AUDITED FINANCIAL STATEMENT AS AT 31 DECEMBER 2023 AND REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

Carraro Finance SA

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MANAGEMENT REPORT AS AT 31 DECEMBER 2023

BOARD OF DIRECTORS	ENRICO GOMIERO	Chairman
In office until approval of the 2023 financial statements	SERGIO MARUSSO	Chief Executive Officer
	FABIO MORVILLI	Director

CARRARO Finance

INCOME STATEMENT AS AT 31.12.2023

(amounts in Euro)	31.12.2023	%	31.12.2022	%	Change 31.12.2023-31.12.2022
REVENUES FROM SALES	**1,387,291**	**100.00%**	**1,058,049**	**100.00%**	**329,242**
Purchases of goods and materials (net of changes in inventories)	-4,500	-0.32%	-1,516	-0.14%	-2,983
Services and Use of third-party goods and services	-1,162,912	-83.83%	-1,043,562	-98.63%	-119,350
Personnel costs	-929,263	-66.98%	-587,366	-55.51%	-341,897
Amortisation, depreciation and impairment of assets	-194,047	-13.98%	-182,190	-17.22%	-11,856
Provisions for risks	-	-	-	-	-
Other income and expenses	-127,137	-9.16%	-213,468	-20.18%	86,332
Internal construction	-	-	-	-	-
OPERATING COSTS	**-2,417,859**	**-174.29%**	**-2,028,102**	**-191.68%**	**-389,755**
OPERATING PROFIT/(LOSS)	**-1,030,567**	**-74.29%**	**-970,053**	**-91.68%**	**-60,154**
Income and expenses from equity investments	-	-	-	-	-
Other financial income	18,406,067	1,326.76%	11,500,410	1,086.94%	6,905,657
Financial costs and expenses	-19,026,089	-1,371.45%	-13,923,792	-1,315.99%	-5,102,297
Net gains/(losses) on foreign exchange	-54	-	-21	-	-33
Value adjustments of financial assets	-	-	-	-	-
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	**-620,076**	**-229.04%**	**-2,423,403**	**-229.04%**	**1,803,326**
PROFIT/(LOSS) BEFORE TAXES	**-1,650,643**	**-118.98%**	**-3,393,456**	**-320.73%**	**1,742,813**
Current and deferred income taxes	537,439	-	-	-	-
NET PROFIT/(LOSS)	**-1,113,204**	**-80.24%**	**-3,393,456**	**-320.73%**	**2,280,252**
EBITDA*	**-836,521**	**-60.30%**	**-787,863**	**-91.60%**	**-48,658**

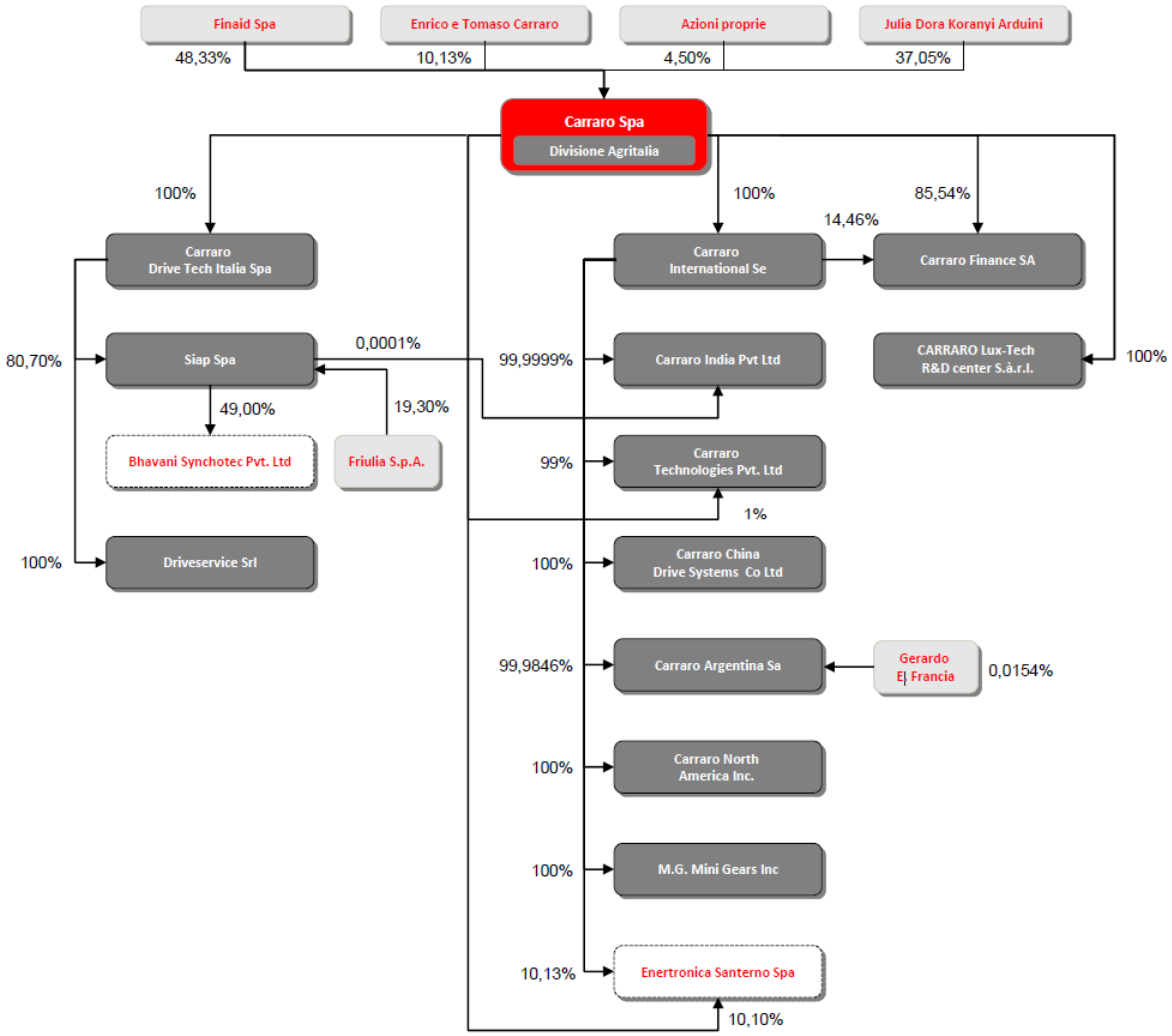
* for the reconciliation of the Alternative Performance Indicator please refer to the "Balance sheet and financial data" section and for its description, please refer to "Summary of the period up to 31 December 2023" section.

STATEMENT OF FINANCIAL POSITION AS AT 31.12.2023

(amounts in Euro)	**31.12.2023**	**31.12.2022**
Property, plant and equipment	114,044	280,399
Intangible fixed assets	537,796	329,887
Financial assets	142,137,819	90,048,343
Deferred tax assets	600,000	-
Trade receivables and other receivables	90,635	97,369
NON-CURRENT ASSETS	**143,480,294**	**90,775,998**
Trade receivables and other receivables	22,369	63,211
Financial assets	18,625,785	107,795,828
Cash and cash equivalents	145,014,229	166,982,643
CURRENT ASSETS	**163,662,381**	**274,841,682**
TOTAL ASSETS	**307,142,676**	**365,597,680**
Share Capital	3,770,000	4,280,000
Other Reserves	587,789	471,245
Profit/loss for the year	-1,113,204	-3,393,456
SHAREHOLDERS' EQUITY	**3,244,585**	**1,357,789**
Financial liabilities	298,257,897	358,596,970
NON-CURRENT LIABILITIES	**298,257,897**	**358,596,970**
Financial liabilities	4,569,366	4,983,342
Trade payables and other payables	1,070,828	659,579
Current tax payables	-	-
Provisions for risks and liabilities	-	-
CURRENT LIABILITIES	**5,640,195**	**5,642,921**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**307,142,676**	**365,597,680**

CORPORATE STRUCTURE OF THE CARRARO GROUP

AS AT 31.12.2023



Key :
——— Subsidiaries
------ Associated Companies

Carraro Finance S.A. (the "Company" or "Carraro Finance") was incorporated on 30 October 2020 via Carraro International S.E. and subsequently, in January 2021, again via Carraro International S.E., a business unit concerning the finance and treasury function for the Carraro Group was transferred to it.

The Company belongs to the Carraro Group (the "Group"), leader in transmission systems for off-highway vehicles and specialised tractors, with Headquarters in Italy in Campodarsego (Padua).
As at 31 December 2023 Carraro Finance was 14.46% owned by Carraro International S.E. and 85.54% owned by Carraro S.p.A.

To date the Group's activities are divided into two Business Areas:

- **Drive systems**
  Through the Companies belonging to the Drivelines Business area, the Group designs, manufactures and sells transmission systems (axles, transmissions and drives) mainly for agricultural and construction equipment, and also markets a wide range of components and gears for very diverse sectors, from the automotive industry to material handling, agricultural applications and construction equipment.
- **Tractors**
  Through Carraro SpA's Divisione Agritalia, the Group designs and manufactures specialised tractors (for vineyards and orchards from 60 to 100 hp) for third-party brands, namely John Deere, Massey Ferguson and Claas, as well as a specialised "Carraro Tractors" range; Agritalia also provides engineering services for the design of innovative tractor ranges.

Summary of the year ending on 31 December 2023

In order to evaluate the Company's financial performance, management has identified the following Alternative Performance Measures (each an "APM"):

- EBITDA: the sum of operating profit/(loss) of the income statement, amortisation (including any adjustments), depreciation and impairment of fixed assets. The Company's management believes that EBITDA is a useful additional indicators that enables users to evaluate the Company's operating performance;

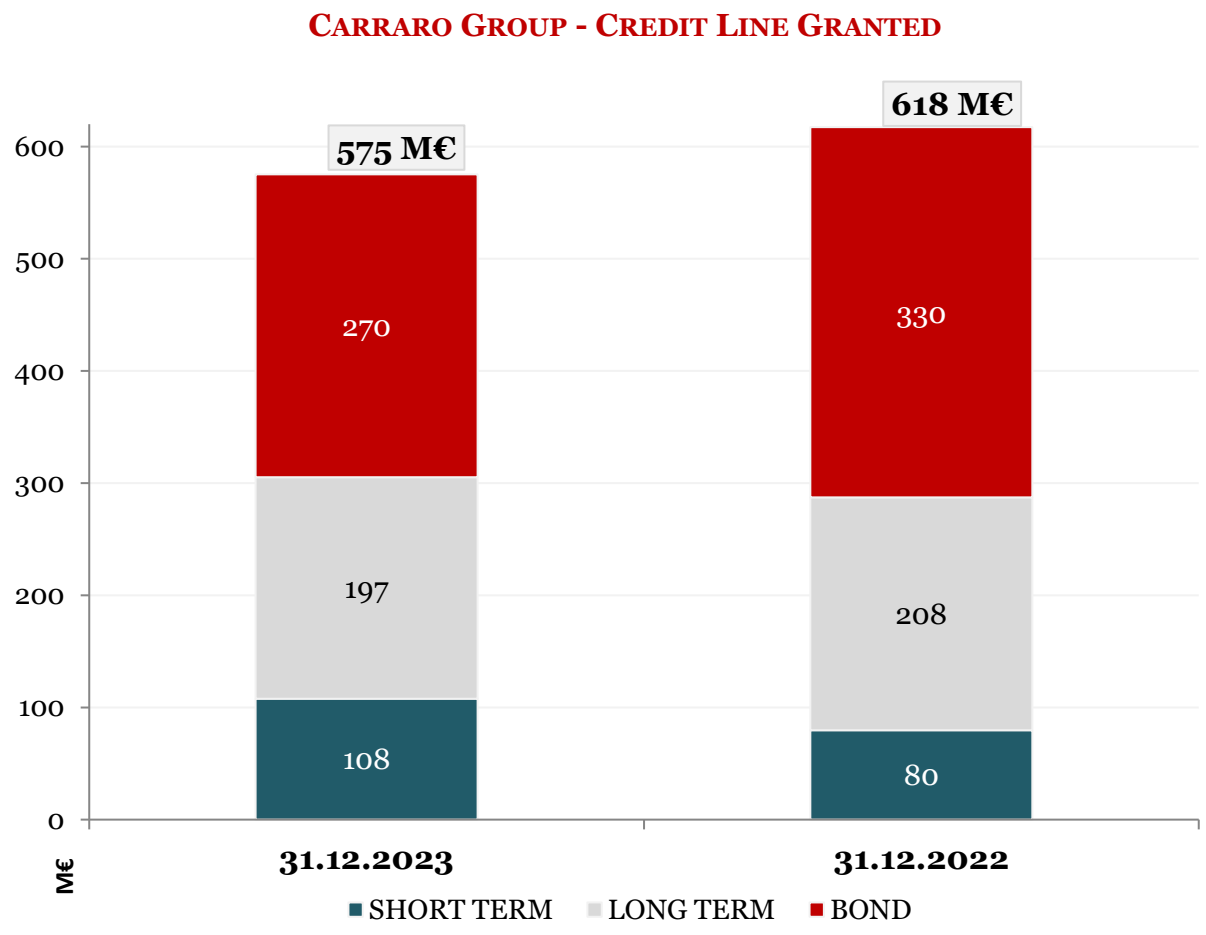
- Net financial position of operations: Net Debt determined in accordance with the recommendations contained in the ESMA document n. 32-382-1138 dated March 4, 2021, deducted, where applicable, non-current receivables and financial assets, in addition to the effects deriving from the first application of IFRS 16. The Company's management believes Net financial position of operations is relevant to the enable users as it is a metric on the overall debt situation of a Company.

Performance

Carraro Finance S.A.is the treasury centre of Carraro Group and as such it's responsible to arrange and negotiate in order to make available to Carraro Group's Companies the resources necessary to cover their financial needs at the best possible conditions. In particular, the Company, complying with Group's policies:

- raises finance from third financial parties (through loans, bonds, other instruments) and grants short/long term loans to the Group's Companies allocating the funds also in respect of local country rules and local bank relationship;
- provides consulting services as, among others, the support to Group's Companies in the negotiation directly of their own credit facilities;
- coordinates the factoring activities Companies for the Group;
- manages the exchange rate risk hedging policies for all Group Companies.

The chart shows the credit facilities obtained by the Company in favour and on behalf of whole Consolidated Carraro Group.

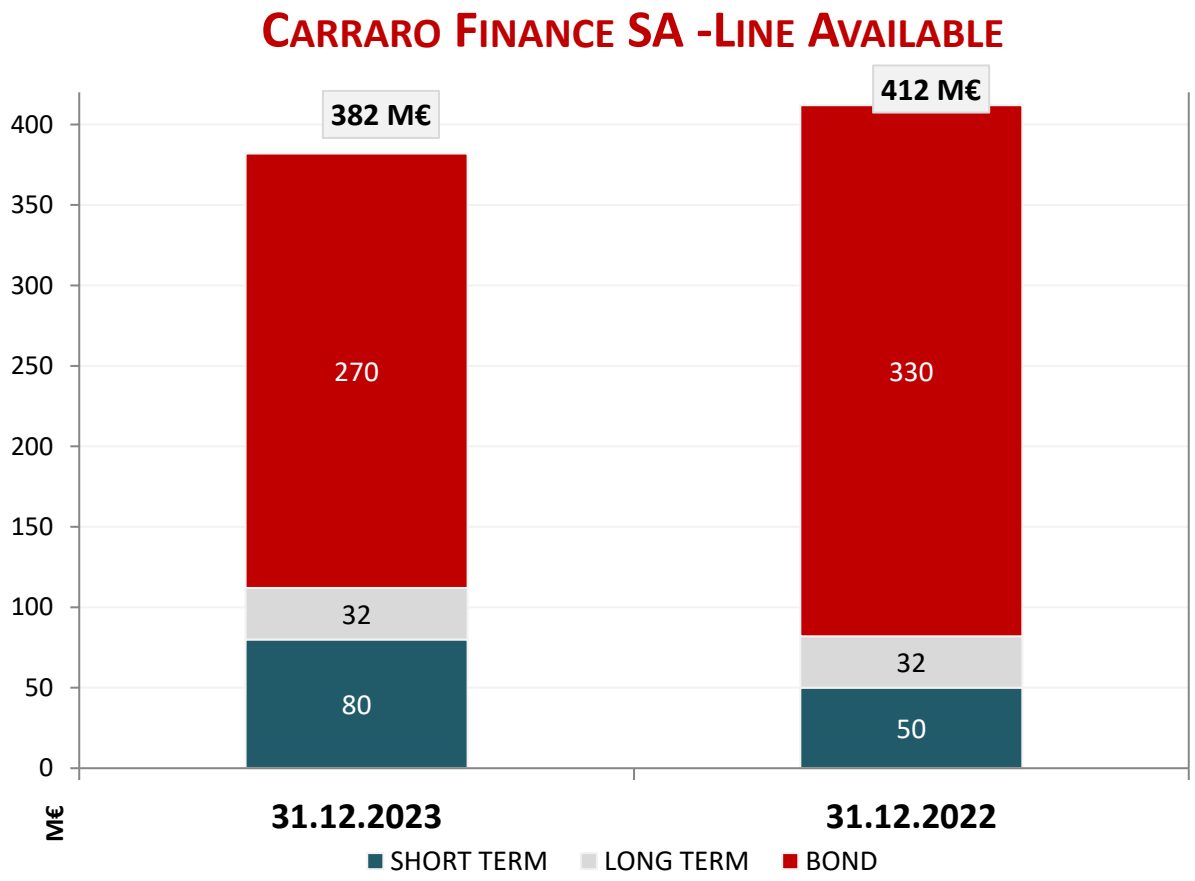


The credit lines granted by third parties at Group level, negotiated directly by Carraro Finance SA or through it's consulting services, amounted to 575 million euros as at 31 December 2023, of which 270 million euros related to two bonds issued, 61 million euros related long term loan with EIB (European Investment Bank) and 244 million euros from financial institutions.

During the year 2023, revolving credit facilities (RCF) increased for 30 million euros. As at December 31, 2023, the Company did not use any of 80 million euros (RCF).

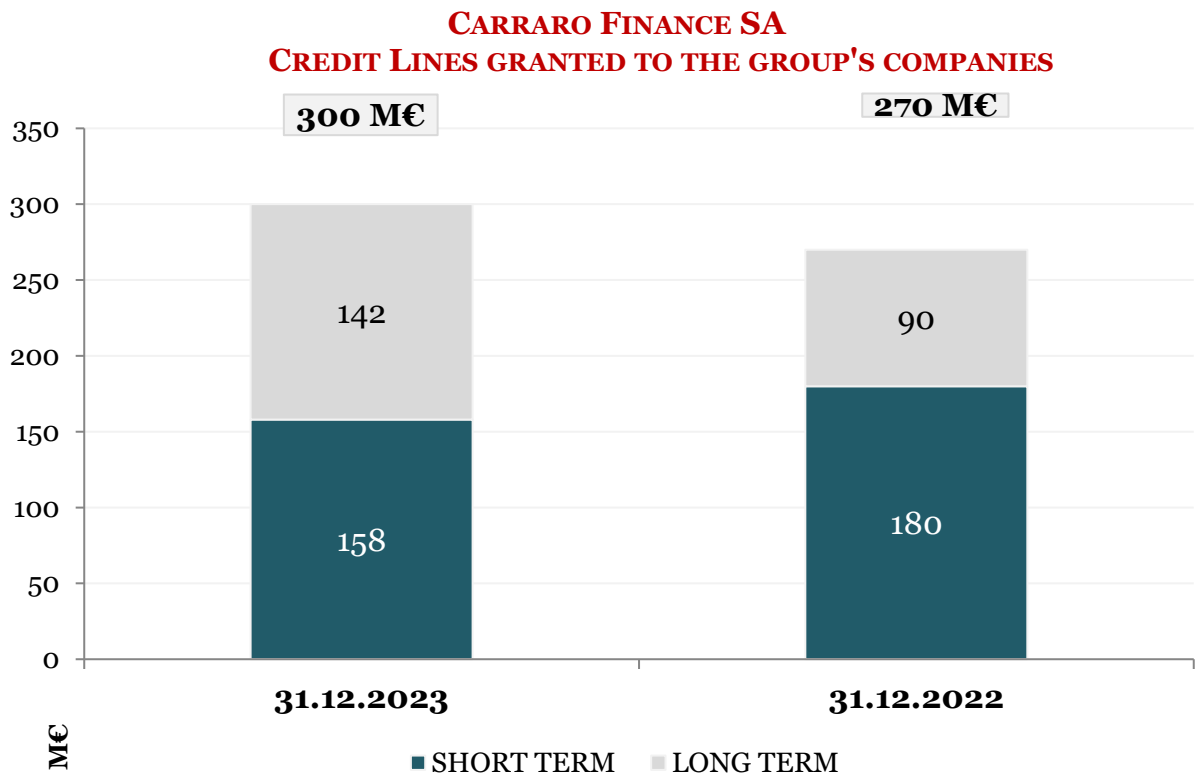
The funds raised by Carraro finance SA from third financial parties equal to 382 million euros as at December 31, 2023 grant funding to European Companies belonging to the Group and marginally also to the Indian one.

The chart shows the amount of credit facilities available to Carraro Finance SA from financial parties:



The average all inclusive cost of funding during 2023 is around 4% and consider three Bonds, EIB loan and RCF.

The Credit Lines granted by Carraro Finance to Group's Companies are divided between short-term and long-term, as follows:



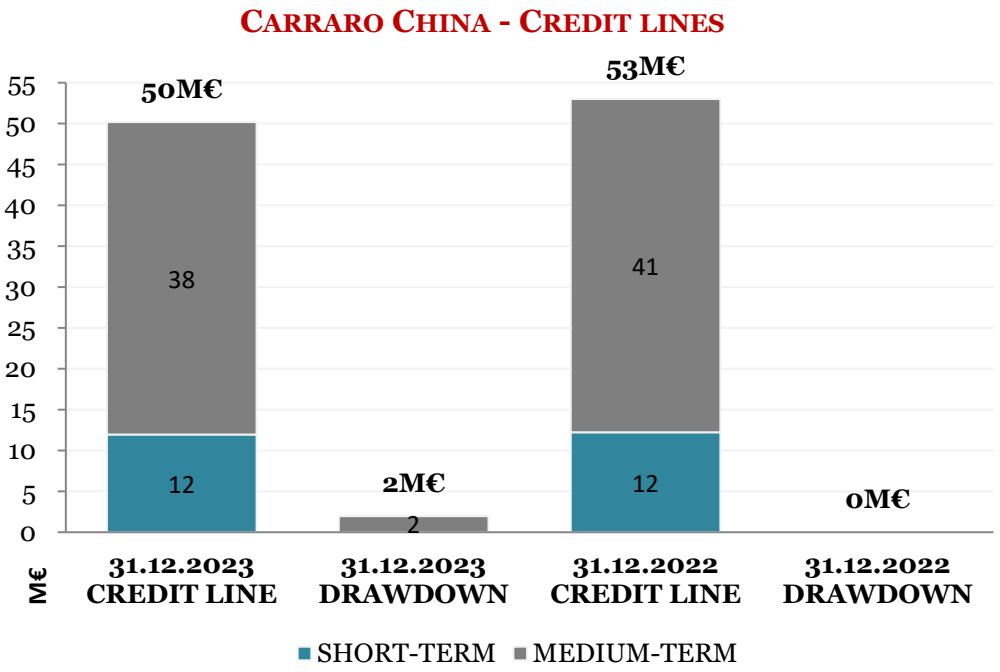
The Credit lines granted to the Group's Companies as at December 31, 2023 are equal to 300 million euros, of which 142 million euros were medium-and long-term and 158 million euros was short-term. The nominal amount of loans (the drawn amounts to the Group's Companies) is 156 million euros at the end of December 2023.

The limit of the Credit lines granted during the 2023 compared with 2022 is due to a revision of the financial needs by Carraro SpA, Carraro Drive Tech Italia SpA , Carraro International SE, SIAP Spa and Carraro India Ltd.

Regarding Asian companies belonging to Group as mentioned before Carraro Finance plays a role of support in negotiating and obtaining of credit lines from local institutions.

The average all inclusive remuneration of line of credit granted to Intercompany Loans are around 5,20% for short term and 8,22% for long terms.

As at 31 December 2023, Carraro China had credit lines with local banks for a total of 50 million euros, of which only 2 million were used.



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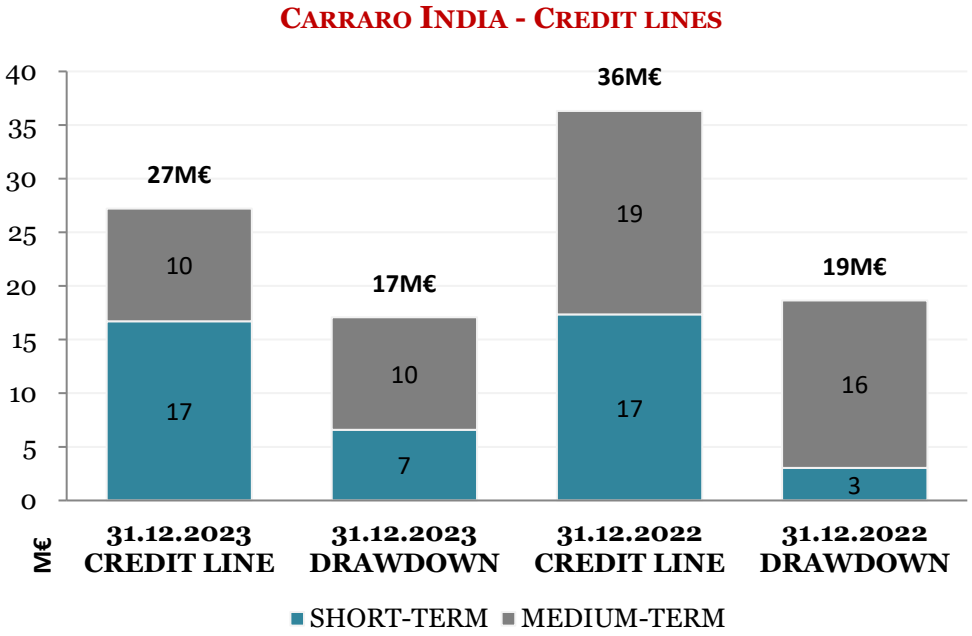

As at 31 December 2023, Carraro India had credit lines with local banks for a total of 27 million euros, of which 17 million were used.

SIGNIFICANT EVENTS DURING THE PERIOD

On January 18, 2023, the Company set-up a new Luxco under the name Carraro Lux-Tech R&D Centre S.a.r.l., having its registered office in the municipality of Mondercange L-3895 Luxembourg.
On May 10, 2023, the Board of Directors resolved to sale the new Luxco to Carraro S.p.A.

Following the decrease of the Shareholders' equity, due the accumulated losses of the previous years, and as required by the Luxembourgish law art.480-2, the shareholders, during the shareholder meeting hold on 18 April, 2023, resolved to continue the business. On September 11, 2023 The Extraordinary Shareholder Meeting resolved, to offset partial of the accumulated loss using own funds (Share Premium Reserve) in the meantime to reduce the share capital of the Company to offset the remain accumulated losses in the amount of Eur 3,150 thousands, in order to reduce the share capital from its current amount of Eur 4,280 thousands by the annulment of 35,100 registered shares of The Company. In the same Meeting was resolved to increase the share capital of the Company, by issuing 30,000 new registered shares of the Company, having a nominal value of Eur 100 each, having the same rights and obligations as the existing shares. The share Capital was increased from its current amount of Eur 770 thousand to the amount of Eur 3,770 thousand fully paid up, consisting of 37,700 shares with a nominal value of 100 Eur each. The Shareholder Carraro International S.E. did not participate at this increase and the subscription of the new shares was made only by Carraro S.p.A. changing the ownership of the Company. as follow: Carraro International S.E. owns 14,46% and Carraro S.p.A. owns 85,54%. As at 31.12.2022 the ownership of the Company was as follow: Carraro International S.E. owned 70,79% and Carraro S.p.A. owned 29,21%.

On October 16, 2023 The Shareholder Meeting authorized the Management of the Company to proceed to a bond issue, between a minimum amount of Eur 100,000,000 and a Maximum amount of Eur 120,000,000, in the context of the refinancing of the Company. The Company intends to use the net proceeds from the Offering towards the early redemption, by 31 December 2023, of the €180,000,000 3.50% senior unsecured unrated and non-convertible notes due January 2025, partly also using own existing cash reserves.

On November 6, 2023 The Company finalized the issuance of the new senior unsecured note in the amount of Eur 120,000,000 at a fixed interest rate of 7,75% per annum, the maturity date of the Notes will be November 6, 2028.

On November 10, 2023 The Company communicated to the holders of the Eur 180,000,000 Fixed Rate Senior Unsecured Notes due 2025 (ISIN: XS1747134564) the intention to exercise the option for the early redemption in whole of the Notes pursuant to Condition 7(c) (Redemption at the option of the Issuer).
The Notes was redeemed in whole on December 11, 2023 at the redemption price of 100.375 % of their principal amount outstanding, together with accrued and unpaid interest outstanding to the Redemption Date, being December 11, 2023.

SUBSEQUENT EVENTS

There are no subsequent events to report.

OVERVIEW OF THE COMPANY PERFORMANCE

Net financial position of operations

(amounts in Euro)	31.12.2023	31.12.2022
Net financial position of operations *	**3,026,562**	**1,491,617**

* for the reconciliation of the Alternative Performance Indicator please refer to the "*Financial Liabilities (note 15)*" section and for its description, please refer to "Summary of the period up to 31 December 2023" section.

Net financial position from operations as at 31 December 2023 was positive for 3.027 million euros, rising compared to 31 December 2022 (1.492 million euros).

Here below are represented the Total Financial Gross Debts, Total Financial assets and Cash and cash equivalents:

(amounts in Euro)	31.12.2023	31.12.2022
Non-current bonds	-266,319,169	-326,608,188
Non-current loans payable	-31.938,728	-31.988.782
Other Financial liabilities	- 4,569,366	- 4,983,342
Total Financial Gross Debts	**- 302,827,263**	**- 363,580,312**
Non-current loans and receivables	142,000,000	90,000,000
Current loans and receivables	18,111,571	107,344,773
Other financial assets	728,026	744,513
Total Financial assets:	**160,839,597**	**198,089,286**
Cash and cash equivalents:	145,014,229	166,982,643
***Net financial position of operations** *	**3,026,562**	**1,491,617**

Turnover

Carraro Finance SA derives its revenues from contracts with Carraro Group Companies for financial consulting services. The Company's turnover increased by 24% (from 1,058,049 euros as at 31.12.2022 to 1,387,291 euros as at 31.12.2023) mainly due to a change in the intercompany calculation's scheme.

EBITDA

(amounts in Euro)	31.12.2023	31.12.2022
Operating Profit (Loss)*	**-1,030,567**	**-970,053**
Amortization tangible assets	178,118	167,589
Amortization intangible assets	15,928	14,601
Depreciation Fixed assets	-	-
EBITDA	**-836,521**	**-787,863**

* For details please refer to the Income Statement.

EBITDA decreased by 6% from a negative amount of 787,863 euros as at 31.12.2022 to a negative amount of 836,521 euros as at 31.12.2023.

Amortization and depreciation of fixed assets

(amounts in Euro)	31.12.2023	% on Turnover	31.12.2022	% on Turnover	Change %
Amortization and depreciation	**194,047**	**13.99%**	**182,190**	**17.20%**	**6.51%**

Net Gains(Losses) on financial assets

(amounts in euro)	31.12.2023	31.12.2022
10) INCOME/EXPENSES FROM EQUITY INVESTMENTS	**-**	**-**
A) FROM FINANCIAL ASSETS	13,560,658	9,256,350
B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS	4,349,048	273,105
C) FROM OTHER THAN THE ABOVE	-	-
D) INCOME OTHER THAN THE ABOVE	496,361	1,970,955
11) OTHER FINANCIAL INCOME	**18,406,067**	**11,500,410**
A) FROM FINANCIAL LIABILITIES	-15,182,785	-11,960,919
B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS	-	-3,144
C) EXPENSES OTHER THAN THE ABOVE	-3,843,304	-1,959,729
12) FINANCIAL COSTS AND EXPENSES	**-19,026,089**	**-13,923,792**
OTHER NET EXCHANGE RATE DIFFERENCES	-54	-21
13) NET GAINS/(LOSSES) ON FOREIGN EXCHANGE	**-54**	**-21**
14) VALUE ADJUSTMENTS OF FINANCIAL ASSETS	**-**	**-**
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	**-620,076**	**-2,423,403**

Although there was an increase in the financial cost due some extraordinary items for an amount of Eur 1,5 million mainly due the early redemption premium of the bond 2018-2025 with ISIN XS1747134564 and its residual amount of the amortized cost, the Company reported a decrease on its Net Loss on Financial Assets and Liabilities from 2,423,403 euros as at 31.12.2022 to 620,076 euros as at 31.12.2023 mainly due to an increase of the income on the terms deposits, due to a big improvement in the management of Cash available and more favourable market conditions during the year 2023, and partially to an increase of the average utilization of the intra-group facilities and to a change of conditions applied to transactions with intra-group Companies, in compliance with Arm's Length Principle.
On November 6, 2023 Carraro Finance SA has issued a new Bonds for 120.000.000 euro expire November 2028 (ISIN: IT0006756438) and has used the net proceeds from the Offering towards the early redemption on December 11, 2023, of the €180,000,000 3.50% senior unsecured unrated and non-convertible notes due January 2025, partly also using the own existing cash reserves.

Net profit/(loss)

As at 31 December 2023, the Company recorded a loss of 1.113 million euros.

(amounts in Euro)	Up to 31.12.2023	% of turnover	Up to 31.12.2022	% of turnover	Change %
EARNINGS BEFORE TAX	**-1,650,643**	**-118.98%**	**-3,393,456**	**-320.70%**	**51.36%**
Current and deferred income taxes	537,439	38.74%	-	-	-
NET PROFIT/(LOSS)	**-1,113,204**	**-80.24%**	**-3,393,456**	**-320.70%**	**67.20%**

The Loss has improved compared to the previous period mainly as a consequence of the improvement in Net gains/(losses) on financial assets.
It should be noted that if the Company was not occurred in the extraordinary financial costs, being about Eur 1,5 million, the result of the year as at December 31, 2023 should have been a profit.

PERSONNEL

Workforce trend

(Workforce):	31.12.2023	31.12.2022
Executive	1	1
Clerical Staff	4	4
Total	**5**	**5**

KEY RISKS AND UNCERTAINTIES TO WHICH CARRARO FINANCE IS EXPOSED

The main risks identified for Carraro Finance are listed below.

Strategic risks

Risks associated with the general economic conditions.

The Company's earnings, financial and equity situation is influenced by various factors within the general macroeconomic framework, such as changes in gross national product, the state of the agricultural and construction industries, the cost of raw materials and the level of business confidence in the various countries in which the Carraro Group operates, which affect the financial results of Carraro Group's Companies, thus ensuring the repayment of funds provided by Carraro Finance.

Significant macro-economic events, such as the evolution of the geopolitical circumstance following the conflict in Ukraine a generalised and significant increase in the prices of raw materials, enduring uncertainty and volatility of the financial and capital markets, falling interest rates and unfavourable changes in the exchange rates of the major currencies to which the Group is exposed are all negative factors for the Group's operations and future, as well as its economic results and its financial position.

The dynamics in the global economy and international trade in 2023 were characterised by instability in some areas of the world and related consequences on increasing cost of raw material and energy also due to the effects of global economic post pandemic recovery.

Risks related to the trends on the markets/industrial customers

The market sectors in which the associates operate are influenced to varying degrees by boom and recession cycles, and the dynamics are gradually becoming less predictable. The ways in which our main customers absorb these fluctuations in demand and pass them on throughout the production chain significantly impact the production volumes that the Group is required to fulfil. This has an effect on the purchasing and stock management policies and by implication, on the working capital requirement and the capacity to adequately absorb fixed costs.

Country risk

The Carraro Group operates in different countries and its exposure to them has gradually increased over the years. These markets show cyclical conditions of economic and political instability (for example in Turkey). This has affected and may continue to negatively affect the subsidiaries' situation and results. A global presence is fundamental for the Group, encompassing a strategy serving clients and seizing opportunities on new markets for its product range.

Financial risks

Risks associated with funding requirements

Carraro Finance's liquidity risk is mainly connected to the sourcing and maintenance of adequate funding to support the Group's industrial operations and its ability to service that funding through cash flow.

The raising of funds is intended to finance both Carraro Group working capital and investments in R&D and innovation, in line with the latest Group business plan, as well as investments in fixed assets necessary to ensure sufficient and technologically advanced production capacity. This requirement is directly proportional to the trend in customer orders and the resulting trend in the volume of business, and also to the Group's efforts in directing its research and innovation.

The cash flows envisaged for 2023 also include, besides the trend in working capital and operational investment management, the effects of the maturity of current liabilities and the short-term portion of medium-long term loans.

The management of finance, the need to fulfil funding requirements and to guarantee adequate cash flow for the Group, is the responsibility of Carraro Finance whose objective is to administer the available resources as efficiently as possible.

Liquidity management, the funding needs and cash-flow are managed directly by the treasury department of the Group that work with the goal to manage at the best the resources available.

Risks of fluctuating interest rates and exchange rate

Carraro Finance and the Group are also exposed to interest rate risks in relation to financial liabilities which are accepted either to fund core business, or, where applicable, to fund the Group's expansion through acquisitions. Changes in interest rates may have positive or negative effects on both the financial outcome and on cash flows.

The Company is not exposed in such rate risks because all the main transaction are made in Eur currency. However, if the Company will occur in some of those risks will follow the criteria set by the Groups policy in terms of the management of financial risks with appropriate initiatives to hedge or reduce the risks identified, using the instruments available on the market.

Credit risk

The Company is exposed to credit risk when a customer or counterparty in a financial transaction generates a financial loss by defaulting on a debt obligation; in the case of Carraro Finance this risk exists almost exclusively in relation to financial receivables.

In providing finance to the Group entities, the Company evaluates the cash flow forecasts, the financial balance and the feasibility of the subsidiaries' industrial plans, in order to take the most appropriate decisions with regard to fundraising and agreeing on the repayment plans.

Receivables are recognised in the accounts net of any write-downs determined by assessing the counterparty's risk of insolvency based on the information available.

In the last years the effects of the spread of the Covid-19 pandemic and the conflict in Ukraine did not have significant consequences on the overall operations of Carraro Group customers such as to jeopardize the continuity of cash flows from the sale of the Group's products.

Operational risks

Risks related to IT systems and cyber security.

IT systems have a major supporting role in business processes; it therefore follows that effective monitoring of the risks related to IT security is a significant matter for the Company.

Statistics from the last few years show a growing number of cyber-attacks on private Companies and public entities, not only large in scale, with sophisticated techniques to penetrate Company networks and which are more aggressive in causing harm to data and information archives.
One condition favouring these attacks may also be the expansion of Company networks, which has been necessary – in the recent circumstances caused by the pandemic – to provide access to all staff enabled to work remotely using connections not directly managed by the Company.

Control and risk management systems in relation to the financial reporting process

The following set of procedures, organisational structure and related activities aimed at ensuring, a timely and accurate reporting of financial data:

- An adequate organizational structures that establish new procedures and set up a perception of control so that the flow of responsibilities and transactions is diversified among staff – as much as possible, as well through the control activities which include top-level reviews and segregation of duties.
- The Board of Directors oversight establishes the guidelines, evaluates management and supervisory activities, the budget and all other financial information and statements of the Company.
- A comprehensive process for the annual strategic and business planning process.
- An appropriate risk assessment, management, or mitigation of risk, including the use of control processes, information and communication systems; and processes for monitoring and reviewing their continuing effectiveness.

Environmental risks

The Company is not directly involved in this kind of risk, but the Group operates across 7 manufacturing sites in 4 different nations.

The manufacturing processes carried out at the Group's industrial sites are essentially mechanical processing of iron and steel and assembly of purchased components.

These processes have accessory materials such as packaging, lubricants, paints and solvents. The objective of limiting the impact of emissions into the environment has seen a significant improvement from 2008 onwards through an important investment in moving from solvent-based coatings to water-based paints that reduce atmospheric emissions.

Under the EH&S Management System, each site operates in compliance with local environmental regulations; as a result of relentless management engagement, most of the plants have acquired ISO 14001 Environmental Certification.

Particular attention has been paid to increasing the efficiency of processes in order to maximise energy savings.

Risks related to climate change

The pressure of conclusions reached in scientific circles has gradually led to climate change and its possible effects establishing itself as a topic of increasing importance for international bodies, national authorities, politicians and in public debate.

Faced with worrying signs, resulting in unpredictable climate changes whose root causes seem to have been identified (increased greenhouse gases, global warming), studies are ongoing into the possible consequences on the planet's equilibrium in terms of continuity of access to natural resources, the seasons, and the effect on agricultural, mining and more general productive activities.
The emerging picture of uncertainty leads to new hypothetical types of risks or, at least, risks of a different gradation to those currently identified, with a future direction that is still difficult to imagine and, moreover, quantify even roughly.

Given this situation, the Group has set out to collect and aggregate all the information that gradually becomes available, so as to conduct an analysis that will help to adapt the risk framework of its business segments to the new future of industrial activities in the agricultural and construction equipment sectors.

ACCOUNTING STANDARDS USED IN PREPARING THE FINANCIAL STATEMENTS

These financial statements are drawn up in compliance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. Furthermore, these financial statements are based on the assumption that the Company is a going concern.

CARRARO Finance

OTHER INFORMATION

The Company does not hold own shares, nor shares in parent Companies, not even through fiduciary Companies or intermediaries. During the past year, it has not carried out any operation in relation to such shares.

The Company does not hold any branch.

Transactions with related parties carried out during the period gave rise to relationships of a commercial, financial or advisory nature and were entered into at arm's-length conditions, in the economic interest of the individual Companies involved in the transactions.

No transactions were carried out that were atypical or unusual with compared to normal business operations and the interest rates and terms applied to and by the Companies in their reciprocal financial relationships are in line with market terms.

The Company did not directly incur any research and development expenses.

The Company has not any branches.

The company did not use financial instruments other than financial liabilities mainly composed of bank loans and bonds.

For further detailed information on the transactions carried out with related parties, reference should be made to the Notes to the Financial Statements.

Sergio Marusso
Chief Executive Office

Deloitte Audit
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To the Shareholders of
Carraro Finance S.A.
11, rue Beaumont
L-1219 Luxembourg

REPORT OF THE *REVISEUR D'ENTREPRISES AGREE*

Report on the Audit of the financial statements

Opinion

We have audited the financial statements of Carraro Finance S.A. (the "Company"), which comprise the statement of financial position as at December 31, 2023, and the statement of profit and loss, the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory 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, 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of July 23, 2016 on the audit profession (Law of July 23, 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier* (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of July 23, 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the *réviseur d'entreprises agréé* for the Audit of the financial statements section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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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 the 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.

We have not identified any key audit matters for communication in our report.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the management report but does not include the financial statements and our report of the *réviseur d'entreprises agréé* thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines 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 Board of Directors is 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for presenting the financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format as amended ("the ESEF Regulation").

Those charged with governance are responsible for overseeing the Company financial reporting process.

Responsibilities of the réviseur d'entreprises agréé for the Audit of the financial statements

The objectives of our audit 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 a report of the *réviseur d'entreprises agréé* that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 the EU Regulation N° 537/2014, the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, 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 Board of Directors.
- Conclude on the appropriateness of Board of Directors 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 report of the *réviseur d'entreprises agréé* 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 report of the *réviseur d'entreprises agréé*. 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.

Our responsibility is also to assess whether the financial statements have been prepared in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We communicate with those charged with governance 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, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, "related safeguards" or "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 report unless law or regulation precludes public disclosure about the matter.

We have not identified any key audit matters for communication in our report.

Report on Other Legal and Regulatory Requirements

We have been appointed as *"réviseur d'entreprises agréé"* by General Meeting of the Shareholders on 30 October 2020 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is three years.

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the management report. The information required by Article 68ter paragraph (1) letters c) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We have checked the compliance of the financial statements of the Company as at December 31, 2023 with the relevant statutory requirements set out in the ESEF Regulation that are applicable to financial statements
For the Company it relates to:

- Financial statements prepared in a valid xHTML format.

In our opinion, the financial statements of the Company as at December 31, 2023, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

Deloitte.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

For Deloitte Audit, *Cabinet de révision agréé*

Marco Crosetto, *Réviseur d'entreprises agréé*
Partner

April 18, 2024

FINANCIAL STATEMENTS AS AT 31.12.2023

BOARD OF DIRECTORS	ENRICO GOMIERO	Chairman
In office until approval of the 2023 financial statements	SERGIO MARUSSO	Chief Executive Officer
	FABIO MORVILLI	Director

INDEPENDENT AUDITORS	Deloitte Audit S.à r.l. Luxembourg

CARRARO Finance

STATEMENT OF PROFIT AND LOSS

(amounts in Euro)	NOTES	31.12.2023	31.12.2022
A) REVENUES FROM SALES			
1) Products		-	-
2) Services		1,387,291	1,058,049
3) Other revenues		-	-
TOTAL REVENUES FROM SALES	**1**	**1,387,291**	**1,058,049**
A bis) of which with related parties		1,387,291	1,058,049
B) OPERATING COSTS			
1) Purchases of goods and materials		4,500	1,516
2) Services		1,158,712	1,037,432
3) Use of third-party goods and services		4,200	6,130
4) Personnel costs		929,263	587,366
5) Amortisation, depreciation and impairment of assets		194,047	182,190
5.a) depreciation of property, plant and equipment		*178,118*	*167,589*
5.b) amortisation of intangible assets		*15,928*	*14,601*
6) Changes in inventories		-	-
7) Provision for risks and other liabilities		-	-
8) Other income and expenses		127,137	213,468
9) Internal Construction		-	-
TOTAL OPERATING COSTS	**2**	**2,417,859**	**2,028,102**
B-bis) of which with related parties		*21,412*	*11,316*
OPERATING PROFIT/(LOSS)		**-1,030,567**	**-970,053**
C) GAINS/(LOSSES) ON FINANCIAL INSTRUMENTS			
10) Income from equity investments		-	-
11) Other financial income		18,406,067	11,500,410
12) Financial costs and expenses		-19,026,089	-13,923,792
13) Net gains/(losses) on foreign exchange		-54	-21
14) Value adjustment of financial assets		-	-
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	**3**	**-620,076**	**-2,423,403**
C-bis) of which with related parties		*12,545,186*	*10,575,097*
PROFIT/(LOSS) BEFORE TAXES		**-1,650,643**	**-3,393,456**
15) Current and deferred income taxes	**4**	537,439	-
NET PROFIT/(LOSS)		**-1,113,204**	**-3,393,456**

STATEMENT OF COMPREHENSIVE INCOME

(amounts in Euro)	31.12.2023	31.12.2022
NET PROFIT/(LOSS) FOR THE PERIOD	**-1,113,204**	**-3,393,456**
Other income components that could be recognised in the income statement in subsequent periods:		
Total other income components that could be recognised in the income statement in subsequent periods:	-	-
Other income components that will not be recognised in the income statement in subsequent periods:		
Total other income components that will not be recognised in the income statement in subsequent periods:	-	-
OTHER COMPREHENSIVE INCOME COMPONENTS, NET OF TAX EFFECTS	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-1,113,204**	**-3,393,456**

CARRARO Finance

STATEMENT OF FINANCIAL POSITION

(amounts in Euro)	NOTES	31.12.2023	31.12.2022
A) NON-CURRENT ASSETS			
1) Property, plant and equipment	**5**	114,044	280,399
2) Intangible fixed assets	**6**	537,796	329,887
3) Real estate investments	**7**	-	-
4) Equity investments in associated Companies	**8**	-	-
5) Financial assets	**9**	142,137,819	90,048,343
5.1) Loans and receivables		*142,000,000*	*90,000,000*
5.2) Other financial assets		*137,819*	*48,343*
5-bis) of which with related parties		*142,000,000*	*90,000,000*
6) Deferred tax assets	**10**	600,000	-
7) Trade receivables and other receivables	**11**	90,635	97,369
7.2) Other receivables		*90,635*	*97,369*
TOTAL NON-CURRENT ASSETS		**143,480,294**	**90,755,998**
B) CURRENT ASSETS			
1) Closing inventory	**12**	-	-
2) Trade receivables and other receivables	**11**	22,369	63,211
2.2) Other receivables		*22,369*	*63,211*
3) Financial assets	**9**	18,625,785	107,795,828
3.1) Loans and receivables		*18,111,571*	*107,344,773*
3.2) Other financial assets		*514,213*	*451,055*
3-bis) of which with related parties		*18,111,571*	*107,344,774*
4) Cash and cash equivalents	**13**	145,014,229	166,982,643
4.1) Bank current accounts and deposits		*145,014,229*	*166,982,643*
TOTAL CURRENT ASSETS		**163,662,382**	**274,841,682**
TOTAL ASSETS		**307,142,676**	**365,597,680**

STATEMENT OF FINANCIAL POSITION

(amounts in Euro)	NOTES	31.12.2023	31.12.2022
A) SHAREHOLDERS' EQUITY	**14**		
1) Share Capital		3,770,000	4,280,000
2) Other Reserves		-	5,469,085
3) Profits/(Losses) brought forward		587,789	-4,997,840
4) Cash Flow hedge reserves		-	-
5) Provision for discounting employee benefits		-	-
6) Profit/(Loss) for the period		-1,113,204	-3,393,456
TOTAL SHAREHOLDERS' EQUITY		**3,244,585**	**1,357,789**
B) NON-CURRENT LIABILITIES			
1) Financial liabilities	**15**	298,257,897	358,596,970
1.1) Bonds		*266,319,169*	326,608,188
1.2) Loans and Lease Liability		*31,938,728*	31,988,782
2) Trade payables and other payables	**16**	-	-
3) Deferred tax liabilities	**10**	-	-
4) Provision for employee benefits/retirement	**18**	-	-
5) Provisions for risks and liabilities	**19**		
TOTAL NON-CURRENT LIABILITIES		**298,257,897**	**358,596,970**
C) CURRENT LIABILITIES			
1) Financial liabilities	**15**	4,569,366	4,983,342
1.2) Loans and Lease Liability		*1,600,047*	832,689
1.3) Other		*2,969,319*	4,150,653
1-bis) of which with related parties		*1,533,244*	663,524
2) Trade payables and other payables	**16**	1,070,828	659,579
2.1) Trade payables		*314,981*	292,094
2.2) Other payables		*755,847*	367,485
2-bis) of which with related parties		*62,500*	262,321
3) Current taxes payables	**17**	-	-
TOTAL CURRENT LIABILITIES		**5,640,195**	**5,642,921**
TOTAL LIABILITIES		**303,898,092**	**364,239,891**
TOTAL SHAREHOLDER EQUITY AND LIABILITIES		**307,142,676**	**365,597,680**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(amounts in Euro)	Share Capital	Other Reserves	Retained Earnings (Accumulated losses)	Profit/(Loss) for the period	Total
Opening Balance as at 01.01.2022	**4,280,000**	**5,469,085**	**-**	**-4,997,840**	**4,751,245**
Total Comprehensive income for the year				**-3,393,456**	**-3,393,456**
Allocation result 2021	-	-	-4,997,840	4,997,840	-
Dividend distribution	-	-	-	-	-
Other movements	-	-	-	-	-
Total transactions with Shareholders and other movements of the period:	-	-	**-4,997,840**	**-3,393,456**	-
Balance as at 31.12.2022	**4.280.000**	**5.469.085**	**-4,997,840**	**-3,393,456**	**1,357,789**

(amounts in Euro)	Share Capital	Other Reserves	Retained Earnings (Accumulated losses)	Profit/(Loss) for the period	Total
Opening Balance as at 01.01.2023	**4,280,000**	**5,469,085**	**-4,997,840**	**-3,393,456**	**1,357,789**
Total Comprehensive income for the year				**-1,113,204**	**-1,113,204**
Allocation result 2022	-	-	-3,393,456	3,393,456	-
Dividend distribution	-	-	-	-	-
Memorandum of Association – 11 September 2023	-	-	-	-	-
Reduction of share capital	-3,510,000	-5,469,085	8,979,085	-	-
Increase of Share capital	3,000,000	-	-	-	**3,000,000**
Total transactions with Shareholders and other movements of the period:	**3,770,000**	-	**587,789**	-	**4,357,789**
Balance as at 31.12.2023	**3,770,000**	-	**587,789**	**-1,113,204**	**3,244,585**

CARRARO Finance

STATEMENT OF CASH FLOWS

(amounts in Euro)	NOTES	31.12.2023	31.12.2022
Profit/(loss) for the year	14	-1,113,204	-3,393,455
Tax and deferred the year	4	-537,439	-
Profit/(loss) before taxes		***-1,650,643***	***-3,393,455***
Depreciation of property, plant and equipment	2	178,118	167,589
Amortisation of intangible fixed assets	2	15,928	14,601
Net gains/(losses) on foreign exchange	3	54	21
Financial Income	3	-18,406,067	-11,500,410
Financial cost	3	19,026,089	13,923,792
Cash flows before changes in Net Working Capital		***-836,521***	***-787,863***
Change in trade payables	16	22,888	96,545
Change in other receivables/payables	11-16	314,375	-17,774
Interest income received		17,445,949	11,300,421
Interest expenses paid		-15,679,533	-11,928,144
Change in other financial asset		-3,379,357	-562,280
Change in other financial liabilities		-311,613	-278,925
Cash flows from operating activities		***-2,423,812***	***-2,178,020***
Investments in property, plant and equipment	5	-11,764	-53,519
Proceed from disposal of property, plant and equipment	5	-	14,000
Investment intangible fixed assets	6	-223,838	-189,535
Proceed from disposal of intangible fixed assets		-	-
Net liquidity acquired/sold through assignment and transfer		-	-
Loans and advances granted to related parties	9	-124,159,000	-92,107,000
Repayments of loans by related parties	9	161,850,000	47,394,927
Cash flows from investing activities		***37,455,399***	***-44,941,127***
Proceeds from issuance of shares	14	3,000,000	-
Share premium reserve	14	-	-
Proceeds from issuance of new bond note	15	120,000,000	-
Repayment of bond note	15	-180,000,000	-
Proceeds from other financial liabilities	15	-	32,000,000
Cash flows from financing activities		***-57,000,000***	***32,000,000***
Total cash flows for the period		***-21,968,414***	***-15,119,147***
Opening cash and cash equivalents		***166,982,643***	***182,101,790***
Closing cash and cash equivalents		***145,014,229***	***166,982,643***

EXPLANATORY AND SUPPLEMENTARY NOTES

1. Introduction

Carraro Finance S.A. (hereinafter also “Company” or “Carraro Finance”) is a Company incorporated under the Luxembourg law registered with the (R.C.S.) Luxembourg under no. B248536. The registered office of the Company is 11, rue de Beaumont L-1219 Luxembourg.

The Company is controlled by Carraro International S.E., belonging to the Carraro S.p.A (the "Group"). The Company is included in the consolidated financial statements of Carraro S.p.A. The register office of that company is located in Campodarsego, Padua (Italy), Via Olmo 37 and the consolidated accounts are available either on the company website being https://www.carraro.com/, either at the trade register of commerce of Padua.

The Company was incorporated on 30 October 2020 by notarial deed no. 17154 of 30 October 2020 and with effect from 1 February 2021 the parent Company, Carraro International S.E., transferred the business unit relating to the finance and treasury functions for the benefit of the Carraro Group to Carraro Finance, including the 2 Bonds issued for which Carraro Finance chose Luxembourg as the member state of origin pursuant to the Transparency Directive.
The financial instruments are currently listed on the Luxembourg stock exchange and in Italy on the Mercato Telematico delle Obbligazioni di Borsa Italiana (MOT).

These financial statements are expressed in euros and amounts are rounded to the nearest whole euro, unless otherwise indicated.

Carraro Finance S.A. provides financial, treasury and consulting services to subsidiaries, affiliates and to the parent Company, in line with the approved policies and the strategic needs of the Carraro Group.

Publication of the Financial Statements of Carraro Finance S.A. for the period from 1 January 2023 to 31 December 2023, was authorised by Board of Directors resolution dated March 22, 2024.

Reporting criteria and accounting principles

The financial statements of the Company as of December 31, 2023, have been prepared in accordance with International Accounting Standard (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and endorsed by the European Union. The term IFRS also includes the revised International Accounting Standards (IAS) and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC) previously known as the Standard Interpretation Committee (SIC). These standards are the same as those used for the Financial Statements as at December 31, 2022, with the exceptions described in the paragraph 2.2 “Accounting standards, amendments and interpretations not relevant for the company or not yet applicable and not adopted in advance by the company”.
The Financial Statements were prepared assuming that the Company is a going concern.

2. Form and content of the financial statements

This document contains a number of "alternative performance indicators" not envisaged by the IFRS accounting standards:

- EBITDA: the sum of operating profit/(loss) of the income statement, amortisation (including any adjustments), depreciation and impairment of fixed assets. The Company's management believes that EBITDA is a useful additional indicators that enables users to evaluate the Company's operating performance.

- Net financial position of operations: Net Debt determined in accordance with the recommendations contained in the ESMA document n. 32-382-1138 dated March 4, 2021, deducted, where applicable, non-current receivables and financial assets, in addition to the effects deriving from the first application of IFRS 16. The Company's management believes Net financial position of operations is relevant to the enable users as it is a metric on the overall debt situation of a Company.

2.1 Accounting standards and measurement criteria

Income Statement

Items on the income statement are classified by their nature.

Statement of Comprehensive Income

The statement of comprehensive income includes items of income and costs that are not posted in the period income statement, as required or permitted by the IFRS, such as changes to the cash flow hedge reserve, changes to the provision for employee benefits, actuarial gains and losses and changes to the translation reserve.

Statement of financial position

The statement of the financial position is presented with separate disclosure of Assets, Liabilities and Shareholders' Equity.

Assets and Liabilities are presented in these financial statements according to their classification as "current" and "non-current".

Statement of Changes in Shareholders' Equity

The statement of changes in shareholders' equity is presented in accordance with the IAS, showing the profit (loss) for the period and all changes generated from transactions with shareholders.

Statement of Cash Flows

The cash flow statement illustrates the changes in cash and cash equivalents (as presented in the statement of financial position) divided by cash generating area in accordance with the "indirect method", as permitted by IAS 7.

Accounting schedules of transactions with related parties

With reference to the reporting of related-party transactions in the financial statements, balances of a significant amount are specifically indicated, to facilitate understanding of the assets and liabilities, financial position and results of the Company, in the table of section 9 below concerning related party transactions.

3. Accounting principles

3.1 Accounting standards and measurement criteria

IFRS accounting standards, amendments and interpretations adopted since 1 January 2023:

IFRS 17 – Insurance Contracts
(published on 18 May 2017)

This standard is intended to replace IFRS 4 - Insurance Contracts. The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations arising from issued insurance contracts. The IASB developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing a single principle-based framework to take account of all types of insurance contracts, including reinsurance contracts that an insurer holds.
The new standard also includes presentation and disclosure requirements to improve comparability between entities in this segment.
The new standard measures an insurance contract on the basis of a General Model or a simplified version of this, called the Premium Allocation Approach ("PAA").
The main features of the General Model are:

- estimates and assumptions of future cash flows are always current;
- the measurement reflects the time value of money;
- the estimates involve extensive use of information observable on the market;
- there is a current and explicit measurement of the risk;
- the expected profit is deferred and aggregated in company of insurance contracts at the time of initial recognition; the expected profit is recognised during the
- contractual coverage period, taking into account the adjustments resulting from changes in the assumptions relating to the cash flows for each company of contracts.

The PAA approach involves measuring the liability for the residual coverage of a company of insurance contracts provided that, at the time of initial recognition, the entity expects the liability to reasonably represent an approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications resulting from the application of the PAA method do not apply to the measurement of liabilities for outstanding claims, which are measured with the General Model. However, it is not necessary to discount those cash flows if it is expected that the balance to be paid or collected will occur within one year of the date on which the claim occurred.
An entity shall apply the new standard to insurance contracts issued, including reinsurance contracts issued, reinsurance contracts held and also investment contracts with a discretionary participation feature (DPF).
The adoption of this amendment had no effect on the financial statements of the Company.

Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies" and Amendments to IAS 8 "Definition of Accounting Estimates"
(published on 12 February 2021)

The amendments are intended to improve the disclosure on accounting policies so as to provide more useful information to investors and other primary users of financial statements as well as to help Companies distinguish changes in accounting estimates from changes in accounting policies.
The adoption of this amendment had no effect on the financial statements of the Company.

Amendments to IAS 12 "Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(published on 7 May 2021)

The document clarifies how deferred tax assets should be accounted for on certain transactions that can generate assets and liabilities of equal amounts, such as leases and decommissioning obligations.
The adoption of this amendment had no effect on the financial statements of the Company.

Amendments to IAS 12 "Income Taxes: International Tax Reform – Pillar Two Model Rules"

(published on 23 May 2023)

The document introduces a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date. The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.
For further details please refer to Note 10 "Deferred tax assets and liabilities".

IFRS and IFRIC accounting standards, amendments and interpretations endorsed by the European Union, not yet mandatorily applicable and not adopted in advance by the Company as at 31 December 2023:

IFRS standards, amendments and interpretations not yet endorsed by the European Union as at 31 December 2023:

Amendments to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current"
(published on 23 January 2020)

The purpose of the document is to clarify how to classify short-term and long-term payables and other liabilities. The amendments will enter into force on 1 January 2024. At the moment, the directors are considering the possible impacts of this amendment on the Group consolidated financial statements.

Amendments to IAS 16 "Lease Liability in a Sale and Leaseback"

(published on 22 September 2022)

The purpose of this amendment requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.
The amendments will enter into force on 1 January 2024. At the moment, the directors are considering the possible impacts of this amendment on the Group consolidated financial statements.

Amendments to IAS 1 "Presentation of Financial Statements: Non-Current Liabilities with Covenants"
(published on 31 October 2022)
The purpose of the document is to clarify how to classify short-term and long-term payables and other liabilities. The amendments will enter into force on 1 January 2024. At the moment, the directors are considering the possible impacts of this amendment on the Group consolidated financial statements.

Amendments to IAS 7 "Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements"
(published on 25 May 2023)

The document requires a new disclosure requirements in IFRS Standards to enhance the transparency and, thus, the usefulness of the information provided by entities about supplier finance arrangements. At the moment, the directors are considering the possible impacts of this amendment on the Group consolidated financial statements.

Amendments to IAS 21 "The Effects of Change in Foreign Exchange Rates: Lack of Exchangeability"
(published on 15 August 2023)

The purpose of the document is to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not. The amendments will enter into force on 1 January 2025, with early application permitted. At the moment, the directors the possible impacts of this amendment on the Group consolidated financial statements.

Property, plant and equipment

Property, plant and equipment are recognised at historical cost, less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a straight-line basis with reference to the estimated useful life of the assets.

Property, plant and equipment items are derecognised at the time of sale or once future economic benefits are no longer expected from their use or disposal. Any losses or gains (calculated as the difference between the net income on the sale and the carrying amount) are recognised in the income statement during the year of elimination as above.

Assets held under leases, through which substantially all the risks and rewards of ownership are transferred to the company, are recognised as assets of the company at their current value or, if lower, at the present value of the minimum lease payments due.

The corresponding liability to the lessor is included in the financial statements under financial payables. Leases where the lessor substantially retains all the risks and benefits of ownership are classified as operating leases and the related costs are recognised in the income statement over the term of the contract.

The asset's residual value, its useful life and the methods applied are reviewed annually and adjusted if necessary, at the end of each accounting period.

On average the useful life, in year, is as follows:

Category	Useful Life
FURNITURE AND FITTINGS	5 - 10
OFFICE MACHINES	5 -10
EQUIPMENT	5
LEASHOLD IMPROVEMENTS	3

Intangible fixed assets

Intangible assets are recognised in the accounts only if they can be identified, are expected to generate future economic benefits, and their cost can be reliably determined.

Intangible fixed assets with a limited life are carried at purchase or production cost net of amortisation and accumulated impairment losses.

Amortisation is calculated in relation to their anticipated useful life and starts when the asset becomes available for use.

Software

The cost of software licences, inclusive of ancillary expenses, is capitalised and recognised net of amortisation and of any accumulated impairment losses.

Such intangible assets are amortised on a straight-line basis over their useful lives of 10 years.

Impairment losses

Where there are specific signs of impairment, tangible and intangible fixed assets are subject to an impairment test, estimating the recoverable value of the assets and comparing it with their net carrying amount. The recoverable value is the greater of the fair value of an asset net of selling costs and its value in use, which is determined as the present value of the cash flows that the company estimates will derive from the continuous use of the asset and from its disposal at the end of its useful life.

This recoverable value is determined for each individual asset except when the asset does not generate cash flows which are fully dependent on those generated by other assets.

If the recoverable value is lower than the carrying amount, the latter is reduced accordingly. This reduction represents an impairment loss, which is recognised in the income statement.

If there is no longer any reason for an impairment loss previously recognised to be maintained, with the exception of goodwill and of intangible assets with an unlimited useful life, the carrying amount is reinstated to the new value deriving from the estimate, provided that this value does not exceed the net carrying amount which the asset would have had, if no impairment had ever been made and net of amortisation that would have accumulated. The value written back is also recorded in the income statement.

Impairment tests are carried out annually in the case of goodwill and of intangible fixed assets with an unlimited useful life.

Impairment tests are also carried out on all assets with independent flows that show evidence of impairment.

Financial assets

The standard IFRS 9 sets out the following types of financial instruments: financial assets at amortised cost, financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive income. Initially, all financial assets are recognised at fair value, increased, in the case of assets other than those at fair value, by any ancillary expenses. The company establishes the classification of its financial assets at initial registration and, where appropriate and permitted, revises the classification at the end of each financial year.

All standardised (regular way) purchases and sales of financial assets are recognised at the trade date, or at the date on which the company undertakes to acquire the asset. Standardised purchases and sales mean all purchase/sale transactions on financial assets which require the handing over of the assets in the period generally envisaged by the regulations and by the practices of the market on which the trade occurs.

Financial assets measured at amortised cost

Financial assets that meet both of the following conditions are measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This amortised cost is calculated as the value initially recognised, less the repayment of the principal, plus or minus the amortisation accumulated using the effective interest rate method on any difference between the value initially recognised and the amount at maturity. This calculation includes all the fees or points paid between the parties, which form an integral part of the effective interest rate, the transaction costs and other premiums or discounts. For investments measured at their amortised cost, profits and losses are recognised in the income statement at the moment in which the investment is derecognised or in the event of an impairment loss, as well as by means of the amortisation process.

Loans and receivables are measured at amortised cost.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On disposal of the financial asset, amounts previously recognised in other comprehensive income are reversed to the income statement, unless the financial asset was an equity instrument not held for trading, in which case they are not expected to be recycled on disposal and the other comprehensive income reserves accumulated over time are reversed directly to other available reserves.

Financial assets at fair value through profit or loss

If a financial asset is not measured at amortised cost or at fair value through other comprehensive income, it must be measured at fair value and any changes in fair value are recognised in the income statement for the period in which they arise.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, if applicable, part of a financial asset or parts of a Company of similar financial assets) is derecognised when:

- the right to receive the cash flows from the asset has expired;
- the Company maintains the right to receive cash flows from the asset, but has undertaken a contractual commitment to pay them in full and without delay to a third party;
- the Company has transferred the rights to receive cash flows from the asset and (a) has essentially transferred all the risks and benefits of the ownership of the financial asset or (b) has not transferred or essentially withheld all the risks and benefits of the asset, but has transferred control of the same.

In cases where the Company has transferred the rights to receive cash flows from an asset and has not essentially transferred or withheld all the risks and benefits or has not lost control over the same, the asset is recorded in the Company's financial statements to the extent of the latter's residual involvement in this asset. The residual involvement, which takes the form of a guarantee on the asset transferred, is measured at the lower of the initial carrying amount of the asset and the maximum amount which the Company could be obliged to pay.

In cases where the residual involvement takes the form of an option issued and/or acquired on the asset transferred (including options settled in cash or similar), the extent of the Company's involvement corresponds to the amount of the asset transferred which the company could re-acquire; however, in the case of a put option issued on an asset measured at fair value (including options settled in cash or by means of similar provisions), the extent of the Company's residual involvement is limited to the lower of the fair value of the asset transferred and the exercise price of the option.

Financial liabilities

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

In cases where an existing financial liability is replaced by another of the same lender, under essentially different conditions, or the conditions of an existing liability are essentially changed, this change or amendment is treated as derecognition of the original liability and recognition of a new liability. Any difference between the carrying amounts are recognised in the income statement.

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guaranteed contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The company always recognises lifetime expected credit losses (ECL) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the

expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

If there is objective evidence of elements indicating an impairment loss, the asset is reduced by an amount that returns the discounted value of the cash flows obtainable in the future. Impairment losses are recognized in the income statement. Where reasons for previous write downs are not maintained into subsequent trading periods, the value of the asset is reinstated until it corresponds to the value that would have derived from application of the amortised cost.

In addition to the valuation referred to in the previous paragraph with reference to impairment, the estimate of losses on receivables is supplemented by an analysis of expected losses.

Bad debts provision has to be estimated on the basis of expected losses model, as required by IFRS 9 standard. In order to estimate expected losses on receivables a specific and an overall analysis need to be performed at each reporting date.

Specific analysis:

A specific analysis of account receivables based on ageing must be conducted by the entity to identify not recoverable receivables. The key elements to be considered are:

- Ageing indicators by counterpart: overdue balances and their evolution along business relationship is analysed jointly by accounting and financial department;

- Information on ongoing financial reliability: news or indicators of solvency level (i.e. financial rating, declared or supposed bankruptcy, debt restructuring processes, chapter 11 status, and similar).

The methodology to be adopted must provide for the following information:

- for any balance analysed an estimated loss must be assessed according to the above mentioned key elements;

- for any balance analysed specific notes/remarks must be disclosed to explain or support the evaluation provided.

Overall analysis:

An historical index of losses booked on Profit & Loss in the past has to be calculated as a percent ratio between credit losses (referred to receivables without a specific bad debt provision) booked on last years (at least three years or more if available) and total turnover. The overall provision is calculated applying this ratio to receivables not covered in the specific analysis. The overall ratio is updated on annual basis.

Trade receivables and other receivables

Trade receivables and other receivables are included among current assets, with the exception of those falling due more than 12 months after the reporting date, which are classified as non-current assets. These assets are valued at amortised cost on the basis of the effective interest rate method.

Receivables which mature at more than one year, are interest-free or that earn less interest than the market, are discounted using market rates. Trade receivables are discounted when they have longer payment terms than the average term of extension granted.

If there is objective evidence of elements indicating an impairment loss, the asset is reduced by an amount that returns the discounted value of the cash flows obtainable in the future. Impairment losses are recognised in the income statement. Where reasons for previous write-downs are not maintained into subsequent trading periods, the value of the asset is reinstated until it corresponds to the value that would have derived from application of the amortised cost.

In addition to the valuation referred to in the previous paragraph with reference to impairment, the estimate of losses on receivables is supplemented by an analysis of expected losses.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash deposits and investments maturing within three months of the original date of acquisition.

Loans and bonds

Loans are initially recognised at the fair value of the price received net of the related loan acquisition costs. After initial recognition, loans are carried on the basis of their amortised cost calculated by means of the application of the effective interest rate. The amortised cost is calculated taking into account the issue costs and any discounts or premium provided for at the time of settlement.

Recognition of revenues and other positive income components

1. Recognition of revenues (as required by IFRS 15, paragraphs 31, 46, 47 and 119)

The revenues recognised by the Company mainly refer to the following types:

Revenues from holding activities;

Revenues from finance activities, and the technical/financial coordination of subsidiaries and affiliates.

1.1 Revenues from holding activities

The Company carries out holding activities and therefore deals with the purchase, management, ownership and sale of bonds and other securities and holdings, equity interests or stakes in other Companies.

Revenues deriving from the assets described above include a single performance obligation concerning the provision of the service, not including in the sale any services or ancillary products which, in accordance with the new standard, should constitute separate performance obligations.

The Company recognises the receivable when the service is provided, as indicated in the previous paragraph, as this represents the moment when the right to the consideration becomes unconditional, since the due date of the invoice is the only prerogative that identifies when payment is due.

According to the standard contractual conditions applied by the company, the fee is certain and there are no variable parts.

1.2 Revenues from finance activities, and the technical/financial coordination of subsidiaries and affiliates

The Company carries out finance activities for the subsidiaries and affiliates, and provides technical and financial coordination in accordance with the legal conditions, on a business to business ("B2B") basis.

Revenues as described above include a single performance obligation concerning the provision of the service, not including in the sale any services or ancillary products which, in accordance with the new standard, should constitute separate performance obligations.

The Company recognises the receivable when the service is provided, as indicated in the previous paragraph, as this represents the moment when the right to the consideration becomes unconditional, since the due date of the invoice is the only prerogative that identifies when payment is due.

According to the standard contractual conditions applied by the company, the fee is certain and there are no variable parts.

2. Recognition of other positive income components

Interest income and screening commission are recognised in accordance with the accruals concept, on the basis of the amount financed and the effective interest rate applicable, which represents the rate that discounts future collections estimated over the expected life of the financial asset so as to take them back to the carrying amount of the asset itself.

Revenues from dividends are recorded when the right to collection arises, which normally corresponds to the resolution of the shareholders' meeting approving distribution of the dividends. Dividends to shareholders are recognised as payable at the time of the distribution resolution.

Taxes

Taxation for the period represents the sum total of current and deferred income taxes.

Current taxes

Current income taxes have been provided for on the basis of an estimate of the taxable income, in accordance with the provisions issued or essentially issued at the reporting date and taking any applicable exemptions into account.

Deferred taxes

Deferred taxes are determined on the basis of the taxable temporary differences existing between the carrying amount of assets and liabilities and their value for tax purposes; they are classified under non-current assets and liabilities.

Deferred tax assets are provided for only to the extent that future tax burdens will probably exist, against which this asset balance can be used.

The value of deferred tax assets which can be recognised is subject to an annual assessment and is written down to the extent that it is not likely that sufficient income for tax purposes will be available in the future so as to permit all or part of this credit to be used. Unrecognised deferred tax assets are reviewed annually at the reporting date and are recognised to the extent that it has become likely that income for tax purposes will be sufficient to permit these deferred tax assets to be recovered.

Deferred tax assets and liabilities are determined with reference to the tax rates which are expected to be applied in the period in which these deferments will be realised, taking into account the rates in force or those which it is known will be subsequently issued.

Deferred tax assets and liabilities are offset, if a legal right exists to offset the current tax assets with current tax liabilities and the deferred taxes refer to the same fiscal entity and the same tax authority.

Value added tax

- Revenues, costs, assets and liabilities are recognised net of value added tax, except when:
- the tax applied to the purchase of goods or services is non-deductible, in which case it is recognised as part of the purchase cost of the asset or part of the cost item recognised in the income statement;
- it refers to trade receivables and payables recorded including the value of the tax.

Translation of foreign currency balances

Functional currency

The company's functional currency is the Euro, which represents the currency in which the financial statements are prepared and published.

Accounting transactions and entries

Transactions carried out in a foreign currency are initially recognised using the exchange rates at the transaction date.

At the reporting date, the monetary assets and liabilities denominated in a foreign currency are re-translated on the basis of the exchange rate in force at that date.

Non-monetary foreign currency items measured at historical cost are translated using the exchange rate in force at the date of the transaction.

Non-monetary items recognised at fair value are translated using the exchange rate in force at the date of determination of the value.

Credit risk

Credit control provides for periodic monitoring of the main economic and financial information relating to the Carraro Group's subsidiaries and associates.

Except in special circumstances to do with country or counterparty risk, guarantees are not normally obtained on credit.

Receivables are recognised in the accounts net of any write-downs determined by assessing the counterparty's risk of insolvency based on the information available.

Liquidity risk

The company's liquidity risk is mainly linked to the activation and maintenance of sufficient funding to support industrial operations and Group Companies.

The raising of funds, consistent with the company's short- and medium-term development plans, is intended to finance both working capital and investments in fixed assets necessary to ensure sufficient and technologically advanced production capacity of subsidiaries. This requirement is directly proportional to the trend in customer orders and the consequent trend in business volumes.

The cash flows envisaged for 2023 include, besides the trend in working capital and investments, the effects of current liabilities and the short-term portions of medium- and long-term loans reaching maturity, as well as the effects of the closure of derivative financial instruments on currencies in existence at the reporting date.

The company envisages meeting the needs arising from all of the above with the flows deriving from operations, from available liquidity and from the availability of the above credit facilities.

The management of liquidity, funding requirements and cash flows are under the direct control and management of the Group Treasury, which operates with the aim of managing the resources available as efficiently as possible.

The uncertainties of financial markets have had an effect on the bank borrowing and as a consequence on credit granted to businesses. This instability could also continue during the last months of the year and in 2022, preventing the normal execution of financial transactions.

Lastly, regardless of the fact that the company has continued refinancing its debts with the support of its banking counterparties and the financial markets, a situation could arise in which it would have to seek additional financing in less favourable market conditions, with the limited availability of such sources and an increase in financial expenses.

The maturity features of the company's liabilities and financial assets are shown in notes 10 and 16 relating respectively to non-current financial receivables and non-current financial liabilities.

Interest rate risk

The Company is also exposed to interest-rate risk in relation to financial liabilities undertaken for loans for both ordinary operations and investments. Changes in interest rates may have positive or negative effects on both the financial outcome and on cash flows.

The strategy adopted pursues the basic objective of achieving a balance between floating-rate and fixed-rate debt. The interest-rate risk on the floating portion is then reduced via specific hedging operations.

Transactions with related parties

Pursuant to the IAS 24 standard, it should be noted that:

a) intragroup transactions and transactions with related parties during the period gave rise to trade, financial or consulting relations, and were carried out at arm's length conditions, in the financial interest of the individual Companies involved;
b) the interest rates and terms applied (paid and received) in financial relationships between the various Companies are in line with market terms.

Discretionary assessments, significant accounting estimates and key judgements

Estimates and assumptions

In the application of the accounting standards, the Directors have not made decisions based on discretionary evaluations (excluding those which involve estimates) having a significant effect on the values in financial statements.

We present below the key assumptions on the future and other significant sources of uncertainty in the estimates at the reporting date, which could bring about significant changes in the carrying amounts of assets and liabilities within the next financial year.

Deferred tax assets

Deferred tax assets are recognised in compliance with IAS 12 and they include retained tax losses, to the extent that it is likely there will be future tax profits to offset these losses with the returns of the temporary differences absorbed. A significant discretionary valuation is required of the Directors to determine the amount of the deferred tax assets that can be accounted for. They must estimate the probable timing and the amount of future taxable profits as well as a planning strategy for future taxation. The details are provided in note 10.

Bad debts provisions

Bad debts provision has to be estimated on the basis of expected credit losses (ECL) model, as required by IFRS 9 standard. In order to estimate expected losses on receivables a specific and an overall analysis need to be performed at each reporting date.

Fair value

IFRS 13 is the only reference source for fair value measurement and the related disclosures when this measurement is required or permitted by another standard. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard replaces and extends the disclosure required about fair value measurement in other standards, including IFRS 7 Financial instruments disclosures.

IFRS 13 establishes a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value in hierarchical order as follows:

• Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
• Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
• Level 3 inputs: unobservable inputs for the asset or liability.

With the exclusion of the Bonds for which a fixed rate is applied (please refer to note 15), the entity is not measuring its financial instruments at fair value. However, the fair value of medium- and long-term financial assets and liabilities, taking account of the fact that these are almost exclusively for variable-rate funding and that the terms renegotiated with the banking counterparties are in line with the average levels for the market and the segment – even considering the residual volatility of the markets and the relative uncertainty in identifying "reference" conditions – as measured is not significantly different overall from the carrying amounts.

4 Business segment

The primary business of the Company, is focused on financial consulting services provided to Carraro Group Companies; for this reason there is only one business segment.

4.1 Geographic areas

The activity carried out by Carraro Finance S.A. it is only financial and is located in Luxembourg.

Further information are better report in the management report.

a) Revenues

Carraro Finance operates in different geographical markets: Italy, India, China and Luxembourg. The following tables show the distribution of the Company's revenue based on the location of the customers for the year ended 31 December 2023.

The breakdown of revenues from Group Companies by main geographic area is shown in the following table.

(amounts in euro)

Geographical Area	31.12.2023	%	31.12.2022	%
Italy	1,087,338	78.38%	884,178	83.57%
India	169,047	12.19%	115,696	10.93%
China	85,073	6.13%	58,175	5.50%
Luxembourg	45,833	3.30%	-	-
Total	**1,387,291**	**100.00%**	**1,058,049**	**100.00%**

5. Non recurring transactions

There are not non-recurring transactions to report.

6. Detailed explanatory notes

Revenues and costs

***A) Revenues from sales* (note 1)**

(amounts in euro)	31.12.2023	31.12.2022
1) PRODUCTS	-	-
2) SERVICES	1,387,291	1,058,049
3) OTHER REVENUES	-	-
TOTAL REVENUES FROM SALES	**1,387,291**	**1,058,049**

The revenue increased by + 24% (from 1,058,049 euros as at 31.12.2022 to 1,387,291 euros as at 31.12.2023) compared with the previous FY as a result of:

- a change in the calculation's scheme of the price applied to transactions with intra-group Companies that increased the financial services charged to the Group Companies.
- Even if this is not a primary activity of the Company a new service was provided to the Carraro R&D Lux Centre S.a.r.l. related to accounting and administration support.

B) Operating costs (note 2)

(amounts in Euro)	31.12.2023	31.12.2022
1) PURCHASES OF GOODS AND MATERIALS	**4,500**	**1,516**
A) EXTERNAL SERVICES FOR PRODUCTION	7,342	5,897
B) SUNDRY SUPPLIES	5,433	3,670
C) GENERAL OVERHEADS	1,076,522	1,023,814
D) COMMERCIAL COSTS	69,415	4,051
E) SALES EXPENSES	-	-
2) SERVICES	**1,158,712**	**1,037,432**
3) USE OF THIRD-PARTY GOODS AND SERVICES	**4,200**	**6,130**
A) WAGES AND SALARIES	846,233	501,277
B) SOCIAL SECURITY CONTRIBUTIONS	54,143	50,144
D) EMPLOYEE SEVERANCE INDEMNITY AND PENSIONS	-	-
E) OTHER COSTS	28,887	35,945
4) PERSONNEL COSTS	**929,263**	**587,366**
A) DEPREC. PROP., PLANT & EQUIPMENT	178,118	167,589
B) AMORT. INTANGIBLE ASSETS	15,928	14,601
C) IMPAIRMENT OF FIXED ASSETS	-	-
D) IMPAIRMENT OF RECEIVABLES	-	-
5) AMORTISATION, DEPRECIATION AND IMPAIRMENT OF ASSETS	**194,047**	**182,190**
6) CHANGES IN INVENTORIES	-	-
7) PROVISION FOR RISKS AND OTHER LIABILITIES	-	-
C) OTHER OPERATING EXPENSES	127,137	213,468
D) OTHER NON-ORDINARY OPERATING INCOME/EXPENSES	-	-
8) OTHER INCOME AND EXPENSES	**127,137**	**213,468**
TOTAL OPERATING COSTS	**2,417,859**	**2,028,102**

The operating costs have increased compared with 31.12.2023 mainly due to:

- an increase of general overheads by + 16% from 2,028,102 euros as at 31.12.2022 to 2,417,859 euros as at 31.12.2023 mainly due an increase of the support by external professional and a reset up of chart organizations team.

C) Net gains/(losses) on financial assets (note 3)

(amounts in Euro)	31.12.2023	31.12.2022
10) INCOME/EXPENSES FROM EQUITY INVESTMENTS	**-**	**-**
A) FROM FINANCIAL ASSETS	13,560,658	9,256,350
B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS	4,349,048	273,105
C) FROM OTHER THAN THE ABOVE	-	-
D) INCOME OTHER THAN THE ABOVE	496,361	1,970,955
11) OTHER FINANCIAL INCOME	**18,406,067**	**11,500,410**
A) FROM FINANCIAL LIABILITIES	-15,182,785	-11,960,919
B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS	-	-3,144
C) EXPENSES OTHER THAN THE ABOVE	-3,843,304	-1,959,729
12) FINANCIAL COSTS AND EXPENSES	**-19,026,089**	**-13,923,792**
OTHER NET EXCHANGE RATE DIFFERENCES	-54	-21
13) NET GAINS/(LOSSES) ON FOREIGN EXCHANGE	**-54**	**-21**
14) VALUE ADJUSTMENTS OF FINANCIAL ASSETS	**-**	**-**
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	**-620,076**	**-2,423,403**

The other financial income as at 31.12.2023 are mainly related to:

- Interests received from lending activities to intra-group Companies increased by + 32% from 9,256 million euros to 13,561 million euros due to an increase of the average utilization of the intra-group facilities and to a change of conditions applied to transactions with intra-group Companies, in compliance with Arm's Length Principle.
- Income on terms deposits increased from 0,3 million euros to 4.3 million euros mainly due at strong negotiation of market condition on time deposit during g the 2023.
- Commitment fees on the facilities granted to group entities decreased from 1.970 million euros at 31.12.2022 to 0,49 million euros as at 31.12.2023 due to the reduction of the lines granted to group entities during the 2023 compared with same period of 2022 and to a change of conditions applied to transactions with intra-group Companies, in compliance with Arm's Length Principle.

The financial costs and expenses are mainly related to:

- Accrued interest on financial instruments issued (ISIN IXS2215041513, ISIN XS1747134564 and ISIN IT0006756438) for 12.977 million euros that increased by +10% compared to 31.12.2022 (11.925 million euros) and 1,531 euros of interest for the bank loan EIB (of 32 million of euros)
- Fees paid mainly related to the two financial instruments issued that are absorbed along the bond amortization schedule in application of the amortised cost method of accounting for 2,082 million euros (of which 0,8 million euros only referred to the remain amortised cost of the bond reimbursed) and 1,512 million euros to pay to Carraro SPA as guaranty.
- Early redemption price cost for the financial instrument ISIN XS1747134564 for the amount of 0,7 million euros.

Current and deferred income taxes (note 4)

The current tax amount to Eur 62,561 is mainly due to the withholding tax paid that the company cannot recovery on its receivables; the deferred income tax recorded amount to Eur 600,000.

Property, plant and equipment (note 5)

These items present a net balance of 114,045 euros as at 31.12.2023 compared with 280,399 euros as at 31.12.2022.
The breakdown is as follows:

Items *(amounts in Euro)*	**Land and buildings**	**Plant and machinery**	**Industrial equipment**	**Other assets**	**Advance for fixed asset in progress**	**Total**
Historical cost	445,608	-	-	96,115	-	541,723
Provisions for amortisation and depreciations	-241,902	-	-	-19,422	-	-261,324
Net as at 31.12.2022	**203,706**	**-**	**-**	**76,693**	**-**	**280,399**
Movements of the period						
Increases	-	-	-	11,764	-	11,764
Decreases	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
Capitalisation	-	-	-	-	-	-
Business unit transfer	-	-	-	-	-	-
Depreciation and amortisation	-152,779	-	-	-25,339	-	-178,118
Net as at 31.12.2023	**50,927**	**-**	**-**	**63,118**	**-**	**114,045**
Made up of:						
Historical cost	445,608	-	-	107,879	-	553,487
Provisions for amortisation and depreciations	-394,681	-	-	-44,761	-	-439,442

As at 31.12.2023, property, plant and equipment are distributed by category as follows:

- Land and buildings (leased assets): 51 thousand euros for rights of use (IFRS 16);
- Other assets: vehicles for 22 thousand euros for the rights of use (IFRS 16) and 41 thousand euros for office equipment.

Intangible fixed assets (note 6)

These items present a net balance of 537,796 euros as at 31.12.2023 compared with 329,887 euros as at 31.12.2022.

The breakdown is as follows:

Items *(amounts in Euro)*	Goodwill	Development cost	Royalties and patents	Licence and Trademark	Invest.in prog. and deposit	Other intangible assets	Total
Historical cost	-	-	-	223,469	189,535	-	413,004
Provision for amortisation and depreciations	-	-	-	-83,117	-	-	-83,117
Net as at 31.12.2022	**-**	**-**	**-**	**140,351**	**189,535**	**-**	**329,887**
Movements of the period							
Increases	-	-	-	-	223,838	-	223,838
Capitalisation	-	-	-	-	-	-	-
Depreciation and amortisation	-	-	-	-15,928	-	-	-15,928
Net as at 31.12.2023	**-**	**-**	**-**	**124,423**	**413,373**	**-**	**537,796**
Made up of:							
Historical cost	-	-	-	223,469	413,373	-	636,842
Provisions for amortisation and depreciations	-	-	-	-99,046	-	-	-99,046

As at 31.12.2023, the intangible assets mainly relate to the accounting software implemented on July 2021 (SW SAP ERP Package ECC licenses, OS licences).

As at 31.12.2023, the investments in progress for 413,373 euros are related to the cost sustained in relation to the new project of Payment & Collection Factory and Cash Pooling whose start of activity is expected during the first quarter of 2024.

Real estate investments (note 7)

The Company has no real estate investments.

Equity investments in subsidiaries, associates and other investments (note 8)

On 18 January, 2023 The Company set-up a new Luxembourg Company under the name "Carraro Lux-Tech R&D Centre S.a.r.l., having its registered office in the municipality of Mondercange L-3895 Luxembourg.

On May 10, 2023 The Board of Directors resolved to sell the Carraro Lux-Tech R&D Centre S.a.r.l. to Carraro S.p.A.

Financial assets (note 9)

(amounts in Euro)	31.12.2023	31.12.2022
Non-current loan and receivable with related parties	142,000,000	90,000,000
LOANS AND RECEIVABLES	**142,000,000**	**90,000,000**
Other financial assets	137,819	48,343
OTHER FINANCIAL ASSETS	**137,819**	**48,343**
NON-CURRENT FINANCIAL ASSETS	**142,137,819**	**90,048,343**
Current Loans and Receivables with related parties	18,111,571	107,344,773
LOANS AND RECEIVABLES	**18,111,571**	**107,344,773**
Other financial assets	514,214	451,055
OTHER FINANCIAL ASSETS	**514,214**	**451,055**
CURRENT FINANCIAL ASSETS	**18,625,785**	**107,795,828**

Non-current loans and receivables

Non-current related-party loans and receivables refer to the medium/long-term portion (MTL) of receivables due from Carraro S.p.A., Carraro India Pvt Ltd , Carraro Drive Tech Italia S.p.A. and SIAP S.p.A.

AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

	Credit Lines	CCY	Commitment as of 31.12.2023	Drawdown as of 31.12.2023	Final Maturity Date
Carraro SpA	MTL	EUR	91,000,000	91,000,000	31.12.2025
Carraro Drive Tech SpA	MTL	EUR	31,000,000	31,000,000	31.12.2025
Carraro India Pvt Ltd	MTL	EUR	5,000,000	5,000,000	31.07.2027
Carraro Internat.S.E.	MTL	EUR	5,000,000	5,000,000	31.05.2028
SIAP SpA	MTL	EUR	10,000,000	10,000,000	31.12.2028
		EUR	**142,000,000**	**142,000,000**	

Current loans and receivables

Current related party loans and receivables mainly refer to the short-term portion of receivables held vis à vis the Companies Carraro S.p.A., Carraro Drive Tech SpA, Carraro International S.E., SIAP SpA for the amount of Eur 13,624,000; and accrued interests on the non-current and current loans granted to affiliated undertakings and of accrued financial services for the aggregate amount of Eur 4,487,571.

AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

	Credit Lines	CCY	Commitment as of 31.12.2023	Drawdown as of 31.12.2023	Final Maturity Date
Carraro SpA	Revolving	EUR	80,000,000	6,810,000	31.12.2023
Carraro Drive Tech SpA	Revolving	EUR	38,000,000	-	31.12.2023
Carraro International SE	Revolving	EUR	25,000,000	6,814,000	31.12.2023
Siap SpA	Revolving	EUR	15,000,000	-	31.12.2023
		EUR	**158,000,000**	**13,624,000**	

OTHER AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

	CCY	Receivable interests and financial services
Carraro SpA	EUR	1,929,480
Carraro Drive Tech SpA	EUR	1,409,111
Carraro International SE	EUR	531,319
Carraro Lux-Tech S.a.r.l.	EUR	53,166
Carraro India	EUR	202,002
Carraro China	EUR	47,179
Siap SpA	EUR	315,313
	EUR	**4,487,571**

On January 2024, the Company extended the existing contracts for the above credit lines until 31 December 2024.
As a result of the assessment performed, we have determined that the expected credit losses on the balances are not significant and hence, no Expected Credit Loss ("ECL") has been recognized.

Deferred tax assets and liabilities (note 10)

The caption deferred tax asset of Eur 600,000 was booked using the loss carryover in order to reduce future tax obligations.

The company holds tax losses carried forward for an amount equal to Euro 8,8 million. Based on the forecasts of taxable income for the next five years, deferred assets of Euro 0,6 million were booked, calculated on tax losses equal to Euro 2,4 million (deferred tax assets not booked equal to Euro 1,6 million upon tax losses carried forward of Euro 6,4 million).

The Company belongs to a multinational enterprise group that exceeds the annual revenue threshold of Euro 750 million in two of the four previous fiscal years. As a consequence, it falls within the scope of Second Pillar income taxes rules, in accordance with Directive 2022/2523, transposed in Luxembourg by the law of 23 December 2023. For this purpose, the Company received feedback from the ultimate parent entity Carraro S.p.A. regarding the fulfilment, for the Luxembourg jurisdiction, of the so-called "transitional safe harbours" tests, resulting that there are no significant effects deriving from the application of the Second Pillar rules upon the Company.

The tax losses carried-forward for which the Company has not recognised a deferred tax as December 31, 2023 amount to Eur 6,4 million of which Eur 0,95 million available up the year 2038, Eur 3,85 million available up the year 2039 and Eur 1,6 million available up the year 2040.

Trade receivables and other receivables (note 11)

(amounts in euro)	**31.12.2023**	**31.12.2022**
NON CURRENT TRADE RECEIVABLES	**-**	**-**
Other receivables	90,635	97,369
OTHER NON-CURRENT RECEIVABLES	**90,635**	**97,369**
NON-CURRENT TRADE RECEIVABLES AND OTHER RECEIVABLES	**90,635**	**97,369**
CURRENT TRADE RECEIVABLES	**-**	**-**
Other receivables	22,369	63,211
OTHER CURRENT RECEIVABLES	**22,369**	**63,211**
CURRENT TRADE RECEIVABLES AND OTHER RECEIVABLES	**22,369**	**63,211**

The non-current other receivables are mainly composed by the caution deposits for the rent office.
The other current receivables due from third parties can be broken down as follows:

(amounts in Euro)	**31.12.2023**	**31.12.2022**
VAT credits	-	41,560
Receivables for current taxes	3,289	11,841
Receivables from employees	-41	-352
Other receivables	19,121	10,162
OTHER CURRENT RECEIVABLES FROM THIRD PARTIES	**22,369**	**63,211**

The breakdown of the gross and net value of trade receivables is as follows:

(amounts in Euro)	**31.12.2023**	**31.12.2022**
NET CURRENT TRADE RECEIVABLES FROM THIRD PARTIES	**-**	**-**
NET CURRENT TRADE RECEIVABLES FROM RELATED PARTIES	**-**	**-**
Other current receivables from third parties	22,369	63,211
Provisions for Depreciation of other Receivables	-	-
NET CURRENT OTHER RECEIVABLES FROM THIRD PARTIES	**22,369**	**63,211**
NET CURRENT OTHER RECEIVABLES FROM RELATED PARTIES	**-**	**-**

The breakdown of trade and other receivables by maturity is shown in the following table:

(amounts in euro)	***31.12.2022***				
	PAST DUE		NET YET DUE		
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year	***TOTAL***
Trade Receivable	-	-	-	-	**-**
Other receivable	-	-	62,211	97,369	**160,580**
TOTAL	**-**	**-**	**63,211**	**97,369**	**160,580**

(amounts in euro)	***31.12.2023***				
	PAST DUE		NET YET DUE		
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year	***TOTAL***
Trade Receivable	-	-	-	-	**-**
Other receivable	-	-	22,369	90,635	**113,004**
TOTAL	**-**	**-**	**22,369**	**90,635**	**113,004**

As a result of the assessment performed, we have determined that the expected credit losses on the balances are not significant and hence, no Expected Credit Loss ("ECL") has been recognized.

Closing inventory (note 12)

The Company had no closing inventory.

Cash and cash equivalents (note 13)

(amounts in Euro)	**31.12.2023**	**31.12.2022**
Short-term deposits	95,000,000	83,500,050
Bank current accounts	50,014,229	83,482,591
TOTAL	**145,014,229**	**166,982,643**

The cash equivalents include bank accounts and short-term time deposits highly liquid. The balance is held with reputable banks with high credit rating.

Shareholders' equity (note 14)

(amounts in Euro)	31.12.2023	31.12.2022
1) Share Capital	3,770,000	4,280,000
2) Other Reserves	-	5,469,085
3) Profits/(Losses) brought forward	587,789	-4,997,840
4) Profit/(Loss) for the period	-1,113,204	-3,393,456
SHAREHOLDERS' EQUITY	**3,244,585**	**1,357,789**

Share capital

Following the decrease of the Shareholders' equity, due the accumulated losses of the previous years, and as required by the Luxembourgish law art.480-2, the shareholders, during the shareholder meeting hold on 18 April, 2023, resolved to continue the business. On September 11, 2023 The Extraordinary Shareholder Meeting resolved, to offset partial of the accumulated loss using own funds (Share Premium Reserve) in the meantime to reduce the share capital of the Company to offset the remain accumulated losses in the amount of Eur 3,150 thousands, in order to reduce the share capital from its current amount of Eur 4,280 thousands, represented by 42,800 registered shares, having a nominal value of Eur 100 each, by the annulment of 35,100 registered shares of The Company. In the same Meeting was resolved to increase the share capital of the Company, by issuing 30,000 new registered shares of the Company, having a nominal value of Eur 100 each, having the same rights and obligations as the existing shares.

The share Capital was increased from its current amount of Eur 770 thousand to the amount of Eur 3,770 thousand fully paid up, consisting of 37,700 shares with a nominal value of 100 Eur each. The Shareholder Carraro International S.E. didn't want to participate at this increase and the subscription of the new shares was made only by Carraro S.p.A. changing the ownership of the Company as follow: Carraro International S.E. owns 14,46% and Carraro S.p.A. owns 85,54%.

Other reserves

For details of the item "other reserves", please refer to the following table:

Nature/description *(amounts in Euro)*	**31.12.2023**	**31.12.2022**
Share premium reserve	-	*5,469,085*
Other reserves	**-**	**5,469,085**

Financial liabilities (note 15)

The classification of financial liabilities as at 31.12.2023 is shown below.

(amounts in Euro)	31.12.2023	31.12.2022
NON-CURRENT BONDS	266,319,169	326,608,188
LOAN MEDIUM/LONG TERM	31,929,537	31,912,832
MEDIUM/LONG-TERM LEASE PAYABLES - IFRS16	9,191	75,950
NON-CURRENT FINANCIAL LIABILITIES	**298,257,897**	**358,596,970**
FINANCIAL PAYABLE WITH RELATED PARTIES	1,533,245	663,524
LEASE PAYABLES FROM RIGHTS OF USE - IFRS16	66,802	169,165
CURRENT FINANCIAL LIABILITIES	**1,600,047**	**832,689**
OTHER CURRENT FINANCIAL LIABILITIES	**2,969,319**	**4,150,653**
CURRENT FINANCIAL LIABILITIES	**4,569,366**	**4,983,342**

As at 31 December 2023 the Company's has respected the financial parameters (covenants) provided by financial agreements and bonds.

Non-current financial liabilities

The non-current bond is represented by the two Bonds issued: (i) 120,000,000 euros 7,75 percent. Senior Unsecured Notes due 6.11.2028 and guaranteed by Carraro S.p.A. (ISIN: IT0006756438) (the "Bond 2023"); and (ii) 150,000,000 euros 3.75 percent. Senior Unsecured Notes due 25 September 2026 and guaranteed by Carraro S.p.A. (ISIN XS2215041513) (the "Bond 2020" and, together with Bond 2023, the "Bonds"). The new name of the 2020 Bond is "Carraro Fin Tf 3,75% St26 Call Eur" and the name of the Bond 2023 is "CARRIM 7 3/4 11/06/28".

The financial instruments are currently listed on the Luxembourg stock exchange and in Italy on the Mercato Telematico delle Obbligazioni di Borsa Italiana (MOT) and the member state is Luxembourg.

The Bond 2018 for 180,000,000 euros 3.50 percent. Senior Unsecured Notes due 31 January 2025 (ISIN XS1747134564) (the "Bond 2018") was repaid in advance on December 11, 2023.

The amortised cost method has been utilized for bonds' evaluation.

As at 31 December 2023, the effect of the amortised cost on these Bonds was as follows:

- ISIN XS2215041513 150 million euros: 1.463 million euros
- ISIN: IT0006756438 120 million euros: 2.218 million euros

As required by paragraph 25 of the IFRS 7 accounting standard, the following table shows the fair value of the two aforementioned bonds compared with the respective book value:

(amounts in Euro)	**Notional**	**Amortised cost 31.12.2023**	**Carrying amount 31.12.2023**	**Fair Value (level 1) 31.12.2023**
BOND 2020-2026 3.75%	150,000,000	-1,462,697	148,537,303	150,435,000
BOND 2023-2028 7.75%	120,000,000	-2,218,134	117,781,866	128,640,000
Total	**270,000,000**	**-3,680,831**	**266,319,169**	**279,075,000**

The long medium loan of 31,929,537 euros is represented by a bank loan, granted to Carraro Finance S.A. and guaranteed by Carraro S.p.A.,called "Carraro Group R&D and Digitalisation II" received by EIB (European Investment Bank) on December 21, 2022 for the amount of 32,000,000 euros.
Terms and conditions of the reimbursement are ten semi-annual instalments, to be paid in the period between June 2025 (first date of reimbursement) and December 2029 (maturity date).
The interest rate is variable set as Euribor 6 months plus spread.
This loan is valued using the amortised cost method.
As at 31 December 2023, the effect of the amortised cost is as follows:

- Carraro Group R&D and Digitalisation II loan of 32,000,000 euros: 70,463 euros

Current financial liabilities

The caption mainly represents the interests payable for the two bonds issued by the Company for 2,969,319 euros, and the guaranty to pay to Carraro SPA for 1,533,245 euros.

The Financial Liabilities are presented below, divided into short-term portion, medium-term portion and portion at more than 5 years.

(amounts in Euro)

up to one year	from 1 to 5 years	more than 5 years	Total 31.12.2023
4,569,366	291,851,419	6,406,478	**302,827,263**

The Company has in its disposal revolving credit facility for a total amount of 80 million euros not drawn down at 31 December 2023.

As required by IAS 7 paragraph 44A, disclosures on the changes in financial liabilities are presented below, with indication of cash and non-cash movements:

Financial liabilities

(amounts in Euro)	31.12.2022	Cash Flow Out	Cash Flow In	Other changes	IFRS16 effect	31.12.2023
Gross non-current loans payable	362,075,949	- 180,000,000	120.000.000	-	-	302,075,949
Gross current loans payable	832,690	-663,524	-	1,533,245	-102,363	1,600,047
Total loans and lease liabilities	**362,908,639**	**-180,663,524**	**120,000,000**	**1,533,245**	**-102,363**	**303,675,996**
Amortised cost	- 3,478,980	-	-	-339,073	-	-3,751,294
Other non current financial liabilities	-	-	-	-	-	-
Other current financial liabilities	4,150,653	-4,150,653	-	2,969,319	-	2.969.319
Financial liabilities:	**363,580,312**	**-184,814,177**	**120,000,000**	**4,163,491**	**-102,363**	**302,827,263**

The net financial position is broken down below:

Net financial position *(amounts in Euro)*	**31.12.2023**	**31.12.2022**
Non-current bonds	-266,319,169	-326,608,188
Bonds:	**-266,319,169**	**-326,608,188**
Non-current loans payable	-31,938,728	-31,988,782
Current payable	-1,533,245	-663,524
Current loans payable	-66,803	-169,165
Other current financial liabilities	-2,969,319	-4,150,653
Financial liabilities:	**-36,508,094**	**-36,972,124**
Current loans and receivables	18,111,571	107,344,773
Other current financial assets	514,214	451,055
Financial assets:	**18,625,785**	**107,795,828**
Bank current accounts and deposits	145,014,229	166,982,643
Cash and cash equivalents:	**145,014,229**	**166,982,643**
Net financial position*	**-139,187,250**	**-88,801,841**
Non-current loans and receivables	142,000,000	90,000,000
Other non-current financial assets	137,819	48,343
Non-current leases - IFRS 16	9,191	75,950
Current leases - IFRS 16	66,803	169,165
Net financial position of operations**	**3,026,562**	**1,491,617**
of which payables/(receivables):		
- non-current	-156,110,887	-268,472,677
- current	159,137,450	269,964,294

* Net financial debt draw-up in accordance with the framework provided for by Recommendation ESMA 32-382-1138 dated March 4, 2021

** For the description, please refer to “Summary of the period up to 31 December 2023” section.

Trade payables and other payables (note 16)

(amounts in Euro)	31.12.2023	31.12.2022
NON-CURRENT TRADE PAYABLES	-	-
OTHER NON-CURRENT PAYABLES	-	-
TRADE PAYABLES AND OTHER NON-CURRENT PAYABLES	-	-
FROM THIRD PARTIES	314,981	292,094
CURRENT TRADE PAYABLES	**314,981**	**292,094**
FROM RELATED PARTIES	62,500	262,321
FROM THIRD PARTIES	693,347	105,164
OTHER CURRENT PAYABLES	**755,847**	**367,485**
TRADE PAYABLES AND OTHER CURRENT PAYABLES	**1,070,828**	**659,579**

Other payables can be analysed as follows:

(amounts in Euro)	31.12.2023	31.12.2022
Amounts due to pensions agencies	35,575	12,650
Amounts due to employees	381,138	88,616
Board of Directors Fees (related parties)	62,500	262,321
Current tax payable	4,538	3,898
VAT payable	272,096	-
OTHER CURRENT PAYABLES	**755,847**	**367,485**

Current taxes payables (note 17)

As at 31 December 2023, the Company had no current tax payables.

Employee severance indemnities and retirement benefits (note 18)

The Company had no employee severance indemnities or retirement benefits.

Number of employees

The number of employees shown below is broken down by category:

Employees	31.12.2023	Changes for the period	31.12.2022
Executives	1	-	1
Clerical staff	4	-	4
Total	**5**	-	**5**

Provision for risks and liabilities (note 19)

The Company has no provisions for risks and charges.

Credit risks, Liquidity risks and Interest risks (note 20)

Liquidity risks occurs when Company is unable to meet own obligations because do not have sufficient liquid reserves or cash flow generate to meet its financial obligations.

The situations or scenarios represents a low risk for the Company for the following reasons:

- The Company has enough reserve of Cash to meet own obligations;
- The Company invests own cash liquidity in short period in time deposit held by reputable banks with high credit rating;
- No risk of default identified at the Company level.

Credit risks occurs when Debtors (for example Carraro Group Companies) is unable to meet own obligations because do not have sufficient liquid reserves or cash flow generate to meet its financial obligations.

The situations or scenarios represents a low risk for the Company for the following reasons:

- At headquarter Carraro Group is in place a constantly monitoring of performance for each Carraro Group entities and negative results or potential critical Issues are immediately communicated to Carraro Finance S.A. being the treasury center of the Group.
- No risk of default identified at the debtors level.

The interests Risk represent a low risk because the mainly financial asset and liabilities are negotiated with a fix long interest rate.

The residual exposure on short term does not represent a high risk since it is mitigated by average low exposure.

7. Commitments and risks

There are commitments referring the limit on short time facilities granted to Italian entities of the Carraro Group, not used time by time for the aggregate amount of Eur 158 million.

No other risks to be reported.

8. Financial derivatives

As at 31 December 2023 the Company did not hold any financial derivatives.

9. Transactions with related parties

As at December 31, 2023, Carraro Finance S.A. is 14,46% owned by Carraro International S.E. and 85,54% owned by Carraro S.p.A.. Carraro S.p.A. is the ultimate controlling entity.

The following tables present information relating to transactions with related parties in accordance with the IAS 24 standard.

REMUNERATION OF THE MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Person	Office held	Term of office	Annual Remuneration Euros/000
Gomiero Enrico	Chairman	3-year mandate 2021-2023	63
Marusso Sergio	Chief Executive Officer	3-year mandate 2021-2023	40
Morvilli Fabio	Director	3-year mandate 2021-2023	40

TRANSACTIONS OF CARRARO FINANCE S.A. WITH CARRARO GROUP COMPANIES UP TO 31.12.2023

Detail of transactions with related parties

Other related parties:

(amounts in Euro)	Financial receivables	Financial payable
Carraro SpA	92,739,480	1,533,245
Carraro Drive tech Italia S.p.A.	32,409,111	-
Carraro Driveservice S.r.l.	-	-
Carraro India Ltd.	5,202,002	-
Carraro International	12,345,319	-
Carraro China Drive System Co. Ltd.	47,179	-
SIAP S.p.A.	10,315,313	-
Carraro Lux Tech R&D centre S.a.r.l.	53,166	-
TOTAL	**160,111,571**	**1,533,245**

Detail of transactions with related parties

Other related parties: (amounts in Euro)	Financial costs	Sales of services	Other financial income	Purchase of services
Carraro SpA	1,511,833	263,257	7,706,637	21,411
Carraro Drive tech Italia S.p.A.	-	663,051	4,246,360	-
Carraro Driveservice S.r.l.	-	-	-	-
Carraro India Ltd.	-	169,047	390,484	-
Carraro International	-	56,610	1,023,491	-
Carraro China Drive System Co. Ltd.	-	85,073	-	-
SIAP S.p.A.	-	104,421	690,048	-
Carraro R&D Lux Tech S.a.r.l.	-	45,833	-	-
TOTAL	**1,511,833**	**1,387,291**	**14,057,019**	**21,411**

The transactions with related parties fall within the ordinary operations of the Company, relationships of a financial or advisory nature and intended on an arm's length basis and are entered into in the interests of the individual Companies concerned. The other financial income are mainly composed of interest income received on the loans granted to entities of the Carraro Group.

The Company has received by Carraro S.p,A. a guarantee regarding its bonds issued and EIB loan as explained at (Note 15 paragraph Non-current liabilities).

10. Events subsequent to the reporting date

There are no subsequent events to report.

Sergio Marusso
Chief Executive Officer

CARRARO Finance

Directors' statement of responsibilities

1. The Directors of Carraro Finance S.A. hereby certify that the administrative and accounting procedures used to prepare the 2023 financial statements are adequate, considering the profile of the Company, and that those procedures have been effectively applied.

2. In this regard no significant aspects emerged which require disclosure.

3. We can also certify that:

3.1 The Annual Financial Statements:

a) were prepared in conformity with the applicable international accounting standards endorsed by the European Community under the terms of Regulation (EC) No. 1606/2002 of the European Parliament and Council, of 19 July 2002;

b) correspond to the accounting records;

c) give a true and fair view of the assets, liabilities, financial position and profit or loss of the Issuer;

3.2 The management report includes a fair review of the development and performance of the business and the position of the Issuer, together with a description of the principal risks and uncertainties that it faces. The report on operations also includes a reliable analysis of significant operations with related parties.

Date: 21 March, 2024

Sergio Marusso
Chief Executive Officer