



INFORMATION DOCUMENT

relating to the investment project, by the wholly owned subsidiary IRCE s.r.o., regarding the realisation of a new factory in the Czech Republic and the purchase of systems and machinery for the production work

This Information Document, which was drawn up pursuant to article 71 of the Regulation adopted by CONSOB with its Resolution No. 11971 of 14 May 1999, as subsequently modified and supplemented, has been made available to the public at the registered office of IRCE S.p.A., on the website of IRCE S.p.A. (www.irce.it), as well as on the SDIR authorised storage mechanism on 30 December 2023.

CONTENTS

| | |
|---|----|
| DEFINITIONS | 3 |
| INTRODUCTION | 4 |
| SUMMARIES | 5 |
| 1. WARNINGS..... | 6 |
| 1.1 Risks connected to the Project..... | 6 |
| A) Risks connected to the return on the investment | 6 |
| B) Risks connected to debt..... | 6 |
| 2. INFORMATION RELATED TO THE PROJECT..... | 7 |
| 2.1 Summary description of the means and time frames of the Project | 7 |
| 2.1.1 Description of the means, time frames and conditions of the Project and sources of financing..... | 7 |
| 2.1.2 Description of the means, time frames and conditions of the Project and related forms of payment..... | 7 |
| 2.2 Reasons and purposes of the Project | 8 |
| 2.3 Transactions with the company covered by the Project and/or with the subjects from which the assets were acquired..... | 8 |
| 2.3.1 Related Parties with which the Project is implemented, their degree of correlation, nature and extent of the interests of these parties in the Project..... | 8 |
| 2.4 Documents available to the public..... | 9 |
| 3. SIGNIFICANT EFFECTS OF THE PROJECT | 10 |
| 3.1 Significant effects of the Project on the key factors which influence or characterise the activity of the Issuer and on the type of business undertaken by the Issuer itself..... | 10 |
| 3.2 Implications of the Project for the strategic guidelines regarding commercial and financial transactions and centralised services among the companies of the IRCE Group..... | 10 |
| 4. INCOME STATEMENT, EQUITY AND FINANCIAL DATA RELATING TO THE PROJECT | 10 |
| 5. <i>PRO-FORMA</i> INCOME STATEMENT, EQUITY AND FINANCIAL DATA OF THE ISSUER | 11 |
| 6. OUTLOOK FOR THE ISSUER AND ITS GROUP..... | 13 |
| 6.1 General indications on the trend in the Issuer's business from the end of the financial year to which the latest published financial statements refer..... | 13 |
| 6.2 Information in relation to the prudent forecast of results for the current financial year..... | 13 |

DEFINITIONS

Below is a list of the main definitions and terms used in this information document (the “**Information Document**”). These definitions and terms, unless otherwise specified, have the meaning given below. The terms defined in the singular are also intended in the plural, and vice versa, where the context requires it.

| | |
|-------------------------------------|--|
| RPT Committee | The IRCE committee for transactions with related parties envisaged by the RPT (Related Party Transaction) Procedure. |
| Board of Directors | The IRCE board of directors. |
| CONSOB | “Commissione Nazionale per le Società e la Borsa”, based in Rome, Via G. B. Martini 3. |
| Subsidiary | IRCE s.r.o., with its registered office in Prague (Czech Republic). |
| General Contractor Agreement | The tender contract between the Subsidiary and the contractor identified by the Company, regarding the realisation of the new factory of around 20,000 sq.m. which, as part of the Project, will be built in Mosnov (Ostrava), in the Czech Republic. |
| IRCE Group | IRCE and its subsidiaries. |
| IRCE or Issuer | IRCE S.p.A., with its registered office in Imola (Bologna), Via Lasie 12/A, VAT number 00707431201, Tax Code and Registration in the Bologna Company Register number 82001030384, Economic and Administrative Register No. BO-266734, share capital Euro 14,626,560.00. |
| Related Parties | The subjects included in the definition of “Related Party” as set out in Annex I to the Regulation setting out provisions on transactions with related parties, adopted by CONSOB with its Resolution No. 17221 of 12 March 2010 and subsequent changes and additions, and as set out in IAS 24 – “Related Party Disclosures”. |
| 2024-2028 Business Plan | The business plan for the Czech Republic prepared by the IRCE Board of Directors and approved by the Board of Directors on 21 December 2023. |
| RPT Procedure | The internal procedure on transactions with related parties, approved by the IRCE Board of Directors on 30 June 2021. |
| Project | The realisation by the Subsidiary of a new factory in Mosnov (Ostrava) in the Czech Republic of around 20,000 sq.m. and the purchase of systems and machinery for the production work in the period of the 2024-2028 Business Plan, with the goal of enhancing the IRCE Group’s competitiveness in Europe. |
| Issuers’ Regulation | The regulation adopted with CONSOB resolution No. 11971 of 14 May 1999 and subsequent amendments. |
| RPT Regulation | The regulation adopted by CONSOB with resolution No. 17221 of 12 March 2010 and most recently modified with Resolution No. 22144 of 22 December 2021. |

INFORMATION DOCUMENT

drawn up pursuant to Art. 71 of the Regulation adopted by CONSOB with resolution No. 11971 of 14 May 1999.

INTRODUCTION

This Information Document was prepared by IRCE S.p.A. (“**IRCE**” or the “**Issuer**”) pursuant to art. 71 of the Regulation adopted by CONSOB with resolution No. 11971 of 14 May 1999 and subsequent additions (the “**Issuers’ Regulation**”) and in compliance with Annex 3B to the Issuers’ Regulation, Model 3. It contains the information required by the aforementioned regulation and intended to provide IRCE shareholders and the market with information about the project regarding the realisation, by the wholly owned subsidiary of IRCE, IRCE S.r.o. (the “**Subsidiary**”), of a new factory in Mosnov (Ostrava), in the Czech Republic, of around 20,000 sq.m. (the “**Factory**”); as part of this operation, there are envisaged, among other things, (i) the conclusion of an agreement with the contractor to build the Factory (the “**General Contractor Agreement**”); and (ii) the purchase of systems and machinery for the production work for a total investment of around Euro 45 million to be completed up to 2028 (the “**Project**”).

The Project, which was approved by the Board of Directors on 21 December 2023, aims to facilitate a gradual strengthening of the competitiveness of the IRCE Group, improving its positioning in Central Europe.

The Issuer passed a resolution to draw up this Information Document in order to guarantee maximum transparency in relation to the realisation of the Project, as well as in consideration of the fact that the Project consists of a number of operations to be undertaken in execution of a single design which, if considered in aggregate, go beyond the significance parameter, which is indicated in Annex 3B of the Issuers’ Regulation and involves the ratio between the value of the investments and the market capitalisation.

This Information Document is made available to the public within the terms envisaged by art. 71 of the Issuers’ Regulation and in compliance with the provisions of art. 65-*bis* of the same Regulation.

SUMMARIES

Given that the realisation of the Project covered by this Information Document takes the form of investment in company assets, the *pro-forma* effects relating to the IRCE Group, which are limited to specific financial statement items, can be easily understood in a descriptive form. Therefore, the consolidated *pro-forma* statements have not been prepared.

For the description of the *pro-forma* effects on the equity and financial situation and on the income statement of the Issuer at 30 June 2023, reference is made to Section 5 below.

1. WARNINGS

A summary description is given of the risk factors and of the uncertainties regarding the Project described in this Information Document, which may have a significant impact on the activities of IRCE and of the IRCE Group.

1.1 Risks connected to the Project

A) Risks connected to the return on the investment

The Project covered by this Information Document presents risks typical of investing in company assets which, by their nature, cannot guarantee the certainty of remuneration of the invested capital.

In particular, the return on the investment made by the Issuer regarding, in particular, the realisation of the Factory could occur with longer time frames than those initially envisaged with the consequent postponement of the start of production.

B) Risks connected to debt

Pending the finalisation of the negotiations currently underway to specifically finance the Project, the IRCE Group can finance the investments planned using its own funds, available lines of credit and its own credit capacity.

At 30 September 2023:

- the net debt of the IRCE Group was Euro 45 million, equal to around 30% of the value of the consolidated equity on the same date;
- the short-term lines of credit of the IRCE Group were around Euro 125 million, of which around Euro 28 million already used.

Given the high standing of the IRCE Group, the risk that there might be problems in sourcing new financing or maintaining the current lines of credit should be considered low. In addition, any increase in interest rates is not considered such as to have a significant impact on the Group's result for the year.

2. INFORMATION RELATED TO THE PROJECT

2.1 Summary description of the means and time frames of the Project

2.1.1 Description of the means, time frames and conditions of the Project and sources of financing

IRCE, as the 100% owner of the Subsidiary and the parent company, has developed a project which envisages the expansion and strengthening of the IRCE Group in Central Europe.

IRCE has decided to undertake the Project also following a thorough internal investigation conducted by IRCE itself, on the cost effectiveness and operational feasibility of the Project itself.

In this context, on 21 December 2023 the Board of Directors approved the investment Project by the Subsidiary IRCE S.r.o., regarding (i) the realisation of the new Factory in Mosnov (Ostrava), in the Czech Republic, of around 20,000 sq.m., which, at the date of this Information Document, is envisaged to be completed by 31 December 2024; and (ii) the purchase of systems and machinery for the production work, spread over time, to be done up to 2028.

2.1.2 Description of the means, time frames and conditions of the Project and related forms of payment

The 2024-2028 Business Plan approved by the Board of Directors estimated a total amount of around Euro 45 million to realise the Project.

This investment is around 30% of the IRCE Group's equity at 30 September 2023.

At the date of this Information Document, there are financial commitments in place which have already been made by the Subsidiary for around Euro 25 million, both (i) in regard to the General Contractor for the realisation of the Factory, to be paid, on the basis of the progress of the works, in instalments over time up to the end of December 2024 and (ii) in regard to suppliers of machinery for the start of production, the payment of which must be made by 2024.

2.1.3 Description of the sources of financing of the Project

Without prejudice to the fact that, at the date of this Information Document, IRCE believes that it can, in the initial stage, finance the Subsidiary for the realisation of the Project, using its own funds and available lines of credit, in subsequent stages it is envisaged to use specific new medium/long-term loans which are currently being negotiated.

At 30 September 2023:

- the net debt of the IRCE Group was Euro 45 million, equal to around 30% of the value of consolidated equity at the same date;
- the short-term lines of credit of the IRCE Group were around Euro 125 million, of which around Euro 28 million already used.

2.2 Reasons and purposes of the Project

The Project is the result of the Issuer's desire to expand its capacity and competence on the European market, with particular reference to the electric vehicle market which is characterised by strong growth in demand in coming years.

The Issuer believes that with the Project the presence and competitiveness of the whole Group in Europe will be enhanced.

2.3 Transactions with the company covered by the Project and/or with the subjects from which the assets were acquired

2.3.1 Related Parties with which the Project is implemented, their degree of correlation, nature and extent of the interests of these parties in the Project

As already highlighted in this Information Document, the Project envisages the financing by IRCE in favour of the Subsidiary, the share capital of which is fully held by IRCE, with funds made available, fully or in part, by IRCE itself, pursuant to the applicable regulation, and in particular, to Article 3 of the RPT Regulation which expressly refers to the international accounting standards and in particular IAS 24, and which provides a definition of "Related Party" and therefore the making available by IRCE to the Subsidiary of the resources allocated to finance the Project is a "transaction with a Related Party".

However, the RPT Regulation envisages that the procedures adopted by listed companies are authorised to make use of the exemptions envisaged by articles 13 and 14 of the RPT Regulation and in particular, pursuant to article 14 (*Management and coordination activity, subsidiaries and associate companies*), "*the procedures may envisage that the provisions of this Regulation, without prejudice to article 5, paragraph 8 [], do not fully or partially apply to transactions with or between subsidiaries – both individually and jointly controlled –, as well as to transactions with associate companies, should there be no interests in the counterparty subsidiaries or associate companies which are considered as significant on the basis of the criteria defined by the procedures [...]*". In any case – as para. 2 of article 14 also states - "*they are not considered as significant those interests deriving from the mere sharing of one or more directors or other key executives between the company and the subsidiaries or associate companies*".

In this regard it is noted that the RPT Procedures adopted by IRCE in fact made use of this option and therefore intercompany transactions are exempt, without prejudice to the *ex-ante* verification of the fact that in the subsidiaries or associate companies which are counterparties to the transaction there are no interests which are considered as significant.

On the basis of the checks undertaken, the only Related Party of IRCE who has interests in the Subsidiary is Andrea Casadio since he is a close relative of Filippo Casadio, Chairman of the Board of Directors as well as Managing Director of the company.

Given this, however, Andrea Casadio cannot be considered the holder of significant interests in the Subsidiary, since he:

- (i) does not hold a shareholding over 20% in the Subsidiary's share capital;
- (ii) is not entitled to receive earnings over 20% in the Subsidiary;
- (iii) does not hold other financial instruments the value of which or the rights of which are affected by the Subsidiary's economic results, to an equally significant extent;
- (iv) does not have remuneration linked significantly to the Subsidiary's economic results;

- (v) does not hold any other significant interest among those exemplified in the so-called “interpretative communication” of CONSOB (Communication No. DEM/10078683 of 24 September 2010).

From the examination of the Project, the RPT Procedure, the RPT Regulation and the relevant CONSOB communications, as well as on the basis of best practice, at the end of the investigation carried out, the Board of Directors held that, with reference to the Project, IRCE is exempt from compliance with the procedural and transparency provisions contained in the RPT Regulation pursuant to art. 14, para. 2, of the RPT Regulation itself and art. 6 of the RPT Procedure (without prejudice to the applicability of the periodic accounting disclosure provisions envisaged by article 5, para. 8, of the RPT Regulation), thus being dispensed also from the preparation of the information document as set out in article 5, para. 1, of the RPT Regulation.

2.4 Documents available to the public

This Information Document is the documentation available relating to the Project and is available to the public at the registered office of the Issuer in Imola (Bologna), Via Lasie 12/A, as well as on the Issuer’s website www.irce.it, and on the SDIR authorised storage system on 30 December 2023.

3. SIGNIFICANT EFFECTS OF THE PROJECT

3.1 Significant effects of the Project on the key factors which influence or characterise the activity of the Issuer and on the type of business undertaken by the Issuer itself

In the Factory, production activities will be carried out similar to those of IRCE and of the other companies which are part of the IRCE Group. The Project will enable IRCE to strengthen its competitive positioning on the European market.

The Project to build the Factory in Mosnov (Ostrava), in the Czech Republic, aims to strengthen the competitiveness of the IRCE Group in the business of winding wires. The Issuer identified the Czech Republic as the location for the Project due to its position in Central Europe and closeness to numerous important customers.

3.2 Implications of the Project for the strategic guidelines regarding commercial and financial transactions and centralised services among the companies of the IRCE Group

Except for IRCE's provision to the Subsidiary of financial resources allocated to finance the investment, the Project does not entail changes in the structure of intercompany relations compared to what currently exists.

4. INCOME STATEMENT, EQUITY AND FINANCIAL DATA RELATING TO THE PROJECT

Since the Project regards the *ex-novo* realisation of the Factory and the purchase of systems and machinery for production work, this section is not applicable.

5. **PRO-FORMA INCOME STATEMENT, EQUITY AND FINANCIAL DATA OF THE ISSUER**

This section describes the *pro-forma* effect on the equity and financial situation and the income statement of the Issuer at 30 June 2023 as envisaged in paragraph 5.1.2 of Model 3B; instead the *pro-forma* consolidated statements are not prepared nor are the Issuer's summary data by shares, since the realisation of the "Project" covered by this Information Document only takes the form of investment in company assets and, consequently, the *pro-forma* effects on the IRCE Group are limited to specific financial statement items and can be easily understood in a descriptive form.

The *Pro-forma* Consolidated Data have been prepared for information purposes in order to retroactively reflect in the historic data of the IRCE Group the effects of the Project which should end by 2028.

In particular, the *Pro-forma* Consolidated Data, which are prepared solely for illustrative purposes, have been determined by applying, to the above historic data, appropriate *pro-forma* changes to reflect retroactively the significant effects of the Project, as if this, instead of being completed in a five-year period, should end in a single stage, respectively with reference to the equity and financial effects at 30 June 2023 while, with regard to the economic effects, at 1 January 2023.

The measurement criteria adopted to prepare the *Pro-forma* changes and the *Pro-forma* Consolidated Data are the same as those applied by the Issuer in the Half-yearly financial report at 30 June 2023.

In light of the above, the *Pro-forma* effects can be summarised as follows:

- in reference to the *pro-forma* equity and financial data, it is noted that the balance of the fixed assets at 30 June 2023 was around Euro 103 million, following the *pro-forma* change which increases tangible fixed assets by around Euro 45 million, while the Group's net financial position would rise in line by the same amount, going from around Euro 66 million, as per the published half-yearly consolidated financial statements at 30 June 2023, to Euro 111 million at the level of the *Pro-forma* Data;
- from the income point of view, the Group's result for the 1st half of 2023, net of the tax effect, would be around Euro 4.1 million, down by around Euro 0.8 million compared to the financial statements published at 30 June 2023, an impact due to the increase in financial costs caused by the increase in the aforementioned net financial position.

For the purposes of correct interpretation of the information provided previously on the *Pro-forma* Data, it is necessary to consider that:

- since these are figures built on hypotheses, should the "Project" have effectively been realised at the dates taken into consideration in preparing the *pro-forma* data, they would not necessarily have produced the same *pro-forma* effects described above;
- the "*Pro-forma* Data" include the forecasts set out in the "Project" in terms of investments to be made up to 2028 but do not consider the effects on the income statement from the start of the operations of the Subsidiary, such as for example sales revenues, the depreciation of tangible fixed assets and all the costs that can be associated with the company operations. It follows that the *pro-forma* income statement changes of the "Project" described, which quantify the negative effect of the financial costs that can be associated with the increase in net debt, do not represent their effects in terms of the profitability of the investment;

- the effects highlighted previously on the equity, financial and income statement data simulate that the investment in company assets is represented precisely in its entirety on a specific date (respectively 30 June 2023 and 1 January 2023), while in reality the increase in fixed assets and in the net debt and, consequently, in the financial costs will take place gradually in a dynamic way over a five-year period; these effects therefore provide incomplete indications on the real impact of the Project;
- the *pro-forma* changes represent the most important equity, financial and income statement effects connected directly to the “Project”;
- in consideration of the different purposes of the *Pro-forma* Consolidated Data compared to the historic data and, taking account of the different calculation methods for the *pro-forma* changes made to the Issuer’s consolidated financial statements, the equity and financial situation and the *pro-forma* consolidated income statement must be examined and interpreted separately, without seeking accounting connections between the equity and financial elements and those of the income statement.

6. OUTLOOK FOR THE ISSUER AND ITS GROUP

6.1 General indications on the trend in the Issuer's business from the end of the financial year to which the latest published financial statements refer

In the first nine months of 2023 there was weak market demand in both business lines. In the winding wire sector, the fall in volumes continued and was confirmed in the third quarter of 2023 too. In the cables sector, there was a reduction in the quantities sold compared to the nine months of 2022, but there was a recovery in recent months thanks to winning some important public contracts in the infrastructure sector.

EBITDA and EBIT at 30 September 2023 improved compared to the prior-year period by virtue of a higher profit level and greater efficiency linked to the introduction of new machinery.

6.2 Information in relation to the prudent forecast of results for the current financial year

The economic context of the main economies at 30 September 2023 makes the recovery in market demand uncertain and hard to predict. In particular, Europe, the main reference market for IRCE, is being more seriously impacted by the ongoing slowdown. In the winding wire sector, sale volumes stand at low levels and there are no signs of improvement by the end of the year. Instead in the cables sectors, the current order book should make it possible to end the year with a significant recovery in volumes.

The IRCE Group is continuing its strategy of focussing on the most specialised sectors and products with significant growth forecasts, including the automotive sector and that of energy generation and transport.

Ruling out further reductions in the price of copper by the year end, the forecast for 2023 as a whole is confirmed to be in line with the result of the previous year.

For further information, reference can also be made to the Directors' Report in the Interim report on operations at 30 September 2023.

Imola, 30 December 2023