



## REPORT ON THE PURCHASE AND ALLOCATION OF OWN SHARES

Dear shareholders,

The Board of Directors of IRCE S.p.A. resolved, on 13th March 2020, to submit to the Shareholders' Meeting a proposal for authorization to purchase and allocate own shares, in accordance with Articles 2357 et seq. of the Italian Civil Code.

The aforementioned authorization is requested in order to provide the company – according to a widespread practice amongst listed companies – with an appropriate tool to operate within the stock market, thereby allowing for the stabilization of the stock and preventing contingent and merely speculative situations with the effect of improving the liquidity of the stock itself.

In particular, the Board of Directors resolved to submit to the Shareholders' Meeting the following proposal:

- IRCE S.p.A. shares may be purchased in compliance with the provisions of Article 132 of Italian Legislative Decree No. 58 of 24 February 1998 and in accordance with the operational modalities pursuant to Article 144-bis of CONSOB Issuers' Regulations.
- the aforementioned authorization will have a duration of 18 months and during which the purchases and sales may be implemented in multiple transactions, providing the Chairman with all powers required to implement the purchases and sales, even by means of proxies, while complying with that potentially required by the competent authorities;
- the purchase price may not be less than 80%, nor greater than 120% of the reference price recorded by the IT System of the Italian Stock Exchange during the session prior to each individual purchase transaction;
- the purchase must be made within the limits of distributable profits and available reserves, entering them in the balance sheet liabilities, as required by art. 2357-ter of the civil code, a specific item, with a negative sign. Purchases and disposals of treasury shares will be accounted for according to the laws and accounting principles applied;
- the Board of Directors, and the Chairman on behalf of the latter, may allocate, without time limits, the own shares which were purchased in execution of previous resolutions; these shares may be sold, even with a public offering and/or to employees, at a price that is not less than 90% of the reference price recorded by the IT System of the Italian Stock Exchange during the session prior to each individual sales transaction or, alternatively, may be subject to exchange, swap, contribution or other allocation transactions under industrial projects or extraordinary financial transactions, and in these cases without price limits;
- the nominal value of the purchased shares may not exceed one fifth of the capital. The number of own shares which can be purchased may not exceed 5,625,600 in number.

As of today's date, the company directly holds 1.546.988 shares representing 5,5% of the share capital.

With reference to distributable profits and available reserves which can be used for the purchase of own shares, the financial statements as of 31 December 2018 reported the following reserves:

Description	Amount	Possibility of use	Quota available	Distributable
<b>Share capital</b>	<b>14.626.560</b>			
<b>Capital's reserves</b>				
Share premium reserve	40.538.732	A,B,C	40.538.732	40.538.732
Other reserves	6.035.757	A,B,C	6.035.757	6.035.757
<b>Total capital's reserve</b>	<b>46.574.489</b>		<b>46.574.489</b>	<b>46.574.489</b>
<b>Earning's reserves</b>				
Legal	2.925.312	B	2.925.312	-
Extraordinar	35.047.471	A,B,C	35.047.471	35.047.471
IAS	5.847.255	A,B	5.847.255	1.597.853
Own shares	-	-	-	723.990
Cash flow hedge	-	A,B	-	-
Other reserves	585.888	A,B,C	585.888	585.888
<b>Total earning's reserves</b>	<b>43.681.935</b>		<b>43.681.935</b>	<b>36.507.222</b>
<b>Reserves in tax suspension</b>				
Other reserves	201.160	A,B,C	201.160	201.160
Revaluation	22.327.500	A,B,C	22.327.500	22.327.500
Reavluation n.266/2005	13.935.343	A,B	13.935.343	-
<b>Total reserves in tax suspension</b>	<b>36.464.003</b>		<b>36.464.003</b>	<b>22.528.660</b>
<b>Total reserves</b>	<b>126.720.428</b>		<b>126.720.428</b>	<b>105.610.371</b>
<b>profit 2018</b>	<b>7.902.954</b>			
<b>Total equity</b>	<b>149.249.942</b>			
		<b>Total reserves available</b>	126.720.428	
		<b>Quota not available for legal reserves</b>	2.925.312	
		<b>Quota not available IAS</b>	4.249.402	
		<b>Quota not available fair value land</b>	13.935.343	
		<b>Residual quota available</b>	<b>105.610.371</b>	

Legend

A = capital increase; B = loss coverage; C = distributable

Note 1

The share premium reserve can be distributed having the legal reserve already reached 1/5 of the share capital

For further information we attached also the restated financial statements as of 31 December 2019 that will be presented at the next Shareholders' Meeting:

Description	Amount	Possibility of use	Quota available	Distributable
<b>Share capital</b>	<b>14,626,560</b>			
<b>Capital's reserves</b>				
Share premium reserve	40,538,732	A,B,C	40,538,732	40,538,732
Other reserves	6,035,757	A,B,C	6,035,757	6,035,757
<b>Total capital's reserve</b>	<b>46,574,489</b>		<b>46,574,489</b>	<b>46,574,489</b>
<b>Earning's reserves</b>				
Legal	2,925,312	B	2,925,312	-
Extraordinary	41,620,289	A,B,C	41,620,289	41,620,289
IAS	5,709,132	A,B	5,709,132	1,597,853
Own shares	-	-	-	767,153
Cash flow hedge	-	A,B	-	-
Other reserves	585,888	A,B,C	585,888	585,888
<b>Total earning's reserves</b>	<b>50,073,469</b>		<b>50,073,469</b>	<b>43,036,878</b>
<b>Reserves in tax suspension</b>				
The South incomes	201,160	A,B,C	201,160	201,160
Extraordinary revaluation in the financial statements	22,327,500	A,B,C	22,327,500	22,327,500
Reavluation n. 266/2005	13,935,343	A,B	13,935,343	-
<b>Total reserves in tax suspension</b>	<b>36,464,003</b>		<b>36,464,003</b>	<b>22,528,660</b>
<b>Total reserves</b>	<b>133,111,960</b>		<b>133,111,961</b>	<b>112,140,027</b>
<b>Profit 2019</b>	<b>3,603,483</b>			
<b>Total equity</b>	<b>151,342,003</b>			
		<b>Total reserves available</b>	133,111,960	
		<b>Not-assignable share for non-amortized start-up and expansion costs.</b>	-	
		<b>Quota not available for legal reserves</b>	2,925,312	
		<b>Quota not available IAS</b>	4,111,279	
		<b>Quota not available fair value land</b>	13,935,343	
		<b>Residual quota available</b>	<b>112,140,027</b>	

Legend

A = capital increase; B = loss coverage; C = distributable

Note 1

The share premium reserve can be distributed having the legal reserve already reached 1/5 of the share capital

Imola, 13<sup>th</sup> March 2020

The Board of Directors