# FINANCIAL STATEMENTS AS AT 31 DECEMBER 2025 AND REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

CARRARO Finance

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# MANAGEMENT REPORT AS AT 31 DECEMBER 2025

| | | |
|---|---|---|
| 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 31.12.2025

| *(amounts in Euro)* | 31.12.2025 | % | 31.12.2024 | % | Change 31.12.2025-31.12.2024 |
|---|---|---|---|---|---|
| **REVENUES FROM SALES** | **1,779,189** | **100.00%** | **1,313,304** | **100.00%** | **465,885** |
| Purchases of goods and materials (net of changes in inventories) | -3,228 | -0.18% | -1,564 | -0.12% | -1,664 |
| Services and Use of third-party goods and services | -800,664 | -45.00% | -722,390 | -55.01% | -78,274 |
| Personnel costs | -760,004 | -42.72% | -703,926 | -53.60% | -56,078 |
| Amortisation, depreciation and impairment of assets | -271,630 | -15.27% | -272,822 | -20.77% | 1,192 |
| Other income and expenses | -16,922 | -0.95% | -121,054 | -9.22% | 104,132 |
| **OPERATING COSTS** | **-1,852,448** | **-104.12%** | **-1,821,756** | **-138.72%** | **-30,692** |
| **OPERATING PROFIT/(LOSS)** | **-73,259** | **-4.12%** | **-508,452** | **-38.72%** | **435,193** |
| Other financial income | 20,772,734 | 1,167.54% | 20,773,651 | 1,581.79% | -917 |
| Financial costs and expenses | -29,263,850 | -1,644.78% | -19,644,090 | -1,495.78% | -9,619,760 |
| Net gains/(losses) on foreign exchange | -828 | -0.05% | - | - | -828 |
| **NET GAINS/(LOSSES) ON FINANCIAL ASSETS** | **-8,491,944** | **-477.29%** | **1,129,561** | **86.01%** | **-9,621,505** |
| **PROFIT/(LOSS) BEFORE TAXES** | **-8,565,203** | **-481.41%** | **621,109** | **47.29%** | **-9,186,312** |
| Current and deferred income taxes | -68,151 | -3.83% | -358,605 | -27.31% | 290,454 |
| **NET PROFIT/(LOSS)** | **-8,633,354** | **-485.24%** | **262,504** | **19.98%** | **-8,895,858** |
| **EBITDA*** | **198,371** | **11.15%** | **-235,630** | **-17.94%** | **434,001** |

* 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 2025" section.

CARRARO Finance

## STATEMENT OF FINANCIAL POSITION AS AT 31.12.2025

| *(amounts in Euro)* | **31.12.2025** | **31.12.2024** |
|---|---|---|
| Property, plant and equipment | 80,201 | 233,225 |
| Intangible fixed assets | 359,424 | 463,527 |
| Financial assets | 226,125,023 | 145,191,834 |
| Deferred tax assets | 371,489 | 371,489 |
| Trade receivables and other receivables | 86,338 | 84,475 |
| ***NON-CURRENT ASSETS*** | **227,022,475** | **146,344,550** |
| Trade receivables and other receivables | 24,874 | 48,210 |
| Financial assets | 116,484,137 | 85,015,363 |
| Cash and cash equivalents | 64,252,364 | 85,118,760 |
| ***CURRENT ASSETS*** | **180,761,375** | **170,182,333** |
| **TOTAL ASSETS** | **407,783,850** | **316,526,883** |
| Share Capital | 3,770,000 | 3,770,000 |
| Other Reserves | 9,037,089 | -525,415 |
| Profit/loss for the year | -8,633,354 | 262,504 |
| ***SHAREHOLDERS' EQUITY*** | **4,173,735** | **3,507,089** |
| Financial liabilities | 392,529,086 | 292,823,925 |
| ***NON-CURRENT LIABILITIES*** | **392,529,086** | **292,823,925** |
| Financial liabilities | 10,216,130 | 19,312,006 |
| Trade payables and other payables | 864,899 | 883,863 |
| ***CURRENT LIABILITIES*** | **11,081,029** | **20,195,869** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | **407,783,850** | **316,526,883** |

**CORPORATE STRUCTURE OF THE CARRARO GROUP**

**AS AT 31.12.2025**

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

Carraro Finance S.A. (the "Company" or "Carraro Finance") was incorporated on 30 October 2020 via Carraro International S.E. and 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 2025 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 /Components Business area (Drive Tech), the Group designs, manufactures and sells transmission systems (axles, transmissions and drives) mainly for agricultural, construction equipment and off-road vehicles, in addition to marketing a wide range of components and gears for very diverse sectors, from automotive to trucks to material handling to agricultural applications and construction equipment.
- **Tractors**
  Through the Vehicles Business Area (Agritalia), the Group designs and manufactures specialised tractors (for vineyards and orchards from 60 to 120 HP) for third-party brands, namely Antonio Carraro, Claas, John Deere, Massey Ferguson and Valtra; 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 2025. 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 2025, 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 2025, 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 2025**

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;

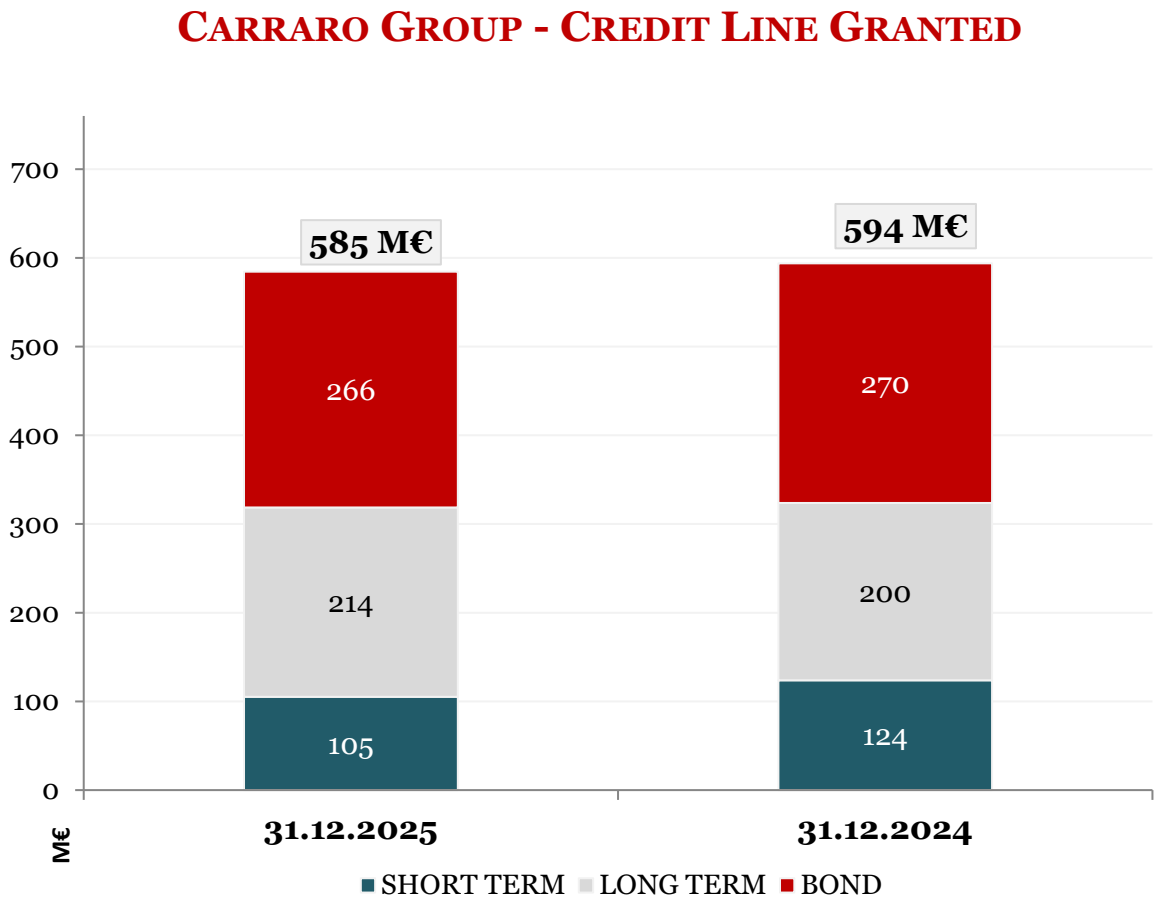
- Net financial position of operations: Net Debt determined in accordance with the recommendations contained in the ESMA document n. 32-382-1138 dated March 4, 2021, deducted, where applicable, non-current receivables and financial assets, in addition to the effects deriving from the first application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

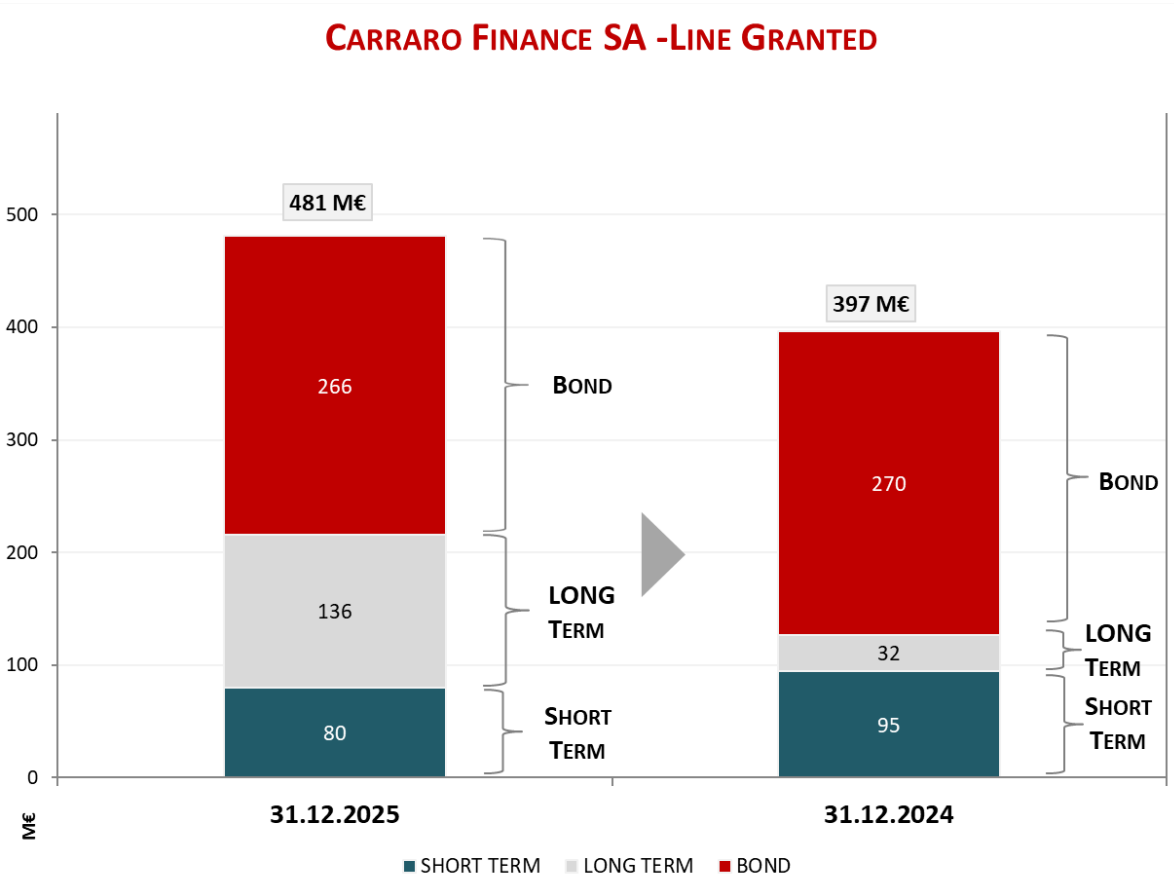
The chart shows the credit facilities obtained by the Company in favour and on behalf of whole Consolidated Carraro Group.




The credit lines granted by third parties at Group level, negotiated directly by Carraro Finance S.A. or through its consulting services, amounted to 585 million euros as at 31 December 2025, of which 266 million euros related to the bond issued in 2025, 281 million euros from financial institutions and 38 million euros related long term loan with EIB (European Investment Bank). During the year 2025, the long term facilities increased by 14 million euros. As at December 31, 2025, the Company did not use any of 80 million euros (RCF).

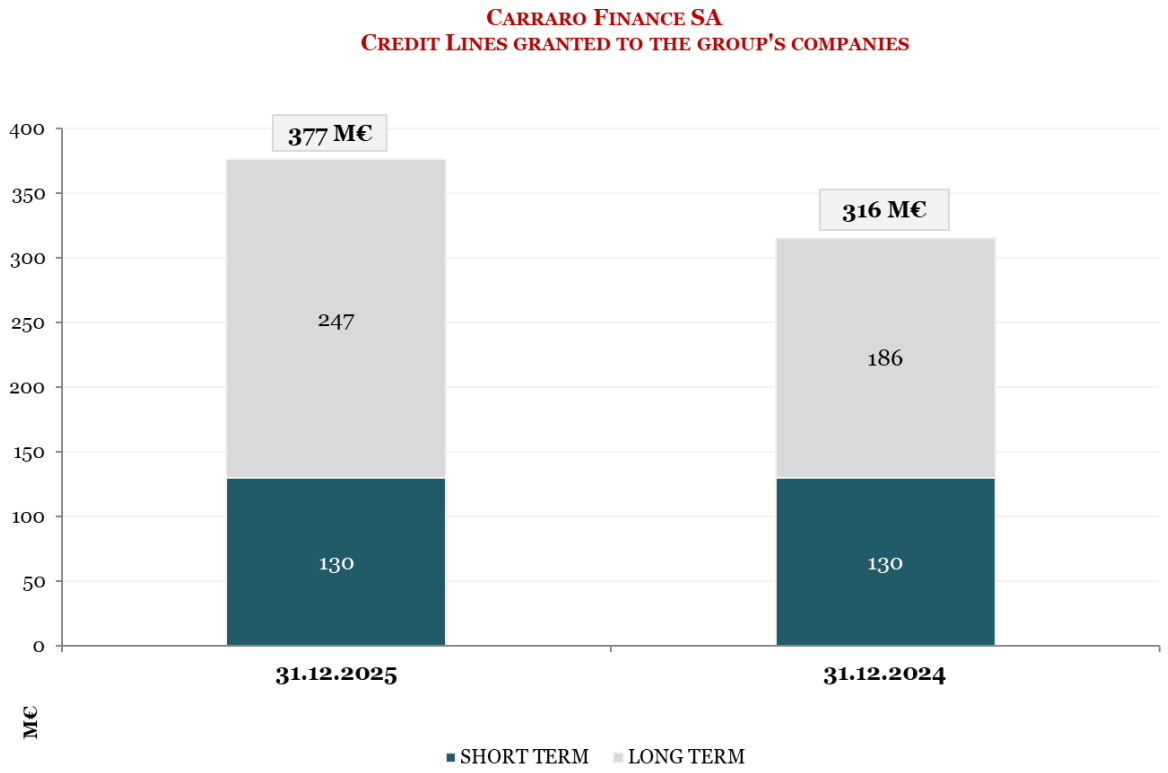
The funds raised by Carraro finance S.A. from third financial parties equal to 481 million euros as at December 31, 2025, to grant funding to European Companies belonging to the Group and marginally also to the Indian company.
During 2025, the Company obtained new long-term facilities from new lenders , Banca Nazionale del Lavoro S.p.A and Banca Monte dei Paschi di Siena S.p.A for a total of 110 million euros, with tenor two years grace period and four years amortizing.

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




The average all-inclusive cost of funding decreased from 5.37% in 2024 to 4.94 % in 2025 , due to the Company's renegotiations of the facilities, including Bonds.

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



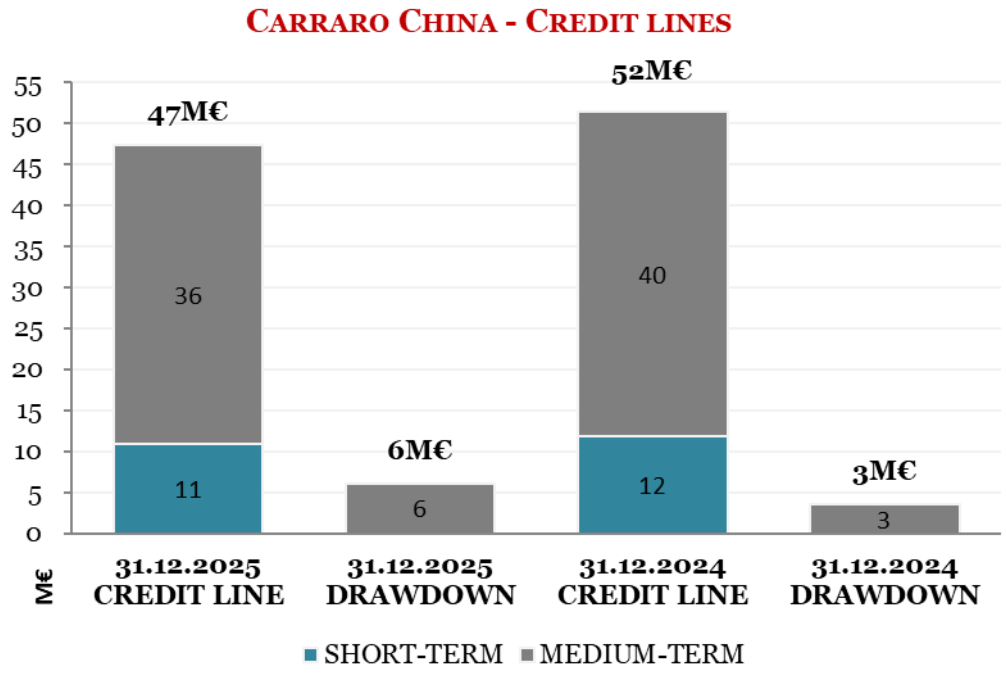

The Credit lines granted to the Group's Companies as at December 31, 2025, are equal to 377 million euros, of which 247 million euros were medium-and long-term and 130 million euros was short-term. The nominal amount of loans (the drawn amounts to the Group's Companies) is 334 million euros at the end of December 2025.

The limit of the Credit lines granted during the 2025 compared with 2024 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.

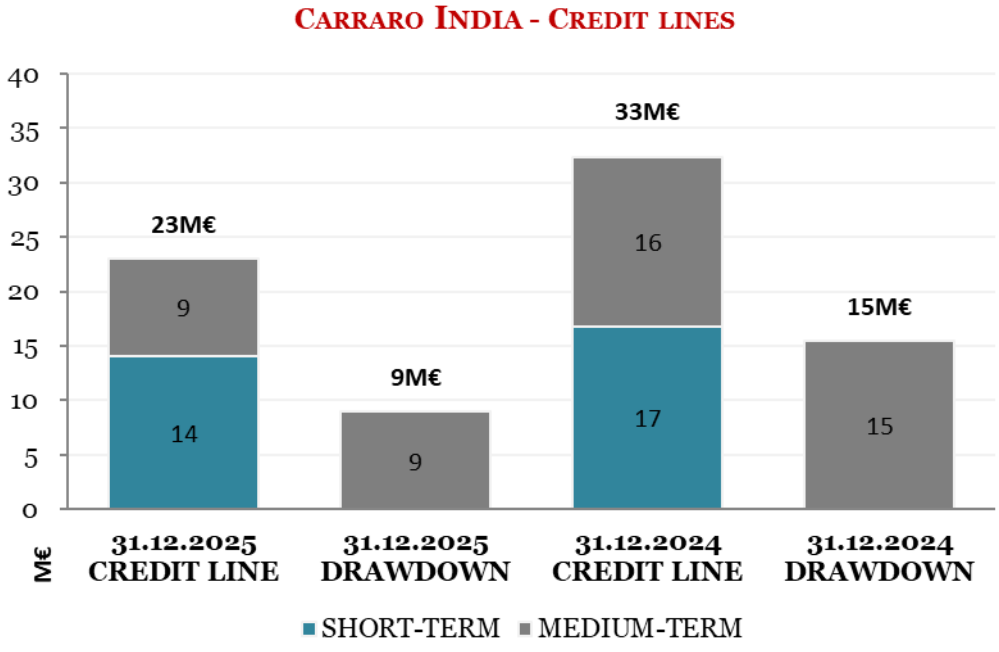
Regarding Asian companies belonging to Group as mentioned before Carraro Finance S.A. plays a role of support in negotiating and obtaining of credit lines from local institutions.

The average all-inclusive remuneration of line of credit granted to Intercompany Loans are 6.16 % for short term and 6.41% for long terms.

As at 31 December 2025, Carraro China had credit lines with local banks for a total of 47 million euros, of which only 6 million euros were used.




As at 31 December 2025, Carraro India had credit lines with local banks for a total of 23 million euros, of which 9 million euros were used.



## SIGNIFICANT EVENTS DURING THE PERIOD

On 24 March 2025, the Shareholder Meeting authorized the Management of the Company to proceed to a bond issuance for a maximum amount of 300,000,000 euros, in the context of the refinancing of the Company.

The Company intended to use the net proceeds from the offering of the Notes towards refinancing existing indebtedness, including the Euro 150,000,000.00 senior unsecured unrated and non-convertible bond, due September 2026 and Euro 120,000,000.00 senior unsecured unrated and non-convertible bond, due November 2028.

On 17 April 2025 the Company finalized the issuance of the new senior unsecured note (ISIN: IT0006768151) in the amount of Euro 126,000,000 and on 30 June 2025 a new TAP to increase for another Euro 139,801,000 consolidating in only one Bond for Euro 265,801,000 at a fixed interest rate of 5.25% per annum, the maturity date of the Notes will be 17 April 2030. The TAP was issued at 101 per cent of their nominal amount, resulting in a lower cost of funding.

On 26 May 2025 the Company communicated to the holders of the Euro 120,000,000 Fixed Rate Senior Unsecured Notes due 2028 (ISIN: IT0006756438) the intention to exercise the option for the early redemption in whole of the Notes pursuant to Condition 7(c) (Redemption at the option of the Issuer).
The Notes were redeemed on 20 June 2025 at the redemption price of 103% of their principal amount outstanding, together with accrued and unpaid interest outstanding to the Redemption Date.

On 4 July 2025 the Company communicated to the holders of the Euro 150,000,000 Fixed Rate Senior Unsecured Notes due 2026 (ISIN: XS2215041513) the intention to exercise the option for the early redemption in whole of the Notes pursuant to Condition 7(c) (Redemption at the option of the Issuer).
The Notes were redeemed in whole on 4 August 2025 at the redemption price of 100.938 % of their principal amount outstanding, together with accrued and unpaid interest outstanding to the Redemption Date.

## SUBSEQUENT EVENTS

There are no subsequent events to report. However, a context of instability persists in international markets, mainly due to uncertainties related to the implementation of protectionist measures in the US market and to developments in the Middle Eastern geopolitical context, which could have potential implications for macroeconomic stability, trade flows and the volatility of commodity and energy prices, for which management is implementing appropriate mitigation actions.

## OVERVIEW OF THE COMPANY PERFORMANCE

### Net financial position of operations

| *(amounts in Euro)* | 31.12.2025 | 31.12.2024 |
|---|---|---|
| **Net financial position of operations *** | **4,164,990** | **3,388,123** |

* for the reconciliation of the Alternative Performance Measure please refer to the "*Financial Liabilities (note 12)*" section and for its description, please refer to "Summary of the period up to 31 December 2025" section.

Net financial position from operations as at 31 December 2025 was positive for 4.165 million euros, rising compared to 31 December 2024 (3.388 million euros).

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

| *(amounts in Euro)* | **31.12.2025** | **31.12.2024** |
|---|---|---|
| Non-current bonds | -263,799,054 | -267,227,981 |
| Non-current loans payable | -128,730,032 | -25,595,944 |
| Other Financial liabilities | -10,216,130 | -19,312,006 |
| **Total Financial Gross Debts** | **- 402,745,216** | **- 312,135,931** |
| Non-current loans and receivables | 226,100,000 | 145,100,000 |
| Current loans and receivables | 116,326,245 | 84,594,468 |
| Other financial assets | 231,597 | 710,826 |
| ***Total Financial assets:*** | **342,657,842** | **230,405,294** |
| Cash and cash equivalents: | 64,252,364 | 85,118,760 |
| ***Net financial position of operations*** * | **4,164,990** | **3,388,123** |

**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 increase by 36% (from 1,313,304 euros as at 31.12.2024 to 1,779,189 euros as at 31.12.2025) was mainly driven by higher payment on behalf of (POBO) and receivables on behalf of (ROBO) services, due to a mix of higher volume of transactions and level of pricing.

## EBITDA

| *(amounts in Euro)* | 31.12.2025 | 31.12.2024 |
|---|---|---|
| **Operating Profit (Loss)*** | **-73,259** | **-508,452** |
| Amortization tangible assets | 167,527 | 171,052 |
| Amortization intangible assets | 104,103 | 101,770 |
| Depreciation Fixed assets | - | - |
| **EBITDA** | **198,371** | **-235,630** |

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

EBITDA increased by 184% from a negative amount of 235,630 euros as at 31.12.2024 to a positive amount of 198,371 euros as at 31.12.2025.

## Amortization and depreciation of fixed assets

| *(amounts in Euro)* | 31.12.2025 | % on Turnover | 31.12.2024 | % on Turnover | Change % |
|---|---|---|---|---|---|
| **Amortization and depreciation** | **271,630** | **15.27%** | **272,822** | **20.77%** | **0.44%** |

## Net Gains(Losses) on financial assets

| *(amounts in euro)* | 31.12.2025 | 31.12.2024 |
|---|---|---|
| **10) INCOME/EXPENSES FROM EQUITY INVESTMENTS** | **-** | **-** |
| A) FROM FINANCIAL ASSETS | 18,240,161 | 16,313,028 |
| B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS | 2,063,563 | 3,600,464 |
| C) FROM OTHER THAN THE ABOVE | - | - |
| D) INCOME OTHER THAN THE ABOVE | 469,010 | 860,159 |
| **11) OTHER FINANCIAL INCOME** | **20,772,734** | **20,773,651** |
| A) FROM FINANCIAL LIABILITIES | -23,269,726 | -16,730,552 |
| B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS | -10 | - |
| C) EXPENSES OTHER THAN THE ABOVE | -5,994,114 | -2,913,538 |
| **12) FINANCIAL COSTS AND EXPENSES** | **-29,263,850** | **-19,644,090** |
| OTHER NET EXCHANGE RATE DIFFERENCES | -828 | - |
| **13) NET GAINS/(LOSSES) ON FOREIGN EXCHANGE** | **-** | **-** |
| **14) VALUE ADJUSTMENTS OF FINANCIAL ASSETS** | **-** | **-** |
| **NET GAINS/(LOSSES) ON FINANCIAL ASSETS** | **-8,491,944** | **1,129,561** |

The Company reported a loss on its Net Financial Assets and Liabilities mainly due to:
- the early redemption premium Bond 2023 (ISIN: IT0006756438) and the Bond 2020( ISIN: XS2215041513) and their residual amounts of the amortized and interest costs;
- overexposure for couple of months, due to gap time between issuance date and redemption date.

On 17 April 2025 the Company finalized the issuance of the new senior unsecured note (ISIN: IT0006768151) in the amount of 126,000,000 euros and on 30 June 2025 a new TAP to increase for another 139,801,000 consolidating in only one Bond for 265,801,000 euros at a fixed interest rate of 5,25% per annum, the maturity date of the Notes will be 17 April 2030. The Company has used the net proceeds from the Offering towards refinancing existing indebtedness, including the Euro 150,000,000.00 senior unsecured unrated and non-convertible bond, due September 2026 and Euro 120,000,000.00 senior unsecured unrated and non-convertible bond, due November 2028.

**Net profit/(loss)**

As at 31 December 2025, the Company recorded a loss of 8,633,354 euros.

| *(amounts in Euro)* | Up to 31.12.2025 | % of turnover | Up to 31.12.2024 | % of turnover | Change % |
|---|---|---|---|---|---|
| **EARNINGS BEFORE TAX** | **-8,565,203** | **-481.41%** | **621,109** | **47.29%** | **-1,479.02%** |
| Current and deferred income taxes | -68,151 | -3.83% | -358,605 | -27.31% | -81.00% |
| **NET PROFIT/(LOSS)** | **-8,633,354** | **-485.24%** | **262,504** | **19.98%** | **-3,388.85%** |

The loss is mainly related to the early redemption premium of the Bond 2023-2028 (ISIN: IT0006756438) and the Bond 2020 (ISIN: XS2215041513), their residual amounts of the amortized and interest costs.

**PERSONNEL**

**Workforce trend**

| *(Workforce):* | 31.12.2025 | 31.12.2024 |
|---|---|---|
| Executive | 1 | 1 |
| Clerical Staff | 5 | 5 |
| **Total** | **6** | **6** |

**KEY RISKS AND UNCERTAINTIES TO WHICH CARRARO FINANCE IS EXPOSED**

The main risks identified for Carraro Finance S.A are listed below, those are mainly based on Carraro Group risks considering Carraro Finance main activity is to provide financing to the Carraro Group.

**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 associated with the general economic conditions.**

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

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

The dynamics in the global economy and international trade in 2025 were characterized by instability in some areas of the world and related consequences on increasing cost of raw material and energy also due to the effects of global economic post pandemic recovery.

**Risks related to the trends on the markets/industrial customers**

The market sectors in which the associates operate are influenced to varying degrees by 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.
The continuation of conflicts in various parts of the world and the tightening of U.S. customs policies have created an atmosphere of instability that has negatively affected the procurement strategies of major global manufacturers of agricultural and earth-moving machinery. Based on the analysis conducted by the Board of Directors, considering the expected income flows according to the most recent forecasts, the type of clients served, and the trend in orders received, no significant uncertainties currently emerge regarding the recoverability of the value of existing assets or the need to allocate specific risk provisions.

**Risks associated with protectionist regulations in various countries in terms of customs and embargoes.**
The Group is exposed to the risk of protectionist policies in the countries where it operates, which take the form of customs duties. In other cases, the risk may arise from constraints or bans resulting from international agreements that restrict free trade conditions (e.g. embargoes). To deal with all the risks mentioned above, the Group constantly monitors:

- macroeconomic variables, with particular regard to the supply of commodities and final destination of products (agriculture, public works and construction);
- the direction of government decisions that could have effects in sales markets;
- the evolution of protectionist policies;

Through the collection of information and forecasts by its central and local sales and tax offices, in order to take any measures to mitigate potential negative effects.

**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 2025 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.

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

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

Sergio Marusso
Chief Executive Office

Deloitte Audit
Société à responsabilité limitée
20 Boulevard de Kockelscheuer
L-1821 Luxembourg

Tel: +352 451 451
www.deloitte.lu

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

**REPORT OF THE *REVISEUR D'ENTREPRISES AGREE***

**Report on the Audit of the financial statements**

***Opinion***

We have audited the financial statements of Carraro Finance S.A. (the "Company"), which comprise the statement of financial position as at December 31, 2025, 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 December 31, 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

***Basis for Opinion***

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

Société à responsabilité limitée au capital de 360.000 €
RCS Luxembourg B 67.895
Autorisation d'établissement 10022179

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***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

***Other information***

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

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

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

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

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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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 July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the *réviseur d'entreprises agréé* to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the *réviseur d'entreprises agréé*. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, "related safeguards" or "actions taken to eliminate threats or safeguards applied".

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

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

**Report on Other Legal and Regulatory Requirements**

We have been appointed as *réviseur d'entreprises agréé* by the General Meeting of the Shareholders on October 30, 2020 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is five 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 December 19, 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 December 31, 2025 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.

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In our opinion, the financial statements of the Company as at December 31, 2025 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

March 30, 2026

## STATEMENT OF PROFIT or LOSS

| *(amounts in Euro)* | NOTES | 31.12.2025 | 31.12.2024 |
|---|---|---|---|
| A) REVENUES FROM SALES | | | |
| 1) Services | | 1,779,189 | 1,313,304 |
| **TOTAL REVENUES FROM SALES** | **1** | **1,779,189** | **1,313,304** |
| A bis) of which with related parties | | 1,779,189 | 1,313,304 |
| B) OPERATING COSTS | | | |
| 1) Purchases of goods and materials | | 3,228 | 1,564 |
| 2) Services | | 789,139 | 714,190 |
| 3) Use of third-party goods and services | | 11,525 | 8,200 |
| 4) Personnel costs | | 760,004 | 703,926 |
| 5) Amortisation, depreciation and impairment of assets | | 271,630 | 272,822 |
| *5.a) depreciation of property, plant and equipment* | | *167,527* | *171,052* |
| *5.b) amortisation of intangible assets* | | *104,103* | *101,770* |
| 6) Other income and expenses | | 16,922 | 121,054 |
| **TOTAL OPERATING COSTS** | **2** | **1,852,448** | **1,821,756** |
| *B-bis) of which with related parties* | | - | *-11,880* |
| **OPERATING PROFIT/(LOSS)** | | **-73,259** | **-508,452** |
| C) GAINS/(LOSSES) ON FINANCIAL INSTRUMENTS | | | |
| 7) Other financial income | | 20,772,734 | 20,773,651 |
| 8) Financial costs and expenses | | -29,263,850 | -19,644,090 |
| 9) Net gains/(losses) on foreign exchange | | -828 | - |
| **NET GAINS/(LOSSES) ON FINANCIAL INSTRUMENTS** | **3** | **-8,491,944** | **1,129,561** |
| *C-bis) of which with related parties* | | *17,884,485* | *15,859,075* |
| **PROFIT/(LOSS) BEFORE TAXES** | | **-8,565,203** | **621,109** |
| 10) Current and deferred income taxes | **4** | -68,151 | -358,605 |
| **NET PROFIT/(LOSS)** | | **-8,633,354** | **262,504** |

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 loss for the year is 8,633,354 euros.

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

CARRARO Finance

## STATEMENT OF FINANCIAL POSITION

| *(amounts in Euro)* | NOTES | 31.12.2025 | 31.12.2024 |
|---|---|---|---|
| A) NON-CURRENT ASSETS | | | |
| 1) Property, plant and equipment | **5** | 80,201 | 233,225 |
| 2) Intangible fixed assets | **6** | 359,424 | 463,527 |
| 3) Financial assets | 7 | 226,125,023 | 145,191,834 |
| *3.1) Loans and receivables with related parties* | | *226,100,000* | *145,100,000* |
| *3.2) Other financial assets* | | *25,023* | *91,834* |
| 3) Deferred tax assets | **8** | 371,489 | 371,489 |
| 4) Trade receivables and other receivables | **9** | 86,338 | 84,475 |
| *4.1) Other receivables* | | *86,338* | *84,475* |
| **TOTAL NON-CURRENT ASSETS** | | **227,022,475** | **146,344,550** |
| B) CURRENT ASSETS | | | |
| 1) Trade receivables and other receivables | **9** | 24,874 | 48,210 |
| *1.2) Other receivables* | | *24,874* | *48,210* |
| 2) Financial assets | 7 | *116,484,137* | 85,015,363 |
| *2.1) Loans and receivables* | | *116,326,245* | *84,594,468* |
| *2.2) Other financial assets* | | *157,892* | *420,895* |
| *2-bis) of which with related parties* | | *116,326,245* | *84,594,468* |
| 3) Cash and cash equivalents | **10** | 64,252,364 | 85,118,760 |
| *3.1) Bank current accounts and deposits* | | *64,252,364* | *85,118,760* |
| **TOTAL CURRENT ASSETS** | | **180,761,375** | **170,182,333** |
| **TOTAL ASSETS** | | **407,783,850** | **316,526,883** |

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

## STATEMENT OF FINANCIAL POSITION

| *(amounts in Euro)* | NOTES | 31.12.2025 | 31.12.2024 |
|---|---|---|---|
| A) SHAREHOLDERS' EQUITY | **11** | | |
| 1) Share Capital | | 3,770,000 | 3,770,000 |
| 2) Other Reserves | | 9,300,000 | - |
| 3) Profits/(Losses) brought forward | | -262,911 | -525,415 |
| 4) Profit/(Loss) for the year | | -8,633,354 | 262,504 |
| **TOTAL SHAREHOLDERS' EQUITY** | | **4,173,735** | **3,507,089** |
| B) NON-CURRENT LIABILITIES | | | |
| 1) Financial liabilities | **12** | 392,529,086 | 292,823,925 |
| *1.1) Bonds* | | *263,799,054* | *267,227,981* |
| *1.2) Loans and Lease Liability* | | *128,730,032* | *25,595,944* |
| **TOTAL NON-CURRENT LIABILITIES** | | **392,529,086** | **292,823,925** |
| C) CURRENT LIABILITIES | | | |
| 1) Financial liabilities | **12** | 10,216,130 | 19,312,006 |
| *1.2) Loans and Lease Liability* | | *7,250,759* | *16,356,356* |
| *1.3) Other* | | *2,965,371* | *2,955,650* |
| *1-bis) of which with related parties* | | *802,077* | *9,806,897* |
| 2) Trade payables and other payables | **13** | 864,899 | 883,863 |
| *2.1) Trade payables* | | *211,396* | *464,489* |
| *2.2) Other payables* | | *653,503* | *419,374* |
| *2-bis) of which with related parties* | | *160,000* | *70,320* |
| **TOTAL CURRENT LIABILITIES** | | **11,081,029** | **20,195,869** |
| **TOTAL LIABILITIES** | | **403,610,115** | **313,019,794** |
| **TOTAL SHAREHOLDER EQUITY AND LIABILITIES** | | **407,783,850** | **316,526,883** |

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

## 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 01.01.2024** | **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** | **1,375,708** | **262,504** |
| **Balance as at 31.12.2024** | **3,770,000** | **-** | **-525,415** | **262,504** | **3,507,089** |

| *(amounts in Euro)* | Share Capital | Other Reserves | Profits/(Losses) brought forward | Profit/(Loss) for the year | Total |
|---|---|---|---|---|---|
| **Opening Balance as at 01.01.2025** | **3,770,000** | **-** | **-525,415** | **262,504** | **3,507,089** |
| **Total Comprehensive income for the year** | | | | **-8,633,354** | **-8,633,354** |
| Allocation result 2024 | - | - | 262,504 | -262,504 | - |
| Other reserve | - | 9,300,000 | - | - | 9,300,000 |
| **Total transactions with Shareholders and other movements of the year:** | **-** | **9,300,000** | **-262,504** | **-262,504** | **9,300,000** |
| **Balance as at 31.12.2025** | **3,770,000** | **9,300,000** | **-262,911** | **-8,633,354** | **4,173,735** |

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

CARRARO Finance

## STATEMENT OF CASH FLOWS

| *(amounts in Euro)* | NOTES | 31.12.2025 | 31.12.2024 |
|---|---|---|---|
| Profit/(loss) for the year | 11 | -8,633,354 | 262,504 |
| Tax and deferred the year | 4 | 68,151 | 358,605 |
| ***Profit/(loss) before taxes*** | | ***-8,565,203*** | ***621,109*** |
| Depreciation of property, plant and equipment | 2 | 167,527 | 171,052 |
| Amortisation of intangible fixed assets | 2 | 104,103 | 101,770 |
| Net gains/(losses) on foreign exchange | 3 | 828 | - |
| Financial Income | 3 | -20,772,734 | -20,773,651 |
| Financial cost | 3 | 29,263,850 | 19,644,090 |
| ***Cash flows before changes in Net Working Capital*** | | **198,371** | ***-235,630*** |
| Change in trade payables | 13 | 253,093 | 149,508 |
| Change in other receivables/payables | 9,13 | 212,656 | -316,792 |
| Income taxes paid | | - | - |
| Interest income received | | 18,953,354 | 18,737,021 |
| Interest expenses paid | | -19,567,189 | -16,646,875 |
| Change in other financial asset | | -1,153,866 | -3,923,700 |
| Change in other financial liabilities | | -8,857,845 | -1,006,464 |
| ***Cash flows from operating activities*** | | ***-9,961,426*** | ***-3,242,932*** |
| Investments in property, plant and equipment | 5 | -14,503 | -13,838 |
| Proceed from disposal of property, plant and equipment | 5 | - | 1,393 |
| Investment intangible fixed assets | 6 | - | -448,373 |
| Loans and advances granted to related parties | 7 | -670,382,054 | -448,180,295 |
| Repayments of loans by related parties | 7 | 550,790,587 | 391,988,576 |
| ***Cash flows from investing activities*** | | ***-119,605,970*** | ***-56,652,537*** |
| Other movements of shareholder's equity | 11 | 9,300,000 | - |
| Proceeds from issuance of new bond note | 12 | 265,801,000 | - |
| Repayment of bond note | 12 | -270,000,000 | - |
| Repayments of loans and borrowings | 12 | -6,400,000 | - |
| Proceeds from loans and borrowings | 12 | 110,000,000 | - |
| ***Cash flows from financing activities*** | | ***108,701,000*** | ***-*** |
| ***Total cash flows for the period*** | | ***-20,866,396*** | ***-59,895,469*** |
| ***Opening cash and cash equivalents*** | | ***85,118,760*** | ***145,014,229*** |
| ***Closing cash and cash equivalents*** | | ***64,252,364*** | ***85,118,760*** |

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 Bond issued for which Carraro Finance chose Luxembourg as the member state of origin pursuant to the Transparency Directive.

The financial instrument is 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 2025 to 31 December 2025, was authorised by Board of Directors resolution dated March 11, 2026.

## Reporting criteria and accounting principles

The financial statements of the Company as of December 31, 2025, 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, 2025, 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 which assumes the Company will be able to discharge its liabilities as they fall due. In confirming the validity of the going concern basis of preparation, the Company has considered the flowing specific factors:

- The Company had an excess of current assets over current liabilities of 160,680,346 euros.
- The Company had positive cash ending at 64,252,364 euros,
- The financial structure of the Company, that include gross debt and net cash is monitored on a daily and weekly basis.
- The management prepares an annual budget and longer-term strategic plan, including an assessment of cash flow requirements, and continues to monitor actual performance against budget and plan throughout the reporting period .

Based on these factors, management has a reasonable expectation that the Company has and will have adequate resources to continue in operational existence for the foreseeable future.

**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 2025:***

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

*(published on 15 August 2023)*

The document requires an entity to use a consistent methodology for verifying whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the disclosures to be made in the notes to the financial statements.
The adoption of this amendment had no effect on the Company's financial statements.

***IFRS accounting standards, amendments and interpretations endorsed by the European Union, not yet mandatorily applicable and not adopted in advance by the Company as at 31 December 2025:***

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

(published on 30 May 2024)

The paper clarifies a number of problematic issues that emerged from the post implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary when ESG objectives are met (i.e. green bonds). In particular, the amendments aim to:

- clarify the classification of financial assets with variable returns and features linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for the SPPI test;
- determine that the date of settlement of liabilities through electronic payment systems is the date on which the
- liability is derecognised. However, an entity is permitted to adopt an accounting policy to allow a financial liability to be derecognised before the cash transfer takes place through an electronic payment system and specific conditions are met.

With these amendments, the IASB also introduced additional disclosure requirements with regard to investments in equity instruments designated as FVOCI. The amendment will apply from 1 January 2026, but early application is permitted. At the moment, the directors are considering the possible impacts of this amendment on the Company's financial statements.

***Contracts Referencing Nature-dependent Electricity -Amendment to IFRS 9 and IFRS 7***
(published on 18 December 2024)
The purpose of the document is to support entities in reporting the financial effects of agreements for the purchase of power from renewable sources (often structured as Power Purchase Agreements).
Based on these agreements, the amount of electricity generated and purchase may vary based on uncontrollable factors such as the weather conditions.
The IASB has made amendments to IFRS 9 and IFRS 7. The amendments include:

- a clarification concerning the adoption of "own use" requirements to this type of contract;
- -the criteria to allow for the recognition of these contracts as hedging instruments; and,
- new disclosure requirements to enable users of financial statements to understand the effects of these contracts on the financial performance and cash flows of an entity.

The amendment will apply from 1 January 2026, but early application is permitted.
The directors do not expect a significant effect in the Company's financial statements from the adoption of this amendment.

***IFRS standards, amendments and interpretations not yet endorsed by the European Union as at 31 December 2025:***

***New accounting standard: IFRS 18 Presentation and Disclosures in Financial Statements***
(issued on 9 April 2024 will replace IAS 1 Presentation of Financial Statements)

The new standard aims to improve the presentation of the main financial statements and introduces important changes with regard to the income statement.
In particular, the new standard:

- requires revenues and expenses to be classified into three new categories (operating, investing and financing),
- in addition to the tax and discontinued operations categories already present in the income statement;
- requires the presentation of two new subtotals, operating profit and earnings before interest and taxes (i.e. EBIT);
- requires more information to be disclosed on management-defined performance measures;
- introduces new criteria for the aggregation and disaggregation of information;
- introduces a number of changes to the format of the cash flow statement, including the requirement to use the operating result as the starting point for the presentation of the cash flow statement prepared under the indirect method and the elimination of certain classification options for some items that currently exist (such as interest paid, interest received, dividends paid and dividends received).

The new standard will apply from 1 January 2027, but early application is permitted.
At the moment, the directors are considering the possible impacts of this new standard on the Company's financial statements.

***IFRS 19 Subsidiaries without Public Accountability: Disclosures***

(published on 4 May 2024)

The new standard introduces some simplifications with respect to the disclosures required by other IAS.

This principle can be applied by an entity that meets the following main criteria:

- it is a subsidiary;
- has not issued equity or debt instruments listed on a market and is not in the process of issuing them;
- has its own parent company that prepares consolidated financial statements in accordance with IFRS.

The new standard will apply from 1 January 2027, but early application is permitted.

This accounting standard is not applicable to the Company as Carraro Finance S.A. is a public interest entity.

***Annual Improvements to IFRS Accounting Standards — Volume 11***

(published on 18 July 2024)

The document includes clarifications, simplifications, corrections and changes designed to improve the consistency of various IFRS. The following standards were changed:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and related guidelines on the implementation of IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

The amendments will apply from 1 January 2026, but early application is permitted.

At the moment, the directors are considering the possible impacts of these amendments on the Company's financial statements.

**Accounting standards and measurement criteria adopted by the Company**

**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.

Bad debts provision has to be estimated on the basis of expected losses model, as required by IFRS 9 standard.

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

• when there is a breach of financial covenants by the debtor

• information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the group, in full (without taking into account any collateral held by the group).

Financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

• significant financial difficulty of the issuer or the borrower

• a breach of contract, such as a default

• the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider

• it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation

• the disappearance of an active market for that financial asset because of financial difficulties.

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount of guaranteed debt that has been drawn down as at the reporting date, together with any additional guaranteed amounts expected to be drawn down by the borrower in the future by default date determined based on historical trend, the Company' understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Company is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the group expects to receive from the holder, the debtor or any other party.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

The Company calculated the ECL based on the latest analysis made when the Bond was issued in the context of the interest rate determination and based on Moody Investor Service for the average defaulted corporate bond and loan recoveries by industry.

**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 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 revenue when the service is provided, as the entity satisfies the performance obligation by transferring the promised service, 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 for 2025.

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 of operations is defined as total gross debt after deducting financial assets, cash and cash equivalents, as indicated in Note 12, table "Net Financial Position of operations".

***Gearing ratio***

| *(amounts in Euro)* | **31.12.2025** | **31.12.2024** |
|---|---|---|
| Gross Debts | -402,745,216 | -312,135,931 |
| Financial assets: | 342,657,842 | 230,405,294 |
| Cash and cash equivalents: | 64,252,364 | 85,118,760 |
| ***Net financial position of operations*** | **4,164,990** | **3,388,123** |
| ***Equity*** | **4,173,735** | **3,507,089** |
| ***Net financial position of operations to equity ratio*** | **100%** | **104%** |

The net financial position of operations to equity ratio decreased compared to 2024, due to the extraordinary activities during 2025.

The cash flows envisaged for 2025 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 7 and 12 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 fixed-rate debt equals to 66% of the total debt, while the floating-rate to 34% . 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 8.

***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.

**4. Business segment**

The business of the Company, is focused on financial consulting services (payment on behalf of, collection on behalf of, financial support services, bookkeeping services for Carraro R&D Lux Tech S.à r.l) 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 provides financing to Carraro Group subsidiaries that 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 inter-company customers for the year ended 31 December 2025.
The breakdown of revenues from Group Companies by main geographic area is shown in the following table.

*(amounts in euro)*

| Geographical Area | 31.12.2025 | % | 31.12.2024 | % |
|---|---|---|---|---|
| Italy | 1,457,007 | 81.89% | 1,041,668 | 79.32% |
| India | 150,912 | 8.48% | 147,439 | 11.23% |
| China | 71,270 | 4.01% | 74,197 | 5.65% |
| Luxembourg | 100,000 | 5.62% | 50,000 | 3.80% |
| **Total** | **1,779,189** | **100.00%** | **1,313,304** | **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)* | 31.12.2025 | 31.12.2024 |
|---|---|---|
| *1) PRODUCTS* | - | - |
| *2) SERVICES* | 1,779,189 | 1,313,304 |
| *3) OTHER REVENUES* | - | - |
| **TOTAL REVENUES FROM SALES** | **1,779,189** | **1,313,304** |

The revenue increase by 36% (from 1,313,304 euros as at 31.12.2024 to 1,779,189 euros as at 31.12.2025) was mainly driven by higher payment on behalf of (POBO) and receivables on behalf of (ROBO) services, due to a mix of higher volume of transactions and level of pricing.

### *B) Operating costs (note 2)*

| *(amounts in Euro)* | 31.12.2025 | 31.12.2024 |
|---|---|---|
| **1) PURCHASES OF GOODS AND MATERIALS** | **3,228** | **1,564** |
| A) EXTERNAL SERVICES FOR PRODUCTION | 1,164 | 6,315 |
| B) SUNDRY SUPPLIES | 2,160 | 4,167 |
| C) GENERAL OVERHEADS | 773,204 | 701,362 |
| D) COMMERCIAL COSTS | 12,611 | 2,346 |
| E) SALES EXPENSES | - | - |
| **2) SERVICES** | **789,139** | **714,190** |
| **3) USE OF THIRD-PARTY GOODS AND SERVICES** | **11,525** | **8,200** |
| A) WAGES AND SALARIES | 672,986 | 604,290 |
| B) SOCIAL SECURITY CONTRIBUTIONS | 55,497 | 62,386 |
| D) EMPLOYEE SEVERANCE INDEMNITY AND PENSIONS | - | - |
| E) OTHER COSTS | 31,521 | 37,250 |
| **4) PERSONNEL COSTS** | **760,004** | **703,926** |
| A) DEPREC. PROP., PLANT & EQUIPMENT | 167,527 | 171,052 |
| B) AMORT. INTANGIBLE ASSETS | 104,103 | 101,770 |
| C) IMPAIRMENT OF FIXED ASSETS | - | - |
| D) IMPAIRMENT OF RECEIVABLES | - | - |
| **5) AMORTISATION, DEPRECIATION AND IMPAIRMENT OF ASSETS** | **271,630** | **272,822** |
| **6) CHANGES IN INVENTORIES** | - | - |
| **7) PROVISION FOR RISKS AND OTHER LIABILITIES** | - | - |
| C) OTHER OPERATING EXPENSES | 16,922 | 121,054 |
| D) OTHER NON-ORDINARY OPERATING INCOME/EXPENSES | - | - |
| **8) OTHER INCOME AND EXPENSES** | **16,922** | **121,054** |
| **TOTAL OPERATING COSTS** | **1,852,448** | **1,821,756** |

The operating costs have increased by 2% compared to 31.12.2024 from 1,821,756 euros as at 31.12.2024 to 1,852,448 euros as at 31.12.2025 mainly due to inflation rate for the year.

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

| *(amounts in Euro)* | 31.12.2025 | 31.12.2024 |
|---|---|---|
| **10) INCOME/EXPENSES FROM EQUITY INVESTMENTS** | - | - |
| A) FROM FINANCIAL ASSETS | 18,240,161 | 16,313,028 |
| B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS | 2,063,563 | 3,600,464 |
| C) FROM OTHER THAN THE ABOVE | - | - |
| D) INCOME OTHER THAN THE ABOVE | 469,010 | 860,159 |
| **11) OTHER FINANCIAL INCOME** | **20,772,734** | **20,773,651** |
| A) FROM FINANCIAL LIABILITIES | -23,269,726 | -16,730,552 |
| B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS | -10 | - |
| C) EXPENSES OTHER THAN THE ABOVE | -5,994,114 | -2,913,538 |
| **12) FINANCIAL COSTS AND EXPENSES** | **-29,263,850** | **-19,644,090** |
| OTHER NET EXCHANGE RATE DIFFERENCES | -828 | - |
| **13) NET GAINS/(LOSSES) ON FOREIGN EXCHANGE** | **-828** | **-** |
| **14) VALUE ADJUSTMENTS OF FINANCIAL ASSETS** | - | - |
| **NET GAINS/(LOSSES) ON FINANCIAL ASSETS** | **-8,491,944** | **1,129,561** |

The other financial income as at 31.12.2025 are mainly related to:

- Interests received from lending activities to intra-group Companies increased by 12% from 16.31 million euros to 18.24 million euros due to an increase of the average utilization of the intra-group facilities and to a change in the remuneration applied to transactions with intra-group Companies, due to a change in the borrowing costs, in compliance with arm's length principle.
- Income on terms deposits decreased by 43% from 3.6 million euros to 2 million euros mainly due to market condition on time deposit during the 2025.
- Commitment fees on the facilities granted to group entities decreased by 45% from 0.86 million euros as at 31.12.2024 to 0.47 million euros as at 31.12.2025 due to the increase of the drawdown of the lines granted to group entities in 2025 of a total 92 million, compare with 2024 drawdown of 78 million.

The financial costs and expenses are mainly related to:

- Accrued interest on financial instruments issued (ISIN: IT0006768151) and redeemed (ISIN IXS2215041513, and ISIN IT0006756438) for 16.015 million euros that increased by 7% compared to 31.12.2024 (14.933 million euros) and 1.148 million euros of interest for the bank loan EIB (of 32 million of euros), 1.090 million euros of interest for the bank loan BNL (of 50 million euros) and 1.245 million euros of interest for the bank loan MPS (of 60 million euros).
- Fees paid mainly related to the three financial instruments issued that are absorbed along the bond amortization schedule in application of the amortized cost method of accounting for 2.828 million euros (of which 2.816 million euros referred to the remain amortized cost of the bond ISIN IT0006756438 and ISIN XS2215041513 reimbursed, ahead of their amortization plan due the their early redemption and 2.002 million euros for bond ISIN IT0006768151) and 0.6 million euros payable to Carraro S.p.A. as guarantee.
- Early redemption price cost for the financial instrument ISIN IT0006756438 for 3.6 million euros recorded under the caption “Other expenses”.
- Overexposure for couple of months, due to gap time between issued date and redemption date.

**Current and deferred income taxes (note 4)**

The current tax amount to 68,151 euros is mainly due to the withholding tax paid that the company cannot recover on its receivables.

**Property, plant and equipment (note 5)**

These items present a net balance of 80,201 euros as at 31.12.2025 compared with 233,225 euros as at 31.12.2024.

The breakdown is as follows:

| **Items**<br>*(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 |
| Increases | - | - | - | 11,763 | | 11,763 |
| Provisions for amortisation and depreciations | -394,681 | - | - | -44,761 | - | -261,324 |
| **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** |
| **Movements of the period** | | | | | | |
| Increases | - | - | - | 14,503 | - | 14,503 |
| Decreases | - | - | - | - | - | - |
| Reclassification | - | - | - | - | - | - |
| Capitalisation | - | - | - | - | - | - |
| Business unit transfer | - | - | - | - | - | - |
| Depreciation and amortisation | -138,895 | - | - | -28,632 | - | -167,527 |
| **Net as at 31.12.2025** | **46,298** | **-** | **-** | **33,903** | **-** | **80,201** |
| **Made up of:** | | | | | | |
| Historical cost | 723,397 | - | - | 134,826 | - | 858,223 |
| Provisions for amortisation and depreciations | -677,099 | - | - | -100,923 | - | -778,022 |

As at 31.12.2025, property, plant and equipment are distributed by category as follows:

- Land and buildings (leased assets): 46 thousand euros for rights of use (IFRS 16);
- Other assets: 34 thousand euros for office equipment.

**Intangible fixed assets (note 6)**

These items present a net balance of 359,424 euros as at 31.12.2025 compared with 463,527 euros as at 31.12.2024.

The breakdown is as follows:

| **Items**<br>*(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 |
| Increases | - | - | | - | 223,838 | | 223,838 |
| Provision for amortisation and depreciations | - | - | - | -99,046 | - | - | -99,046 |
| **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** |
| **Movements of the period** | | | | | | | |
| Increases | - | - | - | - | - | - | - |
| Capitalisation | - | - | - | - | - | - | - |
| Depreciation and amortisation | - | - | - | -104,103 | - | - | -104,103 |
| **Net as at 31.12.2025** | **-** | **-** | **-** | **359,424** | **-** | **-** | **359,424** |
| **Made up of:** | | | | | | | |
| Historical cost | - | - | - | 664,342 | - | - | 664,342 |
| Provisions for amortisation and depreciations | - | - | - | -304,918 | - | - | -304,918 |

As at 31.12.2025, the intangible assets mainly relate to the accounting software implemented on July 2021 (SW SAP ERP Package ECC licenses, OS licences) and the project of Payment & Collection Factory and Cash Pooling that was capitalised in 2024.

## Financial assets (note 7)

| *(amounts in Euro)* | **31.12.2025** | **31.12.2024** |
|---|---|---|
| Non-current loan and receivable with related parties | 226,100,000 | 145,100,000 |
| ***LOANS AND RECEIVABLES*** | **226,100,000** | **145,100,000** |
| Other financial assets | 25,023 | 91,834 |
| ***OTHER FINANCIAL ASSETS*** | **25,023** | **91,834** |
| **NON-CURRENT FINANCIAL ASSETS** | **226,125,023** | **145,191,834** |
| Current Loans and Receivables with related parties | 116,326,245 | 84,594,468 |
| ***LOANS AND RECEIVABLES*** | **116,326,245** | **84,594,468** |
| Other financial assets | 157,892 | 420,895 |
| ***OTHER FINANCIAL ASSETS*** | **157,892** | **420,895** |
| **CURRENT FINANCIAL ASSETS** | **116,484,137** | **85,015,363** |

### 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 International S.E., Carraro Drive Tech Italia S.p.A. and SIAP S.p.A.

**AMOUNTS OWED BY AFFILIATED UNDERTAKINGS**

| | **Credit Lines** | **CCY** | **Commitment as of 31.12.2025** | **Drawdown as of 31.12.2025** | **Final Maturity Date** |
|---|---|---|---|---|---|
| Carraro S.p.A. | MTL | EUR | 115,000,000 | 115,000,000 | 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 | 33,100,000 | 31.12.2028 |
| | | **EUR** | **246,656,638** | **226,100,000** | |

### 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 92,274,000 euros as at 31.12.2025 and 78,294,000 euros as at 31.12.2024 ; and accrued interests on the non-current and current loans granted to affiliated undertakings and of accrued financial services for the aggregate amount of 24,052,245 euros as at 31.12.2025 and 6,300,467 euros as at 31.12.2024.

**AMOUNTS OWED BY AFFILIATED UNDERTAKINGS**

| | Credit Lines | CCY | Commitment as of 31.12.2025 | Drawdown as of 31.12.2025 | Final Maturity Date |
|---|---|---|---|---|---|
| Carraro S.p.A. | Revolving | EUR | 60,000,000 | 56,850,000 | 31.12.2025 |
| Carraro Drive Tech S.p.A. | Revolving | EUR | 39,000,000 | 14,150,000 | 31.12.2025 |
| Carraro International S.E. | Revolving | EUR | 25,000,000 | 21,274,000 | 31.12.2025 |
| Siap S.p.A. | Revolving | EUR | 5,500,000 | - | 31.12.2025 |
| | | **EUR** | **129,500,000** | **92,274,000** | |

**OTHER AMOUNTS OWED BY AFFILIATED UNDERTAKINGS**

| | CCY | Receivable interests and financial services |
|---|---|---|
| Carraro S.p.A. | EUR | 4,041,536 |
| Carraro Drive Tech S.p.A. | EUR | 7,074,253 |
| Carraro Driveservice S.r.l. | EUR | 153,332 |
| Carraro International S.E. | EUR | 362,630 |
| Carraro Lux-Tech S.à r.l. | EUR | 58,500 |
| Carraro India Pvt Ltd | EUR | 230,812 |
| Carraro China | EUR | 31,676 |
| Siap S.p.A. | EUR | 12,099,506 |
| | **EUR** | **24,052,245** |

On January 2026, the Company extended the existing contracts for the above credit lines until 31 December 2026.
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.

The carrying amount of the financial assets corresponds approximately to their fair value.

**Deferred tax assets and liabilities (note 8)**

Effective from 01/01/2024, the Carraro Group, as a Multinational Group exceeding the revenue threshold of 750 million euros 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 (GMT 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 GMT P2 income taxes as of 31/12/2025 is assumed to be zero, based on the latest available financial data (as of 31/12/2025). Carraro Finance S.A. has no impact.

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 2025, 371,489 euros of deferred tax asset was booked using the loss carryover in order to reduce future tax obligations. The caption is unchanged compared to 31 December 2024.

The company holds tax losses carried forward as at 31 December 2025 for an amount equal to 11.1 million euros.

Based on the forecasts of taxable income for the next two years, the caption deferred tax assets is 0.37 million euros as at 31 December 2025 calculated on tax losses equal to 1.5 million euros (deferred tax assets not booked equal to Euro 2.4 million upon tax losses carried forward of 9.6 million euros).

The tax losses carried-forward for which the Company has not recognised a deferred tax as at 31 December 2025 amount to 9.6 million euros of which 1.6 million euros available up the year 2038, 3.8 million euros available up the year 2039, 1.3 million euros available up the year 2040 and 2.9 million euros available up the year 2042.

Accordingly with the interest limitation rule Article 168bis of the LITL limits the deductibility of "exceeding borrowing costs"; as at 31December 2025 The Company holds 5.5 million euros exceeding borrowing costs; the latter are non-deductible in accordance with the interest limitation rules, such non-deductible interest expenses may be carried forward without time limitation and deducted in subsequent tax years. The company has not recorded any deferred tax asset on such interest carry forwards.

**Trade receivables and other receivables (note 9)**

| *(amounts in euro)* | **31.12.2025** | **31.12.2024** |
|---|---|---|
| **NON CURRENT TRADE RECEIVABLES** | **-** | **-** |
| Other receivables | 86,338 | 84,475 |
| **OTHER NON-CURRENT RECEIVABLES** | **86,338** | **84,475** |
| **NON-CURRENT TRADE RECEIVABLES AND OTHER RECEIVABLES** | **86,338** | **84,475** |
| **CURRENT TRADE RECEIVABLES** | **-** | **-** |
| Other receivables | 24,874 | 48,210 |
| **OTHER CURRENT RECEIVABLES** | **24,874** | **48,210** |
| **CURRENT TRADE RECEIVABLES AND OTHER RECEIVABLES** | **24,874** | **48,210** |

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)* | **31.12.2025** | **31.12.2024** |
|---|---|---|
| VAT credits | - | - |
| Receivables for current taxes | - | 1,643 |
| Receivables from employees | - | -233 |
| Other receivables | 24,874 | 46,800 |
| **OTHER CURRENT RECEIVABLES FROM THIRD PARTIES** | **24,874** | **48,210** |

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

| *(amounts in Euro)* | **31.12.2025** | **31.12.2024** |
|---|---|---|
| ***NET CURRENT TRADE RECEIVABLES FROM THIRD PARTIES*** | **-** | **-** |
| ***NET CURRENT TRADE RECEIVABLES FROM RELATED PARTIES*** | **-** | **-** |
| Other current receivables from third parties | 24,874 | 48,210 |
| Provisions for Depreciation of other Receivables | - | - |
| ***NET CURRENT OTHER RECEIVABLES FROM THIRD PARTIES*** | **24,874** | **48,210** |
| ***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)* | ***31.12.2024*** | | | | |
|---|---|---|---|---|---|
| | 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** |

| *(amounts in euro)* | ***31.12.2025*** | | | | |
|---|---|---|---|---|---|
| | 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 | - | - | 24,874 | 86,338 | **111,212** |
| **TOTAL** | **-** | **-** | **24,874** | **86,338** | **111,212** |

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.

### Cash and cash equivalents (note 10)

| *(amounts in Euro)* | **31.12.2025** | **31.12.2024** |
|---|---|---|
| Short-term deposits | 8,000,000 | 35,000,000 |
| Bank current accounts | 56,252,364 | 50,118,760 |
| **TOTAL** | **64,252,364** | **85,118,760** |

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 11)

| *(amounts in Euro)* | **31.12.2025** | **31.12.2024** |
|---|---|---|
| 1) Share Capital | 3,770,000 | 3,770,000 |
| 2) Other Reserves | 9,300,000 | - |
| 3) Profits/(Losses) brought forward | -262,911 | -525,415 |
| 4) Profit/(Loss) for the period | -8,633,354 | 262,504 |
| **SHAREHOLDERS' EQUITY** | **4,173,735** | **3,507,089** |

### 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%.

### Other reserves

On 29th September 2025, a capital contribution agreement was signed between the Company and its shareholders, which stipulates that Carraro S.p.A. and Carraro International S.E. agreed to irrevocably and unconditionally contribute and transfer an amount totalling 9,300,000 euros split as 7,955.220 euros from Carraro S.p.A. and 1,344,780 euros from Carraro International S.E. The capital contributions funds are not considered as loans and no new shares were issued.

## Financial liabilities (note 12)

The classification of financial liabilities as at 31.12.2025 is shown below.

| *(amounts in Euro)* | **31.12.2025** | **31.12.2024** |
|---|---|---|
| NON-CURRENT BONDS | 263,799,054 | 267,227,981 |
| LOAN MEDIUM/LONG TERM | 128,730,032 | 25,547,306 |
| MEDIUM/LONG-TERM LEASE PAYABLES - IFRS16 | - | 48,638 |
| **NON-CURRENT FINANCIAL LIABILITIES** | **392,529,086** | **292,823,925** |
| FINANCIAL PAYABLE | 7,202,077 | 16,206,897 |
| *WITH THIRD PARTIES* | *6,400,000* | *6,400,000* |
| *WITH RELATED PARTIES* | *802,077* | *9,806,897* |
| LEASE PAYABLES FROM RIGHTS OF USE - IFRS16 | 48,682 | 149,459 |
| **CURRENT FINANCIAL LIABILITIES** | **7,250,759** | **16,356,356** |
| **OTHER CURRENT FINANCIAL LIABILITIES** | **2,965,371** | **2,955,650** |
| **CURRENT FINANCIAL LIABILITIES** | **10,216,130** | **19,312,006** |

As at 31 December 2025 the Company's has respected the financial parameters (covenant of Consolidated Net Leverage Ratio below 3.5 ,calculated as net consolidated financial position of operations divided by EBITDA adjusted) provided by financial agreements and bonds.

The carrying amount of the financial liabilities, except the Bond , corresponds approximately to their fair value.

The Bond is measured at amortized cost. However, the fair value of this Bond is disclosed because different from the carrying amount.

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

- The covenants for the Bond 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 Bond issued: 265,801,000 euros 5.25 percent. Senior Unsecured Notes due 17 April 2030 (ISIN IT0006768151) (the "Bond 2025").
The "Bond 2023" 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") was redeemed on 20 June 2025 and the "Bond 2020" 150,000,000 euros 3.75 percent. Senior Unsecured Notes due 25 September 2026 and guaranteed by Carraro S.p.A. (ISIN XS2215041513) was redeemed on 4 August 2025.

The financial instrument is 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 2025, the effect of the amortised cost on this Bond was as 2.002 million euros.
As required by paragraph 25 of the IFRS 7 accounting standard, the following table shows the fair value of the one aforementioned bonds compared with the respective book value:

| *(amounts in Euro)* | **Notional** | **Amortised cost 31.12.2025** | **Carrying amount 31.12.2025** | **Fair Value (level 1) 31.12.2025** |
|---|---|---|---|---|
| BOND 2025-2030 5.25% | 265,801,000 | -2,001,946 | 263,799,054 | 274,067,411 |
| **Total** | **265,801,000** | **-2,001,946** | **263,799,054** | **274,067,411** |

The long medium loan of 128,730,032 euros is mainly represented by bank loans granted to Carraro Finance S.A. received from:
- MPS (Banca Monte dei Paschi di Siena S.p.A.) on 04 July 2025 for the amount of 60,000,000 euros. Terms and conditions of the reimbursement are eighteen semi-annual instalments, between December 2027 (first date of reimbursement) and March 2032 (maturity date).
- BNL (Banca Nazionale del Lavoro S.p.A.) on 11 June 2025 for the amount of 50,000,000 euros. Terms and conditions of the reimbursement are eight semi-annual instalments, between December 2027 (first date of reimbursement) and June 2031 (maturity date).
- EIB (European Investment Bank) and guaranteed by Carraro S.p.A. on 21 December 2021, called "Carraro Group R&D and Digitalisation II" 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 2025, the effect of the amortised cost is as follows:

- Banca Monte dei Paschi di Siena loan of 60,000,000 euros: 165,048 euros
- Banca Nazionale del Lavoro loan of 50,000,000 euros: 270,410 euros
- Carraro Group R&D and Digitalisation II loan of 32,000,000 euros: 34,510 euros

**Current financial liabilities**

The caption mainly represents:

- the cash pooling position with the group companies for 171,239 euros,
-the reclassification of the "Carraro Group R&D and Digitalisation II" received by EIB from Long Term to Short Term for 6,400,000 euros as it is due for payment within 1 year,
- the interests payable for the bond issued by the Company for 2,829,673 euros,
- the interests payable for the loans for 135,698 euros,
- the guarantee to pay Carraro S.p.A. for 630,838 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 31.12.2025 |
|---|---|---|---|
| 9,677,726 | 393,067,490 | 0 | **402,745,216** |

The Company has at its disposal revolving credit facility for a total amount of 80 million euros not drawn down at 31 December 2025, as follows:

- 30,000,000 euros from Intesa Sanpaolo Bank Luxembourg S.A.
- 20,000,000 euros from Banca Popolare di Milano S.p.A.
- 20,000,000 euros from Banque Internationale à Luxembourg S.A.
- 10,000,000 euros from Banca del Fucino S.p.A.

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)* | 31.12.2024 | Cash Flow Out | Cash Flow In | Other changes | IFRS16 effect | 31.12.2025 |
|---|---|---|---|---|---|---|
| Gross non-current loans payable | 295,675,949 | -270,000,000 | 265,801,000 | - | -48,637 | 291,428,312 |
| Gross current loans payable | 16,329,044 | -6,400,000 | 110,000,000 | -9,004,820 | -100,777 | 110,823,447 |
| **Total loans and lease liabilities** | **312,004,993** | **-276,400,000** | **375,801,000** | **-9,004,820** | **-149,414** | **402,251,759** |
| Amortised cost | -2,824,712 | - | - | 352,798 | - | -2,471,914 |
| Other non-current financial liabilities | - | - | - | - | - | - |
| Other current financial liabilities | 2,955,650 | -2,955,650 | - | 2,965,371 | - | 2,965,371 |
| ***Financial liabilities:*** | **312,135,931** | **-279,355,650** | **375,801,000** | **-5,686,651** | **-149,414** | **402,745,216** |

The net financial position of operations is broken down below:

| **Net financial position of operations**<br>*(amounts in Euro)* | **31.12.2025** | **31.12.2024** |
|---|---|---|
| Non-current bonds | -263,799,054 | -267,227,981 |
| ***Bonds*** | **-263,799,054** | **-267,227,981** |
| Non-current loans payable | -128,730,032 | -25,595,944 |
| Current payable | -7,202,077 | -16,206,897 |
| Current loans payable | -48,682 | -149,459 |
| Other current financial liabilities | -2,965,371 | -2,955,650 |
| ***Financial liabilities*** | **-138,946,162** | **-44,907,950** |
| Current loans and receivables | 116,326,245 | 84,594,468 |
| Other current financial assets | 157,892 | 420,895 |
| ***Financial assets*** | **116,484,137** | **85,015,363** |
| Bank current accounts and deposits | 64,252,364 | 85,118,760 |
| ***Cash and cash equivalents*** | **64,252,364** | **85,118,760** |
| **Net financial position*** | **-222,008,715** | **-142,001,808** |
| Non-current loans and receivables | 226,100,000 | 145,100,000 |
| Other non-current financial assets | 25,023 | 91,834 |
| Non-current leases - IFRS 16 | - | 48,638 |
| Current leases - IFRS 16 | 48,682 | 149,459 |
| **Net financial position of operations**** | **4,164,990** | **3,388,123** |
| of which payables/(receivables): | | |
| - non-current | -166,404,063 | -147,583,453 |
| - current | 170,569,053 | 150,971,576 |

* 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 2025” section.

## Trade payables and other payables (note 13)

| *(amounts in Euro)* | 31.12.2025 | 31.12.2024 |
|---|---|---|
| **NON-CURRENT TRADE PAYABLES** | **-** | **-** |
| **OTHER NON-CURRENT PAYABLES** | **-** | **-** |
| **TRADE PAYABLES AND OTHER NON-CURRENT PAYABLES** | **-** | **-** |
| FROM THIRD PARTIES | 211,396 | 464,489 |
| **CURRENT TRADE PAYABLES** | **211,396** | **464,489** |
| FROM RELATED PARTIES | 160,000 | 70,320 |
| FROM THIRD PARTIES | 493,503 | 349,054 |
| **OTHER CURRENT PAYABLES** | **653,503** | **419,374** |
| **TRADE PAYABLES AND OTHER CURRENT PAYABLES** | **864,899** | **883,863** |

Other payables can be analysed as follows:

| *(amounts in Euro)* | 31.12.2025 | 31.12.2024 |
|---|---|---|
| Amounts due to pensions agencies | 45,591 | 48,349 |
| Amounts due to employees | 173,356 | 239,418 |
| Board of Directors Fees (related parties) | 160,000 | 70,320 |
| Current tax payable | 4,024 | - |
| VAT payable | 270,532 | 25,472 |
| Taxes withheld from employer retribution | - | 35,815 |
| ***OTHER CURRENT PAYABLES*** | **653,503** | **419,374** |

## Number of employees (Note 14)

The number of employees (full time employees) shown below is broken down by category:

| Employees | 31.12.2025 | Changes for the period | 31.12.2024 |
|---|---|---|---|
| Executives | 1 | - | 1 |
| Clerical staff | 5 | - | 5 |
| **Total** | **6** | **-** | **6** |

**Credit risks, Currency risks, Liquidity risks and Interest risks (note 15)**

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 261,223,721 euros. A change in the interest rate of 1% results in a change of the total financial assets by 2,071,956 euros.

**Commitments and risks (Note 16)**

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 17)**

As at 31 December 2025 the Company did not hold any financial derivatives.

**Transactions with related parties (Note 18)**

As at December 31, 2025, 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 |

There are no advances and loans granted to members of the management and supervisory bodies.

**TRANSACTIONS OF CARRARO FINANCE S.A. WITH CARRARO GROUP COMPANIES UP TO 31.12.2025**

**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 | 212,891,536 | 693,271 |
| Carraro Drive tech Italia S.p.A. | Affiliated | 52,224,253 | 92,131 |
| Carraro Driveservice S.r.l. | Affiliated | 153,332 | 2,039 |
| Carraro India Ltd. | Affiliated | 5,230,812 | - |
| Carraro International S.E. | Parent | 26,636,630 | - |
| Carraro China Drive System Co. Ltd. | Affiliated | 31,676 | - |
| SIAP S.p.A. | Affiliated | 45,199,506 | 14,636 |
| Carraro Lux Tech R&D centre S.à r.l. | Affiliated | 58,500 | - |
| **TOTAL** | | **342,426,245** | **802,077** |

**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/(cost) | Other financial income |
|---|---|---|---|---|---|---|
| Carraro S.p.A. | Parent | 630,838 | 253,508 | 197,000 | -19,847 | 10,788,588 |
| Carraro Drive tech Italia S.p.A. | Affiliated | - | 675,694 | 88,881 | -75,543 | 3,763,570 |
| Carraro Driveservice S.r.l. | Affiliated | - | - | 4,192 | 5,637 | - |
| Carraro India Ltd. | Affiliated | - | 150,912 | | - | 342,283 |
| Carraro International S.E. | Parent | - | 28,913 | | - | 1,430,658 |
| Carraro China Drive System Co. Ltd. | Affiliated | - | 71,270 | | - | - |
| Carraro R&D Lux Tech S.à r.l. | Affiliated | - | 100,000 | | - | - |
| SIAP S.p.A. | Affiliated | - | 134,600 | 74,219 | 92,377 | 2,187,600 |
| **TOTAL** | | **630,838** | **1,414,897** | **364,292** | **2,624** | **18,512,699** |

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.
These transactions terms and conditions are done by a transfer price study documentation, are considered unsecured and no guarantee was given or received in relation to them. There are no settlement done and no provision for doubtful debts related to them and recognised in the financial statements.
The Company has received by Carraro S.p.A. a guarantee regarding its EIB loan as explained at (Note 12 paragraph Non-current liabilities).

**External Auditors Fees and Services (Note 19)**

Deloitte Audit S.àr.l. acted as auditor for Carraro Finance S.A. for the financial year ended December 31, 2025, and for the financial year ended December 31, 2024. Set forth below is a breakdown of fees for services rendered by the auditor in 2025 and 2024.
*Audit Fees*. Audit fees for the audits of financial statements in 2025 and 2024 were 68,614 euros and 66,939 euros respectively.
*Audit-Related Fees*. Audit-related fees in 2025 and 2024 were 170,000 euros and euros nil, respectively. Audit-related fees include fees for agreed upon procedures for bond issuance related work.

**Events subsequent to the reporting date (Note 20)**

There are no subsequent events to report. However, a context of instability persists in international markets, mainly due to uncertainties related to the implementation of protectionist measures in the US market and to developments in the Middle Eastern geopolitical context, which could have potential implications for macroeconomic stability, trade flows and the volatility of commodity and energy prices, for which management is implementing appropriate mitigation actions.

*Sergio Marusso*
*Chief Executive Officer*

## Directors' statement of responsibilities

**1.** The Directors of Carraro Finance S.A. hereby certify that the administrative and accounting procedures used to prepare the 2025 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:11th March 2026

*Sergio Marusso*
*Chief Executive Officer*