165,761	line by line
FD Sims Ltd	100%	UK	GBP	15,000,000	line by line
Isolveco Srl	75%	Italy	EUR	46,440	line by line
DMG GmbH	100%	Germany	EUR	255,646	line by line
Irce S.L.	100%	Spain	EUR	150,000	line by line
Irce Ltda	100%	Brazil	BRL	157,894,223	line by line
ISODRA GmbH	100%	Germany	EUR	25,000	line by line
Stable Magnet Wire P.Ltd.	100%	India	INR	210,589,570	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	3,300,000	line by line
Fine Wire P. Ltd	100%	India	INR	820,410	line by line

The rates used for the translation of the financial statements of the Group's subsidiaries as at 31 March 2023 and in the comparative periods are as follows:

Currency	Current period		Previous year		Previous period	
	Average	Spot	Average	Spot	Average	Spot
GBP	0.8832	0.8782	0.8525	0.8872	0.8365	0.8459
CHF	0.9924	0.9964	1.0051	0.9854	1.0370	1.0269
BRL	5.5735	5.5364	5.4498	5.6362	5.8836	5.2974
INR	88.2530	89.3161	82.7205	88.3048	84.4135	84.0670
CNY	7.3402	7.4705	7.0805	7.3650	7.1265	7.0418
PLN	4.7099	4.6728	4.6849	4.6843	4.6182	4.6531
CZK	23.7852	23.4920	24.5603	24.1160	24.6379	24.3750

1. 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.

The top operational decision-making level in the Irce Group is represented by the Chairman of the Board of Directors of the Parent Company as well as the Parent Company's General Manager who analyzes and monitors the Group's performance on a quarterly basis by geographical 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 S.p.A., 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, Fine Wire P. Ltd

The following table shows, broken down by operating segment, the main consolidated economic data compared with 31 March 2022 as well as the Intangible Fixed Assets and Tangible Fixed Assets compared with 31 December 2022.

(Thousand of Euro)	Italy	UE	Extra UE	Consolidation entries	Irce Group
Current period					
Sales revenues	71,011	14,721	32,942	(5,483)	113,191
Ebitda	2,415	636	2,427	30	5,507
Ebit	1,580	158	1,802	30	3,570
Financial income/(charge)	-	-	-	-	(288)
Income taxes	-	-	-	-	(714)
Net result for the period	-	-	-	-	2,569
Intangible assets	36	-	25	-	61
Tangible assets	32,509	6,443	14,099	-	53,051
Previous 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/(charge)	-	-	-	-	(407)
Income taxes	-	-	-	-	(1,193)
Net result for the period	-	-	-	-	1,627
Intangible assets	22	-	27	-	49
Tangible assets	30,612	6,452	14,549	-	51,613

2. 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, 2023. 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, 2023:

Commodity	Notional quantity (tonnes)		Fair value (€/000)		
	Assets	Liabilities	Assets	Liabilities	Net carrying amount
Copper	875	225	361	(30)	331
Total			361	(30)	331

- Derivative instruments related to GBP forward sale contracts with maturity after March 31, 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 for forward sales, outstanding as of March 31, 2023:

Currency	Notional value – (Gbp/000)		Fair value (€/000)		
	Assets	Liabilities	Assets	Liabilities	Net carrying amount
GBP	6,000		79		79
Total			79		79

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 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	14,587	10,540	12,834	1,062	312	12,278	51,613
Changes - current period							
Purchase	-	22	186	39	15	2,839	3,101
Depreciation	(7)	(271)	(1,194)	(108)	(40)	-	1,620
Reclass	-	-	-	9	(9)	-	-
Disposals	-	-	(747)	-	-	(8)	(755)
Disposals - Depreciation fund	-	-	577	-	-	-	577
Exchange rate differences	(1)	36	53	-	1	46	135
Closing balance- current period	14,579	10,327	11,709	1,002	279	15,155	53,051

Tangible assets as of 31 March 2023, equal to € 53.1 million, includes Rights of use for € 1.6 million. In particular, the land item includes for € 1.3 million the investment made a few years ago by the Chinese subsidiary to acquire the fifty-year concession of the land on which the production plant will be built.

The Group's investments, without considering the Rights of use, amounted to € 3.1 million in the first quarter of 2023 and essentially concerned the "Assets under constructions and advances" category.

"Assets under constructions and advances" refers mainly to investments in a photovoltaic plant for self-consumption of the Parent Company as well as for the partial renewal of the machinery that will come into operation for the most part in the current year.

The disposals mainly refer to the Parent Company and the Brazilian subsidiary.

4. INVENTORIES

Inventories are detailed as follows:

(Thousand of Euro)	2023 31 March	2022 31 December
Raw materials, ancillary and consumables	50,464	50,565
Work in progress and semi-finished goods	18,257	16,642
Finished products and goods	59,492	56,697
Provision for write down of raw material	(3,516)	(3,388)
Provision for write down of work in progress and semi-finished goods	-	(1)
Provision for write down of finished products and goods	(2,558)	(2,527)
Total inventories	122,139	117,988

Inventories are not pledged nor used as collateral.

The change in the period is mainly attributable to an increase in the quantities in stock.

The table below shows the changes in the provision for write-down of inventories in the 1st quarter 2023.

(Thousand of Euro)	Opening balance	Provision	Utilization	Exchange rate differences	Closing balance
Provision for write down of raw material	(3,388)	(167)	41	(2)	(3,516)
Provision for write down of work in progress and semi-finished goods	(1)	-	1	-	-
Provision for write down of finished products and goods	(2,527)	(44)	16	(3)	(2,558)
Total	(5,916)	(211)	58	(5)	(6,074)

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 set aside against slow-moving or non-moving finished products as well as for aligning the fair value to their estimated realizable value.

5. TRADE RECEIVABLES

The item was broken down as follows:

(Thousand of Euro)	2023 31 March	2022 31 December
Current trade receivables - third parties	76,456	63,552
Current bad debt provision - third parties	(1,950)	(1,966)
Total trade receivables	74,506	61,586

The increase in trade receivables is mainly due to the higher turnover recorded in the period 1 January - 31 March 2023 compared to that of the last quarter of 2022 and to the decrease in non-recourse receivables sold and not yet due at 31 March 2023 compared to 31 December 2022, partly offset both by the improvement in average collection times and, with reference to the Brazilian subsidiary, by invoicing to some important customers, starting from the end of last year, without ICMS (Brazilian VAT).

It should be noted that trade receivables sold but not yet due at 31 March 2023 amounted to € 20.5 million (€ 33.0 million at 31 December 2022).

The deadlines of trade receivables are broken down below:

(Thousand of Euro)	2023 31 March	2022 31 December	Change
Due dates			
Not yet due	46,612	35,338	11,274
0 - 30 days	26,999	24,851	2,148
30 - 60 days	1,249	989	260
60 - 90 days	249	705	(456)
90 - 120 days	119	318	(199)
> 120 days	1,228	1,351	(123)
Total trade receivables	76,456	63,552	(12,904)

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

(Thousand of Euro)	Opening balance	Utilization	Provision	Exchange rate differences	Closing balance
Current bad debt provision - third parties	(1,966)	26	(8)	(2)	(1,950)

6. RECEIVABLES DUE FROM OTHERS

The item was broken down as follows:

(Thousand of Euro)	2023 31 March	2022 31 December
Accrued income and prepaid expenses	338	126
Social securities receivables	32	58
Other current assets	1,655	1,154
VAT receivables	2,539	4,321
Total receivables due from others	4,564	5,659

The increase in "Accrued income and prepaid expenses" compared to 31 December 2022 is due to services invoiced by suppliers at the beginning of the year, attributable to the entire 2023 financial year.

The change in "Other receivables" is mainly related to the tax credit recorded by the Parent Company against expenses incurred on the energy component purchased and actually used in the first quarter of 2023, in accordance with the provisions of the Sostegni-ter decree, and not yet offset.

The change in "VAT receivables" is attributable to the Brazilian subsidiary and the Parent Company.

7. CURRENT FINANCIAL ASSETS

Details of current financial assets are as follows:

(Thousand of Euro)	2023 31 March	2022 31 December
Derivatives on metal	331	117
Guarantees deposits	17	15
Derivatives on exchange rate	79	25
Other current financial assets	277	333
Total current financial assets	704	490

The items "Derivatives on metal", "Derivatives on exchange rate" refer to the Fair Value of forward contracts on copper and currencies opened at the end of the period by the Parent Company.

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

8. SHAREHOLDERS' EQUITY

Shareholders' equity is broken down below:

(Thousand of Euro)	2023 31 March	2022 31 December
Share capital	14,627	14,627
Own share capital	(825)	(825)
Share premium reserve	40,539	40,539
Revaluation reserve	22,328	22,328
Own share premium	(68)	(68)
Legal reserve	2,925	2,925
IAS 19 Reserve	(425)	(424)
Extraordinary reserve	49,300	49,300
Other reserve	23,595	23,595
Profit (losses) of previous years	22,596	13,372
Translation Reserve	(28,843)	(29,483)
Profit (loss) for the period	2,569	9,224
Total shareholders' equity attributable to Parent company	148,318	145,110
Shareholders' equity attributable to Minority interests	(326)	(325)
Total shareholders' equity	147,992	144,785

Share capital

The following table shows the breakdown of the share capital.

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

The share capital is composed 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 shares as of 31 March 2023 amounted to 1,586,388, corresponding to 5.64% of the share capital. The shares in circulation, which did not move in the first quarter of 2023, are therefore 26,541,612.

IAS 19 Reserve

The provision includes accumulated actuarial gains and losses as a result of the application of IAS 19 Revised. The movement of the period, equal to € 1 thousand, refers to the Indian subsidiary.

Profit (losses) of previous years

The change in the period is entirely attributable to the consolidated result at 31 December 2022.

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 2023. The improvement in the translation reserve, amounting to € 640 thousand, is mainly due to the revaluation of about 2% of the Brazilian Real against the Euro.

9. NON-CURRENT FINANCIAL LIABILITIES

(Thousand of Euro)	2023 31 March	2022 31 December
Non current Financial liabilities due to banks	17,720	19,601
Non current Financial liabilities - IFRS 16	115	174
Other non current financial liabilities	-	2
Total non current financial liabilities	17,835	19,777

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

€/000	Currency	Rate	Company	31/03/2023	31/12/2022	Due date
Banca di Imola	EUR	Floating	IRCE SpA	3,174	3,473	2026
Mediocredito	EUR	Floating	IRCE SpA	923	1,385	2025
Banco Popolare	EUR	Fixed	IRCE SpA	1,699	1,886	2026
Deutsche Bank	EUR	Fixed	IRCE SpA	5,687	6,125	2027
BPER	EUR	Floating	IRCE SpA	4,862	5,000	2032
Credit Suisse	EUR	Zero	Isomet AG	251	296	2025
Banco Popolare	EUR	Fixed	Isomet AG	1,124	1,436	2026
Total				17,720	19,601	

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

10. CURRENT FINANCIAL LIABILITIES

(Thousand of Euro)	2023 31 March	2022 31 December
Payables due to banks	43,903	40,831
Current Financial liabilities - IFRS 16	145	121
Other current financial liabilities	75	-
Long term loans - current portion	5,817	5,272
Total current financial liabilities	49,940	46,224

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)	2023 31 March	2022 31 December
Cash and cash equivalents	8,039	5,608
Current financial assets	704	490
Cash and cash equivalents	8,743	6,098
Other current financial liabilities	(44,123)	(40,952)
Long term loans - current portion	(5,817)	(5,272)
Current net financial position	(41,197)	(40,126)
Non current financial liabilities third parties	(17,835)	(19,777)
Net financial position	(59,032)	(59,903)

"Net financial position" includes a total of € 260 thousand of financial payables relating to leases accounted for in accordance with IFRS 16.

11. TRADE PAYABLES

(Thousand of Euro)	2023 31 March	2022 31 December
Trade payables	41,278	27,240
Total trade payables	41,278	27,240

The change in trade payables, mainly attributable to the Parent Company, is partly due to the dynamics of copper supplies and partly to the increase in payment times to some suppliers.

12. SOCIAL SECURITY CONTRIBUTIONS

(Thousand of Euro)	2023 31 March	2022 31 December
Social security contributions	1,531	2,000
Total social security contributions	1,531	2,000

The item includes payables to INPS and Inail, as well as contributions allocated to deferred salaries.

The change in the period, attributable to the Parent Company, is due both to the payment in January 2023 of the social security contributions relating to the thirteenth monthly salary and to the liquidation in February 2023 of the Inail advance.

13. OTHER CURRENT LIABILITIES

(Thousand of Euro)	2023 31 March	2022 31 December
Payables due to employees	3,811	3,120
Accrued liabilities and deferred income	485	757
Other payables	1,204	992
VAT payables	1,510	548
Income taxes withheld on income from employees	342	522
Total other current liabilities	7,352	5,939

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. The change compared to the end of 2022 is essentially attributable to the Parent Company and is mainly due to the accrual of deferred remuneration.

Other payables are mainly amounts 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 mainly due to the Parent Company.

COMMENT ON THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT
14. SALES REVENUES

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

(Thousand of Euro)	2023 31 March	2022 31 March	Change
Sales revenues	113,191	126,115	(12,924)

The consolidated turnover for the first three months of 2023, equal to € 113.2 million, recorded a decrease of approximately 10.3% compared to the previous period (€ 126.1 million).

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

(Thousand of Euro)	Current period			Previous period		
	Winding wires	Cables	Total	Widing wires	Cables	Total
Revenues	92,962	20,228	113,191	101,387	24,728	126,115
% of total	82.1%	17.9%	100.0%	80.4%	19.6%	100.0%

(Thousand of Euro)	Current period				Previous period			
	Italy	UE	Extra UE	Total	Italy	UE	Extra UE	Total
Revenues	37,027	39,911	36,253	113,191	51,147	39,191	35,777	126,115
% of total	32.7%	35.3%	32.0%	100.0%	40.6%	31.1%	28.4%	100.0%

15. COSTS OF RAW MATERIALS AND CONSUMABLES

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

(Thousand of Euro)	2023 31 March	2022 31 March	Change
Raw materials and consumables	(91,976)	(110,620)	18,644
Change in inventory of raw materials and consumables	88	5,613	(5,525)
Purchasing finished goods	(1,801)	(2,004)	203
Total raw materials and consumables	(93,689)	(107,011)	13,322

The item "Raw materials and consumables", amounting to € 92.0 million, mainly includes the costs incurred for the purchase of copper and aluminium, insulating materials and packaging and maintenance materials.

The change in the period is attributable both to a reduction in the volumes purchased and to a decrease in the price of raw materials.

16. COST FOR SERVICES

Cost of services are broken down below:

(Thousand of Euro)	2023 31 March	2022 31 March	Change
External processing	(2,412)	(1,753)	(659)
Utility expenses	(3,686)	(7,724)	4,038
Maintenance	(687)	(516)	(171)
Transport of sales and purchase	(1,570)	(1,458)	(112)
Payable fees	(39)	(35)	(4)
Statutory auditors compensation	(17)	(32)	15
Other services	(1,636)	(1,421)	(215)
Operating leasing	(69)	(52)	(17)
Total cost for services	(10,116)	(12,991)	2,875

The increase in "External processing" is attributable to the significant increase in the unit cost of wire rod processing, only partially offset by the reduction in volumes processed.

The change in "Utility expenses" compared to 31 March 2023 is essentially attributable to electricity which, in addition to a reduction in volumes, benefited from the significant decrease in the unit cost per MWh, thanks also to the contribution paid to energy-intensive companies in the form of a tax credit, accounted for by nature in reduction of the related cost.

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

17. PERSONNEL COST

Here below is the breakdown of personnel cost:

(Thousand of Euro)	2023 31 March	2022 31 March	Change
Salaries and wages	(5,267)	(5,309)	42
Social security charges	(1,266)	(1,259)	(7)
Pension costs	(435)	(492)	57
Other personnel costs	(587)	(737)	150
Total personnel costs	(7,555)	(7,797)	242

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

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

(Number of employees)	2022 31 March Closing	2023 31 March Closing	2023 31 March Average
Executives	27	26	26
Whitecollars	142	139	136
Bluecollars	477	448	453
Total Employees	646	613	615
Executives (temporary)	-	-	-
Whitecollars (temporary)	2	3	3
Bluecollars (temporary)	64	30	30
Total Temporary workers	66	33	33
Total headcount	712	646	648

The reduction in the workforce is mainly due to the sale on 30 June 2022 of the Miradolo Terme (PV) plant, which employed about 40 people between employees and temporary workers; a further reduction is due to the decline in production activity compared to the first quarter of 2022, which required less recourse to temporary workers.

18. AMORTISATION/DEPRECIATION

Amortisation and depreciation are detailed as follows:

(Thousand of Euro)	2023 31 March	2022 31 March	Change
Amortization of intangible assets	(9)	(7)	(2)
Depreciation of tangible assets	(1,579)	(1,611)	32
Depreciation of tangible assets - IFRS 16	(41)	(44)	3
Total amortization/depreciation and write-down	(1,629)	(1,662)	33

19. PROVISIONS AND WRITE-DOWNS

Provisions and write-downs are broken down as follows:

(Thousand of Euro)	2023 31 March	2022 31 March	Change
Bad debt provision	(8)	(106)	98
Receivables losses	-	(88)	88
Provision for risks	(300)	(300)	-
Total provisions and write-downs	(308)	(494)	186

20. FINANCIAL INCOME AND CHARGES

Financial income and charges are detailed as follows:

(Thousand of Euro)	2023 31 March	2022 31 March	Change
Financial income	900	1,467	(567)
Financial charges	(1,114)	(1,342)	228
Foreign exchanges	(74)	(532)	458
Total financial income and charges	(288)	(407)	119

"Financial income" mainly includes interest income on payment extensions granted to customers mainly by the Brazilian subsidiary for € 0.6 million (€ 0.8 million at March 31, 2022) and for € 0.2 million the net effect of copper derivatives (€ 0.7 million at March 31, 2022).

The item "Financial charges" essentially includes interest expense on short- and medium-long term debt for € 0.5 million (€ 0.1 million at 31 March 2022) and for approximately € 0.6 million the charges relating to the non-recourse discount of trade receivables sold by the Parent Company and the Brazilian subsidiary (€ 1.3 million at 31 March 2022).

The negative balance of "Foreign exchanges" includes the net effect of realised and unrealised exchange differences.

21. INCOME TAX

(Thousand of Euro)	2023 31 March	2022 31 March	Change
Current taxes	(635)	(1,139)	504
Previous years' taxes	(155)	-	(155)
Deferred tax assets / liabilities	77	(54)	131
Total income tax	(713)	(1,193)	480

Current taxes essentially refer to the Brazilian subsidiary; on the other hand, compared to 31 March 2022, the Parent Company benefited from greater permanent decreases linked both to hyper and super-depreciation and to the non-taxability of contributions received on electricity in the form of tax credits.

22. 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.

	2023 31 March	2022 31 March
Result for the period (Thousand of Euro)	2,569	1,647
Average weighted number of ordinary shares outstanding	26,541,612	26,541,612
Basic earnings/(loss) per Share	0.097	0.063
Diluted earnings/(loss) per Share	0.097	0.063

23. 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	62	72	134

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

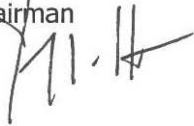
24. EVENTS FOLLOWING THE REPORTING PERIOD

No significant events occurred after the closing date of 31 March 2023 and to date.

25. 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

