

Interim Report on Operations as of 31 March 2024



SMART SOLUTIONS IN WINDING WIRE
SMART SOLUTIONS IN WINDING WIRE

Table of contents

Corporate Bodies	3
Interim Report on Operations.....	4
Consolidated statement of financial position	6
Consolidated income statement.....	8
Consolidated statement of comprehensive income	9
Consolidated statement of changes in equity	10
Consolidated statement of cash flow.....	11
Notes to the Interim Report on Operations.....	12
Certification of the Financial Reporting Officer	26

Corporate Bodies

Board of Directors

Chairman	Mr	Filippo Casadio
Non-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
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

In the first quarter 2024, IRCE Group (hereinafter also the "Group") recorded a profit of € 2.25 million.

Consolidated turnover was € 100.12 million, down by 11.6% compared to € 113.19 million in the first quarter of 2023; the reduction was partly due to the fall of copper price (in the first quarter of 2024, the average LME price in Euros was 6.5% lower than in the same period of 2023) and partly to lower volumes sold.

First quarter sales confirm the weakness of market demand in both business lines. In the winding wires sector, the decline in volumes stabilized at the levels of the last quarter of 2023. In the cables sector, the contraction in the traditional markets (construction and cabling) was offset by contracts in the infrastructure sector.

In this context, turnover without metal¹ decreased by 3.4%; the winding wires sector fell by 13.7% while the cable sectors recorded an increase by 33.7%.

In detail:

Consolidated turnover without metal (€/million)	31 March 2024		31 March 2023		Change %
	Value	%	Value	%	
Winding wires	17.80	69.8%	20.63	78.2%	(13.7%)
Cables	7.69	30.2%	5.75	21.8%	33.7%
Total	25.49	100.0%	26.38	100.0%	(3.4%)

The following table shows the changes in results compared with those of the same period of last year, including the adjusted values of EBITDA and EBIT:

Consolidated income statement data (€/million)	31 March 2024 Value	31 March 2023 Value	Change Value
Turnover ²	100.12	113.19	(13.07)
EBITDA ³	5.11	5.51	(0.40)
EBIT	3.61	3.57	0.04
Net result before tax	3.48	3.28	0.20
Net result for the period	2.25	2.57	(0.32)
Adjusted EBITDA ⁴	5.44	5.73	(0.29)
Adjusted EBIT ⁴	3.94	3.79	0.15

Consolidated statement of financial position data (€/million)	31 March 2024 Value	31 December 2023 Value	Change Value
Net capital employed ⁵	195.10	178.98	16.12
Shareholders' equity	154.88	153.33	1.55
Net financial position ⁶	40.22	25.65	14.57

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 (€ +0.33 million in first quarter 2024 and € +0.22 million in first quarter 2023). 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.

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.

As of March 31, 2024, net financial position was € 40.22 million, up from € 25.65 million as of December 31, 2023, mainly due to the increase in operating working capital.

The Group's investments in the 1st quarter of 2024 amounted to € 5.19 million and mainly concerned the plant in the Czech Republic.

The Group continues to pursue its strategic plan of focusing on sectors with higher growth and more specialized products, including the automotive and the energy generation and transport sectors. The plant in the Czech Republic is expected to start operation at the end of the year and will offer the production capacity necessary for expansion into these priority segments.

The updated forecasts from the main institutional organization on the performance of the European economy indicate slower growth than expected in 2023. The recovery of market demand in the winding wires sector in Europe, the main geographical area of reference, is postponed to second part of the year. Regarding the cable sector, the current order book, largely made up of long-term orders, allows sales to be maintained at good levels.

Imola, 14 May 2024

On behalf of the Board of Directors

The Chairman

Mr Filippo Casadio



Consolidated statement of financial position

(Thousand of Euro)	Notes	2024 31 March	2023 31 December
ASSETS			
Non current assets			
Goodwill and other intangible assets		126	136
Property, plant and machinery	3	42,609	43,933
Equipments and other tangible assets	3	1,776	1,852
Assets under constructions and advances	3	17,948	13,385
Non current financial assets		5	5
Deferred tax assets		2,381	2,495
Other non current assets non financial		1,131	1,196
NON CURRENT ASSETS		65,976	63,002
Current assets			
Inventories	4	109,239	94,495
Trade receivables	5	76,578	67,157
Tax receivables		22	22
Other current assets	6	3,908	4,575
Current financial assets	7	728	373
Cash and cash equivalent		8,685	14,167
CURRENT ASSETS		199,160	180,789
TOTAL ASSETS		265,136	243,791

(Thousand of Euro)	Notes	2024 31 March	2023 31 December
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		13,766	13,782
Reserves		139,180	131,641
Profit (loss) for the period		2,245	8,226
Shareholders' equity attributable to shareholders of Parent company		155,191	153,649
Shareholders equity attributable to Minority interests		(310)	(322)
TOTAL SHAREHOLDERS' EQUITY	8	154,881	153,327
Non current liabilities			
Non current financial liabilities	9	11,899	13,664
Deferred tax liabilities		260	286
Non current provisions for risks and charges		848	846
Non current provisions for post employment obligation		3,626	3,673
NON CURRENT LIABILITIES		16,633	18,469
Current liabilities			
Current financial liabilities	9	37,729	26,524
Trade payables	10	42,505	33,207
Current tax payables	11	3,600	1,496
<i>(of which related parties)</i>		2,800	1,169
Social security contributions	12	1,473	2,022
Other current liabilities	13	8,062	8,507
Current provisions for risks and charges		253	239
CURRENT LIABILITIES		93,622	71,995
SHAREHOLDERS' EQUITY AND LIABILITIES		265,136	243,791

Consolidated income statement

(Thousand of Euro)	Notes	2024 31 March	2023 31 March
Sales revenues	14	100,117	113,191
Other revenues and income		364	186
TOTALE REVENUES AND INCOME		100,481	113,377
Raw materials and consumables	15	(81,929)	(93,689)
Change in inventories of work in progress and finished goods		5,120	3,761
Cost for services	16	(9,760)	(10,116)
Personnel costs	17	(8,372)	(7,555)
Amortization /depreciation/write off tangible and intangible assets	18	(1,707)	(1,629)
Provision and write downs	19	200	(308)
Other operating costs		(426)	(271)
EBIT		3,607	3,570
Financial income / (charges)	20	(127)	(288)
RESULT BEFORE TAX		3,480	3,282
Income taxes	21	(1,223)	(713)
NET RESULT FOR THE PERIOD		2,257	2,569
Net result attributable to non-controlling interests		12	-
Net result attributable to shareholders of the Parent Company		2,245	2,569
EARNINGS/(LOSSES) PER SHARES			
- basic EPS for the period attributable to shareholders of the parent company	22	0.0847	0.0970
- diluted EPS for the period attributable to shareholders of the parent company	22	0.0847	0.0970

Consolidated statement of comprehensive income

(Thousand of Euro)	Notes	2024 31 March	2023 31 March
Net result for the period		2,257	2,569
Translation difference on financial statements of foreign companies	8	(638)	640
Total items that will be reclassified to net result		(638)	640
Actuarial gain / (losses) IAS 19		(8)	(2)
Tax effect		-	-
Total IAS 19 reserve variance		(8)	(2)
Total items that will not be reclassified to net result		(8)	(2)
Total comprehensive income for the period		1,611	3,207
Attributable to shareholders of Parent company		1,599	3,207
Attributable to Minority interest		12	-

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	las 19 reserve	Retained earnings	Translation reserve	Result for the period			
Opening balance previous 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	(1)	2,569
Total comprehensive income for the period	-	-	-	-	(2)	-	640	2,569	3,208	(1)	3,207
Closing balance previous period	13,802	40,471	45,923	2,925	(425)	71,896	(28,843)	2,569	148,318	(326)	147,992
Opening balance current year	13,782	40,409	45,923	2,925	(730)	70,304	(27,190)	8,226	153,649	(322)	153,327
Sell / (purchase) own shares	(16)	(41)	-	-	-	-	-	-	(56)	-	(56)
Allocation of previous year net result	-	-	-	-	-	8,226	-	(8,226)	-	-	-
Other comprehensive income for the period	-	-	-	-	(8)	-	(638)	-	(646)	-	(646)
Net result for the period	-	-	-	-	-	-	-	2,245	2,245	12	2,257
Total comprehensive income for the period	-	-	-	-	(8)	-	(638)	2,245	1,600	12	1,611
Closing balance current period	13,766	40,368	45,923	2,925	(738)	78,529	(27,828)	2,245	155,191	(310)	154,881

Consolidated statement of cash flow

(Thousand of Euro)	Notes	2024 31 March	2023 31 March
OPERATING ACTIVITIES			
Result of the period (Group and Minorities)		2,257	2,569
<i>Adjustments for:</i>			
Depreciation / Amortization	18	1,707	1,629
Net change in deferred tax (assets) / liabilities	21	114	(76)
Capital (gains) / losses from disposal of fixed assets		(48)	(11)
Losses / (gains) on unrealised exchange rate differences		(212)	(32)
Provisions for risks		-	300
Income taxes	21	1,109	790
Financial (income) / expenses	20	(116)	214
Operating result before changes in working capital		4,811	5,383
Income taxes paid		(7)	(2,733)
Financial charges paid	20	(803)	(1,114)
Financial income collected	20	919	900
Decrease / (Increase) in inventories		(15,195)	(3,848)
Change in trade receivables		(9,644)	(12,711)
Change in trade payables		9,482	13,993
Net changes in current other assets and liabilities		(665)	4,152
Net changes in current other assets and liabilities - related parties		1,631	-
Net changes in non current other assets and liabilities		25	(114)
CASH FLOW FROM OPERATING ACTIVITIES		(9,445)	3,908
INVESTING ACTIVITIES			
Investments in intangible assets		(25)	(20)
Investments in tangible assets	3	(5,163)	(3,102)
Disposals of tangible and intangible assets		53	189
CASH FLOW FROM INVESTING ACTIVITIES		(5,135)	(2,933)
FINANCING ACTIVITIES			
Repayments of loans	9	(1,804)	(1,863)
Net changes of current financial liabilities		11,338	3,630
Net changes of current financial assets		(357)	(336)
Other effects on shareholders' equity		-	-
Sell/(purchase) of own shares	8	(56)	-
CASH FLOW FROM FINANCING ACTIVITIES		9,121	1,431
NET CASH FLOW FROM THE PERIOD		(5,459)	2,406
CASH BALANCE AT THE BEGINNING OF THE PERIOD	9	14,167	5,608
Exchange rate differences		(23)	25
NET CASH FLOW FROM THE PERIOD		(5,459)	2,406
CASH BALANCE AT THE END OF THE PERIOD	9	8,685	8,039

Notes to the Interim Report on Operations

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 2024 was approved by the Board of Directors of Irce SpA (hereafter also referred to as the “Company” or the “Parent Company”) on 14 May 2024.

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, Isolecco 2 S.R.L. in Italy, Irce S.L. in Spain, and Irce SP.ZO.O in Poland.

The scope of consolidation of the Irce Group also includes the companies Irce Electromagnetic Wire (Jiangsu) Co. Ltd based in Haian (China) and Irce s.r.o based in Ostrava (Czech Republic), which are currently not 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 31 December 2023 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 2024 are consistent with those used for the preparation of the financial statements as at 31 December 2023 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.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 1 JANUARY 2024

Accounting standard, Amendment, Interpretation	Issued date	Endorsement date	Effective date
Amendments to IAS 1 Presentation of Financial Statements:			
- Classification of Liabilities as Current or Non-current	23/01/2020		
- Classification of Liabilities as Current or Non-current	15/07/2020	19/12/2023	01/01/2024
- Non-current Liabilities with Covenants	31/10/2022		
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	22/09/2022	20/11/2023	01/01/2024

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 31 March 2024:

Company	% of investment	Registered office	Currency Capital	Share	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 in liquidation	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

It should be noted that the Indian company Fine Wire P. Ltd is indirectly controlled by IRCE through Stable Magnet Wire P.Ltd.

EXCHANGE RATE

The exchange rates used to translate in Euro the figures of the subsidiaries as at 31 March 2024 as well as comparative periods were as follows:

Currency	Current period		Previous year		Previous period	
	Average	Spot	Average	Spot	Average	Spot
GBP	0.8562	0.8548	0.8699	0.8689	0.8832	0.8782
CHF	0.9494	0.9765	0.9717	0.9257	0.9924	0.9964
BRL	5.3755	5.3964	5.4019	5.3625	5.5735	5.5364
INR	90.1445	90.0909	89.3289	91.9631	88.2530	89.3161
CNY	7.8041	7.8069	7.6586	7.8454	7.3402	7.4705
PLN	4.3324	4.3105	4.5423	4.3386	4.7099	4.6728
CZK	25.0708	25.3050	24.0043	24.7240	23.7852	23.4920

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;
- c) for which discrete financial information is available.

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

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

Below is the income statement broken down by geographic operating segment, compared with the period 31 March 2023, as well as the balance sheet balances of intangible and tangible fixed assets, compared with 31 December 2023:

(Thousand of Euro)	Italy	UE	Extra UE	Consolidation entries	Irce Group
Current period					
Sales revenues	64,134	8,790	30,906	(3,713)	100,117
Ebitda	3,861	(159)	1,332	81	5,115
Ebit	3,043	(323)	807	81	3,608
Financial income/(charge)	-	-	-	-	(127)
Income taxes	-	-	-	-	(1,223)
Net result for the period	-	-	-	-	2,257
Intangible assets	113	-	13	-	126
Tangible assets	31,869	16,083	14,381	-	62,333
Previous 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	121	-	15	-	136
Tangible assets	32,559	11,741	14,870	-	59,170

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 31 March 2024. 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 31 March 2024:

	Notional amount		Fair value at 31/03/2024		
	Assets (Ton)	Liabilities (Ton)	Current assets (€/000)	Current liabilities (€/000)	Net carrying amount (€/000)
Forward purchase and sale transactions on copper	1,150	175	459	(30)	429

- Derivative instruments related to currency forward purchase and sale transactions with maturity after 31 March 2024. 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 31 March 2024:

	Notional Value		Fair value al 31/03/2024		
	Assets (Thousand)	Liabilities (Thousand)	Current Assets (€/000)	Current Liabilities (€/000)	Net carrying amount (€/000)
Forward sale transactions on GBP		7,800		(197)	(197)
Forward purchase transactions on USD	7,200		9		9

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 31 March 2024:

(Thousand of Euro)	Lands	Buildings	Plant and machinery	Equipments	Other tangible assets	Assets under construction and advances	Total
Opening balance - previous period	14,593	10,537	12,832	974	399	12,278	51,613
Changes - previous period							
Purchase	-	113	1,573	504	77	11,823	14,090
Depreciation	(29)	(1,143)	(4,843)	(570)	(200)	-	(6,785)
Reclass	-	2,038	7,785	434	237	(10,494)	-
Disposals	(5)	(56)	(7,526)	(80)	(292)	-	(7,958)
Disposals - Depreciation fund	5	56	7,516	70	292	-	7,938
Exchange rate differences	134	197	156	4	3	(223)	272
Closing balance - previous period	14,698	11,742	17,493	1,336	516	13,385	59,170
Changes - current period							
Purchase	-	192	80	67	53	4,771	5,163
Depreciation	(7)	(294)	(1,178)	(147)	(47)	-	(1,673)
Disposals	-	(51)	(229)	(1)	(67)	-	(348)
Disposals - Depreciation fund	-	51	225	-	66	-	342
Exchange rate differences	(91)	(28)	6	-	-	(208)	(321)
Closing balance- current period	14,600	11,612	16,397	1,255	521	17,948	62,333

The Group's investments as of March 31, 2024 amounted to € 5,163 thousand, of which € 165 thousand related to rights of use, and mainly concerned the category "Assets under construction and advances" and, in particular, the investment in the production plant in the Czech Republic, which is expected to come into operation by the end of this year.

4. INVENTORIES

Inventories are broken down as follows:

(Thousand of Euro)	2024 31 March	2023 31 December
Raw materials, ancillary and consumables	44,467	34,757
Work in progress and semi-finished goods	20,256	16,667
Finished products and goods	50,629	49,937
Provision for write down of raw material	(4,152)	(4,162)
Provision for write down of finished products and goods	(1,961)	(2,704)
Total inventories	109,239	94,495

The change in the period is mainly attributable to a quantity effect, essentially attributable to the higher volumes of metal in stock and, to a lesser extent, to the price effect.

The price of copper in the first quarter of 2024 was substantially stable at the beginning of the year, while starting from mid-March an upward trend began that brought the price of this metal on the London Metal Exchange till to €8.08/kg on 31 March 2024 (€ 7.70/kg on 31 December 2023).

The changes in the provision for write-down of inventories during the first quarter 2024 are as follows:

(Thousand of Euro)	Opening balance	Provision	Utilization	Exchange rate differences	Closing balance
Provision for write down of raw material	(4,162)	(4)	14	-	(4,152)
Provision for write down of finished products	(2,704)	(5)	745	3	(1,961)
Total	(6,866)	(9)	759	3	(6,113)

The provision for write-downs of raw materials refers to the amount deemed necessary to cover the risks of obsolescence, mainly of packaging and maintenance material, whilst the provision for write-downs of finished products and goods is set aside against slow-moving or non-moving finished products as well as to products that are no longer suitable for sale.

5. TRADE RECEIVABLES

The details of trade receivables are as follows:

(Thousand of Euro)	2024 31 March	2023 31 December
Current trade receivables - third parties	77,709	68,499
Current bad debt provision - third parties	(1,131)	(1,342)
Total trade receivables	76,578	67,157

The change in trade receivables is essentially attributable to the Group's higher turnover in Q1 2024 compared to Q4 2023 and, to a lesser extent, to lower non-recourse sales outstanding at 31 March 2024 compared to 31 December 2023.

In particular, trade receivables which were sold without recourse and were not yet due as of March 31, 2024 amounted to € 19.5 million, approximately € 1.5 million lower than those of December 31, 2023, equal to € 21.0 million.

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

(Thousand of Euro)	2024 31 March	2023 31 December	Change
Due dates			
Not yet due	47,878	44,780	3,098
0 - 30 days	27,425	21,359	6,066
30 - 60 days	983	605	378
60 - 90 days	120	279	(159)
90 - 120 days	-	78	(78)
> 120 days	1,303	1,398	(95)
Total trade receivables	77,709	68,499	9,210

The changes in the provision for doubtful accounts during the first quarter 2024 are as follows:

(Thousand of Euro)	Opening balance	Provision	Utilization	Exchange rate differences	Closing balance
Current bad debt provision - third parties	(1,342)	-	215	(4)	(1,131)

The item "Utilization" mainly includes the release of part of the provision for doubtful accounts by the Parent Company following the update of the expected losses on performing receivables as at 31 March 2024.

6. OTHER CURRENT ASSETS

Below is the item detailed:

(Thousand of Euro)	2024 31 March	2023 31 December
Accrued income and prepaid expenses	437	259
Social securities receivables	(2)	-
Other current assets	2,470	2,937
VAT receivables	1,003	1,379
Total other current assets	3,908	4,575

The change in "Other receivables" is essentially due to the Parent Company and refers in particular to the partial use of the Industry 4.0 tax credit recorded at 31 December 2023.

7. CURRENT FINANCIAL ASSETS

(Thousand of Euro)	2024 31 March	2023 31 December
Mark to market gains derivatives on metal	429	87
Guarantees deposits	17	17
Mark to market financial assets	273	263
Mark to market gains derivatives on exchange rate	9	6
Total current financial assets	728	373

The items "Mark to market gains derivatives on metal" and "Mark to market gains derivatives on exchange rate" refer to the fair value of forward contracts on copper and on currencies open at year-end of the parent Company IRCE S.p.A. For more detail see paragraph 2.

The item "Mark to market financial assets" includes energy efficiency certificates (TEEs) measured at fair value.

8. SHAREHOLDERS' EQUITY

The item "Shareholders' equity" amounts to € 155.2 million as at 31 March 2024 (€ 153.6 million as of 31 December 2023) and is detailed in the following table.

(Thousand of Euro)	2024 31 March	2023 31 December
Share capital	14,627	14,627
Own share capital	(860)	(845)
Share premium reserve	40,539	40,539
Revaluation reserve	22,328	22,328
Own share premium	(170)	(130)
Legal reserve	2,925	2,925
IAS 19 Reserve	(738)	(730)
Extraordinary reserve	53,496	53,496
Other reserve	23,595	23,595
Profit (losses) of previous years	25,033	16,808
Translation Reserve	(27,828)	(27,190)
Profit (loss) for the period	2,245	8,226
Total shareholders' equity attributable to Parent company	155,191	153,649
Shareholders' equity attributable to Minority interests	(310)	(322)
Total shareholders' equity	154,881	153,327

Share capital

The following table shows the breakdown of the share capital.

(Thousand of Euro)	2024 31 March	2023 31 December
Subscribed share capital	14,627	14,627
Treasury share capital	(860)	(845)
Total share capital	13,767	13,782

The share capital is made up of 28,128,000 ordinary shares worth € 14,626,560.

Treasury share capital as of 31 March 2024 amounted to 1,654,413 corresponding to 5.88% of the share capital. The total number of outstanding shares is then 26,473,587.

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

Outstanding shares	Thousand of shares
Balance as of 31.12.2023	26.504
Share buyback	(30)
Sales of treasury shares	-
Balance as of 31.03.24	26.474

Translation reserve

The negative change in the translation reserve, amounting to € 638 thousand, is mainly due to the depreciation of the Swiss Franc and 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)	2024 31 March	2023 31 December
Non current Financial liabilities due to banks	11,653	13,498
Non current Financial liabilities - IFRS 16	246	166
Total non current financial liabilities	11,899	13,664

(Thousand of Euro)	2024 31 March	2023 31 December
Current Financial liabilities due to banks	31,331	20,397
Current Financial liabilities - IFRS 16	115	63
Mark to market losses derivatives exchange rate	197	-
Long term loans- current portion	6,085	6,064
Total current financial liabilities	37,729	26,524

The table below shows the breakdown of "Non-current financial liabilities due to banks" outstanding at the end of the period, highlighting, in particular, the type of rate and due date.

(Thousand of Euro)	Currency	Rate	Company	31/03/2024	31/12/2023	Due date
Banca di Imola	EUR	Floating	IRCE SpA	1,813	2,163	2026
Mediocredito	EUR	Floating	IRCE SpA	-	461	2025
Banco Popolare	EUR	Fixed	IRCE SpA	948	1,136	2026
Deutsche Bank	EUR	Floating	IRCE SpA	3,937	4,375	2027
BPER	EUR	Floating	IRCE SpA	4,306	4,445	2032
Credit Suisse	EUR	Fixed	Isomet AG	174	270	2025
Banco Popolare	EUR	Fixed	Isomet AG	475	648	2026
Total				11,653	13,498	

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)	2024 31 March	2023 31 December
Cash and cash equivalents	8,685	14,167
Current financial assets	728	373
Cash and cash equivalents	9,413	14,540
Other current financial liabilities	(31,644)	(20,460)
Long term loans - current portion	(6,085)	(6,064)
Current net financial position	(28,316)	(11,984)
Non current financial liabilities third parties	(11,899)	(13,664)
Net financial position	(40,215)	(25,648)

The net financial position amounted to € 40.2 million at 31 March 2024, an increase compared to € 25.6 million at 31 December 2023, mainly due to the higher net working capital and, in particular, the higher inventories.

At 31 March 2024 the IRCE Group had contractual commitments for around € 267 million relating both to the realisation of a new factory in the Czech Republic and to the purchase of plant and machinery and metal.

10. TRADE PAYABLES

(Thousand of Euro)	2024 31 March	2023 31 December
Trade payables	42,505	33,207
Total trade payables	42,505	33,207

The change in trade payables, mainly attributable to the Parent Company, is essentially due to the trend in copper supplies.

11. TAX PAYABLES

(Thousand of Euro)	2024 31 March	2023 31 December
Tax payables due to Aequafin	2,800	1,169
Tax payables	800	327
Total tax payables	3,600	1,496

“Tax payables due to Aequafin” shows the net balance for Italian corporation tax (IRES) of the Parent Company in regard to its own parent with which there is a tax consolidation agreement while “Tax payables” shows the net balance of the Italian regional manufacturing tax (IRAP) of the Parent Company and the direct taxes of the subsidiaries.

12. SOCIAL SECURITY CONTRIBUTIONS

(Thousand of Euro)	2024 31 March	2023 31 December
Social security contributions	1,473	2,022
Total Social security contributions	1,473	2,022

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 2024 of the social security contributions relating to the thirteenth month and to the payment in February 2024 of the Inail advance payment.

13. OTHER CURRENT LIABILITIES

(Thousand of Euro)	2024 31 March	2023 31 December
Payables due to employees	3,967	3,281
Accrued liabilities and deferred income	1,982	2,230
Other payables	1,098	853
VAT payables	651	1,577
Income taxes withheld on income from employees	364	566
Total other current liabilities	8,062	8,507

“Payables due to employees” include the liabilities for the thirteenth month’s salary, for holiday accrued and not taken, and for production premiums. The increase in debt is mainly attributable to the Parent Company and in particular to the trend in the payable for deferred salaries, which was lower at the end of the year due to the payment of the thirteenth month’s salary and the greater use of holidays

The change in VAT payables is mainly attributable to the Parent Company

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

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

(Thousand of Euro)	2024 31 March	2023 31 March	Change
Sales revenues	100,117	113,191	(13,074)

Consolidated net sales were € 100.1 million, down 11.6% compared to € 113.2 million in the first quarter of 2023; this reduction was mainly due to lower volumes sold and, in part, to the decline in the price of copper (the average LME price in the first quarter of 2024 was 6.5% lower than in the same period of 2023).

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	80,293	19,824	100,117	92,962	20,229	113,191
% of total	80%	20%	100%	82%	18%	100%

(Thousand of Euro)	Current period				Previous period			
	Italy	UE	Extra UE	Total	Italy	UE	Extra UE	Total
Revenues	36,529	28,760	34,828	100,117	37,027	39,911	36,253	113,191
% of total	36%	29%	35%	100%	33%	35%	32%	100%

For further details, please refer to the Report on Operations.

15. RAW MATERIALS AND CONSUMABLES

Costs for raw material and consumables are detailed as follows:

(Thousand of Euro)	2024 31 March	2023 31 March	Change
Raw materials and consumables	(88,803)	(91,976)	3,173
Change in inventory of raw materials and consumables	10,075	88	9,987
Purchasing finished goods	(3,201)	(1,801)	(1,400)
Total raw materials and consumables	(81,929)	(93,689)	11,760

The item "Raw materials and consumables", amounting to € 88.8 million, includes 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 31 March 2023 is due to a reduction in volumes purchased partially offset by an increase in the average price of copper.

16. COST FOR SERVICES

The "Costs per service" are detailed below:

(Thousand of Euro)	2024 31 March	2023 31 March	Change
External processing	(2,398)	(2,412)	14
Utility expenses	(3,449)	(3,686)	237
Maintenance	(684)	(687)	3
Transport of sales and purchase	(1,492)	(1,570)	78
Payable fees	(23)	(39)	16
Statutory auditors compensation	(17)	(17)	-
Other services	(1,614)	(1,636)	22
Operating leasing (in scope for IFRS 16)	(83)	(69)	(14)
Total cost for services	(9,760)	(10,116)	356

The reduction in "Utility expenses" is linked to lower quantities produced due to weak market demand. It should also be noted that in the first quarter of 2023 the Parent Company had benefited during the period of the contribution paid to energy-intensive companies, accounted for by nature as a reduction in the related cost.

17. PERSONNEL COSTS

Personnel costs are detailed as follows:

(Thousand of Euro)	2024 31 March	2023 31 March	Change
Salaries and wages	(5,640)	(5,267)	(373)
Social security charges	(1,330)	(1,266)	(64)
Pension costs	(453)	(435)	(18)
Other personnel costs	(949)	(587)	(362)
Total personnel costs	(8,372)	(7,555)	(817)

The increase in personnel costs is mainly attributable to the Parent Company, in particular to the increase in the number of hours worked by both employees and temporary workers.

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

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

(Number of employees)	2023 31 March Closing	2024 31 March Closing	2024 31 March Average
Executives	26	28	28
Whitecollars	139	116	116
Bluecollars	448	468	467
Total Employees	613	612	611
Executives (temporary)	-	-	-
Whitecollars (temporary)	3	2	2
Bluecollars (temporary)	30	68	65
Total Temporary workers	33	70	67
Total headcount	646	682	678

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.

18. AMORTIZATION/DEPRECIATION AND WRITE DOWNS

Here is the breakdown of depreciation/amortisation:

(Thousand of Euro)	2024 31 March	2023 31 March	Change
Amortization of intangible assets	(30)	(9)	(21)
Depreciation of tangible assets	(1,633)	(1,579)	(54)
Depreciation of tangible assets - IFRS 16	(40)	(41)	1
Write off intangible assets	(4)	-	(4)
Total amortization/depreciation and write-down	(1,707)	(1,629)	(78)

19. PROVISIONS AND WRITE-DOWNS

Provisions and write-downs are detailed as follows:

(Thousand of Euro)	2024 31 March	2023 31 March	Change
Bad debt provision	200	(8)	208
Provision for risks	-	(300)	300
Total provisions and write-downs	200	(308)	508

In relation to the change in the items "Bad debt provision", reference should be made to paragraphs 5 "Trade receivables" respectively.

20. FINANCIAL INCOME AND CHARGES

Financial income and charges are broken down as follows:

(Thousand of Euro)	2024 31 March	2023 31 March	Change
Financial income	919	900	19
Financial charges	(803)	(1,114)	311
Foreign exchanges	(243)	(74)	(169)
Total financial income and charges	(127)	(288)	161

The reduction in "Financial charges" compared to 31 March 2023 is attributable both to the reduction in non-recourse disposals made by the Brazilian subsidiary and to the decrease in the Group's net debt, only partially offset by the increase in market interest rates.

The change in "Foreign exchanges" is essentially attributable to the significant increase in negative exchange rate differences realized, only partially offset by positive unrealized exchange rate differences.

21. INCOME TAXES

Below is the breakdown of income taxes:

(Thousand of Euro)	2024 31 March	2023 31 March	Change
Current taxes	(1,120)	(635)	(485)
Income taxes related to previous years	12	(155)	167
Deferred tax assets / liabilities	(115)	77	(192)
Total income tax	(1,223)	(713)	(510)

Current taxes mainly refer to IRCE and the Brazilian subsidiary.

The increase in the tax rate compared to the previous period is due to the lower incidence of permanent decreases in income on pre-tax profit. In fact, it should be noted that in the first quarter of 2023 the Parent Company had benefited from the electricity subsidies granted to energy-intensive companies, which are not taxable.

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

	2024 31 March	2023 31 March
Result for the period (Thousand of Euro)	2,245	2,569
Average weighted number of ordinary shares outstanding	26,495,180	26,541,612
Basic earnings/(loss) per Share	0.0847	0.0970
Diluted earnings/(loss) per Share	0.0847	0.0970

23. 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 31 March 2024 is as follows:

(Thousand of Euro)	Compensation for office head	Compensation for other tasks	Total
Directors	65	70	135

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 payables vs the Parent company Aequafin SpA of € 2.8 million deriving from the National Tax Consolidation Agreement.

24. 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.

25. EVENTS AFTER THE REPORTING PERIOD

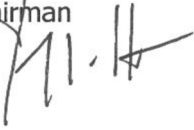
No significant subsequent events have occurred from 31 March 2024 to the date of preparation of these financial statements.

Certification of the Financial Reporting Officer

The Financial Reporting Officer in charge of preparing the accounting and corporate documents, Ms. Elena Casadio, declares, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law on Finance, that the information contained in this Interim Report on Operations corresponds to the document results, books and accounting records.

Imola, 14 May 2024

Filippo Casadio
Chairman



Elena Casadio
Manager responsible for preparing the corporate accounting documents

