

Annual Financial Report as at 31 December 2025

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



SMART SOLUTIONS IN WINDING WIRE
SMART SOLUTIONS IN WINDING WIRE

Table of contents

Corporate Bodies.....	3
Notice of Ordinary Shareholders' Meeting.....	4
Report on Operations for the year 2025.....	5
Consolidated Financial Statements of the IRCE Group as at 31 December 2025	69
Consolidated Statement of Financial position	71
Consolidated Income Statement	73
Consolidated Statement of Comprehensive Income.....	74
Consolidated Statement of Changes in Equity.....	75
Consolidated Statement of Cash Flows	76
Accounting Standards and Explanatory Notes to the Consolidated Financial Statements.....	77
Annex 1- List of equity investments held by directors, statutory auditors, spouses (unless separated) and minor children pursuant to Article 84-bis of the Consob Regulations	122
Annex 2 - Certification of the annual consolidated financial statements pursuant to Article 154-bis, paragraph 5, of Italian Legislative Decree 58/1998.....	123
Annex 3 - Certification of the sustainability report pursuant to Article 81-ter(1) of Consob Regulation No. 11971 of 14 May 1999, as amended and supplemented	124
IRCE S.p.A.'s Separate Financial Statements as at 31 December 2025	
Statement of Financial Position.....	126
Income Statement	128
Statement of Comprehensive Income	129
Statement of Changes in Equity	130
Statement of Cash Flows.....	131
Accounting Standards and Explanatory Notes to the Separate Financial Statements.....	132
Annex 1 - Certification of the annual separate financial statements of IRCE S.p.A. pursuant to Article 154-bis, paragraph 5, of Italian Legislative Decree 58/1998.....	175
Annex 2 - List of Equity Investments in Direct Subsidiaries	176
Report of the Independent Auditors on the Consolidated Non-Financial Statements	
Report of the Independent Auditors on the Consolidated Financial Statements	
Report of the Independent Auditors on the Separate Financial Statements	
Report of the Board of Statutory Auditors on the Separate Financial Statements	

Corporate Bodies

Board of Directors

Chairman	Mr	Filippo Casadio
Executive Director	Mr	Francesco Gandolfi Colleoni
Executive Director	Ms	Elena Casadio
Non-Executive Director	Mr	Gianfranco Sepriano
Non-Executive Director	Ms	Francesca Pischedda
Non-Executive Director	Mr	Orfeo Dallago
Independent Director	Ms	Marianna Fabbri
Independent Director	Ms	Carlotta Armuzzi

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 Marianna Fabbri	■	■	■
Ms Carlotta Armuzzi	■	■	■
Mr Orfeo Dallago	■		
Mr Gianfranco Sepriano		■	
Ms Francesca Pischedda			■

Financial Reporting Officer

Mr Massimiliano Bacchini

Internal Auditor

Mr Fabrizio Bianchimani

Supervisory Board

Mr Francesco Bassi
Mr Gabriele Fanti
Mr Gianluca Piffanelli

Notice of Ordinary Shareholders' Meeting

Our shareholders are called to participate to an Ordinary Shareholder's Meeting to be held at the Registered Office on 30th April 2026 at 11,00 am in a first call and on the second call, if necessary, on 4th May 2026 at the same time to discuss and vote the following

AGENDA

- Financial statements as of 31/12/2025 and relative reports of the Board of Directors and Board of Auditors; related and resulting resolutions;
- Allocation of the profit of the period 2025;
- Presentation of the consolidated Group financial statements as of 31/12/2025;
- Election of the Board of Auditors and its President for the year 2026-2027-2028;
- Determination of the annual remuneration for the members of the Board of Auditors;
- Proposal of authorization to the purchase and hold of own shares, how to purchase and to sale;
- Report on remuneration, examination of Section I (i.e. remuneration policy) resolution pursuant to Article 123-ter, paragraph 3 bis, of Legislative Decree 24/02/98 no. 58;
- Report on remuneration, 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 euros and is divided into 28,128,000 ordinary shares. Each ordinary share represents one vote in the General and Extraordinary Shareholders' Meetings. At today's date the Company holds 1.711.600 of its own shares representing 6,09% of the total share capital, whose voting rights are suspended pursuant to article 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 21th April 2026; 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 who become shareholders in the Company after this date will not have the right to participate and to 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 27th April 2026. The right to participate and vote stands if notice is received by the Company after the aforesaid term, provided that it arrives by the time the Meeting begins on 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: ircespapec@legalmail.it. A copy of a currently valid identification card of the shareholder must be attached.

DESIGNATED REPRESENTATIVE AND DELEGATION PROCEDURE

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 28th April 2026. Within the aforementioned term, the proxy and the voting instructions can always be revoked in the same way as for the assignment. The proxy has effect only for proposals in relation to which voting instructions have been given.

APPOINTMENT OF THE BOARD OF AUDITORS

The Shareholders, who, even together, represent at least 2.5% of the share capital, are entitled to present lists to elect the External Auditors. The lists must be delivered directly to the Registered office or sent by registered mail with return receipt or by certified e-mail

addressed to ircespa-pec@legalmail.it, along with a currently valid identification document of the shareholder delegating the proxy, at least 25 days prior to the date of the first call for the Meeting by 5th April 2026. The lists must include information on the identity of the Shareholders presenting them, with the indication of the overall percentage of share capital held; a declaration of the shareholders other than those who hold, even jointly, a controlling or relative-majority equity interest, certifying the absence of relations of connection as defined by article 144-quinquies of the Issuer's Regulations with such shareholders; a complete report on the personal and professional characteristics of the candidates; a declaration of such candidates, certifying the possession of the requisites prescribed by the applicable laws; and their acceptance of the nominations.

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 2th1 April 2026 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 27 April 2026 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 2026 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 by 15th April 2026.

The additional 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 Company's 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. The shareholders have the right to obtain a copy of the deposited documentation.

Any changes and / or additions to the information contained in the notice of meeting will be made available via company website www.irce.it and in the other ways provided for by law.

Report on Operations for the year 2025



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,

In 2025, the economic scenario was, as in the previous reporting period, far from favourable. The Group’s main target sectors continued to experience a period of weakness, and the recovery in demand hoped for at the start of the year failed to materialise.

The global economic landscape has remained, and continues to be, heavily influenced by protectionist policies, armed conflicts and geopolitical tensions, with inevitable repercussions on industrial activity and a high level of uncertainty. Added to this was the slowdown in electric mobility and a gradual shift in European focus from the energy transition to safeguarding industrial competitiveness, with a more cautious review of decarbonisation targets in the short term.

In this complex framework, the Group has focussed on production efficiency, strengthening commercial activities and advancing medium- to long-term strategic projects. The Brazilian company’s results were good; the new plant in the Czech Republic has commenced production, while in China the construction of the plants and the installation of some machinery will be completed by the end of the year; finally, we have closed down operations at the plant in the Netherlands.

Against this backdrop of market conditions and strategic actions, the consolidated result for the financial year closed with a net profit of €6.18 million.

Consolidated Performance for 2025

Consolidated turnover amounted to €377.64 million, down 5.0% from €397.65 million in 2024. The decline was mainly due to lower sales volumes, partly attributable to the closure of the subsidiary Smit Draad in May 2025, and only partially offset by the rise in copper prices. The average LME price in euros for 2025 was 4.1% higher than in the previous year.

Throughout the year, market demand for both of the Group’s business lines remained weak, leading to a gradual decline in volumes and a fairly negative fourth quarter. In the winding conductors segment, the decline in sales reflected the difficulties faced by the main end-user markets, namely household appliance and automotive manufacturers. The cables segment also contracted, affected by the slowdown in traditional markets such as construction and industry.

Consolidated turnover without metal¹ decreased by 10.5%; the winding wire sector fell by 7.4%, and the cable sector decreased by 18.0%.

In detail:

Consolidated turnover without metal (€/million)	31/12/2025		31/12/2024		Change %
	Value	%	Value	%	
Winding wires	62.96	73.1%	67.97	70.7%	(7.4)%
Cables	23.14	26.9%	28.22	29.3%	(18.0)%
Total	86.10	100.0%	96.19	100.0%	(10.5)%

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)	31/12/2025 Value	31/12/2024 Value	Change Value
Turnover ²	377.64	397.65	(20.01)
Turnover without metal ³	86.10	96.19	(10.09)
EBITDA ⁴	17.90	20.89	(2.99)
EBIT	10.80	14.47	(3.67)
Profit/(Loss) before tax	10.33	12.90	(2.57)
Group's profit (loss) for the period	6.18	6.90	(0.72)
Adjusted EBITDA ⁵	18.82	21.37	(2.55)
Adjusted EBIT ⁵	11.72	14.95	(3.23)

Consolidated statement of financial position data (€/million)	31/12/2025 Value	31/12/2024 Value	Change Value
Net invested capital ⁶	223.56	197.13	26.43
Shareholders' equity	155.96	150.62	5.34
Net financial position ⁷	67.60	46.51	21.09

The net financial position at 31 December 2025 amounted to €67,60 million, an increase compared to €46.51 million as at 31 December 2024, mainly due to the investment made in the reporting period and to a lower extent to the growth in working capital.

Investments

The Group's investments in 2025 amounted to €19.58 million and mainly related to the purchase of production lines by the subsidiary Irce Ltda, the completion of the construction of the building, the purchase of production lines by Irce Sro, and the construction of the industrial plant in China, which was completed 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; it is calculated 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 (€ +0,92 million in 2025 and € +0.48 million in 2024). 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 30 December 2024	€	2.00
Official price as of 30 December 2025	€	2.01
Market capitalisation		
Capitalisation as of 30 December 2024	K/€	56,256
Capitalisation as of 30 December 2025	K/€	56,537
Ordinary shares		
Total no. of shares	No.	28,128,000
No. of outstanding shares	No.	26,421,400

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 mainly 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. At 31 December 2025, the euro/real exchange rate stood at 6.45, in line with the rate of 6.41 recorded at 31 December 2024.

- **Interest rate risk**

The Group financed its business in the medium/long term by borrowing at a variable interest rate (connected to the Euribor), thus exposing itself to interest rate risks. The Group will assess whether to make hedges on the basis of the terms and conditions offered by the market and the expected 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 2025 on the London Metal Exchange was 8.80 €/Kg, up by around 4 per cent compared to the price in the previous year of 8.45€/Kg, while the price at the end of the year was 10.64 €/Kg, up by around 27 per cent on 8.38 €/Kg at 31 December 2024. It should also be noted that the upward trend in the price of copper that began in the fourth quarter of 2025 continued in the first months of 2026, exceeding €11/kg.

- *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. Furthermore, considering that the Group's main customers are well-structured, market-leading companies within their respective sectors, no particular risk factors have been identified that could lead to a deterioration in collection timelines or a decline in credit quality, taking into account the potential impacts of the Russian-Ukrainian, Israeli-Palestinian, and Iranian conflicts. It should also be noted that the Group has selectively activated insurance coverage in order to mitigate insolvency risk.

- *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 in the medium/long-term 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 competition.

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 main risk associated with the outbreak of conflicts relates, for the IRCE Group, to increased volatility and sudden rises in the price of electricity and gas which, if not managed promptly through the implementation of appropriate sales policies, could have a significant impact on results, given that the production of electrical conductors and cables requires high energy consumption and, consequently, represents a critical variable for profit margins.

With particular reference to the ongoing wars in Ukraine and the Middle East, however, no further risks are identified either in the supply chain or in sales, as transactions involving the transit of containers through the Strait of Hormuz and the Suez Canal are limited, and the IRCE Group has no significant customers or suppliers in those countries.

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

2026 begins against a backdrop of considerable uncertainty regarding the outlook for the global economy and the sectors in which the Group operates, influenced by escalating geopolitical tensions, the outbreak of new conflicts, rising energy prices, and chaotic protectionist policies. In this complex scenario, and in light of the initial data available, we expect market demand to remain stable at current levels, with a possible improvement only in the latter part of the year.

During 2026, the Group will begin to benefit from the effects of the rationalisation process it has initiated, which, integrated with the medium-to-long-term growth strategy, will enable an improvement in operational efficiency and margins, with significant impacts on future results.

Production continues to increase at the plant in the Czech Republic, while in China construction of the plant has been completed and, by the end of the year, work will continue on the construction of the facilities and the installation of some of the machinery.

As regards the closure of the Dutch subsidiary Smit Draad, employment contracts with staff were terminated last July and the sale of the company's assets is currently underway.

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

The financial statements of the Parent Company IRCE S.p.A. show turnover of €249.07 million, up by 0.6% compared to the figure for the previous year of €247.61 million and a result for the year of €5.41 million, up compared to that of the previous year of €4.62 million.

The increase in the Parent Company's turnover is attributable to a rise in average metal sale prices, partly offset by a decrease in the volume of sales.

Compared with the previous financial year, the profit before tax benefited from a lower write-down of equity investments, as well as a greater contribution from financial income, thanks to higher dividends received from the subsidiary Irce Ltda.

For an analysis of IRCE S.p.A.'s performance, reference should be made to the previous section "Consolidated performance for 2025" 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)	31/12/2025 Value	31/12/2024 Value	Change Value
Turnover ⁸	249.07	247.61	1.46
EBITDA ⁹	16.84	19.43	(2.59)
EBIT	12.89	15.09	(2.20)
Profit/(Loss) before tax	8.06	8.20	(0.14)
Profit/(Loss) for the year	5.41	4.62	0.79
Adjusted EBITDA ¹⁰	17.76	19.91	(2.15)
Adjusted EBIT ¹⁰	13.81	15.57	(1.76)

Statement of financial position data (€/million)	31/12/2025 Value	31/12/2024 Value	Change Value
Net invested capital ¹¹	246.82	213.83	32.99
Shareholders' equity	172.68	168.89	3.79
Net financial position ¹²	74.14	44.94	29.20

Intra-Group Transactions and Transactions with Related Parties

The Parent Company's dealings with its subsidiaries are of a commercial and financial nature, while those with the parent company, Aequafin S.p.A., are of a tax-related nature. For more details, please refer to Note 31 of the separate financial statements and to Note 32 of the consolidated financial statements.

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; it is calculated 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 (€ +0.92 million in 2025 and € +0.48 million in 2024). 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.

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 2025 the Company carried out 'most significant transactions' as part of the investment projects in the Czech Republic, approved by the Board of Directors of the Parent Company on 21 December 2023; 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. as part of this project, 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 subsidiary Irce S.r.o., with its registered office in the Czech Republic.

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 Law on Finance (TUF) 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, in its current updated version adopted by the Board of Directors on 13 March 2026, has been developed using a risk-based approach to criminal offences with the aim of:

- aligning the components of the Preventive Control System pursuant to Legislative Decree 231/01 which were affected by the application of Legislative Decree 24/23 (known as Whistleblowing Decree), with the Whistleblowing Organisational Model adopted;
- extending the scope of prevention to 19 types of offence, thereby broadening the risk areas covered.

The current Supervisory Body was appointed by the Board of Directors on 28 April 2025.

Treasury Shares and Shares of the Parent Company

The number of treasury shares as at 31 December 2025 was 1,706,600, i.e. 6.07% of total shares, equal to a par value of €887 thousand. As at 31 December 2025, the Company did not own shares in the parent company Aequafin S.p.A., nor did it trade in them during 2025.

R&D Activities

Research and development activities in 2025 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 2025 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.

In reference to the provisions of Article 15 of Legislative Decree 125/2024, it is hereby certified that the Company does not possess any essential intangible assets.

Events after the Reporting Date

No significant events have occurred since the end of the 2025 financial year, with the exception of the completion, in early 2026, of the production plant at the subsidiary in China.

Sustainability Reporting

1. GENERAL INFORMATION

1.1. Criteria for drafting the sustainability statement

This section of the Report on Operations represents the Consolidated Sustainability Report (hereinafter also referred to as the “Sustainability Report”), pursuant to Italian Legislative Decree no. 125 of 6 September 2024 implementing Directive (EU) 2022/2464, 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 2025.

The scope of reporting corresponds to that of the IRCE Group's Annual Financial Report as at 31 December 2025 and consists of all subsidiaries fully consolidated by the Parent Company, IRCE S.p.A. Please note that, with reference to Smit Draad Nijmegen, on 31 July 2025, as provided for by the agreements reached with the union and the employees, all employment relationships of the Dutch subsidiary were terminated while production activity ended in May 2025.

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 therefore also describes the material impacts of the IRCE Group's value chain, as well as the material financial risks and opportunities arising from business relationships with the stakeholders comprising the value chain, subject to the provisions of the following paragraph, in accordance with the phase-in period. The undertaking did not make use of 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.

Any methods of representing quantitative data that differ from previous reports are expressly indicated by means of specific notes.

This Sustainability Report includes the information referred to in Article 8 of Regulation (EU) 2020/852 of the European Parliament (European Taxonomy Regulation) and in Regulation (EC) 166/2006, including Annex I and Annex II. In particular, for 2025, the IRCE Group reports on taxonomy in accordance with the regulatory simplifications introduced by the Commission's Delegated Regulation (EU) 2026/73 of 4 July 2025, which amended Delegated Regulations (EU) 2021/2178, 2021/2139 and 2023/2486.

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 2025 financial year. Consequently, in accordance with EU Delegated Regulation 2025/1416 (the so-called “Quick-fix”), it has exercised the option to omit the information required under the disclosure obligations relating to ESRS standards E4, ESRS S1, ESRS S2, ESRS S3 and ESRS S4.

In particular, by making use of the phase-in period, the following topics are not included in the document:

- ESRS E4
 - o Direct impact drivers of biodiversity loss
 - Land-use change, fresh water-use change and sea-use change
 - Direct exploitation
 - Pollution
 - o Impacts and dependencies on ecosystem services
- ESRS S1
 - o Working conditions
 - Secure employment
 - Working time
 - Adequate wages
 - Collective bargaining, including rate of workers covered by collective agreements
 - Work-life balance
 - Health and safety
 - o Equal treatment and opportunities for all
 - Training and skills development
 - Diversity
 - o Other work-related rights
 - Child Labour
 - Privacy
- ESRS S2
 - o Working conditions
 - Health and safety
 - o Other work-related rights
- ESRS S4 - Consumers and end-users
 - o Information-related impacts for consumers and/or end-users
 - Privacy

At present, the company's business model and strategy are not specifically geared towards the integrated management of the impacts, risks and opportunities associated with these thematic ESRS. However, the management, administrative and supervisory bodies are considering measures to monitor the IROs associated with these themes. Furthermore, at present, the Group has not set targets, formalised policies or planned actions relating to ESRS E4, ESRS S2, ESRS S3 and ESRS S4, and will not disclose metrics relating to them.

Regarding the ESRS S1, the IRCE Group will report information related to ESRS-SBM2 (Interests and views of stakeholders), ESRS-SBM3 (Material impacts, risks and opportunities and their interaction with strategy and business model), ESRS S1 (Own workforce) and it will provide data on S1-6, S1-7, S1-8, S1-9, S1-13, S-14 and S1-17 metrics.

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 2025 and its term of office will expire on the date of approval of the Annual Financial Report for 2027. The Board of Directors is composed of eight members, of whom three are executive and 25% 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 as at 31 December 2025 – 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	
Orfeo Dallago	Non-Executive Director	M		
Francesca Pischedda	Non-Executive Director			C
Elena Casadio	Executive Director			
Marianna Fabbri	Independent Director	C	M	M
Carlotta Armuzzi	Independent Director	M	C	M

C: Chairman; M: Member

The Board of Directors guides the company with a view to pursuing its sustainable success by approving the double materiality assessment aimed at identifying the Group's sustainability-related impacts, risks and opportunities (IROs), overseeing such issues, and defining and monitoring any sustainability targets, based on updates provided by the Sustainability Team on the progress achieved. 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 responsibilities regarding sustainability; therefore, the Board as a whole is responsible for monitoring impacts, risks and opportunities, and is responsible for ensuring that the information contained in the Sustainability Report complies with Directive 2022/2464/EU.

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 alternate statutory auditors, all of whom are independent; it should be noted that there are no employee representatives on the Board. Minority shareholders are entitled to elect one Standing Statutory Auditor and one Alternate Statutory Auditor who, like the Directors, serve for a term not exceeding three financial years, as established at the time of their appointment, and whose office ends on the date of the Shareholders' Meeting convened for the approval of the financial statements relating to the last financial year of their term 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 as at 31 December 2025 – 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 article 13 of Italian Leg. Decree no. 39/2010 of the New Decree, the Board of Statutory Auditors shall submit to the Shareholders' Meeting a grounded proposal for the assignment of the task 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 shows a breakdown of the corporate bodies by gender as at 31 December 2025. As shown in the table, 45% of the Board of Directors' members and 33% of the Board of Statutory Auditors' members are women.

Corporate body members by gender as at 31 December – Parent Company IRCE S.p.A.						
Corporate body	2025			2024		
	Men	Women	Total	Men	Women	Total
Board of Directors	4	4	8	4	3	7
Board of Statutory Auditors (standing members)	2	1	3	2	1	3
Total	6	5	11	6	4	10

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

The members of the Board of Directors attend training courses on corporate sustainability reporting (Corporate Sustainability Reporting Directive – CSRD). The Chair of the Board of Statutory Auditor is a sustainability auditor and cooperates 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, the Manager responsible for preparing the corporate accounting documents/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 2025, 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. The terms and conditions of the incentive schemes are approved and updated by the Board of Directors.

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 measured based on an economic and financial index over a three-year period (equal to the BoD's term of office).
- a medium-term variable remuneration package linked to the achievement of sustainability targets relating to the Group's emissions performance. In particular, this bonus is based on reducing the CO₂ per tonne of product sold in the period under consideration, to be calculated as the ratio between the tonnes of Market-Based Scope 1 and Scope 2 CO₂ during the year and the tonnes of product sold in the same period, i.e. the quantity, in tonnes, of winding wires and electrical cables sold by the Group. This emissions indicator will be calculated on the final year of office for the Board of Directors (FY 2027) and will be compared with the same indicator calculated on the last year of the previous term. The improvement in this indicator will form the correction coefficient for the medium-term bonus, calculated on the basis of the ROCE. 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.

1.5. Statement on due diligence

Currently the Group has not defined a formalised sustainability 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 its double materiality analysis, the Group has identified the actual and potential negative impacts on the environment and people arising from its own operations and value chain, taking into account its products, services and business 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 231/2001 – 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;
 - Environmental and safety risks – Environmental and Safety Improvement Plan – RIR, ISO 14001:2025 on environmental management systems, Legislative Decree 105/2015 on the control of major accident hazards involving dangerous substances
 - 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.

1.6.1. Risk management and internal controls on Sustainability Reporting

The Group has embarked on a process aimed at the gradual implementation of an internal control system covering the process of preparing the Sustainability Report.

The Group has established a reporting procedure for the preparation of the Non-Financial Statement, in order to meet the new requirements arising from the preparation of the Sustainability Report in line with the CSRD. This procedure defines the roles and responsibilities of the Process Owners, who are tasked with collecting, monitoring and validating the quantitative information to be included in the sustainability disclosure. The Sustainability Team is responsible for overseeing the reporting process, liaising with all parties directly or indirectly involved in the process, collecting, processing and consolidating the data and information gathered, and drafting and sharing the Sustainability Report with the other corporate bodies. The manager responsible for preparing the corporate accounting documents certifies, in a specific report drawn up in accordance with the model established by Consob regulations, that the Sustainability Report has been prepared 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 containing the specific requirements of European legislation (new paragraph 5. ter of Article 154-bis of the TUF).

The Parent Company collects quantitative non-financial information for the preparation of the Sustainability Report covering the 'Environmental', 'Social' and 'Governance' areas, including through a specific management system, ORACLE ERP, and a chart of accounts for sustainability, compiled by the designated manager for each Group company (Process Owner). The Sustainability Team carries out an analysis of the quality of the data uploaded to the system and verifies its consistency by comparing it with the data collected in the previous financial year; it also verifies that this data is consistent with the other indicators reported in both the non-financial and financial disclosures. In the event of anomalies, the Sustainability Team will ask for the appropriate explanations and supporting documentations. The manager responsible for preparing the corporate accounting documents draws up and keeps up to date a list of all Process Owners across the Group's various companies, categorised by subject area: energy, emissions, 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 purposes of preparing the Consolidated Sustainability Report. 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 as part of the sustainability reporting

process. The company undertakes, for future reports, to introduce and integrate this aspect into its business processes and to involve the Board of Directors in the sharing of the findings.

1.7. Strategy, business model and value chain

1.7.1. Strategy

The IRCE Group 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.

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

The following table shows the number of employees by geographical area and gender as at 31 December; the reduction in staff numbers was mainly due to the departure of employees from the Dutch company Smit Draad following the cessation of its operations in mid-2025:

Total number of employees broken down by geographical area and gender, as at 31 December				
Country	Gender	2025	2024	
		31 December	31 December	
Europe	Men	372	430	
	Women	65	65	
	Other	-	-	
	Unstated	-	-	
Total Europe		437	495	
America	Men	123	116	
	Women	10	10	
	Other	-	-	
	Unstated	-	-	
Total America		133	126	
Asia	Men	18	18	
	Women	-	-	
	Other	-	-	
	Unstated	-	-	
Total Asia		18	18	
Total	Men	513	564	
	Women	75	75	
	Other	-	-	
	Unstated	-	-	
Total		588	639	

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

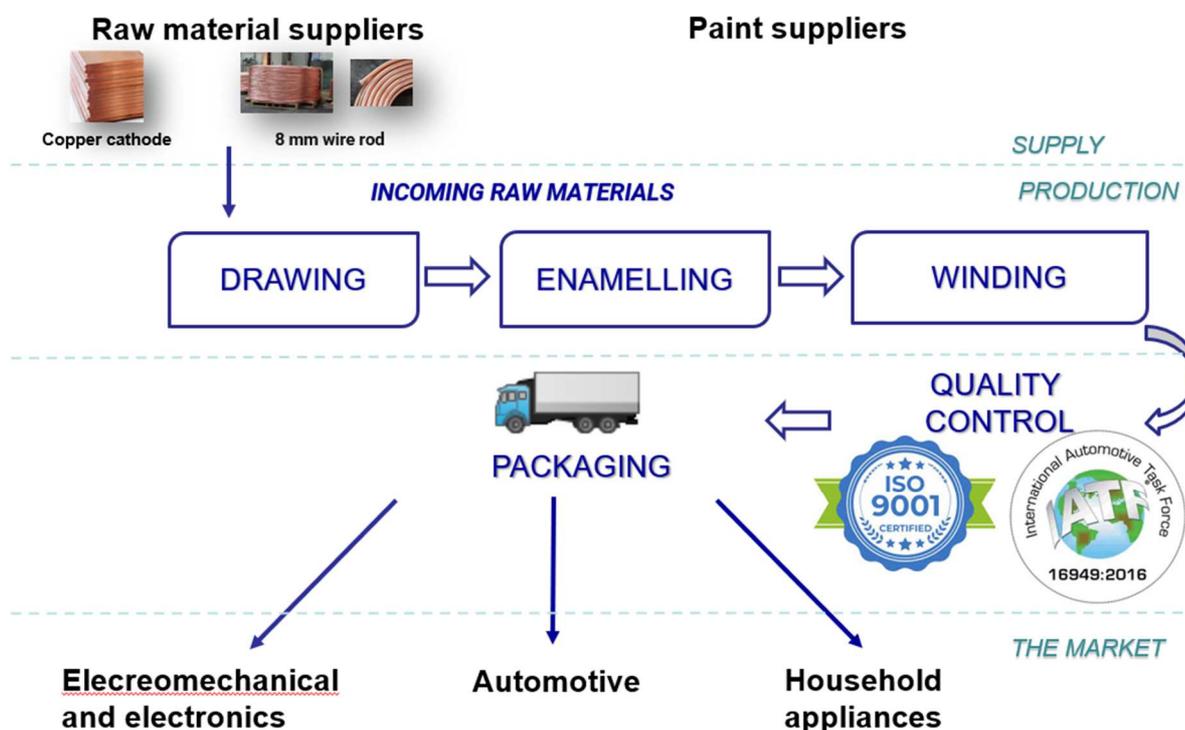
The IRCE Group's business model is based on a strategic approach focused on cost leadership, growth, innovation and sustainability, ensuring competitiveness and efficiency along the entire value chain. The collection and processing of company data is carried out through advanced digitalised systems, 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 – in the Czech Republic where production started in 2025, and in China (the world's leading producer of electric cars) – planned by 2026, are a step forward 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 views 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	<ul style="list-style-type: none"> • 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;	<ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 important for IRCE S.p.A. since corporate development is also based on the ability to deal with reference areas and communities, to understand their distinctive features, and 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. Material impacts, risks and opportunities and their interaction with strategy and business 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 risks and opportunities;
- the nature of the IROs' contribution;
- the activities of the Group and/or its value chain that originate each IRO.

The Group carried out an analysis which revealed that its production sites are located close to areas sensitive to biodiversity; consequently, as part of its double materiality analysis, it identified biodiversity as a material issue. However, this issue has not been reported in this document as the company has made use of the phase-in period, as stated in paragraph 1.1.1. Disclosures 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 consulted with affected communities regarding 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	IROsIRO 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	-	Group and related to the Group through its commercial dealings	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	-	-	Dependencies	-	Own operations and downstream value chain
	R Inadequate strategy for mitigating emissions in the value chain	Medium-term	-	-	Impacts and dependencies	-	Own operations, and upstream and downstream value chain
	R Absence of an energy transition plan	Short-term	-	-	Impacts and dependencies	-	Own operations and downstream value chain
	O Increased energy efficiency and self-sufficiency through the generation of renewable energy	Medium-term	-	-	Impacts and dependencies	-	Own operations
ESRS E2 Pollution	I Generation of other significant atmospheric emissions	Short-term	Negative	Actual	-	Caused by the Group	Own operations
	I Use of substances of concern	Short-term	Negative	Actual	-	Caused by the Group	Own operations
	I Use of substances of very high concern	Short-term	Negative	Actual	-	Caused by the Group	Own operations
ESRS E3 Water and marine resources	I Efficiency and water saving	Short-term	Positive	Actual	-	Caused by the Group	Own operations
	I Water withdrawal and its impact on areas experiencing water stress	Short-term	Negative	Actual	-	Caused by the Group	Own operations
ESRS E4 Biodiversity and ecosystems	I Loss of biodiversity resulting from soil erosion caused by copper mining in the supply chain	Short-term	Negative	Actual	-	Group and related to the Group through its commercial dealings	Own operations and upstream value chain
	I Indirect negative impacts on biodiversity resulting from environmental pollution	Long-term	Negative	Potential	-	Caused by the Group and related to the Group through its commercial dealings	Own operations and upstream value chain
	R Supply difficulties caused by changes to ecosystems	Long-term	-	-	Impacts and dependencies	-	Upstream value chain
	R Adoption of stricter regulations for the protection of biodiversity	Medium-term	-	-	Impacts and dependencies	-	Upstream value chain

	R	Risk of deterioration of ecosystems caused by the IRCE Group's supply chain activities	Long-term	-	-	Impacts and dependencies	-	Own operations and upstream value chain
ESRS E5 Resource use and circular economy	I	Use of raw materials	Short-term	Negative	Actual	-	Caused by the Group	Own operations
	I	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	Potential	-	Caused by the Group	Own operations
	I	Waste generation	Short-term	Negative	Actual	-	Caused by the Group	Own operations
	R	Inefficient management of incoming resources	Short-term	-	-	Impacts and dependencies	-	Upstream value chain
	O	Strengthening our competitive position in the circular economy	Medium-term	-	-	Impact	-	Own operations
ESRS S1 Own workforce	I	Job instability for the Group's personnel	Short-term	Negative	Potential	-	Caused by the Group	Own operations
	I	Non-compliance with working hours by Group staff	Short-term	Negative	Potential	-	Caused by the Group	Own operations
	I	Inadequate remuneration of Group staff	Short-term	Negative	Potential	-	Caused by the Group	Own operations
	I	The Group's failure to engage in dialogue with trade unions and to negotiate collective agreements	Short-term	Negative	Potential	-	Caused by the Group	Own operations
	I	Failure to respect the work-life balance of the Group's employees	Short-term	Negative	Potential	-	Caused by the Group	Own operations
	I	Accidents and occupational illnesses within the Group	Short-term	Negative	Actual	-	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	Child labour within the organisation	Short-term	Negative	Potential	-	Caused by the Group	Own operations
	I	Forced labour within the organisation	Short-term	Negative	Potential	-	Caused by the Group	Own operations
	I	Inadequate management of IT security	Medium-term	Negative	Potential	-	Caused by the Group	Own operations
ESRS S2 Workers in the value chain	I	Accidents and work-related ill health along the value chain	Short-term	Negative	Potential	-	Group and related to the Group through its commercial dealings	Upstream and downstream value chain
	I	Child labour in the value chain	Short-term	Negative	Potential	-	Group and related to the Group through its commercial dealings	Upstream and downstream value chain
	I	Forced labour in the value chain	Short-term	Negative	Potential	-	Group and related to the Group through its commercial dealings	Upstream and downstream value chain
ESRS S4 Consumers and final users	I	IT security for customers and end users	Short-term	Positive	Actual	-	Caused by the Group	Downstream value chain

ESRS G1 Business conduct	I Corporate culture	Short-term	Positive	Actual	-	Caused by the Group	Own operations
	I Failure to protect whistleblowers	Short-term	Negative	Potential	-	Caused by the Group	Own operations
	I Payment to suppliers	Short-term	Negative	Potential	-	Caused by the Group	Own operations and upstream value chain
	I Anti-corruption prevention and training	Short-term	Positive	Actual	-	Caused by the Group	Own operations
	I Incidents of corruption	Short-term	Negative	Potential	-	Caused by the Group	Own operations
	O Sustainable procurement practices	Medium-term	-	-	-	Impact	-

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. Compared with the materiality analysis approved in 2024, the following new impact has been identified as material: “Loss of biodiversity resulting from soil erosion due to copper mining in the supply chain”, relating to theme E4 Biodiversity. Unlike the materiality analysis carried out in 2024, the following impacts have not been identified as material: “Exclusion of people with disabilities from the Group’s workforce”, as the Group complies with legal obligations regarding the employment of people with disabilities and has not recorded any cases of non-compliance in this regard; and “Water discharges”, as the Group does not generate significant impacts in this area, having also adopted water recycling systems for water discharged from production processes. The “Risk of non-compliance due to failure to observe occupational health and safety regulations” was not found to be material, as the Group adopts preventive measures and management systems relating to occupational health and safety, in compliance with the requirements of current legislation, which have enabled a progressive reduction in the accident rate. Furthermore, the positive impact “Protection of the economic, social and cultural rights of local communities”, relating to S3 theme “Affected communities”, was not found to be material, as the Group does not generate impacts considered significant from an economic, social and cultural perspective on local communities.

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. To date, no quantitative analysis has been carried out of the resilience of the company’s strategy and business model.

For a description of the relevant impacts, risks and opportunities arising from the materiality assessment, please refer to the individual chapters on the thematic ESRS. For detailed information regarding the current and expected effects of the impacts, risks and opportunities with respect to topical ESRS being reported on, and the way in which the IRCE Group plans to respond to these effects, please refer to the specific reference sections for each topical ESRS and the IRO 1 table. For details of the impacts on people and the environment, please refer to the individual thematic chapters. Taking into account the material risks and opportunities identified, the Group has not identified any financial effects or significant risks of material adjustments in the following financial year to the carrying amounts of the assets and liabilities reported in the relevant financial statements. In the double materiality process, the Group has not identified any impacts, risks or opportunities that would require the adoption of entity-specific indicators.

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, the impacts are subjected to two assessments. Firstly, senior management at the Parent Company IRCE assesses the list of potentially significant impacts identified following the aforementioned context analysis. Secondly, a sample of the Group's main categories of internal and external stakeholders, including employees, customers, local authorities, suppliers and financial partners, provides feedback through an assessment of a selection of impacts. In both questionnaires, the impacts relate to sustainability themes, sub-themes and sub-sub-themes set out in AR 16 of ESRS 1 and concern 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).

To define the list of material issues to be reported in the Sustainability Report, the results of the assessments carried out by the senior management of the Parent Company IRCE are analysed; these are then reviewed, taking into account the feedback provided by internal and external stakeholders. In order to determine material impacts, a materiality threshold of 2.30 has been established on a scale ranging from 1 to 5.

1.10.2. Financial materiality

The 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, as well as analyses of the risks and opportunities arising from the Parent Company's quality, prevention and safety systems in relation to sustainability issues applicable to the organisation. The list is supplemented, taking into account the possible interconnections between IRCE impacts and dependencies and any 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 (2023-2025).
- 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 an opportunity being realised. 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 (2023-2025).

All risks (at residual level) and opportunities that are identified as significant or very significant following the assessment are therefore included in the financial materiality assessment, for which a materiality threshold of 16 has been set on a scale of 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 materiality assessment then led to the identification of ESG impacts, potential risks, and opportunities that are material to the Group and its value chain. The result of the analysis conducted was shared and approved by the Board of Directors. The double materiality analysis process has not changed from the previous year and was carried out in accordance with the methodology set out in ESRS 1 – Double materiality as the basis for sustainability disclosures and in IG 1 – Materiality assessment issued by EFRAG.

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)

EU Regulation 2020/852 (hereinafter the “Regulation”), which entered into force on 1 January 2022, introduced the European Taxonomy (hereinafter also the “Taxonomy”), a classification system for economic activities that may be considered environmentally sustainable. 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:

- Climate Delegated Act (2021/2139/EU);
- Delegated Act pursuant to Art. 8 (2021/2178/EU);
- Supplementary Delegated Act on Climate (February 2022);
- Delegated Regulation 2023/2485 on supplementary measures to support climate objectives;
- Delegated Regulation 2023/2486 on the four non-climate-related environmental objectives, also amending and supplementing the Disclosures Delegated Act (2021/2178/EU).

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);
- be carried out in accordance with minimum safeguards regarding respect for human rights and labour standards.

Therefore, pursuant to Article 8 of the Taxonomy Regulation, for the 2025 financial year, IRCE is required to provide information on how and to what extent its activities are associated with environmentally sustainable economic activities within the meaning of the EU Taxonomy, disclosing the proportion of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) associated with environmentally sustainable economic activities, i.e. those that are eligible and aligned with the Taxonomy.

It should be noted that, as of this report, the Group applies the simplifications introduced by Commission Delegated Regulation (EU) 2026/73 of 4 July 2025, which amended Delegated Regulations (EU) 2021/2178, 2021/2139 and 2023/2486.

Based on the analysis of its economic activities, the Group has confirmed its assessment that its activities are not included among those currently identified by the applicable regulatory framework with respect to the aforementioned objectives, and consequently no portion of turnover recorded in 2025 is considered EU Taxonomy-eligible or -aligned.

With regard to capital expenditure (CapEx) for the 2025 financial year, in line with the provisions of the new Delegated Regulation (EU) 2026/73, no assessment of eligibility and alignment was carried out for a residual portion of capital expenditure amounting to 7.8% of the denominator of the CapEx KPI. Analysis of the remaining capital expenditure examined did not identify any investments associated with economic activities considered eligible or aligned with the objectives of the European Taxonomy.

As regards operating expenditure (OpEx) for the 2025 financial year, the analysis did not reveal any expenditure associated with economic activities considered eligible or aligned with the objectives of the European Taxonomy. For the purposes of calculating operating expenditure (OpEx), uncapitalised research and development costs, maintenance costs and costs for the use of third-party assets (non-IFRS16) were considered.

Proportion of turnover, CapEx from products or services associated with economic activities that are taxonomy eligible or aligned – Disclosure for 2025 (Summary KPI)

Financial year 2025		Percentage of taxonomy eligible activities	Taxonomy aligned activities	Percentage of taxonomy aligned activities	Breakdown by environmental goal of the taxonomy aligned activities						Percentage of enabling activities	Percentage of transition activities	Activities not assessed as not considered relevant	Taxonomy aligned activities in the previous year (2024)	Percentage of taxonomy aligned activities in the previous year (2024)
KPI	Totale				Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity					
Turnover	381.105	0%	0	0%	0%	0%	0%	0%	0%	0%	0%	0%	0	0%	
CapEx	19.581	0%	0	0%	0%	0%	0%	0%	0%	0%	0%	7,8%	0	0%	
OpEx	3.946	0%	0	0%	0%	0%	0%	0%	0%	0%	0%	0%	0	0%	

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 2025-2027 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 CO₂ emissions per tonne of product sold in the reference period. The calculation is performed by dividing the tonnes of Scope 1 and Market-Based Scope 2 CO₂ emissions generated during the year by the tonnes of product sold in the same period, i.e. the overall quantity, in tonnes, of winding wires and electrical cables sold by the Group. This emissions indicator will be determined based on the final year of office of the Board of Directors (2027) and will be compared with the same value recorded in the last year of the previous term (2024). 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 TUF for 2022 approved by the IRCE Board of Directors on 15 March 2024). 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 currently working on drawing up its own transition plan for the future.

2.2.3. Climate change impacts, risks and opportunities

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

- Increased energy efficiency and self-sufficiency through the generation of renewable energy (opportunity)
- 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 carried out a formal resilience analysis of its strategy and business model in relation to climate change, including an analysis of climate scenarios. 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 did not identify a flood risk for the area in question and therefore no measures to contain the risk were envisaged. In 2025, a NATECH risk assessment (floods, landslides, seismic events, winds, lightning strikes and storm surges) was also carried out as planned for the Imola site, as part of the update to the Regional Technical Data Sheet required by Legislative Decree 105/15 (known as Seveso Ter). This analysis indicated a risk level that was in some cases non-existent (e.g. for the risk of landslides and storm surges), very low (strong gusts of wind, whirlwinds and tornadoes, lightning strikes) and low (flooding), without requiring further specific investigations. Further investigations will, however, be carried out regarding seismic risk in 2026.

As direct, indirect, and value chain emissions, and energy consumption are currently generating negative effects on the environment, the IRCE Group is committed to reducing energy consumption by optimising its production processes and gradually decreasing the use of non-renewable energy sources. Furthermore, with regard to the opportunity linked to climate change identified as material through the double materiality analysis (Development of an Energy Transition Plan), IRCE demonstrates a proactive stance in seizing it, while adopting a flexible approach to the associated risks, standing ready to intervene promptly should they materialise. However, no changes to the company strategy have been made or are currently planned.

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

The IRCE Group has identified and assessed climate-related impacts, risks and opportunities as part of its double materiality analysis process. To properly understand and address the challenges posed by climate change, an in-depth analysis of the Group's operations was carried out, taking into account the complexity of the value chain, in order to identify physical and transition risks as well as climate-related opportunities. The relevant impacts that emerged are closely linked to energy consumption and the generation of direct and indirect emissions by the Group and the players 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 material. 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 risks, transition risks and opportunities were not carried out using climate scenario analysis. It should be noted that the company has not identified climate-related hazards by considering at least high-emission climate scenarios, nor has it identified climate-related transition events by taking into account at least one climate scenario consistent with limiting global warming to 1.5 °C. Furthermore, the Group has not examined how its activities may be exposed to such climate-related hazards and transition events.

2.2.5. Climate change mitigation and adaptation policies

To date, the IRCE Group has not yet formalised a policy aimed at managing its material impacts, risks and opportunities relating to climate change mitigation. The 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 as provided for by the Paris Agreement on Climate Change of 12 December 2015. The Group will therefore formalise a relevant policy, 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 limiting 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

The Group has, however, taken steps to reduce its impact on climate change; in particular, in 2025, the Czech subsidiary IRCE S.r.o. invested in energy-saving and energy-efficiency equipment for its production facilities. Further projects and investments completed in 2025 are listed below.

Shares	Expected results	Scope	Horizon	Significant monetary amounts of Capex	Progress of activity
Purchase of new machinery and latest generation systems	Reduction in energy consumption	IRCE S.r.o.	2025	€731,777 ¹³	Completed
Replacement of compressors	Reduction in energy consumption	IRCE Spa - Imola	2025	€86,218	Completed: the related energy saving is estimated at 1,500 kWh/p.a.
Purchase of 8-tonne electric forklift in place of diesel	Reduction in consumption of fuel from fossil fuels	IRCE Spa - Imola	2025	€180,800	Completed
Reconstruction of roof at Guglionesi plant	Reduction in energy consumption	IRCE Spa - Guglionesi	2025	€525,000	Completed

¹³ Investments in 2024 for costs incurred on assets under construction

At the IRCE S.p.A. plant in Imola, an energy efficiency project is also underway, utilising AI software that collects and analyses process data from the glazing lines: by optimising the control of the production lines, energy consumption could be reduced. A feasibility study is also being launched for the modernisation of the post-combustion system currently used to treat part of the emissions from the furnaces on the medium-diameter wire glazing lines: any investment would lead to a reduction in natural gas consumption. It should be noted that, at present, the financial resources allocated to the described initiative are not significant.

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 and the purchase of energy from certified renewable sources, details of which are given in the next paragraph.

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.

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	2025	2024
	Total MWh	Total MWh
Consumption of coal and coal products	267	178
Fuel consumption from crude oil and petroleum products	1,576	1,253
Fuel consumption from natural gas	15,774	17,659
Fuel consumption from other non-renewable sources	0	0
Consumption of electricity, heat, steam and cooling from purchased or acquired fossil sources	25,190	49,636
Total energy consumption from fossil sources	42,807	68,727
<i>Share of fossil sources in total energy consumption</i>	<i>38%</i>	<i>57%</i>
Consumption from nuclear sources¹⁴		
<i>Share of nuclear sources in total energy consumption</i>	<i>0%</i>	<i>0%</i>
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	63,122	44,946
Consumption of self-generated renewable energy without using fuels	7,424	7,263
Total energy consumption from renewable sources	70,546	52,209
<i>Share of renewables in total energy consumption</i>	<i>62%</i>	<i>43%</i>
TOTAL ENERGY CONSUMPTION	113,353	120,936

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 reduction in total energy consumption from fossil fuels is mainly due to:

- overall reduction in production, and thus in consumption, during 2025 compared to 2024;
- Dutch subsidiary Smit Draad ceased trading in the first half of 2025;

The increase in the percentage of energy from renewable sources is due to the Group's participation in the Energy Release mechanism. The Group's 2025 renewable energy consumption of 70,546 MWh is comprised of 10.5% self-generated electricity from a photovoltaic system and the remaining 89.5% purchased electricity from renewable sources. Specifically, 39.7% of the 63,122 MWh of electricity purchased from renewable sources comes from the Energy Release mechanism¹⁵ and 60.3% from certified renewable energy purchased by the Group.

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.

¹⁴ In applying the prudential approach referred to in ESRS E1 AR32(j), the Company considers such consumption "derived from renewable sources" only when the origin of the purchased energy is clearly defined in the contractual agreements with suppliers (e.g., Guarantees of Origin). Consequently, for the portion not covered by these instruments, the Company does not disaggregate the purchased electricity, steam, heat, or cooling by generation source for the purposes of ESRS E1-5 and, therefore, does not attribute components from renewable or nuclear sources to such consumption, treating them as non-renewable

¹⁵ With reference to the share of renewable energy certified within the Energy Release mechanism, it should be noted that the share equal to 24,995 MWh for 2025 refers to the share that, as of the date of this document, has been recognized by the GSE to IRCE SpA, pending the issuance of the relevant guarantee of origin (GO) certificates expected in April 2026.

Energy intensity versus net revenue			
	2025	2024	Change
	Value	Value	%
Total energy consumption (MWh)	113,352	120,936	-6.27%
Net revenues (€/000)	377,643	397,654	-5.03%
Energy intensity (MWh /€/000)	0.300	0.304	-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 Scope 1, 2 and 3 GHG emissions and total GHG emissions¹⁶

It should be noted that the data used to calculate Scope 1 and 2 emissions was collected exclusively within the consolidated accounting group. Currently, there are no investees, such as associates, joint ventures or unconsolidated subsidiaries, that are not fully consolidated in the financial statements of the consolidated accounting group, nor are there any contractual arrangements that constitute unorganised joint control 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				
	2025	2024	Change	
	tCO _{2e}	tCO _{2e}	tCO _{2e}	%
Gross Scope 1 GHG emissions	3,341	3,584	-242	-6.76%
Percentage of Scope 1 GHG emissions covered by regulated emissions trading schemes	-	-	-	-

2.2.7.2. Gross Scope 2 GHG emissions

The following table shows the gross Scope 2 GHG emissions 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 [E1-6: 49 a]				
	2025	2024	Change	
	tCO _{2eq}	tCO _{2eq}	tCO _{2eq}	%
Gross Scope 2 GHG emissions – location-based method	18,988	27,705	-8,716	-31.46%

Gross Scope 2 GHG emissions – market-based method [E1-6: 49 b]				
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¹⁶ The emission factors from the UK Government's 'GHG Conversion Factors for Company Reporting – DEFRA 2024 and 2025' were used to calculate Scope 1 emissions. For the calculation of 2024 Scope 2 Location-Based and Market-Based emissions, the emission factors from the AIB – European Residual Mixes 2023, Baseline Database for the Indian Power Sector, and IGES List of Grid Emission Factors were used. For the calculation of 2025 Scope 2 Location-Based and Market-Based emissions, the emission factors from the AIB – European Residual Mixes 2024, Baseline Database for the Indian Power Sector, and IGES List of Grid Emission Factors were used.

	2025	2024	Change	
	tCO _{2eq}	tCO _{2eq}	tCO _{2eq}	%
Gross Scope 2 GHG emissions – market-based method	11,171	23,795	-12,624	-53.05%

The reduction in gross Scope 2 location-based GHG emissions between the two reporting periods is mainly due to the lower emission coefficient for 2025 compared with the previous year. This reduction generally reflects current trends occurring in various countries, where the level of emissions is linked to factors such as the use of more or less polluting energy sources, the direction of national policies and changes in energy demand.

The reduction in gross Scope 2 market-based GHG emissions between the two reporting periods is mainly due to:

- overall reduction in production, and thus in consumption, during 2025 compared to 2024;
- Dutch subsidiary Smit Draad ceased trading in the first half of 2025;
- increase in certified renewable energy occurred in 2025.

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				
	2025	2024	Change	
	tCO _{2eq}	tCO _{2eq}	tCO _{2eq}	%
Gross Scope 1 and 2 GHG emissions – location-based method	22,330	31,289	-8,959	-28.63%
Gross Scope 1 and 2 GHG emissions – market-based method	14,512	27,378	-12,866	-46.99%

2.2.7.4. GHG emissions intensity in relation to 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				
	2025	2024	Change	
	Value	Value	Value	%
Gross Scope 1 and 2 GHG emissions – location-based method (tCO _{2eq})	22,330	31,289	-8,959	-28.63%
Gross Scope 1 and 2 GHG emissions – market-based method (tCO _{2eq})	14,512	27,378	-12,866	-46.99%
Net revenues (€/000)	377,643	397,654	-20,011	-5.03%
Location-Based Scope 1 + 2 GHG intensity (tCO_{2eq} - €/000)	0.059	0.079	-0.020	-24.85%
Market-Based Scope 1 + 2 GHG intensity (tCO_{2eq} - €/000)	0.038	0.069	-0.030	-44.19%

The net revenues used for the calculation of emission 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 material 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 actual negative impacts related to the generation of significant air emissions and the use of hazardous substances and substances of very high concern, 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 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 on 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 which sets out the management's commitment to preventing pollution in all environmental sectors, particularly those relating to air, water and soil, including through prevention and control, and to minimising the use of substances of concern and phasing out substances of very high concern, whilst ensuring the performance of the finished product.

2.3.2.1. Actions and resources related to pollution policies

The main measure undertaken and planned to achieve the goals and objectives relating to pollution concerns the Imola plant and the newly established Czech subsidiary Irce S.r.o., and is summarised in the table below. This initiative, which was completed in 2025, is aimed at reducing air pollution. Further projects and investments completed in 2025 are listed below, and the organisation's ongoing commitment to seeking out less hazardous products (enamels, solvents, raw materials) is highlighted, with the aim of progressively reducing the use of substances of very high concern (SVHCs) in the production process.

Actions	Expected results	Perimeter	Horizon	Significant monetary amounts of Capex	Progress of activity
Purchase of new machinery and latest generation systems	Reduction in pollution generated during the production process	IRCE S.r.o.	2025	€731.777 ¹⁷	Completed
R&D project for the substitution of antimony trioxide, a substance used as a flame-retardant additive in the production of PVC to case electric cables: the substance is classified as CMR (H351 suspected carcinogen)	Reduction in use of substances of high concern and/or very high concern (SVHC) in the production process	IRCE SpA	2025	- ¹⁸	Completed

¹⁷ Investments made during 2024 in respect of expenditure incurred on assets under construction.

¹⁸ It should be noted that, at present, the financial resources allocated to the described initiative are not significant.

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:

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

The aim is to comply with any thresholds specified in the permits issued to individual plants, which are defined in accordance with current national/regional legislation and aligned with any applicable sector-specific BAT (Best Available Technology) standards. For example, for the IRCE S.p.A. plant in Imola, specific limits have been set for the concentration measured at the point of discharge for the following parameters:

- 40 mg/Nm³ of Volatile Organic Compounds (VOC);
- 10 mg/ Nm³ of Particulate Matter (PM).

For nitrogen oxides (NO_x) and carbon monoxide (CO), emission limits vary depending on the specific plant responsible for the emissions, but generally do not exceed 350 mg/Nm³ and 150 mg/Nm³ 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 sites, the E-PRTR report is submitted annually by 30 April.

At the time of publication of this document, no such official announcements have yet been made; however, the Company has already verified, for the Imola plant – which is the Group's largest in terms of enamelled wire production – that in 2025 the mass flows of all pollutants in emissions into the atmosphere and water were below the applicable threshold values set out in Annex II to Regulation (EC) No 166/2006. This preliminary verification is further supported by the reduction in paint consumption during the reference period and by the evidence that the E-PRTR reports for the last three years have not shown any exceedance of the emission thresholds for pollutants into the atmosphere and water. With regard to Brazil, which, as a non-European company, is not subject to E-PRTR reporting obligations, IRCE has assumed that this site also does not exceed the applicable threshold values, given that production volumes and paint consumption are lower than at the two aforementioned Italian plants (Imola and Umbertide).

The measurement methods used to estimate pollutants in atmospheric emissions and in the specified discharges are defined by the specific environmental permits for each plant (standardised at national level). The analytical data collected in accordance with the specified methods is then extrapolated to obtain the annual mass flow rate, based on the actual operating data of the lines/plants generating the emissions and the actual quantities discharged in the case of pollutants in water.

The quantification of these emissions is therefore based on direct measurement of the emissions themselves, albeit on a discontinuous basis, as current environmental authorisations do not require continuous measurement systems. The calculation of the annual mass flow is then estimated on the high side, taking into account conservative operational data (for example, by not considering any downtime due

to breakdowns or maintenance), as it is not yet possible to obtain more precise data at the level of individual lines or machines. Work is under way to refine this data, with the aim of reducing the associated margin of uncertainty.

2.3.4. Substances of concern and substances of very high concern

The following tables show:

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

These values have been estimated based on an analysis of the following data relating to IRCE S.p.A. plants:

- consumption data for paints, solvents and insulation materials;
- analysis of the Safety Data Sheets (SDS) for the aforementioned products.

The 2024 data was calculated using the following methodology:

- the content of substances of very high concern reported in the Safety Data Sheets (SDS) varies depending on the type of substance and is generally within a percentage weight range; therefore, in order to provide the 2024 disclosure, the upper percentage value of this range was always taken as a precautionary measure.
- to estimate the data relating to substances of concern, a sample of Safety Data Sheets for paints, solvents and insulation materials was analysed: analysis of this sample revealed a percentage by weight varying between 2.5% and 10% depending on the type of substance, and it was assumed (as a conservative estimate) that these substances were present in the same concentrations in all paints and solvents. It should be noted that this estimate was subject to a significant level of uncertainty due to the limited availability of data;
- once the data had been derived using the method described above for the IRCE S.p.A. plants, it was assumed that the mix of paints, solvents and insulation materials consumed in 2024 by the Group's remaining production plants was comparable to this, and the content of substances of concern and very high concern was recalculated based on their respective consumption levels. The total figure thus estimated, and reported in the table for 2024, represents an extremely conservative estimate of the IRCE Group's use of substances of concern and substances of very high concern.

In order to improve the quality of the estimate of the quantities of substances of concern and substances of very high concern used in the production cycle, the following process was followed for the calculation of data relating to the 2025 financial year.

As a preliminary step, the Group carried out a comprehensive mapping of all chemicals used by IRCE S.p.A. during 2025, based on consumption volumes expressed in kg. Each product was classified in accordance with the applicable regulations (CLP and REACH Regulations). Subsequently, a detailed analysis of the Safety Data Sheets (SDS) was carried out for products containing SVHC CMR (Carcinogenic, Mutagenic and Reprotoxic) substances, in order to focus attention on those substances characterised by high toxicological severity, and therefore considered more relevant. From this, the proportion of substances of concern and substances of very high concern within the analysed product cluster (paints and solvents) was calculated. The same proportion was used to estimate the quantities of substances present in all other chemical products identified in the previous point (SVHCs and/or non-CMR PREOCs). It should be noted that this estimate remains subject to a significant level of uncertainty.

With reference to the change in methodology for calculating the indicator in question for the data relating to the 2025 fiscal year, it should be noted that it was not possible to redetermine the data relating to the previous fiscal year using the new methodology. Therefore, the data remains unchanged compared to that published in the Sustainability Report as of December 31, 2024.

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

	2025	
	Substances of concern	Substances of very high concern
Carcinogenic substances	-	2,272
Substances that are suspected of causing cancer	-	2,918
Mutagenic substances	-	12,305
Suspected mutagenic substances	-	693,547
Substances which are toxic for reproduction - reprotoxic	-	712,911
Suspected substances which are toxic for reproduction - reprotoxic	-	98,864
Respiratory or skin sensitisation Chronic risk for aquatic environment Specific toxicity for target organs	942,721	-
Total	942,721	1,522,815

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

	2024	
	Substances of concern	Substances of very high concern
Suspected of causing cancer	-	16,995
Mutagenic substances	-	749,823
Toxic substances for reproduction	-	547,043
Other	768,858	-
Total	768,858	1,313,861

2.4. WATER AND MARINE RESOURCES

2.4.1. Identification and assessment of material impacts, risks and opportunities related to water and marine 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 withdrawals and to water stress areas. 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. Furthermore, there is currently a positive impact in relation to "Water efficiency and conservation". Please therefore refer to section 2.4.2.1 for details of the measures currently being implemented to promote water conservation and efficiency.

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 level of each individual plant, measures aimed at water protection and allocates resources for their implementation in order to achieve water protection objectives. These measures concern the Imola plant and the Brazilian production plant of IRCE LTDA, and are primarily aimed at reducing water consumption.

It should be noted that, at present, the financial resources allocated to current measures relating to water and marine resources are not significant.

Actions	Expected results	Scope	Horizon
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 and marine resources policies

At present, IRCE has not set any measurable, results-oriented water consumption targets with specific deadlines at Group level, as a structured approach that takes into account the specific operational characteristics of the various plants is still under consideration.

However, the Imola plant, through its Environmental Policy, promotes environmental protection by optimising water consumption, encouraging the reuse of water where possible and adopting measures to prevent water pollution.

With regard to discharge limits, the targets set are the obligations imposed by applicable national/regional legislation and may be formalised through specific authorisations issued by the competent authorities to individual plants on the basis of such legislation.

By way of example, for the IRCE S.p.A. plant in Imola (the Group's largest), the limits for the discharge of waste water into the sewerage system and surface waters defined in Part III of Legislative Decree 152/06 and subsequent amendments and additions (Annex 5, Table 3) apply: compliance with these limits is ensured through periodic sampling, in accordance with the methods and frequencies set out in the Monitoring and Control Plan defined by the current Authorisation.

2.4.3. Water consumption

The main categories of water consumption can be broken down into:

- water consumption for domestic use (toilets, showers, canteen), typically from the aqueduct;
- water consumption for industrial use (for production purposes), typically from the aqueduct or groundwater (wells).

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

Water consumption for industrial use (for production purposes), typically from the aqueduct or groundwater (wells), is associated with the following stages of the production cycle:

- drawing: use of water for the preparation of lubricating and cooling 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, thereby also reducing the volume of hazardous waste sent for recovery.
- enamelling: use of water to produce the steam required to ensure adequate adhesion of the paint coating to the copper wire, and water consumption for cooling the systems (cooling towers).

To date, no consumption limits have been imposed at the regulatory level, but these figures are nevertheless tracked.

The following table shows total water consumption in m³ and total water consumption in m³ in water-stressed areas, including those with high water stress.

Water consumption (m ³)		of which area with water risk	of which area at high water risk
Resource	2025	2025	2025
Water withdrawal	81,682	60,487	57,943
Water discharges	41,096	34,611	33,048
Water consumption	40,586	25,876	24,895
Total volume of water recycled and reused	0	0	0

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

It should be noted that for the British company FD SIMS estimates were used, considering the same water consumption as for companies with similar activities and size.

Furthermore, it has been assumed that, for the following companies, the water discharge figure is the same as the water abstraction figure, given that the water resource is used solely for domestic purposes: Isolveco 2 SRL, DMG GmbH, RCE SL and Isomet AG.

2.4.3.1. Stored water

The table below shows the total volume of water stored and the corresponding consumption, which is equivalent to the change in volume, in m³.

Rainwater storage (m ³)		
	2025	2024
	Value	Value
Total volume of water stored	400	400
Rainwater consumption	4,415	5,224

This table is based solely on data provided by the subsidiary in Brazil, which is the only company in the Group to have a water storage system.

2.4.3.2. Water intensity in relation to net revenues

The table below shows the Group's water intensity, calculated as total water consumption in its own operations in m³ per million euros of net revenue.

Water intensity in relation to net revenues				
	2025	2024	Change	
	Value	Value	Value	%
Water consumption (m ³)	40,586	44,265	-3,679	-8.31%
Net revenues (€ million)	377.64	397.65	-20	-5.03%
Water intensity in relation to net revenues (m³/€ million)	107.473	111.315	-3.842	-3.45%

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

2.5. 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 took into account both internal activities and those throughout the entire value chain, both upstream and downstream. This approach allowed to identify and assess relevant impacts, risks and opportunities related to resource use and the circular economy. The analysis highlighted the importance of this issue in the company's operations; in particular, it identified certain negative impacts linked to the use of raw materials and virgin, non-renewable materials, as well as waste generation. A positive impact was identified, linked to the innovation of solutions and processes for the transition to environmentally friendly materials. Furthermore, a risk associated with inefficient resource management and an opportunity for the Group in the implementation of circular economy practices were assessed as significant. 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 reference paragraph 1.10. Double Materiality Analysis.

The use of raw materials and virgin materials and the generation of waste have a current and negative impact on the environment, whilst product innovations and the transition to environmentally friendly materials have a positive impact. IRCE is therefore committed to optimising the use of raw materials and virgin resources, ensuring the reuse of these resources, and promoting the circular economy both in terms of finished products and in terms of waste prevention and optimised waste management. With respect to the opportunity related to resource use and the circular economy, IRCE is proactive in seizing it, while for the risk it adopts a flexible approach, being prepared to intervene promptly if it occurs. However, no changes to the Group's strategy have been made or are currently planned.

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 resource use and the circular economy; this is mainly due to the complexity of fully integrating such a policy into its business model and the need to allocate adequate resources to ensure its effective implementation. However, the Imola plant has adopted an Environmental Policy that reflects the management's commitment to optimising the use of raw materials and reducing waste generation.

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 from their production processes by selling the scrap generated during the production cycle to foundries.

It should be noted that, at present, the financial resources allocated to current and future initiatives relating to resource use and the circular economy are not significant.

Actions	Expected results	Scope	Horizon
Agreements with foundries for processing (remelting) of enamelled 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 and circular economy policies

At present, IRCE has not set any measurable, results-oriented, time-bound targets at Group level relating to resource use and the circular economy, as a structured approach that takes account of the specific nature of the business is still under consideration. Nevertheless, the IRCE Group has set itself the general objective, inherent to business management, of optimising the consumption of raw materials and virgin resources, ensuring the reuse of such resources, and thereby promoting the circular economy both in terms of the finished product and in terms of waste prevention and optimisation of waste management.

2.5.3. Resource inflows

For the larger companies, the data presented in the table below is derived from queries to the ERP Management System, whilst for the smaller companies, the information is drawn from internal data collections not supported by management software. The table has been organised according to the broad categories of incoming resources based on the specific production process, specifying their respective

composition. The item relating to the biological material content of packaging refers to wooden packaging and reels, while the following estimates have been made for reused or recycled secondary components:

- for copper, the average proportion of copper purchased from scrap has been estimated, based on the supplier's specifications;
- for packaging, a figure of approximately forty per cent was estimated at Group level.

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

Material used for production (tonnes)					
2025					
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	31,203	0	31,203	10,167	1,585
Aluminium	1,671	0	1,671	0	0
Insulating paints	3,255	0	3,255	0	0
PVC and Rubber	3,004	0	3,004	0	0
Packaging	532	1,063	1,595	22	0
Other material	936	0	936	0	0
Total	40,601	1,063	41,664	10,189	1,585
% of total	97.4%	2.6%	100.0%	24.5%	3.8%

Material used for production (tonnes)					
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 conversion of electrical energy into mechanical energy - and vice versa, in the adjustment of energy parameters and in the conversion and control of other forms 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 manufactured by the Group comprise a comprehensive range of low- and medium-voltage cables, which can be insulated with PVC, rubber or polyethylene.

By their very nature, these products are designed and manufactured in line with the principles of the circular economy: winding conductors and insulated cables (made of copper or aluminium) are components used by customers within finished products whose service life may vary (generally measured in years), but which can be fully recycled at the end of their life through remelting.

The waste resulting from the manufacturing process (scrap bare or enamelled copper and scrap cables) is in turn fully reused within the production cycle itself, through an intermediate processing/smelting process carried out by third parties (on a contract basis) and the complete reuse of copper within the same production cycle.

The lifespan of these products depends on their intended use as components of other products or in plant engineering: in any case, these are products that are fully recyclable at the end of their life.

The main products listed above have the following characteristics:

- Durability in terms of the preservation of mechanical, electrical and chemical properties prior to final use by the customer, limited in time solely by compliance with suitable storage conditions (typically indoors, without exposure to direct sunlight and in a low-dust environment, in an area with limited temperature fluctuations and low humidity).
- The product is not repairable
- The average recyclable content in copper products is 33%: for IRCE S.p.A. products, this rises to an average recyclable content of 52%.
- The packaging used for delivery of the finished product is predominantly reusable (spools and drums, reusable on average at least seven times, as are the pallets). The estimated average recycled content of wooden packaging, excluding spools and drums, is 1% for the year 2025. It should be noted that in 2024, the average recycled content, excluding reels and drums, was estimated to be around 50%, as no data was available.
- In 2025, 73% of the wooden packaging purchased by IRCE S.p.A. comes from a sustainable supply chain (PEFC). In 2024, this figure stood at 78%.

2.5.4.2. Waste

The following table shows:

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

The following table also highlights the total quantity of hazardous waste and radioactive waste produced by the company: the latter type is not present in our production cycle.

All quantities indicated in the table are expressed in tonnes.

	Waste generated (tonnes)			
	2025			
	Hazardous waste	Non-hazardous waste	Total	% of total waste
Waste prepared for reuse	0	93	93	2.0%
Recycling	147	3,489	3,636	77.8%
Other recovery operations	5	327	332	7.1%
Total waste diverted from disposal	152	3,909	4,061	86.9%
Incineration	1	227	228	4.9%
Landfill	139	17	156	3.3%
Other disposal operations	169	62	231	4.9%
Total waste directed to disposal	309	306	615	13.1%
Total waste	461	4,215	4,676	100.0%
% waste directed to disposal	67.0%	7.2%	13.1%	
of which radioactive waste	0			

	Waste generated (tonnes)			
	2024			
	Hazardous waste	Non-hazardous waste	Total	% of total waste
Waste prepared for reuse	0	119	119	2.4%
Recycling	56	3,709	3,765	76.8%
Other recovery operations	5	584	589	12.0%
Total waste diverted from disposal	61	4,412	4,472	91.2%
Incineration	0	145	145	3.0%
Landfill	105	9	114	2.3%
Other disposal operations	151	23	174	3.5%
Total waste directed to disposal	256	177	433	8.8%
Total waste	317	4,589	4,905	100.0%
% waste directed to disposal	80.9%	3.9%	8.8%	
of which radioactive waste	0%			

The figures above cover the main types of waste generated by the production cycle of the IRCE Group's companies, which can be summarised as follows:

- copper and aluminium;
- PVC and rubber;
- paper, cardboard, plastic and wooden packaging;
- waste paints and solvents;
- waste oils;
- contaminated packaging and absorbent materials.

It should be noted that the waste data collected relates exclusively to the Group's manufacturing companies. The data for IRCE S.p.A. is derived from the mandatory administrative records relating to waste (MUD, chronological register of loading and unloading, and Waste Accompanying Forms). Similarly, for the other Group companies, the data has been collected on the basis of the mandatory administrative records in the individual states/regions.

3. CORPORATE INFORMATION

3.1. Interests and views of stakeholders

The Group fully recognises the value and importance of the rights of this group of stakeholders and devotes considerable attention to them; however, to date, the Group's strategy and business model are not explicitly guided by the interests and views of its employees.

3.2. Impacts, risks and opportunities related to own workforce

The workforce-related impacts, identified during the assessment process described in ESRS 2 IRO-1, are linked to IRCE's business model and strategy. Indeed, the Group places great importance on the well-being of its employees, adopting a management approach based on transparency, ethics, integrity and respect. The identified impacts, in turn, help to guide the Group's strategy, which aims to prevent the occurrence of adverse effects on its workforce and to ensure that positive impacts continue to occur. The Group has also identified a risk relating to non-compliance arising from failure to observe occupational health and safety regulations, linked to the negative impact on accidents and occupational illnesses within the Group, which consequently highlights the close correlation between IRCE's strategy and business model.

IRCE has considered all members of its workforce within the scope of the double materiality analysis, without making distinctions or assessments based on specific characteristics. Furthermore, during the assessment of the relevant opportunities and risks arising from the impacts and dependencies relating to its workers, no specific situations concerning particular groups of people were identified.

The IRCE Group's workforce includes employees, categorised by contract type (fixed-term, permanent), gender and professional classification, and non-employee workers hired through external agencies. It should be noted that the company has not carried out specific assessments for workers with specific characteristics.

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

- Job instability for the Group's personnel;
- Inadequate remuneration for the Group's personnel;
- Non-compliance with working hours for the Group's personnel;
- Non-compliance with work-life balance for Group personnel
- Lack of dialogue with trade unions and on collective bargaining agreements by the Group;
- Inadequate management of cybersecurity.

Further negative impacts have also been identified which, however, relate to individual incidents and are not systemic in nature:

- Child labour and/or forced labour within the organisation;
- Accidents and work-related illnesses within the Group.

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

Based on the results of the 2025 materiality assessment, no significant risks have emerged.

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 any changes to its strategy or business model to address specific impacts or significant issues relating to its workforce.

It should be noted that, in the Group's operations, no **significant activities involving the risk of incidents related to forced, compulsory or child labour have been recorded**, either in relation to **the type of operation** or with regard 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 full compliance with labour rights as an integral part of responsible corporate conduct.

With the aim of strengthening its commitment to promoting and safeguarding dignity and respect for human rights, including labour rights and the rights of its own employees, the IRCE Group drew up its Human Rights Policy in 2024 and updated it in 2025; this policy is closely linked to the Code of Ethics that has been in place since 2022.

This Human Rights Policy was approved directly by the Board of Directors and applies to all Group employees, who are required to adhere fully to its principles.

The Policy is available to all Group employees on the website www.irce.it, in the Ethics and Compliance section. Through this Policy, the IRCE Group is committed to guaranteeing all its employees a healthy and safe working environment, ensuring fair and equitable conditions that respect the principles of health, safety, well-being and dignity. Furthermore, it ensures fair and favourable working conditions, guaranteeing remuneration that is equitable and in line with the minimum requirements set out in collective agreements and current legislation. The right to freedom of association and collective bargaining is recognised and promoted, with a primary focus on collective bargaining for the definition of contractual terms and the management of relations between company management and trade unions. The Group will consider in the future the possible introduction of mechanisms for employee involvement. At present, there are no specific mechanisms in place to specifically monitor compliance with the UN 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 regulations and standards on human rights, including:

- The International Bill of Human Rights (comprising 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 issues relating to forced labour and child labour. In particular, the IRCE Group excludes any form of child labour, refusing to employ staff under the minimum age for entry into the workforce as stipulated by the law of the country in which the work is carried out, and rejects all forms of forced or compulsory labour, whilst ensuring working conditions comply with applicable laws and regulations. Both regular and overtime work are free from any form of physical and/or psychological coercion. Currently, the Policy does not explicitly address the issue of human trafficking. It should be noted that, at present, the Group has not implemented specific measures to remedy any impacts on human rights.

3.3.2. Integrated environment and safety management system to prevent accidents

In compliance with Legislative Decree 81/2008, as amended, on the health and safety of workers, and Legislative Decree 105/2015 on the use of substances and preparations (insulating paints) classified as hazardous – the scope of which includes the Imola plant, as it is considered a 'lower-tier facility' – and with the aim of ensuring a safe and healthy working environment for its workers, IRCE S.p.A. has implemented an integrated management system for the environment, safety and accident prevention.

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

3.3.3. Policies aimed at eliminating discrimination and promoting equal opportunities

In 2025, the IRCE Group adopted a policy on diversity, equity and inclusion; in particular, the IRCE Group rejects all forms of discrimination, whether based on gender, religion, nationality, religious orientation, political orientation or marital status; it does not tolerate sexual, personal or other forms of harassment or abuse; and it respects the personal dignity, privacy and personal rights of every individual, working with women and men of different nationalities, cultures, religions and races.

At present, specific procedures have not yet been formalised to ensure that discrimination is prevented, mitigated and addressed once identified, and to support diversity and inclusion in general.

3.4. Own workforce metrics

3.4.1. Data collection methodology

In all the tables below, the figures shown represent the number of employees at the end of the reporting period, as provided by the individual Group companies included in the reporting scope.

Within IRCE S.p.A., all data relating to the workforce is provided directly by the Human Resources Department, which uses a dedicated HR management system capable of generating specific reports as required.

As regards foreign subsidiaries, however, data relating to the workforce is provided by company representatives identified by the manager responsible for preparing the corporate accounting documents as Process Owners. Depending on the size of the subsidiary, the company representative provides data derived from management systems or from specific spreadsheets.

This data differs from that reported in the notes to the financial statements under the heading "Staff costs" as the number of employees is calculated using the Full-Time Equivalent method.

3.4.2. Characteristics and composition of own 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		
	2025	2024
	31 December	31 December
Men	513	564
Women	75	75
Other	-	-
Unstated	-	-
Total	588	639

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	2025			2024		
	31 December			31 December		
	Men	Women	Total	Men	Women	Total
Italy	294	41	335	298	40	338
Netherlands	-	-	-	66	7	73
Germany	11	8	19	12	6	18
Spain	4	1	5	3	1	4
Poland	-	1	1	1	1	2
Switzerland	14	7	21	15	6	21
UK	23	4	27	25	3	28
Czech Republic	26	3	29	10	1	11
Brazil	123	10	133	116	10	126
India	17	0	17	17	0	17
China	1	0	1	1	0	1
Total employees	513	75	588	564	75	639

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

	2025	2024
	31 December	31 December
Men	505	547
Women	70	67
Other	-	-
Unstated	-	-
Total permanent employees	575	614
Men	7	16
Women	4	7
Other	-	-
Unstated	-	-
Total fixed-term employees	11	23
Men	1	1
Women	1	1
Other	-	-
Unstated	-	-
Total non-guaranteed hours employees	2	2
Total	588	639

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			
	2025	2024	Change
	31 December	31 December	
Men	505	553	(48)
Women	57	55	2
Other	-	-	-
Unstated	-	-	-
Total full time	562	608	(46)
Men	8	11	(3)
Women	18	20	(2)
Other	-	-	-
Unstated	-	-	-
Total part time	26	31	(5)
Total	588	639	(51)
% of part-time employee	4.4%	4.9%	

The table below shows the total number of employees who left the company during the reporting period and the staff turnover rate for the same period; the high turnover is due to the departure of employees from the Dutch company Smit Draad, which ceased trading in mid-2025.

Employee turnover rate						
	31/12/2025			31/12/2024		
	Employees who have left	Total employees	Turnover	Employees who have left	Total employees	Turnover
Turnover rate	165	588	28.1%	93	639	14.6%

3.4.3. Characteristics and composition of non-employee workers in own workforce

In the table below, the figures shown represent the number of people at the end of the reporting period, as provided by the individual Group companies included in the reporting scope.

Data on non-employee workers within the Group's workforce is collected using specific spreadsheets prepared by the Human Resources Department.

All non-employee workers within the Group's workforce were recruited through external agencies.

The following table shows the total number of non-employee workers within the undertaking's workforce as at 31 December.

Number of non-employee workers at 31 December		
	2025	2024
	31 December	31 December
Workers from external agencies	32	45
Total external employees	32	45

3.4.4. Collective bargaining coverage and social dialogue

The following table highlights:

- the percentage of total employees covered by collective agreements
- the overall percentage of employees covered by collective agreements within the EEA for each country in which the company has a significant workforce
- the percentage of the company's own employees covered by collective agreements, broken down by region, outside the EEA
- the overall percentage of employees represented by employee representatives, indicated at country level for each EEA country in which the company has a significant workforce.

Collective bargaining coverage and social dialogue at 31 December			
Coverage rate	Collective bargaining coverage		Social dialogue
	Employees – EEA (for countries with > 50 employees representing > 10% of total employees)	Employees – non-EEA (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%			
60-79%			
80-100%	Italy	Brazil	Italy

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

Within the Group, there are no agreements with its employees regarding representation by a European Works Council (EWC), a works council of a European Company (SE) or a works council of a European Cooperative Society (SCE).

3.4.5. Diversity of own workforce

The following table shows the gender breakdown, in terms of numbers and percentages, at senior management level, defined as the first and second levels below the administrative and supervisory bodies.

Total number and percentage of employees broken down by job category and gender, as at 31 December			
	2025 31 December	2024 31 December	%
Men	10	11	91%
Women	1	1	9%
Other	-	-	-
Unstated	-	-	-
Total managers	11	12	100%
Men	20	20	91%
Women	2	1	9%
Other	-	-	-
Unstated	-	-	-
Total function managers	22	21	100%
Total senior managers	33	33	

The following table shows a breakdown of employees by age.

Total number of employees broken down by age as at 31 December		
	2025	2024
	31 December	31 December
Total < 30 years	42	54
Total 30- 50 years	298	300
Total > 50 years	248	285
Total	588	639

3.4.6. Training and skills development

Most companies within the IRCE Group draw up annual staff training, information and development plans, developing specific training programmes for employees based on their role, duties, level of responsibility and working environment.

At present, the Group does not carry out periodic performance reviews 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 by gender		
	2025	2024
	31 December	31 December
Average hours of training per worker – men	5.66	8.66
Average hours of training per worker – women	6.28	13.65
Average hours of training per worker – other	-	-
Average hours of training per worker – unstated	-	-
Average hours of training per worker	5.74	9.25

3.4.7. Health and safety

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

The following table shows, for both the Group's own employees and non-employee workers:

- the number and rate of workplace accidents, calculated using the following formula: $(\text{number of injuries/hours worked}) \times 1,000,000$
- the number of deaths resulting from injuries and the number of accidents with serious consequences, both of which stood at zero in 2024;
- High-consequence work-related injury rate, based on this formula $(\text{number of accidents resulting in serious injury or death / hours worked}) \times 1,000,000$
- the number of cases of work-related illnesses and the number of days lost due to injuries and deaths at work resulting from accidents at work, work-related illnesses and deaths following illness.

Work-related injuries and illnesses						
	2025			2024		
	Employees	Non-employee workers	Total	Employees	Non-employee workers	Total
Number of work-related injuries	20	0	20	26	0	26
Total hours worked	1,040,162	62,302	1,102,464	1,088,948	89,670	1,178,618
Work-related injury rate	19.23	0.00	18.14	23.88	0.00	22.06
Number of injuries that result in a fatality	0	0	0	0	0	0
Number of high-consequence injuries	0	0	0	0	0	0
Total hours worked	1,040,162	62,302	1,102,464	1,088,948	89,670	1,178,618
High-consequence work-related injury rate	0.00	0.00	0.00	0.00	0.00	0.00
Number of work-related illnesses	0	0	0	0	0	0
Number of fatalities due to work-related illnesses	0	0	0	0	0	0
Number of days away from work due to injuries	705	0	705	889	0	889
Number of days away from work due to illnesses	0	0	0	0	0	0

It should be noted that, in accordance with the phase-in period referred to in paragraph 1.1.1 of the Disclosure on Specific Circumstances, the Group has not collected data on the number of fatalities resulting from injuries or the number of accidents with serious consequences for other workers operating at the company's sites, such as workers in the value chain who work at the company's sites.

3.4.8. Serious human rights incidents, complaints and impacts

During the reporting period, no incidents of discrimination, including harassment, were reported, nor were any complaints lodged through the channels established by the Group for its employees to raise concerns.

Furthermore, during the reporting period, there were no serious human rights incidents involving the Group's workforce. Consequently, no claims for fines, penalties or compensation were received in relation to such incidents.

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, a focus on the needs of stakeholders, and ethical and responsible management. The Corporate Governance structure of the Parent Company IRCE S.p.A. is based on the model consisting of the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors. In particular, the Board of Directors defines and implements corporate strategies and is responsible for the management of the company. Three committees operate within it: the Control and Risks Committee, which supports the Board of Directors in managing risks and the internal control system; the Remuneration Committee, which defines the remuneration policy and monitors its practical application; and the Related Parties Committee, which approves transactions with related parties in compliance with Consob regulations. The Board's primary objective is therefore to achieve sustainable success, creating long-term value whilst safeguarding the interests of stakeholders.

To ensure responsible management, IRCE has implemented a Code of Ethics setting out the values and moral and professional standards that must be observed in the conduct of business activities. Furthermore, the Company has adopted the Organisation and Management Model required by Legislative Decree 231/2001, in order to ensure fairness and transparency in the conduct of business activities.

The Board of Statutory Auditors of IRCE S.p.A. concurrently performs supervisory and control functions over corporate management, ensuring compliance with applicable regulations and the correct application of the principles of good governance.

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

The process of identifying the impacts, risks and opportunities associated with corporate conduct took into account a number of key factors, including IRCE's direct activities, its business relationships, corporate strategies and an analysis of the national and European regulatory framework governing sustainable finance. The double materiality analysis highlights significant impacts and opportunities linked to corporate conduct.

In particular, positive and current effects are observed arising 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 option to make reports anonymously. Furthermore, the Group provides training on anti-corruption to strengthen corporate ethics and transparency. However, certain negative impacts emerge in connection with potential incidents of corruption, ineffective management of supplier relationships and a possible failure to protect whistleblowers. To identify and limit such incidents, the Group has adopted the 231 Model and the Whistleblowing Reporting System.

Among the opportunities, sustainable procurement represents a key element in the long term, with the potential to improve the resilience of the value chain and strengthen the Group's commitment to sustainability. It should be noted that the Group's business model has not been modified as part of the actions implemented to amplify positive impacts and mitigate negative ones; however, the company adopts a strategic approach aimed at seizing emerging opportunities and strengthening its ESG practices.

For further details on the process for identifying and assessing the impacts, risks and opportunities associated with business conduct, please refer to paragraph 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 fairness and transparency in the conduct of the company's business, and to safeguard its standing and reputation, the expectations of its shareholders and the work of its employees, the Board of Directors of the Parent Company has adopted the Organisation and Management Model required by Legislative Decree 231/2001 (hereinafter also referred to as the "Model") and implemented its own Code of Ethics, an integral part of the Organisation Model, which sets out the values and moral and professional standards that must be observed in the conduct of business activities. 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 offences contemplated in the Decree.

This activity is aimed at identifying areas of at-risk activities, i.e. in which offences 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 all 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 established a Whistleblowing Reporting System, which enables all the Group’s stakeholders to report, including anonymously, acts or incidents that may constitute a breach of the Organisational Model under Legislative Decree 231/2001, the Code of Ethics and, more generally, internal breaches or irregularities in the company’s procedures. IRCE is also committed to investigating promptly, independently and objectively any incident concerning corporate conduct, including cases of active and passive corruption.

Although the Group does not currently have a specific policy on the protection of whistleblowers and does not currently plan to implement one, the protection of those who make reports is a priority for the Group as it recognises the importance of safeguarding 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 present 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 2025 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. Anti-corruption and anti-bribery policies

IRCE does not have a specific Anti-Corruption Policy and, at present, has no plans to implement one; however, its Code of Ethics states that the Company rejects corruption as a means of conducting its business. Furthermore, the corporate bodies, managers, employees and contractors undertake to comply with all national and international anti-corruption laws and regulations.

IRCE has developed a matrix analysis for the 231 Model, which identifies activities susceptible to corruption offences in dealings with the public administration and corruption between private parties, along with the relevant functions; the analysis shows that the functions most at risk are primarily the Board of Directors, its Chairman, senior management and staff functions, the main ones being:

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 2025, IRCE S.p.A. organised training courses for its employees, focusing on the content, structure and implementation mechanisms of the 231 Model and the Code of Ethics. Apart from these initiatives, the company does not plan any further specific training sessions on corporate conduct, nor has it introduced additional procedures for investigating any incidents in this area. The Group does not currently have a training policy on corporate conduct.

4.4. Relations with Suppliers

In managing its supplier relationships, the Group does not currently have a formal policy on payment terms designed to prevent delays, but recognises the fundamental importance of this aspect for the smooth running of its business and the creation of shared value. Meeting deadlines is, in fact, considered essential for maintaining solid, trust-based relationships with suppliers. The company places great emphasis on punctuality in payments, aware that responsible management of cash flows is crucial for the sustainability of commercial partnerships and operational efficiency.

4.4.1. Code of business conduct

The Group's commitment to sustainable development, respecting the environment and human rights, takes concrete form in the creation not only of its own Code of Ethics, but also recently in the specific "Code of business conduct", whose purpose is to define the key principles on social, environmental and governance issues in order to also provide its suppliers with conduct lines 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 Organization;
- 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 detecting allegations or instances of active and passive corruption consists of the Code of Ethics, the 231 Model and the Whistleblowing Reporting System. Through the whistleblowing channel, all the Group's stakeholders can report, also anonymously, acts or incidents that may constitute a breach of the Organisational Model under Legislative Decree 231/2001, the Code of Ethics and, more generally, internal breaches or irregularities in the company's procedures.

In the case of internal and external reports, management is entrusted to a collegial body composed of three members appointed by the Board of Directors, which guarantees professionalism, autonomy and independence in the handling of these reports. The collegial nature of the supervisory body allows investigations to be carried out even if one of the three members is a party with an interest in the matter; in such cases, that member will not take part in the verification activities.

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

IRCE ensures the dissemination and accessibility of the Code of Ethics and the Organisational Model by publishing them on the company website, in the "Ethics and Compliance" section. In this way, all interested parties can consult the documents in their full and up-to-date versions, ensuring a clear understanding of the principles and provisions adopted by the Company.

In 2025, IRCE S.p.A. organised specific training courses for its employees on the content, structure and implementation systems of the 231 Model and the Code of Ethics, which also covered anti-corruption aspects. It should be noted that 100% of functions at risk were included 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 of the Model, in regard to the corporate structure, to prevent the offences as set out in the Decree being committed;
- the updating of the Model, where it is necessary based on changed corporate conditions.

The administrative, management and supervisory bodies hold regular meetings with the Supervisory Body to receive updates and training on the contents of the 231 Model and on legislative developments, and they review the Model annually to ensure it remains in line with current legislation.

4.5.1. Cases of active or passive corruption

During 2025, the Group did not receive any convictions or fines for breaches of laws against active or passive corruption, nor were there any instances of active or passive corruption.

4.6. Payment Practices

The standard payment terms for suppliers to the IRCE Group range from “payment on receipt” to “120 days from the end of the month”; in particular, supplier invoices are concentrated in the 0–30 day and 30–60 day brackets.

The following table shows the average payment times for invoices in days, as well as the percentage of payments made in line with the standard terms stated on the invoice.

Payment Practices		
	Average payment terms (days)	Payments in line with standard payment terms (%)
Year 2025	34	70%
Year 2024	32	71%

It should be noted that the figure shown above, in line with the previous financial year, is based on a sample comprising all invoices issued and paid by the Parent Company IRCE S.p.A. and its Brazilian subsidiary Irce Ltda during the 2025 financial year. In 2025, the two companies accounted for approximately 84% (80% in 2024) of the IRCE Group's total aggregate costs relating to the purchase of raw materials and services. Average payment terms are calculated as the number of days elapsed between the invoice issue date and the payment date. The percentage of payments made in line with standard payment terms was calculated by considering the number of payments made by the invoice due date, as per the standard terms stated on the invoice itself. Both analyses were carried out by referring to the number of 2025 payments associated with supplier invoices issued in 2025, thus disregarding the relative monetary value.

With regard to SMEs, the percentage of payments in line with standard payment terms stands at 83%, whereas in 2024 it was approximately 71%. To verify this, a sample corresponding to 87% of the total payments associated with invoices from suppliers of the Parent Company IRCE S.p.A. and the Brazilian subsidiary Irce Ltda. was analysed. The analysis was carried out on the aforementioned sample as the breakdown between Small/Medium-sized Enterprises and Large Enterprises is not automated in the management system.

It should be noted that, during 2025, no pending legal proceedings due to late payments were recorded.

5. Contents

An overview of the contents of this Sustainability Report is provided below. It should be noted that, for FY 2025, no specific disclosures have been defined for the entity, other than those already required by the sector-agnostic ESRS standards.

ESRS Disclosure Requirement	Reference paragraphs
ESRS 2 – Basis for preparation	1. GENERAL INFORMATION
BP-1 General basis for preparation of sustainability statements	1.1. Criteria for drafting the sustainability statement
BP-2 Disclosures in relation to specific circumstances	1.1. Criteria for drafting the sustainability statement 1.1.1. Information in relation to specific circumstances
GOV-1 The role of the administrative, management and supervisory bodies	1.2. Role of the administration, management and control bodies
GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	1.3. Information provided to the company's administrative, management and control bodies and sustainability issues addressed by them
GOV-3 Integration of sustainability-related performance in incentive schemes	1.4. Integrating sustainability performance into incentive systems
GOV-4 Statement on due diligence	1.5. Statement on due diligence
GOV-5 Risk management and internal controls on sustainability reporting	1.6. Risk management
SBM-1 Strategy, business model and value chain	1.7. Strategy, business model and value chain
SBM-2 Interests and views of stakeholders	1.8. Interests and views of stakeholders
SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	1.9. Material impacts, risks and opportunities and their interaction with strategy and business model
IRO-1 Description of processes to identify and assess material impacts, risks and opportunities	1.10. Double Materiality Analysis
IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	5. Contents
MDR-P Policies adopted to manage material sustainability matters	2.2.5. Climate change mitigation and adaptation policies 2.3.2. Pollution-related 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 on corporate culture and business conduct
MDR-A Actions and resources in relation to material sustainability matters	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-related 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 in relation to material sustainability matters	<p>2.2.6. Energy consumption and energy mix</p> <p>2.2.7. Gross Scope 1, 2 and 3 GHG emissions and total GHG emissions</p> <p>2.3.3. Air, water and soil pollution</p> <p>2.3.4. Substances of concern and substances of very high concern</p> <p>2.4.3. Water consumption</p> <p>2.5.3. Resource inflows</p> <p>2.5.4. Resource outflows</p> <p>3.4. Own workforce metrics</p> <p>3.4.1 Data collection methodology</p> <p>3.4.2. Characteristics and composition of own workforce</p> <p>3.4.3. Characteristics and composition of non-employee workers in own workforce</p> <p>3.4.4. Collective bargaining coverage and social dialogue</p> <p>3.4.5. Diversity of own workforce</p> <p>3.4.6. Training and skills development</p> <p>3.4.7. Health and safety</p> <p>3.4.8. Serious human rights incidents, complaints and impacts</p> <p>4.5.1. Cases of active or passive corruption</p> <p>4.6. Payment Practices</p>
MDR-T Tracking effectiveness of policies and actions through targets	<p>2.2.5. Climate change mitigation and adaptation policies</p> <p>2.2.5.2. Climate change policy objectives</p> <p>2.3.2. Pollution-related policies</p> <p>2.3.2.2. Pollution policy objectives</p> <p>2.4.2. Policies related to water and marine resources</p> <p>2.4.2.2. Objectives related to water and marine resources policies</p> <p>2.5.2. Policies related to resource use and the circular economy</p> <p>2.5.2.2. Objectives related to resource use and circular economy policies</p> <p>4.5.1. Cases of active or passive corruption</p> <p>4.6. Payment Practices</p>
ESRS E1 – Climate change	2.2. CLIMATE CHANGE
ESRS 2 GOV-3 Integration of sustainability-related performance in 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 Material impacts, risks and opportunities and their interaction with strategy and business model	2.2.3. Climate change impacts, risks and opportunities
ESRS 2 IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities	2.2.4. Identification and assessment of relevant climate change impacts, risks and opportunities
E1-2 Policies related to climate change mitigation and adaptation	2.2.5. Climate change mitigation and adaptation policies

E1-3 Actions and resources in relation to climate change policies	2.2.5. Climate change mitigation and adaptation policies 2.2.5.1. Actions and resources related to climate change policies
E1-4 Targets related to climate change mitigation and adaptation	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 and 3 GHG emissions 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 the processes to identify and assess material pollution-related impacts, risks and opportunities	2.3.1. Identification and assessment of relevant pollution-related impacts, risks and opportunities
E2-1 Policies related to pollution	2.3.2. Pollution-related policies
E2-2 Actions and resources related to pollution	2.3.2. Pollution-related policies 2.3.2.1. Actions and resources related to pollution policies
E2-3 Targets related to pollution	2.3.2. Pollution-related policies 2.3.2.2. Pollution policy objectives
E2-4 Pollution of air, water and soil	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 the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	2.4.1. Identification and assessment of material 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 Actions and resources related to water and marine 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 Targets 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 the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	2.5.1. Identification and assessment of relevant impacts, risks and opportunities related to resource use and the circular economy
E5-1 Policies related to resource use and circular economy	2.5.2. Policies related to resource use and the circular economy
E5-2 Actions and resources in relation to resource use and 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 Targets related to resource use and circular economy	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 Interests and views of stakeholders	3.1. Interests and views of stakeholders
ESRS 2 SBM 3 Material impacts, risks and opportunities and their interaction with strategy and business model	3.2 Impacts, risks and opportunities related to own workforce
S1-1 - Policies related to own workforce	3.3. Policies related to own workforce
S1-6 Characteristics of the undertaking's employees	3.4. Own workforce metrics 3.4.1 Data collection methodology 3.4.2. Characteristics and composition of own workforce
S1-7 Characteristics of non-employee workers in the undertaking's own workforce	3.4. Own workforce metrics 3.4.3. Characteristics and composition of non-employee workers in own workforce
S1-8 Collective bargaining coverage and social dialogue	3.4. Own workforce metrics 3.4.4. Collective bargaining coverage and social dialogue
S1-9 Diversity metrics	3.4. Own workforce metrics 3.4.5. Diversity of own workforce
S1-13 Training and skills development metrics	3.4. Own workforce metrics 3.4.6. Training and skills development
S1-14 Health and safety metrics	3.4. Own workforce metrics 3.4.7. Health and safety
S1-17 Incidents, complaints and severe human rights impacts	3.4. Own workforce metrics 3.4.8. Serious human rights incidents, complaints and impacts
ESRS G1 - Business Conduct	4. GOVERNANCE INFORMATION
ESRS 2 GOV-1 The role of the administrative, supervisory and management bodies	4.1. Role of administrative, management and supervisory bodies in relation to the conduct of enterprises
ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities	4.2. Identification and assessment of relevant impacts, risks and opportunities related to business conduct
G1-1 Business conduct and corporate culture policies	4.3. Policies on corporate culture and business conduct
G1-2 Management of relationships with suppliers	4.4. Relations with Suppliers
G1-3 Prevention and detection of corruption and bribery	4.5. Prevention and identification of active and passive corruption



G1-4 Incidents of corruption or bribery	4.5.1. Cases of active or passive corruption
G1-6 Payment practices	4.6. Payment Practices



Proposed dividend distribution

We invite you to approve the separate financial statements of IRCE S.p.A. as at 31/12/2025, reporting a profit of €5,408,420.

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 18 May 2026, record date on 19 May 2026, and payment date on 20 May 2026. 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, 13 March 2026

On behalf of the Board of Directors

The Chairman

Mr Filippo Casadio



**Consolidated Financial Statements of the IRCE
Group
as at 31 December 2025**

Consolidated Statement of Financial position

(Thousands of Euro)	Notes	2025 31 December	2024 31 December
ASSETS			
Non-current assets			
Goodwill and other intangible assets	3	55	50
Property, plant and equipment	4	71,141	43,064
Equipment and other tangible assets	4	2,056	1,731
Assets under constructions and advances	4	26,728	41,609
Other non-current financial receivables	5	7	7
Deferred tax assets	6	4,135	2,502
TOTAL NON-CURRENT ASSETS		104,122	88,963
Current assets			
Inventories	7	103,498	94,345
Trade receivables	8	56,945	54,083
Tax receivables	9	319	114
Receivables due from others	10	3,699	5,316
Current financial assets	11	295	412
Cash and Cash Equivalents	12	17,952	13,859
TOTAL CURRENT ASSETS		182,708	168,129
TOTAL ASSETS		286,830	257,092

(Thousands of Euro)	Notes	2025 31 December	2024 31 December
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		13,739	13,756
Reserves		136,349	130,268
Profit/(Loss) for the period		6,176	6,900
Shareholders' equity attributable to shareholders of Parent Company		156,264	150,924
Shareholders equity attributable to Minority interests	13	(304)	(308)
TOTAL SHAREHOLDERS' EQUITY		155,960	150,616
Non-current liabilities			
Non-current financial liabilities	14	39,482	38,023
Deferred tax liabilities	6	251	280
Provisions for risks and charges	15	558	558
Provisions for employee benefits	16	3,404	3,685
TOTAL NON-CURRENT LIABILITIES		43,695	42,546
Current liabilities			
Current financial liabilities	14	46,362	22,757
Trade payables	17	30,397	26,010
Tax payables	9	1,217	1,277
<i>(of which related parties)</i>		262	644
Social security contributions	18	1,706	2,013
Other current liabilities	19	7,381	8,513
Provisions for current risks and charges	15	112	3,360
TOTAL CURRENT LIABILITIES		87,175	63,930
SHAREHOLDERS' EQUITY AND LIABILITIES		286,830	257,092

Consolidated Income Statement

(Thousands of Euro)	Notes	2025 31 December	2024 31 December
Revenues	20	377,643	397,654
Other revenues and income	21	3,462	1,786
TOTAL REVENUES AND INCOME		381,105	399,440
Costs for raw materials and consumables	22	(293,442)	(307,617)
Change in inventories of work in progress and finished goods		(45)	3,519
Costs for services	23	(37,712)	(37,078)
Personnel costs	24	(30,526)	(35,757)
Amortization /depreciation/write off tangible and intangible assets	25	(6,777)	(6,862)
Provisions and write-downs	26	(324)	436
Other operating costs	27	(1,480)	(1,614)
EBIT		10,799	14,467
Financial income/(charges)	28	(473)	(1,568)
PROFIT/(LOSS) BEFORE TAX		10,326	12,899
Income Taxes	29	(4,146)	(5,984)
NET PROFIT/(LOSS) FOR THE PERIOD		6,180	6,915
Net result attributable to non-controlling interests		4	15
NET RESULT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		6,176	6,900
<hr/>			
NET EPS	Notes	2025 31 December	2024 31 December
Basic EPS for the period attributable to the shareholders of the Parent Company	30	0.234	0.261
Diluted EPS for the period attributable to the shareholders of the Parent Company	30	0.234	0.261

Consolidated Statement of Comprehensive Income

(Thousands of Euro)	Notes	2025 31 December	2024 31 December
NET PROFIT/(LOSS) FOR THE PERIOD		6,180	6,915
Translation difference on financial statements of foreign companies	13	713	(7,777)
TOTAL ITEMS TO BE RECLASSIFIED IN THE RESULT		713	(7,777)
Actuarial gain / (losses) IAS 19	16	128	(199)
Tax effect	6	(27)	38
Total change in IAS 19 reserve	13	101	(161)
TOTAL COMPONENTS NOT TO BE RECLASSIFIED IN THE RESULT		101	(161)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6,993	(1,024)
Attributable to shareholders of Parent Company		6,989	(1,039)
Attributable to Minority interest		4	15

Consolidated Statement of Changes in Equity

(Thousands of Euro)	Share capital	Other reserves		Retained earnings					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	Foreign currency translation reserve	Result for the period			
Opening balance of previous year	13,782	40,409	45,923	2,925	(730)	70,304	(27,190)	8,226	153,649	(322)	153,327
Dividends	-	-	-	-	-	(1,588)	-	-	(1,588)	-	(1,588)
Purchase and sale of treasury shares	(26)	(72)	-	-	-	-	-	-	(98)	-	(98)
Profit allocation	-	-	-	-	-	8,226	-	(8,226)	-	-	-
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 previous year	13,756	40,337	45,923	2,925	(891)	76,941	(34,967)	6,900	150,924	(308)	150,616
Profit allocation	-	-	-	-	-	6,900	-	(6,900)	-	-	-
Dividends	-	-	-	-	-	(1,586)	-	-	(1,586)	-	(1,586)
Purchase and sale of treasury shares	(17)	(47)	-	-	-	-	-	-	(63)	-	(63)
Other comprehensive profit/(loss)	-	-	-	-	101	-	713	-	814	-	814
Profit/(Loss) for the period	-	-	-	-	-	-	-	6,176	6,176	4	6,180
Total income	-	-	-	-	101	-	713	6,176	6,989	4	6,993
Closing balance current year	13,739	40,290	45,923	2,925	(790)	82,255	(34,254)	6,176	156,264	(304)	155,960

Consolidated Statement of Cash Flows

(Thousands of Euro)	Notes	2025 31 December	2024 31 December
OPERATING ACTIVITIES			
Result of the period (Group and Minorities)		6,180	6,915
<i>Adjustments for:</i>			
Depreciation/amortisation	25	6,777	6,862
Net change in deferred tax (assets) / liabilities	26	(1,686)	(38)
Capital (gains) / losses from disposal of fixed assets	21	(1,032)	(210)
(Profit)/loss on unrealised exchange rate differences		(438)	(742)
Provisions/Write-downs (value write-backs/write-downs)	26	285	(495)
Current taxes	29	5,833	6,022
Financial (income)/charges	28	85	2,063
Operating result before changes in working capital		16,004	20,377
Taxes paid		(4,944)	(6,912)
Financial charges paid		(2,354)	(3,912)
Financial income collected		2,777	2,636
Decrease/(increase) in inventories		(9,498)	(3,036)
Change in trade receivables		(3,404)	9,948
Change in trade payables		4,530	(6,369)
Net changes in current other assets and liabilities		(3,721)	801
Net change in current assets and liabilities of the year with respect to related parties		354	1,133
Net changes in non-current other assets and liabilities		(149)	965
CASH GENERATED FROM OPERATING ACTIVITIES		(405)	15,631
INVESTING ACTIVITIES			
Investments in intangible assets	3	(36)	(54)
Investments in tangible assets	4	(19,545)	(33,054)
Consideration received for the sale of tangible and intangible assets		1,217	239
CASH FLOW FROM INVESTING ACTIVITIES		(18,364)	(32,869)
FINANCING ACTIVITIES			
Repayments of loans	14	(3,468)	(5,709)
Obtainment of loans	14	5,000	30,000
Net change in short-term financial liabilities and other financial liabilities (including IFRS 16)		22,946	(4,256)
Net change in other financial assets and other financial receivables		336	(458)
Dividends paid to Shareholders	13	(1,586)	(1,588)
Management of treasury shares (sales-purchases)	13	(63)	(98)
CASH FLOW FROM FINANCING ACTIVITIES		23,164	17,891
NET CASH FLOW FOR THE PERIOD		4,395	653
CASH BALANCE AT THE BEGINNING OF THE PERIOD	12	13,859	14,167
Exchange rate difference		(302)	(961)
NET CASH FLOW FROM THE PERIOD		4,395	653
CASH BALANCE AT THE END OF THE PERIOD	12	17,952	13,859

Accounting Standards and Explanatory Notes to the Consolidated Financial Statements

GENERAL INFORMATION

These annual consolidated financial statements as at 31 December 2025 were approved by the Board of Directors of IRCE S.p.A. (hereinafter also referred to as the “Company”) on 13 March 2026.

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 2025, the Issuer's share capital was held as follows: 6.07% 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 43.885% was on the Mercato Telematico di Borsa Italiana S.p.A. – STAR segment.

The IRCE Group is one of the major players in the European winding wire industry, as well as in the Italian electrical cable sector.

As at 31 December 2025, the Group's production takes place at the following eight manufacturing plants: in Italy at Imola (BO), Guglionesi (CB) and Umbertide (PG); abroad in Blackburn (UK) – headquarters of FD Sims Ltd, Joinville (SC – Brazil) – headquarters of Irce Ltda, Kochi (Kerala – India) – headquarters of Stable Magnet Wire P.Ltd, Kierspe (D) – headquarters of Isodra GmbH, and Ostrava (CZ) – headquarters of Irce Sro.

It should be noted that at this latter plant, during the second half of 2025, commissioning tests continued for the fine-tuning of the installed machinery and the product approval processes, whilst the first trial supplies to the Parent Company also commenced.

It should also be noted that on 31 July 2025, as provided for in the agreements reached with the trade union and the employees of Smit Draad Nijmegen BV, all employment contracts at the Dutch subsidiary were terminated, whilst production had already been halted in May 2025.

As at 31 December 2025, the assets of the Dutch subsidiary in the process of liquidation amounted to €4.1 million and comprised land and buildings of €1.1 million, plant and equipment of €0.6 million, inventories of €1.3 million, receivables of €0.8 million and cash and cash equivalents of €0.3 million.

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

The IRCE Group's scope of consolidation also includes two plants that are currently not operational but are expected to commence operations within the next financial year: Irce Electromagnetic Wire (Jiangsu) Co. Ltd, based in Haian (China), and Fine Wire P. Ltd., based in Kochi (Kerala, India).

BASIS OF PREPARATION

The annual financial statements for the year 2025 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 2025. 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 2025:

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 liquidazione	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	86,347,635	Line by line
Irce s.r.o	100%	Czech Rep.	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:

Currency:	Current year		Previous year	
	Average	Spot	Average	Spot
GBP	0.8566	0.8730	0.8466	0.8293
CHF	0.9369	0.9314	0.9525	0.9414
BRL	6.3052	6.4516	5.8275	6.4185
INR	98.0392	105.2632	90.9091	89.2857
CNY	8.1169	8.2169	7.7882	7.5873
PLN	4.2391	4.2194	4.3066	4.2753
CZK	24.6914	24.2365	25.1256	25.1889

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 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 a 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 2025, 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.

INTERNATIONAL FINANCIAL REPORTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED STARTING FROM 1 JANUARY 2025

The following accounting standards, amendments and IFRS interpretations were applied for the first time by the Group from 1 January 2025:

- 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 identify 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 adoption of this amendment did not have any impact on the Group consolidated financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, NOT YET MANDATORY AND NOT ADOPTED BY THE GROUP IN ADVANCE as at 31 DECEMBER 2025

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 yet mandatorily applicable and have not been early adopted by the Group at 31 December 2025:

- 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. Early adoption is not allowed. The Directors do not expect a significant impact on the Group’s consolidated annual financial statements from the adoption of said amendment.

- 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 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 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.

INTERNATIONAL FINANCIAL REPORTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION

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 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, investing section and financing section), in addition to the income taxes and discontinued operations categories already present in the income statement;
- ✓ present two new subtotals "Operating profit" and "Profit or loss before financing and income tax" (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 will assess the possible effects of the introduction of this new standard on the Group's consolidated financial statements.

- On 13 November 2025, the IASB published a document entitled "Translation to a Hyperinflationary Presentation Currency – Amendment to IAS 21", which clarifies the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if:

- ✓ its functional currency is that of a non-hyperinflationary economy and it is translating its financial results and financial position into the currency of a hyperinflationary economy; or
- ✓ it is translating the financial results and financial position of a foreign operation, whose functional currency is that of a non-hyperinflationary economy, into the currency of a hyperinflationary economy.

The amendments will apply to financial statements for annual periods beginning on or after 1 January 2027. The Directors do not expect an impact on the Group's consolidated 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 Company/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.

- Regulatory risks:** based on the current legislative framework, it is believed that there are no significant risks attributable to climate change in relation to the sectors in which the Group operates or arising from its end markets. In fact, although the expected growth rates may take longer to materialise than initially estimated, following the relaxation of the original Green Deal framework for the automotive sector in December 2025, the underlying trend of rising demand in the main sectors in which the Group operates, such as home automation, industrial automation and the automotive sector, is underpinned by the need to meet climate neutrality targets. In particular, it should be noted that the need to improve energy efficiency in buildings (including in response to the European EPBD regulations) is driving demand for smart home and building automation solutions, with the aim of reducing consumption and optimising resource management; the increase in renewable energy capacity requires the upgrading and modernisation of distribution networks, a sector in which industrial automation plays an enabling role, making the network ‘smart’ and manageable; the transition to electric vehicles (EVs) at the expense of internal combustion vehicles is driving growth in demand for specific components and charging infrastructure, despite the need to recalibrate the timeline for adoption. From an energy standpoint, the misalignment in electricity costs between Italy and most other European countries persists, albeit partially mitigated by the concessions granted to energy-intensive companies. It should be noted that, with effect from 2024 and in accordance with Decree Law 131/2023 (Article 3, paragraph 8, point b), these benefits are conditional upon the adoption of measures to reduce greenhouse gas emissions. In this regard, it is confirmed that, following participation in the *Energy Release 2.0* mechanism via an Aggregator, the Company has also complied with the so-called “Green Conditionalties” for the 2025 financial year, ensuring the continuity of the system charges relief.
- Technology-related risks:** The need to comply with new technical specifications required by customers, whilst ensuring high product quality, constitutes a moderately low risk for the Group, mitigated by the R&D department’s established expertise. The automotive sector, however, presents higher technological risks, due to stringent technical standards and significant customisation requirements. During the year, investments continued in new machinery and plant aimed at energy savings and efficiency in production, with a particular focus on the companies Irce Sro and FD Sims.
- Market risks:** The analysis did not highlight any critical issues related to the technological obsolescence of plant, as high production flexibility allows machinery and lines to be converted for alternative production following the phase-out of specific ranges. With regard to the expected increase in demand for ‘green’ raw materials (in particular copper cathodes and electricity), there is a potential risk of price inflation and difficulties in sourcing them at sustainable costs. The impact on profit is nonetheless considered limited, owing to the Group’s ability to swiftly transfer such cost increases to selling prices. An increase in financial debt is, however, expected due to the greater absorption of working capital.
- Reputational risks:** given the sector in which the Group operates and the initiatives permanently implemented to mitigate environmental impact, the risk that financial results may be affected, in the short or long term, by a negative perception of the corporate image among its stakeholders is considered low.
- Physical risks:** with regard to ‘acute’ physical risks arising from extreme weather events, the Group has drawn up specific Recovery Plans that formalise the procedures to ensure business continuity and compliance with contractual supply deadlines. These measures, together with structured insurance cover taken out with leading providers in the sector, are considered adequate to limit the negative impacts arising from adverse weather conditions. No significant risks are identified, however, in relation to “chronic” physical risks (such as rising average temperatures), as the physical and chemical characteristics of the materials used and the production processes are not sensitive to limited environmental temperature variations.

In light of the above analysis, no critical issues related to climate change have been identified that would constitute impairment indicators for assets, nor has there been a need to revise the useful life of fixed assets or the collectability profile of trade receivables. Similarly, no contingent liabilities have arisen from onerous contracts or restructuring plans aimed at achieving climate targets, nor are any penalties anticipated for failure to comply with environmental obligations.

In summary, although the climate transition may lead to a shortening of investment cycles and an increase in operating costs, this trend is considered to be a significant driver of growth for the company’s core businesses. Management’s ability to navigate market

developments, combined with the prospects for technological advancement, presents an important strategic opportunity for the IRCE Group overall. Consequently, management has concluded that, over the medium to long term, the opportunities arising from the energy transition outweigh the potential risks identified.

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 2025. 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 2025 is shown below:

	Notional amount		Fair value at 31/12/2025		
	Assets (Tonnes)	Liabilities (Tonnes)	Current assets (€/000)	Current liabilities (€/000)	Net carrying amount (€/000)
Copper commodity contracts for forward sales and purchases	250	(250)	392	(406)	(14)

- Derivative instruments related to currency forward purchase and sale contracts with maturity after 31 December 2025. 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 2025 is shown below:

	Notional amount		Fair value at 31/12/2025		
	Acquired (/000)	Sales (/000)	Current assets (€/000)	Current liabilities (€/000)	Net carrying amount (€/000)
GBP		11,000		(4)	(4)

2. SEGMENT REPORTING

IFRS 8 defines an operating segment as a component of an entity:

- 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);
- 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;
- 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 Nijmegen BV, DMG GmbH, Irce S.L., Isodra GmbH and Irce SP. ZO.O., Irce s.r.o.
- Non-EU: FD Sims Ltd, Irce Ltda, Isomet AG, Stable Magnet Wire 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 2025 and 2024.

(Thousands of Euro)	Italy	EU	Non-EU	Consolidation entries	IRCE Group
Current period					
Revenues	249,123	20,605	131,420	(23,505)	377,643
EBITDA	16,919	(3,283)	5,128	(864)	17,900
EBIT	12,931	(4,316)	3,337	(1,152)	10,799
Financial income/(charges)	-	-	-	-	(473)
Income Taxes	-	-	-	-	(4,147)
Net profit/(loss) for the period	-	-	-	-	6,180
Intangible Assets	49	-	6	-	55
Tangible Assets	27,247	48,470	23,593	616	99,925
Previous period					
Revenues	247,659	36,844	128,753	(15,602)	397,654
EBITDA	19,313	(4,212)	5,712	80	20,893
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

In accordance with the provisions of IFRS 8, Paragraph 34, it is noted that for the year ended at 31 December 2025 no single customer generated revenue cumulatively exceeding 10% of Total consolidated revenue.

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 2025 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	112	24	136
Changes in previous year:			
Investments	26	29	54
Depreciation/amortisation	(122)	(11)	(133)
Write-downs	-	(5)	(5)
Effect of exchange rates	(1)	(1)	(2)
Closing balance of previous year	15	36	50
Changes in current year:			
Investments	2	33	36
Depreciation/amortisation	(14)	(16)	(31)
Closing balance of current year	3	52	55

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 2025 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	14,698	11,742	17,493	1,336	516	13,385	59,170
Changes in previous 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	0	(3,951)	0
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 previous year	14,414	10,852	17,798	1,172	559	41,609	86,404
Changes in current year:							
Investments	0	2,994	4,100	626	512	11,365	19,599
Depreciation/amortisation	-	(1,614)	(4,305)	(589)	(205)	-	(6,713)
Reclassifications	1,246	23,494	2,216	5	0	(26,960)	0
Write-downs	-	-	-	-	-	(32)	(32)
Divestments - Historical cost	-	(903)	(765)	(137)	(169)	-	(1,974)
Divestments - Accumulated depreciation	-	832	671	127	159	-	1,789
Effect of exchange rates	(102)	332	(119)	(9)	4	746	853
Closing balance of current year	15,558	35,987	19,597	1,195	861	26,728	99,925

The balance of tangible assets as at 31 December 2025 stands at €99.9 million and relates to usage rights amounting to €1.4 million, of which €1.1 million relates to the investment made several years ago by the Chinese subsidiary to acquire the 50-year leasehold of the land on which the production plant is currently under construction.

The item “Investment” of approximately €19.6 million includes all the additions in 2025, both those attributed directly to the relevant category and those initially classified under “Assets under construction and advances”. These investments relate primarily to the purchase of production lines by the subsidiary Irce Ltda, as well as to projects launched in the Czech Republic and China, in respect of which, until the start of the depreciation period and in accordance with the requirements of IAS 23, the interest expense accrued on loans taken out to finance these projects, as well as to the purchase of production lines by the subsidiaries Irce Ltda and FD Sims, have been capitalised. 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 completed, to the specific relevant categories with the start of relevant amortisation. The reclassification for the period, amounting to €27.0 million, relates primarily to the allocation to the relevant category of investments incurred for the project in the Czech Republic.

The balance of the item “Assets under construction and advances”, amounting to €26.7 million, relates mainly to the subsidiaries Irce Sro and Irce Electromagnetic Wire Co. Ltd.

Disposals for the period mainly include the sale of machinery and the disposal of the Miradolo building, which has not been operational since 2023, resulting in a capital gain of approximately €1 million.

The exchange rate effect is attributable to the conversion of fixed assets from local currency to euros; the greatest impacts are associated with the subsidiaries Irce Ltda, Irce Sro and Irce Electromagnetic Wire Co. Ltd.

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 2026-2030 Business Plans of the aforementioned CGU and of the IRCE Group, specific impairment tests were therefore undertaken as approved, together with the Group's Business Plans, by the Board of the Parent Company on 13 March 2026. 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 2026 – 2030 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 (2030). 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 2026.

The “g” growth rate applied to determine the Terminal Value has been estimated as equal to the long-term inflation (2030) 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 in the rate the risks associated with the likelihood of

achieving the budgeted results, the calculation for the FD Sims CGU applied a “Small Size Premium” of 1% and an execution risk of 3.5%, whilst at consolidated level both risks were weighted by the revenue forecast in the plan, resulting in a “Small Size Premium” of 0.5% and an execution risk of 1.16%.

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%	2.13%
WACC	12.09%	9.29%
EV (€/000)	6,799	243,776
NIC (€/000)	3,749	223,557
Difference (€/000)	3,050	20,219

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 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 CGU 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 2026-2030 Plan.

	FD Sims	IRCE Group
WACC	14.24%	9.78%
EBITDA	(21.17%)	(3.42%)

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. Furthermore, the Directors highlight 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 any issue regarding the recoverability of the related amounts recognised in the financial statements.

Finally, 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 in 2025, when preparing the financial statements at 31 December 2025, 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, equal to €4.1 thousand. Following this analysis, no need to recognise impairment losses in the financial statements has arisen, and no contingent liabilities not currently recognised in the financial statements of the Dutch subsidiary have been identified. For further details on the composition of the assets in liquidation, please refer to the introductory section “General Information”.

5. OTHER NON-CURRENT FINANCIAL RECEIVABLES

(Thousands of Euro)	2025 31 December	2024 31 December
Other non-current financial receivables	7	7
Total equity investments and other financial assets	7	7

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)	2025 31 December	2024 31 December
Deferred tax assets	4,135	2,502
Deferred tax liabilities	(251)	(280)
Total deferred tax assets (net)	3,884	2,222

The changes in the period in "Deferred tax assets" and "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	2,502	1,951	(313)	(11)	6	4,135
Deferred tax liabilities	(280)	(1)	49	(16)	(3)	(251)
Total	2,222	1,878	(265)	(27)	3	3,884

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 2025, divided by Group company, before offsetting in the same fiscal jurisdiction.

(Thousands of Euro)	IRCE	Irce Ltda	Isomet	Isodra	Irce Sro	Smit Draad	Consolidation entries	Total
Deferred tax assets	2,487	388	269	202	608	867	93	4,914
Deferred tax liabilities	(490)	(19)	(520)	-	-	-	-	(1,029)
Total	1,997	369	(250)	202	608	867	93	3,885

The table above shows that, with the exception of Isomet which has net deferred tax liabilities of €250 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)	2025 31 December	2024 31 December
Provisions for risks and charges	97	79
Bad debt provision (subject to taxes)	265	270
Inventories / Inventory obsolescence	1,630	1,663
Adoption of IFRS 15	704	704
Adoption of IAS 19	236	207
Tax losses which can be carried forward	1,604	153
Other	378	158
Total deferred tax assets	4,914	3,234

(Thousands of Euro)	2025 31 December	2024 31 December
Depreciation/amortisation	29	29
Land revaluation – IAS transition	413	413
Buildings revaluation – IAS transition	48	56
Inventories	520	514
Other	19	-
Total deferred taxes	1,029	1,012

7. INVENTORIES

Closing inventories are broken down as follows:

(Thousands of Euro)	2025 31 December	2024 31 December
Raw materials, ancillary and consumables	41,095	31,827
Work in progress and semi-finished goods	14,830	15,973
Finished products and goods	53,449	52,878
Provision for write-down of raw materials	(4,276)	(4,089)
Provision for write-down of work in progress and semi-finished goods	(76)	(145)
Provision for write-down of finished products	(1,524)	(2,099)
Total inventories	103,498	94,345

Inventories are not pledged nor used as collateral. The increase in the period is due both to quantity and price effects. In particular, the average price of copper in 2025 on the London Metal Exchange was 8.80 €/Kg, up by around 4 per cent compared to the price in the previous year of 8.45€/Kg, while the price at the end of the year was 10.64 €/Kg, up by around 27 per cent on 8.38 €/Kg at 31 December 2024.

Taking account of the rising trend in the price of copper in the first few months of 2026 as well as of 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 2025 to the estimated realisable value.

The table below shows the changes in the provision for write-down of inventories during 2025:

(Thousands of Euro)	Opening balance	Allocation	Use	Effect of exchange rates	Closing balance
Provision for write-down of raw materials	(4,089)	(260)	67	5	(4,276)
Provision for write-down of work in progress	(145)	-	69	-	(76)
Provision for write-down of finished products	(2,099)	(3)	578	-	(1,524)
Total	(6,333)	(263)	713	5	(5,876)

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.

8. TRADE RECEIVABLES

Here below is set out the breakdown of trade receivables:

(Thousands of Euro)	2025 31 December	2024 31 December
Short-term receivables due from customers	58,205	55,204
Short-term bad debt provision from third parties	(1,260)	(1,121)
Total trade receivables	56,945	54,083

The change in trade receivables was due to an increase in turnover in the fourth quarter of 2025 compared to the prior-year period, largely offset by 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 €50.8 million (€95.1 million at 31 December 2024), of which €14.7 million relating to invoices sold but not yet overdue as at 31 December 2025 (at 31 December 2024 €27.5 million).

The table below shows the changes in the bad debt provision during 2025:

(Thousands of Euro)	Opening balance	Allocation	Use	Effect of exchange rates	Closing balance
Short-term bad debt provision from third parties	(1,121)	(285)	130	16	(1,260)

9. TAX RECEIVABLES AND PAYABLES

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

(Thousands of Euro)	2025 31 December	2024 31 December
Tax receivables (direct taxes)	319	114
Total tax receivables	319	114

(Thousands of Euro)	2025 31 December	2024 31 December
Tax payables due to Aequafin	262	644
Short-term tax payables	955	632
Total tax payables	1,217	1,277

“Tax receivables (direct taxes)” mainly refer to the Indian subsidiary and to the Parent Company’s IRAP balance.

“Tax payables due to Aequafin” show the net balance for Italian corporation tax (IRES) of the Parent Company in regard to its own parent under a tax consolidation agreement.

“Short-term tax payables” show the net balance of the direct taxes of Irce Ltda and other subsidiaries.

10. RECEIVABLES DUE FROM OTHERS

Below is the breakdown of "Receivables due from others".

(Thousands of Euro)	2025 31 December	2024 31 December
Accrued income and prepaid expenses	357	381
Receivables due from social security institutions	48	28
Other receivables	2,060	3,921
VAT receivables	1,233	986
Total receivables due from others	3,698	5,316

"Other receivables" mainly includes the Industry 4.0 tax credit accrued by the Parent Company following investments in capital assets made in previous years, as well as the benefit accrued for the year 2025, amounting to €774 thousand, recognised as a reduction in the cost of electricity by virtue of participation in the Energy Release 2.0 scheme reserved for energy-intensive companies.

The change for the period is attributable to the significant reduction in the Industry 4.0 tax credit used for horizontal offsetting, only partially offset by the benefit previously recognised.

The increase in "VAT receivables" was due mainly to the Chinese 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.

11. CURRENT FINANCIAL ASSETS

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

(Thousands of Euro)	2025 31 December	2024 31 December
Guarantee deposits	7	10
Mark to market financial assets	287	287
Mark to market gains derivatives exchange rates	-	115
Total current financial assets	295	412

The item "Mark to market gains derivatives exchange rate" refers to the positive fair value of forward contracts on currencies outstanding at year-end and relating to 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.

12. CASH AND CASH EQUIVALENTS

This item includes bank deposits, cash and cash equivalents.

(Thousands of Euro)	2025 31 December	2024 31 December
Bank deposits	17,936	13,852
Cash and cash equivalents	16	7
Total cash and cash equivalents	17,952	13,859

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 14 "Current and non-current financial liabilities".



13. SHAREHOLDERS' EQUITY

Consolidated shareholders' equity amounted to €156.0 million as at 31 December 2025 (€150.6 million as at 31 December 2024) and is detailed in the following table.

(Thousands of Euro)	2025 31 December	2024 31 December
Share capital	14,627	14,627
Treasury Shares	(887)	(871)
Share premium reserve	40,539	40,539
Revaluation reserve	22,328	22,328
Treasury shares (share premium)	(249)	(202)
Legal reserve	2,925	2,925
IAS 19 reserve	(790)	(891)
Extraordinary reserve	60,748	57,714
Other reserves	23,595	23,595
Retained earnings/losses carried forward	21,507	19,227
Foreign currency translation reserve	(34,254)	(34,967)
Profit/(loss) for the period	6,176	6,900
Total Shareholders' Equity of the Group	156,263	150,924
Total non-controlling interests	(304)	(308)
TOTAL SHAREHOLDERS' EQUITY	155,960	150,616

Share capital

The following table shows the breakdown of share capital.

(Thousands of Euro)	2025 31 December	2024 31 December
Subscribed share capital	14,627	14,627
Treasury shares reserve	(887)	(871)
Share capital	13,739	13,756

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 2025 amounted to 1,706,600 and corresponded to 6.07% of the share capital. There are therefore 26,421,400 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 31/12/2023	26,504
Share buyback	(51)
Balance at 31/12/2024	26,453
Share buyback	(32)
Balance at 31/12/2025	26,421

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	Thousands of Euro
Balance at 31/12/2023	(730)
Actuarial valuation	(199)
Tax effect	38
Balance at 31/12/2024	(891)
Actuarial valuation	128
Tax effect	(27)
Balance at 31/12/2025	(790)

Extraordinary reserve

The extraordinary reserve consists mainly of the Parent Company's retained earnings from the previous financial year, amounting to €4.6 million, net of dividends distributed during the financial year, amounting to €1.6 million.

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 at 31 December 2025. The increase in the translation reserve, amounting to €713,000, is mainly attributable to the appreciation of the Czech koruna and the British pound, which was only partially offset by the depreciation of the Brazilian real and the Chinese renminbi against the euro.

14. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

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

(Thousands of Euro)	2025 31 December	2024 31 December
Payables due to banks	42,730	17,399
Mark-to-market loss derivatives on metals	14	146
IFRS 16 financial liabilities	106	124
Mark-to-market loss derivatives exchange rates	4	9
Long-term loans – current portion	3,508	5,079
Total current financial liabilities	46,362	22,757

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

(Thousands of Euro)	2025 31 December	2024 31 December
Financial liabilities due to banks	39,298	37,765
IFRS 16 financial liabilities	184	258
Total non-current financial liabilities	39,482	38,023

The table below shows the changes in non-current financial liabilities during 2025:

(Thousands of Euro)	Opening balance	Reclassifications	Loan	Repayment	Effect of exchange rates	Closing balance
Financial liabilities due to banks	37,765	(3,468)	5,000	-	1	39,298
IFRS 16 financial liabilities	258	(72)	38	(38)	(2)	184
Total	38,023	(3,540)	5,038	(38)	(1)	39,482

The €5 million in bank loans is associated with the construction of the production plant in China.

The item “Reclassifications” 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	31.12.2025	31.12.2024	Due date
Banca di Imola	EUR	Floating	IRCE	-	736	2026
Banca di Imola	EUR	Floating	IRCE	10,000	10,000	2034
Banco Popolare	EUR	Fixed	IRCE	-	380	2026
Banco Popolare	EUR	Floating	IRCE	5,000	-	2033
Deutsche Bank	EUR	Floating	IRCE	875	2,625	2027
BPER	EUR	Floating	IRCE	3,333	3,889	2032
BPER	EUR	Floating	IRCE	10,000	10,000	2034
MPS	EUR	Floating	IRCE	10,000	10,000	2034
Credit Suisse	EUR	Fixed	Isomet	89	135	2027
Total				39,298	37,765	

It should be noted that, as at 31 December 2025, compliance with certain financial covenants is required for the loan; these covenants, defined as the ratio between “net financial position” and “equity” and between “EBITDA” and “net financial position”, have been fully met.

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)	2025 31 December	2024 31 December
Cash and Cash Equivalents	17,952	13,859
Current financial assets	295	412
Liquid assets	18,247	14,271
Other financial assets Current	(42,855)	(17,678)
Long-term loans – current portion	(3,508)	(5,079)
Net current financial position	(28,115)	(8,486)
Non-current financial liabilities due to third parties	(39,482)	(38,023)
Net financial position	(67,597)	(46,509)

The net financial position as at 31 December 2025 stood at €67.6 million, an increase of €21.1 million compared with 31 December 2024; this increase was mainly due to investments made during the period relating to the subsidiary in Brazil and the two new projects in the Czech Republic and China, and partly to the growth in working capital.

The net financial position includes in total €290 thousand in financial payables relating to leases accounted for in accordance with IFRS 16.

At 31 December 2025 the IRCE Group had outstanding contractual commitments for around €341 million relating largely to the purchase of metal, and to a lower extent, to the purchase of machinery.

In relation to the outstanding commitments on metal, since the purchase price of copper will be determined in 2026 on the basis of the LME price at the time of delivery, the commitment was calculated by using the LME price at 31 December 2025.

15. 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)	2025 31 December	2024 31 December
Provision for severance payments to agents – non-current	125	119
Other provisions – non-current	433	439
Total provision for non-current risks and charges	558	558

(Thousands of Euro)	2025 31 December	2024 31 December
Provision for severance payments to agents – current	-	8
Other current provisions	112	3,352
Total provision for current risks and charges	112	3,360

Here below is set out the change in the provisions for non-current and current risks and charges at 31 December 2025:

(Thousands of Euro)	Opening balance	Allocation	Use	Effect of exchange rates	Closing balance
Provision for severance payments to agents – non-current	119	7	(2)	1	125
Other provisions – non-current	439	230	(230)	(6)	433
Total provision for risks – non-current	558	237	(232)	(5)	558

The item “Provision for severance payments to agents” at 31 December 2025 refers to allocations made for severance payments relating to outstanding agency contracts of the Parent Company.

With regard to the item “Other provisions – non-current”, the provision of €230,000 relates to an ongoing dispute with a customer concerning alleged product defects, whilst the “Use” of €230,000 refers to the release of a provision made in previous financial years following the elimination of the risk of a guarantee being enforced by a customer.

(Thousands of Euro)	Opening balance	Allocation	Use	Effect of exchange rates	Closing balance
Provision for severance payments to agents – current	8	-	(8)	-	-
Other current provisions	3,352	212	(3,452)	-	112
Total provision for risks – current	3,360	212	(3,460)	-	112

With regard to the item “Other current provisions”, the provision of €212,000 relates to the additional allocation made by the subsidiary Smit Draad Nijmegen as at 31 December 2024 following the agreement reached with the trade union and employees regarding the closure of the business, whilst the “Use” of €3,452,000 relates essentially to the payment of this provision to employees,

16. 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 €2,449 thousand to the Parent Company, for €805 thousand to Isomet, for €38 thousand to Magnet Wire, and for €114 thousand to Isolveco 2, and in 2025 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	3,685	205	(128)	(359)	2	3,405
Total	3,685	205	(128)	(359)	2	3,405

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 main provisions for employee benefits, relating to 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:

	2025 31 December	2025 31 December
Demographic assumptions		
Death	Istat 2022	Istat 2022
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, <i>Assicurazione Generale Obbligatoria</i>)	100% on reaching the requirements of the general compulsory insurance (AGO, <i>Assicurazione Generale Obbligatoria</i>)
	2025 31 December	2024 31 December
Technical-economic assumptions		
Annual discount rate	3.09%	2.93%
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 2025 31 December	DBO 2024 31 December
Turnover rate	+1.00%	2,453	2,649
Turnover rate	- 1.00%	2,443	2,641
Inflation rate	+0.25%	2,470	2,668
Inflation rate	-0.25%	2,427	2,622
Discount rate	+0.25%	2,416	2,609
Discount rate	-0.25%	2,483	2,682
Service cost		0.00	0.00
Plan term (years)		6.3	6.3

II. Isomet

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

	2025 31 December	2024 31 December
Provision for Isomet employee benefits		
Defined Benefit Obligation	5,298	6,349
Fair Value of Plan assets	(4,493)	(5,467)
Provision for Isomet employee benefits	805	882



Here below are summarised the main valuation parameters:

	2025 31 December	2024 31 December
Demographic and technical-economic assumptions:		
Annual discount rate	1.30%	1.00%
Interest rate on retained earnings	2.50%	1.10%
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 2024 31 December
Discount rate	-0.25%	5,479	6,572
Discount rate	+0.25%	5,128	6,141
Interest rate on retained earnings	-0.25%	5,259	6,311
Interest rate on retained earnings	+0.25%	5,338	6,388
Salary increase rate	-0.25%	5,278	6,332
Salary increase rate	+0.25%	5,317	6,365
Life expectancy	+ 1 year	5,414	6,496
Life expectancy	- 1 year	5,179	6,200

17. TRADE PAYABLES

(Thousands of Euro)	2025 31 December	2024 31 December
Trade payables	30,397	26,010
Total trade payables	30,397	26,010

The change in trade payables is mainly attributable to Irce Ltda, due to the higher volume of copper in transit at the end of the year compared with the previous financial year.

18. SOCIAL SECURITY CONTRIBUTIONS

(Thousands of Euro)	2025 31 December	2024 31 December
Social security contributions	1,706	2,013
Total trade payables	1,706	2,013

This item relates to the liability for social security contributions payable, mainly in respect of the Parent Company.



19. OTHER CURRENT LIABILITIES

Other payables are broken down as follows:

(Thousands of Euro)	2025 31 December	2024 31 December
Payables due to employees	3,033	3,346
Accrued liabilities and deferred income	2,918	3,463
Other payables	370	605
VAT payables	553	532
Payables for employee IRPEF withholdings	507	567
Total other current liabilities	7,381	8,513

“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 is primarily due to the release of capital grants relating to the Industry 4.0 tax credit, which had been recognised by the Parent Company in previous financial years.

“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.

COMMENT ON THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

20. SALES REVENUES

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

(Thousands of Euro)	2025 31 December	2024 31 December	Change
Revenues	377,643	397,654	(20,011)

Consolidated turnover in 2025 fell by 5.0% compared to the previous year. The change is primarily attributable to a decline in sales volumes, partly as a result of the closure of the subsidiary Smit Draad in May 2025, partially offset by an increase in average metal selling prices.

For further details, please refer to the section “*Consolidated performance for 2025*” 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	304,194	73,449	377,643	319,292	78,363	397,654
% of total	80.6%	19.4%	100.0%	80.3%	19.7%	100.0%

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	137,337	89,540	150,765	377,643	143,000	102,711	151,943	397,654
% of total	36.4%	23.7%	39.9%	100.0%	36.0%	25.8%	38.2%	100.0%

21. OTHER REVENUES AND INCOME

Other income was broken down as follows:

(Thousands of Euro)	2025 31 December	2024 31 December	Change
Increases in internally generated fixed assets	473	125	347
Capital gains on disposals of assets	1,032	211	822
Insurance reimbursements	465	168	298
Contingent assets	135	131	4
Other revenues and income	1,357	1,151	206
Total other revenues and income	3,462	1,786	1,676

“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 “Capital gains on disposals of assets” relates primarily to the sale of the building in Miradolo, which took place in July 2025.

“Insurance reimbursements” relate mainly to the settlement of outstanding claims arising from adverse weather conditions and product liability.

“Contingent assets” refer to provisions which exceeded the liability recognised in previous years.

The item “Other revenues and income” mainly includes the portion pertaining to 2025 of grants related to assets associated with the tax credits under the 4.0 programme of the Parent Company.

22. COSTS FOR RAW MATERIALS AND CONSUMABLES

The breakdown of the item is shown below:

(Thousands of Euro)	2025 31 December	2024 31 December	Change
Costs for raw materials and consumables	(291,570)	(294,384)	2,814
Change in inventories of raw materials, other materials and goods	9,544	(483)	10,027
Purchase of finished goods	(11,416)	(12,750)	1,334
Total costs for raw materials and consumables	(293,442)	(307,617)	14,175

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 change compared to the previous financial year is attributable to an increase in the average price of copper, partly offset by lower purchased volumes.

The item "Changes in inventories 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.

23. COSTS FOR SERVICES

This item is broken down as follows:

(Thousands of Euro)	2025 31 December	2024 31 December	Change
External processing	(7,740)	(8,006)	266
Utility expenses	(12,383)	(12,787)	404
Maintenance	(2,196)	(2,538)	342
Transport expenses	(5,883)	(5,787)	(96)
Fees payable	(392)	(132)	(260)
Compensation of Statutory Auditors	(68)	(68)	-
Other services	(8,698)	(7,446)	(1,252)
Costs for the use of third-party assets (IFRS16)	(352)	(314)	(38)
Total costs for services	(37,712)	(37,078)	(634)

The change in "External processing" is mainly due to the lower volumes produced compared to the previous year.

The reduction in utility expenses relates primarily to the Parent Company following the recognition, as a reduction in electricity costs, of the 2025 benefit resulting from participation in the Energy Release 2.0 scheme reserved for energy-intensive companies.

The decrease in 'Maintenance' costs compared with the previous financial year is mainly attributable to the subsidiary Smit Draad, which ceased operations in May 2025.

The change in fees payable is due to the appointment of a new foreign agent.

The item "Other services" includes primarily technical, legal and tax consulting fees as well as R&D, insurance and business expenses. The increase in "Other services" is attributable to the Parent Company and, in particular, to a rise in expenditure on studies, research and product development.

"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.



24. PERSONNEL COSTS

Here below is the breakdown of personnel costs:

(Thousands of Euro)	2025 31 December	2024 31 December	Change
Salaries and wages	(20,776)	(22,242)	1,466
Social security charges	(5,250)	(5,120)	(130)
Pension costs	(1,529)	(1,863)	334
Other costs	(2,972)	(6,532)	3,560
Total personnel costs	(30,526)	(35,757)	5,230

The reduction in personnel costs is attributable to Smit Draad because: i) in 2024, an extraordinary provision was recognised, classified under 'Other costs', following the decision to wind up the business; ii) the employment contracts of all employees of the Dutch subsidiary were terminated by 31 July 2025. It should be noted that this company had 78 employees on its books as at 31 December 2024.

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

(Number of employees)	2024 31 December Closing number	2025 31 December Closing number	2025 31 December Average number
Executives	26	25	27
White collars	118	124	119
Blue collars	492	438	459
Total employees	636	587	605
Managers (temporary)	1	-	-
Office staff (temporary)	1	-	-
Labourers (temporary)	43	32	36
Total temporary staff	45	32	36
Total employees and temporary workers	681	619	641

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.

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

Here is the breakdown of depreciation/amortisation:

(Thousands of Euro)	2025 31 December	2024 31 December	Change
Amortisation of intangible assets	(31)	(134)	104
Depreciation of tangible assets	(6,614)	(6,523)	(91)
Depreciation of IFRS 16 tangible assets	(101)	(179)	79
Write-down of intangible assets	-	(4)	4
Write-down of tangible assets	(32)	(22)	(10)
Total amortisation/depreciation and impairment	(6,777)	(6,862)	85

The increase in depreciation of tangible fixed assets is attributable to the subsidiary Irce Sro, partly offset by a reduction in depreciation at the Parent Company and Smit Draad.

The item 'Write-down of tangible assets' of €32 thousand refers to a contract recorded under fixed assets in progress as at 31 December 2024 for which the conditions for capitalisation ceased to be met in 2025.

26. PROVISIONS AND WRITE-DOWNS

Provisions and write-downs are broken down as follows:

(Thousands of Euro)	2025 31 December	2024 31 December	Change
Write-down of receivables and cash and cash equivalents	(285)	195	(480)
Credit losses	(39)	(59)	20
Provisions for risks	-	300	(300)
Total amortisation/depreciation and write-downs	(324)	436	(760)

In relation to the change in the item "Write-down of receivables and cash and cash equivalents", reference should be made to sections 8 – Trade receivables.

27. OTHER OPERATING COSTS

Other operating costs are broken down as follows:

(Thousands of Euro)	2025 31 December	2024 31 December	Change
Non-income taxes and duties	(741)	(765)	24
Other operating costs	(729)	(768)	39
Non-recurring costs	(9)	(81)	72
Total other operating costs	(1,479)	(1,614)	135

28. FINANCIAL INCOME AND CHARGES

Financial income and charges are broken down as follows:

(Thousands of Euro)	2025 31 December	2024 31 December	Change
Financial income	2,777	2,636	140
Financial charges	(2,862)	(4,699)	1,837
Foreign exchange gains/(losses)	(387)	495	(882)
Total financial income and charges	(473)	(1,568)	1,096

The reduction in "financial charges" despite an increase in average debt is attributable both to a fall in market rates and to the effect of capitalising interest expense accrued on loans taken out to fund projects in the Czech Republic and China, as required by IAS 23.

The change in "Foreign exchange gains/losses" is largely attributable to the Parent Company and is specifically due to the negative impact from translation differences.

29. INCOME TAXES

(Thousands of Euro)	2025 31 December	2024 31 December	Change
Current taxes	(3,447)	(3,259)	(188)
Previous years' taxes	10	(1)	11
Deferred tax assets (liabilities)	1,686	37	1,648
IRES current taxes	(2,396)	(2,762)	366
Total income taxes	(4,147)	(5,984)	1,837

The item "current taxes" relates to all subsidiaries, in particular Irce Ltda, as well as the Parent Company's IRAP, whilst the item "current IRES taxes" relates solely to IRCE S.p.A.

The reduction in the tax rate compared with the previous financial year, from 46.4% to approximately 40.1%, is attributable both to the Parent Company, due to the lower impact on pre-tax profit of permanent increases in income, and to the Dutch subsidiary following the recognition of deferred tax assets against pre-tax profit in the liquidation budget.

30. 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.

	2025 31 December	2024 31 December
Profit/(loss) for the period (Thousands of Euro)	6,176	6,900
Average weighted number of ordinary shares outstanding	26,432,206	26,473,477
Basic earnings/(loss) per share	0.234	0.261
Diluted earnings/(loss) per share	0.234	0.261

31. 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)	Remuneration for the office held	Compensation for other tasks	Total
Directors	289	410	699

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, IRCE S.p.A. has a tax payable for IRES due to the parent Aequafin S.p.A. of €262 thousand under a tax consolidation agreement.

32. GUARANTEES

Guarantees were issued for a total of €2.6 million in favour of a company with government shareholding to guarantee the supply of electric cables.

33. FINANCIAL RISK MANAGEMENT

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

Market risk

The Group is mainly 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 2025 the spot rate of the Brazilian currency to the Euro of 6.45 was in any case in line with that of 31 December 2024, of 6.41. It should be noted that in early 2026 the Brazilian real appreciated against the Euro, reaching an exchange rate of 6.06 at 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 2025 (6.45 EUR/BRL):

Consolidated statement of financial position data (Thousands of Euro)	2025 31 December	Change in EUR/BRL exchange rate	
		+5%	-5%
Non-current assets	104,122	(434)	479
Current assets	182,708	(2,026)	2,239
Total assets	286,830	(2,460)	2,719
Shareholders' equity	155,960	(1,915)	2,116
Non-current liabilities	43,695	-	-
Current liabilities	87,175	(545)	603
Total Liabilities and Shareholders' Equity	286,830	(2,460)	2,719

The above simulation shows that a 5% depreciation in the Real compared to 31 December 2025 would negatively impact the Group's foreign currency translation reserve, and therefore the other comprehensive income by €2.5 million, while a 5% appreciation in the Brazilian currency would result in a €2.7 million positive impact.

- *Interest rate risk*

The Group financed its business in the medium/long term by borrowing at a variable interest rate (connected to the Euribor), thus exposing itself to interest rate risks. The Group will assess whether to make hedges on the basis of the terms and conditions offered by the market and the expected trend in interest rates.

Short-term lines of credit are always at variable rates.

Here below is a sensitivity analysis showing the estimated accounting effects on the 2025 Irce Group result, simulating a +/- 25 basis points change in interest rates:

Consolidated income statement data (Thousands of Euro)	2025 31 December	Change in interest rates	
		+25pb	-25pb
Revenues	377,643		
EBIT	10,799		
Net result (Group and minorities)	6,180	(138)	138

▪ *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 has implemented a hedging policy using forward contracts on the results of operations. 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 2025 on the London Metal Exchange was 8.80 €/Kg, up by around 4 per cent compared to the price in the previous year of 8.45€/Kg, while the price at the end of the year was 10.64 €/Kg, up by around 27 per cent on 8.38 €/Kg at 31 December 2024. It should also be noted that the upward trend in the price of copper that began in the fourth quarter of 2025 continued in the first months of 2026, exceeding €11/kg.

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 2025 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 (Thousands of Euro)	2025 31 December	Change in the price of copper	
		+5%	-5%
Revenues	377,643	13,811	(13,811)
EBIT	10,799	276	(276)

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 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 2025.

Consolidated financial data (Thousands of Euro)	Cash	Self-liquidating credit lines	Short-term credit lines	Total
Credit lines	17,952	104,657	40,005	162,614
Uses	0	(23,833)	(17,880)	(41,712)
Available credit	17,952	80,825	22,125	120,902

The table below shows the breakdown and due date of debt items as at 31 December 2025.

Consolidated financial data (Thousands of Euro)	<1 year	>1 <5 years	> 5 years	Total
Non-current financial liabilities		24,925	17,610	42,535
Deferred tax liabilities		251		251
Provision for risks and charges		558		558
Provision for employee benefits	540	2,161	702	3,404
Total non-current liabilities	540	27,895	18,312	46,748
Current financial liabilities	49,807			49,807
Trade payables	30,397			30,397
Tax payables	1,217			1,217
Social security contributions	1,706			1,706
Other current liabilities	7,381			7,381
Provision for current risks and charges	112			112
Total current liabilities	90,620	-	-	90,620
Commitments	2,837			2,837
Total debt and commitments by expiry date	93,997	27,895	18,312	140,205

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" mainly comprises existing contracts relating to the construction of the new industrial plant in the People's Republic of China, as well as the purchase of machinery from the subsidiaries Irce Ltda and Irce Sro. Commitments to purchase copper have not been included, as it is a raw material quoted on the LME market and easily disposed of.

As at 31 December 2025, the IRCE Group reported €17.9 million in cash, €0.3 million in current financial assets, €56.9 million in trade receivables, €103.5 million in inventories, and €102.9 million in unused credit lines.

34. 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)	2025 31 December	2024 31 December	Change
Risk level			
Low	39,977	42,572	(2,595)
Average	13,682	9,004	4,678
Above-average	3,389	2,523	866
High	1,229	1,105	124
Total trade receivables	58,277	55,204	3,073

(Thousands of Euro)	2025 31 December	2024 31 December	Change
Due date			
Not yet due	36,883	33,551	3,332
0 - 30 days	17,423	16,988	435
30 - 60 days	1,666	2,223	(557)
60 - 90 days	951	635	316
90 - 120 days	220	600	(380)
> 120 days	1,134	1,207	(73)
Total trade receivables	58,277	55,204	3,073

The bad debt provision of €1.3 million refers for €0.9 million to the ranges for expiry of "> 120 days" and for "High" risk, while for the remaining €0.4 million it is for the other expiry ranges and for "Minimum", "Medium" and "Above average" risk.

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)	2025 31 December	2024 31 December
Net financial position (A)	(67,597)	(46,509)
Shareholders' equity (B)	(155,960)	(150,616)
Total capital (A) + (B) = (C)	(223,557)	(197,125)
Gearing ratio (A) / (C)	30.2%	23.6%

As can be seen from the table above, the gearing ratio at 31 December 2025 stands at 30.2%, a percentage that confirms a medium-low level of financial risk.

36. FINANCIAL INSTRUMENTS

a) Financial instruments by category

The following table shows financial assets and liabilities by category of financial instrument:

(Thousands of Euro)	Current year			Previous year				
	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	6	-	-	6
Current financial assets:								
Trade receivables	56,945	-	-	56,945	54,083	-	-	54,083
Current financial assets	7	287	-	295	10	402	-	412
Cash and Cash Equivalents	17,952	-	-	17,952	13,859	-	-	13,859
Non-current financial liabilities:								
Non-current financial liabilities due to third parties	39,482	-	-	39,482	38,023	-	-	38,023
Current financial liabilities:								
Trade payables	30,397	-	-	30,397	26,010	-	-	26,010
Current financial liabilities due to third parties	46,344	19	-	46,362	22,602	155	-	22,757

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)	2025	2024	2025	2024
	31 December	31 December	31 December	31 December
	Carrying amount		Fair value	
Financial Assets				
Cash and Cash Equivalents	17,952	13,859	17,952	13,859
Current financial assets	295	412	295	412
Trade receivables	56,945	54,083	56,945	54,083
Non-current financial assets and receivables	6	6	6	6
Financial liabilities				
Current financial liabilities due to third parties	46,362	22,757	46,362	22,757
Trade payables	30,397	26,010	30,397	26,010
Non-current financial liabilities due to third parties	39,482	38,023	39,482	38,023

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 2025 (Thousands of Euro)	Level 1	Level 2	Level 3	Total
Current financial assets	287			287
Total assets	287			287
Derivative Financial Instruments		(19)		(19)
Total liabilities		(19)		(19)

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 article 149-duodecies of Consob Issuers' Regulations, shows the compensation for 2025 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.	138
Other certifications (CSRD)	Deloitte & Touche S.p.A.	IRCE S.p.A.	71
Auditing services	Deloitte & Touche	Foreign subsidiaries	64

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. 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 2025 and 2024 with the corresponding amounts in the Parent Company separate financial statements:

(Thousands of Euro)	31/12/2025		31/12/2024	
	Shareholders' equity	Result	Shareholders' equity	Result
Shareholders' equity and profit/(loss) for the period as per the Parent Company's separate financial statements	172,682	5,408	168,890	4,621
a) difference between carrying amount and pro-rata value of shareholders' equity	11,655		12,673	
b) investees' pro-rata results	(2,824)	(2,824)	(3,757)	(3,757)
c) Reversal of impairment of equity investments in subsidiaries	5,229	5,229	6,893	6,893
d) Derecognition of dividends distributed by subsidiaries		(1,784)		(887)
e) Reversal of bad debt provision due from subsidiaries	3,842		1,405	
f) Foreign currency translation of financial statements	(34,254)		(34,967)	
g) Reversal of capital gains from disposal of intra-group assets	(747)	(747)	-	-
h) Write-off of unrealized intra-group margin	(320)	(107)	(213)	30
i) Other effects of consolidation	1,001	1,001		
Group shareholders' equity and profit/(loss) for the period	156,263	6,176	150,924	6,900
Shareholders' equity and profit/(loss) for the period attributable to non-controlling interests	(304)	4	(308)	15
Consolidated shareholders' equity and net result (Group and third parties)	155,960	6,180	150,616	6,915

40. EVENTS AFTER THE REPORTING DATE

Refer to the note "Events after the Reporting Date" of the "Report on operations for 2025".

Annex 1- List of equity investments held by directors, statutory auditors spouses (unless separated) and minor children pursuant to Article 84-bis of the Consob Regulations

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
Casadio Elena	IRCE S.p.A.	333,500			333,500
Sepriano Gianfranco	IRCE S.p.A.	3,500			3,500
Pischedda Francesca		0			0
Dallago Orfeo	IRCE S.p.A.	587,267			587,267
Fabbri Arianna		0			0
Armuzzi Carlotta		0			0
Vitanza Donatella		0			0
Zappi Fabrizio		0			0
Di Rocco Giuseppe		0			0

⁴³ Shares owned by his wife, Carla Casadio

Annex 2 - Certification of the annual consolidated financial statements pursuant to Article 154-bis, paragraph 5, of Italian Legislative Decree 58/1998

We, the undersigned, Mr Filippo Casadio, Chairman, and Mr Massimiliano Bacchini, 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:

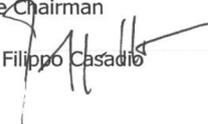
- a) are consistent with accounting books and records;
- b) are prepared in accordance with international accounting standards and give a true and fair view of the financial position, financial performance and cash flows of the issuer as well as of the group of companies included within the scope of 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, 13 March 2026

On behalf of the Board of Directors

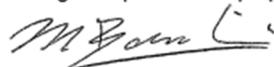
The Chairman

Mr Filippo Casadio



Massimiliano Bacchini

Manager responsible for preparing the corporate accounting documents



**Annex 3 - Certification of the sustainability report pursuant to Article 81-ter(1) of Consob Regulation
No. 11971 of 14 May 1999, as amended and supplemented**

1. I, the undersigned, Massimiliano Bacchini, the manager responsible for the preparation of the company's financial reports at IRCE S.p.A., hereby certify, pursuant to Article 154-*bis*, paragraph 5-*ter*, of Legislative Decree No. 58 of 24 February 1998, that the sustainability report included in the management report has been prepared:
 - a) in accordance with the standards for financial reporting 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 202;
 - b) in accordance with the specifications adopted pursuant to Article 8(4) of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

Imola, 13 March 2026

Massimiliano Bacchini
Manager responsible for preparing the corporate accounting documents



**IRCE S.p.A.'s Separate Financial Statements
as at 31 December 2025**

Statement of Financial Position

(in Euro)	Notes	2025 31 December	2024 31 December
ASSETS			
Non-current assets			
Goodwill and other intangible assets	3	47,360	39,384
Property, plant and equipment	4	22,871,019	25,500,467
Equipment and other tangible assets	4	1,262,596	1,183,677
Assets under construction and advances	4	3,000,840	2,825,367
Equity Investments	5	100,060,071	93,866,326
Other non-current financial receivables <i>(of which related parties)</i>	6	26,483,537 26,483,537	25,101,080 25,101,080
Deferred tax assets	7	1,996,575	2,089,702
TOTAL NON-CURRENT ASSETS		155,721,999	150,606,003
Current assets			
Inventories	8	66,645,533	56,661,596
Trade receivables <i>(of which related parties)</i>	9	46,973,641 12,009,439	41,308,043 9,923,001
Tax receivables	10	97,573	-
Receivables due from others	11	1,990,292	3,444,838
Current financial assets <i>(of which related parties)</i>	12	6,550,177 6,255,253	3,513,364 3,100,975
Cash and Cash Equivalents	13	6,400,772	5,169,790
TOTAL CURRENT ASSETS		128,657,988	110,097,631
TOTAL ASSETS		284,379,986	260,703,634



Financial statements as at 31 December 2025

(in Euro)	Notes	2025 31 December	2024 31 December
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		13,739,137	13,755,794
Reserves		153,534,703	150,513,090
Profit/(Loss) for the period		5,408,420	4,620,629
TOTAL SHAREHOLDERS' EQUITY	14	172,682,260	168,889,513
Non-current liabilities			
Non-current financial liabilities	15	39,306,494	37,751,714
Provisions for risks and charges	16	2,147,803	8,344,665
Provisions for employee benefits	17	2,448,686	2,644,833
TOTAL NON-CURRENT LIABILITIES		43,902,983	48,741,212
Current liabilities			
Current financial liabilities	15	41,530,478	15,868,899
Trade payables	18	19,317,863	18,662,508
<i>(of which related parties)</i>		1,293,334	160,733
Tax payables	10	45,327	737,787
<i>(of which related parties)</i>		45,327	644,372
Social security contributions	19	1,596,435	1,613,856
Other current liabilities	20	5,304,640	6,189,859
TOTAL CURRENT LIABILITIES		67,794,743	43,072,909
SHAREHOLDERS' EQUITY AND LIABILITIES		284,379,986	260,703,634

Income Statement

(in Euro)	Notes	2025 31 December	2024 31 December
Revenues	21	249,073,909	247,607,636
<i>(of which related parties)</i>		18,336,997	14,246,455
Other revenues and income	22	3,127,468	1,546,437
<i>(of which related parties)</i>		220,143	145,515
TOTAL REVENUES AND INCOME		252,201,377	249,154,073
Costs for raw materials and consumables	23	(191,748,282)	(183,606,441)
<i>(of which related parties)</i>		(4,084,199)	(349,157)
Change in inventories of work in progress and finished goods		2,571,244	(587,359)
Costs for services	24	(28,168,967)	(26,928,506)
<i>(of which related parties)</i>		(1,207,318)	(1,014,390)
Personnel costs	25	(17,633,959)	(17,760,937)
Amortization/depreciation and write-down of tangible and intangible assets	26	(4,078,147)	(4,543,549)
Provisions and write-downs	27	121,719	200,000
Other operating costs	28	(378,600)	(842,543)
EBIT		12,886,385	15,084,738
Write-back/(impairment) of equity investments	29	(5,229,000)	(6,893,000)
Financial income/(charges)	30	944,454	11,437
<i>(of which related parties)</i>		3,093,185	2,455,152
PROFIT/(LOSS) BEFORE TAX		8,601,839	8,203,175
Income Taxes	31	(3,193,419)	(3,582,546)
NET PROFIT/(LOSS) FOR THE PERIOD		5,408,420	4,620,629

Statement of Comprehensive Income

(in Euro)	Notes	2025 31 December	2024 31 December
Net profit/(loss) for the period		5,408,420	4,620,629
Actuarial gain / (losses) IAS 19	17	44,666	17,978
Tax effect	7	(10,720)	(4,315)
Total change in IAS 19 reserve	14	33,946	13,663
Total components not to be reclassified in the result		33,946	13,663
Total comprehensive income for the period		5,442,366	4,634,292

Statement of Changes in Equity

(in Euro)	Share capital	Other reserves		Retained earnings				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	13,781,874	40,408,989	43,085,647	2,925,312	(585,464)	60,519,705	5,805,871-	165,941,934
Dividends	-	-	-	-	-	(1,588,415)	-	(1,588,415)
Purchase and sale of treasury shares	(26,080)	(72,218)	-	-	-	-	-	(98,298)
Profit allocation	-	-	-	-	-	5,805,871	(5,805,871)	-
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 previous year	13,755,794	40,336,771	43,085,647	2,925,312	(571,801)	64,737,161	4,620,629	168,889,513
Profit allocation	-	-	-	-	-	4,620,629	(4,620,629)	-
Dividends	-	-	-	-	-	(1,586,305)	-	(1,586,305)
Purchase and sale of treasury shares	(16,657)	(46,657)	-	-	-	-	-	(63,314)
Other comprehensive profit/(loss)	-	-	-	-	33,946	-	-	33,946
Profit/(Loss) for the period	-	-	-	-	-	-	5,408,420	5,408,420
Total comprehensive income	-	-	-	-	33,946	-	5,408,420	5,442,366
Closing balance of current year	13,739,137	40,290,114	43,085,647	2,925,312	(537,855)	67,771,484	5,408,420	172,682,260

Statement of Cash Flows

(in Euro)	Notes	2025 31 December	2024 31 December
OPERATING ACTIVITIES			
Profit/(Loss) for the year		5,408,420	4,620,629
<i>Adjustments for:</i>			
Depreciation/amortisation	26	4,078,147	4,543,549
Net change in deferred tax (assets) / liabilities	31	82,407	147,279
Capital (gains) / losses from disposal of fixed assets	22	(1,393,561)	(153,006)
(Profit)/loss on unrealised exchange rate differences		(405,941)	(479,141)
Expenses / (Income) from equity investments		3,445,060	6,006,152
Provisions/Write-downs (value write-backs/write-downs)	27	(121,719)	(200,000)
Current taxes	31	3,111,012	3,435,266
Financial (income)/charges	29	284,351	920,903
Operating result before changes in working capital		14,488,176	18,841,631
Taxes paid		(3,901,045)	(5,128,595)
Financial charges paid		(2,076,987)	(2,319,477)
Financial income collected		991,075	617,323
Decrease/(increase) in inventories	8	(9,983,937)	3,596,871
Change in trade receivables	9	(3,687,441)	2,915,225
Change in trade payables	18	(477,247)	57,279
Net change in current assets and liabilities for the period		969,279	283,195
Net change in current assets and liabilities of the year with respect to related parties		(6,587,472)	292,480
Net change in non-current assets and liabilities for the period		(146,389)	(164,594)
Net change in non-current assets and liabilities of the year with respect to related parties		(8,014,483)	(4,652,134)
CASH FLOW GENERATED FROM (USED IN) OPERATING ACTIVITIES		(18,426,471)	14,339,204
INVESTING ACTIVITIES			
Investments in intangible assets	3	(35,600)	(44,884)
Investments in tangible assets	4	(2,179,137)	(1,351,211)
Investments in subsidiaries, associates, other entities	5	(6,985,500)	(33,880,000)
Dividends received	14	1,783,940	886,848
Consideration received for the sale of tangible and intangible assets		1,947,994	167,104
CASH FLOW GENERATED FROM (USED IN) INVESTING ACTIVITIES		(5,468,303)	(34,222,143)
FINANCING ACTIVITIES			
Repayments of loans	15	(3,422,073)	(4,949,422)
Obtainment of loans	15	5,000,000	30,000,000
Net change in short-term financial liabilities and other financial liabilities (including IFRS 16)		25,079,983	(3,130,063)
Net change in other financial assets and other financial receivables		117,465	(39,142)
Dividends paid to Shareholders	14	(1,586,305)	(1,588,415)
Management of treasury shares (sales-purchases)	14	(63,314)	(98,298)
CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES		25,125,756	20,194,660
NET CASH FLOW FOR THE PERIOD		1,230,982	311,721
CASH BALANCE AT THE BEGINNING OF THE PERIOD	13	5,169,790	4,858,069
NET CASH FLOW FROM THE PERIOD		1,230,982	311,721
CASH BALANCE AT THE END OF THE PERIOD	13	6,400,772	5,169,790

Accounting Standards and Explanatory Notes to the Separate Financial Statements

GENERAL INFORMATION

These annual financial statements as at 31 December 2025 were authorised for publication by the Board of Directors of IRCE S.p.A. (henceforth also referred to as the “Company”) on 13 March 2026.

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 2025, the Issuer's share capital was held as follows: 6.07% 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 43.885% was on the Mercato Telematico di Borsa Italiana S.p.A. – STAR segment.

Treasury shares as at 31 December 2025 amounted to 1,706,600, while outstanding shares amounted to 26,421,400.

At 31 December 2025, 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 2025 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 S.p.A. 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, at 31 December 2024, IRCE S.p.A. had no hedging transactions in place that satisfied 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 Company estimates the SSP using an adjusted market 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 Company 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

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 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.

INTERNATIONAL FINANCIAL REPORTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED STARTING FROM 1 JANUARY 2025

The following international financial reporting standards, amendments and interpretations were applied for the first time by the Company from 1 January 2025:

- 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 identify 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 adoption of this amendment did not have any impact on the Company’s separate financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, NOT YET MANDATORY AND NOT ADOPTED BY THE GROUP IN ADVANCE as at 31 DECEMBER 2025

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 yet mandatorily applicable and have not been early adopted by the Company at 31 December 2025:

- 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. Early adoption is not allowed. The Directors do not expect a significant impact on the Company’s separate financial statements from the adoption of said amendment.

- 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 Company’s separate 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 to financial statements for annual periods beginning on or after 1 January 2026. The Directors do not expect a significant impact on the Company's separate financial statements from the adoption of said amendment.

INTERNATIONAL FINANCIAL REPORTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION

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 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, investing section and financing section), in addition to the income taxes and discontinued operations categories already present in the income statement;
 - ✓ present two new subtotals "Operating profit" and "Profit or loss before financing and income tax" (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 will assess the possible effects of the introduction of this new standard on the Company's separate financial statements.

- On 13 November 2025, the IASB published a document entitled "Translation to a Hyperinflationary Presentation Currency – Amendment to IAS 21", which clarifies the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if:
 - ✓ its functional currency is that of a non-hyperinflationary economy and it is translating its financial results and financial position into the currency of a hyperinflationary economy; or
 - ✓ it is translating the financial results and financial position of a foreign operation, whose functional currency is that of a non-hyperinflationary economy, into the currency of a hyperinflationary economy.

The amendments will apply to financial statements for annual periods beginning on or after 1 January 2027. The Directors do not expect an impact on the Company's separate 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 Company 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 that climate change could have on the business and on the Company's activities are summarised below.

- Regulatory risks:** based on the current legislative framework, it is believed that there are no significant risks attributable to climate change in relation to the sectors in which the Company operates or arising from its end markets. Although the expected growth rates may take longer to materialise than initially estimated, following the relaxation of the original Green Deal framework for the automotive sector in December 2025, the underlying trend of rising demand in the main sectors in which the Company operates, such as home automation, industrial automation and the automotive sector, is underpinned by the need to meet climate neutrality targets. In particular, it should be noted that the need to improve energy efficiency in buildings (including in response to the European EPBD regulations) is driving demand for smart home and building automation solutions, with the aim of reducing consumption and optimising resource management; the increase in renewable energy capacity requires the upgrading and modernisation of distribution networks, a sector in which industrial automation plays an enabling role, making the network 'smart' and manageable; the transition to electric vehicles (EVs) at the expense of internal combustion vehicles is driving growth in demand for specific components and charging infrastructure, despite the need to recalibrate the timeline for adoption. From an energy standpoint, the misalignment in electricity costs between Italy and most other European countries persists, albeit partially mitigated by the concessions granted to energy-intensive companies. It should be noted that, with effect from 2024 and in accordance with Decree Law 131/2023 (Article 3, paragraph 8, point b), these benefits are conditional upon the adoption of measures to reduce greenhouse gas emissions. In this regard, it is confirmed that, following participation in the *Energy Release 2.0* mechanism via an Aggregator, the Company has also complied with the so-called "Green Conditionalties" for the 2025 financial year, ensuring the continuity of the system charges relief.
- Technology-related risks:** The need to comply with new technical specifications required by customers, whilst ensuring high product quality, constitutes a moderately low risk for the Company, mitigated by the R&D department's established expertise. The automotive sector, however, presents higher technological risks, due to stringent technical standards and significant customisation requirements. During the year, investments continued in new machinery and plant aimed at energy savings and efficiency in production, with a particular focus on the companies Irce Sro and FD Sims.
- Market risks:** The analysis did not highlight any critical issues related to the technological obsolescence of plant, as high production flexibility allows machinery and lines to be converted for alternative production following the phase-out of specific ranges. With regard to the expected increase in demand for 'green' raw materials (in particular copper cathodes and electricity), there is a potential risk of price inflation and difficulties in sourcing them at sustainable costs. The impact on profit is nonetheless considered limited, owing to the Company's ability to swiftly transfer such cost increases to selling prices. An increase in financial debt is, however, expected due to the greater absorption of working capital.
- Reputational risks:** given the sector in which the Group operates and the initiatives permanently implemented to mitigate environmental impact, the risk that financial results may be affected, in the short or long term, by a negative perception of the corporate image among its stakeholders is considered low.
- Physical risks:** with regard to 'acute' physical risks arising from extreme weather events, the Company has drawn up specific Recovery Plans that formalise the procedures to ensure business continuity and compliance with contractual supply deadlines. These measures, together with structured insurance cover taken out with leading providers in the sector, are considered adequate to limit the negative impacts arising from adverse weather conditions. No significant risks are identified, however, in relation to "chronic" physical risks (such as rising average temperatures), as the physical and chemical characteristics of the materials used and the production processes are not sensitive to limited environmental temperature variations.

In light of the above analysis, no critical issues related to climate change have been identified that would constitute impairment indicators for assets, nor has there been a need to revise the useful life of fixed assets or the collectability profile of trade receivables. Similarly, no contingent liabilities have arisen from onerous contracts or restructuring plans aimed at achieving climate targets, nor are any penalties anticipated for failure to comply with environmental obligations.

In summary, although the climate transition may lead to a shortening of investment cycles and an increase in operating costs, this trend is considered to be a significant driver of growth for the company's core businesses. Management's ability to navigate market developments, combined with the prospects for technological advancement, presents an important strategic opportunity for the Company. Consequently, management has concluded that, over the medium to long term, the opportunities arising from the energy transition outweigh the potential risks identified.

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 2025. 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 2025 is shown below:

	Notional amount		Fair value at 31/12/2025		
	Assets (Tonnes)	Liabilities (Tonnes)	Current assets (€/000)	Current liabilities (€/000)	Net carrying amount (€/000)
Copper commodity contracts for forward sales and purchases	250	(250)	392	(406)	(14)

- Derivative instruments related to currency forward purchase and sale contracts with maturity after 31 December 2025. 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 2025 is shown below:

	Notional amount		Fair value at 31/12/2025		
	Acquired (/000)	Sales (/000)	Current assets (€/000)	Current liabilities (€/000)	Net carrying amount (€/000)
GBP		11,000		(4)	(4)

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 2025 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	104	17	121
Changes in previous year:			
Investments	25	20	45
Depreciation/amortisation	(118)	(9)	(127)
Closing balance of previous year	11	28	39
Changes in current year:			
Investments	2	33	36
Depreciation/amortisation	(12)	(15)	(28)
Closing balance of current year	1	46	47

Please note that, on a recurring basis, the Company incurs development 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 2025 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	4,515	13,146	906	357	5,691	32,451
Changes in previous 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 previous year	7,835	4,310	13,355	801	383	2,825	29,510
Changes in current year:							
Investments	-	525	97	429	242	937	2,230
Depreciation/amortisation	-	(390)	(3,046)	(434)	(149)	-	(4,019)
Reclassifications	-	315	414	-	-	(729)	-
Write-downs	-	-	-	-	-	(32)	(32)
Divestments - Historical cost	-	(903)	(1,684)	(137)	(136)	-	(2,860)
Divestments - Accumulated depreciation	-	832	1,211	127	136	-	2,306
Closing balance of current year	7,835	4,689	10,347	786	476	3,001	27,134

The balance of tangible assets at 31 December 2025 of €27.1 million includes Use rights for €160 thousand.



The item "Investment" of €2.2 million includes all the purchases in 2025, both those directly attributed to the relevant category and those initially classified under "Assets under construction and advances".

The item "Reclassification" refers to investments completed during 2025 and relates to purchases made both in prior years, amounting to €2,825 thousand as at 31 December 2024, and in the reporting period, amounting to €937 thousand, initially recognised under "Assets under construction and advances" and subsequently allocated, upon completion, to their respective categories, with the start of the relevant amortisation/depreciation period.

The disposals mainly relate to the scrapping or sale of machinery and equipment, as well as the sale of the Miradolo plant, which generated a capital gain of approximately €1 million.

The balance of the item "Assets under construction and advances" of €3,001 thousand 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)	2025 31 December	2024 31 December
Equity investments in subsidiaries	129,298	122,312
Provision for impairment of equity investments	(29,238)	(28,446)
Total equity investments	100,060	93,866

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 2025.

(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	58,809	-	-	58,809
DMG Gmbh	120	-	-	120
Isodra Gmbh	28	-	-	28
IRCE SL	150	-	-	150
Stable Magnet Wire P.Ltd	6,304	-	-	6,304
Isolveco 2 SRL	145	186	-	331
Isolveco SRL in liquidazione	195	-	-	195
Irce Electromagnetic wire Co.Ltd	4,200	6,800	-	11,000
Irce SP.ZO.O	47	-	-	47
Irce S.R.O. Cechia	30,230	-	-	30,230
Total gross equity investments	122,312	6,986	-	129,298

The increase in the investment of €6.8 million in the Chinese subsidiary Irce Electromagnetic Wire Co.Ltd was necessary to finance the construction of the factory and to buy machinery in line with the provisions of the investment plan.

In relation to the subsidiary Irce S.R.O tests continued to finalise the machines to be installed and the product approval processes, also starting the first test supplies for the Parent Company.

In regard to Smit Draad Nijmegen on 31 July 2025, as envisaged in the agreements made with the trade union and employees, all the employment relationships of the Dutch subsidiary were ended, while production had already ceased in May 2025.

At 31 December 2025 the assets being liquidated of the Dutch subsidiary of €4.1 million consisted of land and buildings for €1.1 million, machinery and equipment for €0.6 million, inventories for €1.3 million, receivables for €0.8 million and cash and cash equivalents for €0.3 million.

(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	(5,280)	(617)	-	(5,897)
Isolveco 2 SRL	(145)	-	(174)	(319)
Isolveco SRL in liquidazione	(195)	-	-	(195)
Irce Electromagnetic wire Co.Ltd	(1,059)	-	-	(1,059)
Irce SP.ZO.O	(48)	-	-	(48)
Irce S.R.O. Cechia	(550)	-	-	(550)
Total provision for impairment of equity investments	(28,447)	(617)	(174)	(29,238)

The change of €174 thousand in Isolveco 2 refers to the reclassification from the Provision to cover losses on equity investments under liabilities.

In the case of non-operating companies or smaller entities, including Stable Magnet Wire, the directors of the Parent Company will, in the event of unexpected losses deemed to be of a lasting nature, recognise an impairment loss in order to align the carrying amount of the investment with the subsidiary's equity. 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.

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.

With regard to Smit Draad Nijmegen BV, as it is in liquidation, an impairment test was carried out, in accordance with IAS 36, on the recoverability of financial statements items of IRCE S.p.A. affected by this event, namely the investment in the Dutch subsidiary and the receivables recognised at year-end in relation to the same. This test did not reveal any need to make further provisions in 2025 in addition to the provision for impairment of financial receivables of €6,193,000 which was outstanding as at 31 December 2024

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 Annex 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 2026-2030 Business Plans of the aforementioned equity investments, impairment tests were performed and approved by the Parent Company's Board of Directors on 13 March 2026.

The aforementioned Plans were reviewed by the management of the Parent Company and approved by the Directors of the subsidiaries by February 2026.

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 2025 ("Equity Value") with the related carrying amounts for the equity investments as at 31 December 2025.

In order to determine future cash flows, the data of the 2026-2030 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 (2030). 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 (2030) 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:

	Irce Ltda	FD Sims
g	2.93%	2.00%
WACC	11.99%	12.09%
Equity value (€/000)	62,490	(6,200)
Investment (€/000) *	58,466	(1,658)
Difference (€/000)	4,024	(4,542)

*value inclusive of any provisions to cover losses

With reference to the equity investments recognised in the financial statements, the impairment test revealed the need of a write-down of €4.5 million in respect of FD Sims Ltd, while no critical issues emerged for Irce Ltda. See also section 16 – "Provision for risks and charges" and section 6 – "Other non-current financial receivables".

With respect to the equity investments in Irce Ltda, which have not been subject to any impairment, a sensitivity analysis is provided below, illustrating what the "discount rate (WACC)" in absolute terms and the reduction in "EBITDA" as a percentage of the 2026-2030 Business Plan figures would each independently need to be in order to make the Equity Value equal to the carrying amount of the investment.

Sensitivity	Irce Ltda
WACC	12.54%
EBITDA	(4.62)%

With regard to the equity investment in the subsidiary Smit Draad Nijmegen BV, please refer to the comments in the previous paragraph.

6. OTHER NON-CURRENT FINANCIAL RECEIVABLES

Other non-current financial receivables are broken down as follows:

(Thousands of Euro)	2025 31 December	2024 31 December
Other non-current financial receivables	26,484	25,101
Total equity investments and other financial assets	26,484	25,101

Below is the breakdown of interest-bearing loans extended to subsidiaries:

(Thousands of Euro)	2025 31 December	2024 31 December
FD SIMS ltd	13,802	12,178
DMG GmbH	1,651	1,672
Isodra GmbH	1,838	1,920
IRCE SL	1,813	1,764
Irce SP.ZO.O	128	131
Irce S.R.O. Cechia	15,223	7,466
Intercompany bad debt provision	(7,971)	-
Total non-current financial receivables	26,484	25,101



The changes in the intercompany bad debt provision are shown below.

(Thousands of Euro)	Opening balance	Reclassifications	Allocation	Use	Closing balance
FD SIMS bad debt provision	-	(1,658)	(4,500)	-	(6,158)
IRCE SL bad debt provision		(1,701)	(112)		(1,813)
Total intercompany bad debt provision	-	(3,359)	(4,612)	-	(7,971)

In view of the poor financial performance of the two subsidiaries, FD SIMS Ltd and Irce SL, during the financial year, it was decided – in order to provide a more accurate financial statement – to reclassify the amounts allocated to the provision for investment impairment on the liabilities side as at 31 December 2024, totalling €3.4 million, as an adjustment to non-current financial receivables. Furthermore, during the financial year, a further provision was made to the financial receivables impairment provision for FD SIMS and Irce SL, amounting to a total of €4.6 million; for further details on the provision for the UK subsidiary, please refer to the previous section “Impairment Test”.

As part of the impairment tests carried out on equity investments, commented on in the previous paragraph, the Management analysed the recoverability of these amounts: the results showed that the carrying amounts recognised, net of the above-mentioned bad debt provision, 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)	2025 31 December	2024 31 December
Deferred tax assets	1,997	2,090
Total deferred tax assets (net)	1,997	2,090

Here below is set out the breakdown of deferred tax assets and deferred tax liabilities, before offsetting:

(Thousands of Euro)	2025 31 December	2024 31 December
Provisions for risks and charges	24	79
Bad debt provision (subject to taxes)	264	269
Inventories / Inventory obsolescence	1,523	1,553
Adoption of IFRS 15	704	704
Adoption of IAS 19	(35)	(24)
Other	7	7
Total deferred tax assets	2,487	2,588

(Thousands of Euro)	2025 31 December	2024 31 December
Depreciation/amortisation	29	29
Land revaluation – IAS transition	413	413
Buildings revaluation – IAS transition	48	56
Total deferred tax liabilities	490	498

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)	2,090	133	(215)	-	(11)	1,997
Total	2,090	133	(215)	-	(11)	1,997

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)	2025 31 December	2024 31 December
Raw materials, ancillary and consumables	24,233	16,621
Work in progress and semi-finished goods	13,875	12,359
Finished products and goods	34,229	33,816
Provision for write-down of raw materials	(4,128)	(3,929)
Provision for write-down of work in progress and semi-finished goods	(76)	(145)
Provision for write-down of finished products	(1,487)	(2,060)
Total inventories	66,646	56,662

Recognised inventories are not pledged nor used as collateral. The increase in inventories is due to a rise in stock levels and the average cost of the metal.

In particular, the average price of copper in 2025 on the London Metal Exchange was 8.80 €/Kg, up by around 4 per cent compared to the price in the previous year of 8.45€/Kg, while the price at the end of the year was 10.64 €/Kg, up by around 27 per cent on 8.38 €/Kg at 31 December 2024.

Taking account of the rising trend in the price of copper in the first few months of 2026 as well as of 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 2025 to the estimated realisable 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	(3,929)	(199)	-	(4,128)
Provision for write-down of work in progress	(145)	-	69	(76)
Provision for write-down of finished products	(2,060)	-	574	(1,486)
Total	(6,134)	(199)	643	(5,690)

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)	2025 31 December	2024 31 December
Short-term receivables due from customers	35,652	32,095
Intercompany receivables	15,852	11,328
Short-term bad debt provision from third parties	(688)	(710)
Intercompany bad debt provision	(3,842)	(1,405)
Total trade receivables	46,974	41,308

The change in trade receivables was largely due to an increase in turnover in the fourth quarter of 2025 compared to the prior period.

The trade receivables subject to non-recourse sale during the year totalled €20.1 million (€22.0 million in 2024) of which €7.8 million relating to invoices sold but not yet overdue at 31 December 2025 (at 31 December 2024 €8.0 million).

The balance of intercompany trade receivables due from subsidiaries is broken down as follows:

(Thousands of Euro)	2025 31 December	2024 31 December
FD SIMS ltd	4,354	2,762
Smit Draad Nijmegen BV	-	7
Isomet AG	2,070	1,887
IRCE Ltda	288	249
DMG GmbH	14	24
Isodra GmbH	38	413
IRCE SL	2,668	2,595
Stable Magnet Wire P.Ltd	2,036	1,613
Isolveco 2 SRL	5	1
Isolveco SRL in liquidazione	1,521	1,521
Irce Electromagnetic wire Co.Ltd	80	80
Irce S.R.O. Cechia	2,778	176
Total intra-group trade receivables (nominal value)	15,852	11,328
IRCE SL	(2,437)	-
Isolveco SRL in liquidazione	(1,405)	(1,405)
Total intra-group trade receivables (net value)	12,009	9,923

The table below shows the changes in the bad debt provision during 2025:

(Thousands of Euro)	Opening balance	Reclassifications	Allocation	Use	Closing balance
Short-term bad debt provision from third parties	(710)	-	(108)	130	(688)
Intercompany bad debt provision	(1,405)	(2,437)	-	-	(3,842)
Total bad debt provision	(2,115)	(2,437)	(108)	130	(4,530)

In view of the poor financial performance of the subsidiary Irce SL during the financial year, it was decided, in order to provide a more accurate financial statement, to reclassify the amount of €2,437,000, shown as at 31 December 2024 under the provision for equity investments on the liabilities side, as an adjustment to the subsidiary's trade receivables.

10. TAX RECEIVABLES AND PAYABLES

The tax receivables and tax payables are set out below.

(Thousands of Euro)	31 December	31 December
Short-term tax receivables	98	-
Total tax receivables	98	-

(Thousands of Euro)	2025 31 December	2024 31 December
Tax payables due to AequaFin	45	644
Short-term tax payables	-	94
Total tax payables	45	738

It should be noted that "Tax receivables-current" and "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 a tax consolidation agreement is in place.

11. RECEIVABLES DUE FROM OTHERS

The item is broken down as follows:

(Thousands of Euro)	2025 31 December	2024 31 December
Accrued income and prepaid expenses	285	264
Receivables due from social security institutions	48	27
Other receivables	1,658	3,154
Total receivables due from others	1,990	3,445

The item "Other receivables" mainly comprises the Industry 4.0 tax credit accrued as a result of investments in capital assets made in previous years, as well as the grant accrued for the year 2025, amounting to €774,000, following participation in the Energy Release 2.0 scheme; the reduction in the period is due to the partial utilisation of the Industry 4.0 tax credit.

12. CURRENT FINANCIAL ASSETS

The item is broken down as follows:

(Thousands of Euro)	2025 31 December	2024 31 December
Guarantee deposits	7	10
Mark to market financial assets	287	287
Mark to market gains derivatives exchange rates	-	115
Intercompany financial receivables	12,449	9,294
Intercompany bad debt provision	(6,193)	(6,193)
Total current financial assets	6,550	3,513

The item "Mark to market gains derivatives exchange rates" refers to the fair value of forward contracts on currencies outstanding at year-end.

The item "Mark to market financial assets" mainly includes energy efficiency certificates (TEEs).

The item "Intercompany financial receivables" represents the short-term financial receivable from the subsidiary Smit Draad, which ceased production in May 2025.

The provision for impairment of intra-group receivables relates to Smit Draad and represents the estimated recoverability of the financial receivables, taking into account the subsidiary's liquidation budget; for further details on the subsidiary, please refer to section 5 "Investments".

13. CASH AND CASH EQUIVALENTS

This item includes bank deposits, cash and cash equivalents.

(Thousands of Euro)	2025 31 December	2024 31 December
Bank deposits	6,395	5,164
Cash and cash equivalents	6	5
Total cash and cash equivalents	6,401	5,170

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

14. SHAREHOLDERS' EQUITY

Shareholders' equity amounted to €172.7 million as at 31 December 2025 (€168.9 million as at 31 December 2024) and is detailed in the following table.

(Thousands of Euro)	2025 31 December	2024 31 December
Share capital	14,627	14,627
Treasury Shares	(887)	(871)
Share premium reserve	40,539	40,539
Revaluation reserve	22,328	22,328
Treasury shares (share premium)	(249)	(202)
Legal reserve	2,925	2,925
IAS 19 reserve	(538)	(572)
Extraordinary reserve	61,309	58,275
Other reserves	20,758	20,758
Retained earnings/losses carried forward	6,462	6,462
Profit/(Loss) for the period	5,408	4,621
Total Shareholders' Equity	172,682	168,890

Share capital

The following table shows the breakdown of share capital.

(Thousands of Euro)	2025 31 December	2024 31 December
Subscribed share capital	14,627	14,627
Treasury shares reserve	(887)	(871)
Share capital	13,739	13,756

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 2025 amounted to 1,706,600 accounting for 6.07% of the share capital. There are therefore 26,421,400 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 31/12/2023	26,504
Share buyback	(51)
Balance at 31/12/2024	26,453
Share buyback	(32)
Balance at 31/12/2025	26,421

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 31/12/2024	(571)
Actuarial valuation	45
Tax effect	(12)
Balance at 31/12/2025	(538)

Extraordinary reserve

The extraordinary reserve rose by the profits from the previous year of €4.6 million and fell for the dividends paid during the year for €1.6 million.

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	61,309,460	A,B,C	61,309,460	61,309,460
IAS reserve	5,924,169	A,B	5,924,169	
Treasury shares reserve	(1,136,040)	-	(1,136,040)	(1,136,040)
Cash flow hedge reserve	-	A,B	-	-
Cancellation surplus (consisting of profit reserves)	585,888	A,B,C	585,888	585,888
Total retained earnings	69,608,789		69,608,789	60,759,308
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 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	152,647,281		152,647,281	129,862,459
Profit/(Loss) for the year	5,408,420			
TOTAL SHAREHOLDERS' EQUITY	172,682,260			

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.

15. FINANCIAL LIABILITIES

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

(Thousands of Euro)	2025 31 December	2024 31 December
Payables due to banks	37,526	9,908
Mark-to-market loss derivatives on metals	14	146
IFRS 16 financial liabilities	60	72
Mark-to-market loss derivatives exchange rates	4	9
Long-term loans – current portion	3,418	4,948
Accrued financial liabilities	508	787
Total current financial liabilities	41,530	15,869

(Thousands of Euro)	2025 31 December	2024 31 December
Financial liabilities due to banks	39,208	37,631
IFRS 16 financial liabilities	98	121
Total non-current financial liabilities	39,306	37,752

The table below shows the changes in non-current financial liabilities during 2025:

(Thousands of Euro)	Opening balance	Reclassifications	Loan	Closing balance
Financial liabilities due to banks	37,631	(3,422)	5,000	39,208
IFRS 16 financial liabilities	121	(52)	28	98
Total	37,752	(3,474)	5,028	39,306

The item "Reclassifications" relates to the current portion of medium- to long-term loans and is shown at the end of the year under current financial liabilities.

The €5 million in bank loans is associated with the construction of the production plant in China.

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

(Thousands of Euro)	Currency	Rate	Company	31.12.2025	31.12.2024	Due date
Banca di Imola	EUR	Floating	IRCE	-	737	2026
Banca di Imola	EUR	Floating	IRCE	10,000	10,000	2034
Banco Popolare	EUR	Fixed	IRCE	-	380	2026
Banco Popolare	EUR	Fixed	IRCE	5,000	-	2033
Deutsche Bank	EUR	Floating	IRCE	875	2,625	2027
BPER	EUR	Floating	IRCE	3,333	3,889	2032
BPER	EUR	Floating	IRCE	10,000	10,000	2034
MPS	EUR	Floating	IRCE	10,000	10,000	2034
Total				39,208	37,631	

It should be noted that, as at 31 December 2025, the loan is subject to financial covenants calculated on the basis of the consolidated financial statements; these covenants, defined as the ratio of "net financial position" to "equity" and of "EBITDA" to "net financial position", have been fully met.

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)	2025 31 December	2024 31 December
Cash and Cash Equivalents	6,401	5,170
Current financial assets	295	412
Liquid assets	6,696	5,582
Other financial assets Current	(38,112)	(10,921)
Long-term loans – current portion	(3,418)	(4,948)
Net current financial position	(34,835)	(10,287)
Non-current financial liabilities due to third parties	(39,306)	(37,752)
Net financial position	(74,141)	(48,038)

It is noted that infra-group current and non-current financial receivables have been excluded from the calculation of the net financial position.

At 31 December 2025 the net financial position was €74.1 million and was up compared to €48.0 million at 31 December 2024 owing to the increase in working capital and the investment in new industrial plants in China and the Czech Republic.

The net financial position includes in total €158 thousand of current and non-current financial payables relating to leases accounted for in accordance with IFRS 16.

In addition, at 31 December 2025 the Company had outstanding contractual commitments for around €184 million relating largely to the purchase of copper. It should be noted that, since the purchase price of copper will be determined in 2026 on the basis of the LME price at the time of delivery, the commitment was calculated by using the LME price at 31 December 2025.

16. PROVISIONS FOR RISKS AND CHARGES

Non-current provisions for risks and charges are broken down as follows:

(Thousands of Euro)	2025 31 December	2024 31 December
Provision for severance payments to agents – non-current	125	119
Other provisions – non-current	100	330
Provision to cover intercompany losses	1,923	7,895
Total provision for non-current risks and charges	2,148	8,344

Changes in the provision for non-current risks and charges are provided below:

(Thousands of Euro)	Opening balance	Reclassifications	Allocation	Use	Closing balance
Provision for severance payments to agents – non-current	119	-	7	(2)	125
Other provisions – non-current	330	-	-	(230)	100
Provision to cover intercompany losses	7,895	(10,584)	4,612	-	1,923
Total provision for risks – non-current	8,344	(10,584)	4,619	(232)	2,148

The item “Provision for severance payments to agents” refers to allocations made for severance payments relating to outstanding agency contracts.

The use of €230,000 represents the release of the provision set aside in previous financial years, as the risk of a customer calling on the guarantee has ceased to exist.

Here below is set out the change in the provision for the coverage of intercompany losses.

(Thousands of Euro)	Opening balance	Reclassifications	Allocation	Closing balance
FD SIMS ltd	1,658	(1,658)	-	-
Isodra GmbH	1,855	-	-	1,855
IRCE SL	4,139	(4,139)	-	-
Isolveco 2 SRL	175	(175)	-	-
Irce SP.ZO.O	68	-	-	68
Total provision to cover intercompany losses	7,895	(5,972)	-	1,923

In view of the poor financial performance of the two subsidiaries, FD SIMS Ltd and Irce SL, during the financial year, it was decided – in order to provide a more accurate financial statement – to reclassify the amounts set aside as at 31 December 2024 in the provision for equity investments under liabilities, totalling €5,797 thousand, thereby adjusting the non-current financial receivables for FD SIMS Ltd and Irce SL and the trade receivables for Irce SL.

For further information, see paragraph 5 ‘Shareholdings’ and Annex 2 ‘List of shareholdings in directly controlled companies’.

17. 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 2025 the Provision experienced the following changes:

(Thousands of Euro)	Opening balance	Allocation	Effect on Shareholders' equity	Use	Closing balance
Long-term employee benefits' provision	2,645	75	(45)	(226)	2,449
Total	2,645	75	(45)	(226)	2,449

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:

	2025 31 December	2024 31 December
Demographic assumptions		
Death	Istat 2022	Istat 2022
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, <i>Assicurazione Generale Obbligatoria</i>)	100% on reaching the requirements of the general compulsory insurance (AGO, <i>Assicurazione Generale Obbligatoria</i>)
Technical-economic assumptions		
Annual discount rate	3.09%	2.93%
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 2025 31 December	DBO 2024 31 December
Turnover rate	+1.00%	2,453	2,649
Turnover rate	- 1.00%	2,443	2,641
Inflation rate	+0.25%	2,470	2,668
Inflation rate	-0.25%	2,427	2,622
Discount rate	+0.25%	2,416	2,609
Discount rate	-0.25%	2,483	2,682

Service cost	0.00	0.00
Plan term (years)	6.3	6.3

18. TRADE PAYABLES

Trade payables, shown net of advances received from suppliers, are broken down as follows:

(Thousands of Euro)	2025 31 December	2024 31 December
Trade payables	18,025	18,502
Trade payables due to Group companies	1,293	161
Total trade payables	19,318	18,663

Trade payables due to subsidiaries were broken down as follows:

(Thousands of Euro)	2025 31 December	2024 31 December
FD SIMS ltd	3	16
Smit Draad Nijmegen BV	11	-
IRCE Ltda	-	23
DMG GmbH	67	76
IRCE SL	93	6
Isolveco 2 SRL	249	7
Irce SP.ZO.O	40	34
Irce S.R.O. Cechia	831	-
Total intercompany trade payables	1,293	161

Trade payables to Irce Sro relate primarily to the purchase of finished goods sold by IRCE S.p.A.

19. SOCIAL SECURITY CONTRIBUTIONS

(Thousands of Euro)	2025 31 December	2024 31 December
Social security contributions	1,596	1,614

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)	2025 31 December	2024 31 December
Payables due to employees	2,278	2,309
Accrued liabilities and deferred income	2,292	3,019
Other payables	142	285
VAT payables	100	22
Payables for employee IRPEF withholdings	493	555
Total other current liabilities	5,305	6,190

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

The item "Accrued liabilities and deferred income" relates primarily to capital grants under the Industry 4.0 tax credit scheme in respect of interconnected machinery from previous financial years. The reduction is attributable to the recognition of this grant in the income statement in line with the depreciation schedule for the capital assets to which it relates.

"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.

"VAT payables" include the liability associated both with Italian Parent Company and with the permanent establishments in Germany, Spain and Poland.

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)	2025 31 December	2024 31 December	Change
Revenues	249,074	247,608	1,466

Turnover in 2025 increased by 0.6% compared to 31 December 2024. The change was due to an increase in average sale prices for metal partly offset by the fall in the quantities sold.

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	189,936	59,138	249,074	184,754	62,853	247,608
% of total	76.3%	23.7%	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	136,360	74,588	38,126	249,074	140,934	78,034	28,640	247,608
% of total	54.7%	29.9%	15.3%	100.0%	56.9%	31.5%	11.6%	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)	2025 31 December	2024 31 December	Change
Increases in internally generated fixed assets	71	125	(54)
Capital gains on disposals of assets	1,394	153	1,240
Insurance reimbursements	405	43	363
Contingent assets	135	127	8
Other revenues and income	902	952	(50)
Other intercompany revenues and income	220	146	75
Total other revenues and income	3,127	1,546	1,581

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 "Capital gains on disposals of assets" relates primarily to the sale of the building in Miradolo, which took place in July 2025.

"Insurance reimbursements" relate mainly to the settlement of outstanding claims arising from adverse weather conditions and product liability.

"Contingent assets" mainly refer to liability provisions made in previous years.

The item "Other revenues and income" mainly includes the portion pertaining to 2025 of the grants related to assets associated with the tax credits under the 4.0 programme.

The item "Other intercompany revenues and income" basically includes the transfer 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)	2025 31 December	2024 31 December	Change
Costs for raw materials and consumables	(195,026)	(180,248)	(14,778)
Change in inventories of raw materials, other materials and goods	7,413	(3,010)	10,422
Purchase of finished goods	(51)	-	(51)
Costs for intercompany raw materials and consumables	(4,084)	(349)	(3,735)
Total costs for raw materials and consumables	(191,748)	(183,606)	(8,142)

The item "Costs for raw materials, other materials and consumables" of €195.0 million includes the costs incurred for the purchase of raw materials, specifically, copper and aluminium, insulating materials, and packaging and maintenance materials. The change in period compared to 31 December 2024 was due both to the increase in the average price of copper and to the greater quantity of copper purchased.

The item "Change in inventories 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.

The significant increase in "Costs for intercompany raw materials and consumables" was due to the purchase of finished goods from Irce Sro in order to carry out quality testing on the product prior to its launch on the market.

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)	2025 31 December	2024 31 December	Change
External processing	(7,740)	(8,006)	266
Utility expenses	(8,699)	(8,911)	212
Maintenance	(1,117)	(1,081)	(36)
Transport expenses	(3,012)	(2,921)	(92)
Fees payable	(381)	(92)	(289)
Compensation of Statutory Auditors	(68)	(68)	-
Other services	(5,921)	(4,819)	(1,102)
Costs for the use of third-party assets (IFRS16)	(24)	(18)	(6)
Costs for intercompany services	(1,207)	(1,014)	(193)
Total costs for services	(28,169)	(26,929)	(1,240)

The decrease in "External processing" is mainly attributable to lower production volumes of enamelled wire and cable compared with the previous financial year.

The reduction in "Utility expenses" is essentially due to the recognition, as a reduction in electricity costs, of the benefit accrued in 2025 and arising from the contract entered into by IRCE with an Aggregator to participate in the Energy Release 2.0 mechanism.

The change in "Fees payable" is related to the appointment of a new foreign agent.



The increase in "Other services" is mainly attributable to higher expenditure on studies and research for product development.

"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)	2025 31 December	2024 31 December	Change
Salaries and wages	(11,287)	(11,369)	82
Social security charges	(3,657)	(3,410)	(247)
Pension costs	(948)	(884)	(64)
Other costs	(1,742)	(2,098)	356
Total personnel costs	(17,634)	(17,761)	127

The item "Other personnel costs" includes costs for temporary work, contract work, and the compensation of Directors. The change in this item is attributable to the fewer temporary workers.

The average number of employees in 2025 and the number at year-end is shown below:

(Number of employees)	2024 31 December Closing number	2025 31 December Closing number	2025 31 December Average number
Executives	13	13	13
White collars	67	67	61
Blue collars	253	252	251
Total employees	333	332	325
Labourers (temporary)	24	19	22
Total temporary staff	24	19	22
Total employees and temporary workers	357	351	347

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)	2025 31 December	2024 31 December	Change
Amortisation of intangible assets	(28)	(127)	99
Depreciation of tangible assets	(3,956)	(4,345)	389
Depreciation of IFRS 16 tangible assets	(62)	(50)	(12)
Write-down of tangible assets	(32)	(22)	(10)
Total amortisation/depreciation and impairment	(4,078)	(4,544)	465

The change in depreciation of tangible fixed assets is attributable both to the reduction in the historical cost of tangible fixed assets following the disposal of assets still being depreciated and to the completion of the depreciation period for some of the assets.

The item "Write-down of tangible assets" of €32 thousand refers to a contract recorded under assets under construction as at 31 December 2024 for which the conditions for capitalisation ceased to be met.

27. PROVISIONS AND WRITE-DOWNS

Provisions and write-downs are broken down as follows:

(Thousands of Euro)	2025 31 December	2024 31 December	Change
Write-down of receivables and cash and cash equivalents	(108)	200	(308)
Provisions for risks	230	-	230
Total amortisation/depreciation and write-downs	122	200	(78)

In relation to the change in the items “Write-down of receivables and cash and cash equivalents” and “Provisions for risks”, reference should be made respectively to sections “9 – Trade receivables” and “16 – Provision of risks and charges”.

28. OTHER OPERATING COSTS

Other operating costs are broken down as follows:

(Thousands of Euro)	2025 31 December	2024 31 December	Change
Non-income taxes and duties	(337)	(473)	137
Other operating costs	(33)	(287)	254
Non-recurring costs	(9)	(81)	73
Total other operating costs	(379)	(843)	464

The €254,000 change in “Other operating costs” is mainly due to the reduced impact of contractual penalties charged by customers.

29. IMPAIRMENT AND REVERSAL OF IMPAIRMENT OF EQUITY INVESTMENTS

Impairment for the year is broken down as follows:

(Thousands of Euro)	2025 31 December	2024 31 December
FD SIMS ltd	(4,500)	-
Smit Draad Nijmegen BV	-	(5,400)
IRCE SL	(112)	(167)
Stable Magnet Wire P.Ltd	(617)	(478)
Isolveco 2 SRL	-	(186)
Irce Electromagnetic wire Co.Ltd	-	(112)
Irce S.R.O. Cechia	-	(550)
Total	(5,229)	(6,893)
Total reversals of impairment / (impairment)	(5,229)	(6,893)

For more details reference should be made to section 5. Investments and to section 16. Provision for risks and charges



30. FINANCIAL INCOME AND CHARGES

Financial income and charges are broken down as follows:

(Thousands of Euro)	2025 31 December	2024 31 December	Change
Financial income	4,084	3,072	1,012
Financial charges	(2,585)	(3,106)	522
Foreign exchange gains/(losses)	(555)	45	(601)
Total financial income and charges	944	11	933

The change in "Financial income" is mainly attributable to the higher dividend distributed by the subsidiary Irce Ltda, as well as to the increase in income from metal derivatives.

The reduction in "Financial charges" is due to a reduction in interest costs following a fall in market interest rates which more than offset the increase in the Company's average debt.

The increase in "Foreign exchange gains/(losses)" is largely due to a negative impact from translation differences.

31. INCOME TAXES

Here below is the detail of income taxes

(Thousands of Euro)	2025 31 December	2024 31 December	Change
IRAP current taxes	(577)	(673)	97
Previous years' taxes	11	-	11
Net deferred taxes	(82)	(147)	65
IRES current taxes	(2,545)	(2,762)	217
Total income taxes	(3,193)	(3,583)	389

Below is the reconciliation between the theoretical and effective tax expense in relation to IRES and IRAP:

(Thousands of Euro)	2025 31 December	2024 31 December
Profit/(Loss) before tax	8,602	8,203
Taxes calculated with IRES tax rate (24%)	2,064	1,969
Permanent changes	608	947
Temporary changes	(127)	(154)
Effective IRES	2,545	2,762
Production value	30,705	32,748
Taxes calculated with average IRAP tax rate (4.13%)	1,269	1,347
Permanent changes	(685)	(681)
Temporary changes	(7)	7
IRAP rate (effective)	577	673
Total current income taxes	3,122	3,435

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 decrease in the tax rate at 31 December 2025 compared to the comparative period is mainly attributable to the reduced impact on the pre-tax result of the permanent income changes.

32. RELATED PARTY DISCLOSURES

IRCE S.p.A.'s dealings with its subsidiaries are of a commercial and financial nature, whilst those with its parent company, Aequafin S.p.A., are of a tax-related 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	1,442	42	-48	-12	13,802	4,354	3	-	365	-
Smit Draad Nij	-	42	-	-	12,449	0	11	-	307	-
Isomet AG	8,710	22	-	-	0	2,070	0	-	-	-
IRCE Ltda	1,238	66	-	-	-	288	0	-	-	1,784
DMG GmbH	123	1	-4	-335	1,651	14	67	-	51	-
Isodra GmbH	273	5	-	-	1,838	38	0	-	58	-
IRCE SL	0	0	-16	-471	1,813	2,668	93	-	121	-
Stable Magnet	781	-	-	-	-	2,036	-	-	-	-
Isolveco 2 SRL	1	8	-	-314	0	5	249	-	-	-
Isolveco SRL in	-	-	-	-	-	116	-	-	-	-
Irce Electromag	-	-	-	-	-	80	-	-	-	-
Irce SP.ZO.O	-	-	-	-76	128	0	40	-	-	-
Irce S.R.O. Cec	5,769	34	-4,017	-	15,223	2,778	831	-	407	-
Aequafin	-	-	-	-	-	-	-	45	-	-
Total	18,337	220	-4,084	-1,207	46,904	14,447	1,293	45	1,309	1,784

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)	Remuneration for the office held	Compensation for other tasks	Total
Directors	289	410	699

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

It is noted that performance bonds totalling €2.6 million have been issued in favour of a publicly owned company to guarantee the supply of electrical cables, as well as a performance bond issued to Irce Sro to guarantee a €5.6 million credit facility granted by a financial institution to its subsidiary in the Czech Republic.

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)	2025 31 December	2024 31 December	Change
Risk level			
Low	20,734	22,301	-1,566
Average	11,878	7,368	4,510
Above-average	2,727	1,996	731
High	313	430	-117
Total trade receivables	35,652	32,095	3,558

(Thousands of Euro)	2025 31 December	2024 31 December	Change
Due date			
Not yet due	17,805	13,548	4,257
0 - 30 days	16,721	16,225	496
30 - 60 days	354	1,156	-801
60 - 90 days	393	168	225
90 - 120 days	46	540	-494
> 120 days	332	458	-126
Total trade receivables	35,652	32,095	3,558

The bad debt provision of €0.7 million refers for €0.3 million to the ranges for expiry of "> 120 days" and for "High" risk, while for €0.4 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, Paragraph 34, please note that, for the year 2025, 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)	2025 31 December	2024 31 December
Net financial position (A)	(74,141)	(48,038)
Shareholders' equity (B)	(172,682)	(168,890)
Total capital (A) + (B) = (C)	(246,824)	(216,928)
Gearing ratio (A) / (C)	30.0%	22.1%

As can be seen from the table above, the gearing ratio at 31 December 2025 stands at 30.0%, a percentage that confirms a medium-low level of financial risk. The change in the gearing ratio is mainly due to investment projects in the Czech Republic and in China.



36. FINANCIAL INSTRUMENTS

a) Financial instruments by category

The following table shows financial assets and liabilities by category of financial instrument:

(Thousands of Euro)	Current year			Previous year				
	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	46,904	-	-	46,904	34,395	-	-	34,395
Current financial assets:								
Trade receivables	46,974	-	-	46,974	41,308	-	-	41,308
Current financial assets	7	287	-	295	10	402	-	412
Cash and Cash Equivalents	6,401	-	-	6,401	5,170	-	-	5,170
Non-current financial liabilities:								
Non-current financial liabilities due to third parties	39,306	-	-	39,306	37,752	-	-	37,752
Current financial liabilities:								
Trade payables	18,025	-	-	18,025	18,502	-	-	18,502
Trade payables due to Group companies	1,293	-	-	1,293	161	-	-	161
Current financial liabilities due to third parties	41,512	19	-	41,530	15,714	155	-	15,869

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)	2025		2024	
	31 December	31 December	31 December	31 December
	Carrying amount		Fair value	
Financial Assets				
Cash and Cash Equivalents	6,401	5,170	6,401	5,170
Current financial assets	295	412	295	412
Trade receivables	46,974	41,308	46,974	41,308
Non-current financial assets and receivables	146,964	128,262	146,964	128,262
Financial liabilities				
Current financial liabilities due to third parties	41,530	15,869	41,530	15,869
Trade payables	18,025	18,502	18,025	18,502
Non-current financial liabilities due to third parties	39,306	37,752	39,306	37,752

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 2025 (Thousands of Euro)	Level 1	Level 2	Level 3	Total
Current financial assets	287			287
Total assets	287			287
Current financial liabilities		(19)		(19)
Total liabilities		(19)		(19)

During the year, there were no transfers between the three fair value levels specified in IFRS 7.

37. DISCLOSURE PURSUANT TO ARTICLE 149-DUODECIIES OF CONSOB ISSUERS' REGULATIONS

The following statement, drafted in accordance with art. 149-duodecies of the Consob Issuers' Regulations, shows the compensation for 2025 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.	138
Other certifications (CSRD)	Deloitte & Touche S.p.A.	71

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 2025".

40. PROPOSED ALLOCATION OF THE RESULT FOR THE YEAR

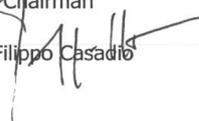
With respect to the proposed allocation of the result for the year 2025 to be submitted to the Shareholders' Meeting, see the "Report on Operations for 2025".

Imola, 13 March 2026

On behalf of the Board of Directors

The Chairman

Mr Filippo Casadio



Annex 1 - Certification of the annual separate financial statements of IRCE S.p.A. pursuant to Article 154-bis, paragraph 5, of Italian Legislative Decree 58/1998

We, the undersigned, Mr Filippo Casadio, Chairman, and Mr Massimiliano Bacchini, 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, 13 March 2026

On behalf of the Board of Directors

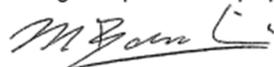
The Chairman

Mr Filippo Casadio



Massimiliano Bacchini

Manager responsible for preparing the corporate accounting documents



Annex 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%	(9,250)	(9,250)	(3,715)	(3,715)	-	-	(9,250)
Smit Draad Nijmegen BV	1,166	100%	(7,931)	(7,931)	(1,545)	(1,545)	-	-	(7,931)
Isomet AG	674	100%	7,102	7,102	373	373	1,435	-	5,667
IRCE Ltda	58,809	100%	40,203	40,203	4,444	4,444	58,466	-	(18,263)
DMG GmbH	256	100%	640	640	(201)	(201)	120	-	521
Isodra GmbH	25	100%	(255)	(255)	53	53	-	1,855	1,600
IRCE SL	150	100%	(4,257)	(4,257)	(118)	(118)	-	-	(4,257)
Stable Magnet Wire P.Ltd	6,305	100%	407	407	(497)	(497)	407	-	-
Iolveco 2 SRL	10	100%	31	31	21	21	11	-	21
Iolveco SRL in liquidazione	46	75%	(1,215)	(911)	17	12	-	-	(911)
Irce Electromagnetic wire Co.Ltd	11,000	100%	9,472	9,472	(32)	(32)	9,941	-	(469)
Irce SP.ZO.O	48	100%	(46)	(46)	6	6	-	68	22
Irce S.R.O. Cechia	30,231	100%	28,573	28,573	(1,624)	(1,624)	29,681	-	(1,108)
Total	-		63,476	63,778	-	-	100,060	1,923	(34,360)

FD Sims Ltd and Irce Ltda were subjected to impairment testing. Reference should be made to section “5. Equity investments” to see the results. The significant negative difference of Irce Ltda, €18.3 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-rata of shareholders’ equity” and “Book value” of Iolveco Srl which is in liquidation, of €911 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 the same way, given the negative difference of €4.3 million of Irce SL a provision is made for the write-down of non-current financial receivables of €1.8 million (see section 6. Other non-current financial receivables) and a provision for the write-down of trade receivables of €2.5 million (see section 9. Trade receivables).

With regard to Smit Draad Nijmegen BV, which has a negative difference of €7.9 million, a bad debt provision (for current financial assets) of €6.2 million has been recognised (see section 12. Current financial assets). The Directors believe that the residual difference of €1.7 million can be recovered through the liquidation of the company.

With reference to the positive difference of €1.6 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.

With regard to the subsidiaries Irce Electromagnetic Wire Co. Ltd. and Irce S.R.O., the negative difference between the carrying amount and the attributable shareholders’ equity, amounting to €0.5 million and €1.1 million respectively, is considered recoverable upon completion of the start-up phase.

**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 artt. 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 the Irce Group (hereinafter also the “Group”) for the year ended on December 31, 2025, 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 Irce Group for the year ended on December 31, 2025 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.

Responsibility of the Directors and the Board of Statutory Auditors of Irce 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 “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 26, 2026

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.

**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, 2025, 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, 2025, 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, we do not provide a separate opinion on these matters.

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Inventories: Measurement of the “Copper inventories”

Description of the key audit matter

As stated in note "7. Inventories" to the consolidated financial statements of the Group as of December 31, 2025, the carrying amount of inventories is Euro 103,498 thousand.

The main raw material used by the Group in the production process is copper, whose value 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 copper 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 audit matters of the consolidated financial statements of the Group as of December 31, 2025, given: i) the significance of the value of Copper Inventories recorded in the consolidated financial statements as of December 31, 2025; 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 details of the realisable value calculation and analyzing the reasonableness of the main assumptions adopted by the Group;
 - Verifying the completeness and accuracy of the database used by the Group for the determination of realisable value;
 - Verifying the sources used by the Group to acquire the market parameters used to estimate realisable value;
 - Verifying the mathematical accuracy of the calculations made by the Group to 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, 2025, 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, 2025 have been prepared in XHTML format and have been marked up, in all material respects, 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 the ownership structure of Irce Group as at December 31, 2025, 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, 2025.

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.

Signed by
Giovanni Fruci
Partner

Bologna, Italy
March 26, 2026

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.

**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, 2025, 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, 2025, 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.

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 “12. Current financial assets” to the Company's financial statements as at December 31, 2025, the amount of the investments in subsidiaries is Euro 100,060 thousand, net of an overall write-down of Euro 29,238 thousand, of which Euro 617 thousand recorded during the year, furthermore, the Company holds financial receivables from subsidiaries, of which the non-current portion amounts to Euro 26,484 thousand net of an overall write-down of Euro 7,971 thousand, increased in the financial year by Euro 4,612 thousand, and the current portion amounts to Euro 6,256 thousand, net of an overall write-down of Euro 6.193 thousand.

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 at 31 December 2025, 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 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 F.D. Sims Ltd amounting to EUR 4,500 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 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 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 2025, the carrying amount of inventories is Euro 66,646 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 audit matters of the financial statements of the Company as of December 31, 2025, given: i) the significance of the value of Copper Inventories recorded in the Company's financial statements as of December 31, 2025; 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 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 details of the realisable value calculation and analyzing the reasonableness of the main assumptions adopted by the Company.
 - verifying the completeness and accuracy of the database used by the Company for the determination of realisable value;
 - verifying the sources used by the Company to acquire 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, 2025 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, 2025 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, 2025, 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, 2025.

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.

Signed by
Giovanni Fruci
Partner

Bologna, Italy
March 26, 2026

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,

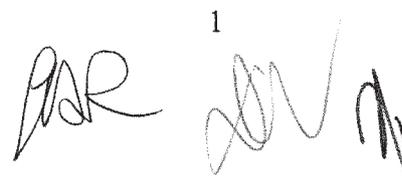
The Board of Statutory Auditors currently in office was appointed by the Shareholders' Meeting on 28/04/2023 in accordance with legal and by-law provisions and will end its term with the shareholders' meeting for the approval of the financial statements as of 31/12/2025.

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 31 December 2025 which is being proposed for approval close with a profit of € 5.408.420.

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. It consists of 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.

1


The Annual Financial Report has been prepared in compliance with the delegated regulation (EU) n. 2019/815 of 17 December 2018 (G.U.U.E. L. 143 of 29 May 2019); 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 31 December 2025, 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 6 April 2001, no. 321582 of 4 April 2003 and no. 6031329 of 7 April 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 based on 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;

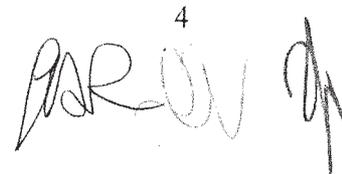
- supervised the process of drawing up the report on corporate governance and the ownership structure and was informed on the procedures for implementing the recommendations of the Chairman of the Corporate Governance Committee of Borsa Italiana formulated in a communication dated 18 December 2025. The 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 13 March 2026 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 16 September 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 13 March 2026 available on the Company's website, which will be submitted to the examination and binding vote of the Shareholders' Meeting of 30 April 2026;
- 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 26 June 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 18 June 2020 (so-called "Taxonomy Regulation");

- maintained relations with the members of the Control and Risk and Sustainability 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 and Sustainability 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 2025 and to be done in 2026. 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;

4


- 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 February 16, 2026, 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 13/03/2026, approved the update of the model 231. The Company has also adopted a Whistleblowing organizational model in accordance with Legislative Decree no. 24 of 03.10.2023;
- 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 18 June 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,

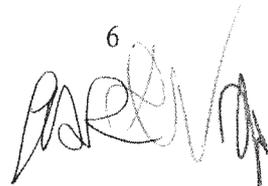


which was approved by the Board of Directors on 22 December 2025. The supervisory activity was carried out through meetings of the Board of Statutory Auditors, attended by the internal corporate group—composed of directors and executives—responsible for managing this activity, also through the Board’s participation in the meetings of the Control, Risk and Sustainability 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 12 March 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 30 June 2021;
- Conducted the periodic self-assessment process following the appointment and subsequently on March 11, 2024, February 3, 2025 and February 2, 2026. The results of this process were submitted to the Board of Directors and highlighted in the Corporate Governance Report.
- on 13 March 2026 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 8 members, including two independent directors, whose term will expire upon the approval of the financial statements as of 31/12/2027.

The Board of Statutory Auditors reports that the Board of Directors in the meeting of 13 March 2024, as suggested by the joint document of the Bank of Italy/Consob/ISVAP of 3 March 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 companies IRCE ltd, FD Sims LTD and Smit Draad Nijmegen B.V. The explanatory notes to the financial statements contain information and results of the evaluation process carried out.

6


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.

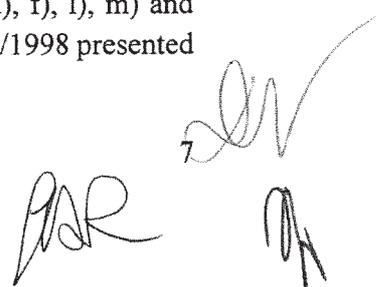
The accounting audit was carried out by the auditing company Deloitte & Touche SpA - to which the shareholders' meeting on 10 June 2020 conferred a mandate for the period 2020-2028 – The Audit Firm is also responsible for certifying the compliance of the Sustainability Reporting pursuant to Articles 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 26 March 2026, 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 at 31 December 2025 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.

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

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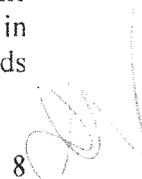
in the Corporate Governance Report are consistent with the separate financial statements.

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 at 31 December 2025, 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 1 January 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 27, 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 31, 2025, 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 (ESRS);

- 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 18, 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 6/4/2001, further specifies that:

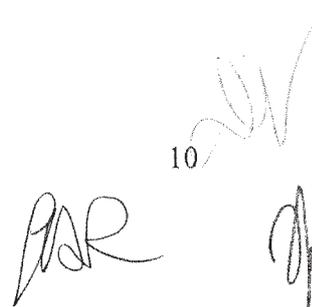
- received from the Directors, both during the board meetings and during the meetings held with the foreseen frequency, detailed and punctual information on the activity carried out by the company with particular regard to the transactions of greater economic, financial and equity importance;
- from 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 2025, the Company carried out "transactions of greater significance" as part of investment projects in the Czech Republic and the People's Republic of China. 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 2025, 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;
- 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 2025 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.

10



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 at 31 December 2025 and has no objections to formulate regarding the proposal of the Board of Directors regarding the allocation of the profit for the 2025 financial year.

With the shareholders' meeting convened to approve the financial statements as of December 31, 2025, the term of office granted to the Board of Statutory Auditors comes to an end. The Statutory Auditors wish to thank the Shareholders for the trust placed in them, and the Directors, management, the audit firm, and all company functions for their cooperation throughout the entire term of office.

Bologna, 26 March 2026

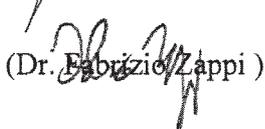
THE BOARD OF STATUTORY AUDITORS



(Dr. Donatella Vitanza)



(Dr. Giuseppe Di Rocco)



(Dr. Fabrizio Zappi)

