FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024 AND REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

CARRARO Finance

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MANAGEMENT REPORT AS AT 31 DECEMBER 2024

BOARD OF DIRECTORS	ENRICO GOMIERO	Chairman
In office until approval of the 2026 financial statements	SERGIO MARUSSO	Chief Executive Officer
	FABIO MORVILLI	Director

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

CARRARO Finance

STATEMENT OF PROFIT OR LOSS AS AT 31.12.2024

(amounts in Euro)	31.12.2024	%	31.12.2023	%	Change 31.12.2024-31.12.2023
REVENUES FROM SALES	**1,313,304**	**100.00%**	**1,387,291**	**100.00%**	**-73,987**
Purchases of goods and materials (net of changes in inventories)	-1,564	-0.12%	-4,500	-0.32%	2,936
Services and Use of third-party goods and services	-722,390	-55.01%	-1,162,911	-83.83%	440,521
Personnel costs	-703,926	-53.60%	-929,263	-66.98%	225,337
Amortisation, depreciation and impairment of assets	-272,822	-20.77%	-194,047	-13.98%	-78,775
Provisions for risks	-	-	-	-	-
Other income and expenses	-121,054	-9.22%	-127,137	-9.16%	6,083
Internal construction	-	-	-	-	-
OPERATING COSTS	**-1,821,756**	**-138.72%**	**-2,417,858**	**-174.27%**	**596,102**
OPERATING PROFIT/(LOSS)	**-508,452**	**-38.72%**	**-1,030,567**	**-74.27%**	**522,115**
Income and expenses from equity investments	-	-	-	-	-
Other financial income	20,773,651	1,581.78%	18,406,067	1,326.76%	2,367,584
Financial costs and expenses	-19,644,090	-1,495.78%	-19,026,089	-1,371.45%	-618,001
Net gains/(losses) on foreign exchange	-	-	-54	-	54
Value adjustments of financial assets	-	-	-	-	-
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	**1,129,561**	**86.00%**	**-620,076**	**-44.69%**	**1,749,637**
PROFIT/(LOSS) BEFORE TAXES	**621,109**	**47.29%**	**-1,650,643**	**-118.98%**	**2,271,752**
Current and deferred income taxes	-358,605	-27.31%	537,439	38.74%	-896,044
NET PROFIT/(LOSS)	**262,504**	**19.98%**	**-1,113,204**	**-80.24%**	**1,375,708**
EBITDA*	**-235,630**	**-17.94%**	**-836,521**	**-60.30%**	**600,891**

* for the reconciliation of the Alternative Performance Measure 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 2024" section.

CARRARO Finance

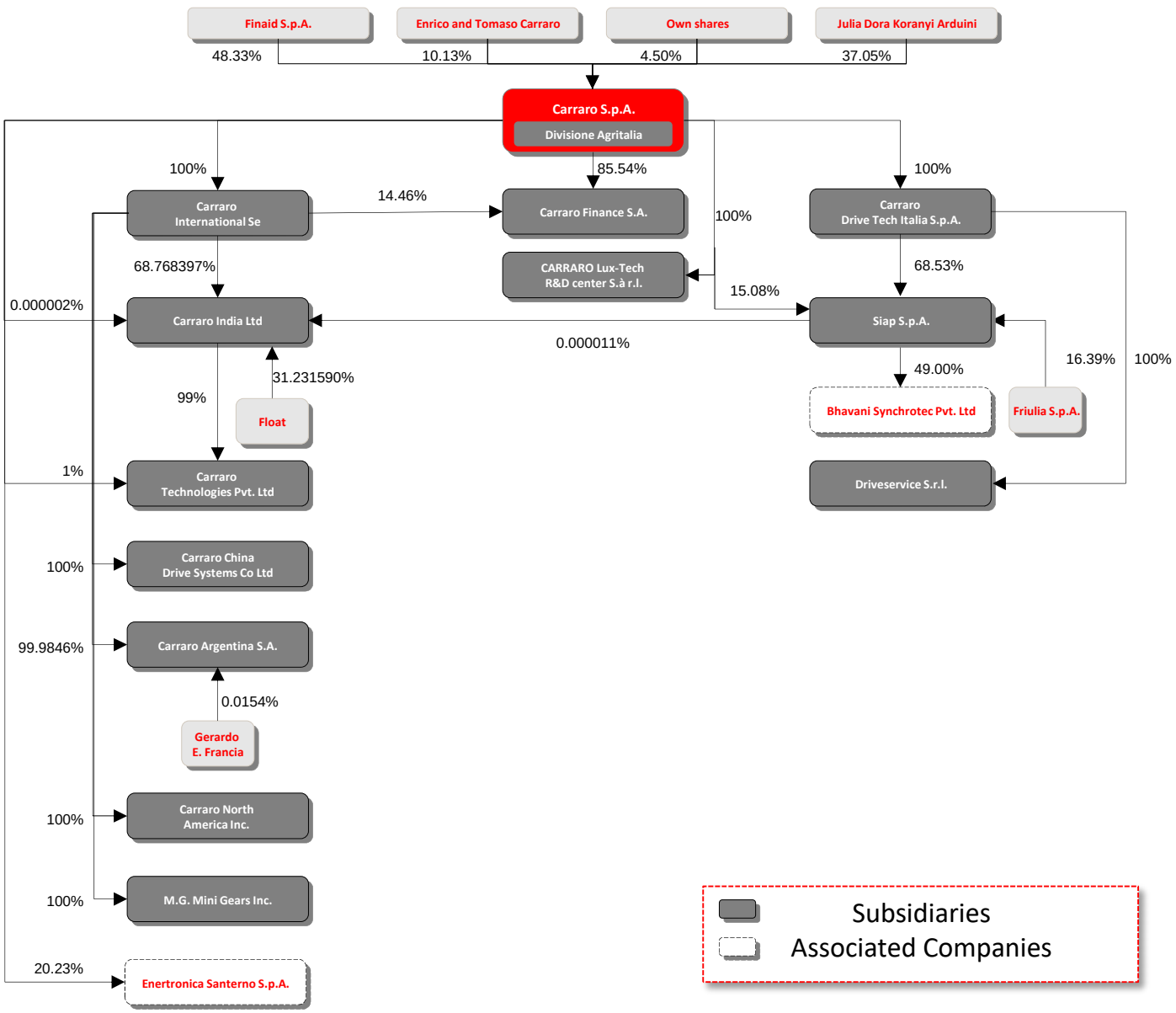
STATEMENT OF FINANCIAL POSITION AS AT 31.12.2024

(amounts in Euro)	**31.12.2024**	**31.12.2023**
Property, plant and equipment	233,225	114,044
Intangible fixed assets	463,527	537,796
Financial assets	145,191,834	142,137,819
Deferred tax assets	371,489	600,000
Trade receivables and other receivables	84,475	90,635
NON-CURRENT ASSETS	**146,344,550**	**143,480,294**
Trade receivables and other receivables	48,210	22,369
Financial assets	85,015,363	18,625,785
Cash and cash equivalents	85,118,760	145,014,228
CURRENT ASSETS	**170,182,333**	**163,662,382**
TOTAL ASSETS	**316,526,883**	**307,142,676**
Share Capital	3,770,000	3,770,000
Other Reserves	-525,415	587,789
Profit/loss for the year	262,504	-1,113,204
SHAREHOLDERS' EQUITY	**3,507,089**	**3,244,585**
Financial liabilities	292,823,925	298,257,897
NON-CURRENT LIABILITIES	**292,823,925**	**298,257,897**
Financial liabilities	19,312,006	4,569,366
Trade payables and other payables	883,863	1,070,828
Current tax payables	-	-
Provisions for risks and liabilities	-	-
CURRENT LIABILITIES	**20,195,869**	**5,640,194**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**316,526,883**	**307,142,676**

CARRARO Finance

CORPORATE STRUCTURE OF THE CARRARO GROUP

AS AT 31.12.2024



Carraro Finance S.A. (the "Company" or "Carraro Finance") was incorporated on 30 October 2020 via Carraro International S.E. and in January 2021 the Company was contribute 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 2024 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.

Corporate Governance Statement of Compliance

The Company is hereby presenting a statement of compliance with the Code of Principles of Good Corporate Governance ("the Principles" or "the Code") for the year ended 31 December 2024. Good corporate governance is the responsibility of the Board of Directors ("the Board"), which adopts the Principles and endorses them accordingly.

Principle One: The Board
The Board is composed of two (2) executive directors and one (1) non-executive director. All the Directors, individually and collectively, are of the appropriate calibre with the necessary skills, diversity of knowledge and experience to assist them in providing leadership, integrity and judgement in directing the Company.

Principle Two: Chairman and Chief Executive
The roles of the Chairman and the CEO are kept separate. The Company adopts a structure of division of responsibilities between the running of the Board and the management of the Company's business. The Chairman is responsible to lead and set the agenda of the Board. The Chairman ensures that the Board's members are all
actively engaged in discussions and receive precise, timely and objective information so that
the Directors can take judicious and rigorous decisions to be able to effectively monitor the performance of the Company. The Chairman is also responsible for communicating with shareholders. During 2024, the position of Chairman was occupied by Mr. Enrico Gomiero.
The CEO takes care of the day-to-day running of the Company's business. During 2024, this position was occupied by Mr. Sergio Marusso.

Principle Three: Composition of the Board

The Board is currently composed of two (2) executive directors and one (1) non-executive independent director. In determining the independence or otherwise of its Directors, the Board has considered, amongst others, the Principles relating to independence contained in the Code, the Company's own practice as well as general good practice. The appointment of directors to the Board is reserved exclusively to the Company's shareholders.

Principle Four: The Responsibility of the Board

The Board is entrusted with establishing the long-term strategy, objectives and policies of the Company and ensuring that these are pursued within the parameters of the relevant laws and regulations and best business practices.

The Board has the first level responsibility of executing the four basic roles of corporate governance namely accountability, monitoring, strategy formulation and policy development. The Board regularly reviews and evaluates corporate strategy, major operational and financial plans, risk policy and the performance of the Company.

Principle Five: Board Meetings

Meetings of the Board are held as frequently as necessary and are notified by the Company Secretary with appropriate notice before the meeting. Each agenda for the forthcoming meeting is accompanied by such papers and documents as are necessary to make directors informed of the issues to be discussed and in particular the decisions they are expected to take. After each Board meeting and before the next, minutes that faithfully record attendance and decisions are circulated to all directors. Mr. Sergio Marusso occupies the position of Company Secretary.

Principle Six: Relations with Shareholder, Market, and Institutional Shareholders

At the Company's Annual General Meeting (AGM), the Board assures that information is communicated to the shareholders in a transparent and accountable manner. The ordinary business at the AGM is to consider the financial statements of the Company, the directors' and auditors' report for the period, to approve any dividend recommendation by the directors, to elect the directors and to appoint the auditors. The Board also considers the Annual Report to be an effective document which, in addition to statutory disclosures, contains detailed information about the Company and its performance.

The Board discharges its obligations under the Memorandum and Articles of Association, legislation, rules and regulations by having in place formal procedures for dealing with potentially price-sensitive information and ensuring the proper conduct of its officers and staff in this regard.

The Company's presence is also on the worldwide web through its website at www.carrarofinance.lu ,which contains information and news about the Company, its products, developments and activities.

Principle Seven: Conflict of Interest

The Directors are strongly aware of their responsibility to always act in the interest of the Company and its shareholders as a whole, and of their obligation to avoid conflicts of interest, irrespective of whoever appointed them to the Board. In accordance with the provisions of the Articles of Association of the Company, any actual, potential or perceived conflict of interest must be immediately declared by a director to the other members of the Board, who then

decide on whether such a conflict exists. If the Board perceives such interest to be conflicting with the director's duties, the conflicted director is required to leave the meeting and both the discussion on the matter and the vote, if any, on the matter concerned, are conducted in the absence of the conflicted director. At the next General Meeting, this matter shall be specifically reported to the Company's shareholder.

Summary of the year ending on 31 December 2024

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

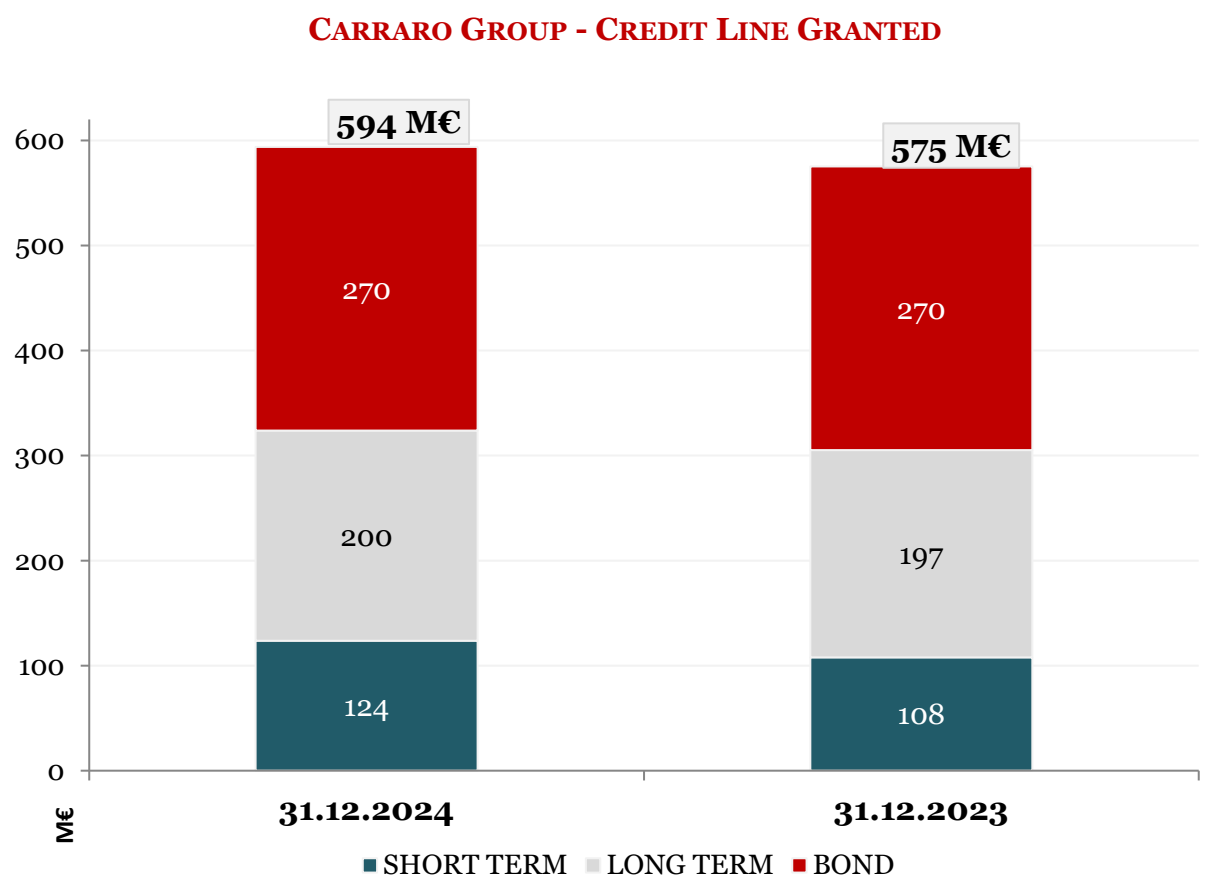
- Net financial position of operations: Net Debt determined in accordance with the recommendations contained in the ESMA document n. 32-382-1138 dated March 4, 2021, deducted, where applicable, non-current receivables and financial assets, in addition to the effects deriving from the first application 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.

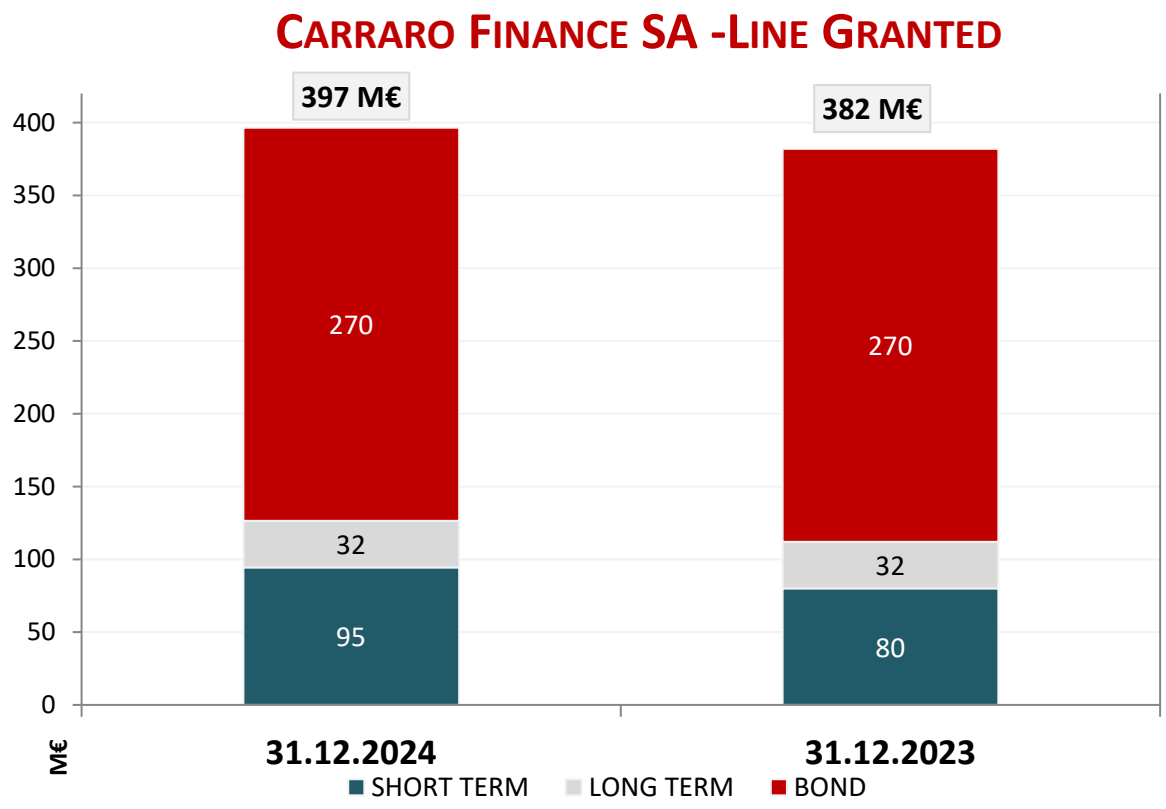


The credit lines granted by third parties at Group level, negotiated directly by Carraro Finance S.A. or through its consulting services, amounted to 594 million euros as at 31 December 2024, of which 270 million euros related to two bonds issued, 53 million euros related long term loan with EIB (European Investment Bank) and 271 million euros from financial institutions.

During the year 2024, the revolving credit facilities (RCF) increased by 15 million euros. As at December 31, 2024, the Company did not use any of 95 million euros (RCF).

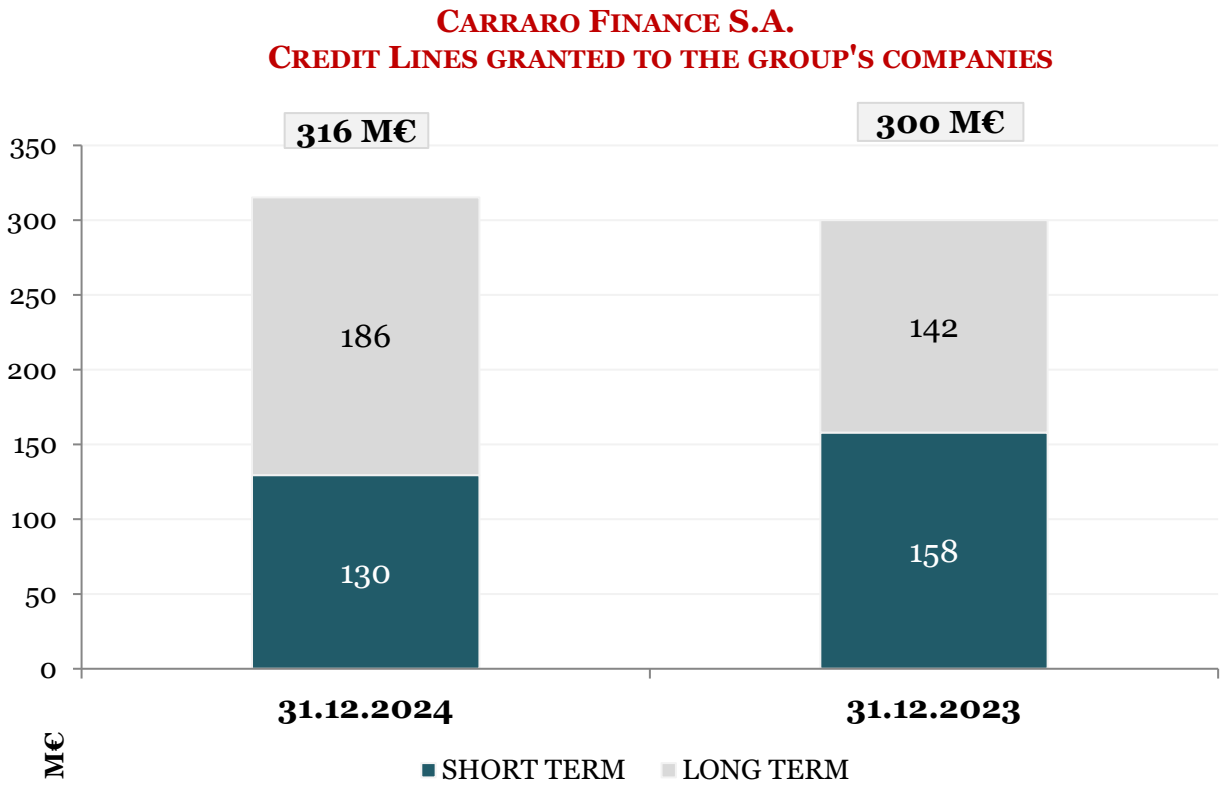
The funds raised by Carraro finance S.A. from third financial parties equal to 397 million euros as at December 31, 2024, to grant funding to European Companies belonging to the Group and marginally also to the Indian company.

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



The average all-inclusive cost of funding during 2024 is 5.37% and consider two 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:



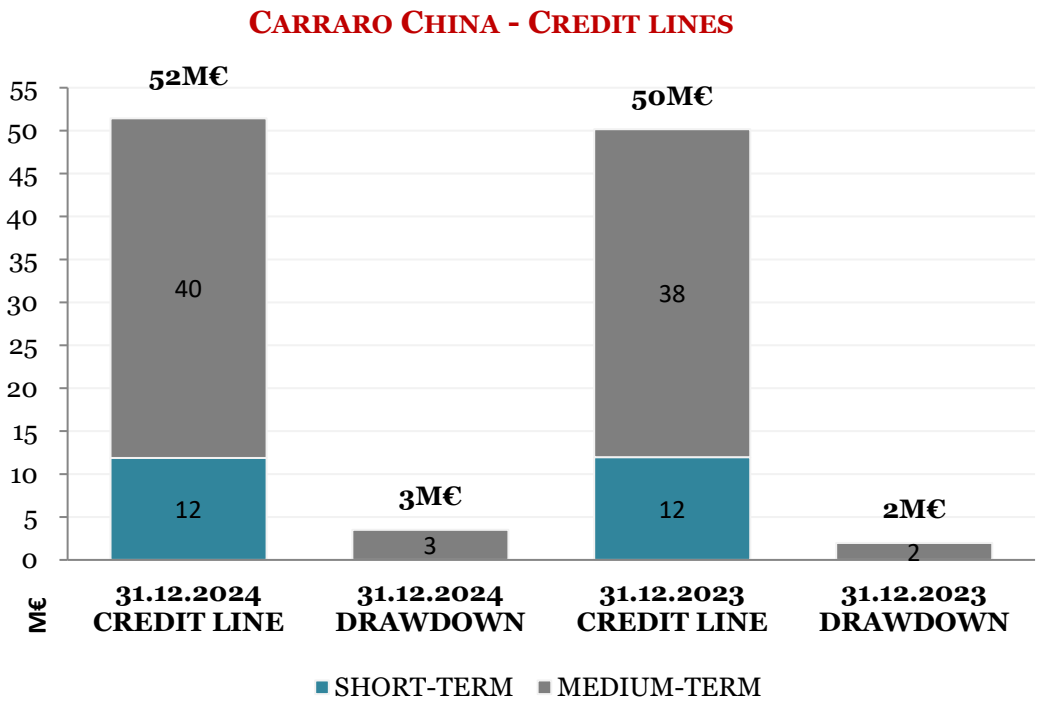
The Credit lines granted to the Group's Companies as at December 31, 2024, are equal to 316 million euros, of which 186 million euros were medium-and long-term and 130 million euros was short-term. The nominal amount of loans (the drawn amounts to the Group's Companies) is 223 million euros at the end of December 2024.

The limit of the Credit lines granted during the 2024 compared with 2023 is due to a revision of the financial needs by Carraro S.p.A., Carraro Drive Tech Italia S.p.A., Carraro International S.E., SIAP S.p.A. and Carraro India Ltd.

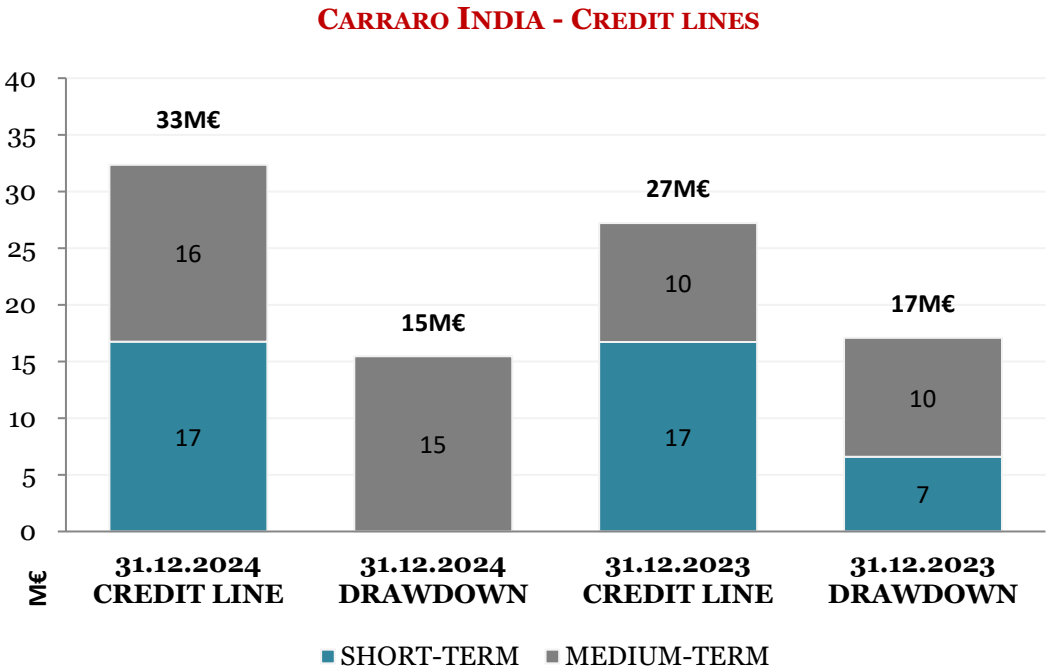
Regarding Asian companies belonging to Group as mentioned before Carraro Finance S.A. plays a role of support in negotiating and obtaining of credit lines from local institutions.

The average all-inclusive remuneration of line of credit granted to Intercompany Loans are 7.26% for short term and 8.42% for long terms.

As at 31 December 2024, Carraro China had credit lines with local banks for a total of 52 million euros, of which only 3 million euros were used.



As at 31 December 2024, Carraro India had credit lines with local banks for a total of 33 million euros, of which 15 million euros were used.



SIGNIFICANT EVENTS DURING THE PERIOD

On 1st of March 2024, the Company signed a financing agreement as Centralised Entity with the Carraro Group entities (Participants): Carraro S.p.A., SIAP S.p.A., DriveService S.r.l. and Drive Tech Italy S.p.A. to implement:

- an in-house banking system based on payment on behalf of (POBO) and receivables on behalf of (ROBO)
- a cash pooling/cash management arrangement.

This financing agreement was created with a view to (i) allowing the Participants, to meet their respective financial and payment obligations and to settle intercompany debts in a manner more efficiently and (ii) coordinating the cash requirements and cash surpluses of the Participants with the aim of:

- balancing cash needs and cash surpluses between the Participants.
- minimizing the cost of funding and managing financial flows.
- increasing investments yield and safety.

SUBSEQUENT EVENTS

There are no subsequent events to report.

OVERVIEW OF THE COMPANY PERFORMANCE

Net financial position of operations

(amounts in Euro)	31.12.2024	31.12.2023
Net financial position of operations *	**3,388,123**	**3,026,562**

* for the reconciliation of the Alternative Performance Measure please refer to the "*Financial Liabilities (note 15)*" section and for its description, please refer to "Summary of the period up to 31 December 2024" section.

Net financial position from operations as at 31 December 2024 was positive for 3.388 million euros, rising compared to 31 December 2023 (3.027 million euros).

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

(amounts in Euro)	31.12.2024	31.12.2023
Non-current bonds	-267,227,981	-266,319,169
Non-current loans payable	-25,595,944	-31,938,728
Other Financial liabilities	-19,312,006	- 4,569,366
Total Financial Gross Debts	**- 312,135,931**	**- 302,827,263**
Non-current loans and receivables	145,100,000	142,000,000
Current loans and receivables	84,594,468	18,111,571
Other financial assets	710,826	728,025
Total Financial assets:	**230,405,294**	**160,839,596**
Cash and cash equivalents:	85,118,760	145,014,229
Net financial position of operations *	**3,388,123**	**3,026,562**

Turnover

Carraro Finance S.A. derives its revenues from contracts with Carraro Group Companies for financial consulting services and payment on behalf of (POBO) and receivables on behalf of (ROBO) services.
The Company's turnover decrease by 6% (from 1,387,291 euros as at 31.12.2023 to 1,313,304 euros as at 31.12.2024) mainly due to a decrease of the operating costs, that are the basis of the financial services calculation used to re-invoice to intra-group Companies.

EBITDA

(amounts in Euro)	31.12.2024	31.12.2023
Operating Profit (Loss)*	**-508,452**	**-1,030,567**
Amortization tangible assets	171,052	178,118
Amortization intangible assets	101,770	15,929
Depreciation Fixed assets	-	-
EBITDA	**-235,630**	**-836,521**

* For details please refer to the Statement of Profit or Loss.

EBITDA increased by 72% from a negative amount of 836,521 euros as at 31.12.2023 to a negative amount of 235,630 euros as at 31.12.2024.

Amortization and depreciation of fixed assets

(amounts in Euro)	31.12.2024	% on Turnover	31.12.2023	% on Turnover	Change %
Amortization and depreciation	**272,822**	**20.77%**	**194,047**	**13.99%**	**40.60%**

Net Gains(Losses) on financial assets

(amounts in euro)	31.12.2024	31.12.2023
10) INCOME/EXPENSES FROM EQUITY INVESTMENTS	**-**	**-**
A) FROM FINANCIAL ASSETS	16,313,028	13,560,658
B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS	3,600,464	4,349,048
C) FROM OTHER THAN THE ABOVE	-	-
D) INCOME OTHER THAN THE ABOVE	860,159	496,361
11) OTHER FINANCIAL INCOME	**20,773,651**	**18,406,067**
A) FROM FINANCIAL LIABILITIES	-16,730,552	-15,182,785
B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS	-	-
C) EXPENSES OTHER THAN THE ABOVE	-2,913,538	-3,843,304
12) FINANCIAL COSTS AND EXPENSES	**-19,644,090**	**-19,026,089**
OTHER NET EXCHANGE RATE DIFFERENCES	-	-54
13) NET GAINS/(LOSSES) ON FOREIGN EXCHANGE	**-**	**-54**
14) VALUE ADJUSTMENTS OF FINANCIAL ASSETS	**-**	**-**
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	**1,129,561**	**-620,076**

The company reported a Net Gains on Financial Assets and Liabilities of 1,129,561 euros as at 31.12.2024 from a Net Loss of 620,076 euros as at 31.12.2023.

This increase is 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 2024, 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.

Net profit/(loss)

As at 31 December 2024, the Company recorded a profit of 262,504 euros.

(amounts in Euro)	Up to 31.12.2024	% of turnover	Up to 31.12.2023	% of turnover	Change %
EARNINGS BEFORE TAX	**621,109**	**47.29%**	**-1,650,643**	**-118.98%**	**-137.63%**
Current and deferred income taxes	-358,605	-27.31%	537,439	38.74%	14.05%
NET PROFIT/(LOSS)	**262,504**	**19.98%**	**-1,113,204**	**-80.24%**	**-123.58%**

The profit is mainly related to the remuneration of the financial assets and the improved operating costs, due to a decrease in the support of external professionals and optimization of the company structure.

PERSONNEL

Workforce trend

(Workforce):	31.12.2024	31.12.2023
Executive	1	1
Clerical Staff	5	4
Total	**6**	**5**

KEY RISKS AND UNCERTAINTIES TO WHICH CARRARO FINANCE IS EXPOSED

The main risks identified for Carraro Finance are listed below.

Strategic risks

The company is the treasury entity for the Group

The Company is a treasury centre for the Group and intends to service and repay the Notes out of receivables due from other current and future Group companies under intercompany loans at short, medium and long term, cash pooling activities and centralization of POBO/ROBO (payments on behalf of/receivables on behalf of) ("Centralized Financial and Treasury Activities"), comprising interest and commission payments falling due to the Issuer from those Group companies, as well as repayment of principal. The Issuer's ability to service and repay the Notes therefore depends on the ability of other Group companies to pay in full all amounts due under the Centralized Financial and Treasury Activities extended to them by the Issuer. In the event that any Group subsidiary fails to pay the Issuer any such amounts, the Issuer may not be able to meet its obligations under the Notes when due.

Risks related to the trends on the markets/industrial customers

The market sectors in which the associates operate are influenced to varying degrees by growth 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 to the Group's efforts in directing its research and innovation.

The cash flows envisaged for 2024 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 rates

Carraro Finance S.A. 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 to exchange rate risks because all the main transaction are made in Euro currency. However, if the Company will enter in transactions in currencies other than euro the potential risks which might arise will be managed following the criteria set out 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, to take the most appropriate decisions regarding 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.

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 structure that establishes 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; because 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 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, 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 IFRS Accounting Standards, 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

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

REPORT OF THE *RÉVISEUR D'ENTREPRISES AGRÉÉ*

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 31 December 2024, and the statement of profit or 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 31 December 2024, 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 23 July 2016 on the audit profession (Law of 23 July 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 23 July 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.

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.

Société à responsabilité limitée au capital de 360.000 €
RCS Luxembourg B67.895
Autorisation d'établissement 10022179

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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 *t* 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's 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 23 July 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 23 July 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.

Deloitte.

Report on Other Legal and Regulatory Requirements

We have been appointed as "*réviseur d'entreprises agréé"* by the General Meeting of the Shareholders on 30 October 2020 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is four 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) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, 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 31 December 2024 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 31 December 2024, 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.

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

21 March 2025

CARRARO Finance

STATEMENT OF PROFIT or LOSS

(amounts in Euro)	NOTES	31.12.2024	31.12.2023
A) REVENUES FROM SALES			
1) Products		-	-
2) Services		1,313,304	1,387,291
3) Other revenues		-	-
TOTAL REVENUES FROM SALES	**1**	**1,313,304**	**1,387,291**
A bis) of which with related parties		1,313,304	1,387,291
B) OPERATING COSTS			
1) Purchases of goods and materials		1,564	4,500
2) Services		714,190	1,158,711
3) Use of third-party goods and services		8,200	4,200
4) Personnel costs		703,926	929,263
5) Amortisation, depreciation and impairment of assets		272,822	194,047
5.a) depreciation of property, plant and equipment		*171,052*	*178,118*
5.b) amortisation of intangible assets		*101,770*	*15,929*
6) Changes in inventories		-	-
7) Provision for risks and other liabilities		-	-
8) Other income and expenses		121,054	127,137
9) Internal Construction		-	-
TOTAL OPERATING COSTS	**2**	**1,821,756**	**2,417,858**
B-bis) of which with related parties		*-11,880*	*21,412*
OPERATING PROFIT/(LOSS)		**-508,452**	**-1,030,567**
C) GAINS/(LOSSES) ON FINANCIAL INSTRUMENTS			
10) Income from equity investments		-	-
11) Other financial income		20,773,651	18,406,067
12) Financial costs and expenses		-19,644,090	-19,026,089
13) Net gains/(losses) on foreign exchange		-	-54
14) Value adjustment of financial assets		-	-
NET GAINS/(LOSSES) ON FINANCIAL INSTRUMENTSTS	**3**	**1,129,561**	**-620,076**
C-bis) of which with related parties		*15,859,075*	*12,545,186*
PROFIT/(LOSS) BEFORE TAXES		**621,109**	**-1,650,643**
15) Current and deferred income taxes	**4**	-358,605	537,439
NET PROFIT/(LOSS)		**262,504**	**-1,113,204**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

The entity has no components of other comprehensive income in the current year. Total comprehensive income for the year is 262,504 euros.

The accompanying notes form an integral part of these financial statements.

CARRARO Finance

STATEMENT OF FINANCIAL POSITION

(amounts in Euro)	NOTES	31.12.2024	31.12.2023
A) NON-CURRENT ASSETS			
1) Property, plant and equipment	**5**	233,225	114,044
2) Intangible fixed assets	**6**	463,527	537,796
3) Real estate investments	**7**	-	-
4) Equity investments in associated Companies	**8**	-	-
5) Financial assets	**9**	145,191,834	142,137,819
5.1) Loans and receivables with related parties		*145,100,000*	*142,000,000*
5.2) Other financial assets		*91,834*	*137,819*
6) Deferred tax assets	**10**	371,489	600,000
7) Trade receivables and other receivables	**11**	84,475	90,635
7.2) Other receivables		*84,475*	*90,635*
TOTAL NON-CURRENT ASSETS		**146,344,550**	**143,480,294**
B) CURRENT ASSETS			
1) Closing inventory	**12**	-	-
2) Trade receivables and other receivables	**11**	48,210	22,369
2.2) Other receivables		*48,210*	*22,369*
3) Financial assets	**9**	85,015,363	18,625,785
3.1) Loans and receivables		*84,594,468*	*18,111,571*
3.2) Other financial assets		*420,895*	*514,214*
3-bis) of which with related parties		*84,594,468*	*18,111,571*
4) Cash and cash equivalents	**13**	85,118,760	145,014,228
4.1) Bank current accounts and deposits		*85,118,760*	*145,014,228*
TOTAL CURRENT ASSETS		**170,182,333**	**163,662,382**
TOTAL ASSETS		**316,526,883**	**307,142,676**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

(amounts in Euro)	NOTES	31.12.2024	31.12.2023
A) SHAREHOLDERS' EQUITY	**14**		
1) Share Capital		3,770,000	3,770,000
2) Profits/(Losses) brought forward		-525,415	587,789
3) Profit/(Loss) for the year		262,504	-1,113,204
TOTAL SHAREHOLDERS' EQUITY		**3,507,089**	**3,244,585**
B) NON-CURRENT LIABILITIES			
1) Financial liabilities	**15**	292,823,925	298,257,897
1.1) Bonds		*267,227,981*	*266,319,169*
1.2) Loans and Lease Liability		*25,595,944*	*31,938,728*
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		**292,823,925**	**298,257,897**
C) CURRENT LIABILITIES			
1) Financial liabilities	**15**	19,312,006	4,569,366
1.2) Loans and Lease Liability		*16,356,356*	*1,600,047*
1.3) Other		*2,955,650*	*2,969,319*
1-bis) of which with related parties		*9,806,897*	*1,533,244*
2) Trade payables and other payables	**16**	883,863	1,070,828
2.1) Trade payables		*464,489*	*314,981*
2.2) Other payables		*419,374*	*755,847*
2-bis) of which with related parties		*70,320*	*62,500*
3) Current taxes payables	**17**	-	-
TOTAL CURRENT LIABILITIES		**20,195,869**	**5,640,194**
TOTAL LIABILITIES		**313,019,794**	**303,898,091**
TOTAL SHAREHOLDER EQUITY AND LIABILITIES		**316,526,883**	**307,142,676**

The accompanying notes form an integral part of these financial statements.

CARRARO Finance

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(amounts in Euro)	Share Capital	Other Reserves	Profits/(Losses) brought forward	Profit/(Loss) for the year	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	-
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 year:	**510,000**	**-5,469,085**	**5,585,629**	**3,393,456**	**3,000,789**
Balance as at 31.12.2023	**3,770,000**	**-**	**587,789**	**-1,113,204**	**3,244,585**

(amounts in Euro)	Share Capital	Other Reserves	Profits/(Losses) brought forward	Profit/(Loss) for the year	Total
Opening Balance as at 01.01.2024	**3,770,000**	**-**	**587,789**	**-1,113,204**	**3,244,585**
Total Comprehensive income for the year				**262,504**	**262,504**
Allocation result 2023	-	-	1,113,204	1,113,204	-
Total transactions with Shareholders and other movements of the year:	**-**	**-**	**-1,113,204**	**1,113,204**	
Balance as at 31.12.2024	**3,770,000**	**-**	**-525,415**	**262,504**	**3,507,089**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(amounts in Euro)	NOTES	31.12.2024	31.12.2023
Profit/(loss) for the year	14	262,504	-1,113,204
Tax and deferred the year	4	358,605	-537,439
Profit/(loss) before taxes		***621,109***	***-1,650,643***
Depreciation of property, plant and equipment	2	171,052	178,118
Amortisation of intangible fixed assets	2	101,770	15,928
Net gains/(losses) on foreign exchange	3	-	54
Financial Income	3	-20,773,651	-18,406,067
Financial cost	3	19,644,090	19,026,089
Cash flows before changes in Net Working Capital		***-235,630***	***-836,521***
Change in trade payables	16	149,508	22,888
Change in other receivables/payables	11-16	-316,792	314,375
Interest income received		18,737,021	17,445,949
Interest expenses paid		-16,646,875	-15,679,533
Change in other financial asset		-3,923,700	-3,379,357
Change in other financial liabilities		-1,006,464	-311,614
Cash flows from operating activities		***-3,242,932***	***-2,423,813***
Investments in property, plant and equipment	5	-13,838	-11,764
Proceed from disposal of property, plant and equipment	5	1,393	-
Investment intangible fixed assets	6	-448,373	-223,837
Loans and advances granted to related parties	9	-448,180,295	-124,159,000
Repayments of loans by related parties	9	391,988,576	161,850,000
Cash flows from investing activities		***-56,652,537***	***37,455,399***
Proceeds from issuance of shares	14	-	3,000,000
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	-	-
Cash flows from financing activities		***-***	***-57,000,000***
Total cash flows for the period		***-59,895,469***	***-21,968,414***
Opening cash and cash equivalents		***145,014,229***	***166,982,643***
Closing cash and cash equivalents		***85,118,760***	***145,014,229***

The accompanying notes form an integral part of these financial statements.

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 2024 to 31 December 2024, was authorised by Board of Directors resolution dated March 12, 2025.

Reporting criteria and accounting principles

The financial statements of the Company as of December 31, 2024, have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (“IASB”) and endorsed by the European Union. These standards are the same as those used for the Financial Statements as at December 31, 2023, 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 measure" not envisaged by the IFRS accounting standards:

- EBITDA: the sum of operating profit/(loss) of the statement of profit or loss, amortisation (including any adjustments), depreciation and impairment of fixed assets. The Company's management believes that EBITDA is a useful additional indicator 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.

3. Material accounting principles

3.1 Accounting standards and measurement criteria

IFRS accounting standards, amendments and interpretations adopted since 1 January 2024:

Amendment to IAS 1 – Classification of liabilities as current or non-current

Effective for annual periods beginning on or after January 1, 2024.

In January 2020, the IASB issued narrow-scope amendments to IAS 1 clarify that the classification of liabilities depends on the rights that exist at the end of the reporting period. The expectations of the entity or events after the reporting date will not affect the classification. The amendments also clarify the meaning of 'settlement' of a liability in the context of IAS 1.

The amendments may impact the classification of liabilities as current or non-current, particularly for entities that previously considered management's intentions to determine classification, and for some liabilities that can be converted into equity.

These amendments are to be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments described above do not have a significant impact on the Company's financial statements.

Amendment to IAS 1 – Non-current liabilities with covenants

Effective for annual periods beginning on or after January 1, 2024.

In October 2022, the IASB issued amendments to IAS 1 with regards to non-current liabilities with covenants, to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenant could become repayable within 12 months.

The amendments described above do not have a significant impact on the Company's financial statements.

Amendments to IFRS 16 – Lease liabilities arising from sale and leaseback transactions

Effective for annual periods beginning on or after January 1, 2024.

On September 27, 2022, the IASB published amendments to IFRS 16 that require a seller-lessee to subsequently measure lease liabilities arising from a sale and leaseback transaction in a way that does not result in recognition of a gain or loss that relates to the right of use it retains.

A seller-lessee applies the amendment retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application (i.e. from the beginning of the annual reporting period in which the entity first applied IFRS 16).

The amendments described above do not have a significant impact on the Company's financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure: Supplier Finance Arrangements

Effective for annual periods beginning on or after January 1, 2024.

In May 2023, the IASB issued amendments to IAS 7 and IFRS 7 on supplier finance arrangements to add disclosure requirements, and signposts within existing disclosure requirements, that ask entities to provided qualitative and quantitative information about supplier finance arrangements.

The amendments to IAS 7 are effective for accounting periods beginning on or after 1 January 2024 and the amendment to IFRS 7 when it applies the amendment to IAS 7. Early adoption is permitted.

The amendments described above do not have a significant impact on the Company's financial statements.

IFRS standards, amendments and interpretations not yet endorsed by the European Union as at 31 December 2024:

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

Effective for annual periods beginning on or after January 1, 2025.

In August 2023, the IASB issued amendments to IAS 21 on lack of exchangeability that contains guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

The amendments are effective for accounting periods beginning on or after 1 January 2025 and are not applicable retrospectively. Instead, an entity recognises any effect of initially applying amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other that its functional currency, it recognises the cumulative amount of translation differences in equity.

The amendments described above are not expected to have a significant impact on the Company's financial statements and have not been early adopting in preparing these financial statements.

Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments

Effective for annual periods beginning on or after January 1, 2026.

In May 2024, the IASB has issued an amendment to IFRS 9 and IFRS 7 to address matters identified during the post-implementation review of the classification and measurement requirements.

The changes provided for are as follows:

(i) Derecognition of a financial liability settled through electronic transfer

The amendments to the application guidance of IFRS 9 permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.

(ii) Classification of financial assets

The amendments include guidance on the classification of financial assets with ESG-linked features. The amendments introduce an additional Solely Payments of Principal and Interest (SPPI) test for financial assets with contingent features, whether ESG-linked or not, that are not related directly to a change in basic lending risks or costs.

(ii) Disclosures

The amendments include additional disclosures for all financial assets and financial liabilities that have certain contingent features. In particular, an entity is required to:

- disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates to investments derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period.
- disclose the contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial asset measured at amortised cost or fair value through other comprehensive income (FVOCI) and each class of financial liability measured at amortised cost.

Amendments to Annual Improvements to IFRS Accounting Standards — Volume 11

Effective for annual periods beginning on or after January 1, 2026.

In July 2024, the IASB has published the annual improvements process to make necessary, but non-urgent, amendments to IFRSs that will not be included as part of another major project.

The changes provided for are as follows:

(i) IFRS 7 Financial Instruments: Disclosures

- Gain or loss on derecognition. The amendment replaces the reference to paragraph 27A of IFRS 7, a paragraph that no longer exists, with a reference to paragraphs 72–73 of IFRS 13 Fair Value Measurement; and replaces the phrase 'inputs that were not based on observable market data' with 'unobservable inputs'.
- Disclosure of deferred difference between fair value and transaction price. The amendment addresses an inconsistency between paragraph 28 of IFRS 7 and its accompanying implementation guidance that arose when a consequential amendment resulting from the issuance of IFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance.
- Introduction and credit risk disclosures. The amendment adds a statement in paragraph IG1 of IFRS 7 that the implementation guidance accompanying IFRS 7 does not illustrate all the requirements in IFRS 7; and simplifies the wording in paragraph IG20B. This is to resolve potential confusion in paragraph IG20C accompanying IFRS 7 because a statement on the omitted illustrations is only included in paragraph IG20B but not paragraph IG20C.

(ii) IFRS 10 Consolidated Financial Statements

- Determination of a 'de facto agent'. The amendment addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 of IFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.

(iii) IAS 7 Statement of Cash Flows

- Cost method. The amendment replaces the term 'cost method', a term that is no longer defined in IFRS Accounting Standards, with 'at cost' in paragraph 37 of IAS 7.

New accounting standard: IFRS 18 Presentation and Disclosures in Financial Statements

Effective for annual periods beginning on or after January 1, 2027.

In April 2024, the IASB has published IFRS18 that will replace IAS 1 'Presentation of Financial Statements'. This aims at improving how entities communicate information in their financial statements. IFRS 18 applies to all financial statements that prepared and presented in accordance with IFRS Accounting Standards.

IFRS 18 requires all Companies to:

(i) report a newly defined subtotal, 'operating profit';

(ii) disclose certain 'non-GAAP' measures – management performance measures (MPMs) – in the financial statements which will need to be audited

(iii) improve how they group information.

The new standard also provides that the aggregation and disaggregation of items of assets, liabilities, equity, revenue, expenses and cash flows are based on shared characteristics. Companies are required to aggregate or disaggregate items to present line items in the primary financial statements to provide useful structured summaries. Furthermore, in the notes to the financial statements, companies are required to aggregate or disaggregate items to provide material information, but in doing so, must not obscure material information.

New accounting standard: IFRS 19 Subsidiaries without Public Accountability: Disclosures

Effective for annual periods beginning on or after January 1, 2027.

IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it. An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent)
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. A subsidiary has public accountability if:
- its debt or equity instruments are traded in a public market, or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or
- it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance entities, securities brokers/dealers, mutual funds and investment banks often meet this second criterion).

Eligible entities can apply IFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statement may do so in its separate financial statements (these are presented in addition to consolidated financial statements or in addition to the financial statements of an investor that does not have investments in subsidiaries but has investments in associates or joint ventures in which the investments in associates or joint ventures are required by IAS 28 to be accounted for using the equity method).

If an entity elects to apply IFRS 19 for a reporting period earlier than the reporting period in which it first applies IFRS 18, it is required to apply a modified set of disclosure requirements set out in an appendix to IFRS 19. If an entity elects to apply IFRS 19 for an annual reporting period before it applied the amendments to IAS 21, it is not required to apply the disclosure requirements in IFRS 19 with regard to Lack of Exchangeability.

The above standards and amendments have not been endorsed by the EU yet and do not have a significant impact on the Company's 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 statement of profit or loss 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 statement of profit or loss 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 5 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 statement of profit or loss.

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 statement of profit or loss.

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 statement of profit or loss 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 statement of profit or loss, 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 statement of profit or loss 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 statement of profit or loss.

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 statement of profit or loss. 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 has been conducted by the entity to identify not recoverable receivables. The key elements 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 been 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 statement of profit or loss. 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 statement of profit or loss;
- 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 group's overall strategy remains unchanged from 2024.

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.

Net financial position is defined as total gross debt after deducting financial assets, cash and cash equivalents, as indicated in Note 15, table "Net Financial Position".

Gearing ratio

(amounts in Euro)	**31.12.2024**	**31.12.2023**
Gross Debts	-312,135,931	-302,827,263
Financial assets:	230,405,294	160,839,597
Cash and cash equivalents:	85,118,760	145,014,229
Net financial position of operations	**3,388,123**	**3,026,562**
Equity	**3,507,089**	**3,244,585**
Net debt to equity ratio	**104%**	**107%**

The cash flows envisaged for 2024 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.

The company envisages meeting the needs arising from all 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.

Lastly, although 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 9 and 15 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 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 carrying amount 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 fair value.

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 is 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 2024.

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

(amounts in euro)

Geographical Area	31.12.2024	%	31.12.2023	%
Italy	1,041,668	79.32%	1,087,338	78.38%
India	147,439	11.23%	169,047	12.19%
China	74,197	5.65%	85,073	6.13%
Luxembourg	50,000	3.80%	45,833	3.30%
Total	**1,313,304**	**100.00%**	**1,387,291**	**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)	31.12.2024	31.12.2023
1) PRODUCTS	-	-
2) SERVICES	1,313,304	1,387,291
3) OTHER REVENUES	-	-
TOTAL REVENUES FROM SALES	**1,313,304**	**1,387,291**

The revenue decreased by 6% (from 1,387,291 euros as at 31.12.2023 to 1,313,304 euros as at 31.12.2024) compared with the previous financial year as a result of the decrease of the operating costs, that are the basis of the financial services calculation used to re-invoice to intra-group Companies.

B) Operating costs (note 2)

(amounts in Euro)	31.12.2024	31.12.2023
1) PURCHASES OF GOODS AND MATERIALS	**1,564**	**4,500**
A) EXTERNAL SERVICES FOR PRODUCTION	6,315	7,341
B) SUNDRY SUPPLIES	4,167	5,433
C) GENERAL OVERHEADS	701,362	1,076,522
D) COMMERCIAL COSTS	2,346	69,415
E) SALES EXPENSES	-	-
2) SERVICES	**714,190**	**1,158,711**
3) USE OF THIRD-PARTY GOODS AND SERVICES	**8,200**	**4,200**
A) WAGES AND SALARIES	604,290	846,233
B) SOCIAL SECURITY CONTRIBUTIONS	62,386	54,143
D) EMPLOYEE SEVERANCE INDEMNITY AND PENSIONS	-	-
E) OTHER COSTS	37,250	28,887
4) PERSONNEL COSTS	**703,926**	**929,263**
A) DEPREC. PROP., PLANT & EQUIPMENT	171,052	178,118
B) AMORT. INTANGIBLE ASSETS	101,770	15,929
C) IMPAIRMENT OF FIXED ASSETS	-	-
D) IMPAIRMENT OF RECEIVABLES	-	-
5) AMORTISATION, DEPRECIATION AND IMPAIRMENT OF ASSETS	**272,822**	**194,047**
6) CHANGES IN INVENTORIES	-	-
7) PROVISION FOR RISKS AND OTHER LIABILITIES	-	-
C) OTHER OPERATING EXPENSES	121,054	127,137
D) OTHER NON-ORDINARY OPERATING INCOME/EXPENSES	-	-
8) OTHER INCOME AND EXPENSES	**121,054**	**127,137**
TOTAL OPERATING COSTS	**1,821,756**	**2,417,858**

The operating costs have decreased by 33% compared to 31.12.2023 from 2,417,858 euros as at 31.12.2023 to 1,821,756 euros as at 31.12.2024 mainly due to a decrease in the support of external professionals and cost optimization of the company structure.

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

(amounts in Euro)	31.12.2024	31.12.2023
10) INCOME/EXPENSES FROM EQUITY INVESTMENTS	**-**	**-**
A) FROM FINANCIAL ASSETS	16,313,028	13,560,658
B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS	3,600,464	4,349,048
C) FROM OTHER THAN THE ABOVE	-	-
D) INCOME OTHER THAN THE ABOVE	860,159	496,361
11) OTHER FINANCIAL INCOME	**20,773,651**	**18,406,067**
A) FROM FINANCIAL LIABILITIES	-16,730,552	-15,182,785
B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS	-	-
C) EXPENSES OTHER THAN THE ABOVE	-2,913,538	-3,843,304
12) FINANCIAL COSTS AND EXPENSES	**-19,644,090**	**-19,026,089**
OTHER NET EXCHANGE RATE DIFFERENCES	-	-54
13) NET GAINS/(LOSSES) ON FOREIGN EXCHANGE	**-**	**-54**
14) VALUE ADJUSTMENTS OF FINANCIAL ASSETS	**-**	**-**
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	**1,129,561**	**-620,076**

The other financial income as at 31.12.2024 are mainly related to:

- Interests received from lending activities to intra-group Companies increased by 20% from 13.561 million euros to 16.313 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 decreased by 17% from 4.3 million euros to 3.6 million euros mainly due to market condition on time deposit during the 2024.
- Commitment fees on the facilities granted to group entities increased by 73% from 0.49 million euros as at 31.12.2023 to 0.86 million euros as at 31.12.2024 due to the increased of the lines granted to group entities during the 2024 compared with same period of 2023 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, and ISIN IT0006756438) for 14.933 million euros that increased by 15% compared to 31.12.2023 (12.977 million euros) and 1.722 million 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 1.164 million euros (of which 0.9 million euros only referred to the remain amortised cost of the bond reimbursed) and 1.238 million euros payable to Carraro S.p.A. as guarantee.

Current and deferred income taxes (note 4)

The current tax amount to 130,094 euros is mainly due to the withholding tax paid that the company cannot recover on its receivables; the deferred income tax recorded amount to 228,511 euros.

Property, plant and equipment (note 5)

These items present a net balance of 233,225 euros as at 31.12.2024 compared with 114,044 euros as at 31.12.2023.

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	-	-	-	11,763	-	11,763
Decreases	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
Capitalisation	-	-	-	-	-	-
Business unit transfer	-	-	-	-	-	-
Depreciation and amortisation	-152,779	-	-	-25,339	-	-178,118
Net as at 31.12.2023	**50,927**	**-**	**-**	**63,117**	**-**	**114,044**
Movements of the period						
Increases	277,789	-	-	13,838	-	291,627
Decreases	-	-	-	-1,393	-	-1,393
Reclassification	-	-	-	-	-	-
Capitalisation	-	-	-	-	-	-
Business unit transfer	-	-	-	-	-	-
Depreciation and amortisation	-143,523	-	-	-27,530	-	-171,053
Net as at 31.12.2024	**185,193**	**-**	**-**	**48,032**	**-**	**233,225**
Made up of:						
Historical cost	277,789	-	-	120,324	-	398,113
Provisions for amortisation and depreciations	-92,596	-	-	-72,292	-	-164,888

As at 31.12.2024, property, plant and equipment are distributed by category as follows:

- Land and buildings (leased assets): 185 thousand euros for rights of use (IFRS 16);
- Other assets: vehicles for 9 thousand euros for the rights of use (IFRS 16) and 39 thousand euros for office equipment.

Intangible fixed assets (note 6)

These items present a net balance of 463,527 euros as at 31.12.2024 compared with 537,796 euros as at 31.12.2023.

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	-	-	-89,117
Net as at 31.12.2022	**-**	**-**	**-**	**140,352**	**189,535**	**-**	**329,887**
Movements of the period							
Increases	-	-	-	-	223,838	-	223,838
Capitalisation	-	-	-	-	-	-	-
Depreciation and amortisation	-	-	-	-15,929	-	-	-15,929
Net as at 31.12.2023	**-**	**-**	**-**	**124,423**	**413,373**	**-**	**537,796**
Movements of the period							
Increases	-	-	-	440,873	7,500	-	448,373
Capitalisation	-	-	-	-	-420,873	-	-420,873
Depreciation and amortisation	-	-	-	-101,769	-	-	-101,769
Net as at 31.12.2024	**-**	**-**	**-**	**463,527**	**-**	**-**	**463,527**
Made up of:							
Historical cost	-	-	-	664,342	-	-	664,342
Provisions for amortisation and depreciations	-	-	-	-200,815	-	-	-200,815

As at 31.12.2024, the intangible assets mainly relate to the accounting software implemented on July 2021 (SW SAP ERP Package ECC licenses, OS licences).

As at 31.12.2024, the investments in progress related to the cost sustained in relation to the new project of Payment & Collection Factory and Cash Pooling were capitalised, as the project started in 2024.

Real estate investments (note 7)

The Company has no real estate investments.

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

The Company has no investments in subsidiaries, associates and other investments.

Financial assets (note 9)

(amounts in Euro)	31.12.2024	31.12.2023
Non-current loan and receivable with related parties	145,100,000	142,000,000
LOANS AND RECEIVABLES	**145,100,000**	**142,000,000**
Other financial assets	91,834	137,819
OTHER FINANCIAL ASSETS	**91,834**	**137,819**
NON-CURRENT FINANCIAL ASSETS	**145,191,834**	**142,137,819**
Current Loans and Receivables with related parties	84,594,468	18,111,571
LOANS AND RECEIVABLES	**84,594,468**	**18,111,571**
Other financial assets	420,895	514,214
OTHER FINANCIAL ASSETS	**420,895**	**514,214**
CURRENT FINANCIAL ASSETS	**85,015,363**	**18,625,785**

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 31.12.2024	Drawdown as of 31.12.2024	Final Maturity Date
Carraro S.p.A.	MTL	EUR	54,000,000	54,000,000	31.12.2030
Carraro S.p.A.	MTL	EUR	37,000,000	37,000,000	31.12.2028
Carraro Drive Tech S.p.A.	MTL	EUR	31,000,000	31,000,000	31.12.2030
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	31.12.2028
SIAP S.p.A.	MTL	EUR	53,656,638	13,100,000	31.12.2028
		EUR	**185,656,638**	**145,100,000**	

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 S.p.A., Carraro International S.E., SIAP S.p.A. for the amount of 78,294,000 euros; and accrued interests on the non-current and current loans granted to affiliated undertakings and of accrued financial services for the aggregate amount of 6,300,468 euros.

AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

	Credit Lines	CCY	Commitment as of 31.12.2024	Drawdown as of 31.12.2024	Final Maturity Date
Carraro S.p.A.	Revolving	EUR	60,000,000	30,920,000	31.12.2024
Carraro Drive Tech S.p.A.	Revolving	EUR	39,000,000	31,950,000	31.12.2024
Carraro International S.E.	Revolving	EUR	25,000,000	10,924,000	31.12.2024
Siap S.p.A.	Revolving	EUR	5,500,000	4,500,000	31.12.2024
		EUR	**129,500,000**	**78,294,000**	

OTHER AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

	CCY	Receivable interests and financial services
Carraro S.p.A.	EUR	2,715,194
Carraro Drive Tech S.p.A.	EUR	1,832,850
Carraro Driveservice S.r.l.	EUR	19,926
Carraro International S.E.	EUR	863,339
Carraro Lux-Tech S.à r.l.	EUR	29,250
Carraro India Pvt Ltd	EUR	172,974
Carraro China	EUR	36,602
Siap S.p.A.	EUR	630,332
	EUR	**6,300,467**

On January 2025, the Company extended the existing contracts for the above credit lines until 31 December 2025.
As a result of the assessment performed, the Directors 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)

Effective from 01/01/2024, the Carraro Group, as a Multinational Group exceeding the revenue threshold of EUR 750 million for two of the four preceding fiscal years, falls within the scope of the OECD Pillar Two income tax rules as provided by Directive 2022/2523, adopted in Luxembourg by Law of December 22, 2023, aimed at ensuring a global minimum tax level for multinational enterprise groups.
The Company Carraro Finance belonging to the Group, therefore, qualifies as a Constituent Entity under the scope of the GloBE Rules (or Pillar 2).
In accordance with the international consensus based on OECD guidelines and, more specifically, the provisions of the aforementioned EU Directive 2022/2523, the cited Law of December 22, 2023 stipulates that any additional tax under Pillar Two in Luxembourg is to be collected through the Qualified Domestic Minimum Top-up Tax (QDMTT), applicable to enterprises of a multinational or national group located in the country and subject to low taxation.
Based on known or reasonably estimable information, the Carraro Group's exposure to Pillar Two income taxes as of 31/12/2024 is assumed to be zero, based on the latest available financial data (as of 31/12/2024).
It is specified that the aforementioned estimate has been made in accordance with the provisions of the OECD Guidelines (so-called GloBE Rules) concerning the so-called "Transitional Safe Harbour".

Specifically, the "transitional simplified regimes" have been applied in the jurisdiction by performing the three prescribed tests (i.e., De Minimis, Simplified ETR Test, Routine Profit Test). In light of passing one of the aforementioned tests, in accordance with the Pillar Two regulations, the additional tax due for the relevant period is assumed to be zero, and consequently, it was not necessary to perform detailed calculations for determining the additional tax ("Top-up Tax" or "TuT") ("full compliance").

As at 31 December 2023 Euro 600,000 of deferred tax asset was booked using the loss carryover in order to reduce future tax obligations. As at 31 December 2024 the caption is Euro 371,489.

The company holds tax losses carried forward as at 31 December 2024 for an amount equal to Euro 8 million.

Based on the forecasts of taxable income for the next four years, the caption deferred tax assets is Euro 0.37 million as at 31 December 2024 calculated on tax losses equal to Euro 1.9 million (deferred tax assets not booked equal to Euro 1.6 million upon tax losses carried forward of Euro 6.5 million).

The tax losses carried-forward for which the Company has not recognised a deferred tax as at 31 December 2024 amount to 6.4 million of which Euro 1.6 million available up the year 2038, Euro 3.8 million available up the year 2039 and Euro 1 million available up the year 2040.

Trade receivables and other receivables (note 11)

(amounts in euro)	**31.12.2024**	**31.12.2023**
NON CURRENT TRADE RECEIVABLES	**-**	**-**
Other receivables	84,475	90,635
OTHER NON-CURRENT RECEIVABLES	**84,475**	**90,635**
NON-CURRENT TRADE RECEIVABLES AND OTHER RECEIVABLES	**84,475**	**90,635**
CURRENT TRADE RECEIVABLES	**-**	**-**
Other receivables	48,210	22,369
OTHER CURRENT RECEIVABLES	**48,210**	**22,369**
CURRENT TRADE RECEIVABLES AND OTHER RECEIVABLES	**48,210**	**22,369**

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)	**31.12.2024**	**31.12.2023**
VAT credits	-	-
Receivables for current taxes	1,643	3,289
Receivables from employees	-233	-41
Other receivables	46,800	19,121
OTHER CURRENT RECEIVABLES FROM THIRD PARTIES	**48,210**	**22,369**

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

(amounts in Euro)	**31.12.2024**	**31.12.2023**
NET CURRENT TRADE RECEIVABLES FROM THIRD PARTIES	**-**	**-**
NET CURRENT TRADE RECEIVABLES FROM RELATED PARTIES	**-**	**-**
Other current receivables from third parties	48,210	22,369
Provisions for Depreciation of other Receivables	-	-
NET CURRENT OTHER RECEIVABLES FROM THIRD PARTIES	**48,210**	**22,369**
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)	***31.12.2023***				
	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**

(amounts in euro)	***31.12.2024***				
	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	-	-	48,210	84,475	**132,685**
TOTAL	**-**	**-**	**48,210**	**84,475**	**132,685**

As a result of the assessment performed, the Directors 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)	**31.12.2024**	**31.12.2023**
Short-term deposits	35,000,000	95,000,000
Bank current accounts	50,118,760	50,014,228
TOTAL	**85,118,760**	**145,014,228**

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)	**31.12.2024**	**31.12.2023**
1) Share Capital	3,770,000	3,770,000
2) Other Reserves	-	-
3) Profits/(Losses) brought forward	-525,415	587,789
4) Profit/(Loss) for the period	262,504	-1,113,204
SHAREHOLDERS' EQUITY	**3,507,089**	**3,244,585**

Share capital

The share capital is in amount of 3,770 euros thousand fully paid up, consisting of 37,700 shares with a nominal value of 100 euros each. The ownership of the Company is as follow: Carraro International S.E. owns 14,46% and Carraro S.p.A. owns 85,54%.

Financial liabilities (note 15)

The classification of financial liabilities as at 31.12.2024 is shown below.

(amounts in Euro)	**31.12.2024**	**31.12.2023**
NON-CURRENT BONDS	267,227,981	266,319,169
LOAN MEDIUM/LONG TERM	25,547,306	31,929,537
MEDIUM/LONG-TERM LEASE PAYABLES - IFRS16	48,638	9,191
NON-CURRENT FINANCIAL LIABILITIES	**292,823,925**	**298,257,897**
FINANCIAL PAYABLE	16,206,897	1,533,245
WITH THIRD PARTIES	*6,400,000*	-
WITH RELATED PARTIES	*9,806,897*	*1,533,245*
LEASE PAYABLES FROM RIGHTS OF USE - IFRS16	149,459	66,802
CURRENT FINANCIAL LIABILITIES	**16,356,356**	**1,600,047**
OTHER CURRENT FINANCIAL LIABILITIES	**2,955,650**	**2,969,319**
CURRENT FINANCIAL LIABILITIES	**19,312,006**	**4,569,366**

As at 31 December 2024 the Company's has respected the financial parameters (covenants) provided by financial agreements and bonds.

The Company has two types of covenants that specify the conditions in case of bridge:

- The covenants for the Bonds restrict the Group to incur additional debt and there is no impact on the classification of financial liabilities;
- The covenants for the bank loans oblige the Company to prepay the facilities and therefore, medium /long term financial liabilities will be classified as short-term financial liabilities.

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 November 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.

As at 31 December 2024, the effect of the amortised cost on these Bonds was as follows:

- ISIN XS2215041513 150 million euros : 0.948 million euros
- ISIN: IT0006756438 120 million euros: 1.824 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 31.12.2024	Carrying amount 31.12.2024	Fair Value (level 1) 31.12.2024
BOND 2020-2026 3.75%	150,000,000	-948,133	149,051,867	149,880,000
BOND 2023-2028 7.75%	120,000,000	-1,823,886	118,176,114	127,956,000
Total	**270,000,000**	**-2,772,019**	**267,227,981**	**277,836,000**

The long medium loan of 25,547,306 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 2024, the effect of the amortised cost is as follows:

- Carraro Group R&D and Digitalisation II loan of 32,000,000 euros: 52,694 euros

Current financial liabilities

The caption mainly represents the reclassification of the "Carraro Group R&D and Digitalisation II" received by EIB from Long Term to Short Term for 6,400,000 EUR as it is due for payment within 1 year, the interests payable for the two bonds issued by the Company for 2,955,650 euros, and the guaranty to pay to Carraro SPA for 1,238,200 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 31.12.2024
14,670,447	297,465,484	0	**312,135,931**

The Company has in its disposal revolving credit facility for a total amount of 95 million euros not drawn down at 31 December 2024.

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)	**31.12.2023**	**Cash Flow Out**	**Cash Flow In**	**Other changes**	**IFRS16 effect**	**31.12.2024**
Gross non-current loans payable	302,075,949	-	-	-6,400,000	-	295,675,949
Gross current loans payable	1,600,047	-	-	14,606,894	122,103	16,329,044
Total loans and lease liabilities	**303,675,996**	**-**	**-**	**8,206,894**	**122,103**	**312,004,993**
Amortised cost	-3,818,052	-	-	993,340	-	-2,824,712
Other non-current financial liabilities	-	-	-	-	-	-
Other current financial liabilities	2,969,319	-2,969,319	-	2,955,650	-	2,955,650
Financial liabilities:	**302,827,263**	**-2,969,319**	**-**	**12,155,884**	**122,103**	**312,135,931**

The net financial position is broken down below:

Net financial position *(amounts in Euro)*	**31.12.2024**	**31.12.2023**
Non-current bonds	-267,227,981	-266,319,169
Bonds	**-267,227,981**	**-266,319,169**
Non-current loans payable	-25,595,944	-31,938,728
Current payable	-16,206,897	-1,533,245
Current loans payable	-149,459	-66,803
Other current financial liabilities	-2,955,650	-2,969,319
Financial liabilities	**-44,907,950**	**-36,508,095**
Current loans and receivables	84,594,468	18,111,571
Other current financial assets	420,895	514,214
Financial assets	**85,015,363**	**18,625,785**
Bank current accounts and deposits	85,118,760	145,014,229
Cash and cash equivalents	**85,118,760**	**145,014,229**
Net financial position*	**-142,001,808**	**-139,187,250**
Non-current loans and receivables	145,100,000	142,000,000
Other non-current financial assets	91,834	137,819
Non-current leases - IFRS 16	48,638	9,191
Current leases - IFRS 16	149,459	66,803
Net financial position of operations**	**3,388,123**	**3,026,562**
of which payables/(receivables):		
- non-current	-147,583,453	-156,110,887
- current	150,971,576	159,137,449

* 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 2024” section.

Trade payables and other payables (note 16)

(amounts in Euro)	31.12.2024	31.12.2023
NON-CURRENT TRADE PAYABLES	-	-
OTHER NON-CURRENT PAYABLES	-	-
TRADE PAYABLES AND OTHER NON-CURRENT PAYABLES	-	-
FROM THIRD PARTIES	464,489	314,981
CURRENT TRADE PAYABLES	**464,489**	**314,981**
FROM RELATED PARTIES	70,320	62,500
FROM THIRD PARTIES	349,054	693,347
OTHER CURRENT PAYABLES	**419,374**	**755,847**
TRADE PAYABLES AND OTHER CURRENT PAYABLES	**883,863**	**1,070,828**

Other payables can be analysed as follows:

(amounts in Euro)	31.12.2024	31.12.2023
Amounts due to pensions agencies	48,349	35,575
Amounts due to employees	239,418	381,138
Board of Directors Fees (related parties)	70,320	62,500
Current tax payable	-	4,538
VAT payable	25,472	272,096
Taxes withheld from employer retribution	35,815	-
OTHER CURRENT PAYABLES	**419,374**	**755,847**

Current taxes payables (note 17)

As at 31 December 2024, 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	31.12.2024	Changes for the period	31.12.2023
Executives	1	-	1
Clerical staff	5	1	4
Total	**6**	**1**	**5**

Provision for risks and liabilities (note 19)

The Company has no provisions for risks and charges.

Credit risks, Currency 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 Company has limited exposure to currency risk because the transactions are mainly performed in Eur. However, if the Company will enter in transactions in currencies other than euro the potential risks which might arise will be managed following the criteria set out 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.

The interests risk represents a risk because the financial asset is mainly negotiated with a floating rate and long-term liabilities with a fix interest rate. The total financial assets exposed to floating interest rate amount to 145,277,365 euros. A change in the interest rate of 1% results in a change of the total financial assets by 1,452,774 euros.

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

Commitments and risks (Note 21)

There are commitments referring the limit on short time facilities granted to Italian entities of the Carraro Group for the aggregate amount of 130 million euros.

No other risks to be reported.

Financial derivatives (Note 22)

As at 31 December 2024 the Company did not hold any financial derivatives.

Transactions with related parties (Note 23)

As at December 31, 2024, 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 2024-2026	140
Marusso Sergio	Chief Executive Officer	3-year mandate 2024-2026	40
Morvilli Fabio	Director	3-year mandate 2024-2026	40

TRANSACTIONS OF CARRARO FINANCE S.A. WITH CARRARO GROUP COMPANIES UP TO 31.12.2024

Detail of transactions with related parties

Other related parties:

(amounts in Euro)	Nature of the related party	Financial receivables	Financial payable
Carraro S.p.A.	Parent	124,635,194	7,209,997
Carraro Drive tech Italia S.p.A.	Affiliated	64,782,850	1,378,138
Carraro Driveservice S.r.l.	Affiliated	19,927	1,960
Carraro India Ltd.	Affiliated	5,172,974	-
Carraro International S.E.	Parent	16,787,339	-
Carraro China Drive System Co. Ltd.	Affiliated	36,602	-
SIAP S.p.A.	Affiliated	18,230,332	1,216,802
Carraro Lux Tech R&D centre S.à r.l.	Affiliated	29,250	-
TOTAL		**229,694,468**	**9,806,897**

Detail of transactions with related parties

Other related parties:

(amounts in Euro)	Nature of the related party	Financial costs	Sales of services	Payment on behalf of (POBO) and receivables on behalf of (ROBO) services	Cash Pooling Net income	Other financial income
Carraro S.p.A.	Parent	1,238,200	229,606	64,079	56,150	9,450,889
Carraro Drive tech Italia S.p.A.	Affiliated	-	578,296	18,585	125,446	4,528,703
Carraro Driveservice S.r. l.	Affiliated	-	-	480	2,982	-
Carraro India Ltd.	Affiliated	-	147,439		-	417,975
Carraro International S.E.	Parent	-	49,374		-	1,147,748
Carraro China Drive System Co. Ltd.	Affiliated	-	74,198		-	-
Carraro R&D Lux Tech S.à r.l.	Affiliated	-	50,000		153,864	1,287,470
SIAP S.p.A.	Affiliated	-	91,073	10,176	-	-
TOTAL		**1,238,200**	**1,219,986**	**93,320**	**338,442**	**16,832,785**

The transactions with related parties fall within the ordinary operations of the Company, relationships of a financial or advisory nature and services provided for the in-house banking system based on payment on behalf of (POBO) and receivables on behalf of (ROBO). These transactions are intended on an arm's length basis and are entered into in the interests of the individual Companies concerned.
The other financial income is mainly composed of interest income received on the loans granted to entities of the Carraro Group and of the interest received for the cash pooling/cash management arrangement.
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).

External Auditors Fees and Services (Note 24)

Deloitte Audit S.àr.l. acted as auditor for Carraro Finance S.A. for the financial year ended December 31, 2024, and for the financial year ended December 31, 2023. Set forth below is a breakdown of fees for services rendered by the auditor in 2024 and 2023.
Audit Fees. Audit fees for the audits of financial statements in 2024 and 2023 were 66,939 euros and 64,900 euros respectively.
Audit-Related Fees. Audit-related fees in 2024 and 2023 were euros nil and 170,000 euros, respectively. Audit-related fees include fees for agreed upon procedures for bond issuance related work.

Events subsequent to the reporting date (Note 25)

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 2024 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: 12th March 2025

Sergio Marusso
Chief Executive Officer