Annual Financial Report as at 31 December 2024

Supplementary version not compliant with the provisions of Delegated Regulation (EU) 2019/815

IRCE

SMART SOLUTIONS IN WINDING WIRE

CONTENTS

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
Alternate Statutory Auditor	Mr	Federico Polini
Alternate 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

Our shareholders are called to participate to an Ordinary Shareholder's Meeting to be held at the Registered Office on 28th April 2025 at 11,00 am in a first call and on the second call, if necessary, on 2nd May 2025 at the same time to discuss and vote the following

AGENDA

- Separate financial statements as at 31/12/2024 and related reports of the Board of Directors and the Board of Statutory Auditors, and consequent resolutions;
- Allocation of result of the year 2024
- Presentation of the Consolidated Financial Statements as at 31 December 2024;
- Appointment of the Board of Directors for the years 2025-2026-2027;
- Determination of the BoD members' annual remuneration;
- Proposal for authorisation to purchase and dispose of treasury shares, methods of purchase and disposal;
- Remuneration Report, review of Section I (i.e. remuneration policy), resolution pursuant to Article 123-ter, paragraph 3-bis, of Italian Legislative Decree no. 58 of 24/02/98;
- Remuneration Report, examination of Section II (i.e. remuneration paid in the year) resolution pursuant to Article 123-ter, paragraph 6, of Legislative Decree 24/02/98 no. 58

SHARE CAPITAL AND VOTING RIGHTS

The company's share capital stands at € 14,626,560 and is divided into 28,128,000 ordinary shares. Each ordinary share gives the right to one vote in the ordinary and extraordinary Shareholders' Meetings of the Company. As of the current date, the Company owns 1,681,569 treasury shares that represent 5.98% of the share capital, and whose vote is suspended in accordance with art. 2357-ter of the Italian Civil Code.

PARTICIPATION IN THE SHAREHOLDERS' MEETING AND VOTING RIGHTS

Pursuant to article 83-sexies of Legislative Decree 58/1998 the right to participate in the Meeting and to exercise voting rights is conditional upon the Company receiving notice of the subject's right to vote by an intermediary. This must be in conformity with the intermediary's accounting records and balances recorded at the end of the seventh trading day prior to the date established for the first call of the Meeting by 15 April 2025; credit or debit recordings made to the account after the said term do not influence the right to exercise a vote in the Meeting. Those determined to be owners of Company shares only after that date will not be entitled to attend and vote in the Meeting. The company must receive the above-mentioned notice sent by the intermediary by the end of the third trading day prior to the date set for the Shareholders' Meeting on first call 23 April 2025. The above does not prejudice the entitlement to attend and vote, should the Company receive the communication beyond that date but before the beginning of the Meeting in first call.

Each Shareholder may appoint a representative, according to the applicable laws, by undersigning the proxy form, released on request by those who have the right through enabled intermediaries, or it can be downloaded from the website www.irce.it. The proxy may also be sent to the Registered office by registered letter with return receipt or sent by certified e-mail to the following address: ircespa-pec@legalmail.it. A copy of a currently valid identification card of the shareholder must be attached.

DESIGNATED REPRESENTATIVE AND PROXY APPOINTMENT

For the Shareholders' Meeting referred to in this notice, the Company has therefore appointed the Lawyer Stefania Salvini as Designated Representative, pursuant to art. 135-undecies of Legislative Decree 58/1998 (TUF). The proxy can be granted to the lawyer Stefania Salvini by registered mail with return receipt at Via Tinti 16, 40026 Imola (BO), or by certified e-mail message to the address avvstefaniasalvini@ordineavvocatibopec.it. The Company prepares a specific form which will be made available on the company's website www.irce.it. The proxy to the designated representative must contain voting instructions on all or some of the proposals on the agenda and must reach the aforementioned Representative by the second open market day preceding the date of the Shareholders' Meeting on first call by 24 April 2025. By said date, the proxy and voting instructions may always be revoked in the manner described above for the appointment. The proxy shall be effective only with respect to items for which voting instructions have been provided.

APPOINTMENT OF THE BOARD OF DIRECTORS

Shareholders holding, on aggregate, at least a 2.5% stake in the Company retain the right to present lists for the appointment of the Board of Directors. These lists must be filed at the registered office of the Company - also by means of a registered letter with receipt of return addressed to the registered office of the Company, or sent by certified email to the address ircespa-pec@legalmail.it at least twenty-five days before the date set for the first call of the Shareholders' Meeting, along with detailed information on the personal and professional characteristics, i.e. by 3 April 2025, of the candidates as well as declarations in which the individual candidates irrevocably accept their office, on the condition of their appointment, and certify, under their own responsibility, the inexistence of causes for ineligibility and incompatibility, and whether they meet the independence requirements as per Article 148, paragraph 3 of the Consolidated Financial Act and the Corporate Governance Code for listed companies, in addition to specifying the identity of the shareholders which presented the list and the overall percentage stake held.

QUESTIONS ON THE SUBJECTS ON THE AGENDA

Shareholders entitled to attend the Shareholders' Meeting may submit questions on the items on the agenda even before the Shareholders' Meeting sending by the seventh trading day before the Shareholders' Meeting by 15 April 2025 by registered mail with return receipt at the registered office of the Company or sent by certified e-mail to the following address ircespa-pec@legalmail.it. They will be answered at the latest by the third trading day before the date of the Shareholders' Meeting by publication on the www.irce.it website.

INTEGRATION OF THE AGENDA AND PRESENTATION OF NEW RESOLUTION PROPOSALS

Shareholders who, even jointly, represent at least one fortieth of the share capital may request in writing, within 10 days of the publication of this notice by 29 March 2025 and in compliance with the provisions of Article 126-bis of Legislative Decree 58/1998 (TUF), the integration of the agenda's items indicating in the request the additional topics proposed or submitting proposals for resolutions on items already on the agenda. The requests, together with the certification certifying the ownership of the shares are sent by registered mail with return receipt at the registered office of the Company or by certified e-mail message to the address ircespa-pec@legalmail.it. Within this period and in the same way it must be delivered to the Board of Directors of the Company a report that contains the motivation of the resolution proposals on the new matters or the motivation related to the new resolution proposals. Notice of integration to the agenda or presentation of further resolution proposals on items already on the agenda shall be given in the same form as required for the publication of the notice of the general meeting, at least 15 days before the date of shareholders' meeting on first call, i.e. by 15 April 2025.

Further resolution proposals on items already on the agenda, as well as the aforementioned explanatory reports (accompanied by any assessments by the Board of Directors) will be made available by the Company at the registered office and on the website at the same time as the publication of the presentation notice.

Pursuant to the provisions of Article 126-bis, paragraph 3, of the TUF, the integration of the agenda by the Shareholders is not allowed for the topics on which the Shareholders' Meeting is called to resolve on the proposal of the Directors or on the basis of a project prepared by them.

DOCUMENTATION

Documents relating to the Meeting will be made available at the Registered office, at the Borsa Italiana SpA (Italian Stock Market) and on the website www.irce.it, within the terms set by the applicable laws. Shareholders are entitled to obtain a copy of the filed documentation.

Any changes and/or supplements to the information given in the notice, will be made available on the company's website www.irce.it and using the other procedures envisaged by the law.

This notice will also be published on the website of the Company and on the newspaper "Il Sole 24 Ore".

Report on Operations for the year 2024

Introduction

Given the significant impact of the activities of the Parent Company IRCE S.p.A. (hereinafter also referred to as "IRCE", the "Company", the "Parent Company") within the IRCE Group and pursuant to article 40, paragraph 2 bis of Italian Legislative Decree No. 127/1991, this Report on Operations is drafted jointly for the separate financial statements of IRCE S.p.A. and the consolidated financial statements of the IRCE Group.

Macroeconomic Scenario

Dear Shareholders,

The economic scenario that characterised 2024 was not one of the best. A significant part of the economic activity in the sectors for which our products are intended is going through a difficult period. The difficulties of the German economy made themselves felt and the expected recovery in demand for our products, predicted at the beginning of the year, did not materialise.

Sectors such as household appliances and automobiles continue to struggle with no clear prospects regarding how and they will recover, including the electric car market which has slowed down.

Demand driven by the transition to electric vehicles has remained high and we expect it to remain so, even if there are signs that suggest it will take longer to achieve the objectives set by the strategies for limiting the environmental impact.

The world is experiencing a period of unprecedented change, the effects of which are difficult to identify and quantify. The new protectionist climate will in all probability lead to the definition of new supply chains, where some sectors will benefit, while others will be disrupted, with equilibria that are difficult to define. We tend to think that, for us, the advantages could outweigh the disadvantages.

Our strategy of diversifying our production in different geographical areas, with the plant that has already been operating for some time with positive results in Brazil, the new plant under construction in China, and the plant in the Czech Republic which is aimed at strengthening the Group's position in Europe, puts us in the best position to face the changes that will characterise 2025 and the years to come.

In this scenario, for the IRCE Group (hereinafter also referred to as the "Group"), 2024 ended with consolidated net profit of € 6.9 million.

Consolidated Performance for 2024

Consolidated turnover was € 397.65 million, down by 1.3% compared to € 402.78 million in 2023, a fall due above all to the lower volumes sold and, partly offset by the increase in the price of copper (the average LME price of copper in Euro in 2024 was 7.8%, higher than that of the same period in 2023).

During 2024, market demand remained weak, worsening further in the fourth quarter with a consequent drop in sales in both business lines. The winding conductor sector suffered a contraction, especially in the latter part of the year. In cables, the traditional outlet markets of construction and cabling remained weak, partly compensated by long-term orders in the infrastructure sector. The extraordinary provision for Group reorganization expenses negatively impacted on the results of the last quarter, in the absence of which they would have been in line with previous periods.

Consolidated turnover without metal[1] decreased by 3.1%; the winding wire sector fell by 4.3%, while the cable sector increased by 0.1%.

In detail:

Consolidated turnover without metal	31/12/2024		31/12/2023		Change
(€/million)	Value	%	Value	%	%
Winding wires	67.97	*70.7%*	71.03	*71.6%*	*(4.3)%*
Cables	28.22	*29.3%*	28.20	*28.4%*	*0.1%*
Total	**96.19**	***100.0%***	**99.23**	***100.0%***	***(3.1)%***

[1] Turnover or revenues without metal corresponds to overall turnover after deducting the metal component.

The following table shows the changes in results compared to the previous year, including adjusted EBITDA and EBIT.

Consolidated income statement data (€/million)	31/12/2024 Value	31/12/2023 Value	Change Value
Turnover[2]	397.65	402.78	(5.13)
Turnover without metal[3]	96.19	99.23	(3.04)
EBITDA[4]	20.89	21.37	(0.48)
EBIT	14.47	14.42	0.05
Profit/(Loss) before tax	12.90	12.47	0.43
Group's profit (loss) for the period	6.90	8.23	(1.33)
Adjusted EBITDA[5]	21.37	21.51	(0.14)
Adjusted EBIT [4]	14.95	14.56	0.39

Consolidated statement of financial position data (€/million)	31/12/2024 Value	31/12/2023 Value	Change Value
Net invested capital[6]	197.13	178.98	18.15
Shareholders' equity	150.62	153.33	(2.71)
Net financial position [7]	46.51	25.65	20.86

The net financial position as at 31 December 2024 amounted to €46.51 million, an increase compared to €25.65 million as at 31 December 2023, due to the significant investments made in the period, which largely concerned the project in the Czech Republic.

The €2.71 million decrease in shareholders' equity compared to 31 December 2023 is attributable, in addition to the dividend payment of €1.59 million, to the negative change in the translation reserve of €7.78 million caused by the devaluation of the Brazilian Real, which in 2024 depreciated by about 16.5% against the Euro, only partially offset by the result for the period.

Investments

The Group's investments in 2024 amounted to approximately €35.0 million and mainly concerned the construction of the industrial plant in the Czech Republic, which was completed at the end of February 2025 with a forecast of starting the production within the first half of the year, and the first part of the 'China' project, for which production is expected to start in early 2026.

[2] The item "Turnover" consists in the "Revenues" as recognised in the income statement.

[3] Turnover without metal corresponds to overall turnover after deducting the metal component.

[4] 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.

[5] Adjusted EBITDA and EBIT are calculated as the sum of EBITDA and EBIT and the gains/losses on copper and electricity derivatives transactions realized (€ +0.48 million in 2024 and € +0.14 million in 2023). These are indicators 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.

[6] Net invested capital is the sum of net working capital, fixed assets, other receivables, net respectively of other payables, provisions for risks and charges and provisions for employee benefits.

[7] The means of measuring the net financial position conform to CONSOB Warning notice 5/21 of 29 April 2021, which transposes the ESMA guideline of 4 March 2021.

IRCE Share Price Performance

Below is a summary of the performance of IRCE S.p.A.'s shares, listed on Borsa Italiana's Mercato Telematico Azionario – STAR segment.

Stock market indices		
Stock market price		
Official price as of 29 December 2023	€	1.97
Official price as of 30 December 2024	€	2.00
Market capitalisation		
Capitalisation as of 29 December 2023	K/€	55,412
Capitalisation as of 30 December 2024	K/€	56,256
Ordinary shares		
Total no. of shares	No.	28,128,000
No. of outstanding shares	No.	26,453,433

Main Risks and Uncertainties

The Group's main risks and uncertainties, as well as risk management policies, are detailed below.

Market risk

The Group is focused on the European market; the risk of contractions in demand or of worsening of the competitive scenario may impact the results. To address these risks, the Group's medium to long-term strategy provides for a geographic diversification in non-EU countries.

Risk associated with changes in financial and economic variables

- *Exchange rate risk*
  The Group primarily uses the Euro as the reference currency for its sales transactions. It is exposed to exchange rate risks mainly in relation to its copper purchases, which it partly carries out in dollars; it may hedge such transactions using forward contracts. It is also exposed to foreign currency translation risks for its investments in Brazil, the UK, India, Switzerland, Poland, China, and Czech Republic.
  As for the foreign currency translation risk of subsidiaries, the Group believes this risk mainly concerns the investment in Brazil due to the high volatility of Brazilian Real, which affects the carrying amount of the investment. As at 31 December 2024 the spot exchange rate for the Brazilian Real against the Euro of 6.42 depreciated by around 16.5%% compared to the previous year, with a significantly negative impact on the translation reserve. At the beginning of 2025, the €/BRL exchange rate appreciated to 6.08 at the end of February.

- *Interest rate risk*
  In the past the Group financed itself in the medium/long term mainly by borrowing at a variable interest rate (connected to the Euribor), thus exposing itself to risk from a rise in interest rates. The Group will assess whether to make hedges on the basis of the terms and conditions offered by the market and the expectations for the trend in interest rates.
  Short-term lines of credit are always at variable rates.

- *Risk related to fluctuation in the price of copper*
  The main raw material used by the Group is copper. The changes in its price can affect margins as well as financial requirements. In order to mitigate the potential impact of changes in the price of copper on margins, the Group implements a hedging policy using forward contracts on the positions generated by operating activities. However, given falling copper prices, the risk remains of having to measure the final inventories at their expected realisable value, should it be below the average weighted cost for the period, with

a negative impact on the result. The average price of copper in 2024 on the London Metal Exchange was 8.45 €/Kg, up by around 8 per cent compared to the price in the previous year of 7.84€/Kg, while the price at the end of the year was 8.38 €/Kg, up by around 9 per cent on 7.70 €/Kg at 31 December 2023. It should also be noted that the upward trend in the price of copper continued at the beginning of 2025, reaching 8.99 €/kg at the end of February.

- *Financial risks*
  These are risks associated with financial resources.

  - *Credit risk*
    There are no significant concentrations of credit risk. The Group monitors this risk using assessment and lending procedures with respect to each credit position. In addition, considering that the Group's main customers are established, industry-leading firms, there are no particular risks that could cause days sales outstanding or credit quality to deteriorate, also considering the potential effects of the Russia-Ukraine and Israel-Palestine wars. It should also be noted that as from 2023 the Group has also selectively activated insurance hedges in order to limit the risk of insolvency.

  - *Liquidity risk*
    The financial situation and the credit lines available, together with the Group's high standing which makes it possible to acquire new loans quickly at competitive prices, are such as to rule out difficulties in fulfilling the obligations associated with the liabilities.

Climate change risks

The Group has assessed the significant elements of climate change risk for its activities and its business. In particular, on one hand, it is expected that the sector it belongs to may be positively impacted by an increase in demand both in specific fields, such as home and industrial automation and automotive, as well as more generally by the need to boost electric grids; on the other, the strong demand for green raw materials (in particular, copper cathodes and electricity) could drive an increase in prices, potentially complicating its prompt and complete transfer to end users.

In relation to the acute physical risks connected to extreme weather events, it is believed that the presence of a Recovery Plan, on which the procedures to be put in place to ensure continuity in supplies within contractual times, together with the signing of insurance policies with leading insurance companies should contain the negative impacts of adverse weather phenomena in both economic and business terms.
At present, although climate change may lead to an acceleration in investments as well as to an increase in operating costs, it is believed that the expected growth in volumes is more an opportunity for the Group rather than a risk.
For further details, reference should be made to paragraph "Climate change – Impacts on financial statements" of the Notes to the Group's consolidated and separate financial statements.

Risks linked to the Russia-Ukraine and Middle-East conflicts

The IRCE Group does not have substantial risks from the conflicts between Russia and Ukraine and in the Middle East since it is not present in these countries and does not have customers or suppliers in them. Likewise, there do not seem to be significant risks either to the supply chain or to sales since transactions which include the transit of containers through the Suez Canal are limited.

Cybersecurity Risks

The spread of technologies allowing to transfer and share sensitive information virtually gives rise to computer vulnerabilities that could affect the business and compromise the business continuity of the Group.
Given the increasing frequency and breadth of cyber-attacks, IRCE identified potential issues inside and outside the company, and implemented a cybersecurity plan as well as a recovery procedure.
In the current context, given the ongoing Russia-Ukraine and Middle-East conflicts, the Group intensified monitoring and defensive activities in relation to possible malware attacks, adopting appropriate measures to mitigate risks.

Outlook

In view of the current weakness in the European economy, any growth in demand is only expected in the second half of 2025.

However, our medium to long-term forecast of significant growth in both business lines remains unchanged, mainly linked to the ongoing energy transition.

Information on IRCE S.p.A.'s performance

The financial statements of the parent company IRCE S.p.A. show turnover of € 247.61 million, down by 4.0% compared to the figure for the previous year of € 257.87 million and a result for the year of € 4.62 million, down compared to that of the previous year of € 5.81 million.

For an analysis of IRCE S.p.A.'s performance, reference should be made to the previous section "Consolidated performance for 2024" since the comments on the Group are also appropriate for the Parent Company, taking account of the importance of the economic and financial data of the latter in the context of the consolidated financial statements.

The following table shows the changes in results compared to the previous year, including adjusted EBITDA and EBIT.

Income statement data (€/million)	31/12/2024 Value	31/12/2023 Value	Change Value
Turnover[8]	247.61	257.87	(10.26)
EBITDA[9]	19.43	18.57	0.86
EBIT	15.09	14.86	0.23
Profit/(Loss) before tax	8.20	8.74	(0.54)
Profit/(Loss) for the year	4.62	5.81	(1.19)
Adjusted EBITDA [10]	19.91	18.71	1.20
Adjusted EBIT [10]	15.57	15.00	0.57

Statement of financial position data (€/million)	31/12/2024 Value	31/12/2023 Value	Change Value
Net invested capital [11]	216.93	191.48	25.45
Shareholders' equity	168.89	165.94	2.95
Net financial position [12]	48.04	25.54	22.50

Intra-Group Transactions and Transactions with Related Parties

The transactions between the Parent Company and the subsidiaries are of a commercial and financial nature , while those with the parent company Aequafin S.p.A. are of a tax nature. For more details, please refer to Note 32 of the separate financial statements and to Note 32 of the consolidated financial statements.

With regard to transactions with related parties, including intra-group transactions, it should be noted that they can be classified neither as atypical nor unusual, as they are part of the normal course of business of the Group's companies and have been carried out at arm's length.

Pursuant to paragraph 8 of article 5 of the 'Regulations for related party transactions' adopted by Consob with resolution no. 17221 of 12 March 2010, as subsequently supplemented and most recently amended by resolution no. 21624 of 10 December 2020, it is certified that in 2024 the Company carried out 'transactions of major significance' as part of the investment projects in the Czech Republic and the

[8] The item "turnover" consists in the "sales revenues" as recognised in the income statement.
[9] 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.
[10] Adjusted EBITDA and EBIT are calculated as the sum of EBITDA and EBIT and the gains/losses on copper and electricity derivatives transactions (€ +0.48 million in 2024 and € +0.14 million in 2023). These are indicators 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.
[11] Net invested capital is the sum of net working capital, fixed assets, other receivables, net respectively of other payables, provisions for risks and charges and provisions for employee benefits.
[12] Net financial position is measured as the sum of short-term and long-term financial liabilities minus cash and current financial assets (see Note 21 of the Notes to the Consolidated Financial Statements). The means of measuring the net financial position conform to that envisaged by CONSOB Warning notice 5/21 of 29 April 2021, which transposes the ESMA guideline of 4 March 2021.

People's Republic of China, approved by the Board of Directors of the Parent Company on 21 December 2023 and 12 June 2024 respectively; however, it should be noted that IRCE, in relation to the loans disbursed and to be disbursed in favour of the subsidiaries Irce S.r.o. and Irce Electromagnetic Wire (Jiangsu) Co. Ltd as part of these projects, is exempt from compliance with the procedural and transparency provisions provided for by this Regulation as there are no significant interests of other parties related to IRCE in the subsidiaries Irce S.r.o., with its registered office in the Czech Republic and Irce Electromagnetic Wire (Jiangsu) Co. Ltd with registered office in the People's Republic of China.

Corporate governance

IRCE S.p.A. adopts the provisions of the Corporate Governance Code issued by Borsa Italiana S.p.A. as a reference for its corporate governance.

The report on corporate governance and ownership structure pursuant to art. 123-bis of the Consolidated Financial Act is available on the website **www.irce.it** – Investor Relations section, in compliance with art. 89-bis of the Regulation no. 11971/1999 issued by Consob; the purpose of this report is to provide the market and shareholders with a complete disclosure on the governance model chosen by the Company and its actual compliance with the provisions of the Code.

On 28 March 2008, IRCE S.p.A. adopted the organisational, management and control model pursuant to Italian Legislative Decree No. 231/2001 and set up the Supervisory Body, which is responsible for monitoring the operation, updating and compliance of the model.

The Organisational Model and the related documents were updated and approved by the Board of Directors on 15 March 2022 with extension of the prevention perimeter also for tax crimes pursuant to article 25-quinquiesdecies of Italian Legislative Decree No. 231/2001.

The current Supervisory Body was appointed by the Board of Directors on 28 April 2022.

Treasury Shares and Shares of the Parent Company

The number of treasury shares as at 31 December 2024 was 1,674,567, i.e. 5.95% of total shares, equal to a par value of € 871 thousand.

As at 31 December 2024, the Company does not own shares in the parent company Aequafin S.p.A., nor did it trade in them during 2024.

R&D Activities

Research and development activities in 2024 focused on projects to improve production processes and products.

This year, expenses for development activities were recognised in the income statement, as they are not certain to be recovered in the future through future profits.

Other Information

The attached consolidated and separate annual financial statements are audited by the company Deloitte & Touche S.p.A. The 2024 Sustainability Report is subject to a limited examination by Deloitte & Touché S.p.A.

Pursuant to article 2428 of the Italian Civil Code, it should be noted that IRCE S.p.A. carries out its activities in the following locations:

- Imola (BO), Via Lasie 12/a
- Guglionesi (CB), Contrada Perazzeto
- Umbertide (PG), Zona industriale Pian D’Assino
- Trezzano sul Naviglio (MI), Via Colombo, 8

The Board of Directors has approved the Sustainability Report as required by Legislative Decree no. 125 of 6 September 2024, which implemented Directive (EU) 2022/2464 (Corporate Sustainability Reporting Directive, CSRD) into national law. The purpose of the CSRD is to promote transparency and the disclosure of information by companies regarding the ESG impacts of their activities. Sustainability reporting deals with issues concerning environmental, social and governance aspects.

Pursuant to Article 2497 of the Italian Civil Code, it is confirmed that IRCE S.p.A. is not subject to management and coordination activities.

With reference to the provisions of art. 15 of Legislative Decree 125/2024, it is certified that the Company does not have essential intangible resources.

Events after the Reporting Date

No significant events occurred after the end of the 2024 financial year, with the exception of the completion of the production plant in the subsidiary Irce Sro in February 2025.

Sustainability Reporting

1. GENERAL INFORMATION

1.1. Criteria for drafting the sustainability declaration

This section of the Report on Operations represents the Consolidated Sustainability Report (hereinafter also referred to as the 'Sustainability Report'), pursuant to Legislative Decree no. 125 of 6 September 2024 implementing Directive 2022/2464/EU, of the companies belonging to the Group, consisting of IRCE S.p.A. and its subsidiaries, and refers to the period between 1 January and 31 December 2024.

The scope of reporting corresponds to that of the IRCE Group's Annual Financial Report as at 31 December 2024 and consists of all subsidiaries fully consolidated by the Parent Company, IRCE S.p.A.

The process of drafting this document took into account the main players in the Group's value chain, first and foremost during the double materiality analysis process, detailed in paragraph 1.10. Double Materiality Analysis. On that occasion, both the direct impacts, i.e. risks and opportunities deriving from the Group's own operations and the indirect impacts, i.e. consequences of the operations of the IRCE value chain, both upstream and downstream, were analysed. This document will therefore also describe the material impacts of the value chain, as well as the financial risks and opportunities which resulted material arising from business relationships with the actors that make up the value chain, except as provided in the next paragraph, in application of the phase-in period.

The company has not exercised the option to omit specific information corresponding to intellectual property, know-how or innovation results.

1.1.1. Information in relation to specific circumstances

The time horizons used by the Group for the preparation of this document are aligned with those defined in section 6.4 of ESRS 1. For this reason, in this Sustainability Report, when we talk about the 'short term' we are referring to a period of less than 1 year; when we talk about the 'medium term' we are referring to a period of between 1 and 5 years, and 'long term' is defined as a period of more than 5 years.

As previously stated, when communicating metrics, the Group has not included information on the upstream and downstream value chain.

In order to ensure that data are reliable, the Group limited the use of estimates as much as possible; where present, these are properly disclosed in the report and based on the best methods available. Furthermore, although there is no obligation for the first reporting year to report the data from previous years as a comparative, if such information was available, it was included in the Sustainability Report.

Any methods of representing quantitative data that differ from previous reports, or any reporting errors, are expressly indicated by means of specific notes.

This Sustainability Report includes information prescribed by Article 8 of Regulation (EU) 2020/852 of the European Parliament (The EU Taxonomy Regulation) and by the Regulation (EC) No 166/2006 of the European Parliament, including Annex I and Annex II . Furthermore, this Sustainability Report does not include information by reference (ESRS 1 section 9).

At the balance sheet date, the IRCE Group did not exceed an average of 750 employees in the 2024 financial year. Consequently, it may omit the information required by the disclosure requirements relating to ESRS standards E4, ESRS S1, ESRS S2, ESRS S3 and ESRS S4, even if these thematic ESRS were found to be material following the double materiality analysis.

In particular, the following topic, sub-topic and specific sub-sub-topics were found to be material, but not reported in the following document, using the phase-in period:

- ESRS E4
    - Direct impact drivers of biodiversity loss
        - Land-use change, fresh water-use change and sea-use change
        - Direct exploitation
        - Pollution
    - Impacts and dependencies on ecosystem services

- ESRS S1
    - Working conditions
        - Secure employment
        - Working time
        - Adequate wages
        - Collective bargaining, including rate of workers covered by collective agreements
        - Work-life balance
        - Health and safety
    - Equal treatment and opportunities for all
        - Training and skills development
        - Diversity
    - Other work-related rights
        - Child labour
        - Privacy
- ESRS S2
    - Working conditions
        - Health and safety
    - Other work-related rights
- ESRS S3
    - Communities' economic, social and cultural rights
        - Land-related impacts
- ESRS S4
    - Information-related impacts for consumers and/or end-users
        - Privacy

At present, the undertaking's business model and strategy are not specifically oriented to the integrated management of the impacts, risks and opportunities related to those material ESRS. However, the administrative, management and supervisory bodies are evaluating measures to monitor the IROs related to those thematic. Moreover, at the moment, the Group has not set targets, nor policies and actions related to ESRS E4, ESRS S2, ESRS S3 and ESRS S4 and won't disclose metrics related to the matters in questions.

Regarding the S1 thematic ESRS, the IRCE Group will report information related to ESRS-SBM2 (Stakeholder interests and views) and ESRS-SBM3 (Significant impacts, risks and opportunities and their interaction with the strategy and the business model). In addition, it will provide data on metrics S1-6, S1-7; S1-8; S1-9; S1-13; S-14 and S1-17.

1.2 Role of the administration, management and control bodies

The Corporate Governance structure of the Parent Company IRCE is based on the traditional model and is composed of the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.

1.2.1 Board of Directors

The current Board of Directors was appointed in 2022 and its term of office will expire on the date of approval of the Annual Financial Report for 2024. The Board of Directors is composed of seven members, of whom two are executive and 29% of the non-executive members of the Board of Directors are independent. It should be noted that there are no workers or workers' representatives on the Board.

Members of the Board of Directors at 31 December 2024 – Parent company IRCE S.p.A.				
Board of Directors		**Control and Risks Committee**	**Remuneration Committee**	**Transactions with Related Parties Committee**
Filippo Casadio	Executive Director (C)			
Francesco Gandolfi Colleoni	Executive Director			
Gianfranco Sepriano	Non-Executive Director	M	M	
Orfeo Dallago	Non-Executive Director			
Francesca Pischedda	Non-Executive Director			C
Gigliola Di Chiara	Independent Director	C	C	M
Claudia Peri	Independent Director	M	M	M

C: Chairman; M: Member

The Board of Directors guides the company in its pursuit of sustainable success through the approval of the materiality analysis aimed at identifying the impacts, risks and opportunities (IRO) in the Group's sustainability context, the monitoring of these, and the identification and monitoring of eventual sustainability objectives following the updates provided by the Sustainability Team on the progress of these objectives. In addition, the Board of Directors approves the procedure for Sustainability Reporting and that relating to the internal control system on sustainability data and information and policies relating to sustainability issues. The Board of Directors has not delegated specific powers regarding sustainability; therefore, the body is responsible for the monitoring of impacts, risks and opportunities as a whole, and is responsible for ensuring that the information provided in the Sustainability Report complies with the Decree 2022/2462/UE.

Within the Board, the Control and Risks Committee was also created. It supports the Board of Directors on risk governance and management and the system of internal controls and assesses that the non-financial disclosure is suitable to correctly represent the business model, the company’s strategy and the performance achieved; it also oversees the adequacy of the internal control system and the procedures to manage risks and collect non-financial data for sustainability reporting.

All members of the Board of Directors have the appropriate professional standing and skills for the tasks entrusted to them and the number and skills of the non-executive directors are such as to ensure that they have significant weight in the adoption of Board resolutions and in guaranteeing effective monitoring of the management of sustainability issues. It is also believed that the members of the Board of Directors have significant experience in the sectors, products and geographical areas relevant to the company's business.

1.2.2. Board of Statutory Auditors

The Board of Statutory Auditors consists of three Standing Statutory Auditors and two Substitute Statutory Auditors All its members are independent. and it is specified that there are no workers' representatives within it.Like Directors, they shall remain in office for a period of no more than three financial years, as established at the time of appointment, and their office ends on the date of the Shareholders’ Meeting convened to approve the financial statements for their last financial year of office. In particular, as required by art. 147-*ter*, paragraph 1-*ter*, of the TUF, the least represented gender must make up at least two-fifths of the elected directors.

The current Board of Statutory Auditors was appointed in 2023 up to approval of the Annual Financial Report for 2025. The current Board of Statutory Auditors is as follows:

Members of the Board of Statutory Auditors at 31 December 2024 – Parent company IRCE S.p.A.	
Board of Statutory Auditors	**Office**
Donatella Vitanza	Chairman
Fabrizio Zappi	Standing Statutory Auditor
Giuseppe di Rocco	Standing Statutory Auditor
Federico Polini	Alternate Statutory Auditor
Debora Frezzini	Alternate Statutory Auditor

In addition, the Board of Statutory Auditors verifies the sustainability reporting by overseeing the process implemented for its drafting and reports on it in the annual report to the shareholders' meeting under art.153 of the TUF, checks the corporate sustainability objectives, and in terms of risk management verifies the inclusion in corporate processes of the identification and management of sustainability-related legal risks (art. 10 of the New Decree). Pursuant to paragraph 2-*ter* of art.13 of Leg. Decree no. 39/2010 of the New Decree, the Board of Statutory Auditors is called on the formulate to the Shareholders' Meeting a motivated proposal for the assignment of the work to certify the conformity of the sustainability reporting. It is noted that currently controls and procedures are not applied dedicated to the management of impacts, risks and opportunities.

All the members of the Board of Statutory Auditors are recorded in the Italian Order of Chartered Accountants and in the Register of Auditors and have gained experience in the Group's sector by collaborating with it over some years.

1.2.3. Diversity in governance bodies

The following table sets out the corporate bodies divided by gender at 31 December 2024. As shown in the table, 43% of the Board of Directors' members and 33% of the Board of Statutory Auditors' members are women.

Governance members by gender as at 31 December – Parent Company IRCE S.p.A.						
Governance members	**2024**			**2023**		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Board of Directors	4	3	7	4	3	7
Board of Statutory Auditors (standing auditor)	2	1	3	2	1	3
Total	**6**	**4**	**10**	**6**	**4**	**10**

1.2.4. Skill and abilities of the administration, management and control bodies on sustainability issues

With the aim of developing skills and competences related to sustainability, the members of the Board of Directors have participated in courses on the Corporate Sustainability Reporting Directive (CSRD). In addition, the Chairman of the Board of Statutory Auditors completed the course related to the certification standard GRI 'Reporting with the GRI Standards 2021 update' and obtained the CSRD Professional certification issued by the CSRD Institute. She has gained significant experience in the field of sustainability by collaborating with companies and organisations to integrate ESG aspects into corporate decision-making processes, monitor and evaluate sustainability performance, and provide strategic advice to align corporate objectives with the United Nations 2030 Agenda. The standing statutory auditors have participated in courses regarding corporate sustainability reporting (Corporate Sustainability Reporting Directive – CSRD) as part of their continuing professional training.

1.3. Information provided to the company's administrative, management and control bodies and sustainability issues addressed by them

In order to inform the administration, management and control bodies and their respective committees on sustainability issues, IRCE S.p.A. has set up an internal working group, the Sustainability Team, responsible for the process of drafting the Sustainability Report. The team is made up of the Chief Financial Officer/Financial Reporting Manager, the Administrative Manager, the Management Control Manager and the Environment and Sustainability Manager, with the following functions:

- supervision of the sustainability reporting process;
- interfacing with all the figures directly or indirectly involved in the process;
- collection, processing and consolidation of the quantitative and qualitative data collected;
- sharing of the dual materiality analysis and the related list of IROs with the administration, management and control bodies and their respective committees;
- drafting and sharing of the sustainability report with the administrative, management and control bodies.

The administrative, management and control bodies, thus informed on an annual basis, consider impacts, risks and opportunities in monitoring the company's strategy, in deciding on important operations, and in determining sustainability objectives and related actions.

For details of the relevant impacts, risks and opportunities faced by the administration, management and control bodies during 2024, please refer to paragraph 1.9. Relevant impacts, risks and opportunities and their interaction with the company strategy and model.

1.4. Integrating sustainability performance into incentive systems

Directors’ Remuneration is arranged so as to align the interests of directors and executives to achieving the company’s strategic targets, pursuing the primary goal of creating value for shareholders in the medium to long term.

Overall Remuneration consists of:

- a fix remuneration;
- a short-term variable remuneration based on the achievement of predefined objectives, measured based on an economic and financial index on an annual basis;
- a medium-term variable remuneration tied to the achievement of objectives, including sustainability-related objectives, measured based on an economic and financial index over a three-year period (equal to the Board's term of office).

On 28 April 2023 the Shareholders’ Meeting approved a change in the means relating to the establishment of the variable remuneration for executive directors and strategic executives for the period 2022-2024. A further medium-term variable bonus was introduced based on the assessments achieved in terms of sustainability and notably linked to the Group’s performance on emissions. This bonus is based on reducing the CO_2 per ton of product sold in the period under consideration, to be calculated as the ratio between the tons of Market-Based Scope 1 and Scope 2 CO_2 during the year and the tons of product sold in the same period, i.e. the quantity, in tons, of winding wires and electrical cables sold by the Group. This emissions indicator will be calculated on the final year of the mandate of the Board of Directors (2024) and will be compared with the same Indicator calculated on the last year of the previous mandate (2021). The improvement in this indicator will be the correction coefficient for the medium-term bonus calculated on the basis of the ROCE (a calculation method set out in the Report under article 123-ter of the Consolidated Law on Finance for 2022 approved by the IRCE Board of Directors on 15 March 2023). This emissions indicator allows us to reflect the performance metrics related to the Group's sustainability in remuneration policies, as an indirect measure of good management in terms of environmental responsibility. For the year 2024, at the end of the three-year term of office of the current Board of Directors, the ESG emission index was calculated, and its improvement was lower than the minimum threshold that establishes the recognition of the bonus, therefore this part of the variable remuneration won’t be paid.

1.5 Statement on due diligence

Currently the Group hasn't got a formalised due diligence procedure. In fulfilling their obligations, the administration, management and control bodies act according to the criteria of professionalism and diligence. Nevertheless, as part of the doble materiality analysis, the Group has identified the negative impacts, actual or potential, on the environment and people, in relation to its own operations and value chain, taking into consideration its products and services and commercial relationships.

1.6 Risk management

IRCE has various risk assessment systems and concurrent management methods available, each related to a specific topic:

- Governance, strategy and internal control system (Corporate Governance, Internal Control System as per Italian Law 262, Internal Audit and Strategic Plan);
- Offences under Italian Legislative Decree 231/20221 – 231 Model and Code of Ethics
- Corruption risks – Whistleblowing
- Discrimination risks – Protection of human rights policy
- Management risks (reference should be made to the Report on Operations), broken down as follows:
    - Market risk;
    - Risks associated with changes in financial and economic variables:
        - Exchange rate risk;
        - Interest rate risk;
        - Risk related to fluctuation in the price of copper
    - Financial risks:
        - Credit risk;
        - Liquidity risk;
    - Climate change risks;
    - Cyber security risks – security measures compliant with Regulation EU 2016/679.
    - Environment and safety Risks - Improvement plan Environment-Safety-RIR, ISO 14001:2025 on the environmental management system, Legislative Decree no. 105/2015 on the control of major-accident hazards involving dangerous substances.

Furthermore, during the double materiality analysis, additional risks were identified and assessed in terms of governance, the environment, and people. This analysis is described in paragraph 1.10 Double Materiality Analysis. It should be noted that a total of eight material risks were identified, three of which are related to climate change, three to biodiversity and ecosystems, one to the use of resources and the circular economy, and one to the workforce.

1.6.1 Risk management and internal controls on Sustainability Reporting

In 2024, the Group began a process aimed at the gradual implementation of an internal control system concerning the process of drafting the Sustainability Report.

At the end of the year 2024, the reporting procedure already used for the drafting of the Non-financial Statement was updated, in order to respond to the new needs arising from the drafting of the Sustainability Report according to the CSRD. This procedure defines the roles and responsibilities of the Process Owner, who are assigned the task of collecting, monitoring and validating the quantitative information to be reported in the sustainability disclosure. The Sustainability Team is responsible for supervising the reporting process, interfacing with the all the figures directly or indirectly involved in the process, collecting, elaborating and consolidating the data and information collected, drafting and sharing the Sustainability Report with the other Governance Bodies. The manager responsible for preparing the corporate accounting documents certifies with a specific report, drawn up according to the model established by regulation by Consob, that the Sustainability Reporting has been drawn up in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 and the New Decree with the specifications required by European legislation (new paragraph 5.ter of art.154-bis of the TUF). The Parent Company collects the non-financial quantitative information for the drafting of the Sustainability Report for the “Environment”, “Social” and “Governance” topics using a specific management system, ERP

ORACLE, and a sustainability chart of accounts, compiled by each person responsible for each of the Group companies (Process Owner). The Sustainability Team carries out an analysis of the quality of the data uploaded to the system and verifies its congruence by comparing it with the data collected in the previous financial year; the Team also verifies that this data is consistent with the other indicators reported in both the non-financial and financial information. In the event of anomalies, the Sustainability Team requires the appropriate explanations and supporting documentations. The manager responsible for preparing the corporate accounting documents prepares and keeps updated the list of all the Process Owners, of all the different entities of the Group, divided by thematic area: energy, emission, water, waste, employees, crimes and compliance. Each Process Owner is responsible for checking the data provided and releases a specific self-declaration, countersigned by the Plant Director, certifying the correctness of the data provided for the Consolidated Sustainability Report drafting. The outcome of these control activities is shared with the administrative, management and supervisory bodies during the annual approval of the Consolidated Sustainable Report. A risk assessment process has not yet been implemented in the sustainability reporting process. The company undertakes, for future reporting, to initiate and integrate this aspect into its business processes and involve the Board of Directors in sharing the results.

1.7 Strategy, business model and value chain

1.7.1 Strategy

The Group IRCE is a leading European industrial group, operating in two main business areas:

- winding wires for electrical machines used in a wide range of applications such as engines and electric generators, transformers, inductors and relays.
- insulated cables for energy transmission used in the installation of electric systems in civil and industrial buildings and for powering and wiring electrical equipment.

The IRCE Group's main markets include the electromechanical and electronics, household appliances, automotive and infrastructure sectors.

The following table shows the total number of employees broken down by geographic area and gender as at 31 December:

Total number of employees broken down by geographical area and gender, as at 31 December

Country	Gender	2024 31 December	2023 31 December
Europe	Men	430	420
	Women	65	61
	Other	-	-
	Unstated	-	-
Total Europe		**495**	**481**
America	Men	116	109
	Women	10	8
	Other	-	-
	Unstated	-	-
Total America		**126**	**117**
Asia	Men	18	17
	Women	-	1
	Other	-	-
	Unstated	-	-
Total Asia		**18**	**18**
Total	**Men**	**564**	**546**
	Women	**75**	**70**
	Other	**-**	**-**
	Unstated	**-**	**-**
Total		**639**	**616**

It is not currently possible to provide full disclosure of total revenue split for the significant ESRS sectors (point b) and the list of significant additional ESRS sectors (point c), as EFRAG has yet to issue the Sector Specific standards. Once these are published, the company will provide full disclosure in line with the expected requirements, including reconciliation with the sectoral disclosure of IFRS 8 and identification of the relevant additional sectors.

Finally, it should be noted that the company is not active in the sectors indicated in ESRS 2 SBM-1, 40 d, and therefore does not generate revenues from activities related to:

- Fossil fuels (coal, oil and gas), including any activity of prospecting, extraction, production, transformation, storage, refining, distribution, transport or trade of such fuels.
- Manufacture of chemicals, as described in division 20.2 of Annex I of Regulation (EC) no. 1893/2006.
- Production of controversial weapons, including anti-personnel mines, cluster munitions, chemical weapons and biological weapons.

  Cultivation and production of tobacco.

1.7.2 Corporate model

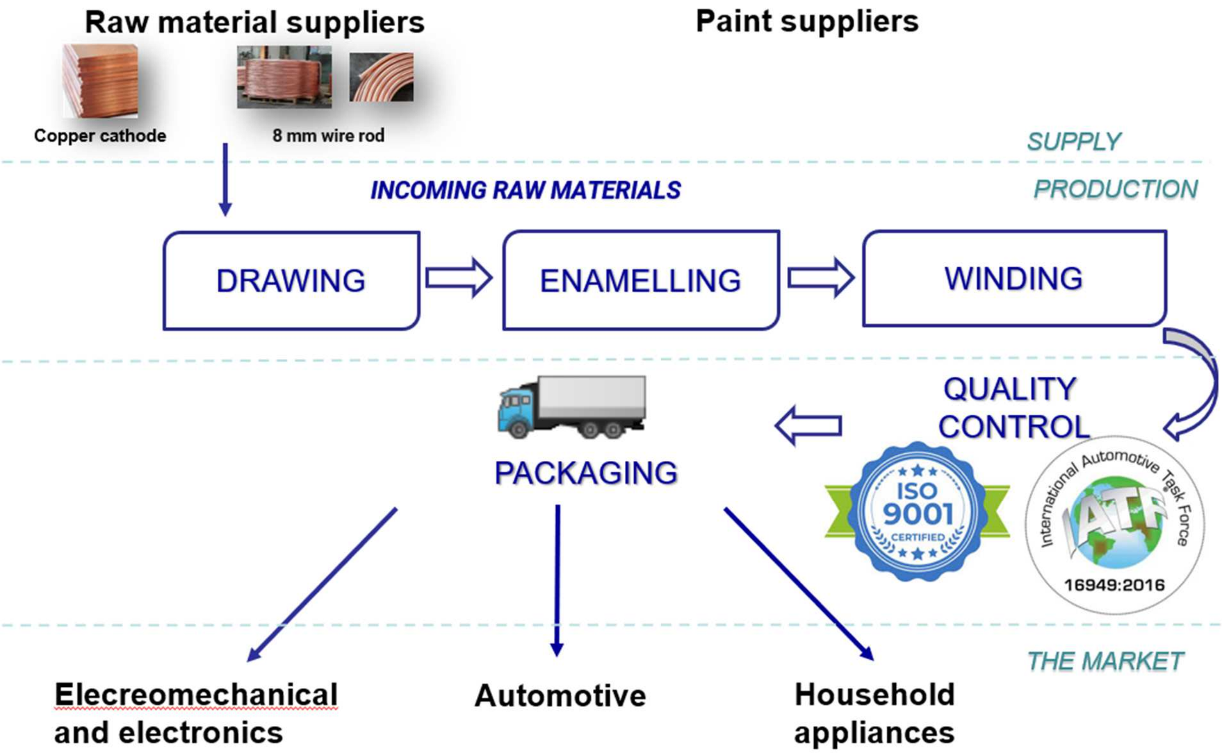
The IRCE Group's business model is based on a strategic approach focused on cost leadership, growth, innovation and sustainability, ensuring competitiveness and efficiency along the entire value chain. The collection and processing of company data is carried out through advanced digitalised systems, which monitor the production process, product quality, and logistics optimisation. The cost leadership strategies are realised through the continuous updating of production equipment, improvements in control processes, and efficient logistics management. Growth is pursued through expansion in the market segments with higher margins and the consolidation of the production presence in Eastern Europe and China.

On the innovation front, the IRCE Group invests in advanced technologies, process control software and integrated management systems, guaranteeing high quality products and services. At the same time, the adoption of high-efficiency systems reduces energy consumption and environmental impact. With a view to sustainability, the company develops initiatives aimed at mitigating its environmental impact, contributing to the fight against climate change and the reduction in emissions. It also promotes responsible human resource management, favouring the internal well-being and professional development of its employees. Thanks to this strategy, the IRCE Group guarantees concrete advantages for customers, investors and stakeholders, offering increasingly efficient products, innovative solutions and a sustainable and resilient business model in the long term.

Currently, the Group has not defined specific sustainability objectives for significant product and service groups, customer categories, geographical areas and relationships with stakeholders, nor has it evaluated its products in relation to the company's sustainability objectives. However, the Group continues to pursue its strategic plan of focussing on sectors with higher growth and with more specialised products, including automotive (including electric cars), and energy generation and transport, which are mainly linked to the current energy transition. Investments in the two new projects, one in the Czech Republic where production is expected to start in the first half of 2025, and the other in China (the world's leading producer of electric cars) planned by 2025, are a step in this direction.

1.7.3. Value chain

Below is a diagram of the Group's value chain for its main product, electrical conductors for windings:



The production of winding conductors starts with the purchase of copper, supplied directly from mines, which is then transformed into wire rod by specialised companies, and with the direct purchase of wire rod from European suppliers.

Inside the IRCE Group production plants, the wire rod then undergoes the following main processing phases:

- Drawing. During the first processing phase, the wire rod is reduced to a specific diameter according to sales requirements.

- Enamelling. The second processing phase, carried out in a continuous cycle, consists of the application and subsequent drying and polymerisation of insulating paints, purchased from European suppliers.

- Winding. Lastly, the enamelled wires are wound onto reels of different capacities, depending on the size of the wire and the customer's requirements.

Before release, the material is checked by our quality control laboratories, in compliance with ISO 9001 and IATF 16949 quality standards.

In this way, the IRCE Group sells its products to the main markets in the automotive, electromechanical and electronic and household appliance sectors all over the world

1.8 Interests and opinions of stakeholders

The Group recognises the importance of ongoing dialogue with and the involvement of stakeholders with a view to innovating services and processes, and improving the economic, environmental and social performance. In developing its organisational arrangements which aim at dialogue with its stakeholders, IRCE S.p.A. has grouped its main stakeholders by similar classes, thus identifying the following categories:

- Employees of the Group’s manufacturing companies;
- Group’s main raw material suppliers;
- Main customers of the Parent Company IRCE S.p.A.;
- Main banks of the Group;

- Local authorities.

The Group involves the main stakeholders in the analysis of impact materiality through a questionnaire on ESG issues, in which employees, customers, local administrations, suppliers and financial partners are asked to evaluate an aggregated list of impacts, positive and negative, actual and potential, on a scale of relevance from 1 to 5. The survey includes topics relating to Governance, Economic Performance, Product Responsibility, Environmental Aspects, Human Resources and Respect for Human Rights. This process allows us to identify the most relevant issues for the Group, taking into account the priorities expressed by the various stakeholders.

With the aim of optimising stakeholder engagement, IRCE S.p.A. has developed an analysis matrix to define the main expectations of each stakeholder and represent the most relevant aspects for their involvement. The administration, management and control bodies are also informed of the opinions and interests of the stakeholders involved, during the sharing of the dual materiality analysis.

Stakeholders	Main expectations and interests of Stakeholders	Reason for involvement by IRCE S.p.A.
Employees of Group's manufacturing companies	• Professional development; • Protection of human rights; • Prospects for and protection of work; • Fair remuneration for work; • Positive work environment; • Efficient and effective organisational system; • Wellbeing; • Strategic development of the company, also on ESG themes.	The employees are a resource for the company not only from an operational viewpoint but also strategically. Their involvement is essential not only to understand their position on ESG themes, but also to develop the internal organisational system, to improve the corporate environment and to grow the in-house culture.
Group's main raw material suppliers;	• Fair distribution of added value; • Economic-financial growth of the company; • Respect of sustainability principles by IRCE S.p.A.; • Correctness in commercial dealings.	The Group's main raw material suppliers are those who, together with customers, guarantee IRCE S.p.A. the sustainability of its business and so those who strategically support the development of its value chain. Their involvement is essential in order to improve the ESG impacts caused along the production chain and to consolidate commercial dealings.
Main customers of the Parent Company IRCE S.p.A.	• Fair distribution of added value; • Economic-financial growth of the company; • Respect of sustainability principles by IRCE S.p.A.; • Correctness in commercial dealings; • Quality of products.	The main customers of the Parent Company IRCE S.p.A. are those who, together with suppliers, guarantee IRCE S.p.A. the sustainability of its business and so those who strategically support the development of its value chain. Their involvement is essential in order to improve the ESG impacts caused along the production chain and the development over time of IRCE S.p.A.
Main banks of the Group	• Fair distribution of added value; • Economic-financial growth of the company; • Respect of sustainability principles by IRCE S.p.A.; • Updated and constant information in both the economic-financial field and in ESG.	The main banks of the Group are important financial partners for IRCE S.p.A. and their involvement aims to improve the impacts produced by the Company, its reporting capacity and its attractiveness to external lenders.

Local authorities	• Respect of sustainability principles by IRCE S.p.A.; • Contribution of IRCE S.p.A. to local development; • Prospects for and protection of work; • Economic-financial growth of the company; • Strategic development of the company.	Local authorities are an important reference point for IRCE S.p.A. since corporate development is also based on the ability to deal with the reference territory, to understand its distinctive features, and its local assets. In this process, dialogue with those who govern the community is essential in order to enhance dialogue and to integrate the whole corporate community into the territory to which it belongs.

1.9 Relevant impacts, risks and opportunities and their interaction with the business strategy and model

The impacts, risks and opportunities (IRO) relevant to the Group identified through the Double Materiality Analysis are described in the following table, which also specifies:

- the time horizon within which the effects of each IRO are expected to occur;
- the nature and type of impact: positive or negative, actual or potential;
- the source of the risks and opportunities;
- the type of contribution of the IROs;
- the activities of the Group and/or its value chain that originate each IRO.

The Group has carried out an analysis which revealed the proximity of its production sites to areas sensitive to biodiversity and, therefore, has identified, within the scope of the double materiality analysis, the biodiversity topic as material. However, this topic has not been reported in this document as the company has availed itself of the phase-in period, as reported in paragraph 1.1.1. Disclosure in relation to specific circumstances.

The Group has not carried out a detailed assessment of its dependencies on biodiversity and ecosystem services, nor of the transition and physical risks and opportunities related to biodiversity, including its value chain. Furthermore, the Group has not carried out consultations with the affected communities regarding the sustainability assessments of shared biological resources and ecosystems.

IRCE continues to monitor regulatory developments and stakeholder expectations in this area and will assess the need for further assessments in the future.

ESRS topics	IROs	IRO description	Horizon	Nature	Type	RO Source	Contribution type	Value chain stage
ESRS E1 Climate Change	I	Direct and indirect emissions generated	Short-term	Negative	Actual	-	Caused by the Group	Own operations
	I	Emissions generated along the value chain	Short-term	Negative	Actual	-	Caused by the Group and related to the Group through its commercial dealings	Own operations, and upstream and downstream value chain
	I	Energy Consumption	Short-term	Negative	Actual	-	Caused by the Group	Own operations
	R	Operational interruptions due to chronic physical events	Long-term	-	-	Dependence	-	Own operations, and upstream and downstream value chain
	R	Inadequate strategy for mitigating emissions in the value chain	Medium-term	-	-	Impact and dependence	-	Own operations, and upstream and downstream value chain
	R	Development of an energy transition plan	Short-term	-	-	Impact and dependence	-	Own operations, and downstream value chain
	O	Development of an energy transition plan	Long-term	-	-	Impact and dependence	-	Own operations
ESRS 2 Pollution	I	Generation of other significant air emissions and the use of dangerous and highly dangerous substances	Short-term	Negative	Actual	-	Caused by the Group	Own operations
ESRS E3 Water and marine resources	I	Consumption of water resources, water withdrawal and discharge	Short-term	Negative	Actual	-	Caused by the Group	Own operations
ESRS E4 Biodiversity and ecosystems	I	Indirect negative impacts on biodiversity resulting from pollution of soil, air and water	Long-term	Negative	Potential	-	Caused by the Group and related to the Group through its commercial dealings	Own operations, and upstream value chain
	R	Risk of deterioration of ecosystems caused by the Group's activities	Long-term	-	-	Impact and dependence	-	Own operations, and upstream value chain
	R	Adoption of stricter regulations for the protection of biodiversity	Average	-	-	Impact and dependence	-	Own operations, and upstream value chain
	R	Shortage of raw materials resulting from non-sustainable practices during the extraction phase	Long-term	-	-	Impact and dependence	-	Own operations, and upstream value chain
ESRS E5 Use of resources and circular economy	I	Use of natural resources with a consequent reduction in available resources and use of virgin and non-renewable materials	Short-term	Negative	Actual	-	Caused by the Group	Own operations
	I	Innovative solutions and products for the transition towards environmentally compatible materials	Medium-term	Positive	Actual	-	Caused by the Group	Own operations
	I	Waste generation	Short-term	Negative	Actual	-	Caused by the Group	Own operations
	R	Inefficiency in the management of resources	Short-term	-	-	Impact	-	Own operations, and upstream value chain

	O	Implementation of circular economy practices	Medium-term	-	-	Impact	-	Own operations
ESRS S1 Own workforce	I	Job instability and inadequate remuneration for the Group's personnel	Short-term	Negative	Potential	-	Caused by the Group	Own operations
	I	Non-compliance with working hours and work-life balance for Group personnel	Short-term	Negative	Potential	-	Caused by the Group	Own operations
	I	Lack of collective bargaining agreements	Short-term	Negative	Potential	-	Caused by the Group	Own operations
	I	Accidents and occupational illnesses within the Group	Short-term	Negative	Potential	-	Caused by the Group	Own operations
	I	Training and talent management within the Group	Short-term	Positive	Actual	-	Caused by the Group	Own operations
	I	Exclusion of people with disabilities from the Group's workforce	Short-term	Negative	Potential	-	Caused by the Group	Own operations
	I	Violation of human rights within the organisation (child labour and forced labour)	Short-term	Negative	Potential	-	Caused by the Group	Own operations
	I	Computer security	Medium-term	Negative	Potential	-	Caused by the Group	Own operations
	R	Risk of non-compliance due to failure to observe workplace health and safety regulations	Short-term	-	-	Impact	Caused by the Group	Own operations
ESRS S2 Workers in the value chain	I	Accidents and occupational illnesses along the value chain	Short-term	Negative	Potential	-	Related to the Group through its commercial dealings	Upstream and downstream value chain
	I	Protection of human rights in the value chain (child labour and forced labour)	Short-term	Negative	Potential	-	Related to the Group through its commercial dealings	Upstream and downstream value chain
ESRS S3 Communities concerned	I	Protection of the economic, social and cultural rights of local communities	Short-term	Positive	Potential	-	Caused by the Group	Own operations
ESRS S4 Consumers and final users	I	Cybersecurity for customers and end users	Short-term	Negative	Actual	-	Caused by the Group	Own operations
ESRS G1 Business conduct	I	Corporate culture	Short-term	Positive	Actual	-	Caused by the Group	Own operations
	I	Protection of whistleblowers	Short-term	Negative	Potential	-	Caused by the Group	Own operations
	I	Lack of ESG screening of suppliers	Short-term	Negative	Potential	-	Caused by the Group and related to the Group through its commercial dealings	Own operations, and upstream value chain
	I	Anti-corruption prevention and training	Short-term	Positive	Actual	-	Caused by the Group	Own operations
	I	Corruption	Short-term	Negative	Potential	-	Caused by the Group	Own operations
	O	Sustainable procurement practices	Medium-term	-	-	Impact	-	Own operations, and upstream value chain

Significant impacts, both positive and negative, are closely linked to the business strategy and model. For this reason, the Group recognises their influence on people and the environment, and adopts appropriate measures to minimise such impacts, when negative. IRCE also describes how these elements manifest themselves within its operations and along the entire value chain, identifying the main points of concentration. Since this is the first year in which the dual materiality analysis has been conducted, a comparison can only be made with the impacts identified for the 2023 financial year as the financial materiality analysis had not been conducted before now. In particular, the following new impacts were found to be material compared to the materiality analysis approved in 2023: '*Generation of other significant air emissions*', '*Use of hazardous and highly hazardous substances*' and '*Indirect negative impacts on biodiversity resulting from soil, air and water pollution*'.

Furthermore, the IRCE Group adopts a resilient and dynamic approach, constantly adapting its strategy to manage significant risks and impacts, while seizing new opportunities. This process ensures a continuous balance between business objectives and sustainability needs, allowing the company to adapt promptly to market changes and environmental challenges, thus ensuring operational continuity and sustainable growth in the long term. No quantitative analysis of the resilience of the company's strategy and business model has been carried out so far.

For detailed information regarding the current and anticipated effects of the impacts, risks and opportunities with respect to the thematic ESRSs being reported on, and the way in which the Group IRCE plans to respond to these effects, please refer to the specific reference sections for each thematic ESRS and the IRO 1 table.

Considering the risk and opportunities resulted material, the Group has not identified financial effects nor significative risks of relevant corrections in the next financial year, of the accountable values of the assets and liabilities reported in the relative balance sheet.

1.10 Double Materiality Analysis

In order to provide more complete and transparent information to the various stakeholders, so that they can more accurately assess the context in which the company operates, the CSRD requires that the company's material impacts, risks and opportunities be identified according to the principle of double materiality. In this way, it is necessary to proceed to a double materiality assessment:

- Relevance of impact: assess the impact of your activities on people, the environment, society and human rights across the board (inside-out approach).
- Financial relevance: assess how sustainability issues affect your activities (outside-in approach).

In the process of identifying material impacts, risks and opportunities (IRO) relating to sustainability issues, the IRCE Group uses various sources, including the sustainability reporting standards issued by EFRAG. Furthermore, the Group's main internal and external stakeholders also participate in this process through the administration of specific questionnaires. In this way, the Group takes into account the external context in which it operates when identifying its impacts, and assesses the risks and opportunities arising from the impacts generated by the Company.

1.10.1 Impact materiality

A sustainability topic is material from an impact perspective when it has actual or potential, positive or negative, short-, medium- or long-term impacts on people or the environment.

The preliminary identification of potentially relevant topics for the purposes of impact materiality is based on international sources such as The Sustainability Standard and Poors Yearbook - 2024 and the Sustainability Reporting Standard for the Electrical and Electronic Equipment Sector issued by the IFRS Foundation, also taking into account the effects of IRCE's direct activities, those deriving from the commercial relations, corporate strategies, the results of benchmarking activities, and the analysis of the national and European regulatory landscape in terms of sustainability and sustainable finance.

Based on this initial identification, two different questionnaires are created: a *long list* of impacts that will be voted on by the top management of the Parent company IRCE S.p.A., and a short list of impacts that will be voted on by the main categories of internal and external stakeholders of the Group, including employees, customers, local administrations, suppliers and financial partners. Both the surveys the impacts relate to sustainable topic, sub-topic and sub-sub-topic expressed by the AR 16 of ESRS 1 and concern the environmental, social and governance dimensions.

Each impact must be rated based on two parameters:

- Gravity, that is, how significant the impact generated by the Group is. This index can range from 1 (negligible) to 5 (extreme) and includes:
  - Scale: how positive or serious the impact is. In this parameter, for negative impacts, it is necessary to consider the potential remediability of the event itself.
  - Scope: how widespread the impact is.
  - Irremediability: if and to what extent only negative impacts can be remedied.
- Probability, or how likely it is that a potential impact will occur. This index can range from 1 (rare) to 5 (current).

In order to define the list of material issues to be reported within the Sustainability Report, the results of the assessments expressed by the first lines of the parent company IRCE are processed, which are reviewed taking into account the assessment expressed by internal and external stakeholders. In order to determine material impacts, a materiality threshold of 2.30 was established on a scale ranging from 1 to 5.

1.10.2. Financial materiality

Preliminary identification of risks and opportunities relevant to financial materiality is based on internal sources, such as ISO 9001 and 14001, and on benchmarking activities, analysis of risks and opportunities arising from the Parent Company's quality, prevention and safety systems related to sustainability issues applicable to the organisation. The list is integrated, considering the possible interconnections between the impacts and dependencies of IRCE with the possible risks and opportunities that may arise from them. On the basis of this initial identification, a special questionnaire for the evaluation of financial materiality is drawn up, to be voted on by the Parent Company's key people such as the Finance Director, the Administrative Manager and the Management Control Manager.

The risk assessment takes into account the:

- Inherent or potential risk, which includes:
  - Probability, i.e. the likelihood of the risk materialising. This index can range from 1 (rare) to 5 (probable), based on three alternative scenarios: past cases, future forecasts and estimated percentage probability of occurrence.
  - Impact, i.e. the economic impact when the risk materialises. This index can range from 1 (low) to 5 (high) and is assessed in terms of its effect on the IRCE Group's normalised economic-financial data, determined as the arithmetic average of the last three years' balance sheet values (2021-2023).
- Inherent risk mitigation index which is determined by its degree of effectiveness in terms of reducing inherent risk and hence negative economic/financial impacts. This index can range from 0 (non-existent) to 5 (high) and thus reduce risk from 0% to 100% respectively.
- Residual risk, which includes:
  - Probability, i.e. the likelihood of the risk materialising.
  - Impact, i.e. the economic/financial impact for the company when the risk occurs.
  - Risk mitigation effectiveness, i.e. the IRCE Group's ability to reduce the economic/financial impacts associated with the occurrence of the inherent risk.

The assessment of opportunities takes into account the:

- Probability, i.e. the likelihood of the opportunity materialising. This can range from 0 (rare) to 5 (probable).

- Impact, i.e. the economic positive impact for the company associated with the realisation of the opportunity. The intensity of the impact can range from 0 (low) to 5 (high) and is assessed in terms of the effect on the IRCE Group's normalised economic-financial data, determined as the arithmetic average of the last three years' balance sheet values (2021-2023).

All risks and opportunities that are found to be significant and very significant as a result of the assessment are then included in the financial materiality, for which was established a materiality threshold of 16 on a scale from 0 to 25.

It is specified that the entire process of identifying, assessing and managing ESG risks and opportunities has been integrated into the Group's overall corporate risk management system. This approach makes it possible to assess the overall risk profile and optimise the various management processes, ensuring a holistic view of potential challenges for IRCE by integrating ESG aspects into the decision-making process. Currently, ESG risks and opportunities are not prioritised.

The double assessment materiality then led to the identification of the most relevant impacts, potential risks of environmental, social and governance opportunities for the Group and its value chain. The result of the analysis conducted was shared and approved by the Board of Directors. Furthermore, the Group carried out this first double materiality analysis process following the methodology reported in ESRS 1 - Double materiality as the basis for sustainability disclosures and in IG 1 - Materiality assessment issued by EFRAG, and plans to update this analysis annually.

1.10.3. Involvement of workers' representatives

The Parent Company IRCE S.p.A. informs workers' representatives at the appropriate level (RSU or unitary union) about information regarding sustainability and discusses with them the relevant information and the means of obtaining and verifying this information. The information area mainly concerns information to be provided according to ESRS S1, but may also cover other profiles that may affect or be affected by employees. Thus informed, the workers' representatives communicate their opinion, if any, to the administrative and audit body (art. 4, para. 9 of the New Decree).

The involvement of workers' representatives takes place after the approval of the Sustainability Report by the Board of Directors. There, the sustainability information is presented in its entirety, so that the company can gather feedback and opinions to be taken into account in the following year's Sustainability Report.

2. ENVIRONMENTAL INFORMATION

2.1. Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)

Regulation EU 2020/852 (hereafter the "Regulation"), which came into force on 1 January 2022, introduced the European Taxonomy (hereafter also the 'Taxonomy'), a classification system which makes it possible to translate the European Union's climate and environmental goals into objective criteria", connecting them to specific economic activities. This Regulation was followed by the Delegated Regulations (EU Regulations 2021/2139 and 2021/2178), as subsequently amended and supplemented (EU Regulations 2023/2485 and 2023/2486).

The aforementioned Regulations are aimed at establishing that an economic activity is considered environmentally sustainable if it makes a substantial contribution to achieving one or more of the six environmental goals defined by the Taxonomy:

1. Climate change mitigation;
2. Climate change adaptation;
3. Sustainable use and protection of water and marine resources;
4. Transition to a circular economy;
5. Pollution prevention and control;
6. Protection and restoration of biodiversity and ecosystems.

This Regulation was followed by the following regulatory updates:

- Commission Delegated Regulation (EU) 2021/2139;
- Commission Delegated Regulation (EU) 2021/2178;
- EU taxonomy: Complementary Climate Delegated Act (February 2022)
- Commission Delegated Regulation (EU) 2023/2485 relating to integrative activities for climate objectives;
- Commission Delegated Regulation (EU) 2023/2486 relating to the four non-climate related environmental objectives, also containing amendments and additions to the Delegated Regulation on disclosure (EU 2021/2178).

In order to classify an activity as "environmentally sustainable" pursuant to the Taxonomy, it is necessary therefore first to identify the eligible economic activities and then to assess their alignment by verifying compliance with the technical criteria envisaged by the law for the specific activity, i.e.:

- making a substantial contribution to achieving one or more of the environmental goals;
- complying with the technical screening criteria set by the European Commission;
- not doing significant harm to any of the environmental goals (DNSH);

being done in compliance with the minimum safeguards, relating to respect for human rights and labor standards.Pursuant to Art. 8 of the Taxonomy Regulation, for the 2024 financial year, IRCE is required to provide information on how and to what extent its activities are associated with environmentally sustainable economic activities under the EU Taxonomy, by reporting the share of turnover (Turnover), capital expenditure (CapEx) and operating expenditure (OpEx) associated with environmentally sustainable economic activities, i.e. eligible and aligned to the Taxonomy.

Based on the analysis of economic activities, the Group has confirmed its assessment regarding the fact that its main activities are not included among those currently identified by the relevant law for the environmental goals above and, consequently, no percentage of turnover can be considered as aligned or eligible at the date of drawing up this document. In particular, the prudential approach already set out in the previous year was confirmed, considering the Group's main economic activities linked to the production not so much of finished products but of components (winding wires and electrical cables).

The Group also performed the analysis of capital expenditure (CapEx) and operating expenditure (OpEx) for the 2024 financial year, after which no investments or operating costs associated with economic activities considered eligible or aligned with the objectives of the Taxonomy were identified. In the analysis of operating expenditure (OpEx), non-capitalised research and development costs, maintenance costs and costs for the use of third-party assets (not IFRS16) were considered in particular.

Tables pursuant to Regulation (EU) 2020/852

ANNEX II - Proportion of turnover arising from products or services associated with taxonomy-aligned economic activities - Disclosure for 2024

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – Disclosure for 2024

Financial 2024	2024			Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)									
Economic Activities	Code	Turnover	Proportion of Turnover	Climate Change Mitigation	Climate Change Adaptation	Water and Marine Resources	Circular Economy	Pollution	Biodiversity and Ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water and Marine Resources	Circular Economy	Pollution	Biodiversity and Ecosystems	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2024	Category (enabling activity)	Category (transitional activity)
		Thousands of Euro	%	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes; No;	Yes; No;	Yes; No;	Yes; No;	Yes; No;	Yes; No;	Yes; No;	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-Aligned activities)		0	**0**	0	0	0	0	0	0	N	N	N	N	N	N	N	**0**		
Of which Enabling		0	**0**							N	N	N	N	N	N	N	**0**	**E**	
Of which Transitional		0	**0**							N	N	N	N	N	N	N	**0**		**T**
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Turnover of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		0	0	0	0	0	0	0	0								0		
Proportion of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		0	**0**	0	0	0	0	0	0								0		
A. Proportion of taxonomy-eligible turnover (A.1+A.2)		0	**0**	0	0	0	0	0	0								**0**		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Proportion of taxonomy non-eligible turnover		399.440	**100%**																
TOTAL (A+B)		399.440	**100%**																

Proportion of turnover eligible and aligned on the total

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

ANNEX II - Percentage of capital expenditure arising from products or services associated with taxonomy-aligned economic activities - Disclosure for 2024

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – Disclosure for 2024

Financial 2024	2024			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities	Code	Absolute CapEx	Proportion of CapEx	Climate Change Mitigation	Climate Change Adaptation	Water and Marine Resources	Circular Economy	Pollution	Biodiversity and Ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water and Marine Resources	Circular Economy	Pollution	Biodiversity and Ecosystems	Minimum Safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) CapEx 2024	Category (enabling activity)	Category (transitional activity)
		Thousands of Euro	%	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes; No;	Yes; No;	Yes; No;	Yes; No;	Yes; No;	Yes; No;	Yes; No;	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	**0**	0	0	0	0	0	0	N	N	N	N	N	N	N	**0**		
Of which Enabling		0	**0**							N	N	N	N	N	N	N	**0**	**E**	
Of which Transitional		0	**0**							N	N	N	N	N	N	N	**0**		**T**
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Proportion of CapEx of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0	0	0	0	0	0	0								0		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		0	0	0	0	0	0	0	0								**0**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		35.009	**100%**																
TOTAL (A+B)		35.009	**100%**																

Proportion of eligible and aligned capital expenditure on the total

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

ANNEX II - Percentage of operating expenses arising from products or services associated with economic activities aligned with the taxonomy - Disclosure for 2024

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – Disclosure for 2024

Financial 2024	2024			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities	Code	Absolute OpEx	Proportion of OpEx	Climate Change Mitigation	Climate Change Adaptation	Water and Marine Resources	Circular Economy	Pollution	Biodiversity and Ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water and Marine Resources	Circular Economy	Pollution	Biodiversity and Ecosystems	Minimum Safeguards	Proportion of Taxonomy aligned OpEx 2024	Category (enabling activity)	Category (transitional activity)
		Thousands of Euro	%	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes; No; N/AM	Yes; No;	Yes; No;	Yes; No;	Yes; No;	Yes; No;	Yes; No;	Yes; No;	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	**0**	0	0	0	0	0	0	N	N	N	N	N	N	N	**0**		
Of which Enabling		0	**0**							N	N	N	N	N	N	N	**0**	**E**	
Of which Transitional		0	**0**							N	N	N	N	N	N	N	**0**		**T**
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Proportion of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		0	**0**														0		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		0	**0**														**0**		
B. Taxonomy-non-eligible activities																			
Proportion of OpEx of Taxonomy-non-eligible activities		3.229	**100%**																
TOTAL (A+B)		3.229	**100%**																

Proportion of eligible and aligned operating expenditure on the total

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Model 1 – Activities related to nuclear and fossil gas[13]

	Activities related to nuclear energy	
1	The undertaking carries out, finances or has exposure to research, development, demonstration and construction of innovative power generation plants that produce energy from nuclear processes with a minimum amount of waste from the fuel cycle.	No
2	The undertaking carries out, finances or has exposure to the construction and safe operation of new nuclear power generation plants for the generation of power or process heat, including for district heating purposes or for industrial processes such as hydrogen production, and improvements to their safety, with the aid of the best available technologies.	No
3	The undertaking carries out, finances or has exposure to the safe operation of existing nuclear power generation plants that generate power or process heat, including for district heating purposes or for industrial processes such as hydrogen production from nuclear energy, and improvements to their safety.	No
	Activities related to fossil gas	
4	The undertaking carries out, finances or has exposure to the construction or operation of power generation plants that use fossil gaseous fuels	No
5	The undertaking carries out, finances or has exposure to the construction, redevelopment and operation of combined heat/cold and power generation plants that use fossil gaseous fuels	No
6	The undertaking carries out, finances or has exposure to the construction, redevelopment and operation of heat generation plants that produce heat/cold using fossil gaseous fuels.	No

[13] Delegated Regulation (EU) 2022_1214

2.2. CLIMATE CHANGE

2.2.1. Integrating sustainability performance into incentive schemes

The variable remuneration of executive directors and strategic managers for the three-year period 2022-2024 provides for a medium-term variable bonus linked to sustainability objectives. In particular, the award is linked to the Group's emissions performance. This bonus is in fact based on the reduction of CO_2 emissions per tonne of product sold in the reference period. The calculation is made through the ratio between the Scope 1 and Scope 2 Market-Based CO_2 tonnes emitted in the year and the tonnes of product sold in the same period, i.e. the total quantity, in tonnes, of winding conductors and power cables sold by the Group. This emissions indicator will be determined based on the final year of office of the Board of Directors (2024) and will be compared with the same value recorded in the last year of the previous term (2021). The improvement in this indicator will be the correction coefficient for the medium-term bonus calculated on the basis of the ROCE (a calculation method set out in the Report under article 123-ter of the Consolidated Law on Finance for 2022 approved by the IRCE Board of Directors on 15 March 2023). This parameter allows sustainability metrics to be integrated into remuneration policies, representing an indirect indicator of good management in terms of environmental responsibility.

2.2.2. Transition Plan for Climate Change Mitigation

To date, a transition plan for the mitigation of climate change, as called for by the Paris Agreement of 12 December 2015, has not yet been formalised. It should be noted that the IRCE Group is working to develop its own transition plan in the future.

2.2.3. Climate change impacts, risks and opportunities

The relevant climate-related risks that were identified in the double materiality analysis are summarised below:

- Operational interruptions due to chronic physical events (physical risk);
- Inadequate emission mitigation strategy in the value chain (transition risk):
- Absence of an energy transition plan (transition risk).

To date, the IRCE Group has not conducted a formal resilience analysis of its own strategy and business model in relation to the climate change, including a climate scenario analysis. However, in 2024, as part of the review process of the Integrated Environmental Authorisation for the Imola site, a specific technical study was carried out that does not identify a flood risk for the area in question and therefore no measures to contain the risk are envisaged. In 2025, a NATECH risk assessment (seismic vulnerability, flooding, lightning, strong winds and tornadoes) will also be carried out for the Imola site, as part of the updating of the Regional Technical Data Sheet required by Legislative Decree no. 105/15 (so-called Seveso *Ter*).
As direct emissions, indirect emissions and energy consumption are currently generating negative effects on the environment, the IRCE Group places emphasis on reducing energy consumption by optimising its production processes and gradually decreasing the use of non-renewable energy sources. Moreover, with respect to the opportunities related to climate change, emerged as relevant from the double materiality analysis (Development of an energy transition plan), IRCE is proactive in seizing them, while for the risks it adopts a flexible approach, being prepared to intervene promptly if they occur. However, no changes to the company's strategy have been made or are planned at present.

2.2.4. Identification and assessment of relevant climate change impacts, risks and opportunities

IRCE Group has identified and assessed climate-related impacts, risks and opportunities as part of the double materiality analysis process In order to adequately understand and address climate change challenges, an in-depth analysis of its activities was conducted, considering the complexity of the value chain, to identify the main sources of emissions. The relevant impacts that emerged are closely linked to energy consumption and the generation of direct and indirect emissions by the Group and the actors in the value chain. In addition, a physical risk related to the possible interruption of the Group's operations due to chronic physical events, with a time horizon of potential occurrence in the long term, and two transition risks related to an inadequate emissions mitigation strategy in the value chain and the absence of an energy transition plan have been identified as relevant. However, the Group has qualitatively assessed both its own activities and those along the value chain to estimate the extent of the potential effects of these risks and opportunities. For more information regarding the double materiality analysis conducted, please refer to reference paragraph 1.10. Double Materiality Analysis.

The identification and assessment of climate-related physical, transition and opportunity risks has not been conducted through the use of climate scenario analyses [LC1]. It should be noted that the company has not identified climate-related hazards considering at least high-emission climate scenarios nor has it identified climate-related transition events taking into account at least one climate scenario in line with limiting global warming to 1.5 °C. The Group has also failed to examine how its operations may be exposed to these hazards and climate-related transition events.

2.2.5. Climate change mitigation and adaptation policies

To date, the IRCE Group has not yet formalized a policy aimed at managing its impacts, risks and material opportunities related to climate change mitigation. IRCE Group recognises as its main objectives in terms of sustainability the reduction of consumption through production process efficiency and the gradual reduction of energy consumption from non-renewable sources: this is aimed at achieving net zero by 2050 for all GHG Scope 1, 2 and 3 emissions in absolute terms and in terms of intensity envisaged by the Paris Agreement on Climate Change of 12 December 2015. The Group will therefore formalise a policy to this effect, with the objective of a progressive decarbonisation of the production process.
The Imola plant adopts an Environmental Policy that reflects the commitment of the company management and addresses various aspects, including optimising the consumption of electricity and methane gas together with the implementation of interventions on the production process to reduce atmospheric emissions, improving energy efficiency through technical interventions aimed at containing the consumption of electricity and methane gas, and promoting renewable energy, both through the direct supply through the construction of photovoltaic plants, and indirectly through the use of the Guarantee of Origin.

2.2.5.1. Actions and resources related to climate change policies

Th Group has nevertheless undertaken actions to reduce its impact on the climate change, in particular, the Parent company IRCE S.p.A. and the Czech subsidiary newly established IRCE S.r.o. have made investments in new machinery aimed at saving and improving energy efficiency in the production sector.

Actions	Expected results	Perimeter	Time span	Significant monetary amounts of Capex
Purchase of new machinery and new generation systems	Reducing energy consumption	IRCE S.p.A. IRCE S.r.o.	2024	€ 2.724.127[14]

2.2.5.2. Climate change policy objectives

To date, the IRCE Group has not defined specific objectives on climate change mitigation, adaptation and GHG emission reduction, as it intends to first carefully assess how these objectives can be harmonised with the corporate strategy. However, specific initiatives are already underway to reduce energy consumption from non-renewable sources, while favouring the use of renewable energies, as demonstrated by the construction at the Imola plant of a photovoltaic system with a total capacity of 5,887 kWp. Furthermore, in order to reduce its impact on climate change, during 2024, 19,200 MWh were purchased from GO (Guarantee of Origin) certified renewable sources.

2.2.6. Energy consumption and energy mix

It should be noted that, in the previous reporting period, in line with art. 4 of Legislative Decree no. 254, according to which it was possible to exclude those companies that, although included in the area of accounting consolidation, were not necessary for the purpose of understanding the Group's business, its performance, results and the impact produced by the business, qualitative information and quantitative data relating to the environmental aspects of 'commercial or small companies' were not collected and reported.
However, in order to facilitate a more accurate comparison between the reporting period of this Report and the previous one, the comparative 2023 figures have been fully reconstructed considering the entire Group as the reporting scope.

[14] Investments during 2024 for expenditure on fixed assets in progress

The following table shows:

- Total energy consumption from fossil sources, disaggregated by:
- Consumption of coal and coal products;
- Consumption of fuels from crude oil and petroleum products;
- Consumption of fuels from natural gas;
- Consumption of fuels from other fossil sources;
- Consumption of electricity, heat, steam or cooling from purchased or acquired fossil sources.
- Total energy consumption from nuclear sources;
- Total energy consumption from renewable sources, disaggregated by:
    - consumption of fuels from renewable sources, including biomass (which also includes industrial and municipal waste of biological origin), biofuels, biogas, hydrogen from renewable sources, etc;
    - consumption of electricity, heat, steam and cooling from purchased or acquired renewable sources; and
    - consumption of self-produced renewable energy without using fuels.

All energy consumption shown below has been calculated in MWh.

In addition, energy consumption from non-renewable sources and energy production from renewable sources in MWh have been disaggregated and highlighted separately in the following table.

Energy consumption and energy mix

Source	**2024 Total MWh**	**2023 Total MWh**
Consumption of coal and coal products	178	*357*
Fuel consumption from crude oil and petroleum products	1,253	*1,651*
Fuel consumption from natural gas	17,659	17,172
Fuel consumption from other non-renewable sources	0	0
Consumption of electricity, heat, steam and cooling from purchased or acquired fossil sources	49,636	71,237
Total energy consumption from fossil sources	**68,727**	**90,416**
Share of fossil sources in total energy consumption	***57%***	***73%***
Consumption from nuclear sources		
Share of nuclear sources in total energy consumption	***0%***	***0%***
Fuel consumption for renewable sources, including biomass (also includes industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.).	0	0
Consumption of electricity, heat, steam and cooling from purchased or acquired renewable sources	44,946	26,844
Consumption of self-generated renewable energy without using fuels	7,263	6,852
Total energy consumption from renewable sources	**52,209**	**33,696**
Share of renewables in total energy consumption	***43%***	***27%***
TOTAL ENERGY CONSUMPTION	**120,936**	**124,112**

It should be noted that the electricity consumption of the Brazilian subsidiary was reclassified between the two reporting periods, which in 2023 had been erroneously considered to be of fossil origin instead of deriving from certified renewable sources as emerged in 2024.

It should also be noted that for small subsidiaries, such as the Polish subsidiary IRCE S.p.ZO.O., estimates were used, considering the same electricity consumption as for companies with similar activities and size. For IRCE S.p.A., estimates were used in calculating the consumption of fossil fuels, such as the consumption of diesel, considering the ratio of the cost of refuelling undertaken to the average cost of diesel during the specific reporting period.

The deviations between total energy consumption from fossil sources and total energy consumption from renewable sources that occurred between the two reporting periods are due to:

- increased production of renewable energy through the Imola plant's photovoltaic system, which produced energy for the whole of 2024 compared to 2023 when it started to operate in July;
- purchase of 19,200 MWh from GO (Guarantee of Origin) certified renewable sources;
- overall reduction in production, and thus in consumption, during 2024 compared to 2023.

2.2.6.1. Energy intensity versus net revenue

The following table shows the energy intensity (total energy consumption in relation to net revenue) associated with activities in high climate impact sectors.

Energy intensity versus net revenue			
	2024	2023	Change
	Value	Value	%
Total energy consumption (MWh)	120,936	124,112	-2.56%
Net revenues (€/000)	397,654	402,780	-1.27%
Energy intensity (MWh /€/000)	**0.304**	**0.308**	**-1.30%**

All of the Group's production activities fall within the sector of the manufacture of other electrical and electronic wires and cables, which is considered a high climate impact sector.

Therefore, the net revenues used for the calculation of energy intensity coincide exactly with the net revenues shown in the consolidated income statement under "Revenues".

2.2.7. Gross Scopes 1, 2 and 3 GHG emissions and total GHG emissions[15]

It should be noted that the data used for the calculation of scope 1 and scope 2 emissions were collected exclusively within the consolidated accounting group. There are currently no investees such as associates, joint ventures or unconsolidated subsidiaries that are not fully consolidated in the financial statements of the consolidated accounting group, or contractual arrangements that are unstructured jointly controlled arrangements through an entity (i.e. jointly controlled operations and assets) over which it exercises operational control.

2.2.7.1. Gross Scope 1 GHG emissions

The following table shows the gross scope 1 GHG emissions, expressed in metric tonnes of CO_2eq, and the percentage of scope 1 GHG emissions covered by regulated emissions trading schemes.

Gross Scope 1 GHG emissions				
	2024	2023	Change	
	tCO_2e	tCO_2e	tCO_2e	%
Gross Scope 1 GHG emissions	**3,584**	**3,642**	**-58**	**-1.59%**
Percentage of scope 1 GHG emissions covered by regulated emissions trading schemes	-	-	-	-

[15] For the calculation of Gross Scope 1 emission were used the following emission factors: UK Government GHG Conversion Factors for Company Reporting – DEFRA 2024 e 2023. For the calculation of Gross Scope 2 Location-Based e Market-Based of 2024 were used the following emission factors: AIB - European Residual Mixes 2023, Baseline Database for the Indian Power Sector, IGES List of Grid Emission Factor.
For the calculation of Gross Scope 2 Location-Based e Market-Based of 2023 were used the following emission factors: Terna Confronti Internazionali 2019, Baseline Database for the Indian Power Sector, AIB - European Residual Mixes 2022 e IGES List of Grid Emission Factor.

2.2.7.2. Gross Scope 2 GHG emissions

The following table shows the gross GHG emissions of scope 2 based on location (Location-Based Method) and market (Market-Based Method), expressed in metric tonnes of CO_2eq.

Gross Scope 2 GHG emissions - location-based method				
	2024	2023	Change	
	tCO_2e	tCO_2e	$tCO_2$and	%
Gross Scope 2 GHG emissions - location-based method	**27,705**	**22,778**	**4,927**	**21.63%**

Gross Scope 2 GHG emissions - market-based method				
	2024	2023	Change	
	tCO_2e	tCO_2e	$tCO_2$and	%
Gross Scope 2 GHG emissions - market-based method	**23,795**	**32,108**	**-8,313**	**-25.89%**

It should be noted that the electricity consumption of the Brazilian subsidiary was reclassified between the two reporting periods, as in 2023 it was erroneously considered to be of fossil origin and not derived from certified renewable sources as emerged in 2024.

The increase in gross location-based scope 2 GHG emissions that occurred between the two reporting periods is due to the use of a new emission coefficient for 2024. This increase is generally a reflection of the current dynamics that are taking place in the various countries, where the intensification of emissions is linked to factors such as the use of more polluting energy sources, the progress of national policies and the evolution of energy demand. It is noted that with the same coefficients, a reduction in gross position-based scope 2 GHG emissions would have been evident.

The decrease in gross market-based scope 2 GHG emissions that occurred between the two reporting periods is due to the electricity production of the Imola plant's photovoltaic plant, which started operation in summer 2023 and therefore produced less energy in 2023 than in 2024, and the purchase of 19,200 MWh of GO (Guarantee of Origin) certified renewable energy.

2.2.7.3. Total GHG emissions

The following table shows the total GHG emissions, distinguishing between:

- total GHG emissions derived from the underlying scope 2 GHG emissions measured by the position-based method; and
- total GHG emissions derived from the underlying scope 2 GHG emissions measured by the market-based method.

Total GHG emissions				
	2024	2023	Change	
	$tCO_2$and	tCO_2e	$tCO_2$and	%
Gross Scope 1 and 2 GHG emissions - location-based method	**31,289**	**26,420**	**4,868**	**18.43%**
Gross Scope 1 and 2 GHG emissions - market-based method	**27,378**	**35,749**	**-8,371**	**-23.42%**

Please note that, in application of the phase-in period reported in paragraph 1.1.1. Information in relation to specific circumstances, the Group has not collected data relating to Scope 3 Emissions.

2.2.7.4. GHG intensity based on net revenue

The following table shows the Group's GHG emission intensity (total GHG emissions compared to net revenue), in metric tonnes of CO_2eq calculated using the Location-based and Market-based method, with respect to net revenues

GHG emissions intensity in relation to net revenue				
	2024	2023	Change	
	Value	Value	Value	%
Gross Scope 1 and 2 GHG emissions - location-based method (tCO_2e)	31,289	26,420	4,868	18.43%
Gross Scope 1 and 2 GHG emissions - market-based method (tCO_2e)	27,378	35,749	-8,371	-23.42%
Net revenues (€/000)	397,654	402,780	-5,126	-1.27%
GHG emission intensity scope 1 + 2 Location-Based (tCO_2 eq. per €/000)	**0.079**	**0.066**	**0.013**	**19.95%**
GHG emission intensity scope 1 + 2 Market-Based (tCO_2 eq. per €/000)	**0.069**	**0.089**	**-0.020**	**-22.43%**

The net revenues used for the calculation of energy intensity coincide exactly with the net revenues shown in the consolidated income statement under 'Revenues'.

2.3. POLLUTION

2.3.1. Identification and assessment of relevant pollution-related impacts, risks and opportunities

In the double materiality analysis, both Group activities, considering the location of its plants, and activities along the entire value chain, upstream and downstream, were examined to ensure an integrated approach in identifying impacts, opportunities and relevant aspects related to pollution. In particular, an actual negative impact related to the generation of other significant air emissions and the use of hazardous and highly hazardous substances was determined as material. In the process of analysing the impact materiality, local governments were involved in the assessment of impacts on various aspects, including the environment. For more information regarding the double materiality analysis conducted, please refer to section 1.10. Double Materiality Analysis

There are current negative effects related to the generation of significant air emissions and the use of hazardous substances, as these practices can cause pollution of the surrounding environment, compromising air, water and soil quality. In this context, IRCE focuses on reducing the use of substances of concern and phasing out those of high concern, while still guaranteeing the performance of the finished product. In addition, the company applies the best available techniques to contain pollution. However, no changes to the company's strategy have been made or are currently planned.

2.3.2. Pollution-related policies

To date, the IRCE Group has not yet formalised a specific policy related to pollution. This is mainly due to the complexity of fully integrating this policy into its business model and the need to allocate adequate resources to ensure its effective implementation. However, the Imola plant has an Environmental Policy in place that specifies the Company Management's commitment to preventing pollution of all environmental compartments, and in particular those related to air, water and soil, including through prevention and control, and to minimising the use of substances of concern and gradually phasing out substances of extreme concern, compatibly with guaranteeing the performance of the finished product.

2.3.2.1. Actions and resources related to pollution policies

The main action undertaken and planned to achieve pollution-related goals and objectives mainly concerns the Imola plant and the Czech subsidiary newly established IRCE Sp.Zo.o. and is summarised in the table below. This activity, which is already underway, is aimed at reducing air pollution.

Actions	Expected results	Perimeter	Time span	Significant monetary amounts of Capex
Purchase of new machinery and new generation systems	Reduction of pollution generated during the production process	IRCE S.p.A IRCE S.r.o	2024	€ 2.724.127[16]

2.3.2.2. Pollution policy objectives

The objectives defined to date by the IRCE Group for plants in the European perimeter and imposed by the regulations, concern the prevention and control of the following

- Air pollutants and their specific loads;
- Substances of concern and substances of very high concern.

In particular, with reference to the main types of pollutants emitted into the atmosphere by IRCE Group companies, below:

[16] Investments during 2024 for expenditure incurred for fixed assets in progress.

- Volatile Organic Compounds (VOC);
- Nitric Oxide (Nox);
- Carbon monoxide (CO);
- Particulate Matter (PM).

The objective is to comply with any thresholds envisaged by the authorisations issued to individual plants, defined on the basis of the national/regional legislation in force, coordinated with any applicable BAT (Best Available Technology) for the sector. By way of example for the Irce S.p.A. plant in Imola, unambiguous limits are defined in terms of the concentration measured at emission for the following parameters:

- 40 mg/Nm^3 of Volatile Organic Compounds (VOC);
- 10 mg/ Nm^3 of Particulate Matter (PM).

Variable limits are imposed for Nitric Oxide (Nox) and Carbon Monoxide (CO) depending on the plant underlying the emission and common below 350 mg/Nm^3 and 150 mg/Nm^3 respectively.

2.3.3. Air, water and soil pollution

The Group's plants that exceed the specific thresholds defined for activities falling under Annex I of Regulation (EC) No 166/2006 (ref. Pt. 9 lett. c - Installations for the surface treatment of substances, objects or products using organic solvents, in particular for dressing, printing, coating, degreasing, waterproofing, gluing, painting, cleaning or impregnating with a solvent consumption capacity of 150 kg/h or 200 t/year), are

- Imola
- Umbertide
- Brazil

For the Imola and Umbertide plants, the E-PRTR communication is made annually by 30 April. Therefore, as these communications were not available at the date of publication of this document, the Company has assumed that in 2024 the mass flows of all pollutants in emissions into the atmosphere and water were lower than the applicable threshold values set out in Annex II of Regulation (EC) No. 166/2006, on the basis of the E-PRTR communications of the last three years, which have not shown the emission thresholds of pollutants into the atmosphere and water to be exceeded, and on the basis of the reduction in paint consumption in the reference period. With reference to Brazil, which, being a non-European company, is not subject to E-PRTR communication obligations, Irce has assumed that this site also does not exceed the applicable threshold values, given the production volumes and paint consumption lower than the two aforementioned Italian plants (Imola and Umbertide).

The measurement methods applied to estimate the pollutants in the atmospheric emissions and discharges indicated are defined by the specific environmental authorisations for each plant (standardised on a national basis). The analytical data collected according to the indicated methods are then benchmarked, in order to obtain the annual mass flow figure, to the actual operating data of the lines/plants generating the emissions and to the actual quantities discharged as regards pollutants in water.

The quantification of these emissions is therefore based on the direct measurement of these emissions, albeit on a discontinuous basis, as to date the existing environmental permits do not require continuous measurement systems. The calculation of the annual mass flow is then estimated in excess by considering cautious data in terms of operations (e.g. not considering any stoppages for breakdowns or maintenance), since to date it is not yet possible to have more precise data at the level of individual lines or machines. Efforts are being made to refine this data in order to reduce the associated margin of uncertainty.

2.3.4. Substances of concern and substances of very high concern

The following table highlights:

- the total quantities, in kg, of substances of concern used during production;
- total quantities, in kg, of substances of very high concern used during production;

These values were estimated from an analysis of the following data on IRCE S.p.A. plants:

- 2024 product consumption data of paints, solvents and insulation materials;
- analysis of the Safety Data Sheets (SDS) of the above-mentioned products.

The content of substances of very high concern reported in the Safety Data Sheets (SdS - Safety Data Sheet) varies depending on the type of substance and is generally included within a percentage range by weight; therefore, in order to provide the underlying disclosure, the upper percentage value of this range was always considered as a precaution. For the estimate of the data relating to substances of concern, considering a sample of Safety Data Sheets relating to paints, solvents and insulation materials, a percentage content by weight varying according to the type of substance between 2.5 and 10% was considered, also assuming that these substances were present in the same concentrations in all paints and solvents (conservatively). It should be noted that the estimate made for the calculation of substances of concern is characterised by a significant level of uncertainty due to the scarce availability of data.

Once the figure for the IRCE S.p.A. plants had been derived, it was assumed that the mix of paints, solvents and insulation materials consumed in 2024 by the remaining Group productive plants was comparable, and the content of substances of concern and substances of very high concern was re-benchmarked on the basis of their respective consumption. The overall figure thus estimated, and shown in the table below, is therefore a conservative estimate of the IRCE Group's use of substances of concern and substances of very high concern.

Use of substances of concern and very high concern (kg)

	2024	
	Substances of concern	**Substances of very high concern**
Suspected of causing cancer	0	16.995
Mutagenic substances	0	749.823
Toxic for reproduction	0	547.043
Other	768.858	0
Total	768.858	**1.313.861**

2.4. WATER AND MARINE RESOURCES

2.4.1. Identification and assessment of relevant impacts, risks and opportunities related to marine waters and resources

In the double materiality analysis, both internal activities and activities along the entire value chain, upstream and downstream, were examined to ensure an integrated approach in identifying impacts, opportunities and relevant aspects related to the use of water and marine resources. The analysis highlighted the importance of the issue in the company's operations, particularly with regard to the consumption, abstraction and discharge of water resources. In the impact materiality process, local governments were involved in the evaluation of a short list of impacts concerning different aspects, including the environment. For more information regarding the double materiality analysis conducted, please refer to section 1.10. Double Materiality Analysis

There are current negative effects related to water consumption, withdrawal and discharge. Water, as a limited resource, must be consumed responsibly and water discharges must be managed in such a way as not to cause damage to the surrounding environment.

2.4.2. Policies related to water and marine resources

To date, the IRCE Group has not yet formalised a specific policy on water and marine resources to manage water-related impacts, even for sites in high water stress areas. This is mainly due to the complexity of fully integrating this policy into its business model and the need to allocate adequate resources to ensure its effective implementation.

Nonetheless, the Group recognises the importance of optimising water consumption and, for the Imola plant, has adopted an Environmental Policy that enshrines the Company Management's commitment to improving efficiency in the use of water resources and preventing pollution in all environmental areas.

The IRCE Group has not adopted policies related to the sustainability of the oceans and seas, as no impacts, risks and opportunities related to this area have been identified.

2.4.2.1. Actions and resources related to water and marine resources policies

The IRCE Group defines, at the individual plant level, actions aimed at water protection and allocates resources for their implementation to achieve the objectives related to water protection. These actions concern the Imola plant and the Brazilian production plant of IRCE LTDA, and are mainly aimed at reducing water consumption.

It should be noted that, at the moment, the economic resources allocated for current and future actions relating to water and marine resources are not significant.

Actions	Expected results	Perimeter	Time span
Rainwater storage	Reduction of consumption of water taken from aquifers/aqueduct	IRCE LTDA	Continuous
Use of a system for the recovery of the aqueous phase of the wire drawing mill’s lubricating-cooling baths in the production cycle	Reduction of consumption of water from the aqueduct and of the volumes of waste to be sent to an authorized third-party plant	IRCE S.p.A.	Continuous

2.4.2.2. Objectives related to water policies and marine resources

Currently, IRCE has not defined measurable related to water consumptions, results-oriented and time-bound objectives at Group level, as a structured approach that takes into account the operational specificities of the various plants is still being evaluated. However, the Imola plant, through its Environmental Policy, promotes environmental protection by optimising water consumption, favouring the reuse of resources where possible and adopting measures to prevent water pollution.

With regard to discharge limits, the targets set are the obligations imposed by the applicable national/regional regulations and can be formalised through the specific authorisation acts issued by the competent authorities on the basis of these regulations to individual plants.

By way of example, for the IRCE S.p.A. plant in Imola (the Group's largest), the limits for the discharge of wastewater into the sewerage system and into surface water defined by Part III of Legislative Decree no. 152/06 and subsequent amendments (Annex 5, Tab. 3) are applicable. Compliance with these limits is achieved by taking periodic samples, in accordance with the means and frequencies established by the Monitoring and Control Plan defined by the Authorisation in force.

2.4.3. Water consumption

The main items of water consumption can be divided into:

- consumption of water for civil use (toilets, showers, canteen, etc.), typically from aqueducts;
- consumption of water for industrial use (for production purposes), typically from aqueducts or groundwater (well).

In some plants (e.g. Imola), there are systems to recover water from the production cycle.

The consumption of water for industrial use (for production use), typically from aqueducts or groundwater (well) is associated with the following stages of the production cycle:

- drawing: use of water for the preparation of coolant baths. At the Imola plant there is a system for recovering the aqueous fraction of these baths, which can therefore be reused for the same purpose, also obtaining a benefit in terms of reducing the volume of hazardous waste to be sent for recovery.
- enamelling: use of water to produce the steam necessary to ensure proper adhesion of the paint coating on the copper wire and consumption of water for cooling the equipment (cooling towers).

To date, in terms of authorisation no limits on consumption are imposed, but these data are nevertheless tracked.

The following table shows the total water consumption in m^3 and total water consumption in m^3 in water-risk areas, including those with high water stress.

Water consumption (m^3)		of which area with water risk	of which area with high water stress
Resource	**2024**	**2024**	**2024**
Water withdrawal	78,383	53,691	51,916
Water effluents	34,118	28,968	26,839
Water consumption	**44,265**	**24,723**	**25,077**
Total volume of recycled and reused water	**0**	**0**	**0**

It should be noted that for the trading company in Trezzano, the Polish subsidiary IRCE Sp.zo.o. and the British company FD SIMS, estimates were used, considering the same water consumption for companies with similar activities and size.

Furthermore, it was assumed that for the following companies the water discharge data coincides with the water withdrawal data, considering only the civil use of the water resource: Isolveco 2 SRL, DMG Gmbh, IRCE SL, Irce SP.ZO.O, Isomet AG.

2.4.3.1. Stored water

The following table shows the total volume of water stored and its consumption, which is equivalent to the difference, in m^3.

Rainwater storage (m^3)	
	2024
	Value
The total volume of water stored	400
Stormwater consumption	5,224

This table is based exclusively on data provided by the subsidiary in Brazil, which is the only one in the Group with a water storage system.

2.4.3.2. Water intensity versus net revenue

The following table shows the Group's water intensity, calculated as total water consumption in own operations in m^3 per million EUR of net revenue:

Water intensity versus net revenue	
	2024
	Value
Total water consumption (m^3)	44,265
Net revenue (m. €)	397.65
Water intensity versus net revenue (m^3/m. €)	**111.315**

The net revenues used to calculate water intensity coincide exactly with the net revenues indicated in the consolidated income statement under the item "Revenues".

2.5. RESOURCE USE AND CIRCULAR ECONOMY

2.5.1. Identification and assessment of relevant impacts, risks and opportunities related to resource use and the circular economy

The double materiality analysis examined both internal activities and those along the entire value chain, upstream and downstream, to ensure an integrated approach in identifying impacts, opportunities and relevant aspects related to resource use and the circular economy. The analysis highlighted the importance of the topic in the company's operations, and in particular identified some negative impacts related to the use of natural resources and virgin and non-renewable materials and the generation of waste. A positive impact related to the innovative solutions and processes for the transition to environmentally friendly materials was identified. In addition, a risk related to inefficiency in resource management and an opportunity for the Group in implementing circular economy practices were assessed as material. In the impact materiality process, local governments were involved in the assessment of a short list of impacts with respect to various issues, including environmental issues. For more information on the double materiality analysis conducted, please refer to the section 1.10. Double materiality analysis.

The use of natural resources and virgin materials and the generation of waste have current negative effects on the environment, while product innovations and the transition to environmentally friendly materials generate a positive impact. IRCE is therefore committed to optimising the use of virgin resources, ensuring the reuse of this resource, and ensuring the encouragement of the circular economy both in terms of the finished product and in terms of preventing and optimising waste management. With respect to the opportunity related to resource use and the circular economy, IRCE is ready to seize it proactively, while for risk it adopts a flexible approach, preparing to intervene in a timely manner should such risks occur. However, no changes to the Group's strategy have been made or are planned at present.

2.5.2. Policies related to resource use and the circular economy

To date, the IRCE Group has not yet formalised a specific policy on the use of resources and the circular economy, and this is mainly due to the complexity of fully integrating this policy into its business model and the need to allocate adequate resources to ensure its effective implementation. However, the Imola plant adopts an Environmental Policy that reflects the Company Management's commitment to optimising the use of raw materials and reducing waste production.

2.5.2.1. Actions and resources related to resource use and circular economy policies

IRCE S.p.A. and FD SIMS are committed to reusing the main raw materials of their production processes, through the sale of scrap deriving from the production cycle to foundries.

It should be noted that, at the moment, the economic resources allocated for current and future actions relating to the use of resources and the circular economy are not significant.

Actions	Expected results	Perimeter	Time span
Agreements with foundries for processing (remelting) of enameled copper scrap and bare copper	Increase the share of reuse of secondary copper in the production process	IRCE S.p.A. FD SIMS	Continuous

2.5.2.2. Objectives related to resource use policies and the circular economy

At present, IRCE has not defined measurable, results-oriented and time-bound Group-wide objectives related to resource use and the circular economy, as a structured approach that takes into account the specificities of the business is still being evaluated. Notwithstanding this, the IRCE Group sets as a generic objective, inherent in the management of the business, the optimisation of the consumption of virgin resources, guaranteeing the reuse of this resource, and thus ensuring the encouragement of the circular economy both in terms of the finished product and in terms of the prevention and optimisation of waste management.

2.5.3. Incoming resource flows

For the more structured companies, the data tabulated below come from ERP Management System queries, while for the other smaller companies the information comes from internal data collections not supported by management SW. The table was structured according to the macro-types of incoming resources according to the specific production process, specifying the relative composition. Packaging and wooden reels were considered for the organic material content of packaging, while the following estimates were made for reused or recycled secondary components:

- for copper, the average share of copper purchased from scrap was estimated, based on supplier specifications;
- for packaging the figure was estimated at around forty per cent at Group level.

Reused secondary intermediate material refers to the copper scrap sent to the foundry and processed back into wire rod for reuse in the production process.

Material used for production (ton)					
	2024				
Material	Quantity used of which technical material	Quantity used of which organic material	Total quantity used	Total quantity used of which secondary components reused or recycled	Total quantity used of which secondary intermediate materials reused
Copper	*33,105*	*0*	*33,105*	*11,865*	*1,937*
Aluminium	*1,884*	*0*	*1,884*	*0*	*0*
Insulating paints	*3,567*	*0*	*3,567*	*0*	*0*
PVC and Rubber	*3,784*	*0*	*3,784*	*0*	*0*
Packaging	*432*	*1,374*	*1,806*	*694*	*0*
Other material	*1,257*	*0*	*1,257*	*0*	*0*
Total	**44,029**	**1,374**	**45,404**	**12,563**	**1,937**
% of total	**97.0%**	**3.0%**	**100.0%**	**27.7%**	**4.3%**

2.5.4. Resource outflows

2.5.4.1. Products and materials

The IRCE Group's main products are:

- winding wires for electrical machines, used in a wide range of applications such as engines and electric generators, transformers, inductors and relays. They are mainly used in the transformation of electrical energy into mechanical energy - and vice versa, in the modification of energy parameters, and in the transformation and control of other types of energy.

insulated cables for energy transmission, used in the installation of electric systems in civil and industrial buildings and for powering and wiring electrical equipment. The cables produced by the group include a full range of low and medium voltage, and can be insulated with PVC, rubber or polyethylene.

The durability of these products is linked to their use as components of other products or in plant engineering: they are in any case fully recyclable at the end of their life.

The main products listed above have:

- A durability in terms of preservation of mechanical, electrical and chemical characteristics prior to final use by the customer, conditioned in terms of time by the mere observance of suitable storage conditions (typically under cover, without exposure to direct sunlight and in a dust-free environment, in an area with limited temperature range and low humidity).
- The product is not repairable;
- The average recyclable content rate for copper products is 36%: for Irce Spa products, the average recyclable content is 52%.

- The packaging used for the delivery of the finished product is mainly reusable (reels and bells, reusable at least seven times on average), as are the pallets. The estimated average recycled content of packaging, excluding reels and bells, is 50%.

2.5.4.2. Waste

The following table highlights

- The total amount of waste produced;
- The total quantity, by weight, of waste not destined for disposal, distinguishing between hazardous and non-hazardous waste and between the following types of recovery operations:
  - preparation for re-use;
  - recycling; and
  - other recovery operations;
- The quantity, by weight, of waste for disposal by type of treatment and the total sum of all three types, distinguishing between hazardous and non-hazardous waste. The waste treatment types to be reported are as follows:
  - incineration
  - landfill disposal; and
  - other disposal operations;
- The total amount and percentage of non-recycled waste.

The following table also shows the total amount of hazardous waste and radioactive waste it produces: the latter type is not present in our production cycle.

All quantities indicated in the table are expressed in tonnes.

Waste generated (tonnes)				
	2024			
	Hazardous waste	Non-hazardous waste	Total	% of total waste
Waste prepared for re-use	0	119	119	2.4%
Recycled waste	56	3,709	3,765	76.8%
Other types of recovery	5	584	589	12.0%
Total waste not intended for disposal	**61**	**4,412**	**4,472**	**91.2%**
Incinerated waste	0	145	145	3.0%
Waste sent to landfill	105	9	114	2.3%
Other types of disposal	151	23	174	3.5%
Total waste for disposal	**256**	**177**	**433**	**8.8%**
Total waste	**317**	**4,589**	**4,905**	**100.0%**
% waste for disposal	**80.9%**	**3.9%**	**8.8%**	
of which radioactive waste	**0%**			

The above data combines the main types of waste resulting from the production cycle of Irce Group companies, which can be summarised as follows:

- copper and aluminium;
- PVC and rubber;
- packaging made of paper and cardboard, plastic and wood;
- waste paints and solvents;

- waste oils;
- contaminated packaging and absorbent materials.

It should be noted that the data collected on waste relate exclusively to the Group's production companies. The data for IRCE S.p.A. are derived from compulsory waste administrative records (MUD, chronological loading and unloading register and Waste Accompaniment Forms). Similarly, for the other Group companies, data were collected on the basis of the compulsory administrative records in the individual states/regions.

3. CORPORATE INFORMATION

3.1. Stakeholder interests and opinions

The Group fully recognises the value and importance of the rights of this category of stakeholders and pays significant attention to them; however, to date, the Group's strategy and business model is not explicitly guided by the interests and opinions of workers

3.2. Impacts, risks and opportunities related to own workforce

The workforce-related impacts, identified in the assessment process described in ESRS 2 IRO-1, are related to IRCE's business model and strategy. The Group, in fact, attaches importance to the wellbeing of its employees, adopting a management approach based on transparency, ethics, integrity and respect. The impacts identified, in turn, help guide the Group's strategy, which aims to prevent the occurrence of negative impacts on its workforce and to encourage that positive impacts continue to occur. The Group has also identified a non-compliance risk due to non-compliance with occupational health and safety regulations related to the negative impact on work-related injuries and illnesses within the Group, which consequently highlights the close correlation between IRCE's strategy and business model.

IRCE considered all employees in its workforce in the double materiality analysis, without making distinctions or assessments based on specific characteristics. Furthermore, during the assessment of material opportunities and risks arising from the impacts and dependencies related to its workforce, no specific situations concerning particular groups of people were identified.

The IRCE Group's workforce includes employees, distinguished according to contract type (fixed-term, permanent), gender and job classification, and non-employee workers hired through external agencies. It is specified that the company has not made any special assessments for workers with specific characteristics.

The following negative impacts refer to situations that may arise in the context in which the Group operates:

- Employment instability;
- Inadequate remuneration for Group personnel;
- Non-compliance of working hours;
- Failure to respect work-life balance for Group personnel;
- Lack of collective bargaining agreements;
- Exclusion of persons with disabilities from the Group's workforce;
- IT security.

Additional negative impacts have also been identified that relate to individual incidents and are not systemic in nature:

- Violation of human rights within the organisation (child labour and forced labour);
- Work-related accidents and illnesses within the Group.

As part of the double materiality process, a significant positive impact was also identified in relation to training and talent management within the Group. As a matter of fact, in line with the business strategy, the IRCE Group aims to enhance and improve the skills of its staff. Training activities involve both employees and external workers, and the Group follows training programmes on the environment, quality, safety, accident risk and information systems.

With respect to risks and opportunities related to the workforce, a risk related to non-compliance due to non-compliance with occupational health and safety regulations emerges as significant. This could represent a significant risk for the company, since non-compliance with safety regulations could lead to accidents at work, with negative consequences for the company's reputation and employee trust.

However, the health and safety of employees is a priority for the Group, and the adequacy of the working environment and equipment, staff training and preparation and everything necessary for compliance with safety requirements are crucial, also in order to reduce incidents at work and work-related illnesses.

The IRCE Group has not made changes to its strategy or business model to address specific impacts or significant issues related to its workforce.

It should be noted that, in the Group's operations, there were no **significant activities at risk of incidents of forced, compulsory or child labour**, either in relation to **the type of operation** or in relation to the **countries or geographical areas** in which the company operates

3.3. Policies related to own workforce

3.3.1. Human Rights Policy

The Group believes in sustainable business development and regards respect for human rights and proper adherence to labour rights as an integral part of responsible business behaviour.

With the aim of reinforcing its commitment to promoting and protecting the dignity and respect for Human Rights, including labour rights, of its own workers, the IRCE Group implemented its own Human Rights Policy in 2024, closely related to the company's Code of Ethics already in place since 2022.

The aforementioned Human Rights Policy was approved directly by the Board of Directors in December 2024, and applies to all Group employees, who are required to fully comply with its principles.

The Policy is available to all Group employees at www.irce.it, in the Ethics and Compliance section. Through it, the IRCE Group is committed to providing all its employees with a healthy and safe working environment, ensuring fair and just conditions that respect the principles of health, safety, wellbeing and dignity. In addition, it ensures fair and favourable working conditions, guaranteeing fair remuneration that complies with the minimum requirements of collective agreements and current legislation. The right to freedom of association and collective bargaining is recognised and promoted, with primary reference to collective bargaining for the definition of contractual conditions and for the management of relations between company management and trade unions. The Group will consider in the future the possible introduction of ways to involve workers. At present, there are no specific mechanisms to specifically monitor compliance with the United Nations Guiding Principles on Business and Human Rights, nor with the ILO Declaration on Fundamental Principles and Rights at Work.

The Policy has been drafted in accordance with the main international human rights regulations and standards, including:

- The International Bill of Human Rights (consisting of the Universal Declaration of Human Rights and the main instruments that codified it: the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights);
- The Fundamental Conventions of the International Labour Organisation (ILO) and the Declaration on Fundamental Principles and Rights at Work;
- The European Convention on Human Rights;
- The Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises;
- The UN 2030 Agenda for Sustainable Development;
- The 10 principles of the UN Global Compact.

The Human Rights Policy explicitly addresses the issues of forced labour and child labour. In particular, the IRCE Group excludes any form of child labour, refusing the employment of personnel below the minimum age for entry into the world of work provided for by the law of the country in which the work is performed and rejects all forms of forced or compulsory labour and guarantees working conditions that comply with the laws and regulations in force. Both ordinary and extraordinary work is free from any form of physical and/or psychological coercion. At date, the Human Rights Policy does not envisages explicitly the elimination of all forms of human trafficking. It should be noted that the Group currently has no specific measures in place to remedy any human rights impacts.

3.3.2. Integrated environment, safety and accident prevention management system

In compliance with Legislative Decree no. 81/2008 and subsequent amendments and additions for the health and safety of workers and with Legislative Decree no. 105/2015 for the use of substances and preparations (insulating paints) classified as hazardous, in the scope of which the Imola plant falls, as it is considered a "lower threshold plant", and with the aim of guaranteeing its workers a safe and healthy working environment, IRCE S.p.A. has an internal Integrated Environment, Safety and Accident Prevention Management System.

Similarly, in compliance with the specific regulations of the individual countries in which they operate, all the foreign companies belonging to the Group have their own occupational accident management system.

3.3.3. Policies aimed at eliminating discrimination and promoting equal opportunities

Currently, the IRCE Group does not have specific policies or procedures aimed at eliminating discrimination, including harassment, and promoting equal opportunities, or other solutions to support diversity and inclusion, but it considers respect for these issues to be indispensable and therefore focuses attention on them in its Code of Ethics, Human Rights Policy and Code of Conduct for suppliers. In particular, the IRCE Group repudiates all forms of discrimination, whether on the basis of gender, religion, nationality, political orientation or marital status, does not tolerate sexual, personal or other harassment or offence, and respects the personal dignity, privacy and personality rights of any individual and works with women and men of different nationalities, cultures, religions and races. Currently, the Group does not have formal or specific policies regarding the adoption of positive actions aimed at encouraging the inclusion and support of people belonging to particularly vulnerable groups in its workforce.

To consolidate its commitment to the elimination of discrimination and the promotion of equal opportunities, the IRCE Group has set itself the goal of adopting specific policies on the above issues.

3.4. Own workforce metrics

3.4.1. Data Collection Methodology

In all the following tables, the numbers reported are the number of people at the end of the reporting period, provided by the individual Group companies included in the reporting scope.

Within IRCE S.p.A., all data on its own workforce are provided directly by the Personnel Department, which uses dedicated personnel management software that can provide specific extractions as required.

On the other hand, as far as foreign subsidiaries are concerned, the data on the workforce are provided by the company contact persons identified by the manager in charge as Process Owners. Depending on the size of the subsidiary, the company contact person provides data from management systems or specific spreadsheets.

These figures deviate from the information given in the notes to the accounts under 'Personnel costs' in that the number of employees is calculated using the Full Time Equivalent method.

The increase in employees recorded in 2024 compared to 2023 was mainly due to recruitment for the new plant built in the Czech Republic and the increase in employees at the Brazilian subsidiary IRCE Ltda, as shown in the table below 'Total number of employees by country as at 31 December'.

3.4.2. Characteristics and composition of the workforce

The following table shows the total number of employees broken down by gender as at 31 December.

Total number of employees broken down by gender and age as at 31 December

	2024 31 December	2023 31 December
Men	564	546
Women	75	70
Other	-	-
Unstated	-	-
Total	**639**	**616**

The following table shows the total number of employees broken down by country and gender as at 31 December.

Total number of employees broken down by country and gender as at 31 December

Country	2024			2023		
	31 December			31 December		
	Men	Women	Total	Men	Women	Total
Italy	298	40	338	297	39	336
Netherlands	66	7	73	68	7	75
Germany	12	6	18	12	5	17
Spain	3	1	4	4	1	5
Poland	1	1	2	1	1	2
Switzerland	15	6	21	14	6	20
UK	25	3	28	24	2	26
Czech Republic	10	1	11	0	0	0
Brazil	116	10	126	109	8	117
India	17	0	17	16	1	17
China	1	0	1	1	0	1
Total employees	**564**	**75**	**639**	**546**	**70**	**616**

The following table shows the total number of employees broken down by contract and gender as at 31 December.

Total number of employees broken down by type of contract and gender as at 31 December

	2024	2023
	31 December	31 December
Men	547	534
Women	67	66
Other	-	-
Unstated	-	-
Total permanent employees	**614**	**600**
Men	16	12
Women	7	4
Other	-	-
Unstated	-	-
Total fixed-term employees	**23**	**16**
Men	1	-
Women	1	-
Other	-	-
Unstated	-	-
Total non-guaranteed hours employees	**2**	**-**
Total	**639**	**616**

The following table shows the total number of employees broken down by job category and gender as at 31 December.

Total number of employees broken down by job category and gender, as at 31 December			
	2024 31 December	2023 31 December	Change
Men	553	542	11
Women	55	54	1
Other	-	-	-
Unstated	-	-	-
Total full time	**608**	**596**	**12**
Men	11	4	7
Women	20	16	4
Other	-	-	-
Unstated	-	-	-
Total part time	**31**	**20**	**11**
Total	**639**	**616**	**23**
% of part-time employee	**4.9%**	**3.3%**	

The following table shows the total number of employees who left the company during the reporting period and the employee turnover rate during the same period.

Turnover rate						
	31/12/2024			31/12/2023		
	Resigned employees	Total employees	Turnover	Resigned employees	Total employees	Turnover
Turnover rate	93	639	14.6%	85	616	13.8%

3.4.3. Characteristics and composition of non-employees in the workforce

In the following table, the numbers reported are the number of people at the end of the reporting period, provided by the individual Group companies included in the reporting scope.

The collection of data concerning non-employees in the workforce is done through the processing of specific spreadsheets produced by the Personnel Department.

All non-employees in the workforce were recruited through the service of external agencies.

The following table shows the total number of non-employees in the company's own workforce as at 31 December.

Number of external employees as at 31 December		
	2024 31 December	2023 31 December
Administered by external agencies	45	57
Total external employees	**45**	**57**

3.4.4. Collective bargaining coverage and social dialogue

The following table highlights:

- the percentage of the total number of employees covered by collective agreements;

- the the total percentage of its employees covered by collective agreements within the European Economic Area (EEA) for each country where the company has a significant level of employment

- the percentage of own employees covered by collective agreements, by region, outside the EEA;

- the overall percentage of employees covered by worker representatives, reported at country level for each EEA country where the undertaking has a significant level of employment.

Collective bargaining coverage and social dialogue as of 31 December

	Collective bargaining coverage		Social dialogue
Coverage rate	Employees – EEA (for countries with > 50 employees representing > 10 % of total employees)	Employees – non-EEA (estimate for regions with > 50 employees representing > 10 % of total employees)	Workplace representation (EEA only) (for countries with > 50 employees representing > 10 % of total employees)
0-19%			
20-39%			
40-59%			Netherlands
60-79%			
80-100%	Italy, Netherlands	Brasil	Italy

Collective bargaining and social dialogue with trade union representatives take place in compliance with applicable local legislation and trade union agreements in force in each country in which the Group operates

Within the Group, there are no agreements with its employees for representation by a European Works Council, a European Company Works Council or a European Cooperative Society Works Council.

3.4.5. Diversity of own workforce

The following table shows the gender distribution in number and percentage at senior management level, understood as the first and second level below the administrative and control bodies.

Total number and percentage of employees broken down by job category and gender, as at 31 December

	2024 31 December	2023 31 December	%
Men	11	9	91%
Women	1	2	9%
Other	-	-	-
Unstated	-	-	-
Total senior managers	**12**	**11**	**100%**
Men	20	23	95%
Women	1	1	5%
Other	-	-	-
Unstated	-	-	-
Total function managers	**21**	**24**	**100%**
Total	**33**	**35**	

The following table shows the distribution of employees by age group.

Total number of employees broken down by gender and age as at 31 December		
	2024 31 December	2023 31 December
Total < 30 years	54	44
Total 30- 50 years	300	299
Total> 50 years	285	273
Total	639	616

3.4.6. Training and skills development

Most IRCE Group companies set up annual staff education, information and training plans, developing specific training paths for workers based on their role, task, level of responsibility and work context.

There are currently no periodic performance reviews within the Group scheduled according to a specific programme.

The following table shows the average number of training hours per employee and by gender:

Average hours of training per job category and gender		
	2024 31 December	2023 31 December
Average hours of training per worker - men	8.66	6.73
Average hours of training per worker - women	13.65	6.10
Average hours of training per worker - other	-	-
Average hours of training per worker - unstated	-	-
Average hours of training per worker	9.25	6.66

3.4.7. Health and safety

All the Group's own workers are covered by the health and safety management system according to the legal requirements of the countries in which the individual companies operate.

The following table shows both for the employees in the own workforce and for the non-employees:

- the number and rate of accidents at work, calculated using the following formula: *(number of injuries/hours worked) x 1,000,000*
- the number of deaths due to injuries and the number of accidents with serious consequences, both of which were zero in 2024;
- High-consequence work-related injury rate, based on this formula *(number of injuries with serious consequences or death/hours worked) x 1,000,000*
- the number of cases involving work-related illnesses and the number of days lost due to work-related injuries, work-related illnesses and deaths as a result of illnesses.

Accidents and occupational diseases						
	2024			2023		
	Employees	Non-employees	Total	Employees	Non-employees	Total
Number of work-related injuries	26	0	26	20	1	21
Total hours worked	1,088,948	89,670	1,178,618	1,085,862	73,066	1,158,928
Work-related injury rate	***23.88***	***0.00***	***22.06***	***18.42***	***13.69***	***18.12***
Number of injuries that result in a fatality	0	0	0	0	0	0
Number of high-consequence injuries	0	0	0	2	0	2
Total hours worked	1,088,948	89,670	1,178,618	1,085,862	73,066	1,158,928
High-consequence work-related injury rate	***0.00***	***0.00***	***0.00***	***1.84***	***0.00***	***1.73***
Number of work-related ill health	0	0	0	0	0	0
Number of fatalities due to work-related ill health	0	0	0	0	0	0
Number of days away from work due to injuries	889	0	889	860	24	884
Number of days away from work due to ill health	0	0	0	0	0	0

It’s to be noted that, in application of the phase-in period reported in paragraph 1.1.1. Information in relation to specific circumstances, the Group has not collected data relating to the number of deaths due to injuries and the number of accidents with serious consequences for other workers operating on the company's sites, such as workers in the value chain operating on the company's sites.

3.4.8. Serious human rights incidents, reports and impacts

No incidents of discrimination, including harassment, were reported during the reporting period, nor were any complaints made through the channels set up by the Group for its employees to raise concerns.

Furthermore, there were no serious human rights incidents related to the Group's workforce during the reporting period. Therefore, no claims for fines, penalties and compensation for damages were received in connection with these.

4. GOVERNANCE INFORMATION

4.1. Role of administrative, management and supervisory bodies in relation to the conduct of enterprises

IRCE has adopted a corporate governance system based on operational transparency, attention to stakeholder needs and ethical and responsible management. The Corporate Governance structure of the Parent Company IRCE S.p.A. is based on the model composed of the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors. The Board of Directors in particular defines and implements corporate strategies and is responsible for the management of the company. Three committees operate within it: the Control and Risk Committee, which supports the Board of Directors in the management of risks and the internal control system, the Remuneration Committee, which defines the remuneration policy and monitors its concrete application, and the Related Parties Committee, which approves transactions with related parties in compliance with Consob regulations. The main objective of the administrative body is therefore to achieve sustainable success, creating long-term value while protecting the interests of stakeholders.

In order to ensure responsible management, IRCE has implemented a Code of Ethics that sets out the values and moral and professional standards that must be observed when carrying out business activities. In addition, the Company has adopted the Organisation and Management Model required by Legislative Decree no. 231/2001, in order to ensure conditions of fairness and transparency in the conduct of business activities.

At the same time, the Board of Statutory Auditors of IRCE S.p.A. performs supervisory and control functions over the company's management, ensuring compliance with current regulations and the correct application of the principles of good administration.

4.2. Identification and assessment of relevant impacts, risks and opportunities related to business conduct

The process of identifying impacts, risks and opportunities related to business conduct considered several crucial factors, including IRCE's direct activities, its business relationships, corporate strategies and an analysis of the national and European regulatory framework on sustainable finance. The double materiality analysis highlights relevant impacts and opportunities related to business conduct.

In particular, there are positive and current effects resulting from the promotion of the Group's corporate culture, through the implementation and dissemination of the Code of Ethics and the protection of whistleblowers, who have the opportunity to make reports, also anonymously. In addition, the Group provides anti-corruption training to strengthen corporate ethics and transparency. However, there are some negative impacts related to the lack of ESG screening of suppliers and possible incidents of corruption. In order to intercept and limit such episodes, the Group adopts the 231 Model and the Whistleblowing Reporting System.

Among the opportunities, sustainable sourcing represents a key element in the long term, with the potential to improve value chain resilience and strengthen the Group's commitment to sustainability. It should be noted that the Group's business model has not been changed as part of the actions implemented to amplify positive impacts and mitigate negative ones, but nonetheless the company takes a strategic approach in order to seize emerging opportunities and strengthen its ESG practices.

For more details on the process for identifying and assessing impacts, risks and opportunities related to business conduct, please refer to ESRS 2 IRO-1 Description of the process for identifying and assessing relevant impacts, risks and opportunities.

4.3. Policies on corporate culture and business conduct

4.3.1. 231 Model and Code of Ethics

In order to ensure conditions of correctness and transparency in the conduct of company activities, to protect its own position and image, the expectations of its shareholders and the work of its employees, the Parent Company's Board of Directors has adopted the Organisation and Management Model envisaged by Legislative Decree no. 231/2001 (hereinafter also referred to as the 'Model') and implemented its own Code of Ethics, an integral part of the Organisation Model in which the values and moral and professional standards that must be observed in carrying out business activities are explained. This choice was made in the belief that the adoption of this Model can be a valid tool to raise awareness among all those who operate in the name and on behalf of IRCE, so that, in carrying out their activities, they adopt correct conduct such as to prevent the risk of committing the crimes contemplated in the Decree.

This activity is aimed at identifying areas of at-risk activities, i.e. in which crimes may potentially be committed and then identifying a collection of preventative measures (known as protocols) which, duly applied in the organisation as components of an internal control system, can enable a reduction in the risks recorded and greater protection for efficient and effective corporate governance.

IRCE S.p.A. referred to the 'Guidelines for the creation of organisation, management and control models' pursuant to Italian Legislative Decree No. 231 of 8 June 2001, issued by Confindustria (the general confederation of Italian industry). This document provides guidelines on interpreting and analysing the legal and organisational implications deriving from the introduction of Italian Legislative Decree 231/2001.

On the basis of the Code of Ethics, according to the values of honesty and transparency, the Company undertakes to implement all necessary measures to prevent and avoid cases of corruption and conflict of interest.

The Code of Ethics applies to those who, directly or indirectly, permanently or temporarily, establish relationships with the Company, namely: directors, statutory auditors, independent auditors, executives, employees, staff, consultants, customers, suppliers, business partners.

The Code of Ethics consists of three main parts:

- general principles on dealings with stakeholders, which theoretically define the reference values in IRCE's activities;
- conduct criteria towards each class of stakeholders, which specifically provide the guidelines and rules which IRCE Staff is required to follow in compliance with the general principles and to prevent the risk of unethical conduct;
- implementation methods, which describe the reference structures for the application and revision of the Code of Ethics, the control system aimed at observance of the Code of Ethics and its improvement.

All staff members must know, have full awareness of and adapt their activities to the principles and directives of the Code and refrain from conduct that does not comply with the aforementioned principles, also cooperating in the assessment of any violations and reporting any information relevant for the identification of offenders. Any staff member who becomes aware of non-compliant conduct is required to report information to his/her supervisors, and/or the Head of Human Resources of the Company, or the Supervisory Body. In case of violation of the Code of Ethics, IRCE adopts disciplinary measures against those responsible for such violation - if considered necessary for the protection of corporate interest and in line with the provisions of the current regulatory framework and employment contracts - which may lead to the removal of the persons responsible from the Company, in addition to compensation for any damages arising from the violation. For the dissemination and information of the Code of Ethics and the Organisation Model, the Company has published, on the corporate website in the "Ethics & Compliance" section, the aforementioned documents in the full and updated version.

4.3.1.1. Whistleblowing

IRCE has also set up a Whistleblowing Reporting System, which allows all the Group's stakeholders to report, also anonymously, acts or facts that may constitute a violation of the Organisational Model under Leg. Decree no. 231/2001, the Code of Ethics and, in general, internal violations or irregularities of the corporate procedures adopted. IRCE is also committed to promptly, independently and objectively investigating any incident concerning business conduct, including cases of active and passive corruption.

Although the Group does not currently have a specific whistleblower protection policy and has no plans to implement it at present, the protection of whistleblowers is a priority for the Group, as it recognises the importance of protecting this fundamental right. In a spirit of extreme caution and in order to protect the rights of its workers and stakeholders, the Company has set up an internal reporting channel with the following means:

- A digital cloud platform active 7 days a week and accessible from any device without any time restrictions, with which it is possible to submit written reports, also anonymously; access to the WB Platform can be done directly through the following website: https://whistleblowing.irce.it/#/;
- Communication by means of a registered letter to be sent to the operator of the reporting channel.

Management of the in-house channel has been entrusted to an in-house body on a collegiate basis with three members appointed by the Board of Directors. This can guarantee professionalism, autonomy and independence in the handling of reports. The above has been set out in a specific organisational model to receive and manage reports. The internal collegiate body reports to the Board of Directors on the reports received.

Furthermore, in acknowledging the importance of the involvement of employees in applying the management models proposed by the Model and the founding values of the Code of Ethics, in 2024 IRCE S.p.A. organised for its employees specific training courses on the contents, structure and systems to implement these documents. It is specified that the Group does not currently have specific measures to protect its workers from retaliation.

4.3.2. Policies on combating active or passive corruption

IRCE hasn't got a specific Anti-Corruption Policy, and currently has no plans to implement one, but it is stated in the Code of Ethics that the company rejects corruption as a means of conducting its business. In addition, corporate bodies, managers, employees and collaborators undertake to comply with all national and international anti-corruption rules and regulations.

IRCE developed for the 231 Model a matrix analysis in which the activities sensitive to the corruption in dealings with the public administration and corruption between private individuals and the relevant functions are identified. The analysis shows that the functions most at risk are mainly the Board of Directors, its Chairman, the senior management of the company and the staff support functions, the main ones of which are:

Functions at risk of corruption in dealings with the public administration and corruption between private individuals	
Board of Directors and Chairman	Management control
General Management	Investor Relations
Financial Reporting Officer	Corporate Quality Service
Administration and Finance and Legal	Human Resources and Privacy
Internal Audit	Plant and Production Managers
Information systems	Purchasing and logistics
Environment and Safety Manager	Sales
Research and development and plant maintenance	

In 2024, IRCE S.p.A. organised training courses for its employees, focusing on the content, structure and implementation mechanisms of 231 Model and the Code of Ethics. Apart from these initiatives, the company does not plan any further specific training sessions on business conduct, nor has it introduced any additional procedures for investigating any incidents in this area. The Group does not currently have a business conduct training policy.

4.4. Relations with Suppliers

In the management of relations with suppliers, the Group does not currently have a formalised policy on payment terms aimed at preventing delays, but recognises the fundamental importance of this aspect for the smooth operation of the business and the creation of shared value. In fact, meeting deadlines is considered essential for maintaining solid and trust-based relations with suppliers. The company pays great attention to the punctuality of payments, aware that responsible management of financial flows is crucial for the sustainability of business partnerships and operational efficiency.

4.4.1. Code of business conduct

The Group's commitment to sustainable development which respects the environment and human rights takes concrete form in the realisation not only of its own Code of Ethics, but also recently in the specific 'Code of business conduct', the purpose of which is to define the key principles on social, environmental and governance issues in order to also provide its suppliers with a course of conduct to follow in their operations.

In compliance with this Code, suppliers are requested to:

- respect and guarantee that working conditions, including work hours, overtime, and workers' pay, are in line with the principles defined by the International Labour Organisation;

- guarantee that there is no use of child labour or forced or compulsory labour;
- avoid any form of discrimination;
- respect, without any discrimination, the right of workers to the freedom of meeting and association, organisation and collective bargaining, and establishment of trade unions;
- protect natural resources and affirm sustainable models of production and consumption;
- conduct their business in accordance with the principles of legality and transparency, in line with international, EU, national, regional and local laws and regulations.

The Code of business conduct is inspired by the main international standards on the environment and on work, including the United Nations Global Compact and the ILO's international labour standards. It is applied together with all the laws in force in the countries where the Company operates and supplements all the principles set out in the Code of Ethics and in the corporate procedures in force.

The Code of business conduct can be found in the "Ethics & Compliance" section on the corporate website www.irce.it. However, at present, when selecting Suppliers, the Group does not take social and environmental criteria into account and does not implement specific selection and verification procedures.

4.5. Prevention and identification of active and passive corruption

The system for preventing and identifying allegations or episodes of active and passive corruption consists of the Code of Ethics, the 231 Model, and the Whistleblowing Reporting System. Through the whistleblowing channel, it is possible for all Group stakeholders to report, also anonymously, acts or facts that may constitute a violation of the Organisational Model under Legislative Decree no. 231/2001, the Code of Ethics and, in general, internal violations or irregularities of the corporate procedures adopted.

In the case of internal and external reports, the handling is entrusted to a collegial body of three members, appointed by the Board of Directors, which guarantees professionalism, autonomy and independence in the handling of these reports. The collegiality of the control body allows it to carry out investigations also if one of the three members is a party to the matter, in which case the latter will not take part in the verification activities.

The procedures for receiving and handling reports are regulated in a specific **Organisational Model**. The collegial body reports periodically to the Board of Directors on the reports received and the results of investigations carried out on a quarterly basis.

IRCE guarantees the dissemination and accessibility of the Code of Ethics and the Organisation Model through their publication on the company website, in the "Ethics and Compliance" section. In this way, all interested parties can consult the documents in their full and updated version, ensuring a clear understanding of the principles and provisions adopted by the company.

In 2024, IRCE S.p.A. organised specific training courses for its employees on the contents, structure and implementation systems of the 231 Model and the Code of Ethics, which simultaneously covered anti-corruption aspects. It should be noted that 100% of the functions at risk were covered in the training programmes.

In order to guarantee compliance with and interpretation of the Organisational Model, a Supervisory Body has been appointed by the Parent Company's Board of Directors with independent powers of initiative and control, which is entrusted with overseeing the operation of and compliance with the Model, and handling its related updating.

The role of the Supervisory Body is to oversee:

- compliance with the rules of the Model by its recipients;
- the real effectiveness and actual ability of the Model, in regard to the corporate structure, to prevent the crimes as set out in the Decree being committed;
- the case for updating the Model, where the needs for its update can be seen in relation to changed corporate conditions.

The administration, management and control bodies organise periodic meetings with the Supervisory Board to be informed and trained on the contents of the 231 Model, on new legislation, and annually check that it is updated in line with current legislation.

4.5.1. Cases of active or passive corruption

During 2024, the Group did not receive convictions and/or fines for violations of laws against active and passive corruption, nor did there be any cases of active or passive corruption.

4.6. Payment Practices

The payment terms of the Irce Group's suppliers range from 'payment on demand' to '120 days end of month'; in particular, supplier invoices are concentrated in the range between 0-30 days and 30-60 days.
The following table shows the average payment times for invoices in number of days as well as the percentage of payments in line with the standard terms shown on the invoice.

Payment Practices		
	Average invoice payment times (Days)	Payments aligned to standard terms (%)
Total	32	71%

It should be noted that the above figure is based on a sampling that includes all invoices issued and paid by the parent company IRCE S.p.A. and the Brazilian subsidiary IRCE Ltda in the 2024 fiscal year. The two companies account for approximately 80% of the total aggregate costs of the IRCE Group relating to the purchase of raw materials and services. Average payment times are calculated as days between the date the invoice is issued and the date the invoice is paid. The percentage of payments aligned with the standard payment terms was calculated by considering the number of payments made by the due date of the invoice as per the standard terms shown on the invoice itself. Both analyses were carried out with reference to the number of 2024 payments associated with supplier invoices issued in 2024, thus disregarding the related monetary value.

There are no significant deviations from the above data for SMEs. To verify this aspect, a sample corresponding to 45% of the total payments associated with the invoices of the suppliers of the parent company IRCE S.p.A. and the Brazilian subsidiary IRCE Ltda in the 2024 fiscal year was analysed. The analysis was carried out on the aforementioned sample because the subdivision between Small/Medium-sized Enterprises and Large Enterprises is not automated in the management system.

It should be noted that, during 2024, there were no pending legal proceedings due to late payments.

5. Contents

Below is an overview of the contents of this Sustainability Report. It should be noted that, for FY 2024, no entity-specific disclosures have been defined, beyond those already required by the ESRS sector-agnostic standards.

ESRS disclosure obligation	Reference paragraphs
ESRS 2 - Criteria for drafting	**1. GENERAL INFORMATION**
BP-1 General criteria for drafting sustainability statements	1.1. Criteria for drafting the sustainability statement
BP-2 Disclosure in relation to specific circumstances	1.1. Criteria for drafting the sustainability statement 1.1.1. Disclosure in relation to specific circumstances
GOV-1 Role of administrative, management and supervisory bodies	1.2. Role of the administrative, management and supervisory bodies
GOV-2 Information provided to the company's administrative, management and supervisory bodies and sustainability issues addressed by them	1.3. Information provided to the company's administrative, management and supervisory bodies and sustainability issues addressed by them
GOV-3 Integrating sustainability performance into incentive schemes	1.4. Integrating sustainability performance into incentive schemes
GOV-4 Duty of Care Statement	1.5. Duty of Care Statement
GOV-5 Risk Management and Internal Controls over Sustainability Reporting	1.6. Risk management
SBM-1 Strategy, business model and value chain	1.7. Strategy, business model and value chain
SBM-2 Stakeholders' interests and opinions	1.8. Stakeholders' interests and opinions
SBM-3 Relevant impacts, risks and opportunities and their interaction with the strategy and business model	1.9. Relevant impacts, risks and opportunities and their interaction with the strategy and business model
IRO-1 Description of processes to identify and assess relevant impacts, risks and opportunities	1.10. Double Materiality Analysis
IRO-2 Disclosure requirements of ESRS covered by the corporate sustainability statement	5. Contents
MDR-P Policies adopted to manage relevant sustainability issues	2.2.5. Climate change mitigation and adaptation policies 2.3.2. Pollution policies 2.4.2. Policies related to water and marine resources 2.5.2. Policies related to resource use and the circular economy 3.3. Policies related to own workforce 4.3. Policies related to business culture and business conduct
MDR-A Actions and resources related to relevant sustainability issues	2.2.5. Climate change mitigation and adaptation policies 2.2.5.1. Actions and resources related to climate change policies 2.3.2. Pollution policies 2.3.2.1. Actions and resources related to pollution policies 2.4.2. Policies related to water and marine resources 2.4.2.1. Actions and resources related to water and marine resources policies

	2.5.2. Policies related to resource use and the circular economy 2.5.2.1. Actions and resources related to resource use and circular economy policies
MDR-M Metrics on relevant sustainability issues	2.2.6. Energy consumption and energy mix 2.2.7. Gross Scope 1, 2 and 3 GHG emissions and total GHG emissions 2.3.3. Air, water and soil pollution 2.3.4. Substances of concern and substances of very high concern 2.4.3. Water consumption 2.5.3. Resource inflows 2.5.4. Resource outflows 3.4. Own labour force metrics 3.4.1 Data collection methodology 3.4.2. Characteristics and composition of own workforce 3.4.3. Characteristics and composition of non-employees in own workforce 3.4.4. Collective bargaining coverage and social dialogue 3.4.5. Diversity of own workforce 3.4.6. Training and skills development 3.4.7. Health and safety 3.4.8. Serious human rights incidents, complaints and impacts 4.5.1. Cases of active or passive corruption 4.6. Payment Practices
MDR-T Monitoring the effectiveness of policies and actions through targets	2.2.5. Climate change mitigation and adaptation policies 2.2.5.2. Climate change policy objectives 2.3.2. Pollution policies 2.3.2.2. Pollution policy objectives 2.4.2. Policies related to water and marine resources 2.4.2.2. Objectives related to water and marine resources policies 2.5.2. Policies related to resource use and the circular economy 2.5.2.2. Objectives related to resource use and circular economy policies 4.5.1. Cases of active or passive corruption 4.6. Payment Practices
ESRS E1 - Climate Change	**2.2. CLIMATE CHANGE**
ESRS 2 GOV-3 Integrating sustainability performance into incentive schemes	2.2.1. Integrating sustainability performance into incentive schemes
E1-1 Transition plan for climate change mitigation	2.2.2. Transition plan for climate change mitigation 2.2.3. Climate change impacts, risks and opportunities
ESRS 2 SBM-3 Relevant impacts, risks and opportunities and their interaction with the strategy and business model	2.2.3. Climate change impacts, risks and opportunities
ESRS 2 IRO-1 Description of processes to identify and assess relevant climate-related impacts, risks and opportunities	2.2.4. Identification and assessment of relevant climate change impacts, risks and opportunities

E1-2 Climate change mitigation and adaptation policies	2.2.5. Climate change mitigation and adaptation policies
E1-3 Climate change policy actions and resources	2.2.5. Climate change mitigation and adaptation policies 2.2.5.1. Actions and resources related to climate change policies
E1-4 Climate change mitigation and adaptation objectives	2.2.5. Climate change mitigation and adaptation policies 2.2.5.2. Climate change policy objectives
E1-5 Energy consumption and energy mix	2.2.6. Energy consumption and energy mix
E1-6 Gross Scope 1, 2, 3 and total GHG emissions	2.2.7. Gross Scope 1, 2 and 3 GHG emissions and total GHG emissions
ESRS E2 - Pollution	**2.3. POLLUTION**
ESRS 2 IRO-1 Description of processes to identify and assess relevant pollution-related impacts, risks and opportunities	2.3.1. Identification and assessment of relevant pollution-related impacts, risks and opportunities
E2-1 Pollution-related policies	2.3.2. Pollution policies
E2-2 Pollution-related actions and resources	2.3.2. Pollution policies 2.3.2.1. Actions and resources related to pollution policies
E2-3 Pollution-related targets	2.3.2. Pollution policies 2.3.2.2. Pollution policy objectives
E2-4 Air, water and soil pollution	2.3.3. Air, water and soil pollution
E2-5 Substances of concern and substances of very high concern	2.3.4. Substances of concern and substances of very high concern
ESRS E3 - Water and marine resources	**2.4. WATER AND MARINE RESOURCES**
ESRS 2 IRO-1 Description of processes to identify and assess relevant impacts, risks and opportunities related to water and marine resources	2.4.1. Identification and assessment of relevant impacts, risks and opportunities related to water and marine resources
E3-1 Policies related to water and marine resources	2.4.2. Policies related to water and marine resources
E3-2 Water and marine-related actions and resources	2.4.2. Policies related to water and marine resources 2.4.2.1. Actions and resources related to water and marine resources policies
E3-3 Objectives related to water and marine resources	2.4.2. Policies related to water and marine resources 2.4.2.2. Objectives related to water and marine resources policies
E3-4 Water consumption	2.4.3. Water consumption
ESRS E5 - Resource use and circular economy	**2.5. RESOURCE USE AND CIRCULAR ECONOMY**

ESRS 2 IRO-1 Description of processes to identify and assess relevant impacts, risks and opportunities related to resource use and the circular economy	2.5.1. Identification and assessment of relevant impacts, risks and opportunities related to resource use and the circular economy
E5-1 Resource use and circular economy policies	2.5.2. Policies related to resource use and the circular economy
E5-2 Actions and resources related to resource use and the circular economy	2.5.2. Policies related to resource use and the circular economy 2.5.2.1. Actions and resources related to resource use and circular economy policies
E5-3 Resource use and circular economy targets	2.5.2. Policies related to resource use and the circular economy 2.5.2.2. Objectives related to resource use and circular economy policies
E5-4 Resource inflows	2.5.3. Resource inflows
E5-5 Resource outflows	2.5.4. Resource outflows
ESRS S1 - Own workforce	**3. CORPORATE INFORMATION**
ESRS 2 SBM-2 Stakeholder interests and opinions	3.1. Stakeholders' interests and opinions
ESRS 2 SBM-3 Relevant impacts, risks and opportunities and their interaction with the strategy and business model	3.2 Impacts, risks and opportunities related to own workforce
S1-1 - Policies related to own labour force	3.3. Policies related to own workforce
S1-6 Characteristics of the enterprise's employees	3.4. Own labour force metrics 3.4.1 Data collection methodology 3.4.2. Characteristics and composition of own workforce
S1-7 Characteristics of non-employees in the enterprise's own workforce	3.4. Own workforce metrics 3.4.3. Characteristics and composition of non-employees in own workforce
S1-8 Coverage of collective bargaining and social dialogue	3.4. Own labour force metrics 3.4.4. Collective bargaining coverage and social dialogue
S1-9 Diversity metrics	3.4. Own labour force metrics 3.4.5. Diversity of own workforce
S1-13 Training and skills development metrics	3.4. Own labour force metrics 3.4.6. Training and skills development
S1-14 Health and safety metrics	3.4. Own labour force metrics 3.4.7. Health and safety
S1-17 Serious human rights incidents, complaints and impacts	3.4. Own labour force metrics 3.4.8. Serious human rights incidents, complaints and impacts
ESRS G1 - Business Conduct	**4. GOVERNANCE INFORMATION**
ESRS 2 GOV-1 Role of administrative, management and supervisory bodies	4.1. Role of administrative, management and supervisory bodies in relation to the conduct of enterprises
ESRS 2 IRO-1 Description of processes to identify and assess relevant impacts, risks and opportunities	4.2. Identification and assessment of relevant impacts, risks and opportunities related to business conduct
G1-1 Business culture and conduct policies	4.3. Policies on corporate culture and business conduct
G1-2 Supplier relationship management	4.4. Relations with Suppliers

G1-3 Prevention and identification of active and passive corruption	4.5. Prevention and identification of active and passive corruption
G1-4 Established cases of active or passive corruption	4.5.1. Cases of active or passive corruption
G1-6 Payment Practices	4.6. Payment Practices

Dear Shareholders,

We invite you to approve the separate financial statements of IRCE S.p.A. as at 31/12/2024, reporting a profit of € 4,620,629.

We propose to approve the distribution of a € 0.06 dividend per share, to be paid out of the profit of the year, with ex-dividend date on 19 May 2025, record date on 20 May 2025, and payment date on 21 May 2025. In addition, we propose to allocate the remaining net profit, after the payment of the dividends, to the Extraordinary Reserve.

The Board thanks the Shareholders for their trust, all personnel for the service rendered during the year, and the Board of Statutory Auditors for the control activities carried out and the valuable advice.

Imola, 14 March 2025

On behalf of the Board of Directors

The Chairman

Mr Filippo Casadio

Consolidated Financial Statements of IRCE Group as at 31 December 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Thousands of Euro)	Notes	2024 31 December	2023 31 December
ASSETS			
Non-current assets			
Goodwill and other intangible assets	3	50	136
Property, plant and equipment	4	43,064	43,933
Equipment and other tangible assets	4	1,731	1,852
Assets under constructions and advances	4	41,609	13,385
Other non-current financial receivables	5	7	5
Deferred tax assets	6	2,502	2,495
Other non-current assets non financial	7	-	1,196
NON-CURRENT ASSETS		**88,963**	**63,002**
Current assets			
Inventories	8	94,345	94,495
Trade receivables	9	54,083	67,157
Tax receivables	10	114	22
Receivables due from others	11	5,316	4,575
Current financial assets	12	412	373
Cash and Cash Equivalents	13	13,859	14,167
CURRENT ASSETS		**168,129**	**180,789**
TOTAL ASSETS		**257,092**	**243,791**

(Thousands of Euro)	Notes	2024 31 December	2023 31 December
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		13,756	13,782
Reserves		130,268	131,641
Profit/(Loss) for the period		6,900	8,226
Shareholders' equity attributable to shareholders of Parent company		**150,924**	**153,649**
Shareholders equity attributable to Minority interests		(308)	(322)
TOTAL SHAREHOLDERS' EQUITY	**14**	**150,616**	**153,327**
Non-current liabilities			
Non-current financial liabilities	15	38,023	13,664
Deferred tax liabilities	6	280	286
Provisions for risks and charges	16	558	846
Provisions for employee benefits	17	3,685	3,673
NON-CURRENT LIABILITIES		**42,546**	**18,469**
Current liabilities			
Current financial liabilities	15	22,757	26,524
Trade payables	18	26,010	33,207
Tax payables	10	1,277	1,496
(of which related parties)		*644*	*1,169*
Social security contributions	19	2,013	2,022
Other current liabilities	20	8,513	8,507
Provisions for current risks and charges	16	3,360	239
CURRENT LIABILITIES		**63,930**	**71,995**
SHAREHOLDERS' EQUITY AND LIABILITIES		**257,092**	**243,791**

CONSOLIDATED INCOME STATEMENT

(Thousands of Euro)	Notes	2024 31 December	2023 31 December
Revenues	21	397,654	402,780
Other revenues and income	22	1,786	1,753
TOTAL REVENUES AND INCOME		**399,440**	**404,533**
Costs for raw materials and consumables	23	(307,617)	(306,550)
Change in inventories of work in progress and finished goods		3,519	(7,995)
Costs for services	24	(37,078)	(37,001)
Personnel costs	25	(35,757)	(30,486)
Amortization /depreciation/write off tangible and intangible assets	26	(6,861)	(6,927)
Provisions and write-downs	27	436	(21)
Other operating costs	28	(1,615)	(1,129)
EBIT		**14,467**	**14,424**
Financial income/(charges)	29	(1,568)	(1,956)
PROFIT/(LOSS) BEFORE TAX		**12,899**	**12,468**
Income Taxes	30	(5,984)	(4,239)
NET PROFIT/(LOSS) FOR THE PERIOD		**6,915**	**8,229**
Net result attributable to non-controlling interests		15	3
NET RESULT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		**6,900**	**8,226**

NET EPS	Notes	2024 31 December	2023 31 December
Basic EPS for the period attributable to the shareholders of the parent company	31	0.261	0.310
Diluted EPS for the period attributable to the shareholders of the parent company	31	0.261	0.310

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Thousands of Euro)	Notes	2024 31 December	2023 31 December
NET PROFIT/(LOSS) FOR THE PERIOD		**6,915**	**8,229**
Translation difference on financial statements of foreign companies		(7,777)	2,294
TOTAL ITEMS TO BE RECLASSIFIED IN THE RESULT	**14**	**(7,777)**	**2,294**
Actuarial gain / (losses) IAS 19	17	(199)	(385)
Tax effect	6	38	79
Total change in IAS 19 reserve	14	(161)	(306)
TOTAL COMPONENTS NOT TO BE RECLASSIFIED IN THE RESULT		**(161)**	**(306)**
Total comprehensive income for the period		**(1,024)**	**10,216**
Attributable to shareholders of Parent company		(1,039)	10,213
Attributable to Minority interest		15	3

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Thousands of Euro)	Share capital	Other reserves		Other reserves					Total shareholders' equity of the Group	Minority interests	Equity attributable to minority interest
		Share premium	Other reserves	Legal reserve	IAS 19 reserve	Retained earnings/losses carried forward	Translation reserve	Result for the period			
Opening balance of previous year	**13,802**	**40,471**	**45,923**	**2,925**	**(424)**	**62,672**	**(29,483)**	**9,224**	**145,110**	**(325)**	**144,785**
Profit allocation	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(1,592)	-	-	(1,592)	-	(1,592)
Purchase and sale treasury shares	(20)	(62)	-	-	-	-	-	-	(82)	-	(82)
Other comprehensive profit/(loss)	-	-	-	-	(306)	-	2,294	-	1,987	-	1,987
Profit/(Loss) for the period	-	-	-	-	-	-	-	8,226	8,226	3	8,229
Total income	**-**	**-**	**-**	**-**	**(306)**	**-**	**2,294**	**8,226**	**10,213**	**3**	**10,216**
Closing balance previous year	**13,782**	**40,409**	**45,923**	**2,925**	**(730)**	**70,304**	**(27,190)**	**8,226**	**153,649**	**(322)**	**153,327**
Profit allocation	-	-	-	-	-	8,226	-	(8,226)	-	-	-
Dividends	-	-	-	-	-	(1,588)	-	-	(1,588)	-	(1,588)
Purchase and sale treasury shares	(26)	(72)	-	-	-	-	-	-	(98)	-	(98)
Other comprehensive profit/(loss)	-	-	-	-	(161)	-	(7,777)	-	(7,938)	-	(7,938)
Result for the period	-	-	-	-	-	-	-	6,900	6,900	15	6,915
Total income	**-**	**-**	**-**	**-**	**(161)**	**-**	**(7,777)**	**6,900**	**(1,038)**	**15**	**(1,024)**
Closing balance current year	**13,756**	**40,337**	**45,923**	**2,925**	**(891)**	**76,941**	**(34,967)**	**6,900**	**150,924**	**(308)**	**150,616**

CONSOLIDATED STATEMENT OF CASH FLOWS

(Thousands of Euro)	Notes	2024 31 December	2023 31 December
OPERATING ACTIVITIES			
Result of the period (Group and Minorities)		6,915	8,229
Adjustments for:			
Depreciation/amortisation	26	6,862	6,927
Net change in deferred tax (assets) / liabilities	30	(38)	(116)
Capital (gains) / losses from disposal of fixed assets	22	(210)	(202)
(Profit)/loss on unrealised exchange rate differences		(742)	57
Provisions/Write-downs (value write-backs/write-downs)	27	(495)	(17)
Current taxes	30	6,022	4,355
Financial (income)/charges	29	2,063	1,934
Operating result before changes in working capital		**20,377**	**21,167**
Taxes paid		(6,912)	2
Financial charges paid		(3,912)	(3,591)
Financial income collected		2,636	2,590
Decrease/(increase) in inventories		(3,036)	25,024
Change in trade receivables		9,948	(4,166)
Change in trade payables		(6,369)	5,790
Net changes in current other assets and liabilities		801	1,886
Net change in current assets and liabilities of the year with respect to related parties		1,133	756
Net changes in non-current other assets and liabilities		965	1,534
CASH GENERATED FROM OPERATING ACTIVITIES		**15,631**	**50,993**
INVESTING ACTIVITIES			
Investments in intangible assets	3	(54)	(228)
Investments in tangible assets	2	(33,054)	(14,006)
Consideration received for the sale of tangible and intangible assets		239	221
CASH FLOW FROM INVESTING ACTIVITIES		**(32,869)**	**(14,013)**
FINANCING ACTIVITIES			
Repayments of loans	15	(5,709)	(6,170)
Obtainment of loans	15	30,000	-
Net change in short-term financial liabilities and other financial liabilities (including IFRS 16)		(4,256)	(20,731)
Net change in other financial assets and other financial receivables		(458)	60
Dividends paid to shareholders	14	(1,588)	(1,592)
Management of treasury shares (sales-purchases)	14	(98)	(82)
CASH FLOW FROM FINANCING ACTIVITIES		**17,891**	**(28,515)**
NET CASH FLOW FOR THE PERIOD		**653**	**8,465**
CASH BALANCE AT THE BEGINNING OF THE PERIOD	**13**	**14,167**	**5,608**
Exchange rate difference		(961)	94
NET CASH FLOW FROM THE PERIOD		653	8,465
CASH BALANCE AT THE END OF THE PERIOD	**13**	**13,859**	**14,167**

ACCOUNTING STANDARDS AND EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

GENERAL INFORMATION

These annual consolidated financial statements as at 31 December 2024 were approved by the Board of Directors of IRCE S.p.A. (hereinafter also referred to as the “Company”) on 14 March 2025.
IRCE S.p.A. (hereafter also the “Company”) is a company established in Italy, with its tax domicile, registered office and head office in Via Lasie 12/a, Imola (Bologna), Economic and Administrative Register No. 266734 BO 001785.
As at 31 December 2024, the Issuer's share capital was held as follows: 5.95% by the Issuer itself, 50.045% by Aequafin S.p.A. – a company incorporated and domiciled in Italy at Via dei Poeti 1/2, and the remaining 44.005% was floating on the Mercato Telematico di Borsa Italiana S.p.A. – STAR segment.
The 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 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 consolidated perimeter of the IRCE Group also includes three production companies which are not yet operational and are expected to start operating by 31 December 2025: Irce Electromagnetic Wire (Jiangsu) Co. Ltd with registered office in Haian (China), Irce S.r.o. with registered office in Ostrawa (Czech Republic), Fine Wire P. Ltd with registered office in Kochi (Kerala – India).

BASIS OF PREPARATION

The annual financial statements for the year 2024 were prepared in accordance with the IFRSs (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board) and endorsed by the European Union, as well as with the provisions issued in implementation of Article 9 of Italian Legislative Decree No. 38/2005. The term IFRS also refers to all revised International Accounting Standards (“IAS”) and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC).

The formats used for the consolidated financial statements of the IRCE Group 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 year into operating, investing and financing activities. Cash flows from operating activities were presented using the indirect method.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Parent Company IRCE S.p.A. and those of the subsidiaries, prepared as at 31 December 2024. The financial statements of the subsidiaries were prepared by adopting the same accounting standards used by the parent company. The main consolidation criteria adopted in drafting the consolidated financial statements are as follows:

- Subsidiaries are companies over which the Company has the right to exercise, directly or indirectly, control, as defined by IFRS 10 - “Consolidated financial statements”. In particular, control exists when the controlling entity simultaneously holds decision-making power over the investee company; has the right to take part in or is exposed to the variable (positive and negative) results of the investee company; has the ability to exercise power over the investee company in such a way as to affect its profits.
- Consolidation of the subsidiaries was implemented by means of the line-by-line method; this technique consists in incorporating all financial statement items for their global amounts, regardless of the percentage of ownership of the Group. Any non-controlling interest is recorded separately in the statement of financial position and income statement when determining shareholder’s equity and the Group’s result for the period.

- The carrying amount of equity investments was eliminated against the relevant assets acquired and liabilities assumed.
- All intra-group balances and transactions, including any unrealised gains arising from transactions between Group companies, are eliminated in full.
- With regard to the foreign currency translation of the financial statements of companies with functional currencies other than the one used for the consolidated financial statements, the amounts in the statement of financial position and income statement of all Group companies reported in functional currencies other than the one used for the consolidated financial statements (Euro) are translated as follows:
  - the assets and liabilities in each reported statement of financial position are translated using the exchange rates at the reporting date;
  - the revenues and costs in each income statement are translated using the average exchange rates for the period;
  - translation differences resulting from the application of this method are recognised in the statement of comprehensive income and allocated to the specific equity reserve until the investment is sold (translation reserve).

Non-controlling interests represent that part of profits or losses and of net assets that are not owned by the Shareholders of the Parent Company.

SCOPE OF CONSOLIDATION

The following table shows the list of companies included in the scope of consolidation as at 31 December 2024:

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 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	493,594,060	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	32,098,356	Line by line
Irce s.r.o	100%	Czech Republic	CZK	752,550,000	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 S.p.A. through Stable Magnet Wire P.Ltd.

EXCHANGE RATES

The main rates used for the translation of financial and income items are as follows:

	Current year		Previous year	
Currency:	**Average**	**Spot**	**Average**	**Spot**
GBP	0.8466	0.8293	0.8699	0.8689
CHF	0.9525	0.9414	0.9717	0.9257
BRL	5.8275	6.4185	5.4019	5.3625
INR	90.9091	89.2857	89.3289	91.9631
CNY	7.7882	7.5873	7.6586	7.8454
PLN	4.3066	4.2753	4.5423	4.3386
CZK	25.1256	25.1889	24.0043	24.7240

ASSESSMENT CRITERIA AND ACCOUNTING STANDARDS APPLIED

Below is a brief description of the most significant accounting standards and assessment criteria used in preparing the consolidated financial statements.

Going Concern

The Directors have assessed the applicability of the going concern assumption in the preparation of the 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.

Foreign Currency Translation of Financial Statement Items

The consolidated financial statements are presented in Euro, which is the presentation currency adopted by the Group. Each entity of the Group determines its functional currency, which is used to measure the items in the individual financial statements. Foreign currency transactions are initially recognised at the spot exchange rate (referring to the functional currency) at the date of the transaction. Monetary assets and liabilities, denominated in foreign currency, are translated into the functional currency at the spot exchange rate at the reporting date. All exchange rate differences are recognised in the income statement as financial income/(charges). Non-monetary items measured at their historical cost in a foreign currency are translated using the spot exchange rates at the date of the initial recognition of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rate at the measurement date.
At the reporting date, the assets and liabilities of these subsidiaries are translated into Euro at the spot exchange rate at that date, and their income statement is translated using the average exchange rate for the year. Exchange rate differences resulting from the translation are recognised in the statement of comprehensive income and allocated to the specific equity reserve until the investment is sold (translation reserve).

Tangible Assets

Tangible assets are measured at their purchase cost after deducting discounts and rebates, or at the construction cost, including directly attributable costs less accumulated depreciation and any accumulated impairment losses.
The carrying amount of tangible assets is tested for impairment if events or changes in circumstances indicate that it might be impaired. If there is any such indication, and the asset's carrying amount exceeds its recoverable amount, the asset is written down to this lower value. The recoverable amount of tangible assets is the higher of net price to sell and value in use.
If no binding sale agreement exists, fair value is measured on the basis of quoted prices in an active market, recent transactions, or the best available information to reflect the amount that an entity could obtain from selling the asset.
Value in use is measured by discounting the cash flows expected from the use of the asset and, if these are material and can reasonably be determined, from its disposal at the end of its useful life. Cash flows are measured on the basis of reasonable and supportable assumptions that represent the best estimate of the future economic conditions that will exist over the residual useful life of the asset. Cash flows are discounted at a rate accounting for the risk implicit in the business segment.
If the reasons for a previously recognised impairment loss no longer exist, the assets are revalued and the adjustment is recognised through profit or loss as a revaluation (reversal) not in excess of the previously recognised impairment loss or the lower of recoverable amount and carrying amount before deducting previously recognised impairment losses and less the depreciation charges that would have been incurred if no impairment loss had been recognised.
The capitalisation of costs related to the expansion, renovation or improvement of the structural elements owned or leased from third parties is exclusively carried out to the extent that they meet the requirements for separate classification as an asset or part of an asset by applying the "component approach" criterion.
On disposal, or when no future economic benefits are expected from the use of an asset, this is derecognised from the financial statements and any gain or loss (calculated as the difference between the disposal value and the carrying amount) is recognised in profit or loss in the year the asset is derecognised.
Land, including that ancillary to buildings, is not depreciated.
Assets under construction and advances paid for the acquisition of tangible assets are measured at cost. Depreciation begins when the asset is available and ready for use, and assets are allocated to a specific category from the same date.
Depreciation was calculated on the basis of rates that were deemed representative of the estimated useful life of the relevant tangible assets. Depreciation begins when the asset is available for use, taking into account the actual time at which this condition occurs.

The rates applied on an annual basis by Group companies are included in the following ranges:

Category	Rate
Buildings	3.0% - 10.0%
Plant and equipment	5.0% - 17.5%
Industrial and commercial equipment	25.0% - 40.0%
Other assets	12.0% - 25.0%

Intangible Assets

Intangible assets are recognised under assets, in accordance with the provisions of IAS 38 (Intangible Assets) when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be determined in a reliable manner.
Intangible assets which are acquired separately are initially capitalised at cost, while those which are acquired through business combination transactions are capitalised at their fair value on their acquisition date. After initial recognition, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, with the exception of development costs, are not capitalised and are recognised in profit or loss as incurred. The Group capitalises development costs only when it is likely that they will be recovered. The useful life of intangible assets is either finite or indefinite. Intangible assets with a finite useful life are amortised over their useful life and tested for impairment whenever there is an indication of a potential impairment loss. The amortisation period and the amortisation method applied are reviewed at the end of each financial year or more frequently, if necessary. Changes in the expected useful life, or in the manner the Group obtains the future economic benefits associated with the intangible asset, are recognised by modifying the amortisation period or the amortisation method and treated as changes in accounting estimates. The amortisation charges for intangible assets with finite useful lives are recognised in profit or loss within the cost category that is consistent with the function of the intangible asset.
Gains or losses arising from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset, and are recognised in profit or loss when the fixed asset is disposed of.

A description of intangible assets and the amortisation method used is shown in the following table.

Asset	Useful life	Rate	Internally produced or acquired	Impairment test
Patent and intellectual property rights	Finite	50%	Acquired	Review of the amortisation method at each reporting date and impairment test if indicators of impairment exist
Concessions and licenses	Finite	20%	Acquired	Review of the amortisation method at each reporting date and impairment test if indicators of impairment exist
Trademarks and similar rights	Finite	5.56%	Acquired	Review of the amortisation method at each reporting date and impairment test if indicators of impairment exist

The amortisation rates for intangible assets were determined as a function of their specific residual useful lives and are reviewed at each reporting date.

Leased Assets

Following the coming into force of IFRS 16, starting 1 January 2019, lease contracts are recognised on the basis of a single accounting model similar to that previously regulated by IAS 17 on accounting for finance leases.
When each contract is stipulated, the Group:

- determines if the contract is or contains a lease, which is the case when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This assessment is repeated in the event of subsequent changes to the terms and conditions of the contract;
- separates the components of the contract, splitting the contract price up between each lease or non-lease component;
- determines the term of the lease as the period during which the lease cannot be cancelled, in addition to any periods covered by a lease extension or termination option.

As of the start date of each contract in which the Group is the lessee of an item, the right-of-use asset recognised, measured at cost, and the finance lease liability, equal to the current value of residual future payments, discounted using the implicit interest rate of the lease or, alternatively, the Group's marginal financing rate. Thereafter, the right-of-use asset is measured applying the cost model, i.e. net of accumulated depreciation and any accumulated impairment and adjusted to reflect any new measurement or changes to the lease. Instead, the lease liability is measured by increasing the carrying amount to reflect interest, decreasing the carrying amount to reflect payments due made, and restating the carrying amount to reflect any measurements or changes to the lease.
Assets are depreciated over a period represented by the term of the lease contract, except where the term of the lease contract is shorter than the useful life of the asset on the basis of the rates applied for tangible assets and there is reasonable certainty of the transfer of ownership of the leased asset at the natural expiry of the contract. In this case, the depreciation period will be calculated on the basis of the criteria and rates indicated for tangible assets.
For leases that expire within 12 months from the date of initial application and that do not provide for renewal options, and for leases for which the underlying asset is of low value, lease payments are recognised in profit or loss on a straight-line basis over the term of the respective leases.

Business Combinations and Goodwill

According to the provisions of IFRS 3, subsidiaries acquired by the Group are accounted for by applying the purchase method, under which: - the acquisition cost is the fair value of the assets, taking into account the possible issue of equity instruments, as well as the liabilities assumed; - the excess of the acquisition cost over the fair value of the Group's interest in the net assets is recognised as goodwill; - if the acquisition cost is less than the fair value of the Group's interest in the net assets of the acquired subsidiary, the difference is directly recognised in profit or loss.
Goodwill and, more generally, assets with an indefinite useful life are not amortised but allocated to the Cash Generating Units (CGUs) and tested for impairment on an annual basis, or more frequently, if events or changes in circumstances indicate that it may be impaired, in accordance with the provisions of IAS 36 Impairment of Assets. After initial recognition, goodwill and assets with an indefinite useful life are measured at cost less any accumulated impairment losses.

Impairment of (Tangible and Intangible) Assets with a Finite Useful Life

Assets with a finite useful life, falling within the scope of application of IAS 36, are tested for impairment whenever indicators of impairment exist.
To that end, both internal and external information sources are considered. In regard to the first category (internal sources) the following information is considered: obsolescence or physical damage to the asset; any significant changes in the use of the asset; and the economic performance of the asset as compared to expectations. In regard to external sources, the following information is considered: market price trends for the asset; any changes in technology, markets or laws; the trend in market interest rates or the cost of capital used for evaluating investments; and market capitalisation below the carrying amount of the entity's net assets.
In this case, the net carrying amount of these assets is compared with the estimated recoverable amount and, if the former is higher, they are written down.
An asset's recoverable amount is shown as whichever is the higher of an asset's fair value (net of associated disposal costs) and its value in use (meaning present value of estimated future cash flows generated by the asset). In determining the value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the value of money (relating to the period of investment) and risks specific to the asset.

In order to test for impairment, intangible and tangible assets are grouped at the level of the smallest separately identifiable cash-generating unit. Impairment for a CGU is first attributed to reducing the carrying amount of any goodwill attributed to the asset, and subsequently to reducing other assets. This must be done in proportion to their carrying amount and the limits of the asset's associated recoverable value.
If the reasons for a previous impairment no longer apply, the carrying amount of the asset is reinstated with an entry in the separate income statement, up to the net carrying amount that the asset would have had if it were not impaired and the related amortisation had been applied.

Financial Assets

At the time of their initial recognition, financial assets must be classified into one of the three categories described below, on the basis of the following elements:

- the entity's business model for management of financial assets; and
- the contractual cash flow characteristics of the financial asset.

Financial assets are subsequently derecognised only if the transfer of ownership has also transferred substantially all the risks and rewards associated with said assets. On the other hand, whenever a significant part of the risks and rewards belonging to the financial asset being transferred has been retained, then that asset will continue to be recognised, even if legal ownership of said asset has actually been transferred.

Financial assets measured at amortised cost
Included in this category are financial assets which satisfy both of the following conditions:

- the financial asset is held according to a business model whose objectives are achieved by collecting the contractual cash flows ("Hold to Collect" business model); and
- the contractual terms of the financial asset provide that as at a certain date, cash flows be represented solely by payments of principal and interest on the amount of capital to be returned (the test known as the "SPPI test" was fulfilled).

Upon initial recognition, these assets are accounted for at fair value, including transaction costs or gains that are directly attributable to said instrument. After initial recognition, the financial assets in question are measured at amortised cost, using the effective interest rate method. The amortised cost method is not used for assets – measured at historical cost – whose short duration makes the effect of applying the discounting logic negligible. This applies to those assets without a defined maturity and to revocable loans.

Financial assets measured at fair value with an impact on comprehensive income
Included in this category are financial assets which satisfy both of the following conditions:

- the financial asset is held according to a business model whose objectives are achieved by either collecting the contractual cash flows or by selling the financial asset ("Hold to Collect and Sell" business model); and
- the contractual terms of the financial asset provide that as at a certain date, cash flows be represented solely by payments of principal and interest on the amount of capital to be returned (the test known as the "SPPI test" was fulfilled).

Included in this category are equity interests which do not qualify as interests in subsidiaries, associated companies or jointly controlled entities, and which are not held for trade purposes. Furthermore, the company must have exercised the option to designate their measurement at fair value with an impact on comprehensive income.
Upon initial recognition, these assets are accounted for at fair value, including transaction costs or gains that are directly attributable to said instrument. After initial recognition, equity interests (other than interests in subsidiaries, associated companies or jointly controlled entities) are measured at fair value and amounts are entered and offset against net assets (Statement of comprehensive income). These amounts may not subsequently be transferred to the income statement, even if ownership of the asset itself is transferred. The only component of these equity securities that is recognised in the income statement consists of the related dividends.

For equity securities included in this category, which are not listed on an active market, historical cost is used as an estimate of fair value only if no other method applies, and is limited to a small number of circumstances, i.e. when the most recent information for measuring fair value is insufficient, or where there is a wide range of possible fair value measurements and cost represents the best estimate of fair value among such a range.

It should be noted that as at 31 December 2024, the IRCE Group did not hold any "Financial assets measured at fair value through other comprehensive income".

Financial assets measured at fair value with an impact on the income statement

Classified in this category are those financial assets which are not classified as "Financial assets measured at amortised cost" or "Financial assets measured at fair value with an impact on comprehensive income".

Included in this category are financial assets held for trading, and derivative contracts that cannot be classified as hedges (which are shown as assets if the fair value is positive, or as liabilities if the fair value is negative).

Upon initial recognition, financial assets measured at fair value with an impact on the income statement are entered at fair value, without considering transaction costs or gains that are directly attributable to said instrument. On subsequent reporting dates, these assets are measured at fair value and the measurement effects are recognised in the income statement.

Impairment of Financial Assets

In accordance with the provisions of IFRS 9, the Group the Group uses a simplified approach for estimating full lifetime expected credit losses for financial instruments. This approach takes into consideration the company's historical experience with credit losses, and is adjusted on the basis of forward-looking factors specific to the nature of the Group's receivables and the economic scenario.

Financial assets are credit-impaired when one or more events have occurred which will have a negative impact on future estimated cash flows for the financial asset. Evidence that the financial asset has been credit-impaired includes observable data in relation to one or more of the following events (it is possible that the Company may not be able to identify one individual event, and so the impairment of financial assets may be due to the combined effect of several events):

a) significant financial difficulty of the issuer or borrower;
b) a breach of contract, such as a default or past-due event;
c) for economic or contractual reasons relating to the borrower's financial difficulty, the lender granting the borrower a concession that would not have been otherwise considered by the lender;
d) it is probable that the borrower will enter bankruptcy or other financial reorganisation procedures;
e) the disappearance of an active market for the financial asset because of financial difficulties; or
f) the purchase or origination of a financial asset at a deep discount that reflects incurred credit losses.

For financial assets that have been accounted for using the amortised cost method, when an impairment has been identified then the amount of that impairment is measured as the difference between the carrying amount of the asset and the present value of expected future cash flows (discounted on the basis of the original effective interest rate). This amount will be recognised in the income statement.

Inventories

Inventories are measured at the lower of cost and net realisable value.

The costs incurred are recognised as follows:

1. Raw materials: average weighted purchase cost, including transportation expenses and customs clearance.
2. Finished and semi-finished goods and work in progress: direct cost of materials and labour costs plus a share of the indirect costs and production overheads defined on the basis of normal production capacity. In greater detail, the metal which represents the most significant cost for work in progress, semi-finished goods and finished goods is assessed separately from the other components (processing and other raw materials).

The presumed net realisable value for metal is measured separately from the other components, inasmuch as it is subject to separate negotiation at the time of sale.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand as well as demand and short-term bank deposits recognised at their nominal amounts; in the latter case, the original maturity shall not exceed three months.

Financial Liabilities and Trade Payables

Financial liabilities and trade payables are recognised when the Group becomes party to the relevant contractual clauses. They are initially measured at fair value, adjusted for directly attributable transaction costs. They are subsequently measured at amortised cost, using the effective interest rate method.
Financial liabilities are derecognised when the contractual rights over the related cash flows expire, or when the financial liability is transferred along with substantially all the risks and rewards which come from responsibility for said liability.

Derecognition of Financial Assets and Liabilities

Financial Assets

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset are extinguished;
- the Group retains the right to receive cash flows from the asset but has assumed the contractual obligation to pay them in full without delay to a third party;
- the Group has transferred the right to receive cash flows from the asset and (a) has substantially transferred all the risks and rewards of ownership of the financial asset or (b) has not substantially transferred nor retained all the risks and rewards of the asset but has transferred control.

In cases where the Group transferred its rights to receive cash flows from an asset and has not substantially transferred nor withheld all the risks and rewards or has not lost control over the asset, this is recognised in the financial statements of the Group to the extent of the latter’s continuing involvement in the asset. The continuing involvement – which takes the form of guaranteeing the transferred asset – is measured at the lower of the initial carrying amount of the asset and the maximum amount of the consideration that the Group could be required to pay.
In cases where the continuing involvement takes the form of an option that is issued and/or acquired with respect to the transferred asset (including cash-settled options, or similar options), the extent of the Group's involvement corresponds to the amount of the transferred asset which the Group may buy back; however, in the case of a put option which is issued on an asset that is measured at fair value (including the options settled in cash or with similar provisions), the extent of the Group’s continuing involvement is limited to the lower of the fair value of the transferred asset and the exercise price of the option.

Financial liabilities

A financial liability is derecognised when the obligation underlying the liability is settled, cancelled or discharged.

If an existing financial liability is replaced by another from the same lender – and with substantially different terms – or if the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, recognising any differences between the carrying amounts through profit or loss.

Provisions for Risks and Charges

Provisions for risks and charges include provisions arising from present obligations (legal or constructive) as a result of past events and for which an outflow of resources is probable. Changes in estimates are reflected in the income statement for the period in which the change occurs. If the effect of discounting the value of money is material, the provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision that arises from the passage of time is recognised as a financial charge.

Employee Benefits

Employee benefits substantially include provisions for employee termination indemnities of the Group’s Italian companies and the pension funds of some foreign companies.
Italian Law No. 296 of 27 December 2006 (“2007 Budget Law”) introduced significant changes to the allocation of quotas of the employee termination indemnities. Up until 31 December 2006, employee termination indemnities were part of post-employment benefit plans of the

"defined benefit plans" type, and were measured, in accordance with IAS 19, by independent actuaries using the projected unit credit method. This calculation consists in estimating the amount of the benefit an employee will receive on the estimated date of termination of the work relationship by using demographical and financial assumptions. The amount determined in this manner is discounted and recalculated on the basis of the accrued service as a proportion of the total length of service and represents a reasonable estimate of the benefits each employee has already earned for past service.
Following the occupational pension reform, the provisions for employee termination indemnities – for the amounts accruing from 1 January 2007 – should be considered essentially comparable to a "defined contribution plan". More specifically, these changes gave employees the opportunity to choose how to allocate their accruing employee termination indemnities: in companies with more than 50 employees, employees can decide to transfer the accruing employee termination indemnities into pre-defined pension schemes or keep them with the company, which will transfer them to INPS (Italy's social security institute).
In summary, following the occupational pension reform and with regard to the employee termination indemnities accrued before 2007, the Group actuarially measured them without including the component referring to future salary increases. The benefits subsequently accrued were instead recognised in accordance with the methods for defined contribution plans.

Derivative Financial Instruments

The Group used derivative financial instruments such as forward contracts for the purchase and sale of copper and aluminium in order to hedge against its exposure to the risk of changes in raw material prices as well as forward contracts for currency purchases.
As of the contract date, derivative financial instruments are recognised at fair value and, if not accounted for as hedging instruments, the changes in fair value after initial recognition are recognised directly through profit or loss for the year.
If the derivative financial instruments qualify for hedge accounting, the subsequent changes in fair value are accounted for under hedge accounting according to specific criteria, which are described below.
The fair value of raw material forward contracts, outstanding at the reporting date, is determined on the basis of forward prices of raw materials with reference to the maturity dates of contracts outstanding at the reporting date.
For the purposes of hedge accounting, hedges are classified as:

- fair value hedges against the risk of changes in the fair value of an underlying asset or liability; or a firm commitment (except for currency risk);
- cash flow hedges against the exposure to changes in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction;
- hedges of a net investment in a foreign operation (net investment hedge).

At the inception of an hedge, the Group formally designates and documents the hedging relationship to which it intends to apply hedge accounting, as well as its risk management objectives and the pursued strategy. The documentation includes the identification of the hedging instrument, as well as of the hedged item or transaction, the nature of the risk, and how the company intends to measure the effectiveness of the hedge in offsetting the exposure to changes in the fair value of the hedged item or cash flows attributable to the hedged risk.
These hedges are expected to be highly effective in offsetting the exposure of the hedged item to changes in the fair value or cash flows attributable to the hedged risk. The measurement of the effectiveness of these hedges is conducted on an ongoing basis during the years in which they have been designated.

It should be noted that as at 31 December 2024, the IRCE Group did not have any hedging transactions in place that meet the conditions required for hedge accounting.

Treasury Shares

Treasury shares that are purchased are deducted from shareholders' equity. In particular, they are measured at their nominal amount in the "Treasury Shares" Reserve and the excess of the purchase amount over the nominal amount is accounted for as a deduction from "Other reserves". The purchase, sale, issue or cancellation of equity instruments does not result in the recognition of any gain or loss in the Income Statement, but is rather recognised directly as a change in Shareholders' Equity.

Recognition of Revenues

Revenues from contracts with customers are recognised when the following conditions are met:

- a contract with a customer has been identified;
- the contractual performance obligations have been identified;

- the price has been determined;
- the price has been allocated to the individual contractual performance obligations;
- the contractual performance obligations have been fulfilled.

The Group recognises revenue from contracts with customers at a point in time (or over time) when performance obligations are fulfilled by transferring the promised goods or services (namely, the asset) to the customer. The asset is transferred at a point in time (or over time) when the customer obtains control of the asset.

The Group transfers control of the goods or services over time (and thus fulfils the performance obligations and recognises the revenue over time) if the situation satisfies one of the following criteria:

- the customer simultaneously receives and consumes all of the benefits deriving from the entity's performance over time, as and when the entity performs;
- the Group's performance creates or enhances an asset (for example, works in progress) that the customer controls over time, as and when the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use for the Group, and the Group has an enforceable right to payment for performance completed up to the date under consideration.

If the performance obligation is not satisfied over time, it is satisfied at a point in time. In such a situation, the Group recognises revenue at the time when the customer obtains control of the promised asset.

The Group allocates the contractual price to the individual performance obligations by reference to the relative standalone selling prices (SSP) for the individual performance obligations. When there is no SSP, the Group estimates the SSP using an adjusted market assessment approach.

In this case, the Group uses judgement to determine the performance obligation, variable consideration and allocation of the transaction price.

In reference to the previous and current year, there are no situations for which the recognition of the revenue has occurred over time.

In relation to sales of packaging the Group recognises, in particular circumstances, the right of return provided that the customer exercises it within 12 months of delivery. In line with the provisions of IFRS 15, the accounting of the repurchase commitment is done by recording:

- to reduce revenues, the amount of the cost expected for the return, reducing trade receivables by the same amount;
- to increase final stocks, the cost of the packaging held in stock, before its sale to the customer, offset by the cost of sales.

Dividends

Dividends are recognised as at the date of the Shareholders' Meeting when the resolution establishing the right to receive payment is passed.

Dividends approved by the Shareholders' Meeting are shown as movements in shareholders' equity for the financial year in which they are approved.

Costs

Costs are recognised on an accrual basis. Research, advertising and promotional costs are recognised in the income statement in the year in which they are incurred.

Financial Income and Charges

Financial income and charges are recognised in the income statement when they are incurred.

Earnings per Share

As required by IAS 33, the Company presents on the face of the income statement basic and diluted earnings per share for profit or loss from continuing operations attributable to the ordinary equity holders of the parent entity. The information is presented only on the basis of the consolidated data, in accordance with the requirements of the aforementioned IAS.

Basic earnings per share are calculated by dividing the profit or loss attributable to the ordinary equity holders of the parent entity by the weighted number of ordinary shares outstanding during the year, excluding treasury shares. The weighted average of the shares was applied retroactively for all previous years.

Income Taxes

Current taxes

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to tax authorities. The tax rates and tax laws used to calculate the amount are those that have been enacted or are expected to apply as of the reporting date.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are calculated using the so-called liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when deferred tax liabilities arise from the initial recognition of goodwill or of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction itself, affects neither accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except when:

- the deferred tax asset for the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction itself, affects neither accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reviewed on an annual basis at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities relating to items recognised directly in equity are recognised directly in equity and not in the income statement.

Use of Estimates

The drafting of the financial statements in accordance with the IFRS requires the use by the Management of estimates and assumptions, which influence the value of assets and liabilities recorded in the statement of financial position as well as in the disclosures published in the explanatory notes regarding potential assets and liabilities at the reporting date, and the revenues and costs for the period.

These estimates are based on experience and on other factors considered relevant. The effective results could thus differ from those estimated. The estimates are revised on a regular basis and the effects of each change to the same are reflected in the income statement of the period in which the estimate is revised.

The most significant cases requiring greater subjectivity on the part of Directors in making the relevant estimates are briefly described below.

a. Measurement of receivables. Receivables due from customers are adjusted using the relevant bad debt provision to take into account their recoverable amount. To determine impairment losses, Directors are required to make subjective measurements based on the documentation and information available, including the creditworthiness of the client as well as past experience and historical trends.
b. Measurement of inventories. Inventories showing obsolescence are periodically measured and impaired if the net realisable value of the same is lower than the carrying amount. Impairment losses are calculated on the basis of assumptions and estimates made by the Management, based on the experience of the same and the historical results achieved. Furthermore, the price of copper, as listed on the main Stock Exchange for non-ferrous metals (London Metal Exchange) appears to be subject to fluctuations, which are sometimes significant. Therefore, there is a risk that a prolonged downward trend in the price of copper after the reporting date could lead to the potential risk that the realisable value of the copper held in inventories may

be lower than its carrying amount and that, as a consequence, raw materials, work in progress and finished goods may need to be written down. To this end, the Directors of IRCE S.p.A. carry out a specific analysis to verify whether the conditions exist to write down the “Copper Component” of the inventories, taking into account, among other things: the process for determining the sale price of the Copper Component, the copper prices available up to a date close to the approval of the financial statements, the commitments and sales orders in place at the end of the financial year with a fixed price of copper, as well as the expected trend in the price of copper in the months following the approval of the financial statements.

c. Recoverability of deferred tax assets. Deferred tax assets are measured on the basis of expected taxable income in future years. The measurement of this expected taxable income depends on factors that may vary over time and have significant effects on the measurement of deferred tax assets.

d. Pension plans. The Group companies participate in pension plans in various countries. The current value of liabilities for retirement benefits depends on a series of factors that are determined using actuarial techniques based on certain assumptions, which concern the discount rate, the expected return on plan assets, the rates of future salary increases, as well as mortality and resignation rates. Any changes to the aforementioned assumptions could have significant effects on the liabilities for retirement benefits.

e. Measurement of provisions for risks. The determination of the provisions allocated requires the Directors to make subjective measurements based on the documentation and information available on potential liabilities.

f. Asset impairments. Assets are written down whenever events or changes in circumstances cause the Company to deem that the carrying amount is not recoverable. Events which may lead to the impairment of an asset may include changes to industrial plans, changes in market prices, or reduced plant utilisation. The decision about whether to proceed with an impairment (and to what extent) depends on management’s assessment of complex and highly uncertain factors, such as future price trends, the impact of inflation and technological improvements on the cost of production, production profiles, and supply and demand conditions. The impairment loss is determined by comparing the carrying amount with the associated recoverable amount, represented by the higher of fair value (net of disposal costs) and value in use, determined by discounting to present value the expected cash flows arising from the use of the asset. The expected cash flows are quantified in the light of information available at the time the estimate is made, and are based on subjective assessments on the trend in future variables, such as prices, costs, demand growth rates, and production profiles. The cash flows are discounted using a rate which takes into account the inherent risk for the asset in question.

g. Useful life of tangible and intangible assets with a finite useful life. Depreciation and amortisation are calculated based on the useful life of the asset, which is determined at the time the asset is recognised in the financial statements. Useful life assessments are based on historical experience, market conditions and expectations of future events that may affect the useful life, including technological changes. As a result, it is possible that the actual useful life may differ from the estimated useful life.

Offsetting of Financial Assets and Liabilities

The Group offsets financial assets and liabilities if, and only if:

- it has a legally enforceable right to offset the reported amounts;
- it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 1 JANUARY 2024

The following accounting standards, amendments and IFRS interpretations were applied for the first time by the Group from 1 January 2024:

- On 23 January 2020, the IASB published "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" and on 31 October 2022 it published "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants". Such amendments aim to clarify how to classify payables and other short or long-term liabilities. In addition, the changes also improve the information which an entity must provide when its right to defer settlement of a liability for at least twelve months is subject to complying with particular parameters (i.e. covenants).
  The adoption of these amendments did not have any impact on the Group consolidated financial statements.

- On 22 September 2022, the IASB published "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback". The document requires the seller-lessee to assess the lease liability from a sale and leaseback transaction so as not to recognise income or a loss which refers to the withheld right of use.
  The adoption of this amendment did not have any impact on the Group consolidated financial statements.

- On 25 May 2023, the IASB published "Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements". The document requires an entity to provide additional information on reverse factoring agreements to enable users of the financial statements to assess how financial agreements with suppliers may influence the liabilities and financial flows of the entity and to understand the effect of these agreements on the entity's exposure to liquidity risk.
  The adoption of these amendments did not have any impact on the Group consolidated financial statements.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION AS AT 31 December 2024, NOT YET MANDATORY AND NOT ADOPTED BY THE GROUP IN ADVANCE AS AT 31 DECEMBER 2024

At the date of this document, the competent bodies of the European Union have completed the approval process necessary for the adoption of the amendments and principles described below, but these principles are not mandatory and have not been adopted in advance by the Group as at 31 December 2024:

- On 15 August 2023, the IASB published "Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability". The document requires an entity to adopt a methodology to be coherently applied in order to verify whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the disclosure to be provided in the notes. The amendments will apply starting from 1 January 2025 but earlier application is however permitted.
  The Directors do not expect a significant impact on the Group's consolidated annual financial statements from the adoption of said amendment.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION AS AT 31 DECEMBER 2024

Furthermore, as at the reporting date of this document, the competent bodies of the European Union have not yet completed the endorsement process required for the adoption of the following accounting standards and amendments:

- On 30 May 2024, the IASB issued the document "Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7". The document clarifies some problematic aspects that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary upon the achievement of ESG objectives (i.e. green bonds). In particular, the amendments aim to:
  - ✓ clarify the classification of financial assets with variable returns linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for the SPPI test assessment;
  - ✓ determine that the settlement date of liabilities through electronic payment systems is the date on which the liability is extinguished. However, an entity is permitted to adopt an accounting policy to allow a financial liability to be derecognized before delivering cash at the settlement date under certain specific conditions.

  With these amendments, the IASB has also introduced additional disclosure requirements regarding, in particular, investments in equity instruments designated at FVOCI.
  The amendments will apply to financial statements for annual periods beginning on or after January 1, 2026.
  The Directors do not expect a significant impact on the Group's consolidated annual financial statements from the adoption of said amendment.

- On 18 July 2024, the IASB published the document "Annual Improvements Volume 11". The document includes clarifications, simplifications, corrections and changes aimed at improving the consistency of various IFRS Accounting Standards. The amended standards are:
  - ✓ IFRS 1 First-time Adoption of International Financial Reporting Standards;
  - ✓ IFRS 7 – Financial Instruments Disclosures and related guidelines on the implementation of IFRS 7;
  - ✓ IFRS 9 – Financial Instruments
  - ✓ IFRS 10 Consolidated Financial Statements; and
  - ✓ IAS 7 Statement of Cash Flows.

  The amendments will apply starting from 1 January 2026 but earlier application is however permitted.
  The Directors do not expect a significant impact on the Group's consolidated annual financial statements from the adoption of said amendments.

- On 18 December 2024, the IASB published the document "Contracts Referencing Nature-dependent Electricity – Amendment to IFRS 9 and IFRS 7". The document aims to support entities in reporting the financial effects of contracts for the purchase of electricity produced from renewable sources (often structured as Power Purchase Agreements). Based on these contracts, the quantity of electricity generated and purchased can vary based on uncontrollable factors such as weather conditions. The IASB has made targeted amendments to IFRS 9 and IFRS 7. Amendments include:
  - ✓ clarification regarding the application of the "own use" requirements to this type of contract;
  - ✓ the criteria for recognizing these contracts as hedging instruments; and,

    new disclosure requirements to enable users of financial statements to understand the effect of those contracts on an entity's financial performance and cash flows

  The amendments will apply starting from 1 January 2026 but earlier application is however permitted.
  The Directors do not expect a significant impact on the Group's consolidated annual financial statements from the adoption of said amendment.

- On April 9, 2024, the IASB published a new standard IFRS 18 Presentation and Disclosure in Financial Statements that will replace the standard IAS 1 Presentation of Financial Statements. The new standard introduces some simplifications with reference to the disclosure required by IFRS Accounting Standards in the financial statements of a subsidiary that meets the following requirements:

- ✓ classify revenues and costs in three new categories (operating section, investment section and financial section), in addition to the categories taxes and discontinued operations already present in the income statement;
- ✓ Present two new subtotals, the operating result and the result before interest and taxes (i.e. EBIT).

Furthermore, the new standard:

- ✓ requires more information on the performance indicators defined by management
- ✓ introduces new criteria for the aggregation and disaggregation of information; and,
- ✓ introduces some changes to the layout of the cash flow statement, including the requirement to use operating profit as the starting point for the presentation of the cash flow statement prepared using the indirect method and the elimination of some classification options for some currently existing items (such as interest paid, interest received, dividends paid and dividends received).

The new standard will come into force on 1 January 2027; earlier application is however permitted.

The Directors are currently assessing the possible effects of the introduction of this new standard on the Group's consolidated financial statements.

- On May 9, 2024, the IASB published a new standard IFRS 19 Subsidiaries without Public Accountability: Disclosures. The new standard introduces some simplifications with reference to the disclosure required by IFRS Accounting Standards in the financial statements of a subsidiary that meets the following requirements:
  - ✓ it has not issued capital instruments or debt instruments listed on a regulated market, nor is it in the process of issuing them;
  - ✓ The parent company prepares a consolidated financial statement in accordance with IFRS principles.

  The new standard will come into force on 1 January 2027; earlier application is however permitted.

  The Directors do not expect a significant impact on the Group's consolidated annual financial statements from the adoption of said amendment.

- On 30 January 2014 the IASB published IFRS 14 – Regulatory Deferral Accounts which allows only first-time adopters of the IFRS to continue to recognise the amounts relating to Rate Regulation Activities, in accordance with the previous accounting standards adopted. Since the Group is not a first-time adopter, this standard is not applicable.

CLIMATE CHANGE – FINANCIAL STATEMENT IMPACTS

In line with ESMA recommendations, the internal assessments on the impacts which climate change could have on the business and on the activities of the IRCE Group are summarised below. Hereafter therefore are summarised the analyses undertaken on the main issues subject to assessment on the basis of which the management of the Parent Company concluded that in the medium/long term the opportunities are greater than the risks.

- Regulatory risks: in reference to the current legislative framework, no significant risks have been identified in the sectors to which the Group belongs or which can be connected to the end markets. On the other hand, the misalignment of electricity costs between Italy and most other European countries remains, although it is mitigated by the contributions granted by the State to energy-intensive companies. It should also be noted that, starting from 2024 and in line with the provisions of paragraph 3.8 letter b) of decree-law 131/2023, these contributions are subject to compliance with certain measures envisaged for the reduction of greenhouse gases. However, it is confirmed that also for the year 2024 IRCE SpA has received contributions to cover the general charges relating to the electrical system, having met the required conditions.
  On the other hand, in relation to the opportunities deriving from climate change, it is believed that some sectors in which the Group operates, such as home automation, industrial automation and the *automotive sector* should lead to significant increases in demand, given the need in the coming years for an increase in renewable energy capacity to replace energy from fossil fuels, an improvement in energy efficiency that can be achieved for example with significant investments in current energy distribution networks, and an increase in the use of electric vehicles to the detriment of those with endothermic engines.

- Risks linked to technologies: the need to have to comply with new technical specifications requested by customers while maintaining a high product quality level is, generally speaking, an averagely limited risk for the Group taking account of the experience accumulated over the years by the R&D department. Greater technological risks are instead present in the automotive sector since the technical standards required are certainly higher as are the customers' need for personalisation.
  During the year investments continued in new machinery and plant aimed at energy saving and efficiency in production, in particular as regards Irce Sro and FD Sims, and in July 2023 there came into operation at the Imola plant the photovoltaic system for self-consumption, which is positioned on the ground and with annual estimated production at full capacity of 8,500 MW, with a forecast for internal consumption of around 7,500 MWh.

- Market risks: from the analysis undertaken no problems emerged which can be associated with the possible technological obsolescence of production plant and machinery owing to the phase-out of ranges of items since the high level of flexibility in production in any case allows their use for alternative forms of production. Instead in reference to the risks associated with the likely increase in the demand for some green raw materials (in particular, copper cathodes and electricity), it is considered that this trend could drive an increase in prices, making it potentially complex to source these materials at sustainable prices. The impact on profits, however, should be considered as relatively limited given the expected possibility for the Group to quickly transfer the increases on to sale prices.

- Reputational risks: taking account of the sector in which the IRCE Group operates and the actions taken to reduce the environmental impact, the risk that the Group results may be impacted now or in the future by a negative perception of the company's image by stakeholders is considered low.

- Physical risks: in relation to the acute physical risks connected to extreme weather events, it is believed that the presence of a Recovery Plan, on which the procedures to be put in place to ensure continuity in supplies to the customer within contractual times, together with the signing of insurance policies with leading insurance companies should contain the negative impacts of adverse weather phenomena in both economic and business terms. No risk has instead been identified in relation to the foreseeable increase in average temperatures since the materials used in the production process are not impacted by changes of a few degrees in the climate.

As regards the above, in relation to climate change no particular problems have been identified associated with the possibility of recovering financial statement assets, or in terms of impairment indicators, or in reducing the useful life of fixed assets, or in collecting trade receivables; in the same way, the analyses undertaken did not reveal potential liabilities attributable to contracts which have become onerous, to the need for restructuring to achieve climate-related targets, to possible penalties for failure to achieve the climate-related targets or failure to achieve the environmental requirements.

To conclude, although climate change may lead to an acceleration in investments as well as to an increase in operating costs, it is believed that the expected growth in volumes and management's ability in handling such change represents overall an important opportunity for the IRCE Group.

1. DERIVATIVE INSTRUMENTS

The Group uses the following types of derivative instruments:

- Derivative instruments related to metal forward purchase and sale transactions with maturity after 31 December 2024. These transactions do not qualify as hedging instruments for the purposes of hedge accounting.

A summary of derivative contracts related to metals outstanding at 31 December 2024 is shown below:

	Notional amount		Fair value al 31/12/2024		
	Assets (Ton)	Liabilities (Ton)	Current assets (€/000)	Current liabilities (€/000)	Net carrying amount (€/000)
Copper commodity contracts for forward sales and purchases	450	1,360	17	163	(147)

- Derivative instruments related to currency forward purchase and sale contracts with maturity after 31 December 2024. These transactions do not qualify as hedging instruments for the purposes of cash flow hedge accounting.

A summary of derivative contracts on currencies outstanding at 31 December 2024 is shown below:

	Notional amount		Fair value al 31/12/2024		
	Acquired (/000)	Sales (/000)	Current assets (€/000)	Current liabilities (€/000)	Net carrying amount (€/000)
GBP		9,000		(8)	(8)
USD	2,880		115		115

2. SEGMENT REPORTING

IFRS 8 defines an operating segment as 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 decisionmaker to make decisions about resources to be allocated to the segment and assess its performance;

c) for which separate financial statement 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 S.p.A., Isolveco 2 Srl and Isolveco Srl in liquidation;
- EU: Smit Draad Nijemegen 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 P. Ltd, Irce Electromagnetic Wire (Jiangsu) Co. Ltd, Fine Wire P. Ltd

The following tables show key consolidated financial figures by operating segment for the years 2023 and 2024.

(Thousands of Euro)	Italy	EU	Non-EU	Consolidation entries	Irce Group
Current period					
Revenues	247,659	36,844	128,753	(15,602)	397,654
Ebit	14,959	(4,469)	3,897	80	14,467
Financial income/(charges)	-	-	-	-	(1,568)
Income Taxes	-	-	-	-	(5,984)
Net profit/(loss) for the period	-	-	-	-	6,915
Intangible Assets	42	-	8	-	50
Tangible Assets	29,653	40,584	16,167	-	86,404
Previous period					
Revenues	257,947	42,020	121,366	(18,553)	402,780
Ebit	14,758	174	(647)	139	14,424
Financial income/(charges)	-	-	-	-	(1,956)
Income Taxes	-	-	-	-	(4,239)
Net profit/(loss) for the period	-	-	-	-	8,229
Intangible Assets	121	-	15	-	136
Tangible Assets	32,559	11,741	14,870	-	59,170

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

3. GOODWILL AND OTHER INTANGIBLE ASSETS

This item refers to intangible assets from which future economic benefits are expected.

The following table shows the breakdown and changes in intangible assets for the years ended 31 December 2023 and 2024.

(Thousands of Euro)	Patents and intellectual property rights	Licenses, trademarks, similar rights and other multi-year charges	Total
Opening balance of previous year	**31**	**18**	**49**
Changes in previous year:			
Investments	209	19	228
Depreciation/amortisation	(128)	(13)	(141)
Closing balance of previous year	**112**	**24**	**136**
Changes in current year:			
Investments	26	29	55
Depreciation/amortisation	(123)	(11)	(134)
Write-downs	-	(5)	(5)
Effect of exchange rates	(1)	(1)	(2)
Closing balance of current year	**15**	**35**	**50**

Research costs are incurred periodically and, in the absence of the conditions required by IAS 38 for their possible capitalisation, they are recognised in the income statement.

4. TANGIBLE ASSETS

The following table shows the changes in tangible assets for the years ended 31 December 2023 and 2024.

(Thousands of Euro)	Land	Buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Opening balance of previous year	**14,593**	**10,537**	**12,832**	**974**	**399**	**12,278**	**51,613**
Changes in previous year:							
Investments	-	113	1,573	504	77	11,823	14,090
Depreciation/amortisation	(29)	(1,143)	(4,843)	(570)	(200)	-	(6,785)
Reclassifications	-	2,038	7,785	434	237	(10,494)	-
Divestments - Historical cost	(5)	(56)	(7,526)	(80)	(292)	-	(7,959)
Divestments - Accumulated depreciation	5	56	7,516	70	292	-	7,939
Effect of exchange rates	134	197	156	4	3	(222)	272
Closing balance of previous year	**14,698**	**11,742**	**17,493**	**1,336**	**516**	**13,385**	**59,170**
Changes in current year:							
Investments	-	248	1,666	429	258	32,353	34,954
Depreciation/amortisation	(28)	(1,139)	(4,732)	(613)	(190)	-	(6,702)
Reclassifications	-	188	3,749	14	-	(3,951)	-
Write-downs	-	-	-	-	-	(22)	(22)
Divestments - Historical cost	-	(51)	(1,555)	(25)	(152)	-	(1,783)
Divestments - Accumulated depreciation	-	51	1,537	25	141	-	1,754
Effect of exchange rates	(256)	(187)	(360)	6	(14)	(156)	(967)
Closing balance of current year	**14,414**	**10,852**	**17,798**	**1,172**	**559**	**41,609**	**86,404**

The balance of tangible assets at 31 December 2024 of € 86.4 million includes “Use rights” for € 1.6 million. In particular, the item “Land” includes for € 1.2 million the investment made some years ago by the Chinese subsidiary to buy the 50-year concession for the land on which the factory is being built.

The item “Investment” of approximately € 35.0 million includes all the additions in 2024, both those attributed, on purchase, directly to the relevant category and those classified under “Assets under construction and advances”. These investments regarded, in addition to use rights for € 0.3 million, essentially the category “Assets under construction and advances” and, to a lesser extent, “Plant and equipment”.

The item “Reclassification” refers to investments made both in previous years and in the current year, which were initially recorded in the category “Assets under construction and advances” and subsequently allocated, once terminated, to the specific relevant categories with the start of relevant amortisation.

The balance of the item “Assets under construction and advances” of € 41.6 million mainly refers to investments in the plant based in Czech Republic which will come into operation in the first six months of next year.

Disposals refer mainly to the scrapping of machinery and equipment which is no longer used and has been almost totally depreciated.

The effect of exchange rates is due to the conversion from local currency to Euro of the fixed assets mainly held by the Brazilian subsidiary IRCE Ltda.

Impairment Test

As envisaged by IAS 36, tangible assets, such as plants, machinery and equipment, as well as intangible assets, must be tested for impairment: separately, if they can generate their own cash flows, or on a CGU level, if they cannot generate their own cash flows (IAS 36.22). For assets with a finite useful life, the impairment test is carried out only where there is an indication of possible impairment; instead, for assets with an indefinite useful life, the impairment test is carried out at least once a year (IAS 36.11).

In the absence of assets with an indefinite useful life, the Directors considered it necessary to carry out the impairment test having identified the following impairment indicators:

- on the CGUs of FD Sims, as a first-level test, taking account of the negative results achieved in the period together with the failure to achieve the budget targets;
- on the IRCE Group, as a second-level test, given consolidated Shareholders’ Equity higher than the Stock Exchange capitalisation of IRCE shares, as recommended by the Bank of Italy/Consob/ISVAP document No. 4 of 3 March 2010.

On the basis of the 2025-2029 Business Plans of the aforementioned CGU and of the IRCE Group, specific impairment tests were therefore undertaken as approved, together with the Group Plan, by the Board of the Parent Company on 14 March 2025.

The Group tested the recoverability of the amount of net invested capital (NIC) of the CGU FD Sims and the IRCE Group, calculated by adding together fixed assets, net operating working capital, and other non-financial items, i.e., other assets, other liabilities, and provisions, respectively.

The recoverable amount (Enterprise value) was calculated in compliance with the criteria set out in IAS 36 and determined as value in use by discounting the cash flows expected from the use of the CGU as well as the value expected from its disposal at the end of its useful life. This process entailed the use of estimates and assumptions to determine both the amount of future cash flows and the relevant discounting rates. In particular, in order to determine future cash flows, the data of the 2025 – 2029 Multi-year Plans were taken into account; furthermore, a terminal value represented by a perpetual return was determined at the end of the explicit period (2029). In order to determine the perpetual operating flow, the normalised cash flow of the last year of the plan was used, since the Group’s Management considers this to be a normalised long-term flow.

The aforementioned multi-year plans were reviewed by the management of the Parent Company and approved by the Directors of the subsidiaries by February 2025.

The “g” growth rate applied to determine the Terminal Value has been estimated as equal to the long-term inflation (2029) of the country in which each CGU operates.

The rates (WACC) used reflect market information, the current assessment of the time value of money for the period considered and the specific risks of the individual Group companies. In particular, , in order to reflect the risks associated with the degree of achievability of the plan results in the rate, a Small Size Premium of 1% and an execution risk of 3.5% were applied in the calculation for the FD Sims CGU, while at the consolidated level both risks were weighted for the turnover expected in the plan, and a "Small Size Premium" of 0.5% and an execution risk of 1.2% were therefore considered.

Here below we set out the WACC and "g" parameters used and the results of the impairment tests undertaken:

	FD Sims	IRCE Group
g	2.00%	2.15%
WACC	11.53%	9.42%
EV (€/000)	10,616	233,231
NIC (€/000)	6,078	197,125
Difference (€/000)	**4,538**	**36,106**

The impairment testing procedure, carried out in accordance with the provisions of IAS 36 and in applying criteria agreed with the Board of Directors, did not reveal any impairment in net invested capital recognised in relation to the CGU FD Sims and the IRCE Group.
Moreover, based also on the indications contained in document No. 4 issued jointly by the Bank of Italy, Consob and Isvap on 3 March 2010, the sensitivity analysis on the impairment test results compared with the changes in the basic assumptions that affect the value in use of the CGUs was prepared.
Here below are set out the results of the sensitivity analysis which highlights, alternatively, what the "discount rate (WACC)" and the change in "EBITDA" should be to make the value in use equal to its NIC, in percentage terms compared to the values included in the 2025-2029 Plan.

	FD Sims	IRCE Group
WACC	14.11%	10.29%
EBITDA	(24.36%)	(6.11%)

Following the aforementioned analyses, the Directors believe that the impairment tests undertaken do not present risks which make it necessary to apply a write-down. The Directors highlight in addition that, in consideration of the analyses undertaken on the recoverable value of the individual elements that make up the asset of the CGUs FD Sims and of the IRCE Group, mainly consisting of industrial sites, plant and machinery, copper inventories and trade receivables, they do not find problems regarding the recoverability of the related values recognised in the financial statements.
In addition, the Directors believe that the Stock Exchange capitalisation of IRCE shares is not representative of the Group's actual value taking account of the share's limited liquidity.

With reference instead to Smit Draad, following the decision to terminate production activities by 2025, when preparing the financial statements at 31 December 2024, Management, as required by IAS 36, carried out a test of the recoverability of the carrying amounts in the consolidated financial statements of the assets of the aforementioned subsidiary, mainly represented by land and buildings for € 1.2 million, plant and machinery for € 0.6 thousand, inventories for € 5.7 thousand, and trade receivables for € 1.9 thousand. Following this analysis, there was no need to recognise write-downs in the financial statements. With regards to the Group's liabilities in relation to the charges deriving from the closure of the production site, please refer to the comments in note 16.

5. OTHER NON-CURRENT FINANCIAL RECEIVABLES

(Thousands of Euro)	2024 31 December	2023 31 December
Other non-current financial receivables	7	5
Total equity investments and other financial assets	**7**	**5**

The total refers to a guarantee deposit of the Spanish subsidiary.

6. DEFERRED TAX ASSETS AND LIABILITIES

In the table below are set out the financial statement items “Deferred tax assets” and “Deferred tax liabilities”.

(Thousands of Euro)	2024 31 December	2023 31 December
Deferred tax assets	2,502	2,495
Deferred tax liabilities	(280)	(286)
Total deferred tax assets (net)	**2,222**	**2,209**

The changes in the period in “Net deferred tax assets” and “Net deferred tax liabilities” are shown below:

(Thousands of Euro)	Opening balance	Increase	Decrease	Effect on shareholders’ equity	Effect of exchange rates	Closing balance
Deferred tax assets	2,495	527	(486)	(4)	(30)	2,502
Deferred tax liabilities	(286)	(41)	1	42	4	(280)
Total	**2,209**	**486**	**(485)**	**38**	**(26)**	**2,222**

The effects on shareholders’ equity refer to changes in the actuarial reserve as per IAS 19.

It should be noted that deferred tax assets are offset against related deferred tax liabilities within the same tax jurisdiction. Therefore, here below are set out the balances of the deferred tax assets and liabilities at 31 December 2024, divided by Group company, before offsetting in the same fiscal jurisdiction.

(Thousands of Euro)	IRCE	IRCE Ltda	Isomet	Isodra	Consolidation adjustments	Total
Deferred tax assets	2,589	188	235	153	69	3,234
Deferred tax liabilities	(498)	-	(514)	-		(1,012)
Total net deferred tax assets	**2,091**	**188**	**(279)**	**153**	**69**	**2,222**

The table above shows that, with the exception of Isomet which has net deferred tax liabilities of € 279 thousand, the other companies in the Group have an imbalance of prepaid taxes.

Here below is set out the breakdown of the deferred tax assets and liabilities before offsetting in the same fiscal jurisdiction:

(Thousands of Euro)	2024 31 December	2023 31 December
Provisions for risks and charges	79	79
Bad debt provision (subject to taxes)	270	322
Inventories / Inventory obsolescence	1,663	1,822
Adoption of IFRS 15	704	668
Adoption of IAS 19	207	166
Tax losses which can be carried forward	153	37
Other	158	129
Total deferred tax assets	**3,234**	**3,223**

(Thousands of Euro)	2024 31 December	2023 31 December
Depreciation/amortisation	29	29
Exchange rate differences	-	43
Land revaluation – IAS transition	413	413
Buildings revaluation – IAS transition	56	64
Inventories	514	432
Other	-	33
Total deferred taxes	**1,012**	**1,014**

7. OTHER NON-FINANCIAL NON-CURRENT ASSETS

(Thousands of Euro)	2024 31 December	2023 31 December
Other non-current assets	-	1,196
TOTAL OTHER NON-CURRENT ASSETS	**-**	**1,196**

The change refers to the short-term reclassification of the residual portion of ICMS, PIS and Cofins tax credits of the Brazilian subsidiary, as their recovery is expected within the next financial year.

8. INVENTORIES

Closing inventories are broken down as follows:

(Thousands of Euro)	2024 31 December	2023 31 December
Raw materials, ancillary and consumables	31,827	34,757
Work in progress and semi-finished goods	15,973	16,667
Finished products and goods	52,878	49,937
Provision for write-down of raw materials	(4,089)	(4,162)
Provision for write-down of work in progress and semi-finished goods	(145)	-
Provision for write-down of finished products	(2,099)	(2,704)
Total inventories	**94,345**	**94,495**

Inventories are not pledged nor used as collateral.

It should be noted that the quantities in stock as of 31 December 2024 are lower than in the previous year thanks to careful stock management, while the average cost of the metal is increasing.

In particular, the average price of copper in 2024 on the London Metal Exchange was 8.45 €/Kg, up by around 8 per cent compared to the price in the previous year of 7.84€/Kg, while the price at the end of the year was 8.38 €/Kg, up by around 9 per cent on 7.70 €/Kg at 31 December 2023.

Considering the upward trend in the price of copper in the first months of 2025, as well as expectations regarding the time to use the inventories in stock, the conditions to write down the inventories of the metal to their presumed realizable value as of 31 December 2024, were not satisfied.

The table below shows the changes in the provision for write-down of inventories during 2024:

(Thousands of Euro)	Opening balance	Allocation	Use	Effect of exchange rates	Closing balance
Provision for write-down of raw materials	(4,162)	(67)	124	16	(4,089)
Provision for write-down of work in progress	-	(145)	-	-	(145)
Provision for write-down of finished products	(2,704)	-	584	21	(2,099)
Total	**(6,866)**	**(212)**	**708**	**37**	**(6,333)**

The provision for write-down 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-down of finished products and goods is set aside against slow-moving or non-moving finished products as well as products that are not eligible for sale.

9. TRADE RECEIVABLES

Here below is set out the breakdown of trade receivables:

(Thousands of Euro)	2024 31 December	2023 31 December
Short-term receivables due from customers	55,204	68,499
Short-term bad debt provision from third parties	(1,121)	(1,342)
Total trade receivables	**54,083**	**67,157**

The change in trade receivables compared to the previous period is due to a change in the sales mix in favour of customers with shorter payment times, the improvement in the payment terms of some important customers, as well as the higher number of assignments without recourse outstanding at the end of the year.

The trade receivables sold without recourse during the year amounted to € 95.1 million (€ 64.0 million at 31 December 2024), of which € 27.5 million relating to invoices sold but not yet overdue as at 31 December 2024 (at 31 December 2023 € 21.0 million).
The table below shows the changes in the bad debt provision during 2024:

(Thousands of Euro)	Opening balance	Allocation	Use	Effect of exchange rates	Closing balance
Short-term bad debt provision from third parties	(1,342)	(5)	235	(9)	(1,121)

The item “Use” includes a release of €200 thousand by the Parent Company attributable to the restatement at the end of the year of the “expected losses” that benefited from the low default rate of recent years.

10. TAX RECEIVABLES AND PAYABLES

The following tables set out the breakdown of tax receivables and tax payables.

(Thousands of Euro)	2024 31 December	2023 31 December
Tax receivables (direct taxes)	114	22
Total tax receivables	**114**	**22**

(Thousands of Euro)	2024 31 December	2023 31 December
Tax payables due to Aequafin	644	1,169
Short-term tax payables	633	327
Total tax payables	**1,277**	**1,496**

“Tax receivables (direct taxes)” mainly refer to the Indian subsidiary.
“Tax payables – current” show the net balance of the Italian regional manufacturing tax (IRAP) of the Parent Company and the direct taxes of the subsidiaries.
“Tax payables due to Aequafin” show 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.

11. RECEIVABLES DUE FROM OTHERS

(Thousands of Euro)	2024 31 December	2023 31 December
Accrued income and prepaid expenses	381	259
Receivables due from social security institutions	28	-
Other receivables	3,921	2,937
VAT receivables	986	1,379
Total receivables due from others	**5,316**	**4,575**

The item "Other receivables" mainly includes the tax credit under Industria 4.0 accrued by the Parent Company following investments in capital goods made in previous years as well; the change in the period is attributable to interconnections and integrations during this year.

The change in "VAT receivables" was due mainly to the Brazilian subsidiary.

Please note that VAT receivables were offset by tax jurisdiction if, and only if, the entity has the right to offset the recognised amounts and intends to settle on a net basis.

12. CURRENT FINANCIAL ASSETS

Here below is set out the breakdown of current financial assets:

(Thousands of Euro)	2024 31 December	2023 31 December
Mark to market gains derivatives on metals	-	87
Guarantee deposits	10	17
Mark to market financial assets	287	263
Mark to market gains derivatives exchange rates	115	6
Total current financial assets	**412**	**373**

The items "Mark to market gains derivatives on metals" and "Mark to market gains derivatives exchange rate" refer to the positive fair value of forward contracts on copper and on currencies open at year-end of the Parent Company IRCE S.p.A. For more details, reference should be made to section 2.

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

13. CASH AND CASH EQUIVALENTS

This item includes bank deposits, cash and cash equivalents.

(Thousands of Euro)	2024 31 December	2023 31 December
Bank deposits	13,852	14,159
Cash and cash equivalents	7	8
Total cash and cash equivalents	**13,859**	**14,167**

Bank deposits are remunerated at a variable rate and are not subject to liens or restrictions.

For further details regarding financial management, reference should be made to the contents at point 15 "Current and non-current financial liabilities".

14. SHAREHOLDERS' EQUITY

Consolidated shareholders' equity amounted to € 150.6 million as of 31 December 2024 (€ 153.3 million as of 31 December 2023) and is detailed in the following table.

(Thousands of Euro)	2024 31 December	2023 31 December
Share capital	14,627	14,627
Treasury Shares	(871)	(845)
Share premium reserve	40,539	40,539
Revaluation reserve	22,328	22,328
Treasury shares (share premium)	(202)	(130)
Legal reserve	2,925	2,925
IAS 19 reserve	(891)	(730)
Extraordinary reserve	57,714	53,496
Other reserves	23,595	23,595
Retained earnings/losses carried forward	19,227	16,808
Foreign currency translation reserve	(34,967)	(27,190)
Profit/(loss) for the period	6,900	8,226
Total Shareholders' Equity of the Group	**150,924**	**153,649**
Total non-controlling interests	(308)	(322)
TOTAL SHAREHOLDERS' EQUITY	**150,616**	**153,327**

Share capital

The following table shows the breakdown of share capital.

(Thousands of Euro)	2024 31 December	2024 31 December
Subscribed share capital	14,627	14,627
Treasury shares reserve	(871)	(845)
Share capital	**13,756**	**13,782**

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.

The Treasury Shares Reserve refers to the nominal value of treasury shares held by the Company; as required by the IFRS, they are deducted from equity.

Treasury shares as of 31 December 2024 amounted to 1,674,567 and corresponded to 5.95% of the share capital. There are therefore 26,453,433 outstanding shares.

The changes in the number of shares (in thousands) outstanding at the beginning and at the end of the last two years is shown below:

Changes in treasury shares	Thousands of shares
Balance at 31.12.2022	**26,542**
Share buyback	(38)
Balance at 31/12/2023	**26,504**
Share buyback	(51)
Balance at 31/12/2024	**26,453**

Share premium reserve

This item includes the higher issue value compared to the par value of IRCE S.p.A. shares at the time of the share capital increase when the Company was first listed on the Stock Exchange in 1996.

Revaluation reserve

The item refers to the revaluation carried out in accordance with Italian Law 266/1995, equal to € 22,328 thousand, prior to the transition to IFRS. This was not reversed as, upon adopting IFRS, the Group elected to adopt fair value, as resulting from net revaluation balances, as a surrogate for cost with respect to the assets being revalued.

Legal reserve

The item shows the earnings retained in previous years by IRCE, in accordance with the provisions of article 2430 of the Italian Civil Code, and is no longer topped up having reached a fifth of the share capital.

IAS 19 reserve

This reserve includes actuarial gains and losses accumulated as a result of the application of IAS 19 Revised. The change in the reserve, in thousands of Euro, is as follows:

Change in IAS 19 reserve	In Thousands of Euro
Balance at 31/12/2022	**(424)**
Actuarial valuation	(385)
Tax effect	79
Balance at 31/12/2023	**(730)**
Actuarial valuation	(199)
Tax effect	38
Balance at 31/12/2024	**(891)**

Extraordinary reserve

The extraordinary reserve largely consists of the Parent Company's retained earnings, net of dividends paid, and in 2024 stood at € 1,588 thousand.

Other reserves

This item, equal to € 23,595 thousand, includes:

- the Merger surplus reserve (due to cancellation) which arose in the year 2001 following the merger of Irce Cavi S.p.A. and Isolcable S.r.l. into IRCE S.p.A., amounting to € 6,621 thousand;
- the Reserve of profits to be re-invested in Southern Italy, totalling € 201 thousand;
- the FTA Reserve, which represents the offsetting item for all adjustments made to the financial statements in order to comply with IAS/IFRS as of 1 January 2004 (transition year), amounting to € 16,773 thousand.

Retained earnings/losses carried forward

This item essentially includes the results for the year of the subsidiaries carried forward.

Foreign currency translation reserve

This reserve represents the accounting differences which result from the translation of the foreign subsidiaries' financial statements expressed in local currency other than the Euro by using the official exchange rate as of 31 December 2024. The negative change in the translation reserve of € 7,777 thousand is mainly linked to the depreciation of the Brazilian Real against the Euro.

15. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Here below is the breakdown of current and non-current financial liabilities:

(Thousands of Euro)	2024 31 December	2023 31 December
Payables due to banks	17,399	20,397
Mark-to-market loss derivatives on metals	146	-
IFRS 16 financial liabilities	124	63
Mark-to-market loss derivatives exchange rates	9	-
Long-term loans – current	5,079	6,064
Total current financial liabilities	**22,757**	**26,524**

“Current financial liabilities due to banks” largely include short-term lines of credit and self-liquidating lines.

(Thousands of Euro)	2024 31 December	2023 31 December
Financial liabilities due to banks	37,765	13,498
IFRS 16 financial liabilities	258	166
Total non-current financial liabilities	**38,023**	**13,664**

The table below shows the changes in non-current financial liabilities during 2024:

(Thousands of Euro)	Opening balance	Reclassifications	Loan	Repayment	Effect of exchange rates	Closing balance
Financial liabilities due to banks	13,498	(5,709)	30,000	-	(24)	37,765
IFRS 16 financial liabilities	166	(170)	309	(50)	1	258
Total	**13,664**	**(5,879)**	**30,309**	**(50)**	**(23)**	**38,023**

The raising of € 30 million in bank loans is associated with the construction of the production plant in the Czech Republic.
The item “Reclassification” mainly sets out the amounts of non-current financial liabilities to be repaid within 12 months, thus reclassified under current financial liabilities.

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

(Thousands of Euro)	Currency	Rate	Company	31.12.2024	31.12.2023	Due date
Banca di Imola	EUR	Floating	IRCE	736	2,163	2026
Banca di Imola	EUR	Floating	IRCE	10,000	-	2034
Mediocredito	EUR	Floating	IRCE	-	461	2025
Banco Popolare	EUR	Fixed	IRCE	380	1,136	2026
Deutsche Bank	EUR	Floating	IRCE	2,625	4,375	2027
BPER	EUR	Floating	IRCE	3,889	4,445	2032
BPER	EUR	Floating	IRCE	10,000	-	2034
MPS	EUR	Floating	IRCE	10,000	-	2034
Credit Suisse	EUR	Fixed	Isomet	135	270	2027
Banco Popolare	EUR	Fixed	Isomet	-	648	2025
Total				**37,765**	**13,498**	

It should be noted that as of December 31, 2024, compliance with all financial constraints is expected for a loan; these covenants, determined as the ratio between "net financial position" and "equity" and between "EBITDA" and "net financial position", were fully satisfied.

The overall net financial position of the IRCE Group, determined on the basis of the model envisaged by Consob Warning Notice No. 5/21 of 29 April 2021, which transposes the ESMA guideline published on 4 March 2021, is shown below.

(Thousands of Euro)	2024 31 December	2023 31 December
Cash and Cash Equivalents	13,859	14,167
Current financial assets	412	373
Liquid assets	**14,271**	**14,540**
Other financial assets Current	(17,678)	(20,460)
Long-term loans – current portion	(5,079)	(6,064)
Net current financial position	**(8,486)**	**(11,984)**
Non-current financial liabilities due to third parties	(38,023)	(13,664)
Net financial position	**(46,509)**	**(25,648)**

The net financial position as of 31 December 2024 amounted to € 46.5 million, an increase compared to € 25.6 million as of 31 December 2023 following the taking out of three loans totalling € 30.0 million that made it possible to finance the construction of the new industrial plant in the Czech Republic, only partially offset by the effects of the reduction in working capital and the cash generated by operations.

The net financial position includes in total € 382 thousand in financial payables relating to leases accounted for in accordance with IFRS 16.

At 31 December 2024 the IRCE Group also had contractual commitments for around € 303 million relating both to the construction of two factories, in the Czech Republic and China, respectively, and to the purchase of plant and machinery and metal.

In relation to the latter commitment, since the purchase price of copper will be determined in 2025 on the basis of the LME price at the time of delivery, the valuation of the commitment was done by using the LME price at 31 December 2024.

16. PROVISIONS FOR CURRENT AND NON-CURRENT RISKS AND CHARGES

The provision for current and non-current risks and charges is broken down as follows:

(Thousands of Euro)	2024 31 December	2023 31 December
Provision for severance payments to agents – non-current	119	112
Other provisions – non-current	439	734
Total provision for non-current risks and charges	**558**	**846**

(Thousands of Euro)	2024 31 December	2023 31 December
Provision for severance payments to agents – current	8	-
Other provisions –-current	3,352	239
Total provision for current risks and charges	**3,360**	**239**

Here below is set out the change in the provisions for non-current and current risks and charges at 31 December 2024:

(Thousands of Euro)	Opening balance	Allocation	Use	Effect of exchange rates	Closing balance
Provision for severance payments to agents – non-current	112	7	-	-	119
Other provisions – non-current	734	-	(300)	5	439
Total provision for risks – non-current	**846**	7	**(300)**	**5**	**558**

(Thousands of Euro)	Opening balance	Allocation	Use	Effect of exchange rates	Closing balance
Provision for severance payments to agents – current	-	8	-	-	8
Other provisions –-current	239	3,113	-	-	3,352
Total provision for risks – current	**239**	**3,121**	-	-	**3,360**

The item “provision for severance payments to agents” refers to allocations made for severance payments relating to outstanding agency contracts of the Parent Company and the Dutch subsidiary.
“Other provisions” refer to the Parent Company and to the subsidiaries Smit Draad Nijmegen and FD Sims. The allocation for the current portion includes for € 3 million the estimated costs to be incurred for the closure of the Dutch subsidiary.

The item “Use” of € 300 thousand refers to Smit Draad and concerns the release of the provision allocated as of 31 December 2023, as the underlying risk no longer exists.

17. PROVISIONS FOR EMPLOYEE DEFINED BENEFITS

The Provision for employee defined benefits is part of the defined benefits plans, and also includes the liability relating to employee termination indemnities (Trattamento di Fine Rapporto, TFR).

This Provision refers for € 2,665 thousand to the Parent Company, for € 882 thousand to Isomet, for € 50 thousand to Magnet Wire, and for € 108 thousand to Isolveco 2, and in 2024 saw the following changes:

(Thousands of Euro)	Opening balance	Allocation	Effect on shareholders' equity	Use	Effect of exchange rates	Closing balance
Long-term employee benefits' provision	3,673	266	199	(445)	(8)	3,685
Total	**3,673**	**266**	**199**	**(445)**	**(8)**	**3,685**

The actuarial valuation of defined benefit plans was undertaken on the basis of the “accrued benefits” methodology through the “Projected Unit Credit” (PUC) criterion as envisaged in paragraphs 67-69 of IAS 19.

Below are the demographic and technical-economic assumptions used by the actuary for the measurement of the provision for employee benefits with reference to the main Group companies, IRCE S.p.A. and Isomet AG respectively:

I. Parent Company IRCE S.p.A.

Here below are the demographic and technical-economic assumptions used by the actuary in measuring the provision for employee benefits:

Demographic assumptions	2024 31 December	2023 31 December
Death	Istat 2022	RG48 mortality tables issued by the State General Accounting Department
Disability	INPS tables based on age and gender	INPS tables based on age and gender
Pension	100% on reaching the requirements of the general compulsory insurance (AGO, Assicurazione Generale Obbligatoria)	100% on reaching the requirements of the general compulsory insurance (AGO, Assicurazione Generale Obbligatoria)

Technical-economic assumptions	2024 31 December	2023 31 December
Annual discount rate	2.93%	2.95%
Annual inflation rate	2.00%	2.00%

The discount rate, in line with paragraph 83 of IAS 19, was inferred from the IBOXX Corporate AA index with a 5-7-year duration as of the measurement date.

Sensitivity analysis of the main measurement parameters (in thousands of Euro):

(Thousands of Euro)	Sensitivity	DBO 2024 31 December	DBO 2023 31 December
Turnover rate	+1.00%	2,649	2,839
Turnover rate	- 1.00%	2,641	2,830
Inflation rate	+0.25%	2,668	2,861
Inflation rate	-0.25%	2,622	2,808
Discount rate	+0.25%	2,609	2,792
Discount rate	-0.25%	2,682	2,877
Service cost		0.00	0.00
Plan term (years)		6.3	6.7

II. Isomet

The Provision for employee benefits of Isomet can be broken down as follows:

Provision for Isomet employee benefits	2024 31 December	2023 31 December
Defined Benefit Obligation	6,349	5,483
Fair Value of Plan assets	(5,467)	(4,807)
Provision for Isomet employee benefits	882	676

Here below are summarised the main valuation parameters:

Demographic and technical-economic assumptions:	2024 31 December	2023 31 December
Annual discount rate	1.00%	1.50%
Interest rate on retained earnings	1.10%	1.50%
Salary increase rate	1.00%	1.00%
Annual inflation rate	1.00%	1.00%
Mortality tables	BVG2020 GT	BVG2020 GT

Sensitivity analysis of the main valuation parameters of the "Defined Benefit Obligation" (in thousands of Euro):

(Thousands of Euro)	Sensitivity	DBO 2024 31 December	DBO 2023 31 December
Discount rate	-0.25%	6,572	5,663
Discount rate	+0.25%	6,141	5,314
Interest rate on retained earnings	-0.25%	6,311	5,453
Interest rate on retained earnings	+025%	6,388	5,503
Salary increase rate	-0.25%	6,332	5,465
Salary increase rate	+0.25%	6,365	5,497
Life expectancy	+ 1 year	6,496	5,593
Life expectancy	- 1 year	6,200	5,372

18. TRADE PAYABLES

(Thousands of Euro)	2024 31 December	2023 31 December
Trade payables	26,010	33,207
Total trade payables	**26,010**	**33,207**

The change in trade payables is mainly attributable to Irce Ltda and Irce S.r.o.; for the Brazilian subsidiary, the decrease is attributable to the lower quantities of copper in transit at the end of the year compared to the previous year, while for the Czech subsidiary the reduction is due to the fact that the construction of the plant was nearing completion at the end of the year, while as of 31 December 2023, work had only just begun.

19. SOCIAL SECURITY CONTRIBUTIONS

The item standing at € 2,013 thousand at 31 December 2024 (€ 2,021 at 31 December 2023), refers to the payable for Group contributions to be paid, mainly relating to the Parent Company and to Smit Draad Nijmegen.

20. OTHER CURRENT LIABILITIES

Other payables are broken down as follows:

(Thousands of Euro)	2024 31 December	2023 31 December
Payables due to employees	3,346	3,281
Accrued liabilities and deferred income	3,463	2,230
Other payables	605	853
VAT payables	532	1,577
Payables for employee IRPEF withholdings	567	566
Total other current liabilities	**8,513**	**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 change in the item "Accrued liabilities and deferred income" is largely attributable to the Parent Company and was due, in particular, to the contributions for plant and equipment relating to the Industria 4.0 tax credit, recognised in 2024 following the interconnection and integration of the capital goods acquired in previous years as well, and which will be released in coming years to the income statement in line with the repayment plan for capital goods to which reference is made.

"Other payables" mainly include payables due to the tax authorities for withholding taxes, advances from customers, should it not be possible to offset them with credit entries, and other miscellaneous liabilities.

The significant decrease in the item "VAT payables" is mainly attributable to the Parent Company and the Dutch subsidiary.

COMMENT ON THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

21. SALES REVENUES

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

(Thousands of Euro)	2024 31 December	2023 31 December	Change
Revenues	397,654	402,780	(5,126)

Consolidated turnover in 2024 fell by 1.3% compared to the previous year. The variation is mainly due to a reduction in quantities sold, partly offset by an increase in the average selling prices of metal.

For further details, please refer to the section "*Consolidated performance for 2024*" in the Report on Operations.

Revenues broken down by product are shown below:

(Thousands of Euro)	Current year			Previous year		
	Winding wires	Cables	Total	Winding wires	Cables	Total
Revenues	319,292	78,362	397,654	324,108	78,672	402,780
% of total	*80%*	*20%*	*100%*	*80%*	*20%*	*100%*

The following table shows the breakdown of revenues by geographical area of destination of the finished product.

(Thousands of Euro)	Current year				Previous year			
	Italy	EU	Non-EU	Total	Italy	EU	Non-EU	Total
Revenues	143,000	102,711	151,943	397,654	144,046	124,503	134,231	402,780
% of total	*36%*	*26%*	*38%*	*100%*	*36%*	*31%*	*33%*	*100%*

22. OTHER REVENUES AND INCOME

Other income was broken down as follows:

(Thousands of Euro)	2024 31 December	2023 31 December	Change
Increases in internally generated fixed assets	125	84	41
Capital gains on disposals of assets	211	201	10
Insurance reimbursements	168	94	74
Contingent assets	131	307	(176)
Other revenues and income	1,151	1,067	84
Total other revenues and income	**1,786**	**1,753**	**33**

The item "Increase in internally generated fixed assets" refers mainly to processing undertaken internally on plant and machinery mostly recorded under item "Assets under construction".

The item "Contingent assets" refers mainly to provisions which exceed the liability made in previous years.

The item 'Other revenues and income' mainly includes the portion pertaining to 2024 of the plant installation contributions relating to the tax credits under the 4.0 programme of the Parent Company.

23. COSTS FOR RAW MATERIALS AND CONSUMABLES

The breakdown of the item is shown below:

(Thousands of Euro)	2024 31 December	2023 31 December	Change
Costs for raw materials and consumables	(294,384)	(280,150)	(14,234)
Change in raw materials, other materials and goods	(483)	(17,029)	16,546
Purchase of finished goods	(12,750)	(9,371)	(3,379)
Total costs for raw materials and consumables	**(307,617)**	**(306,550)**	**(1,067)**

The item “Costs for raw materials and consumables” mainly includes the costs incurred for the purchase of copper and aluminium, insulating materials, and packaging and maintenance materials. The increase compared to the previous financial year is attributable to an increase in the average price of copper, partly offset by a reduction in purchased volumes.

The item “Changes in inventory of raw materials, other materials and goods” shows the difference between the opening and closing value of the Inventory in the Statement of financial position.

The item ‘Purchase of finished goods’ mainly refers to Isomet AG and concerns the purchase of cables from third-party suppliers.

24. COSTS FOR SERVICES

This item is broken down as follows:

(Thousands of Euro)	2024 31 December	2023 31 December	Change
External processing	(8,006)	(8,352)	346
Utility expenses	(12,787)	(12,787)	-
Maintenance	(2,538)	(2,808)	270
Transport expenses	(5,787)	(6,145)	358
Fees payable	(132)	(129)	(3)
Compensation of Statutory Auditors	(68)	(73)	5
Other services	(7,446)	(6,391)	(1,055)
Costs for the use of third-party assets	(314)	(316)	2
Total costs for services	**(37,078)**	**(37,001)**	**(77)**

The variation in ‘External processing’ and ‘Transport expenses’ is mainly due to the lower volumes produced and sold compared to the previous year.

The decrease in the cost of ‘Maintenance’ compared to the previous year is mainly attributable to the Parent Company and partly to the Brazilian subsidiary.

The item “Other services” includes primarily technical, legal and tax consulting fees as well as R&D, insurance and business expenses. The variation is due to the Parent Company and in particular to greater use of technical and commercial consulting, as well as an increase in R&D costs.

“Costs for the use of third-party assets” include lease payments to which IFRS 16 does not apply because the underlying asset has a low value (less than € 5 thousand) or the lease term is less than 12 months.

25. PERSONNEL COSTS

Here below is the breakdown of personnel costs:

(Thousands of Euro)	2024 31 December	2023 31 December	Change
Salaries and wages	(22,242)	(20,848)	(1,394)
Social security charges	(5,120)	(4,891)	(229)
Pension costs	(1,863)	(1,852)	(11)
Other costs	(6,532)	(2,895)	(3,637)
Total personnel costs	**(35,757)**	**(30,486)**	**(5,271)**

The increase in the items 'Salaries and wages' and 'Social security charges' is attributable to the Group's production companies and is due to an increase in both the average number of employees (in particular, 11 employees were hired in the subsidiary in the Czech Republic) and the average salary per employee.

The item "Other personnel costs" includes costs for temporary work, contract work, and the compensation of Directors. The increase in the period is mainly due to the Dutch subsidiary owing to the provision made at year end following the decision to close the business and regards in particular the estimate of the amounts to be paid to employees for ending the employment relationship.

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

(Number of employees)	2023 31 December Closing number	2024 31 December Closing number	2024 31 December Average number
Executives	27	26	26
White collars	115	118	116
Blue collars	472	492	489
Total employees	**614**	**636**	**631**
Managers (temporary)	-	1	1
Office staff (temporary)	2	1	2
Labourers (temporary)	55	43	54
Total temporary staff	**57**	**45**	**56**
Total employees and temporary workers	**671**	**681**	**687**

The average 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.

26. DEPRECIATION/AMORTISATION AND IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

Here is the breakdown of depreciation/amortisation:

(Thousands of Euro)	2024 31 December	2023 31 December	Change
Amortisation of intangible assets	(134)	(142)	8
Depreciation of tangible assets	(6,523)	(6,613)	90
Depreciation of IFRS 16 tangible assets	(179)	(172)	(7)
Write-down of intangible assets	(4)	-	(4)
Write-down of tangible assets	(22)	-	(22)
Total amortisation/depreciation and impairment	**(6,862)**	**(6,927)**	**65**

The item 'Write-down of tangible assets' of € 22 thousand refers to a contract recorded under fixed assets in progress as at 31 December 2023 for which the conditions for capitalisation ceased to be met in 2024.

27. PROVISIONS AND WRITE-DOWNS

Provisions and write-downs are broken down as follows:

(Thousands of Euro)	2024 31 December	2023 31 December	Change
Write-down of receivables and cash and cash equivalents	195	580	(385)
Credit losses	(59)	(18)	(41)
Provisions for risks	300	(583)	883
Total amortisation/depreciation and write-downs	**436**	**(21)**	**457**

In relation to the change in the items "Bad debt provision" and "Provision for risks", reference should be made respectively to sections 9 – Trade receivables and 16 –Provision for risks and charges.

28. OTHER OPERATING COSTS

Other operating costs are broken down as follows:

(Thousands of Euro)	2024 31 December	2023 31 December	Change
Non-income taxes and duties	(765)	(754)	(11)
Other operating costs	(768)	(352)	(416)
Capital losses and contingent liabilities	(81)	(23)	(58)
Total other operating costs	**(1,614)**	**(1,129)**	**(485)**

The increase in the item 'Other operating costs' is due to the Parent Company and to the subsidiaries Smit Draad and Irce Ltda and mainly refers to contractual penalties charged by customers for product defects or late deliveries.

29. FINANCIAL INCOME AND CHARGES

Financial income and charges are broken down as follows:

(Thousands of Euro)	2024 31 December	2023 31 December	Change
Financial income	2,636	2,590	46
Financial charges	(4,699)	(4,524)	(175)
Foreign exchange gains/(losses)	495	(22)	517
Total financial income and charges	**(1,568)**	**(1,956)**	**388**

The increase in 'Financial charges' is mainly due to an increase in the Group's average debt, partly compensated by the reduction in market interest rates.

The variation in the item 'Foreign exchange gains/(losses)' is due to the increase in unrealised exchange rate gains recorded by the Parent Company and by Irce Ltda.

30. INCOME TAXES

(Thousands of Euro)	2024 31 December	2023 31 December	Change
Current taxes	(6,021)	(4,101)	(1,920)
Previous years' taxes	(1)	(254)	253
Deferred tax assets / liabilities	38	116	(78)
Total income taxes	**(5,984)**	**(4,239)**	**(1,745)**

Current taxes refer mainly to IRCE S.p.A. and Irce Ltda.

The higher tax rate compared to the previous year, going from 34% to around 46%, is partly due to the Parent Company because of the lower incidence of permanent decreases in income compared to the pre-tax result following the loss of income from industry 4.0 tax credits, and partly to the subsidiary Smit Draad, as no deferred tax assets were recognised on the loss for the period.

31. 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 treasury 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 December	2023 31 December
Profit/(loss) for the period (Thousands of Euro)	6,900	8,226
Average weighted number of ordinary shares outstanding	26,473,477	26,524,372
Basic earnings/(loss) per share	0.261	0.310
Diluted earnings/(loss) per share	0.261	0.310

32. RELATED PARTY DISCLOSURES

In compliance with the requirements of IAS 24, the annual compensation received by the members of IRCE S.p.A.'s Board of Directors is shown below:

(Thousands of Euro)	Compensation for the office held	Compensation for other tasks	Total
Directors	258	291	549

This table shows the compensation paid for any reason and in any form, excluding social security contributions.
Following the introduction of article 123-ter of the Consolidated Financial Act, further details on these amounts are provided in the Remuneration Report, which will be made available within the time limits prescribed by the law at the registered office of the Company as well as on the website www.irce.it.

In addition, it should be noted that Irce SpA has a tax liability for IRES towards the parent company Aequafin S.p.A. of € 644 thousand, with which a tax consolidation contract is in place.

33. GUARANTEES

Seven guarantees were released for a total of € 2.5 million in favour of a public company to guarantee the supply of electric cables.

34. FINANCIAL RISK MANAGEMENT

The Group's main risks and uncertainties, as well as risk management policies, are detailed below:

Market risk

The Group is strongly focused on the European market; the risk of major contractions in demand or worsening of the competitive scenario may significantly impact the results. To address these risks, the Group's medium to long-term strategy provides for a geographic diversification in non-EU countries.

Risk associated with changes in financial and economic variables

- *Exchange rate risk*

  The Group primarily uses the Euro as the reference currency for its sales transactions. It is exposed to exchange rate risks mainly in relation to its copper purchases, which it partly carries out in dollars; it may hedge such transactions using forward contracts. It is also exposed to foreign currency translation risks for its investments in Brazil, the UK, India, Switzerland, Poland, China, and Czech Republic.

  As for the foreign currency translation risk of subsidiaries, the Group believes this risk mainly concerns the investment in Brazil due to the high volatility of Brazilian Real, which affects the carrying amount of the investment. At 31 December 2024 the spot exchange rate for the Brazilian Real against the Euro of 6.42 depreciated by around 16.5% compared to the previous year, with a significantly negative impact on the translation reserve. At the beginning of 2025, the same exchange rate had risen again, reaching 6.08 at the end of February.

  Here below is a sensitivity analysis that shows the hypothetical accounting effects on the Group's Statement of Financial Position, simulating a +5% (depreciation of the Real) -5% (appreciation of the Real) change in the EUR/BRL exchange rate compared to 31 December 2024 (6.42 EUR/BRL):

Consolidated statement of financial position data	2024	Change in EUR/BRL exchange rate	
(Thousands of Euro)	31 December	+5%	-5%
Non-current assets	88,963	(265)	293
Current assets	168,129	(1,852)	2,047
Total assets	**257,092**	**(2,117)**	**2,340**
Shareholders' equity	150,616	(1,801)	1,991
Non-current liabilities	42,546	-	-
Current liabilities	63,930	(316)	349
Total Liabilities and Shareholders' Equity	**257,092**	**(2,117)**	**2,340**

  The above simulation shows that a 5% depreciation in the Real compared to 31 December 2024 would negatively impact the Group's foreign currency translation reserve, and therefore the other comprehensive income by € 2.1 million, while a 5% appreciation in the Brazilian currency would result in a € 2.3 million positive impact.

- *Interest rate risk*

  In the past the Group financed itself in the medium/long term mainly by borrowing at a variable interest rate (connected to the Euribor), thus exposing itself to risk from a rise in interest rates. The Group will assess whether to make hedges on the basis of the terms and conditions offered by the market and the expectations for the trend in interest rates. Short-term lines of credit are always at variable rates.

Here below is a sensitivity analysis showing the effects on the result, simulating a +/- 25 basis points change in interest rates:

Consolidated income statement data	2024	Change in interest rates	
(Thousands of Euro)	31 December	+25pb	-25pb
Revenues	397,654		
EBIT	14,467		
Net result (Group and minorities)	6,915	(95)	95

- *Risks related to fluctuations in the prices of raw materials*

  The main raw material used by the Group is copper. The changes in its price can affect margins as well as financial requirements. In order to mitigate the potential impact of changes in the price of copper on margins, the Group implements a hedging policy using forward contracts on the positions generated by operating activities. However, given falling copper prices, the risk remains of having to measure the final inventories at their expected realisable value, should it be below the average weighted cost for the period, with a negative impact on the result.

  The average price of copper in 2024 on the London Metal Exchange was 8.45 €/Kg, up by around 8 per cent compared to the price in the previous year of 7.84€/Kg, while the price at the end of the year was 8.38 €/Kg, up by around 9 per cent on 7.70 €/Kg at 31 December 2023. It should also be noted that the upward trend in the price of copper continued at the beginning of 2025, reaching 8.99 €/kg at the end of February.

  Here below is a sensitivity analysis setting out the effects on the Group's revenues and EBIT by simulating a change in the copper price of +/- 5% compared to the average sale price of copper in 2024 and without considering the economic impacts connected to the change in inventories or the impact of the forward purchase or sale on copper.

Consolidated income statement data	2024	Change in the price of copper	
(Thousands of Euro)	31 December	+5%	-5%
Revenues	397,654	14,254	(14,254)
EBIT	14,467	285	(285)

Financial risks

These are risks associated with financial resources.

- *Credit risk*

  There are no significant concentrations of credit risk. The Group monitors this risk using assessment and lending procedures with respect to each credit position. In addition, considering that the Group's main customers are established, industry-leading firms, there are no particular risks that could cause days sales outstanding or credit quality to deteriorate, also considering the Russia-Ukraine and Israel-Palestine wars. It should also be noted that as from 2023 the Group has also selectively activated insurance hedges in order to limit the risk of insolvency.

- *Liquidity risk*

  The financial situation and the credit lines available, together with the Group's high standing which makes it possible to acquire new loans quickly at competitive prices, are such as to rule out difficulties in fulfilling the obligations associated with the liabilities.

  Below are the amounts of credit lines and uses as at 31 December 2024.

Consolidated financial data (Thousands of Euro)	Cash	Self-liquidating credit lines	Short-term credit lines	Total
Credit lines	13,859	76,980	58,000	148,839
Uses	0	(14,980)		(14,980)
Available credit	**13,859**	**62,000**	**58,000**	**133,859**

The table below shows the breakdown and due date of debt items as at 31 December 2024.

Consolidated financial data (Thousands of Euro)	<1 year	>1 <5 years	> 5 years	Total
Non-current financial liabilities		23,992	20,911	44,903
Deferred tax liabilities		280		280
Provision for risks and charges		558		558
Provision for employee benefits	585	2,340	760	3,685
Total non-current liabilities	**585**	**27,170**	**21,671**	**49,426**
Current financial liabilities	24,344			24,344
Trade payables	26,010			26,010
Tax payables	1,277			1,277
Social security contributions	2,013			2,013
Other current liabilities	8,513			8,513
Provision for current risks and charges	3,360			3,360
Total current liabilities	**65,517**	**-**	**-**	**65,517**
Commitments	**12,448**			**12,448**
Total debt and commitments by expiry date	**78,550**	**27,170**	**21,671**	**127,391**

It should be noted that current and non-current financial liabilities include, in addition to the principal amount, the estimate of the financial charges to be paid until the debt is extinguished, determined on the basis of the market rates at the end of the year.

The item 'Commitments' includes existing contracts for the construction of two new industrial plants, in the Czech Republic and the People's Republic of China respectively, as well as for the purchase of plant and machinery. Copper purchase commitments were not included, as this is a commodity quoted on the LME market and easily disposed of.

As at 31 December 2024, the IRCE Group reported € 13.9 million in cash, € 0.4 million in current financial assets, € 54.1 million in trade receivables, € 94.3 million in inventories, and € 133.9 million in unused credit lines.

35. MANAGEMENT OF TRADE RECEIVABLES

Here below is the breakdown of the receivables divided by the level of risk on the basis of the internal rating and by expiry. The classification of receivables takes into account any positions subject to renegotiation.

(Thousands of Euro)	2024 31 December	2023 31 December	Change
Risk level			
Low	42,572	54,207	(11,635)
Average	9,004	11,178	(2,174)
Above average	2,523	1,922	601
High	1,105	1,191	(86)
Total trade receivables	**55,204**	**68,498**	**(13,294)**

(Thousands of Euro)	2024 31 December	2023 31 December	Change
Due date			
Not yet due	33,550	44,780	(11,230)
0 - 30 days	16,988	21,359	(4,371)
30 - 60 days	2,223	604	1,619
60 - 90 days	635	279	356
90 - 120 days	600	78	522
> 120 days	1,208	1,398	(190)
Total trade receivables	**55,204**	**68,498**	**(13,294)**

The bad debt provision of € 1.1 million refers for € 0.6 million to the ranges for expiry of "> 120 days" and for "High" risk, while for the remaining € 0.5 million it is for the other expiry ranges and for "Minimum", "Medium" and "Above average" risk.
In accordance with the provisions of IFRS 8, Paragraph 34, it is noted that for the year ended at 31 December 2024 a third-party customer generated revenue for the IRCE Group of around 10% of Total revenue.

36. CAPITAL RISK MANAGEMENT

The primary objective in managing the capital is to maintain a solid credit rating and adequate capital ratios in order to support operations and maximise shareholder value.

(Thousands of Euro)	2024 31 December	2023 31 December
Net financial position (A)	(46,509)	(25,648)
Shareholders' equity (B)	(150,616)	(153,327)
Total capital (A) + (B) = (C)	(197,125)	(178,975)
Gearing ratio (A) / (C)	**23.6%**	**14.3%**

As can be seen from the table above, the gearing ratio stands at 23.6%, a percentage that confirms the low level of financial risk and the high solidity of the IRCE Group.

37. FINANCIAL INSTRUMENTS

a) Financial instruments by category

The following table shows financial assets and liabilities by category of financial instrument:

	Current year				Previous year			
(Thousands of Euro)	Amortised cost	FV with a balancing entry in the income statement	FV with a balancing entry in equity	Total	Amortised cost	FV with a balancing entry in the income statement	FV with a balancing entry in equity	Total
Non-current financial assets:								
Other non-current financial receivables	6	-		6	5	-		5
Current financial assets:								
Trade receivables	54,083	-		54,083	67,157	-		67,157
Current financial assets	10	402		412	17	357		373
Cash and Cash Equivalents	13,859	-		13,859	14,167	-		14,167
Non-current financial liabilities:								
Non-current financial liabilities due to third parties	38,023	-		38,023	13,664	-		13,664
Current financial liabilities:								
Trade payables	26,010	-		26,010	33,207	-		33,207
Current financial liabilities due to third parties	22,602	155		22,757	26,524	-		26,524

b) Fair value of financial instruments

The following table shows a comparison between the carrying amount and fair value broken down by category of instrument:

(Thousands of Euro)	2024 31 December	2023 31 December	2024 31 December	2023 31 December
	Carrying amount		Fair value	
Financial Assets				
Cash and Cash Equivalents	13,859	14,167	13,859	14,167
Current financial assets	412	373	412	373
Trade receivables	54,083	67,157	54,083	67,157
Non-current financial assets and receivables	6	5	6	5
Financial liabilities				
Current financial liabilities due to third parties	22,757	26,524	22,757	26,524
Trade payables	26,010	33,207	26,010	33,207
Non-current financial liabilities due to third parties	38,023	13,664	38,023	13,664

c) Fair value hierarchy

The following table shows the levels of the fair value hierarchy (Thousands of Euro).
IFRS 13 defines the following three levels of fair value for measuring the financial instruments recognised in the statement of financial position:

- Level 1: quoted prices in active markets.
- Level 2: market inputs other than Level 1 inputs that are observable, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: inputs not based on observable market data.

31 December 2024 (Thousands of Euro)	Level 1	Level 2	Level 3	Total
Derivative Financial Instruments		115		115
Current financial assets	287			287
Total assets	**287**	**115**		**402**
Derivative Financial Instruments		(155)		(155)
Total liabilities		**(155)**		**(155)**

During the year, there were no transfers between the three fair value levels specified in IFRS 7.

38. DISCLOSURE PURSUANT TO ARTICLE 149-DUODECIES OF CONSOB ISSUERS' REGULATIONS

The following statement, drafted in accordance with article 149-duodecies of Consob Issuers' Regulations, shows the compensation for 2024 for auditing services and for other services, including expenses, provided by the independent auditor or by entities belonging to its network, to Group's companies.

Type of service	Entity supplying the service	Recipient	Compensation (€/000)
Auditing services	Deloitte & Touche S.p.A.	IRCE S.p.A.	124
Other certifications (CSRD)	Deloitte & Touche S.p.A.	IRCE S.p.A.	40
Auditing services	Deloitte & Touche	Foreign subsidiaries	63

39. INFORMATION PURSUANT TO ITALIAN LAW NO. 124/2017

In line with the provisions of Italian Decree Law 135/2018 and in place of the disclosure obligation envisaged by Italian Law 124/2017, it is stated that IRCE S.p.A. has received in this financial year State aid that is subject to publication in the Italian State Aid Register.

40. STATEMENT OF RECONCILIATION OF CONSOLIDATED SHAREHOLDERS' EQUITY AND RESULT WITH THE CORRESPONDING FIGURES OF THE PARENT COMPANY

In accordance with Consob Communication dated 28 July 2006, here below is the reconciliation between the result for the year and shareholders' equity of the Group as at 31 December 2024 and 2023 with the corresponding amounts in the Parent Company separate financial statements:

(Thousands of Euro)	31/12/2024 Sharehold. equity	31/12/2024 Result	31/12/2023 Sharehold. equity	31/12/2023 Result
Shareholders' equity and profit/(loss) for the period as per the Parent Company's separate financial statements	**168,890**	**4,621**	**165,942**	**5,806**
a) difference between carrying amount and pro-rata value of shareholders' equity	12,673		10,151	
b) investees' pro-rata results	(3,757)	(3,757)	(2,360)	(2,360)
c) Reversal of impairment of equity investments in subsidiaries	6,893	6,893	5,944	5,944
d) Derecognition of dividends distributed by subsidiaries		(887)		(1,147)
e) Reversal of bad debt provision due from subsidiaries	1,405		1,405	
f) Foreign currency translation of financial statements	(34,967)		(27,190)	
g) Reversal of capital gains from disposal of intra-group assets	-	-	-	-
h) Write-off of unrealized intra-group margin	(213)	30	(243)	(17)
Group shareholders' equity and profit/(loss) for the period	**150,924**	**6,900**	**153,649**	**8,226**
Shareholders' equity and profit/(loss) for the period attributable to non-controlling interests	(308)	15	(322)	3
Consolidated shareholders' equity and net result (Group and third parties)	**150,616**	**6,915**	**153,327**	**8,229**

41. EVENTS AFTER THE REPORTING DATE

Refer to the note "Events after the Reporting Date" of the "Report on operations for 2024".

Attachment 1

List of Equity Investments Held by Directors, Statutory Auditors as well as their Spouses and Underage Children

Surname and Name	Company	Opening no. of shares	No. of shares purchased	No. of shares sold	Closing no. of shares
Casadio Filippo	IRCE S.p.A.	560,571			560,571
Gandolfi Colleoni Francesco	IRCE S.p.A.	559,371[43]			559,371
		30,000			30,000
Sepriano Gianfranco	IRCE S.p.A.	3,500			3,500
Pischedda Francesca		0			0
Dallago Orfeo	IRCE S.p.A.	587,267			587,267
Di Chiara Gigliola		0			0
Peri Claudia		0			0
Vitanza Donatella		0			0
Zappi Fabrizio		0			0
Di Rocco Giuseppe		0			0

[43] Shares owned by his wife, Carla Casadio

Attachment 2

Certification of the annual consolidated financial statements pursuant to Article 154-bis, paragraph 5, of Italian Legislative Decree No. 58 of 24 February 1998

We, the undersigned, Mr Filippo Casadio, Chairman, and Ms Elena Casadio, Manager responsible for preparing the corporate accounting documents of IRCE S.p.A., hereby certify, taking into account the provisions of article 154-bis, para. 5, of Italian Legislative Decree No. 58 of 24 February 1998:

- the adequacy in relation to the company's characteristics, and
- adoption of the administrative and accounting procedures used to prepare the consolidated financial statements.

In addition, we hereby certify that the consolidated financial statements:

a) are consistent with accounting books and records;

b) are prepared in accordance with international accounting standards and give a true and fair view of the financial position, financial performance and cash flows of the issuer as well as of the group of companies included within the scope of consolidation; and

c) that the Report on Operations contains a reliable analysis of the information pursuant to para. 4, article 154-ter of Italian Legislative Decree No. 58 of 24 February 1998.

Imola, 14 March 2025

Filippo Casadio
Chairman

Elena Casadio
Manager responsible for preparing the corporate accounting documents

Attachment 3

Statement of Sustainability Reporting pursuant to art. 81-ter, paragraph 1, of Consob Regulation no. 11971 of 14 May 1999 as amended and supplemented

1. Pursuant to art. *154-bis*, paragraph *5-ter*, of Legislative Decree no. 58 of 24 February 1998, the undersigned Elena Casadio, manager in charge of drawing up the corporate accounting documents of IRCE S.p.A., certifies that the sustainability reporting included in the report on operations has been prepared:

    a) in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 and Legislative Decree no. 125 of 6 September 2024;
    b) with the specifications adopted pursuant to article 8, paragraph 4 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

Imola, 14 March 2025

Elena Casadio
Manager responsible for preparing the corporate accounting documents

IRCE S.p.A.'s Separate Financial Statements as at 31 December 2024

STATEMENT OF FINANCIAL POSITION

(in Euro)	Notes	2024 31 December	2023 31 December
ASSETS			
Non-current assets			
Goodwill and other intangible assets	3	39,384	121,242
Property, plant and equipment	4	25,500,467	25,496,097
Equipment and other tangible assets	4	1,183,677	1,262,203
Assets under construction and advances	4	2,825,367	5,692,788
Equity Investments	5	93,866,326	63,028,882
Other non-current financial receivables	6	25,101,080	28,174,906
(of which related parties)		*25,101,080*	*28,174,906*
Deferred tax assets	7	2,089,702	2,241,294
NON-CURRENT ASSETS		**150,606,003**	**126,017,412**
Current assets			
Inventories	8	56,661,596	60,258,467
Trade receivables	9	41,308,043	43,215,556
(of which related parties)		*9,923,001*	*9,115,289*
Receivables due from others	10	3,444,838	2,600,620
Current financial assets	11	3,513,364	373,248
(of which related parties)		3,100,975	-
Cash and Cash Equivalents	12	5,169,790	4,858,069
CURRENT ASSETS		**110,097,631**	**111,305,960**
TOTAL ASSETS		**260,703,634**	**237,323,372**

(in Euro)	Notes	2024 31 December	2023 31 December
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		13,755,794	13,781,874
Reserves		150,513,090	146,354,189
Profit/(Loss) for the period		4,620,629	5,805,871
TOTAL SHAREHOLDERS' EQUITY	**13**	**168,889,513**	**165,941,934**
Non-current liabilities			
Non-current financial liabilities	14	37,751,714	12,647,671
Provisions for risks and charges	15	8,344,665	10,680,510
Provisions for employee benefits	16	2,644,833	2,834,404
NON-CURRENT LIABILITIES		**48,741,212**	**26,162,585**
Current liabilities			
Current financial liabilities	14	15,868,899	18,127,256
Trade payables	17	18,662,508	18,637,705
(of which related parties)		*160,733*	*193,209*
Tax payables	18	737,787	1,298,245
(of which related parties)		*644,372*	*1,168,535*
Social security contributions	19	1,613,856	1,663,296
Other current liabilities	20	6,189,859	5,492,351
CURRENT LIABILITIES		**43,072,909**	**45,218,853**
SHAREHOLDERS' EQUITY AND LIABILITIES		**260,703,634**	**237,323,372**

INCOME STATEMENT

(in Euro)	Notes	2024 31 December	2023 31 December
Revenues	21	247,607,636	257,875,883
(of which related parties)		*14,246,455*	*14,082,645*
Other revenues and income	22	1,546,437	1,587,247
(of which related parties)		*145,515*	*173,071*
TOTAL REVENUES AND INCOME		**249,154,073**	**259,463,130**
Costs for raw materials and consumables	23	(183,606,441)	(193,719,009)
(of which related parties)		(349,157)	(2,747,725)
Change in inventories of work in progress and finished goods		(587,359)	(3,148,181)
Costs for services	24	(26,928,506)	(26,312,242)
(of which related parties)		*(1,014,390)*	*(1,141,403)*
Personnel costs	25	(17,760,937)	(17,236,565)
(of which related parties)		-	*(3,988)*
Amortization/depreciation and write-down of tangible and intangible assets	26	(4,543,549)	(4,137,545)
Provisions and write-downs	27	200,000	420,000
Other operating costs	28	(842,543)	(474,728)
EBIT		**15,084,738**	**14,854,860**
Write-back/(impairment) of equity investments	29	(6,893,000)	(5,944,000)
Financial income/(charges)	30	11,437	(170,699)
(of which related parties)		*2,455,152*	*2,481,857*
PROFIT/(LOSS) BEFORE TAX		**8,203,175**	**8,740,161**
Income Taxes	31	(3,582,546)	(2,934,290)
NET PROFIT/(LOSS) FOR THE PERIOD		**4,620,629**	**5,805,871**

STATEMENT OF COMPREHENSIVE INCOME

(in Euro)	Notes	2024 31 December	2023 31 December
Net profit/(loss) for the period		**4,620,629**	**5,805,871**
Actuarial gain / (losses) IAS 19	16	17,978	(26,895)
Tax effect	7	(4,315)	6,455
Total change in IAS 19 reserve	13	13,663	(20,440)
Total components not to be reclassified in the result		**13,663**	**(20,440)**
Total comprehensive income for the period		**4,634,292**	**5,785,431**

STATEMENT OF CHANGES IN EQUITY

(in Euro)	Share capital	Other reserves		Other reserves				Total Shareholders' Equity
		Share premium reserve	Other reserves	Legal reserve	IAS 19 reserve	Retained earnings/(accumulated losses)	Profit/(loss) for the period	
Opening balance of previous year	**13,801,647**	**40,470,928**	**43,085,647**	**2,925,312**	**(565,024)**	**56,323,255**	**5,788,946**	**161,830,711**
Dividends	-	-	-	-	-	(1,592,497)	-	(1,592,497)
Purchase and sale of treasury shares	(19,773)	(61,938)	-	-	-	-	-	(81,711)
Profit allocation	-	-	-	-	-	5,788,946	(5,788,946)	-
Other comprehensive profit/(loss)	-	-	-	-	(20,440)	-	-	(20,440)
Result for the period	-	-	-	-	-	-	5,805,871	5,805,871
Total comprehensive income	**-**	**-**	**-**	**-**	**(20,440)**	**-**	**5,805,871**	**5,785,431**
Closing balance of previous year	**13,781,874**	**40,408,989**	**43,085,647**	**2,925,312**	**(585,464)**	**60,519,705**	**5,805,871**	**165,941,934**
Profit allocation	-	-	-	-	-	5,805,871	(5,805,871)	-
Dividends	-	-	-	-	-	(1,588,415)	-	(1,588,415)
Purchase and sale of treasury shares	(26,080)	(72,218)	-	-	-	-	-	(98,298)
Other comprehensive profit/(loss)	-	-	-	-	13,663	-	-	13,663
Profit/(Loss) for the period	-	-	-	-	-	-	4,620,629	4,620,629
Total comprehensive income	**-**	**-**	**-**	**-**	**13,663**	**-**	**4,620,629**	**4,634,292**
Closing balance of current year	**13,755,794**	**40,336,771**	**43,085,647**	**2,925,312**	**(571,801)**	**64,737,161**	**4,620,629**	**168,889,513**

STATEMENT OF CASH FLOWS

(in Euro)	Notes	2024 31 December	2023 31 December
OPERATING ACTIVITIES			
Profit/(Loss) for the period		4,620,629	5,805,871
Adjustments for:			
Depreciation/amortisation	26	4,543,549	4,137,545
Net change in deferred tax (assets) / liabilities	31	147,279	(233,411)
Capital (gains) / losses from disposal of fixed assets	22	(153,006)	(197,546)
(Profit)/loss on unrealised exchange rate differences		(479,141)	(162,591)
Expenses / (Income) from equity investments	29.30	6,006,152	4,796,891
Provisions/Write-downs (value write-backs/write-downs)	27	(200,000)	(420,000)
Current taxes	31	3,435,266	3,167,701
Financial (income)/charges	29.30	920,903	1,314,699
Operating result before changes in working capital		**18,841,631**	**18,209,159**
Taxes paid		(5,128,595)	-
Financial charges paid		(2,319,477)	(2,048,233)
Financial income collected		617,323	303,925
Decrease/(increase) in inventories	8	3,596,871	18,461,533
Change in trade receivables	9	2,915,225	6,816,752
Change in trade payables	10	57,279	(2,242,020)
Net change in current assets and liabilities for the period		283,195	1,889,853
Net change in current assets and liabilities of the year with respect to related parties		292,480	1,214,336
Net change in non-current assets and liabilities for the period		(164,594)	(189,158)
Net change in non-current assets and liabilities of the year with respect to related parties		(4,652,134)	(3,608,390)
CASH FLOW GENERATED FROM (USED IN) OPERATING ACTIVITIES		**14,339,204**	**38,807,757**
INVESTING ACTIVITIES			
Investments in intangible assets	3	(44,884)	(227,826)
Investments in tangible assets	4	(1,351,211)	(5,893,243)
Investments in subsidiaries, associates, other entities	5	(33,880,000)	(2,214,570)
Dividends received	13	886,848	1,147,109
Consideration received for the sale of tangible and intangible assets		167,104	217,626
CASH FLOW GENERATED FROM (USED IN) INVESTING ACTIVITIES		**(34,222,143)**	**(6,970,904)**
FINANCING ACTIVITIES			
Repayments of loans	14	(4,949,422)	(5,289,149)
Obtainment of loans	14	30,000,000	-
Net change in short-term financial liabilities and other financial liabilities (including IFRS 16)		(3,130,063)	(21,490,006)
Net change in other financial assets and other financial receivables		(39,142)	42,939
Dividends paid to Shareholders	13	(1,588,415)	(1,592,497)
Management of treasury shares (sales-purchases)	13	(98,298)	(81,710)
CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES		**20,194,660**	**(28,410,423)**
NET CASH FLOW FOR THE PERIOD		**311,721**	**3,426,430**
CASH BALANCE AT THE BEGINNING OF THE PERIOD	**12**	**4,858,069**	**1,431,639**
NET CASH FLOW FROM THE PERIOD		311,721	3,426,430
CASH BALANCE AT THE END OF THE PERIOD	**12**	**5,169,790**	**4,858,069**

ACCOUNTING STANDARDS AND EXPLANATORY NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

GENERAL INFORMATION

These annual financial statements as at 31 December 2024 were authorised for publication by the Board of Directors of IRCE S.p.A. (henceforth also referred to as the “Company”) on 14 March 2025.

IRCE S.p.A. (hereafter also the “Company”) is a company established in Italy, with its tax domicile, registered office and head office in Via Lasie 12/a, Imola (Bologna), Economic and Administrative Register No. 266734 BO 001785.

As at 31 December 2024, the Issuer's share capital was held as follows: 5.95% by the Issuer itself, 50.045% by Aequafin S.p.A. – a company incorporated and domiciled in Italy at Via dei Poeti 1/2, and the remaining 44.005% was on the Mercato Telematico di Borsa Italiana S.p.A. – STAR segment.

Treasury shares as at 31 December 2024 amounted to 1,674,567, while outstanding shares amounted to 26,453,433.

At 31 December 2024, IRCE S.p.A. owns three manufacturing plants and is one of the major industrial players in the winding wires sector in Europe, as well as in low-voltage electrical cables in Italy. Its plants are located in Imola (Bologna), Guglionesi (Campobasso), and Umbertide (Perugia).

BASIS OF PREPARATION

The annual financial statements for the year 2024 were prepared in accordance with the IFRSs (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board) and endorsed by the European Union, as well as with the provisions issued in implementation of Article 9 of Italian Legislative Decree No. 38/2005. The term IFRS also refers to all revised International Accounting Standards (“IAS”) and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC).

The formats used for the separate financial statements of the IRCE Group 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 year into operating, investing and financing activities. Cash flows from operating activities were presented using the indirect method.

ASSESSMENT CRITERIA AND ACCOUNTING STANDARDS APPLIED

Below is a description of the most significant accounting standards and assessment criteria used in preparing the Separate Financial Statements.

Going Concern

The Directors have assessed the applicability of the going concern assumption in the preparation of the separate financial statements, concluding that this assumption is appropriate as there is no doubt about the company's ability to continue as a going concern.

Foreign Currency Translation of Financial Statement Items

The functional and presentation currency adopted by IRCE S.p.A. is the Euro. The following criteria were used:

- monetary items, consisting of money held and assets or liabilities to be received or paid, were translated using the spot exchange rate at the reporting date, and the relevant exchange gains and losses were recognised in the Income Statement;
- non-monetary items measured at their historical cost in a foreign currency were translated using the spot exchange rate at the date on which the transaction occurred.

Tangible Assets

Tangible assets are measured at their purchase cost after deducting discounts and rebates, or at the construction cost, including directly attributable costs less accumulated depreciation and any accumulated impairment losses.

The carrying amount of tangible assets is tested for impairment if events or changes in circumstances indicate that it might be impaired. If there is any such indication, and the asset's carrying amount exceeds its recoverable amount, the asset is written down to this lower value. The recoverable amount of tangible assets is the higher of net price to sell and value in use.

If no binding sale agreement exists, fair value is measured on the basis of quoted prices in an active market, recent transactions, or the best available information to reflect the amount that an entity could obtain from selling the asset.

Value in use is measured by discounting the cash flows expected from the use of the asset and, if these are material and can reasonably be determined, from its disposal at the end of its useful life. Cash flows are measured on the basis of reasonable and supportable assumptions that represent the best estimate of the future economic conditions that will exist over the residual useful life of the asset. Cash flows are discounted at a rate accounting for the risk implicit in the business segment.

If the reasons for a previously recognised impairment loss no longer exist, the assets are revalued and the adjustment is recognised through profit or loss as a revaluation (reversal) not in excess of the previously recognised impairment loss or the lower of recoverable amount and carrying amount before deducting previously recognised impairment losses and less the depreciation charges that would have been incurred if no impairment loss had been recognised.

The capitalisation of costs related to the expansion, renovation or improvement of the structural elements owned or leased from third parties is exclusively carried out to the extent that they meet the requirements for separate classification as an asset or part of an asset by applying the "component approach" criterion.

On disposal, or when no future economic benefits are expected from the use of an asset, this is derecognised from the financial statements and any gain or loss (calculated as the difference between the disposal value and the carrying amount) is recognised in profit or loss in the year the asset is derecognised.

Land, including that ancillary to buildings, is not depreciated.

Assets under construction and advances paid for the acquisition of tangible assets are measured at cost. Depreciation begins when the asset is available and ready for use, and assets are allocated to a specific category from the same date.

Depreciation was calculated on the basis of rates that were deemed representative of the estimated useful life of the relevant tangible assets. Depreciation begins when the asset is available for use, taking into account the actual time at which this condition occurs.

The rates applied by the Company, on an annual basis, are included in the following ranges:

Category	Rate
Buildings	3.0% - 10.0%
Plant and equipment	5.0% - 17.5%
Industrial and commercial equipment	25.0% - 40.0%
Other assets	12.0% - 25.0%

Intangible Assets

Intangible assets are recognised under assets, in accordance with the provisions of IAS 38 (Intangible Assets) when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be determined in a reliable manner.

Intangible assets which are acquired separately are initially capitalised at cost, while those which are acquired through business combination transactions are capitalised at their fair value on their acquisition date. After initial recognition, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, with the exception of development costs, are not capitalised and are recognised in profit or loss as incurred. The Company capitalises development costs only when it is likely that they will be recovered. The useful life of intangible assets is either finite or indefinite. Intangible assets with a finite useful life are amortised over their useful life and tested for impairment whenever there is an indication of a potential impairment loss. The amortisation period and the amortisation method applied are reviewed at the end of each financial year or more frequently, if necessary. Changes in the expected useful life, or in the manner the Company obtains the future economic benefits associated with the intangible asset, are recognised by modifying the amortisation period or the amortisation method, and treated as changes in accounting estimates. The amortisation charges for intangible assets with finite useful lives are recognised in profit or loss within the cost category that is consistent with the function of the intangible asset.

Gains or losses arising from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset, and are recognised in profit or loss when the fixed asset is disposed of.

A description of intangible assets and the amortisation method used is shown in the following table.

Asset	Useful life	Rate	Internally produced or acquired	Impairment test
Patent and intellectual property rights	Finite	50%	Acquired	Review of the amortisation method at each reporting date and impairment test if indicators of impairment exist
Concessions and licenses	Finite	20%	Acquired	Review of the amortisation method at each reporting date and impairment test if indicators of impairment exist
Trademarks and similar rights	Finite	5.56%	Acquired	Review of the amortisation method at each reporting date and impairment test if indicators of impairment exist

The amortisation rates for intangible assets were determined as a function of their specific residual useful lives and are reviewed at each reporting date.

Leased Assets

Following the coming into force of IFRS 16, starting 1 January 2019, lease contracts are recognised on the basis of a single accounting model similar to that previously regulated by IAS 17 on accounting for finance leases.

When each contract is stipulated, the Company:
- determines if the contract is or contains a lease, which is the case when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This assessment is repeated in the event of subsequent changes to the terms and conditions of the contract;
- separates the components of the contract, splitting the contract price up between each lease or non-lease component;
- determines the term of the lease as the period during which the lease cannot be cancelled, in addition to any periods covered by a lease extension or termination option.

As of the start date of each contract in which the Company is the lessee of an item, it has to record the right-of-use asset, measured at cost, and the finance lease liability, equal to the current value of residual future payments, discounted using the implicit interest rate of the lease or, alternatively, the Company's marginal financing rate. Thereafter, the right-of-use asset is measured applying the cost model, i.e. net of accumulated depreciation and any accumulated impairment and adjusted to reflect any new measurement or changes to the lease. Instead, the lease liability is measured by increasing the carrying amount to reflect interest, decreasing the carrying amount to reflect payments due made, and restating the carrying amount to reflect any measurements or changes to the lease.

Assets are depreciated over a period represented by the term of the lease contract, except where the term of the lease contract is shorter than the useful life of the asset on the basis of the rates applied for tangible assets and there is reasonable certainty of the transfer of ownership of the leased asset at the natural expiry of the contract. In this case, the depreciation period will be calculated on the basis of the criteria and rates indicated for tangible assets.

For leases that expire within 12 months from the date of initial application and that do not provide for renewal options, and for leases for which the underlying asset is of low value, lease payments are recognised in profit or loss on a straight-line basis over the term of the respective leases.

Business Combinations and Goodwill

According to the provisions of IFRS 3, subsidiaries acquired by the Company are accounted for by applying the purchase method, under which:
- the acquisition cost is the fair value of the assets, taking into account the possible issue of equity instruments, as well as the liabilities assumed;
- the excess of the acquisition cost over the fair value of the Company's interest in the net assets is recognised as goodwill;
- if the acquisition cost is less than the fair value of the Company's interest in the net assets of the acquired subsidiary, the difference is directly recognised in profit or loss.

Goodwill and, more generally, assets with an indefinite useful life are not amortised but allocated to the Cash Generating Units (CGUs) and tested for impairment on an annual basis, or more frequently, if events or changes in circumstances indicate that it may be impaired, in accordance with the provisions of IAS 36 Impairment of Assets. After initial recognition, goodwill and assets with an indefinite useful life are measured at cost less any accumulated impairment losses.

Equity Investments

Equity investments in subsidiaries, joint ventures and associates are measured using the cost method, including the costs directly attributable to the investment, adjusted for impairment.

Subsidiaries are companies over which the Company has the right to exercise, directly or indirectly, control, as defined by IFRS 10 – Consolidated Financial Statements. In particular, control exists when the controlling entity simultaneously:
› holds decision-making power over the investee company;

› has the right to take part in or is exposed to the variable (positive and negative) results of the investee company;
› has the ability to exercise power over the investee company in such a way as to affect its profits.

A joint venture is a joint arrangement in which the parties which hold joint control have rights over the net assets of the arrangement and, therefore, have a stake in the joint venture. An associate is a company in which the Company holds at least 20% of the voting rights or exercises significant influence, but not control or joint control, over the financial and managerial policies.

At each reporting date, the Company reviews the carrying amount of the equity investments to determine whether there are any indications of impairment and, in that case, it carries out impairment tests in the same way as described above for intangible and tangible fixed assets.

Given objective indications of impairment, recoverability is verified by comparing the carrying amount with the recoverable amount, which is the higher of the fair value (net of disposal costs) and the value in use generally determined within the limits of the relevant portion of equity.

The Company writes back the value of equity investments when the reasons that had led to their impairment cease to apply.

Impairment of (Tangible and Intangible) Assets with a Finite Useful Life

Assets with a finite useful life, falling within the scope of application of IAS 36, are tested for impairment whenever indicators of impairment exist. To that end, both internal and external information sources are considered. In regard to the first category (internal sources) the following information is considered: obsolescence or physical damage to the asset; any significant changes in the use of the asset; and the economic performance of the asset as compared to expectations. In regard to external sources, the following information is considered: market price trends for the asset; any changes in technology, markets or laws; the trend in market interest rates or the cost of capital used for evaluating investments; and market capitalisation below the carrying amount of the entity's net assets. In this case, the net carrying amount of these assets is compared with the estimated recoverable amount and, if the former is higher, they are written down.

An asset's recoverable amount is shown as whichever is the higher of an asset's fair value (net of associated disposal costs) and its value in use (meaning present value of estimated future cash flows generated by the asset). In determining the value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the value of money (relating to the period of investment) and risks specific to the asset.

In order to test for impairment, intangible and tangible assets are grouped at the level of the smallest separately identifiable cash-generating unit. Impairment for a CGU is first attributed to reducing the carrying amount of any goodwill attributed to the asset, and subsequently to reducing other assets. This must be done in proportion to their carrying amount and the limits of the asset's associated recoverable value. If the reasons for a previous impairment no longer apply, the carrying amount of the asset is reinstated with an entry in the separate income statement, up to the net carrying amount that the asset would have had if it were not impaired and the related amortisation had been applied.

Financial Assets

At the time of their initial recognition, financial assets must be classified into one of the three categories described below, on the basis of the following elements:

- the entity's business model for management of financial assets; and
- the contractual cash flow characteristics of the financial asset.

Financial assets are subsequently derecognised only if the transfer of ownership has also transferred substantially all the risks and rewards associated with said assets. On the other hand, whenever a significant part of the risks and rewards belonging to the financial asset being transferred has been retained, then that asset will continue to be recognised, even if legal ownership of said asset has actually been transferred.

Financial assets measured at amortised cost

Included in this category are financial assets which satisfy both of the following conditions:

- the financial asset is held according to a business model whose objectives are achieved by collecting the contractual cash flows ("Hold to Collect" business model); and
- the contractual terms of the financial asset provide that as at a certain date, cash flows be represented solely by payments of principal and interest on the amount of capital to be returned (the test known as the "SPPI test" was fulfilled).

Upon initial recognition, these assets are accounted for at fair value, including transaction costs or gains that are directly attributable to said instrument. After initial recognition, the financial assets in question are measured at amortised cost, using the effective interest rate method. The amortised cost method is not used for assets – measured at historical cost – whose short duration makes the effect of applying the discounting logic negligible. This applies to those assets without a defined maturity and to revocable loans.

Financial assets measured at fair value with an impact on comprehensive income

Included in this category are financial assets which satisfy both of the following conditions:

- the financial asset is held according to a business model whose objectives are achieved by either collecting the contractual cash flows or by selling the financial asset ("Hold to Collect and Sell" business model); and
- the contractual terms of the financial asset provide that as at a certain date, cash flows be represented solely by payments of principal and interest on the amount of capital to be returned (the test known as the "SPPI test" was fulfilled).

Included in this category are equity interests which do not qualify as interests in subsidiaries, associated companies or jointly controlled entities, and which are not held for trade purposes. Furthermore, the company must have exercised the option to designate their measurement at fair value with an impact on comprehensive income.

Upon initial recognition, these assets are accounted for at fair value, including transaction costs or gains that are directly attributable to said instrument. After initial recognition, equity interests (other than interests in subsidiaries, associated companies or jointly controlled entities) are measured at fair value and amounts are entered and offset against net assets (Statement of comprehensive income). These amounts may not subsequently be transferred to the income statement, even if ownership of the asset itself is transferred. The only component of these equity securities that is recognised in the income statement consists of the related dividends.

For equity securities included in this category, which are not listed on an active market, historical cost is used as an estimate of fair value only if no other method applies, and is limited to a small number of circumstances, i.e. when the most recent information for measuring fair value is insufficient, or where there is a wide range of possible fair value measurements and cost represents the best estimate of fair value among such a range.

Si segnala che IRCE S.p.A. non possiede al 31 dicembre 2024 "Attività finanziarie valutate al fair value con impatto sulla redditività complessiva".

Financial assets measured at fair value with an impact on the income statement

Classified in this category are those financial assets which are not classified as "Financial assets measured at amortised cost" or "Financial assets measured at fair value with an impact on comprehensive income".

Included in this category are financial assets held for trading, and derivative contracts that cannot be classified as hedges (which are shown as assets if the fair value is positive, or as liabilities if the fair value is negative).

Upon initial recognition, financial assets measured at fair value with an impact on the income statement are entered at fair value, without considering transaction costs or gains that are directly attributable to said instrument. On subsequent reporting dates, these assets are measured at fair value and the measurement effects are recognised in the income statement.

Impairment of Financial Assets

In accordance with the arrangements of IFRS 9, the Company uses a simplified approach for estimating full lifetime expected credit losses for financial instruments. This approach takes into consideration the company's historical experience with credit losses, and is adjusted on the basis of specific outlook factors depending on the nature of the Company's receivables and the economic context. Financial assets are credit-impaired when one or more events have occurred which will have a negative impact on future estimated cash flows for the financial asset. Evidence that the financial asset has been credit-impaired includes observable data in relation to one or more of the following events (it is possible that the Company may not be able to identify one individual event, and so the impairment of financial assets may be due to the combined effect of several events):

a) significant financial difficulty of the issuer or borrower;
b) a breach of contract, such as a default or past-due event;
c) for economic or contractual reasons relating to the borrower's financial difficulty, the lender granting the borrower a concession that would not have been otherwise considered by the lender;
d) it is probable that the borrower will enter bankruptcy or other financial reorganisation procedures;
e) the disappearance of an active market for the financial asset because of financial difficulties; or
f) the purchase or origination of a financial asset at a deep discount that reflects incurred credit losses.

For financial assets that have been accounted for using the amortised cost method, when an impairment has been identified then the amount of that impairment is measured as the difference between the carrying amount of the asset and the present value of expected future cash flows (discounted on the basis of the original effective interest rate). This amount will be recognised in the income statement.

Inventories

Inventories are measured at the lower of cost and net realisable value. The costs incurred are recognised as follows:

- Raw materials: average weighted purchase cost, including transportation expenses and customs clearance.
- Finished and semi-finished goods and work in progress: direct cost of materials and labour costs plus a share of the indirect costs and production overheads defined on the basis of normal production capacity. In greater detail, the metal which represents the most significant cost for work in progress, semi-finished goods and finished goods is assessed separately from the other components (processing and other raw materials).

The presumed net realisable value for metal is measured separately from the other components, inasmuch as it is subject to separate negotiation at the time of sale.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand as well as demand and short-term bank deposits recognised at their nominal amounts; in the latter case, the original maturity shall not exceed three months.

Financial Liabilities and Trade Payables

Financial liabilities and trade payables are recognised when the Company becomes party to the relevant contractual clauses. They are initially measured at fair value, adjusted for costs which are directly attributable to the transaction.
They are subsequently measured at amortised cost, using the effective interest rate method.
Financial liabilities are derecognised when the contractual rights over the related cash flows expire, or when the financial liability is transferred along with substantially all the risks and rewards which come from responsibility for said liability.

Derecognition of Financial Assets and Liabilities

Financial Assets

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset are extinguished;
- the Company retains the right to receive cash flows from the asset but has assumed the contractual obligation to pay them in full without delay to a third party;
- the Company has transferred the right to receive cash flows from the asset and (a) has substantially transferred all the risks and rewards of ownership of the financial asset or (b) has not substantially transferred nor retained all the risks and rewards of the asset but has transferred control.

In cases where the Company transferred its rights to receive cash flows from an asset and has not substantially transferred nor withheld all the risks and rewards or has not lost control over the asset, this is recognised in the financial statements of the Company to the extent of the latter's continuing involvement in the asset. The continuing involvement – which takes the form of guaranteeing the transferred asset – is measured at the lower of the initial carrying amount of the asset and the maximum amount of the consideration that the Company could be required to pay.

In cases where the continuing involvement takes the form of an option that is issued and/or acquired with respect to the transferred asset (including cash-settled options, or similar options), the extent of the Company's involvement corresponds to the amount of the transferred asset which the Company may buy back; however, in the case of a put option which is issued on an asset that is measured at fair value (including the options settled in cash or with similar provisions), the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the exercise price of the option.

Financial liabilities

A financial liability is derecognised when the obligation underlying the liability is settled, cancelled or discharged.

If an existing financial liability is replaced by another from the same lender – and with substantially different terms – or if the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, recognising any differences between the carrying amounts through profit or loss.

Provisions for Risks and Charges

Provisions for risks and charges include provisions arising from present obligations (legal or constructive) as a result of past events and for which an outflow of resources is probable. Changes in estimates are reflected in the income statement for the period in which the change occurs. If the effect of discounting the value of money is material, the provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision that arises from the passage of time is recognised as a financial charge.

Employee Benefits

Employee benefits substantially include employee termination indemnities (Trattamento di Fine Rapporto, TFR).

Italian Law No. 296 of 27 December 2006 ("2007 Budget Law") introduced significant changes to the allocation of quotas of the employee termination indemnities. Up until 31 December 2006, employee termination indemnities were part of post-employment benefit plans of the "defined benefit plans" type, and were measured, in accordance with IAS 19, by independent actuaries using the projected unit credit method. This calculation consists in estimating the amount of the benefit an employee will receive on the estimated date of termination of the work relationship by using demographical and financial assumptions. The amount determined in this manner is discounted and recalculated on the basis of the accrued service as a proportion of the total length of service and represents a reasonable estimate of the benefits each employee has already earned for past service.

Following the occupational pension reform, the provisions for employee termination indemnities – for the amounts accruing from 1 January 2007 – should be considered essentially comparable to a "defined contribution plan". More specifically, these changes gave employees the opportunity to choose how to allocate their accruing employee termination indemnities: in companies with more than 50 employees, employees can decide to transfer the accruing employee termination indemnities into pre-defined pension schemes or keep them with the company, which will transfer them to INPS (Italy's social security institute).

In summary, following the occupational pension reform and with regard to the employee termination indemnities accrued before 2007, the Company actuarially measured them without including the component referring to future salary increases. The benefits subsequently accrued were instead recognised in accordance with the methods for defined contribution plans.

Derivative Financial Instruments

The Company used derivative financial instruments, such as forward contracts, for the purchase and sale of raw materials in order to hedge against its exposure to the risk of changes in raw material prices as well as forward contracts for currency purchases.

As of the contract date, derivative financial instruments are recognised at fair value and, if not accounted for as hedging instruments, the changes in fair value after initial recognition are recognised directly through profit or loss for the year.

If the derivative financial instruments qualify for hedge accounting, the subsequent changes in fair value are accounted for under hedge accounting according to specific criteria, which are described below.

The fair value of raw material forward contracts, outstanding at the reporting date, is determined on the basis of forward prices of raw materials with reference to the maturity dates of contracts outstanding at the reporting date.

For the purposes of hedge accounting, hedges are classified as:

- fair value hedges against the risk of changes in the fair value of an underlying asset or liability; or a firm commitment (except for currency risk);
- cash flow hedges against the exposure to changes in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction;
- hedges of a net investment in a foreign operation (net investment hedge).

At the inception of a hedge, the Company formally designates and documents the hedging relationship to which it intends to apply hedge accounting, as well as its risk management objectives and the pursued strategy. The documentation includes the identification of the hedging instrument, as well as of the hedged item or transaction, the nature of the risk, and how the company intends to measure the effectiveness of the hedge in offsetting the exposure to changes in the fair value of the hedged item or cash flows attributable to the hedged risk.

These hedges are expected to be highly effective in offsetting the exposure of the hedged item to changes in the fair value or cash flows attributable to the hedged risk. The measurement of the effectiveness of these hedges is conducted on an ongoing basis during the years in which they have been designated.

It should be noted that IRCE S.p.A. hasn't got any hedging transactions in place as of December 31, 2024 that satisfy the conditions required for hedge accounting.

Treasury Shares

Treasury shares that are purchased are deducted from shareholders' equity. In particular, they are measured at their nominal amount in the "Treasury Shares" Reserve and the excess of the purchase amount over the nominal amount is accounted for as a deduction from "Other reserves". The purchase, sale, issue or cancellation of equity instruments does not result in the recognition of any gain or loss in the Income Statement, but is rather recognised directly as a change in Shareholders' Equity.

Revenues

Revenues from contracts with customers are recognised when the following conditions are met:

- a contract with a customer has been identified;
- the contractual performance obligations have been identified;
- the price has been determined;
- the price has been allocated to the individual contractual performance obligations;
- the contractual performance obligations have been fulfilled.

The Company recognises revenue from contracts with customers at a point in time (or over time) when performance obligations are fulfilled by transferring the promised goods or services (namely, the asset) to the customer. The asset is transferred at a point in time (or over time) when the customer obtains control of the asset.

The Company transfers control of the goods or services over time (and thus fulfils the performance obligations and recognises the revenue over time) if the situation satisfies one of the following criteria:

- the customer simultaneously receives and consumes all of the benefits deriving from the entity's performance over time, as and when the entity performs;
- the Company's performance creates or enhances an asset (for example, works in progress) that the customer controls over time, as and when the asset is created or enhanced; or
- the Company's performance does not create an asset with an alternative use for the Company, and the Company has an enforceable right to payment for performance completed up to the date under consideration.

If the performance obligation is not satisfied over time, it is satisfied at a point in time. In such a situation, the Company recognises revenue at the time when the customer obtains control of the promised asset.

The Company allocates the contractual price to the individual performance obligations by reference to the relative standalone selling prices (SSP) for the individual performance obligations. When there is no SSP, the Group estimates the SSP using an adjusted market assessment approach.

In this case, the Company uses judgement to determine the performance obligation, variable consideration and allocation of the transaction price.

In reference to the previous and current year, there are no situations for which the recognition of the revenue has occurred over time.

In relation to sales of packaging the Group recognises, in particular circumstances, the right of return provided that the customer exercises it within 12 months of delivery. In line with the provisions of IFRS 15, the accounting of the repurchase commitment is done by recording:

- to reduce revenues, the amount of the cost expected for the return, reducing trade receivables by the same amount;
- to increase final stocks, the cost of the packaging held in stock, before its sale to the customer, offset by the cost of sales.

Dividends

Dividends received are recognised as at the date the resolution is passed by the subsidiary's Shareholders' Meeting and charged to the income statement. The distribution of these profit reserves is an event which involves impairment and, therefore, the need to verify the recoverability of the carrying amount of the equity investment.
Dividends approved by the Shareholders' Meeting, even if not yet paid, are shown as changes in shareholders' equity for the financial year in which they are approved.

Costs

Costs are recognised on an accrual basis. Research, advertising and promotional costs are recognised in the income statement in the year in which they are incurred.

Financial Income and Charges

Financial income and charges are recognised in the income statement when they are incurred.

Earnings per Share

As required by IAS 33, the Company presents on the face of the income statement basic and diluted earnings per share for profit or loss from continuing operations attributable to the ordinary equity holders of the parent entity. The information is presented only on the basis of the consolidated data, in accordance with the requirements of the aforementioned IAS.
Basic earnings per share are calculated by dividing the profit or loss attributable to the ordinary equity holders of the parent entity by the weighted number of ordinary shares outstanding during the year, excluding treasury shares. The weighted average of the shares was applied retroactively for all previous years.

Income Taxes

<u>Current taxes</u>

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to tax authorities. The tax rates and tax laws used to calculate the amount are those that have been enacted or are expected to apply as of the reporting date.

<u>Deferred tax assets and liabilities</u>

Deferred tax assets and liabilities are calculated using the so-called liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.
Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when deferred tax liabilities arise from the initial recognition of goodwill or of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction itself, affects neither accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except when:

- the deferred tax asset for the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction which is not a business combination and which, at the time of the transaction itself, affects neither accounting profit nor taxable profit or loss;

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reviewed on an annual basis at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities relating to items recognised directly in equity are recognised directly in equity and not in the income statement.

Use of Estimates

The drafting of the financial statements in accordance with the IFRS requires the use by the Management of estimates and assumptions, which influence the value of assets and liabilities recorded in the statement of financial position as well as in the disclosures published in the explanatory notes regarding potential assets and liabilities at the reporting date, and the revenues and costs for the period.

These estimates are based on experience and on other factors considered relevant. The effective results could thus differ from those estimated. The estimates are revised on a regular basis and the effects of each change to the same are reflected in the income statement of the period in which the estimate is revised.

The most significant accounting principles that require greater subjectivity by Directors when preparing estimates are described below.

a. Measurement of receivables. Receivables due from customers are adjusted using the relevant bad debt provision to take into account their recoverable amount. To determine impairment losses, Directors are required to make subjective measurements based on the documentation and information available, including the creditworthiness of the client as well as past experience and historical trends.
b. Measurement of inventories. Inventories showing obsolescence are periodically measured and impaired if the net realisable value of the same is lower than the carrying amount. Impairment losses are calculated on the basis of assumptions and estimates made by the Management, based on the experience of the same and the historical results achieved. Furthermore, the price of copper, as listed on the main Stock Exchange for non-ferrous metals (London Metal Exchange) appears to be subject to fluctuations, which are sometimes significant. Therefore, there is a risk that a prolonged downward trend in the price of copper after the reporting date could lead to the potential risk that the realisable value of the copper held in inventories may be lower than its carrying amount and that, as a consequence, raw materials, work in progress and finished goods may need to be written down. To this end, the Directors of IRCE S.p.A. carry out a specific analysis to verify whether the conditions exist to write down the “Copper Component” of the inventories, taking into account, among other things: the process for determining the sale price of the Copper Component, the copper prices available up to a date close to the approval of the financial statements, the commitments and sales orders in place at the end of the financial year with a fixed price of copper, as well as the expected trend in the price of copper in the months following the approval of the financial statements.
c. Recoverability of deferred tax assets. Deferred tax assets are measured on the basis of expected taxable income in future years. The measurement of this expected taxable income depends on factors that may vary over time and have significant effects on the measurement of deferred tax assets.
d. Pension plans. The current value of liabilities for retirement benefits depends on a series of factors that are determined using actuarial techniques based on certain assumptions, which concern the discount rate, the expected return on plan assets, the rates of future salary increases, as well as mortality and resignation rates. Any changes to the aforementioned assumptions could have significant effects on the liabilities for retirement benefits.
e. Measurement of provisions for risks. The determination of the provisions allocated requires the Directors to make subjective measurements based on the documentation and information available on potential liabilities.
f. Asset impairments. Assets are written down whenever events or changes in circumstances cause the Company to deem that the carrying amount is not recoverable. Events which may lead to the impairment of an asset may include changes to industrial plans, changes in market prices, or reduced plant utilisation. The decision about whether to proceed with an impairment (and to what extent) depends on management’s assessment of complex and highly uncertain factors, such as future price trends, the impact of inflation and technological improvements on the cost of production, production profiles, and supply and demand conditions. The impairment loss is determined by comparing the carrying amount with the associated recoverable amount, represented by the higher of fair value (net of disposal costs) and value in use, determined by discounting to present value the

expected cash flows arising from the use of the asset. The expected cash flows are quantified in the light of information available at the time the estimate is made, and are based on subjective assessments on the trend in future variables, such as prices, costs, demand growth rates, and production profiles. The cash flows are discounted using a rate which takes into account the inherent risk for the asset in question.

g. Useful life of tangible and intangible assets with a finite useful life. Depreciation and amortisation are calculated based on the useful life of the asset, which is determined at the time the asset is recognised in the financial statements. Useful life assessments are based on historical experience, market conditions and expectations of future events that may affect the useful life, including technological changes. As a result, it is possible that the actual useful life may differ from the estimated useful life.

Offsetting of Financial Assets and Liabilities

The Company offsets financial assets and liabilities if, and only if:

- it has a legally enforceable right to offset the reported amounts;
- it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 1 JANUARY 2024

The following accounting standards, amendments and IFRS interpretations were applied for the first time by the Group from 1 January 2024:

- On 23 January 2020, the IASB published “Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current” and on 31 October 2022 it published “Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants”. Such amendments aim to clarify how to classify payables and other short or long-term liabilities. In addition, the changes also improve the information which an entity must provide when its right to defer settlement of a liability for at least twelve months is subject to complying with particular parameters (i.e. covenants).
  The adoption of these amendments did not have any impact on the Group consolidated financial statements.

- On 22 September 2022, the IASB published “Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback”. The document requires the seller-lessee to assess the lease liability from a sale and leaseback transaction so as not to recognise income or a loss which refers to the withheld right of use.
  The adoption of this amendment did not have any impact on the Group consolidated financial statements.

- On 25 May 2023, the IASB published “Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements”. The document requires an entity to provide additional information on reverse factoring agreements to enable users of the financial statements to assess how financial agreements with suppliers may influence the liabilities and financial flows of the entity and to understand the effect of these agreements on the entity’s exposure to liquidity risk.
  The adoption of these amendments did not have any impact on the Group consolidated financial statements.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION AS AT 31 DECEMBER 2024, NOT YET MANDATORY AND NOT ADOPTED BY THE GROUP IN ADVANCE AS AT 31 DECEMBER 2024

At the date of this document, the competent bodies of the European Union have completed the approval process necessary for the adoption of the amendments and principles described below, but these principles are not mandatory to apply and have not been adopted in advance by the Group at 31 December 2024:

- On 15 August 2023, the IASB published “Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability”. The document requires an entity to adopt a methodology to be coherently applied in order to verify whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the disclosure to be provided in the notes. The amendments will apply starting from 1 January 2025 but earlier application is however permitted.
  The Directors do not expect a significant impact on the Group’s consolidated annual financial statements from the adoption of said amendment.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION AS AT 31 December 2024

Furthermore, as at the reporting date of this document, the competent bodies of the European Union have not yet completed the endorsement process required for the adoption of the following accounting standards and amendments:

- On 30 May 2024, the IASB issued the document "Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7". The document clarifies some problematic aspects that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary upon the achievement of ESG objectives (i.e. green bonds). In particular, the amendments aim to:
  - ✓ clarify the classification of financial assets with variable returns linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for the SPPI test assessment;
  - ✓ determine that the settlement date of liabilities through electronic payment systems is the date on which the liability is settled. However, an entity is permitted to adopt an accounting policy to allow a financial liability to be derecognised before delivering cash at the settlement date under certain specific conditions.

With these amendments, the IASB has also introduced additional disclosure requirements regarding, in particular, investments in equity instruments designated at FVOCI.
The amendments will apply to financial statements for annual periods beginning on or after 1 January 2026.
The Directors do not expect a significant impact on the Group's consolidated annual financial statements from the adoption of said amendment.

- On 18 July 2024, the IASB published the document "Annual Improvements Volume 11". The document includes clarifications, simplifications, corrections and changes aimed at improving the consistency of various IFRS Accounting Standards. The amended standards are:
  - ✓ IFRS 1 First-time Adoption of International Financial Reporting Standards;
  - ✓ IFRS 7 – Financial Instruments Disclosures and related guidelines on the implementation of IFRS 7;
  - ✓ IFRS 9 – Financial Instruments
  - ✓ IFRS 10 Consolidated Financial Statements; and
  - ✓ IAS 7 Statement of Cash Flows.

  The amendments will apply starting from 1 January 2026 but earlier application is however permitted.
  The Directors do not expect a significant impact on the Group's consolidated annual financial statements from the adoption of said amendments.

- On 18 December 2024, the IASB published the document "Contracts Referencing Nature-dependent Electricity – Amendment to IFRS 9 and IFRS 7". The document aims to support entities in reporting the financial effects of contracts for the purchase of electricity produced from renewable sources (often structured as Power Purchase Agreements). Under these contracts, the quantity of electricity generated and purchased can vary based on uncontrollable factors such as weather conditions. The IASB has made targeted amendments to IFRS 9 and IFRS 7. Amendments include:
  - ✓ clarification regarding the application of 'own use' requirements to this type of contract;
  - ✓ criteria to allow for the accounting of these contracts as hedging instruments; and
  - ✓ new disclosure requirements to allow financial statement users to understand the effect of these contracts on an entity's financial performance and cash flows.

  The amendments will apply starting from 1 January 2026 but earlier application is however permitted.
  The Directors do not expect a significant impact on the Group's consolidated annual financial statements from the adoption of said amendment.

- On 9 April 2024, the IASB published a new standard IFRS 18 Presentation and Disclosure in Financial Statements that will replace IAS 1 Presentation of Financial Statements. The new standard aims to improve the presentation of financial statements, with particular reference to the income statement. In particular, according to the new standard:

- ✓ classify revenues and costs in three new categories (operating section, investment section and financial section), in addition to the categories taxes and discontinued operations already present in the income statement;
- ✓ Present two new subtotals, the operating result and the result before interest and taxes (i.e. EBIT).

Furthermore, the new standard:

- ✓ requires more information on the performance indicators defined by management;
- ✓ introduces new criteria for the aggregation and disaggregation of information; and,
- ✓ introduces some changes to the layout of the cash flow statement, including the requirement to use the operating profit as the starting point for the presentation of the cash flow statement prepared using the indirect method and the elimination of some classification options for some currently existing items (such as interest paid, interest received, dividends paid and dividends received).

The new standard will come into force on 1 January 2027 earlier application is however permitted.

The Directors are currently assessing the possible effects of the introduction of this new standard on the Group's consolidated financial statements.

- On 9 May 2024, the IASB published a new standard IFRS 19 Subsidiaries without Public Accountability: Disclosures. The new standard introduces some simplifications with reference to the disclosure required by IFRS Accounting Standards in the financial statements of a subsidiary that meets the following requirements:
  - ✓ it has not issued capital or debt instruments listed on a regulated market, nor is it in the process of issuing them;
  - ✓ its parent company prepares consolidated financial statements in accordance with IFRS.

  The new standard will come into force on 1 January 2027; earlier application is however permitted.

  The Directors do not expect a significant impact on the Group's consolidated annual financial statements from the adoption of said amendment.

- On 30 January 2014 the IASB published IFRS 14 – Regulatory Deferral Accounts which allows only first-time adopters of the IFRS to continue to recognise the amounts relating to Rate Regulation Activities, in accordance with the previous accounting standards adopted. Since the Group is not a first-time adopter, this standard is not applicable.

CLIMATE CHANGE – FINANCIAL STATEMENT IMPACTS

In line with ESMA recommendations, the internal assessments on the impacts which climate change could have on the business and on the activities of the IRCE Group are summarised below. Hereafter therefore are summarised the analyses undertaken on the main issues subject to assessment on the basis of which the management of the Parent Company concluded that in the medium/long term the opportunities are greater than the risks.

- Regulatory risks: in reference to the current legislative framework, no significant risks have been identified in the sectors to which the Group belongs or which can be connected to the end markets. On the other hand, the misalignment of electricity costs between Italy and most other European countries remains, although it is mitigated by state subsidies for energy-intensive companies. It should also be noted that, starting from 2024 and in line with the provisions of paragraph 3.8 letter b) of Decree-Law no. 131/2023, these contributions are subject to compliance with certain measures envisaged for the reduction of greenhouse gases. However, it is confirmed that for the year 2024 IRCE S.p.A. has received contributions to cover the general charges relating to the electrical system having met the required conditions.
- On the other hand, in relation to the opportunities arising from climate change, it is believed that some sectors in which the Group operates, such as home automation, industrial automation and the automotive *sector* should lead to significant increases in demand, given that in the coming years there will be a need for an increase in renewable energy capacity to replace energy from fossil fuels, an improvement in energy efficiency that can be achieved for example with significant investments in the current energy distribution networks, and a growth in the diffusion of electric vehicles to the detriment of those with endothermic engines.
    - Risks linked to technologies: the need to have to comply with new technical specifications requested by customers while maintaining a high product quality level is, generally speaking, an averagely limited risk for the Group taking account of the experience accumulated over the years by the R&D department. Greater technological risks are instead present in the automotive sector since the technical standards required are certainly higher as are the customers' need for personalisation.

  During the year investments in new machinery and plant aimed at energy saving and efficiency in production ended, and in July 2023 there came into operation at the Imola plant the photovoltaic system for self-consumption, which is positioned on the ground and with annual estimated production at full capacity of 8,500 MW, with a forecast for internal consumption of around 7,500 MWh.

- Market risks: from the analysis undertaken no problems emerged which can be associated with the possible technological obsolescence of production plant and machinery owing to the phase-out of ranges of items since the high level of flexibility in production in any case allows their use for alternative forms of production. Instead in reference to the risks associated with the likely increase in the demand for some green raw materials (in particular, copper cathodes and electricity), it is considered that this trend could drive an increase in prices, making it potentially complex to source these materials at sustainable prices. The impact on profits, however, should be considered as relatively limited given the expected possibility for the Group to quickly transfer the increases on to sale prices.

- Reputational risks: taking account of the sector in which the IRCE Group operates and the "green" path undertaken, the risk that the Group results may be impacted now or in the future by a negative perception of the company's image by stakeholders is considered low.

- Physical risks: in relation to the acute physical risks connected to extreme weather events, it is believed that the presence of a Recovery Plan, on which the procedures to be put in place to ensure continuity in supplies to the customer within contractual times, together with the signing of insurance policies with leading insurance companies should contain the negative impacts of adverse weather phenomena in both economic and business terms. No risk has instead been identified in relation to the foreseeable increase in average temperatures since the materials used in the production process are not impacted by changes of a few degrees in the climate.

As regards the above, in relation to climate change no particular problems have been identified associated with the possibility of recovering financial statement assets, or in terms of impairment indicators, or in reducing the useful life of fixed assets, or in collecting trade receivables; in the same way, the analyses undertaken did not reveal potential liabilities attributable to contracts which have become onerous, to the need for restructuring to achieve climate-related targets, to possible penalties for failure to achieve the climate-related targets or failure to achieve the environmental requirements.

To conclude, although climate change may lead to an acceleration in investments as well as to an increase in operating costs, it is believed that the expected growth in volumes and management's ability in handling such change represents overall an important opportunity for the IRCE Group.

1. DERIVATIVE INSTRUMENTS

The Company uses the following types of derivative instruments:

- Derivative instruments related to metal forward purchase and sale transactions with maturity after 31 December 2024. These transactions do not qualify as hedging instruments for the purposes of hedge accounting.

A summary of derivative contracts related to metals outstanding at 31 December 2024 is shown below:

	Notional amount		Fair value al 31/12/2024		
	Assets (Ton)	Liabilities (Ton)	Current assets (€/000)	Current liabilities (€/000)	Net carrying amount (€/000)
Copper commodity contracts for forward sales and purchases	450	1,360	17	(163)	(147)

- Derivative instruments related to currency forward purchase and sale contracts with maturity after 31 December 2024. These transactions do not qualify as hedging instruments for the purposes of cash flow hedge accounting.

A summary of derivative contracts on currencies outstanding at 31 December 2024 is shown below:

	Notional amount		Fair value al 31/12/2024		
	Acquired (/000)	Sales (/000)	Current assets (€/000)	Current liabilities (€/000)	Net carrying amount (€/000)
GBP		9,000		(8)	(8)
USD	2,880		115		115

2. SEGMENT REPORTING

IFRS 8 defines an operating segment as 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 decisionmaker to make decisions about resources to be allocated to the segment and assess its performance; and

c) for which discrete financial information is available.

It should be noted that IRCE S.p.A. is an entity with a single operating sector.

Please refer to paragraph 2 'Segment reporting' in the explanatory notes to the IRCE Group's consolidated financial statements for detailed information on the Group's segment reporting in accordance with IFRS 8.

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

3. INTANGIBLE ASSETS

This item refers to intangible assets from which future economic benefits are expected.

The following table shows the breakdown and changes in intangible assets for the years ended 31 December 2023 and 2024.

(Thousands of Euro)	Patents and intellectual property rights	Licenses, trademarks, similar rights and other multi-year charges	Total
Opening balance of previous year	**13**	**9**	**22**
Changes in previous year:			
Investments	209	19	228
Depreciation/amortisation	(117)	(11)	(128)
Closing balance of previous year	**104**	**17**	**121**
Changes in current year:			
Investments	25	20	45
Depreciation/amortisation	(118)	(9)	(127)
Closing balance of current year	**11**	**28**	**39**

Please note that, on a recurring basis, the Company incurs R&D expenses that are recognised in the income statement, as they do not meet the conditions for capitalisation pursuant to IAS 38.

4. TANGIBLE ASSETS

The following table shows the changes in tangible assets for the years ended 31 December 2023 and 2024.

(Thousands of Euro)	Land	Buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Opening balance of previous year	**7,835**	**2,805**	**8,562**	**834**	**243**	**10,224**	**30,503**
Changes in previous year:							
Investments	-	56	51	217	38	5,615	5,977
Depreciation/amortisation	-	(341)	(3,074)	(460)	(134)	-	(4,009)
Reclassifications	-	1,995	7,617	325	210	(10,148)	-
Divestments - Historical cost	-	(22)	(7,357)	(80)	(291)	-	(7,751)
Divestments - Accumulated depreciation	-	22	7,347	70	291	-	7,731
Closing balance of previous year	**7,835**	**4,515**	**13,146**	**906**	**357**	**5,691**	**32,451**
Changes in current year:							
Investments	-		352	358	155	625	1,490
Depreciation/amortisation	-	(381)	(3,416)	(468)	(130)	-	(4,395)
Reclassifications	-	176	3,287	5	1	(3,469)	-
Write-downs	-	-	-	-	-	(22)	(22)
Divestments - Historical cost	-	(51)	(1,507)	-	(116)	-	(1,674)
Divestments - Accumulated depreciation	-	51	1,493	-	116	-	1,660
Closing balance of current year	**7,835**	**4,310**	**13,355**	**801**	**383**	**2,825**	**29,510**

The balance of tangible assets at 31 December 2024 of € 29.5 million includes Use rights for € 194 thousand.

The item “Investment” of € 1.5 million includes all the purchases in 2024, both those directly attributed, on purchase, to the relevant category and those classified under “Assets under construction and advances”. These investments regarded, in addition to user rights for € 138 thousand, the categories ‘Industrial and commercial equipment’ and ‘Assets under construction and advances.

The item ‘Reclassification’ refers instead to investments completed during 2024 (i.e. €3,469 thousand), relating to purchases made both in previous years (i.e. € 5,691 thousand) and in the current financial year (i.e. € 625 thousand), initially recorded under the category ‘Assets under construction and advances’ and subsequently allocated, once completed, to the specific categories to which they belong, with the simultaneous start of the amortisation period. Disposals refer mainly to the scrapping of machinery and equipment which is no longer used and has been almost totally depreciated.

The balance of the item “Assets under construction and advances” of € 2.8 million mainly refers to investments in machinery which will mostly come into operation in the next year.

5. EQUITY INVESTMENTS

Here below is the breakdown of the item “Equity investments”.

(Thousands of Euro)	2024 31 December	2023 31 December
Equity investments in subsidiaries	122,312	88,433
Provision for impairment of equity investments	(28,446)	(25,404)
Total equity investments	**93,866**	**63,029**

The following tables show the changes in the historical cost and the provision for write-down of equity investments for the year ended 31 December 2024.

(Thousands of Euro)	Opening balance	Increase	Decrease	Closing balance
FD SIMS ltd	13,376	-		13,376
Smit Draad Nijmegen BV	7,273	-		7,273
Isomet AG	1,435	-		1,435
IRCE Ltda	58,808	-		58,809
DMG Gmbh	120	-		120
Isodra Gmbh	28	-		28
Irce SL	150	-		150
Stable Magnet Wire P.Ltd	4,514	1,790		6,304
Isolveco 2 SRL	55	90		145
Isolveco SRL in liquidation	195	-		195
Irce Electromagnetic wire Co.Ltd	2,200	2,000		4,200
Irce SP.ZO.O	48	-		47
Irce S.R.O. Cechia	230	30,000		30,230
Total gross equity investments	**88,432**	**33,880**		**122,312**

(Thousands of Euro)	Opening balance	Allocation	Reclassifications	Closing balance
FD SIMS ltd	(13,376)	-	-	(13,376)
Smit Draad Nijmegen BV	(7,273)	-	-	(7,273)
IRCE Ltda	(343)	-	-	(343)
Isodra Gmbh	(28)	-	-	(28)
Irce SL	(150)	-	-	(150)
Stable Magnet Wire P.Ltd	(2,989)	(478)	(1,813)	(5,280)
Isolveco 2 SRL	(55)	(90)	-	(145)
Isolveco SRL in liquidation	(195)	-	-	(195)
Irce Electromagnetic wire Co.Ltd	(947)	(112)	-	(1,059)
Irce SP.ZO.O	(48)	-	-	(48)
Irce S.R.O. Cechia	-	(550)	-	(550)
Total provision for impairment of equity investments	**(25,404)**	**(1,230)**	**(1,813)**	**(28,447)**

The above provisions, equal to € 1.2 million, refer to companies not yet operational or to smaller Group entities; for these companies, in the event of unexpected losses which are considered long-term, the Directors of the Parent Company will write down the value in order to align the book value of the equity investment with its recoverable value. Furthermore, if the equity investment has already been fully written down, a provision for loss coverage is allocated to the provision for risks and charges.

The increase in the write-down of the investment in the subsidiary Stable Magnet Wire refers for € 1,813 thousand to the reclassification of the amount allocated in previous years to the provision for loss coverage, following the reconstitution of the subsidiary's equity in 2024. For more details reference should be made to note 15.

In reference to the Group's production and larger entities, the Directors, given any impairment indicators, subject them to impairment tests. Refer to the next section for more details.

Finally, with regard to Smit Draad Nijmegen BV, following the Parent Company's decision to terminate operations by the end of 2025, as required by IAS 36, a test was carried out on the recoverability of IRCE S.p.A.'s financial statement items impacted by this event, such as the investment in the Dutch subsidiary and the receivables recorded at the end of the year against the same due from it at the end of the year.

This test led to the recognition of a provision for the write-down of financial receivables from Smit Draad Nijmegen of € 5.4 million in 2024. For more details, please refer to paragraph 6 'Other non-current financial receivables' and paragraph 29 'reversal of impairment and write-down of equity investments'.

It should be noted that the comparison between the net carrying amount of equity investments in subsidiaries and the relevant shareholders' equity is shown in Attachment 2, an integral part of the Notes to the Financial Statements.

Impairment Test

The book value of the investments must be subjected to impairment testing given indicators of any loss in value.

In particular, Directors considered it necessary to undertake the impairment test having identified the following indicators of any loss in value:

- on the investment FD Sims Ltd taking account of the negative results recorded in the period together with results under budget;
- on the investment Irce Ltda taking account of the significant depreciation of the Brazilian currency compared to the initial investment and of its further depreciation compared to the previous year.

Based on the 2025-2029 Business Plans of the aforementioned equity investments, impairment tests were performed and approved by the Parent Company's Board of Directors on 14 March 2025.

The aforementioned Plans were reviewed by the management of the Parent Company and approved by the Directors of the subsidiaries by February 2025.

In line with the provisions of IAS 36, the impairment test was carried out by comparing the recoverable amount of the investments (Enterprise value) net of the net financial position ("NFP") as at 31 December 2024 ("Equity Value") with the related carrying amounts for the equity investments as at 31 December 2024.

In order to determine future cash flows, the data of the 2025-2029 Multi-year Plans were taken into account; furthermore, a terminal value represented by a perpetual return was determined at the end of the explicit period (2029). In order to determine the perpetual operating flow, the normalised cash flow of the last year of the plan was used, insofar as the Company's Management considers this to be a normalised long-term flow.

The "g" growth rate applied to determine the Terminal Value has been set as equal to the long-term inflation (2029) of the country in which each investee company operates.

The rates (WACC) used reflect market information, the current assessment of the time value of money for the period considered and the specific risks of the individual Group companies. In particular, in the calculation, for these subsidiaries, a "Small Size Premium" of 1% and an execution risk between 1.0% and 3.5% were applied, in order to reflect in the rate the risks connected to the degree of achievability of the plan results.

Here below we set out the WACC and "g" parameters used and the results of the impairment tests undertaken:

	FD Sims	Irce Ltda
g	2.00%	2.97%
WACC	11.53%	12.26%
Equity Value (€/000)	(1,362)	59,845
Net value of the investment * (€/000)	(1,658)	58,466
Difference (€/000)	**296**	**1.379**

* value that includes any provisions to cover losses

In reference to the investment in Irce Ltda which was not written down, here below is a sensitivity analysis which shows, in order to make the Equity Value equal to the book value of the investment, what the "discount rate (WACC)" in absolute terms and the reduction in "EBITDA" in percentage terms should alternatively be compared to the values included in the 2025-2029 Plan.

Sensitivity	FD Sims	IRCE Ltda
WACC	11.66%	12.45%
EBITDA	(1.59%)	(1.73%)

Based on the aforementioned analyses, the Directors believe that the equity investments in FD Sims and Irce Ltda do not present risks which make it necessary to apply a write-down at 31 December 2024.

With regard to the investment in the subsidiary Smit Draad Nijmegen, reference should be made to the following commented in the previous paragraph

6. OTHER NON-CURRENT FINANCIAL RECEIVABLES

Other non-current financial receivables are broken down as follows:

(Thousands of Euro)	2024 31 December	2023 31 December
Other non-current financial receivables	25,101	28,175
Total equity investments and other financial assets	**25,101**	**28,175**

Below is the breakdown of interest-bearing loans extended to subsidiaries:

(Thousands of Euro)	2024 31 December	2023 31 December
FD SIMS ltd	12,178	9,451
Smit Draad Nijmegen BV	-	9,294
DMG Gmbh	1,672	1,677
Isodra Gmbh	1,920	1,927
Irce SL	1,764	1,695
Irce SP.ZO.O	131	134
Irce S.R.O. Cechia	7,466	3,997
Totale crediti finanziari infragruppo (valore nominale)	**25,101**	**28,175**

It should be noted that the financial receivable due from Smit Draad Nijmegen, equal to € 9,294 thousand as at 31 December 2023, has been reclassified under ‘Current financial assets’ (see paragraph 11) following the decision to close the business in 2025 and, consequently, not to extend the financing to the Dutch subsidiary any further.

Also as part of the impairment tests carried out on equity investments, commented on in the previous paragraph, management analysed the recoverability of these amounts: the results showed that the book values recognised in relation to the subsidiaries can be fully recovered.

7. DEFERRED TAX ASSETS/LIABILITIES

The item “deferred tax assets” is the net balance of deferred tax assets less deferred tax liabilities relating to the same tax jurisdiction:

(Thousands of Euro)	2024 31 December	2023 31 December
Deferred tax assets	2,090	2,241
Total deferred tax assets (net)	**2,090**	**2,241**

Here below is set out the breakdown of deferred tax assets and deferred tax liabilities, before offsetting:

(Thousands of Euro)	2024 31 December	2023 31 December
Provisions for risks and charges	79	79
Bad debt provision (subject to taxes)	269	321
Inventories / Inventory obsolescence	1,553	1,624
Adoption of IFRS 15	704	668
Adoption of IAS 19	(24)	(20)
Other	7	118
Total deferred tax assets	**2,588**	**2,790**

(Thousands of Euro)	2024 31 December	2023 31 December
Depreciation/amortisation	29	29
Exchange rate differences	-	43
Land revaluation – IAS transition	413	413
Buildings revaluation – IAS transition	56	64
Total deferred tax liabilities	**498**	**549**

The "net" deferred tax assets in the period saw the following changes:

(Thousands of Euro)	Opening balance	Increase	Decrease	Reclassifications	Effect on shareholders' equity	Closing balance
Deferred tax assets (net)	2,241	-	(147)	-	(4)	2,090
Total	**2,241**	**-**	**(147)**	**-**	**(4)**	**2,090**

The item "Effect on shareholders' equity" refers to changes in the actuarial reserve as per IAS 19.

8. INVENTORIES

Inventories are broken down as follows:

(Thousands of Euro)	2024 31 December	2023 31 December
Raw materials, ancillary and consumables	16,621	19,740
Work in progress and semi-finished goods	12,359	13,810
Finished products and goods	33,816	33,137
Provision for write-down of raw materials	(3,929)	(4,039)
Provision for write-down of work in progress and semi-finished goods	(145)	-
Provision for write-down of finished products	(2,060)	(2,390)
Total inventories	**56,662**	**60,258**

Recognised inventories are not pledged nor used as collateral.

The decrease in inventories is due to the reduction in stock quantities attributable to more careful stock management, partly offset by an increase in metal prices.
In particular, the average price of copper in 2024 on the London Metal Exchange was 8.45 €/Kg, up by around 8 per cent compared to the price in the previous year of 7.84€/Kg, while the price at the end of the year was 8.38 €/Kg, up by around 9 per cent on 7.70 €/Kg at 31 December 2023.

Taking account of the rising trend in the price of copper in the first few months of 2025 as well as expectations around the time to use the stocks, the criteria have not been met to write down the stocks of the metal at 31 December 2024 to the likely sale value.

Here below are the changes in the Provision for inventory obsolescence in the period:

(Thousands of Euro)	Opening balance	Allocation	Use	Closing balance
Provision for write-down of raw materials	(4,039)	-	110	(3,929)
Provision for write-down of work in progress	-	(145)	-	(145)
Provision for write-down of finished products	(2,390)	-	330	(2,060)
Total	**(6,429)**	**(145)**	**440**	**(6,134)**

The provision for write-down 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-down of finished products and goods is set aside against slow-moving or non-moving finished products, as well as products that are not eligible for sale.

9. TRADE RECEIVABLES

Here below is the breakdown of trade receivables:

(Thousands of Euro)	2024 31 December	2023 31 December
Receivables due from third-party customers	32,095	35,029
Intercompany receivables	11,328	10,520
Short-term bad debt provision from third parties	(710)	(928)
Intercompany bad debt provision	(1,405)	(1,405)
Total trade receivables	**41,308**	**43,216**

The reduction in trade receivables is mainly due to an improvement in the payment terms of some important customers and to a variation in the customer mix in the turnover of the last quarter, partly compensated by fewer assignments without recourse.

Trade receivables subject to non-recourse sale during the year totalled € 22.0 million (€ 31.4 million during 2023) of which € 8.0 million relating to invoices sold but not yet overdue at 31 December 2024 (at 31 December 2022 € 15.9 million).

The balance of intercompany trade receivables due from subsidiaries is broken down as follows:

(Thousands of Euro)	2024 31 December	2023 31 December
FD SIMS ltd	2,762	1,519
Smit Draad Nijmegen BV	7	22
Isomet AG	1,887	1,558
IRCE Ltda	249	251
DMG Gmbh	24	18
Isodra Gmbh	413	610
Irce SL	2,595	2,490
Stable Magnet Wire P.Ltd	1,613	2,442
Isolveco 2 SRL	1	9
Isolveco SRL in liquidation	1,521	1,521
Irce Electromagnetic wire Co.Ltd	80	80
Irce S.R.O. Cechia	176	-
Total intra-group trade receivables (nominal value)	**11,328**	**10,520**
Isolveco SRL in liquidation	(1,405)	(1,405)
Total intra-group trade receivables (net value)	**9,923**	**9,115**

The table below shows the changes in the bad debt provision during 2024:

(Thousands of Euro)	Opening balance	Release	Use	Closing balance
Short-term provision for bad debts from third parties	(928)	200	19	(710)
Intercompany bad debt provision	(1,405)	-	-	(1,405)

The release of the bad debt provision is mainly due to the recalculation of the expected losses that have benefited in recent years from the low default rate.

10. RECEIVABLES DUE FROM OTHERS

The item is broken down as follows:

(Thousands of Euro)	2024 31 December	2023 31 December
Accrued income and prepaid expenses	264	125
Receivables due from social security institutions	27	-
Other receivables	3,154	2,475
Total receivables due from others	**3,445**	**2,601**

The item "Other receivables" mainly includes the tax credit under Industria 4.0 accrued based on investments in capital goods made in previous years as well; the increase in the period is mainly attributable to equipment interconnections and integrations which took place in 2024.

11. CURRENT FINANCIAL ASSETS

The item is broken down as follows:

(Thousands of Euro)	2024 31 December	2023 31 December
Mark to market gains derivatives on metals	-	87
Guarantee deposits	10	17
Mark to market financial assets	287	263
Mark to market gains derivatives exchange rates	115	6
Intercompany financial receivables	9,294	-
Intercompany bad debt provision	(6,193)	-
Total current financial assets	**3,513**	**373**

The items "Mark to market gains derivatives on metal" and "Mark to market gains derivatives exchange rate" refer to the fair value of forward contracts on copper and on currencies open at year-end.

The item "Mark to market financial assets" mainly includes energy efficiency certificates (TEEs).

The item 'Intercompany financial receivables' represents a reclassification from the item 'Other non-current financial receivables' (see paragraph 6) following the decision to terminate the activities of the Dutch subsidiary by 2025.

The changes in the provision for the write-down of financial receivables are shown below

(Thousands of Euro)	Opening balance	Allocation	Reclassifications	Closing balance
Smit Draad Nijmegen write-down provision	-	(5,400)	(793)	(6,193)

With regard to the allocation of € 5.4 million, please refer to the comments in paragraph 5. Equity investments; the increase of €0.8 million represents a reclassification made from the Provision for the coverage of infra-group losses (see section 15- Provision for risks and charges) following the decision to terminate the production activities of the Dutch subsidiary.

12. CASH AND CASH EQUIVALENTS

This item includes bank deposits, cash and cash equivalents.

(Thousands of Euro)	2024 31 December	2023 31 December
Bank deposits	5,164	4,851
Cash and cash equivalents	5	7
Total cash and cash equivalents	**5,170**	**4,858**

Bank deposits are remunerated at a variable rate and are not subject to liens or restrictions.

13. SHAREHOLDERS' EQUITY

Shareholders' equity amounted to € 168.9 million as at 31 December 2024 (€ 165.9 million as at 31 December 2023) and is detailed in the following table.

(Thousands of Euro)	2024 31 December	2023 31 December
Share capital	14,627	14,627
Treasury Shares	(871)	(845)
Share premium reserve	40,539	40,539
Revaluation reserve	22,328	22,328
Treasury shares (share premium)	(202)	(130)
Legal reserve	2,925	2,925
IAS 19 reserve	(572)	(585)
Extraordinary reserve	58,275	54,058
Other reserves	20,758	20,758
Retained earnings/losses carried forward	6,462	6,462
Profit/(Loss) for the period	4,621	5,806
Total Shareholders' Equity	**168,890**	**165,942**

Share capital

The following table shows the breakdown of share capital.

(Thousands of Euro)	2024 31 December	2023 31 December
Subscribed share capital	14,627	14,627
Treasury shares reserve	(871)	(845)
Total share capital	**13,756**	**13,782**

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.

The Treasury Shares Reserve refers to the nominal value of treasury shares held by the Company; as required by the IFRS, they are deducted from equity.

Treasury shares as at 31 December 2024 amounted to 1,674,567 and corresponded to 5.95% of the share capital. There are therefore 26,453,433 outstanding shares.

The changes in the number of shares (in thousands) outstanding at the beginning and at the end of the last two years is shown below:

Changes in treasury shares	Thousands of shares
Balance at 31.12.2022	**26,542**
Share buyback	(38)
Balance at 31.12.2023	**26,504**
Share buyback	(51)
Balance at 31.12.2024	**26,453**

Share premium reserve

This item refers to the higher issue value compared to the par value of IRCE S.p.A. shares at the time of the share capital increase when the Company was first listed on the Stock Exchange in 1996.

Revaluation reserve

The item refers to the revaluation carried out in accordance with Italian Law 266/1995, equal to €/000 22,328, prior to the transition to IFRS. This was not reversed as, upon adopting IFRS, the Parent Company elected to adopt fair value, as resulting from net revaluation balances, as a surrogate for cost with respect to the assets being revalued.

Legal reserve

The item shows the earnings retained in previous years by IRCE, in accordance with the provisions of article 2430 of the Italian Civil Code, and is no longer topped up having reached a fifth of the share capital.

IAS 19 reserve

This reserve includes actuarial gains and losses accumulated as a result of the application of IAS 19 Revised. The change in the reserve, in thousands of Euro, is as follows:

Change in IAS 19 reserve	Thousands of Euro
Balance at 31.12.2022	**(565)**
Actuarial valuation	(26)
Tax effect	6
Balance at 31.12.2023	**(585)**
Actuarial valuation	18
Tax effect	(4)
Balance at 31.12.2024	**(571)**

Extraordinary reserve

The extraordinary reserve increased due to the gains (losses) of the previous year which in 2023 were € 5.8 million and fell due to the distribution of dividends for € 1.6 thousand in 2024.

Other reserves

This item, equal to € 20,758 thousand, includes:

- the Merger surplus reserve (due to cancellation) which arose in the year 2001 following the merger of Irce Cavi S.p.A. and Isolcable S.r.l. into IRCE S.p.A., amounting to € 6,621 thousand;
- the Reserve of profits to be re-invested in Southern Italy, totalling € 201 thousand;
- the FTA reserve, which represents the offsetting item for all adjustments made to the financial statements in order to comply with IAS/IFRS as of 1 January 2004 (transition year), amounting to € 13,936 thousand.

Below is the detail of origin, availability and possibility of distribution of equity items:

Nature/description	Amount	Possibility of use	Available amount	Distributable amount
Share capital	**14,626,560**			
Share premium reserve	40,538,732	A,B,C	40,538,732	40,538,732
Other capital reserves	6,035,757	A,B,C	6,035,757	6,035,757
Total capital reserves	**46,574,489**		**46,574,489**	**46,574,489**
Legal	2,925,312	B	2,925,312	-
Extraordinary	58,275,138	A,B,C	58,275,138	58,275,138
IAS reserve	5,890,221	A,B	5,890,221	1,597,853
Treasury shares reserve	(1,072,726)	-	(1,072,726)	(1,072,726)
Cash flow hedge reserve	-	A,B	-	-
Cancellation surplus (consisting of profit reserves)	585,888	A,B,C	585,888	585,888
Total retained earnings	**66,603,833**		**66,603,833**	**59,386,153**
Profits from investment in southern Italy	201,160	A,B,C	201,160	201,160
Revaluation (extraordinary revaluation in the financial statements)	22,327,500	A,B,C	22,327,500	22,327,500
Revaluation Law no. 266/2005	13,935,343	A,B	13,935,343	
Total reserves in tax suspension	**36,464,003**		**36,464,003**	**22,528,660**
Total reserves	**149,642,325**		**149,642,325**	**128,489,302**
Profit/(Loss) for the year	**4,620,629**			
TOTAL SHAREHOLDERS' EQUITY	**168,889,514**			

Key:
A = increase in capital; B = coverage of losses; C = distributable

It should be noted that the Share Premium Reserve is fully distributable, as the Legal Reserve has already reached 1/5 of the Share Capital.

14. FINANCIAL LIABILITIES

Here below is the breakdown of current and non-current financial liabilities:

(Thousands of Euro)	2024 31 December	2023 31 December
Payables due to banks	10,694	12,756
Mark-to-market loss derivatives on metals	146	-
IFRS 16 financial liabilities	72	38
Mark-to-market loss derivatives exchange rates	9	-
Long-term loans – current	4,948	5,333
Total current financial liabilities	**15,869**	**18,127**

(Thousands of Euro)	2024 31 December	2023 31 December
Financial liabilities due to banks	37,631	12,580
IFRS 16 financial liabilities	121	68
Total non-current financial liabilities	**37,752**	**12,648**

The table below shows the changes in non-current financial liabilities during 2024:

(Thousands of Euro)	Opening balance	Reclassifications	Loan	Closing balance
Financial liabilities due to banks	12,580	(4,949)	30,000	37,631
IFRS 16 financial liabilities	68	(85)	138	121
Total	**12,648**	**(5,034)**	**30,138**	**37,752**

The raising of € 30 million in bank loans is associated with the construction of the production plant in the Czech Republic.

The item "Reclassification" sets out the total of long-term financial liabilities at year-end among short-term financial liabilities.

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

(Thousands of Euro)	Currency	Rate	Company	31.12.2024	31.12.2023	Due date
Banca di Imola	EUR	Floating	IRCE	737	2,163	2026
Banca di Imola	EUR	Floating	IRCE	10,000	-	2034
Mediocredito	EUR	Floating	IRCE	-	461	2025
Banco Popolare	EUR	Fixed	IRCE	380	1,136	2026
Deutsche Bank	EUR	Floating	IRCE	2,625	4,375	2027
BPER	EUR	Floating	IRCE	3,889	4,445	2032
BPER	EUR	Floating	IRCE	10,000	-	2034
MPS	EUR	Floating	IRCE	10,000	-	2034
Total				**37,631**	**12,580**	

It should be noted that as of December 31, 2024, compliance with all financial constraints is expected for a loan; these covenants, determined as the ratio between "net financial position" and "equity" and between "EBITDA" and "net financial position", were fully satisfied.

The **Net Financial Position** determined on the basis of the model envisaged by Consob Warning Notice No. 5/21 of 29 April 2021, which transposes the ESMA guideline published on 4 March 2021, is shown below.

(Thousands of Euro)	2024 31 December	2023 31 December
Cash and Cash Equivalents	5,170	4,858
Current financial assets	412	373
Liquid assets	**5,582**	**5,231**
Other financial assets Current	(10,921)	(12,793)
Long-term loans – current portion	(4,948)	(5,334)
Net current financial position	**(10,287)**	**(12,896)**
Non-current financial liabilities due to third parties	(37,752)	(12,648)
Net financial position	**(48,038)**	**(25,544)**

Intercompany financial receivables, current and non-current, were excluded from the calculation of the net financial position.

The net financial position as at 31 December 2024 amounted to € 44.9 million, an increase compared to € 25.5 million as at 31 December 2023 following the taking out three loans totalling € 30.0 million that made it possible to finance the construction of the new industrial plant in the Czech Republic through a capital increase in the subsidiary Irce Sro, only partially offset by the effects of the reduction in working capital and the cash generated by operations.

The net financial position includes in total € 193 thousand of current and non-current financial payables relating to leases accounted for in accordance with IFRS 16.

In addition, at 31 December 2024 the Company had outstanding contractual commitments for around € 219 million relating largely to the purchase of copper. It should be noted that, since the purchase price of copper will be determined on the basis of the LME price at the time of delivery, the valuation of the commitment was made by using the LME price at 31 December 2024.

15. PROVISIONS FOR RISKS AND CHARGES

Non-current provisions for risks and charges are broken down as follows:

(Thousands of Euro)	2024 31 December	2023 31 December
Provision for severance payments to agents – non-current	119	112
Other provisions – non-current	331	330
Provision to cover intercompany losses	7,895	10,238
Total provision for non-current risks and charges	**8,345**	**10,680**

Changes in the provision for risks and charges are provided below:

(Thousands of Euro)	Opening balance	Allocation	Reclassifications	Closing balance
Provision for severance payments to agents	112	7	-	119
Other provisions – non-current	331	-	-	331
Provision to cover intercompany losses	10,238	263	(2,606)	7,895
Total provision for risks – non-current	**10,681**	**270**	**(2,606)**	**8,345**

The item “Provision for severance payments to agents” refers to allocations made for severance payments relating to outstanding agency contracts.
Here below is set out the change in the provision for the coverage of intercompany losses.

(Thousands of Euro)	Opening balance	Allocation	Reclassifications	Closing balance
FD SIMS ltd	1,658	-		1,658
Smit Draad Nijmegen BV	793	-	(793)	-
Isodra Gmbh	1,855	-		1,855
Irce SL	3,972	167		4,139
Stable Magnet Wire P.Ltd	1,813	-	(1,813)	-
Isolveco 2 SRL	79	96		175
Irce SP.ZO.O	68	-		68
Total provision to cover intercompany losses	**10,238**	**263**	**(2,606)**	**7,895**

The Company has allocated a provision to cover losses in the subsidiaries Irce SL and Isolveco Srl, which have negative shareholders' equity, as the losses incurred during the financial year were considered long-term.

It should be noted that the Smit Draad Nijmegen loss coverage provision allocated in previous years, amounting to € 793 thousand, has been reclassified under item 11. ‘Current financial assets’ following the decision to close the Dutch subsidiary, while the Stable Magnet

Wire loss coverage provision, equal to € 1,813 thousand, was reclassified in the equity investment write-down provision following the capital increase carried out in 2024.

For further information, see paragraph 5 'Shareholdings' and Annex 2 'List of shareholdings in directly controlled companies'.

16. PROVISIONS FOR EMPLOYEE DEFINED BENEFITS

This provision includes the liability relating to employee termination indemnities (Trattamento di Fine Rapporto, TFR) and is part of the defined benefit plans.

In 2024 the Provision experienced the following changes:

(Thousands of Euro)	Opening balance	Allocation	Effect on Shareholders' equity	Use	Closing balance
Long-term provision for employee benefits	2,834	85	(18)	(256)	2,645
Total	**2,834**	**85**	**(18)**	**(256)**	**2,645**

The actuarial valuation of employee termination indemnities was undertaken on the basis of the "accrued benefits" methodology through the "Projected Unit Credit" (PUC) criterion as envisaged in paragraphs 67-69 of IAS 19 and is broken down into the following stages:

- it projected, up to the alleged payment date, the employee termination indemnities accrued by each employee as at 31 December 2006 and reassessed as of the date of the financial statements;
- it calculated employee termination indemnity payments, based on their probability of occurrence, that the Company will have to make in the event that the employee leaves the Company following dismissal, resignation, disability, death and retirement, as well as in the event of advance payment requests;
- it discounted, at the measurement date, each payment based on the probability of occurrence.

Here below are the demographic and technical-economic assumptions used by the actuary in measuring the provision for employee benefits:

Demographic assumptions	2024 31 December	2023 31 December
Death	Istat 2022	RG48 mortality tables issued by the State General Accounting Department
Disability	INPS tables based on age and gender	INPS tables based on age and gender
Pension	100% on reaching the requirements of the general compulsory insurance (AGO, Assicurazione Generale Obbligatoria)	100% on reaching the requirements of the general compulsory insurance (AGO, Assicurazione Generale Obbligatoria)

Technical-economic assumptions	2024 31 December	2023 31 December
Annual discount rate	2.93%	2.95%
Annual inflation rate	2.00%	2.00%

The discount rate, in line with paragraph 83 of IAS 19, was inferred from the IBOXX Corporate AA index with a 5-7-year duration as of the measurement date.

Sensitivity analysis of the main measurement parameters (in thousands of Euro):

(Thousands of Euro)	Sensitivity	DBO 2024 31 December	DBO 2023 31 December
Turnover rate	+1.00%	2,649	2,839
Turnover rate	- 1.00%	2,641	2,830
Inflation rate	+0.25%	2,668	2,861
Inflation rate	-0.25%	2,622	2,808
Discount rate	+0.25%	2,609	2,792
Discount rate	-0.25%	2,682	2,877
Service cost		0.00	0.00
Plan term (years)		6.3	6.7

17. TRADE PAYABLES

Trade payables, shown net of advances received from suppliers, are broken down as follows:

(Thousands of Euro)	2024 31 December	2023 31 December
Trade payables	18,502	18,445
Trade payables due to Group companies	161	193
Total trade payables	**18,663**	**18,638**

Trade payables due to subsidiaries were broken down as follows:

(Thousands of Euro)	2024 31 December	2023 31 December
FD SIMS ltd	16	2
IRCE Ltda	23	-
DMG Gmbh	76	86
Irce SL	6	53
Isolveco 2 SRL	7	8
Irce SP.ZO.O	34	44
Total intercompany trade payables	**161**	**193**

18. TAX PAYABLES

The table below show the breakdown of tax payables.

(Thousands of Euro)	2024 31 December	2023 31 December
Tax payables due to Aequafin	644	1,168
Short-term tax payables	94	130
Total tax payables	**738**	**1,298**

It should be noted that “Tax payables-current” show the net balance at year end of the Italian regional manufacturing tax (IRAP), while “Tax payables due to Aequafin” show the net balance for Italian corporation tax (IRES) in regard to the parent company with which there is a tax consolidation agreement in place.

19. SOCIAL SECURITY CONTRIBUTIONS

(Thousands of Euro)	2024 31 December	2023 31 December
Social security contributions	1,614	1,663

The item refers to the year-end payable due to welfare and social security institutes and includes both the cost met by the company and any amounts withheld from employees.

20. OTHER CURRENT LIABILITIES

Other payables are broken down as follows:

(Thousands of Euro)	2024 31 December	2023 31 December
Payables due to employees	2,309	2,284
Accrued liabilities and deferred income	3,019	1,811
Other payables	285	153
VAT payables	22	689
Payables for employee IRPEF withholdings	555	555
Total other current liabilities	**6,190**	**5,492**

“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 the item “Accrued liabilities and deferred income” is due to the capital contributions relating to the Industria 4.0 tax credit, in relation to the interconnected equipment in 2024, and will be released to the income statement in line with the repayment plan for the capital goods to which they refer.

The “VAT payable” includes the liability associated both with Italian parent company and with the permanent establishments in Germany, Spain and Poland.

“Other payables” mainly include payables due to the tax authorities for withholding taxes, advances from customers when they cannot be offset with the related credit entries, and other miscellaneous liabilities.

COMMENT ON THE MAIN ITEMS OF THE SEPARATE INCOME STATEMENT

21. SALES REVENUES

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

(Thousands of Euro)	2024 31 December	2023 31 December	Change
Revenues	247,608	257,876	(10,268)

Turnover in 2024 fell by 4.0% compared to 31 December 2023. The variation is mainly due to a decrease in quantities sold, partly offset by an increase in the average selling prices of metal.

The following tables provide the breakdown of revenues by product and geographical area of destination of the finished product.

(Thousands of Euro)	Current year			Previous year		
	Winding wires	Cables	Total	Winding wires	Cables	Total
Revenues	184,755	62,853	247,608	192,356	65,520	257,876
% of total	*74.6%*	*25.4%*	*100.0%*	*74.6%*	*25.4%*	*100.0%*

(Thousands of Euro)	Current year				Previous year			
	Italy	EU	Non-EU	Total	Italy	EU	Non-EU	Total
Revenues	140,934	78,034	28,640	247,608	142,117	89,760	25,999	257,876
% of total	*56.9%*	*31.5%*	*11.6%*	*100.0%*	*55.1%*	*34.8%*	*10.1%*	*100.0%*

For additional details, see the Report on operations.

22. OTHER REVENUES AND INCOME

Other income was broken down as follows:

(Thousands of Euro)	2024 31 December	2023 31 December	Change
Increases in internally generated fixed assets	125	84	41
Capital gains on disposals of assets	153	198	(45)
Insurance reimbursements	43	82	(39)
Contingent assets	127	307	(180)
Other revenues and income	952	743	209
Other intercompany revenues and income	146	173	(27)
Total other revenues and income	**1,546**	**1,587**	**(41)**

The change in the item "Increase in internally generated fixed assets" refers mainly to processing undertaken internally on plant and machinery which was partly recognised under item "Assets under construction" at year end.

The item "Contingent assets" refers mainly to liability provisions made in previous years.

The detailed item "Other revenues and income" mainly includes revenues for the sale of energy efficiency certificates (TEEs), the contributions of a different nature as well as the recharging for the repayment of expenses made to customers. The increase in the period was due largely to the contributions relating to the Industria 4.0 tax credit following interconnection and integration of capital goods in 2024.

The item 'Other intercompany revenues and income' basically includes the recharging to subsidiaries of expenses incurred and the partial transfer of IT service costs.

23. COSTS FOR RAW MATERIALS AND CONSUMABLES

"Costs for raw materials and consumables" mainly includes the costs incurred for the purchase of copper, insulating materials and packaging and maintenance materials and are detailed below:

(Thousands of Euro)	2024 31 December	2023 31 December	Change
Costs for raw materials and consumables	(180,247)	(175,658)	(4,589)
Change in raw materials, other materials and goods	(3,010)	(15,313)	12,303
Costs for intercompany raw materials and consumables	(349)	(2,748)	2,399
Total costs for raw materials and consumables	**(183,606)**	**(193,719)**	**10,113**

The change of € 4.6 million in the item "Costs for raw materials and consumables" is mainly attributable to a reduction in the year of the volumes purchased partly offset by the average prices of raw materials compared to the previous year.
The item "Change in inventory of raw materials, other materials and goods" shows the difference between the opening and closing value of the Inventory of raw materials and consumables on the Statement of financial position.

24. COSTS FOR SERVICES

These include costs incurred for the provision of services pertaining to copper processing as well as utilities, transportation, commercial and administrative services, and the costs for the use of third-party goods, as detailed below:

(Thousands of Euro)	2024 31 December	2023 31 December	Change
External processing	(8,006)	(8,350)	344
Utility expenses	(8,911)	(8,064)	(847)
Maintenance	(1,081)	(1,225)	144
Transport expenses	(2,920)	(3,433)	513
Fees payable	(92)	(116)	24
Compensation of Statutory Auditors	(68)	(73)	5
Other services	(4,819)	(3,878)	(941)
Costs for the use of third-party assets	(18)	(32)	14
Costs for intercompany services	(1,014)	(1,141)	127
Total costs for services	**(26,929)**	**(26,312)**	**(617)**

The variation in 'External processing' and 'Transport expenses' is mainly attributable to the lower quantities produced due to weak market demand.

The increase in 'Utility expenses' compared to the same period last year is attributable to an increase in the cost of electricity, partly offset by a reduction in the MWh of electricity consumed following the drop in production and the self-consumption of renewable energy produced by the Imola photovoltaic system, which became operational in the second half of 2023.

The change in the cost of "Maintenance" is due to greater use of external maintenance staff in place of internal staff.

The item "Other services" includes primarily technical, legal and tax consulting fees as well as R&D, insurance and business expenses. The variation is attributable to the Parent Company and in particular to greater use of technical and commercial consultancy, as well as an increase in development costs.

"Costs for the use of third-party assets" include lease payments to which IFRS 16 does not apply because the underlying asset has a low value (less than € 5 thousand) or the lease term is less than 12 months.

25. PERSONNEL COSTS

Here below is the breakdown of personnel costs:

(Thousands of Euro)	2024 31 December	2023 31 December	Change
Salaries and wages	(11,369)	(11,098)	(271)
Social security charges	(3,410)	(3,349)	(61)
Pension costs	(884)	(965)	81
Other costs	(2,098)	(1,825)	(273)
Total personnel costs	**(17,761)**	**(17,237)**	**(524)**

The item "Other personnel costs" includes costs for temporary work, contract work, and the compensation of Directors. The variation in this item is attributable to the increased use of temporary workers..

Personnel costs increased compared to 2023 due to both a greater number of hours worked (the average number of employees/temporary workers in 2024 was 367, higher than the 360 in 2023) and an increase in the average salary per employee following the renewal of the company contract and, to a lesser extent, the effect of new hires.
The Company's average number of employees for the year and the current number at year-end is shown below:

(Number of employees)	2023 31 December Closing number	2024 31 December Closing number	2024 31 December Average number
Executives	13	13	13
White collars	64	67	66
Blue collars	253	253	253
Total employees	**330**	**333**	**332**
Managers (temporary)	-	-	-
Office staff (temporary)	2	-	1
Labourers (temporary)	36	24	34
Total temporary staff	**38**	**24**	**35**
Employees and temporary workers	**368**	**357**	**367**

The average 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.

26. DEPRECIATION/AMORTISATION

Here is the breakdown of depreciation/amortisation:

(Thousands of Euro)	2024 31 December	2023 31 December	Change
Amortisation of intangible assets	(127)	(128)	2
Depreciation of tangible assets	(4,345)	(3,965)	(380)
Depreciation of IFRS 16 tangible assets	(50)	(45)	(6)
Write-down of tangible assets	(22)	-	(22)
Total amortisation/depreciation and impairment	**(4,544)**	**(4,138)**	**(406)**

The change in the depreciation of tangible assets is due to the coming into operation in 2024 of a significant value of investments belonging in particular to "plant and equipment" as well as the adoption of the full depreciation rate on the total investments made in the previous year.

27. PROVISIONS AND WRITE-DOWNS

Provisions and write-downs are broken down as follows:

(Thousands of Euro)	2024 31 December	2023 31 December	Change
Write-down of receivables and cash and cash equivalents	200	600	(400)
Provisions for risks	-	(180)	180
Total amortisation/depreciation and write-downs	**200**	**420**	**(220)**

In relation to the change in the items "Bad debt provision" and "Provision for risks", reference should be made respectively to sections "9 – Trade receivables" and "15 – Provision of risks and charges".

28. OTHER OPERATING COSTS

Other operating costs are broken down as follows:

(Thousands of Euro)	2024 31 December	2023 31 December	Change
Non-income taxes and duties	(473)	(305)	(168)
Other operating costs	(287)	(146)	(142)
Non-recurring costs	(81)	(23)	(58)
Total other operating costs	**(843)**	**(475)**	**(368)**

The increase in the item 'Non-income taxes and duties' is attributable to the IMU (property tax).

The change in "Other operating costs" is mainly due to contractual penalties charged by a customer in 2024.

29. IMPAIRMENT AND REVERSAL OF IMPAIRMENT OF EQUITY INVESTMENTS

Impairment for the year is broken down as follows:

(Thousands of Euro)	2024 31 December	2023 31 December
FD SIMS ltd	-	(3,800)
Smit Draad Nijmegen BV	(5,400)	(1,200)
Irce SL	(167)	(180)
Stable Magnet Wire P.Ltd	(478)	(389)
Isolveco 2 SRL	(186)	(86)
Irce Electromagnetic wire Co.Ltd	(112)	(289)
Irce S.R.O. Cechia	(550)	-
Total	**(6,893)**	**(5,944)**
Total impairment / (reversal)	**(6,893)**	**(5,944)**

The allocation of € 5.4 million in relation to the subsidiary Smit Draad Nijmegen refers to the write-down of the financial credit recorded under 'Other current financial credits'.

For more details reference should be made to section 5. Investments and to section 15. Provision for risks and charges.

30. FINANCIAL INCOME AND CHARGES

Financial income and charges are broken down as follows:

(Thousands of Euro)	2024 31 December	2023 31 December	Change
Financial income	3,072	2,813	259
Financial charges	(3,106)	(2,981)	(125)
Foreign exchange gains/(losses)	45	(3)	48
Total financial income and charges	**11**	**(171)**	**182**

The item "Financial income" mainly includes for € 0.9 million the dividends paid by the Brazilian subsidiary (€ 1.1 million at 31 December 2023), for € 0.1 million interest income owing to deferred payments granted to customers (€ 0.1 million at 31 December 2023), for € 1.6 million the income on intercompany loans (€ 1.4 million at 31 December 2023) and for € € 0.5 million the net effect of metal derivatives, both those already paid during the year and those evaluated at the end of the period (€ 0.1 million at 31 December 2023).

The item "Financial charges" mainly includes for € 2.5 million interest expense on short- and long-term debt (€ 2.1 million at 31 December 2023) and for € 0.5 million charges relating to the non-recourse discount of trade receivables (€ 0.7 million at 31 December 2022). The change in the period is due to an increase in average debt compared to the previous year, partly offset by a fall in market interest rates.

The item "Foreign exchanges" essentially shows the net effect of realised and unrealised translation differences.

31. INCOME TAXES

Here below is the detail of income taxes

(Thousands of Euro)	2024 31 December	2023 31 December	Change
Current taxes	(3,435)	(2,914)	(521)
Previous years' taxes	-	(253)	253
Deferred tax assets/(liabilities)	(148)	233	(381)
Total income taxes	**(3,583)**	**(2,934)**	**(649)**

The item "Current taxes" consist of € 2.8 million for Italian corporation tax (IRES) and € 0.7 million for Italian regional manufacturing tax (IRAP).

Below is the reconciliation between the theoretical and effective tax expense in relation to IRES and IRAP:

(Thousands of Euro)	2024 31 December	2023 31 December
Profit/(Loss) before tax	8,203	8,740
Taxes calculated with IRES tax rate (24%)	**1,969**	**2,098**
Permanent changes	947	(102)
Temporary changes	(154)	338
Effective IRES	**2,762**	**2,334**
Production value	32,748	31,751
Taxes calculated with average IRAP tax rate (4.11%)	**1,347**	**1,306**
Permanent changes	(681)	(739)
Temporary changes	7	13
IRAP rate (effective)	**673**	**579**
Total current income taxes	**3,435**	**2,914**

The ‘permanent changes’ to the pre-tax result mainly include as increasing tax adjustments the write-downs of equity investments and as decreasing tax adjustments the dividends distributed by the Brazilian subsidiary, the income for industry 4.0 tax credits, as well as the changes associated with hyper/super-amortisation.

The increase in the tax rate at 31 December 2024 compared to the comparative period is attributable to the reduced impact on the pre-tax result of the permanent downward changes to income. In particular, in 2024 contribution on electricity was not given to energy-intensive companies in the form of a tax credit.

32. RELATED PARTY DISCLOSURES

The transactions between the Parent Company and the subsidiaries are of a commercial and financial nature, while those with the parent company Aequafin S.p.A. are of a tax nature.

(Thousands of Euro)	Intercompany revenue	Other intercompany revenues and income	Costs for intercompany raw materials and consumables	Costs for intercompany services	Non-current intercompany financing	Receivables due from the Group	Trade payables due to Group companies	Tax payables due to Aequafin	Financial intercompany income	Dividends from subsidiaries
FD SIMS ltd	862	31	(3,099)	(13)	12,178	2,762	16	-	463	-
Smit Draad Nij	-	24	-	-	9,264	7	0	-	397	-
Isomet AG	9,652	20	-	(4)	0	1,887	0	-	-	-
IRCE Ltda	1,510	62	-	(23)	-	249	23	-	-	887
DMG Gmbh	92	1	(15)	(300)	1,672	24	76	-	72	-
Isodra Gmbh	212	1	-	-	1,920	413	0	-	90	-
Irce SL	3	0	(25)	(4,789)	1,764	2,595	6	-	171	-
Stable Magnet	1,280	-	-	-	-	1,613	-	-	-	-
Isolveco 2 SRL	-	7	-	(117)	0	1	6	-	-	-
Isolveco SRL in	-	-	-	-	-	116	-	-	-	-
Irce Electromag	-	-	-	-	-	80	-	-	-	-
Irce SP.ZO.O	-	-	-	(78)	131	0	33	-	10	-
Irce S.R.O. Cec	635	-	-	-	7,466	176	-	-	366	-
Aequafin	-	-	-	-	-	-	-	644	-	-
Total	**14,246**	**146**	**(349)**	**(1,013)**	**34,395**	**9,923**	**160**	**644**	**1,569**	**887**

In compliance with the requirements of IAS 24, the annual compensation received by the members of IRCE S.p.A.'s Board of Directors is shown below:

(Thousands of Euro)	Compensation for the office held	Compensation for other tasks	Total
Directors	258	291	549

This table shows the compensation paid for any reason and in any form, excluding social security contributions.
Following the introduction of article 123-ter of the Consolidated Financial Act, further details on these amounts are provided in the Remuneration Report, which will be made available within the time limits prescribed by the law at the registered office of the Company, as well as on the website www.irce.it.

33. GUARANTEES

Seven guarantees were released for a total of € 2.5 million in favour of a public company to guarantee the supply of electric cables.

34. MANAGEMENT OF TRADE RECEIVABLES

Here below is the breakdown of trade receivables due from third parties, by internal rating and due date.

The reclassification of receivables takes into account any positions subject to renegotiation.

(Thousands of Euro)	2024 31 December	2023 31 December	Change
Risk level			
Low	22,301	21,718	583
Average	7,368	10,962	(3,594)
Above average	1,996	1,874	122
High	430	475	(45)
Total trade receivables	**32,095**	**35,029**	**(2,934)**

(Thousands of Euro)	2024 31 December	2023 31 December	Change
Due date			
Not yet due	13,548	14,214	(666)
0 - 30 days	16,225	19,747	(3,522)
30 - 60 days	1,156	262	894
60 - 90 days	168	239	(71)
90 - 120 days	540	86	454
> 120 days	458	481	(23)
Total trade receivables	**32,095**	**35,029**	**(2,934)**

The bad debt provision of € 0.7 million refers for € 0.2 million to the ranges for expiry of "> 120 days" and for "High" risk, while for € 0.5 million it is for the ranges for expiry of under 120 days and for "Minimum", "Medium" and "Above average" risk.

In accordance with the provisions of IFRS 8, para. 34, please note that, for the year ended on 31 December 2024, there are no third-party customers generating revenues for the Company that exceed 10% of total revenues.

35. CAPITAL RISK MANAGEMENT

The primary objective in managing the capital is to maintain a solid credit rating and adequate capital ratios in order to support operations and maximise shareholder value.

(Thousands of Euro)	2024 31 December	2023 31 December
Net financial position (A)	(48,038)	(25,544)
Shareholders' equity (B)	(168,890)	(165,942)
Total capital (A) + (B) = (C)	(216,928)	(191,486)
Gearing ratio (A) / (C)	22.1%	13.3%

As can be seen from the table above, the Gearing ratio at 31 December 2024 stands at 22.1%, a percentage that confirms a low level of financial risk and a high level of solidity of the Parent Company.

36. FINANCIAL INSTRUMENTS

a) Financial instruments by category

The following table shows financial assets and liabilities by category of financial instrument:

	Current year				Previous year			
(Thousands of Euro)	Amortised cost	FV with a balancing entry in the income statement	FV with a balancing entry in equity	Total	Amortised cost	FV with a balancing entry in the income statement	FV with a balancing entry in equity	Total
Non-current financial assets:								
Other non-current financial receivables	34,395	-		34,395	28,175	-		28,175
Current financial assets:								
Trade receivables	41,308	-		41,308	43,216	-		43,216
Current financial assets	10	402		412	17	357		373
Cash and Cash Equivalents	5,170	-		5,170	4,858	-		4,858
Non-current financial liabilities:								
Non-current financial liabilities due to third parties	37,752	-		37,752	12,648	-		12,648
Current financial liabilities:								
Trade payables	18,502	-		18,502	18,444	-		18,444
Trade payables due to Group companies	161	-		161	193	-		193
Current financial liabilities due to third parties	15,714	155		15,869	18,127	-		18,127

b) Fair value of financial instruments

Here below is a comparison between the carrying amount and fair value of all the Company's financial instruments broken down by category:

(Thousands of Euro)	2024 31 December	2023 31 December	2024 31 December	2023 31 December
	Carrying amount		Fair value	
Financial Assets				
Cash and Cash Equivalents	5,170	4,858	5,170	4,858
Current financial assets	412	373	412	373
Trade receivables	41,308	43,216	41,308	43,216
Non-current financial assets and receivables	130,074	91,204	130,074	91,204
Financial liabilities				
Current financial liabilities due to third parties	15,869	18,127	15,869	18,127
Trade payables	18,502	18,444	18,502	18,444
Non-current financial liabilities due to third parties	37,752	12,648	37,752	12,648

c) Fair value hierarchy

The following table shows the levels of the fair value hierarchy (Thousands of Euro).

IFRS 13 defines the following three levels of fair value for measuring the financial instruments recognised in the statement of financial position:

- Level 1: quoted prices in active markets.
- Level 2: market inputs other than Level 1 inputs that are observable, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: inputs not based on observable market data.

31 December 2024 (Thousands of Euro)	Level 1	Level 2	Level 3	Total
Derivative Financial Instruments		115		115
Current financial assets	287			287
Total assets	**287**	**115**		**402**
Derivative Financial Instruments		(155)		(155)
Total liabilities		**(155)**		**(155)**

During the year, there were no transfers between the three fair value levels specified in IFRS 7.

37. DISCLOSURE PURSUANT TO ARTICLE 149-DUODECIES OF CONSOB ISSUERS' REGULATIONS

The following statement, drafted in accordance with art. 149-duodecies of the Consob Issuers' Regulations, shows the compensation for 2024 for auditing services and for other services provided by the independent auditor or by entities belonging to its network to IRCE S.p.A.

Type of service	Entity supplying the service	Compensation (€/000)
Auditing services	Deloitte & Touche S.p.A.	124
Other certifications (CSRD)	Deloitte & Touche S.p.A.	40

38. INFORMATION PURSUANT TO ITALIAN LAW NO. 124/2017

In line with the provisions of Italian Decree Law 135/2018 and in place of the disclosure obligation envisaged by Italian Law 124/2017, it is stated that IRCE S.p.A. has received in this financial year State aid that is subject to publication in the Italian State Aid Register.

39. EVENTS AFTER THE REPORTING DATE

Refer to the note “Events after the Reporting Date” of the “Report on operations for 2024”.

40. PROPOSED ALLOCATION OF THE RESULT FOR THE YEAR

With respect to the proposed allocation of the result for the year 2024 to be submitted to the Shareholders’ Meeting, see the “Report on Operations for 2024”.

Imola, 14 March 2025

On behalf of the Board of Directors

The Chairman

Mr Filippo Casadio

Attachment 1

Certification of the annual separate financial statements of IRCE S.p.A. pursuant to Article 154-bis, paragraph 5, of Italian Legislative Decree No. 58 of 24 February 1998

We, the undersigned, Mr Filippo Casadio, Chairman, and Ms Elena Casadio, Manager responsible for preparing the corporate accounting documents of IRCE S.p.A., hereby certify, taking into account the provisions of article 154-bis, para. 5, of Italian Legislative Decree No. 58 of 24 February 1998:

- the adequacy in relation to the company's characteristics, and adoption
- of the administrative and accounting procedures used to prepare the IAS/IFRS separate financial statements.

In addition, it is hereby certified that the IAS/IFRS separate financial statements:

a) are consistent with accounting books and records;
b) are prepared in compliance with IAS/IFRS and give a true and fair view of the financial position, financial performance and cash flows of the Company;
c) that the Report on Operations contains a reliable analysis of the information pursuant to para. 4, article 154-ter of Italian Legislative Decree No. 58 of 24 February 1998.

Imola, 14 March 2025

Filippo Casadio
Chairman

Elena Casadio
Manager responsible for preparing the corporate accounting documents

Attachment 2

List of Equity Investments in Direct Subsidiaries

The amounts referring to foreign investees have been translated into Euro using historical exchange rates.

In the following table the "Book value" is shown net of the provision for impairment of equity investments, while the "Provision for future costs" was set aside for the subsidiaries, the book value of which has already been completely written down and therefore, in short, is a write-down in intercompany financial receivables and/or trade receivables.

(in Euro)	Share capital	Equity investments %	Shareholders' equity	Shareholders' equity – pro-rata	Profit/(Loss) for the year	Profit/(Loss) for the year – pro-rata	Book value	Provision for future charges	Difference
FD SIMS ltd	18,173	100%	(5,900)	(5,900)	(3,056)	(3,056)	-	1,658	(4,242)
Smit Draad Nijmegen BV	1,166	100%	(6,386)	(6,386)	(5,107)	(5,107)	-	-	(6,386)
Isomet AG	674	100%	6,591	6,591	552	552	1,435	-	5,156
IRCE Ltda	58,809	100%	37,821	37,821	4,890	4,890	58,466	-	(20,645)
DMG Gmbh	256	100%	841	841	(180)	(180)	120	-	722
Isodra Gmbh	25	100%	(308)	(308)	578	578	-	1,855	1,547
Irce SL	150	100%	(4,139)	(4,139)	(167)	(167)	-	4,139	-
Stable Magnet Wire P.Ltd	6,305	100%	1,024	1,024	(436)	(436)	2,837	1,813	-
Isolveco 2 SRL	10	100%	(175)	(175)	(186)	(186)	-	175	-
Isolveco SRL in liquidation	46	75%	(1,231)	(923)	58	44	-	-	(923)
Irce Electromagnetic wire Co.Ltd	4,200	100%	3,142	3,142	(180)	(180)	3,141	-	1
Irce SP.ZO.O	48	100%	(51)	(51)	6	6	-	68	17
Irce S.R.O. Cechia	30,231	100%	29,085	29,085	(514)	(514)	29,681	-	(596)
Total	**-**		**60,314**	**-**	**-**	**-**	**95,679**	**9,708**	**(25,349)**

FD Sims Ltd and Irce Ltda were subjected to impairment testing. Reference should be made to section "5. Equity investments" and "15. Provisions for risks and charges" to see the results.
The significant negative difference of Irce Ltda, € 20.6 million, was totally due to the write-down of the Brazilian currency compared to the exchange rate at the time of setting up the equity investment.

In relation to the negative difference between the "Pro-quota of shareholders' equity" and "Book value" of Isolveco Srl which is in liquidation, of € 967 thousand, in place of the appropriation to the "Provision for the coverage of losses", a bad debt provision has been recorded of € 1.4 million (see section 9. Trade receivables) to cover the trade receivable of € 1.5 million. In reference instead to Smit Draad Nijmegen BV, which has a deficit of € 6,386 thousand, it is recorded in a financial receivables write-down provision for € 6,193 thousand (see section 11. Current financial assets).

In reference to the positive difference of € 1.5 million of Isodra GmbH, the Directors will assess in coming years any release of the "Provision for future costs" taking account of the Company's outlook and of the reasonable certainty that the recent positive results will be consolidated.

In relation to the subsidiary "Irce S.R.O. Cechia", it should be noted that building work relating to the production plant is due to end within the first six months of 2025 and that the negative difference between the Book value and the pro-rata shareholders' equity, of € 0.6 million, is considered recoverable once the start-up stage has finished.

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INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED SUSTAINABILITY STATEMENT PURSUANT TO ARTICLE 14-BIS OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
Irce S.p.A.

Conclusion

Pursuant to dell'art. 8 and 18, paragraph 1 of Legislative Decree no. 125 of September 6, 2024 (hereinafter also the "Decree"), we have carried out a limited assurance engagement on the consolidated sustainability statement of Irce S.p.A. and its subsidiaries (hereinafter also the "Group") for the year ended on December 31, 2024, prepared pursuant to Art. 4 of the Decree, included in the specific section of the management report.

Based on the work performed, nothing has come to our attention that causes us to believe that:

- the consolidated sustainability statement of the Group for the year ended on December 31, 2024 is not prepared, in all material respects, in accordance with the reporting principles adopted by the European Commission pursuant to the Directive (EU) 2013/34/EU (European Sustainability Reporting Standards, hereinafter also "ESRS");

- the information included in the paragraph "2.1 Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)" of the consolidated sustainability statement is not prepared, in all material respects, in accordance with art. 8 of Regulation (EU) No. 852 of June 18, 2020 (hereinafter also the "Taxonomy Regulation").

Basis for conclusion

We conducted the limited assurance engagement in accordance with the assurance standard of the sustainability report - "Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia)". The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the level of assurance that would have been obtained had we performed a reasonable assurance engagement.
Our responsibilities pursuant to that standard are further described in the paragraph *Auditor's responsibilities for the limited assurance of the consolidated sustainability statement* of this report.

We are independent in accordance with the independence and other ethical requirements applicable under Italian law to the limited assurance engagement of the consolidated sustainability statement.

Our firm applies International Standard on Quality Management (ISQM Italia) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matter

The comparative information for the year ended on December 31, 2023 presented in the consolidated sustainability statement in the paragraph has not been verified.

Responsibility of the Directors and the Board of Statutory Auditors of ABC S.p.A. for the consolidated sustainability statement

The Directors are responsible for developing and implementing the procedures performed to identify the information reported in the consolidated sustainability statement in accordance with the ESRS (hereinafter the “double materiality assessment process”) and for disclosing this process in the paragraph “1.10 Double Materiality Analysis” of the consolidated sustainability statement.
The Directors are also responsible for the preparation of the consolidated sustainability statement, which includes the information identified as part of the double materiality assessment process, in accordance with the requirements of Art. 4 of the Decree, including:

- compliance with ESRS;

- compliance of the information included in the paragraph “2.1 Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)”with art. 8 of the Taxonomy Regulation.

Such responsibility involves designing, implementing and maintaining, within the terms established by the law, such internal control that the Directors determine necessary to enable the preparation of the consolidated sustainability statement in accordance with the requirements of the art. 4 of the Decree that is free from material misstatements, whether due to fraud or error. Furthermore, the abovementioned responsibility involves the selection and application of appropriate methods in elaborating information and making assumptions and estimates about specific sustainability information that are reasonable in the circumstances.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Auditor’s responsibilities for the limited assurance of the consolidated sustainability statement

Our objectives are to plan and perform procedures to obtain limited assurance about whether the consolidated sustainability statement is free from material misstatements, whether due to fraud or error, and to issue an assurance report that includes our conclusion. Misstatements can arise

from fraud or error and are considered material if, individually or in the aggregate, could influence the decisions of users taken on the basis of consolidated sustainability statement.
As part of the limited assurance engagement in accordance with the Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia), we exercise professional judgment and maintain professional skepticism throughout the engagement.

Our responsibilities include:

- considering risks to identify and assess the disclosure where a material misstatement is likely to arise, either due to fraud or error;

- designing and performing procedures to verify disclosures in the sustainability statement where material misstatements are likely to arise. The risk of not detecting a material misstatement due to fraud is higher than the risk of not identifying a material misstatement due to error, as fraud may involve collusion, falsifications, intentional omissions, misrepresentations, or the override of internal control;

- the direction, supervision and performance of the limited assurance engagement of the consolidated sustainability statement. We remain solely responsible for the conclusion on the consolidated sustainability statement.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence as the basis for expressing our conclusion.

The procedures performed on the consolidated sustainability statement are based on our professional judgement and included inquiries, primarily with the personnel of the Group responsible for the preparation of information included in the consolidated sustainability statement, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we performed the following main procedures partly in a preliminary phase before year end and then in a final phase up to the the date of issuance of this report:

- understanding the business model, the Group's strategies and the context in which the Group operates with reference to sustainability matters;

- understanding the processes underlying the generation, collection, and management of qualitative and quantitative information included in the consolidated sustainability statement, including an analysis of the reporting perimeter;

- understanding the process carried out by the Group for the identification and evaluation of material impacts, risks and opportunities, based on the principle of double materiality, with reference to sustainability matters;

- identification of the information where a risk of material misstatement is likely to arise, taking into considerations, among others, risk factors related to the generation and collection of the information, to the existence of estimates and to the complexity of the calculation methods, as well as quantitative factors related to the nature of such information;

- design and performance of procedures, based on the professional judgment of the auditor of the consolidated sustainability report, to respond to identified risks of material misstatement also with the support of Deloitte specialists, with reference to specific environmental information;

- understanding of the process set up by the Group to identify eligible economic activities and determine their aligned nature according to the requirements of the Taxonomy Regulation, and verifying the related information included in the consolidated sustainability statement;

- comparison of the information reported in the consolidated sustainability statement with the information included in the consolidated financial statements pursuant to the applicable financial reporting framework, or with the accounting data used for the preparation of the financial statements, or with the management data accounting in nature;

- verification of the structure and presentation of the information included in the consolidated sustainability statement in accordance with ESRS, included the information related to the materiality assessment process;

- obtaining the representation letter.

DELOITTE & TOUCHE S.p.A.,

Signed by
Giovanni Fruci
Partner

Bologna, Italy
March 27, 2025

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Irce S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Irce S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31. 2024, and the statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Irce S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Inventories: Measurement of the "Copper inventories"	
Description of the key audit matter	As stated in note "8. Inventories" to the consolidated financial statements of the Group as of December 31, 2024, the carrying amount of inventories is Euro 94,345 thousand. The main raw material used by the Group in the production process is copper, whose value of represents the most significant component of its inventories. The selling price of the products sold by the Group, agreed with customers, consists of two components: i) the "Copper Component" (the quantity of copper included in the finished product) and ii) the "Processing Component" (the valuation of the processing). The selling price of the Copper Component is agreed with the customer at the time of the order, which can opt for either a fixed price corresponding to that applying on the order signature date, or a variable price based on a mechanism linked to the trend in the price of price over a specified period of time. In the consolidated financial statements of the Group, the inventories of raw copper and the Copper Component of finished products and work-in-progress (hereinafter, together, the "Copper Inventories") are measured separately from the Processing Component and are stated at purchase cost or, if lower, at their estimated realisable value. The price of copper, listed on the principal ferrous metal stock exchanges, is subject to significant fluctuations, and accordingly, a reduction in the copper market price might require the carrying amount of Copper Inventories to be reduced to their estimated realisable value. In order to verify the carrying amount of Copper Inventories, the Directors perform a specific analysis that took account of multiple elements of information, including estimates, such as outstanding and sales orders and expected trend in the copper price in the months subsequent to approval of the financial statements. We considered the measurement of Copper Inventories to be a key matters of the audit of the consolidated financial statements of the Group as of 31 December 2024, given: i) the significance of the value of Copper Inventories recorded in the consolidated financial statements as of 31 December 2024; ii) the methodology used to determining the recoverable value, based on a complex process used by the Directors to estimate the future copper price trend; iii) as well as the volatility of the trends in the prices of copper.
Audit procedures performed	Our audit procedures included, among others, the following:

- Identifying and understanding the procedures and key controls adopted by the Group for the measurement of Copper Inventories;

- Verifying, on a sample basis, of the accuracy of the weighted average cost calculation used for the measurement of Copper Inventories;

- With reference to the realisable value of Copper Inventories:

    - Understanding the calculation method adopted by the Group for determining the net realisable value of Copper Inventories;

    - Obtaining the calculation method adopted by the Group for determining the realisable value of Copper Inventories;

    - Verifying the completeness and accuracy of the database used by the Group for the determination of realisable value;

    - Verifying the sources used of the market parameters used by the Group to estimate realisable value;

    - Verifying the mathematical accuracy of the calculations made by the Group for determine realisable value;

    - Verifying, on a sample basis, the documentation supporting the calculation of realisable value.

- Examination of the adequacy and compliance of the information provided in the explanatory notes with reference to Copper Inventories in accordance with the relevant accounting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Irce S.p.A. has appointed us on June 10, 2020 as auditors of the Company for the years from December 31, 2020 to December 31, 2028.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Irce S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements as at December 31, 2024, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2024 have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the explanatory notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

Opinions and statement pursuant to art. 14 paragraph 2, sub-paragraphs e), e-bis) and e-ter) of Legislative Decree 39/10 and pursuant to art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Irce S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Irce Group as at December 31, 2024, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations and of some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the consolidated financial statements;

- express an opinion on compliance with the law of the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98;

- make a statement about any material misstatement in the report on operations and in some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98.

In our opinion, the report on operations and the specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Irce Group as at December 31, 2024.

In addition, in our opinion, the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and the specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Our opinion on the compliance with the law does not extend to the section related to the consolidated corporate sustainability reporting. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by us in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Giovanni Fruci
Socio

Bologna, Italy
March 27, 2025

As disclosed by the Directors on page 1, the accompanying consolidated financial statements of Irce S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Irce S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Irce S.p.A. (the "Company"), which comprise the statement of financial position as at December 31, 2024, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Recoverability of the value of equity investments in subsidiaries and financial receivables due from subsidiaries	
Description of key audit matter	As stated in Note “5. Equity Investments”, “6. Other non-current financial receivables” and “11. Current financial assets” to the Company's financial statements as of December 31, 2024, the amount of the investments in subsidiaries is Euro 93,866 thousand, net of an overall write-down of Euro 28,446 thousand, of which Euro 1,230 thousand recorded during the year, furthermore, the Company holds financial receivables from subsidiaries, of which the non-current portion amounts to Euro 25.101 thousand and the current portion amounts to Euro 3.101 thousand, net of an overall write-down of Euro 6.193 thousand, of which Euro 5.400 thousand recorded during the year. Investments in subsidiaries are valued at cost adjusted for impairment losses. In line with "IAS 36 Impairment of assets", in the presence of impairment indicators, the Company carries out an impairment test determining the recoverable value of the investments according to the value in use methodology. Specifically, as of 31 December 2024, the Company subjected the carrying amount of the investment in the Brazilian subsidiary IRCE Ltda to an impairment test, given the significant difference between the carrying amount of the investment and the corresponding share of equity, mainly attributable to exchange rate effects. The Company also tested the investments in the UK subsidiary F.D. Sims Ltd and the Dutch subsidiary Smit Draad Nijmegen BV, considering the negative results reported by these companies and the anticipated cessation of activities of Smit Draad Nijmegen BV. Based on the results of the tests conducted, the recoverability of the financial receivables from the aforementioned subsidiaries was also verified. Following the assessments carried out, the Company recognised an impairment of the financial receivables from the subsidiary Smit Draad Nijmegen BV amounting to EUR 5,400 thousand. The evaluation process by management is complex and is based on assumptions regarding, among other things, the forecast of expected cash flows and the determination of appropriate discount rates (WACC) as well as long-term growth (g-rate). Given the significance of the amounts of investments in subsidiaries and financial receivables from subsidiaries, the indicators of impairment, particularly with reference to the anticipated cessation of activities of the subsidiary Smit Draad Nijmegen BV, and the subjectivity of the estimates related to the determination of cash flows and key variables of the impairment model, we have considered the recoverability of the value of investments in subsidiaries and financial

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receivables from them as a key aspect of the audit of the Company's financial statement.

Audit procedures performed

As part of our audit procedures, we have, among other things, carried out the following procedures, also with the support of experts from the Deloitte network:

- Identification and understanding of the significant controls implemented by the Company over the impairment testing process of subsidiaries;
- Understanding of the Company's calculation method for preparing the impairment test used;
- Analysis of the forecast data concerning the subsidiaries subject to the impairment test and the reasonableness of the main assumptions adopted for the formulation of cash flow forecasts;
- Analysis of the evaluations carried out by Management with reference to the expected realizable values of the assets of the subsidiary Smit Draad Nijmegen BV and the estimation of liabilities arising from the closure of its activities, which form the basis for the quantification of prospective cash flows used for determining the recoverable amount of the investment and financial receivables;
- Analysis of actual data in comparison with the original plans, in order to assess the nature of variances and the reliability of the planning process;
- Assessment of the methodology used to determine the discount rate (WACC), analysing each element and their consistency with measurement practices in general use, and analysis of the reasonableness of the growth rate (g rate) used;
- Verification of the mathematical accuracy of the model used to determine the value-in-use of the investments;
- Verification of the correct determination of the carrying amounts of the investments and financial receivables under review and comparison with their recoverable amount;
- Verification of the sensitivity analyses prepared by the Company's Management;

- Examination of the adequacy of the information provided by the Company about the impairment test and its consistency with the requirements of IAS 36.

Inventories: Measurement of the "Copper inventories"	
Description of key audit matter	As stated in note "8. Inventories" to the Company's financial statements as of 31 December 2024, the carrying amount of inventories is Euro 56,662 thousand. The main raw material used by the Company in the production process is copper, whose value of represents the most significant component of its inventories. The selling price of the products sold by the Company, agreed with customers, consists of i) the "Copper Component" (the quantity of copper included in the finished product) and ii) the "Processing Component" (the valuation of the processing). The selling price of the Copper Component is agreed with the customer at the time of the order, which can opt for either a fixed price corresponding to that applying on the order signature date, or a variable price based on a mechanism linked to the trend in the price of price over a specified period of time. In the financial statements of the Company, the inventories of raw copper and the Copper Component of finished products and work-in-progress (hereinafter, together, the "Copper Inventories") are measured separately from the Processing Component and are stated at purchase cost or, if lower, and their estimated realisable value. The price of copper, listed on the principal ferrous metal stock exchanges, is subject to significant fluctuations, and accordingly, a reduction in the copper market price might require the carrying amount of Copper Inventories to be reduced to their estimated realisable value. In order to verify the carrying amount of Copper Inventories, the Directors perform a specific analysis that took account of multiple elements of information, including estimates, such as outstanding and sales orders and expected trend in the copper price in the months subsequent to approval of the financial statements. We considered the measurement of Copper Inventories to be a key matters of the audit of the consolidated financial statements of the Company as of 31 December 2024, given: i) the significance of the value of Copper Inventories recorded in the consolidated financial statements as of 31 December 2024; ii) the methodology used to determining the recoverable value, based on a complex process used

Deloitte.

	by the Directors to estimate the future copper price trend; iii) as well as the volatility of the trends in the prices of copper.

Audit procedures performed

Our audit procedures included, among others, the following:

- Identifying and understanding the procedures and key controls adopted by the Company for the measurement of Copper Inventories;
- Verifying, on a sample basis, of the accuracy of the weighted average cost calculation used for the measurement of Copper Inventories;
- With reference to the realisable value of Copper Inventories:
    - understanding the calculation method adopted by the Company for determining the net realisable value of Copper Inventories;
    - obtaining the calculation method adopted by the Company for determining the realisable value of Copper Inventories;
    - verifying the completeness and accuracy of the database used by the Company for the determination of realisable value;
    - verifying the sources used of the market parameters used by the Company to estimate realisable value;
    - verifying the mathematical accuracy of the calculations made by the Company for determine realisable value;
    - verifying, on a sample basis, the documentation supporting the calculation of realisable value
- Examination of the adequacy and compliance of the information provided in the explanatory notes with reference to Copper Inventories in accordance with the relevant accounting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Irce S.p.A. has appointed us on June 10, 2020 as auditors of the Company for the years from December 31, 2020 to December 31, 2028.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Irce S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the financial statements as at December 31, 2024 to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at December 31, 2024 have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

Opinions and statement pursuant to art. 14, paragraph 2, sub-paragraphs e), e-bis) and e-ter), of Legislative Decree 39/10 and pursuant to art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Irce S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Irce S.p.A. as at December 31, 2024, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements;

- express an opinion on the compliance with the law of the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98;

- make a statement about any material misstatement in the report on operations and in some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98.

In our opinion, the report on operations and the specific information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Irce S.p.A. as at December 31. 2024.

In addition, in our opinion, the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and the specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Our opinion on the compliance with the law does not extend to the section related to the consolidated corporate sustainability reporting. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by us in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Giovanni Fruci
Socio

Bologna, Italt
March 27, 2025

As disclosed by the Directors on page 1, the accompanying consolidated financial statements of Irce S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

IRCE SpA

Registered office Imola (BO) Via Lasie n. 12/B
Share capital €. 14,626,560.00 iv .
Registration in the Bologna Company Register and Fiscal Code 82001030384 – REA 266734

Report of the Board of Statutory Auditors to the Shareholders' Meeting of IRCE SpA, pursuant to art. 153 of Legislative Decree 58/98 and of the art. 2429, paragraph 2, of the Civil Code.

Dear Shareholders,
The Board of Statutory Auditors currently in office was appointed by the Shareholders' Meeting on April 28th 2023 in accordance with legal and by-law provisions and will end its term with the Shareholders' Meeting for the approval of the financial statements as of December 31st 2025. The members of the Board have complied with the limit on the accumulation of positions provided by art. 144-terdecies of the Issuers' Regulation, and the composition of the Board is in accordance with the provisions on gender diversity set out in articles 147-ter and 148-1bis of Legislative Decree no. 58/98 (TUF).

The separate financial statements for the year ended on December 31st 2023, which is being proposed for approval, reports a profit of €4.620.629.

The financial statements, which were sent by the Board of Directors to the Board of Statutory Auditors within the terms of the law, were drawn up on the basis of the IAS/IFRS international accounting standards issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. The elements of the financial statements are the statement of financial position, the income statement, the comprehensive income statement, the statement of changes in equity, the cash flow statement and the explanatory notes. The financial statements are accompanied by the Directors' Report on management performance and sustainability report.
Pursuant to art. 40, paragraph 2 bis of Legislative Decree n. 127/1991, the directors' report was drawn up in unitary form for the separate financial statements of IRCE S.p.A. and the consolidated financial statements of the IRCE Group.

The Annual Financial Report has been prepared in compliance with the delegated regulation (EU) n. 2018/815 of December 17th 2018 (G.U.U.E. L. 143 of May 29th 2019), which, by integrating directive no. 2004/109/EC, has established regulatory technical standards relating to the specification of the single electronic format for communication of the annual financial reports; therefore, the same was prepared according to the single electronic communication format ESEF - *European Single Electronic Format* -.

The Company has drawn up the annual Report on Corporate Governance and Ownership Structures in compliance with article 123-bis of the TUF and with the instructions contained in the Regulation of the Organized Markets managed by Borsa Italiana S.p.A.

During the year ended on December 31st 2024, the Board of Statutory Auditors carried out the supervisory activity pursuant to art. 149 of Legislative Decree 58/1998, in accordance with the rules of conduct of the Board of Statutory Auditors in joint stock companies with shares listed on regulated markets, drawn up by the National Council of Chartered Accountants and Accounting Experts and the recommendations of CONSOB on matters of accounting controls and activities of the Board of Statutory Auditors.

In preparing this report, account was taken of CONSOB communications no. 1025564 of April 6th 2001, no. 321582 of April 4th 2003 and no. 6031329 of April 7th 2006.

In particular, the Board of Statutory Auditors:

- supervised compliance with the Law, the Articles of Association and the Corporate Governance Code. On the basis of the information acquired through its supervisory activity, the Board of Statutory Auditors believes that the corporate operations have been in compliance with the principles of correct administration, that they have been approved and implemented in compliance with the law and the Articles of Association and that they meet the interest of the Company. Furthermore, the same are not manifestly imprudent, risky or lacking in the necessary information, or in contrast with the resolutions passed by the Shareholders' Meeting, nor do they appear such as to compromise the integrity of the corporate assets;

- participated in the meetings of the Shareholders' Meeting and of the Board of Directors and obtained from the directors information on the activity carried out and on the operations of greatest economic, financial and equity significance carried out by the Company and its subsidiaries;

- supervised the process of drawing up the report on corporate governance and the ownership structure and was informed on the procedures for implementing the recommendations of the Chairman of the Corporate Governance Committee of Borsa Italiana formulated in a communication dated December 14th 2024. The Report on Corporate Governance and the Structure Proprietors drawn up pursuant to article 123-bis of the TUF, was approved by the Board of Directors on March 14th 2025 and is available on the Company's website;

- ascertained that the Company has adopted the policy for managing dialogue with the majority of shareholders which, approved by the Board of Directors on September 16th 2022, is available on the Company's website;

- verified the adequacy of the procedural indications adopted by the Remuneration Committee for the definition and implementation of the remuneration policies of executive directors or directors vested with particular offices.
  The characteristics of the short and long-term remuneration policies are illustrated in the Remuneration Report drawn up pursuant to art. 123-ter of the T.U.F. approved by the Board of Directors on March 14th 2025 available on the Company's website, which will be submitted to the examination and binding vote of the Shareholders' Meeting of April 28th 2025;

- supervised the adequacy of the administrative-accounting system, both on the basis of direct assessments and through the periodic exchange of information with the company appointed to audit the accounts, from which the Board of Statutory Auditors has not received reports of reprehensible facts pursuant to art. 155, paragraph 2 of Legislative Decree 58/1998. The Board of Statutory Auditors believes the administrative-accounting system is substantially suitable for ensuring the correct representation of operating events in the separate financial statements and in the consolidated financial statements;

- obtained information from the Manager responsible for preparing the corporate accounting documents, a function that complies with the provisions of art. 154-bis of Legislative Decree 58/1998, which did not report particular deficiencies in the operating and control processes which, due to their relevance, could invalidate the judgment of adequacy and effective application of the administrative-accounting procedures for the purpose of a correct economic, patrimonial and financial representation of management facts in accordance with international accounting principles.
  The Manager in Charge has also certified, through a specific report prepared in accordance with the model established by Consob regulation, that the Consolidated Sustainability Reporting has been drawn up in compliance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of June 26th 2013 and Legislative Decree No. 125/2024 (European Sustainability Reporting Standards), as well as with the specifications adopted under Article 8, paragraph 4, of Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18th 2020 (so-called "Taxonomy Regulation");

- maintained relations with the members of the Control and Risk Committee, the Remuneration Committee and the Related Party Transactions Committee set up within the Board of Directors, also participating in all the related meetings;

- supervised the adequacy of the organizational structure and the internal control system, acknowledging the assessments expressed by the Control and Risk Committee and the Internal Audit Manager, as well as what was highlighted in the annual report of the Supervisory Body pursuant to Legislative Decree No. 231/2001;

- received information from the professional who was entrusted with the internal audit function on the activity carried out during the year 2024 and to be done in 2025. As shown in the Report on corporate governance and the ownership structure, the Board of Directors, in compliance with the provisions of the Code of Self-discipline, assumed responsibility for the Company's internal control;

- supervised - since the Board of Statutory Auditors is not responsible for the analytical control of the content of the financial statements - on the general approach given to the financial statements, drawn up in accordance with the IAS/IFRS accounting standards, on compliance with the law as regards its formation and structure and, in this regard, has no particular observations to report;

- during the exercise, it received information regarding the activities carried out by the Supervisory Body. As also reported in the annual report issued on January 30th 2025, the Body did not become aware of events such as to believe that censurable acts or violations of the Organizational Model adopted by the Company were committed, nor did it become aware of acts or behaviors that constitute a violation of the provisions contained in Legislative Decree 231/2001 and subsequent amendments. With reference to the model of organization, management, and control (Legislative Decree 231/2001), it is noted that the Board of Directors, on December 19th 2024, approved the proposal to update the model, which will be implemented during 2025.
  The Company has adopted a Whistleblowing organizational model in accordance with Legislative Decree no. 24 of October 3rd 2023;

- has verified the compliance of the management report with applicable laws and regulations, in accordance with the resolutions adopted by the Board of Directors and the financial statements representations. The consolidated half-year report did not require observations from the Board of Statutory Auditors. The half-yearly report and the quarterly reports have been disclosed as required by law and current regulations;

- supervised, within the scope of the Board of Statutory Auditors' responsibilities, the Group's compliance with sustainability reporting obligations set out in Legislative Decree 125/24 and other applicable regulations, particularly the inclusion in a dedicated section of the management report of the information required by Articles 3 and 4 of Legislative Decree 125/24 and the specifications adopted under Article

8, paragraph 4, of Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18th 2020. Specifically, it monitored the adequacy of the procedures and processes of the structures responsible for preparing the Group's Consolidated Sustainability Reporting, ensuring that the Company, among other things, identified impacts, risks, and opportunities (IRO) and conducted the double materiality analysis, which was approved by the Board of Directors on December 19th 2024. The supervisory activity was carried out through meetings of the Board of Statutory Auditors, attended by the Sustainability Team, and by participating in the meetings of the Control and Risk Committee.

- supervised the effective implementation and concrete functioning by the Board of Directors, pursuant to art. 2391 bis of the civil code and art. 4 of the Regulation on transactions with related parties adopted by Consob with resolution no. 17221 of March 12th 2010 and subsequent amendments and additions, of the procedure for the management and approval of transactions with related parties adopted by the Company, most recently adopted with a resolution of the Board of Directors on June 30th 2021;

- conducted the periodic self-assessment process following the appointment and subsequently on March 11th 2024, and February 3rd 2025. The results of this process were submitted to the Board of Directors and highlighted in the Corporate Governance Report.

- on March 14th 2025 it proceeded to verify the correct application of the assessment criteria and procedures adopted by the Board of directors to assess the independence of its members. The Board of Directors is currently composed of seven members, including two independent directors, whose term will expire upon the approval of the financial statements as of December 31st 2024.

The Board of Statutory Auditors reports that the Board of Directors in the meeting of March 15th 2024, as suggested by the joint document of the Bank of Italy/Consob/ISVAP dated March 3rd 2010, approved, independently and prior to the moment of approval of the project financial statements by the Board of Directors, the compliance of the *impairment test procedure* with the provisions of the international accounting standard IAS 36.

In particular, the *impairment test procedures* were conducted by the Company on the value of the Net Invested Capital in the financial statements of the IRCE Group and of the companies IRCE ltd, FD Sims LTD and Smit Draad Nijmegen. The explanatory notes to the financial statements contain information and results of the evaluation process carried out.

In the notes to the financial statements and the consolidated financial statements, the Directors have provided information on the risk of climate change and its impacts on the company's operations.

The accounting audit was carried out by the auditing company Deloitte & Touche SpA - to which the Shareholders' Meeting on June 10^{th} 2020 conferred a mandate for the period 2020-2028. The Audit Firm is also responsible for certifying the compliance of the Sustainability Reporting pursuant to Articles 8 and 18 of Legislative Decree No. 125/2024 - as presented in the specific section of the consolidated management report.
The Board of Statutory Auditors has held periodic meetings aimed at the mutual exchange of information on the management of the Company and its subsidiaries, also in view of the preparation of this report, obtaining information on the audit report pursuant to articles 14 and 14 bis of Legislative Decree 39/2010.

The Board of Statutory Auditors has read the audit reports drawn up by the aforementioned Independent Auditors on March 27^{th} 2025, issued pursuant to art. 14 of Legislative Decree 39/2010 and art. 10 of Regulation (EU) no. 537/2014, acknowledging that, in its opinion, the financial statements of the Company and the consolidated financial statements of the group as of December 31^{st} 2024 comply with the International Financial Reporting Standards adopted by the European Union as well as with the provisions issued in implementation of art. 9 of Legislative Decree no. 38/2005 and represent in a truthful and correct way the equity and financial situation, the economic result and the cash flows for the year ended on that date, setting out in the same reports the key aspects of the accounting audit in its opinion most significant in the scope of work performed.

Furthermore, the Independent Auditors judged the financial statements - prepared in XHTML format - compliant with the provisions of Regulation

(EU) 2019/815 of the European Commission on regulatory technical standards relating to the specification of the single electronic communication format (ESEF - European Single Electronic Format), highlighting that "some information contained in the explanatory notes to the consolidated financial statements when extracted from the XHTML format in an XBRL instance, due to certain technical limitations, may not be reproduced in an identical manner with respect to the corresponding information viewable in the consolidated financial statements in "XHTML format".

Finally, in the opinion of the Independent Auditors, the Management Report and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of art. 123 bis of Legislative Decree 58/1998 presented in the Corporate Governance Report are consistent with the separate financial statements.

The Independent Auditors sent the Board of Statutory Auditors the additional report pursuant to art. 11 of Regulation (EU) 537/2014 relating to the separate and consolidated financial statements as of December 31st 2024, in which, *inter alia*:

- highlighted the key aspects of the audit;
- confirmed pursuant to art. 6 paragraph 2) lett. a) of European Regulation 537/2014 and as required by paragraph 17 lett. a) of the ISA Italia 260 Auditing Standard, which, on the basis of the information obtained and the checks carried out, taking into account the regulatory and professional principles governing the auditing activity, in the period from January 1st 2023 to today's date, no situations that have compromised his independence pursuant to articles 10 and 17 of Legislative Decree 39/2010 and of the articles 4 and 5 of the European Regulation;
- it confirmed the independence of the other subjects it used to carry out the statutory audit;
- did not highlight any deficiencies in the internal control system in relation to the financial reporting process;
- has not highlighted any cases of non-compliance, actual or presumed, with laws and regulations or statutory provisions;
- highlighted that it has not encountered limitations on the process of obtaining sufficient appropriate audit evidence on which to base its opinion;
- presented the significant issues that emerged from the statutory audit.

The Board of Statutory Auditors has reviewed the report issued by the Independent Audit Firm on the limited examination of the Group's Consolidated Sustainability Reporting pursuant to Article 14-bis of Legislative Decree No. 39 of January 27th 2010. This report, issued today by the audit firm Deloitte & Touche S.p.A., states that no matters have come to its attention that would lead to the belief that:

- The Group Irce's Consolidated Sustainability Reporting for the financial year ended on December 31st 2024, has not been prepared, in all material respects, in compliance with the reporting standards adopted by the European Commission pursuant to Directive (EU) 2013/34/EU;
- The information contained in paragraph "2.1 Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)" of the Consolidated Sustainability Reporting has not been prepared, in all material respects, in compliance with Article 8 of Regulation (EU) No. 852 of June 18th 2020 (so-called "Taxonomy Regulation").

As far as it is responsible, the Board of Statutory Auditors, in implementation of the provisions of art. 153 of the aforementioned Legislative Decree 58/1998, and in compliance with the provisions of Consob with resolution DEM 1025564 of April 6th 2001, further specifies that:

- received from the Directors, both during the board meetings and during the meetings held with the foreseen frequency, detailed and punctual information on the activity carried out by the company with particular regard to the transactions of greater economic, financial and equity importance;

- from the management report, from the information provided during the meetings of the Board of Directors and from those received from the company management and from the Independent Auditors, it did not detect the existence of atypical and/or unusual transactions, also with reference to transactions intragroup or with related parties;

- during 2024, the Company carried out "transactions of greater significance" as part of investment projects in the Czech Republic and the People's Republic of China, which were approved by the Board of

Directors of Irce S.p.A. on December 21st 2023, and June 12th 2024, respectively. It should be noted that these transactions are exempt from the procedural and transparency requirements set forth in the Related-Party Transactions Regulation, as there are no significant interests of other related parties to IRCE in the subsidiaries Irce S.r.o., headquartered in the Czech Republic, and Irce Electromagnetic Wire (Jiangsu) Co. Ltd, headquartered in the People's Republic of China.

- throughout the fiscal year 2024, the Company also carried out further transactions with related parties that qualify as ordinary transactions of lesser significance, concluded at market conditions according to the procedure with Related Party Transactions;

- during the financial year, Deloitte & Touche S.p.A. was engaged not only for the statutory audit and the certification of compliance of the Sustainability Reporting but also for an additional assignment for non-audit services, for a total amount of EUR 20,000. The Board of Statutory Auditors granted formal specific approval for the provision of the additional service, verifying both its compatibility with the prohibitions set out in Article 5 of Regulation (EU) 537/2014 and the absence of potential risks to the Auditor's independence;

- during the year, the Board of Statutory Auditors did not express any opinions or proposals required by law, as there were no situations that required them;

- the following meetings of the corporate bodies were held during the year:
  - Shareholders' meetings: no. 1
  - Boards of Directors: no. 9
  - Meetings of the Board of Statutory Auditors: no. 12;

- during the year 2024 and up to today's date, no complaints have been received pursuant to art. 2408 of the Civil Code nor does it appear that complaints have been presented by shareholders and/or third parties;

- the " *Internal control and auditing committee* ", as required by art. 19 of Legislative Decree n. 39/2010, identifies with the Board of Statutory Auditors; in this regard, also on the basis of the information provided by the Chairman of the Board of Directors, by the members of the Control and Risk Committee, by the Head of the *internal audit function* , as well as by the Company responsible for the statutory audit, the Board of Statutory Auditors can confirm that the internal control is adequate for the size of the company;

- the Board has extended the supervisory activity on the adequacy of the instructions issued by the Company to the subsidiaries pursuant to art. 114, paragraph 2, of Legislative Decree 58/19-98, obtaining information from the company's directors. The relationships with the subsidiaries were found to be substantially adequate.

Following the supervisory activity carried out by the Board of Statutory Auditors, no reprehensible facts, omissions or irregularities emerged to be reported in this Report.

The Board of Statutory Auditors does not deem it necessary to exercise the right to formulate proposals to the Shareholders' Meeting pursuant to art. 153 second paragraph of Legislative Decree 58/1998.

Taking into account all of the foregoing, the Board of Statutory Auditors expresses a favorable opinion on the approval of the Financial Statements as of December 31st 2024 and has no objections to formulate regarding the proposal of the Board of Directors regarding the allocation of the profit for the 2024 financial year.

Bologna, March 27th 2025

THE BOARD OF STATUTORY AUDITORS

(Dr. Donatella Vitanza)

(Dr. Giuseppe Di Rocco)

(Dr. Fabrizio Zappi)