CARRARO S.P.A.
REGISTERED OFFICE IN CAMPODARSEGO, PADOVA (ITALY) – VIA OLMO 37
SHARE CAPITAL 41,452,543.60 EUROS, FULLY PAID-UP.
TAX CODE/VAT NO. 00202040283
REGISTRATION IN THE COMPANIES REGISTER OF PADOVA NO. 84033

CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

GENERAL INFORMATION

BOARD OF DIRECTORS	**ENRICO CARRARO**	Chairman
In office until approval of the 2026 financial statements	**TOMASO CARRARO**	Deputy Chairman
	ANDREA CONCHETTO	Chief Executive Officer
	RICCARDO ARDUINI	Director
	VIRGINIA CARRARO	Director
	ENRICO GOMIERO	Director
	ALESSANDRO GIULIANI	Director
BOARD OF STATUTORY AUDITORS	**CARLO PESCE**	Chairman
In office until approval of the 2026 financial statements	**MARINA MANNA**	Regular Auditor
	GUARNIERI ANTONIO	Regular Auditor
	BENETTIN SARAH	Alternate Auditor
	ANDREOLA GABRIELE	Alternate Auditor
INDEPENDENT AUDITORS	**Deloitte & Touche S.p.A.**	

(amounts in Euro thousands)	NOTES	31.12.2024	31.12.2023*
A) REVENUES FROM SALES			
1) Products		730,470	836,620
2) Services		4,798	8,355
3) Other revenues		1,339	1,323
TOTAL REVENUES FROM SALES	**1**	**736,607**	**846,298**
B) OPERATING COSTS			
1) Purchases of goods and materials		449,648	525,970
2) Services		97,923	117,827
3) Use of third-party goods and services		49	97
4) Personnel costs		116,415	110,167
5) Amortisation, depreciation and impairment of assets		29,376	26,906
5.a) depreciation of property, plant and equipment		*23,103*	*21,683*
5.b) amortisation of intangible fixed assets		*4,905*	*5,459*
5.c) impairment of fixed assets		-	-
5.d) impairment of receivables		*2,398*	*556*
5.e) adjustment to dep. prop., plant and equip.		*-842*	*-608*
5.f) adjustment to intangible assets		*-188*	*-184*
6) Changes in inventories		-2,979	7,381
7) Provision for risks and other liabilities		3,585	10,178
8) Other income and expenses		-10,024	-6,558
9) Internal construction		-624	-389
TOTAL OPERATING COSTS	**2**	**683,369**	**791,579**
OPERATING PROFIT/(LOSS)		**53,238**	**54,719**
C) GAINS/(LOSSES) ON FINANCIAL ASSETS			
10) Income and expenses from equity investments		-	-
11) Other financial income		4,474	5,926
12) Financial costs and expenses		-27,921	-26,771
13) Net gains/(losses) on foreign exchange		-868	579
14) Value adjustments of financial assets		-56	-
15) Income (charges) from hyperinflation		-	-
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	**3**	**-24,371**	**-20,266**
PROFIT/(LOSS) BEFORE TAXES		**28,867**	**34,453**
15) Current and deferred income taxes	**4**	13,714	7,804
NET OPERATING RESULT FROM CONTINUING OPERATIONS		**15,153**	**26,649**
Net operating result from discontinued operations		-2,103	-6,262
NET PROFIT/(LOSS)		**13,050**	**20,387**
16) Minority interests		35	-1,301
GROUP CONSOLIDATED PROFIT/(LOSS)		**13,085**	**19,086**

* Figures as at 31.12.2023 were restated following the reclassification of some components. For further details, see section 3.4. - Restatement of comparative data.

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(amounts in Euro thousands)	NOTES	31.12.2024	31.12.2023
NET PROFIT/(LOSS) FOR THE PERIOD		**13,050**	**20,387**
Other income components that could be recognised in the income statement in subsequent periods:			
Change in cash-flow hedge reserve	**9**	1,637	225
Exchange differences from the translation of items from foreign operations	**15**	608	-1,170
Taxes on other comprehensive income components		-394	-54
Total other income components that could be recognised in the income statement in subsequent periods:		**1,851**	**-999**
Other income components that will not be recognised in the income statement in subsequent periods:			
Change in the provision for discounting employee benefits	**19**	-44	-93
Taxes on other comprehensive income components		12	-6
Total other income components that will not be recognised in the income statement in subsequent periods:		**-32**	**-99**
OTHER COMPREHENSIVE INCOME COMPONENTS, NET OF TAX EFFECTS		**1,819**	**-1,098**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**14,869**	**19,289**
Total comprehensive income attributable to:			
Shareholders of the parent company		14,848	17,880
Profit/(loss) pertaining to minorities		21	1,409
Total comprehensive income for the period		**14,869**	**19,289**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(amounts in Euro thousands)	**NOTES**	**31.12.2024**	**31.12.2023***
A) NON-CURRENT ASSETS			
1) Property, plant and equipment	**6**	273,540	253,451
2) Intangible fixed assets	**7**	106,828	110,832
3) Real estate investments	**8**	870	833
4) Equity investments	**9**	4,204	4,273
5) Financial assets	**10**	420	304
5.1) Loans and receivables		-	-
5.2) Other financial assets		420	304
6) Deferred tax assets	**11**	20,954	22,199
7) Trade receivables and other receivables	**12**	4,640	5,436
7.1) Trade receivables		-	-
7.2) Other receivables		*4,640*	*5,436*
TOTAL NON-CURRENT ASSETS		**411,456**	**397,328**
B) CURRENT ASSETS			
1) Closing inventory	**13**	151,337	146,892
2) Trade receivables and other receivables	**12**	90,309	114,541
2.1) Trade receivables		*67,878*	*89,219*
2.2) Other receivables		*22,431*	*25,322*
3) Financial assets	**10**	1,172	1,029
3.1) Loans and receivables		-	-
3.2) Other financial assets		*1,172*	*1,029*
4) Cash and cash equivalents	**14**	300,524	200,476
4.1) Cash		*81*	*133*
4.2) Bank current accounts and deposits		*300,443*	*200,343*
4.3) Other cash and cash equivalents		-	-
TOTAL CURRENT ASSETS		**543,342**	**462,938**
ASSETS ASSOCIATED WITH DISCONTINUED OPERATIONS		**14,006**	**8,163**
TOTAL ASSETS		**968,804**	**868,429**

* Figures as at 31.12.2023 were restated following the reclassification of some components. For further details, see section 3.4. - Restatement of comparative data.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(amounts in Euro thousands)	**NOTES**	**31.12.2024**	**31.12.2023***
A) SHAREHOLDERS' EQUITY	**15**		
1) Share Capital		41,453	41,453
2) Other Reserves		128,279	27,993
3) Profits/(Losses) brought forward		-	-
4) Cash flow hedge reserve		-99	-1,277
5) Provision for discounting employee benefits		401	426
6) Foreign currency translation reserve		-367	-3,963
7) Result for the period pertaining to the group		13,085	19,086
GROUP SHAREHOLDERS' EQUITY		182,752	83,718
8) Minority interests		33,714	16,372
TOTAL SHAREHOLDERS' EQUITY		**216,466**	**100,090**
B) NON-CURRENT LIABILITIES			
1) Financial liabilities	**16**	398,487	410,465
1.1) Bonds		*267,228*	*266,319*
1.2) Loans		*131,250*	*144,140*
1.3) Other financial liabilities		*9*	*6*
2) Trade payables and other payables	**17**	11,399	9,831
2.1) Trade payables		-	-
2.2) Other payables		*11,399*	*9,831*
3) Deferred tax liabilities	**11**	*23,114*	*24,613*
4) Provision for employee benefits/retirement	**19**	9,714	8,300
4.1) Provision for severance indemnity		*4,977*	*5,673*
4.2) Provision for retirement benefits		*4,737*	*2,627*
5) Provisions for risks and liabilities	**20**	4,754	4,886
5.1) Provision for warranties		*4,155*	*4,169*
5.2) Provision for legal claims		-	-
5.3) Provision for restructuring and reconversion		-	-
5.4) Other provisions		*599*	*717*
TOTAL NON-CURRENT LIABILITIES		**447,468**	**458,095**
C) CURRENT LIABILITIES			
1) Financial liabilities	**16**	40,967	31,484
1.1) Bonds		-	-
1.2) Loans		*36,994*	*26,128*
1.3) Other financial liabilities		*3,973*	*5,356*
2) Trade payables and other payables	**17**	233,432	239,981
2.1) Trade payables		*196,107*	*205,178*
2.2) Other payables		*37,325*	*34,803*
3) Current tax payables	**18**	4,532	9,059
4) Provisions for risks and liabilities	**20**	17,152	22,328
4.1) Provision for warranties		*9,435*	*9,195*
4.2) Provision for legal claims		*145*	*144*
4.3) Provision for restructuring and reconversion		*1,632*	*380*
4.4) Other provisions		*5,940*	*12,609*
TOTAL CURRENT LIABILITIES		**296,083**	**302,852**
LIABILITIES ASSOCIATED WITH DISCONTINUED OPERATIONS		*8,787*	*7,392*
TOTAL LIABILITIES		**752,338**	**768,339**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**968,804**	**868,429**

* Figures as at 31.12.2023 were restated following the reclassification of some components. For further details, see section 3.4. - Restatement of comparative data.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(amounts in Euro thousands)	Share Capital	Other reserves			Provision for discounting employee benefits	Reserve cash-flow hedge	Foreign currency translation reserve		Profit/(Loss) for the period	Equity of Group	Minority interests	Total
		Capital reserves	Other reserves	Treasury stock acquired			On capital reserves	On profit reserves				
Balance as at 01.01.2023	**41,453**	**18,704**	**23,601**	**-6,666**	**513**	**-1,327**	**-612**	**-1,793**	**5,567**	**79,440**	**4,850**	**84,290**
Total profit/loss for the year	-	-	-	-	**-87**	**50**	-	**-1,169**	**19,086**	**17,880**	1,409	**19,289**
Transactions with shareholders:												
Allocation of residual profit from previous years	-	-	5,567	-	-	-	-	-	-5,567	-	-	-
Dividend distribution	-	-	-10,000	-	-	-	-	-	-	**-10,000**	-	**-10,000**
Hyperinflation effect (Carraro Argentina)	-	-	-3,986	-	-	-	-	2,083	-	**-1,903**	-	**-1,903**
Exchange impact "capital reserves"	-	-	-	-	-	-	-2,472	-	-	**-2,472**	-	**-2,472**
Change in consolidation scope	-	-	773	-	-	-	-	-	-	**-773**	10,113	**10,886**
Total transactions of the period	-	-	**-7,646**	-	-	-	**-2,472**	**2,083**	**-5,567**	**-13,602**	**10,113**	**-3,489**
Balance as at 31.12.2023	**41,453**	**18,704**	**15,955**	**-6,666**	**426**	**-1,277**	**-3,084**	**-879**	**19,086**	**83,718**	**16,372**	**100,090**

(amounts in Euro thousands)	Share Capital	Other reserves			Provision for discounting employee benefits	Reserve cash-flow hedge	Foreign currency translation reserve		Profit/(Loss) for the period	Equity of Group	Minority interests	Total
		Capital reserves	Other reserves	Treasury stock acquired			On capital reserves	On profit reserves				
Balance as at 01.01.2024	**41,453**	**18,704**	**15,955**	**-6,666**	**426**	**-1,277**	**-3,084**	**-879**	**19,086**	**83,718**	**16,372**	**100,090**
Total profit/loss for the year	-	-	-	-	**-25**	**1,178**	-	**610**	**13,085**	**14,848**	**21**	**14,869**
Transactions with shareholders:												
Allocation of residual profits from previous years	-	-	19,086	-	-	-	-	-	-19,086	-	-	-
Allocation of the dividend	-	-	-10,000	-	-	-	-	-	-	**-10,000**	-968	**-10,968**
Hyperinflation effect (Carraro Argentina)	-	-	1,038	-	-	-	-	1,142	-	**2,180**	-	**2,180**
Exchange impact "capital reserves"	-	-	-	-	-	-	1,844	-	-	**1,844**	-	**1,844**
Change in consolidation scope	-	-	90,162	-	-	-	-	-	-	**90,162**	18,289	**108,451**
Total transactions of the period	-	-	**100,286**	-	-	-	**1,844**	**1,142**	**-19,086**	**84,186**	**17,321**	**101,507**
Balance as at 31.12.2024	**41,453**	**18,704**	**116,241**	**-6,666**	**401**	**-99**	**-1,240**	**873**	**13,085**	**182,752**	**33,714**	**216,466**

For further details regarding changes in consolidated shareholders' equity, see note no. 15 below.

CONSOLIDATED STATEMENT OF CASH FLOWS

(amounts in Euro thousands)	NOTES	31.12.2024	31.12.2023
Profit/(loss) for the year pertaining to the Group	5	13,085	19,086
Profit/(Loss) for the year pertaining to minority interests		-35	1,301
Net operating result from discontinued operations		2,103	6,262
Tax for the year	4	13,714	7,804
Profit/(loss) before taxes		**28,867**	**34,453**
Depreciation of property, plant and equipment	2	23,103	21,683
Amortisation of intangible fixed assets	2	4,905	5,459
Adjustment deprec. property, plant and equipment	2	-842	-608
Adjustment to amortisation of intangible assets	2	-188	-184
Impairment of intangible assets	2	-	-
Provisions for risks	2	3,585	10,178
Provisions for employee benefits	2	6,070	5,334
Net gains/(losses) on foreign exchange	3	868	-579
Financial income	3	-4,474	-5,926
Financial expenses		27,921	26,771
Value adjustments of financial assets	3	56	-
Cash flows before changes in Net Working Capital		**89,871**	***96,581***
Changes in inventory	13	-2,979	7,381
Change in trade receivables	12	22,404	-12,539
Change in trade payables	17	-19,130	-37,567
Change in other receivables/payables	13-17	10,253	5,526
Changes in receivables/payables for deferred taxation	11	382	60
Use of provisions for employee benefits	19	-4,812	-5,486
Use of risks provisions for risks and liabilities	20	-9,030	-2,617
Interest received		4,094	5,157
Interest paid		-24,835	-23,424
Change in other financial assets and liabilities		-748	-3,307
Tax payments	4	-20,481	-5,007
Cash flows from operating activities (discontinued operations)		-4,157	-321
Cash flows from operating activities		**40,832**	**24,437**
Investments in property, plant and equipment	6	-41,623	-48,246
Disinvestments and other movements in property, plant and equipment	6	312	881
Real estate investments		-37	-
Investments in intangible fixed assets	7	-780	-1,215
Disinvestments and other movements in intangible assets	7	-9	11
Net liquidity acquired/sold through business combinations		-	-
Equity investments/divestments		-	-3,439
Change in financial assets		-488	1,348
Cash flows from investing activities (discontinued operations)		-2,056	-4,727
Cash flows from investing activities		**-44,681**	**-55,387**
Change in financial liabilities	16	-4,407	-57,939
Change in share capital	15	-	-
Dividends paid	15	-10,968	-10,000
Entrance of non-controlling interests		120,036	11,035
Other movements of shareholders' equity		-1,533	1,699
Cash flows from financing activities (discontinued operations)		-	-
Cash flows from financing activities		**103,128**	**-55. 205**
Total cash flows for the period		**99,279**	**-86,155**
Opening cash and cash equivalents		**200,476**	**289,842**
Exchange changes in cash and cash equivalents		1,167	-2800
Change in cash flows from discontinued operations - Cash and cash equivalents		-398	-411
Closing cash and cash equivalents		**300,524**	**200,476**

EXPLANATORY AND SUPPLEMENTARY NOTES TO THE CONSOLIDATED ACCOUNTS AS AT 31 DECEMBER 2024

1. Introduction

Publication of the Consolidated Financial Statements of Carraro S.p.A. and subsidiaries (hereinafter the "Carraro Group" or "Group") for the year ended 31 December 2024 was authorised by resolution of the Board of Directors on 13 March 2025.

Carraro S.p.A. is a joint-stock company registered in Italy in the Companies Register of Padova.

Carraro S.p.A. is not subject to management and coordination activities under the terms of Article 2497 and following of the Italian Civil Code.

This consolidated financial report as at 31 December 2024 is presented in euros, as this is the currency in which most of the group's operations are conducted. The foreign companies are included in the consolidated financial report in accordance with the principles described in the notes that follow.
Amounts in these financial statements are given in thousands of Euros, while amounts in the notes are indicated in millions of Euros (mln).

With reference to the effects related to the application of IFRS 5, please refer to the comments in section 2.2 Content of the Consolidated Financial Statements and 5.b other extraordinary events.

The Carraro Group companies are principally engaged in the manufacture and marketing of drive systems developed for agricultural tractors, construction equipment, material moving machinery, light commercial vehicles and automobiles, and electronic control and power systems.

The Carraro Group is organised into two CGUs (Cash Generating Units): Carraro Drive Tech and Agritalia.

Reporting criteria and accounting principles

The consolidated financial statements are drawn up in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, and with the measures issued implementing Article 9 of Legislative Decree 38/2005. The term IFRS also includes the revised International Accounting Standards (IAS) and all interpretations of the *International Financial Reporting Interpretations Committee* (IFRIC) previously known as the *Standard Interpretation Committee* (SIC).
In preparing these consolidated financial statements, the same accounting standards have been used as adopted in preparing the financial statements as at 31 December 2023, with the exception of that described in the paragraph below entitled "Accounting standards, amendments and interpretations effective as from 1 January 2024".

The consolidated financial statements were prepared on a going-concern basis.

2. Form and content of the financial statements

These consolidated financial statements have been prepared in accordance with the revised International Accounting Standards (IAS/IFRS) ratified by the European Union and to this end the figures of financial statements of the consolidated subsidiary companies have been reclassified and adjusted appropriately.

This document contains a number of "alternative performance indicators" not envisaged by the IFRS accounting standards:
- *EBITDA:* understood as the sum of operating profit/loss, amortisation, depreciation (including any adjustments) and impairment of fixed assets. The directors consider EBITDA to be a useful, alternative performance indicator for understanding the Group's operating result;
- *EBIT:* understood as operating profit/loss in the income statement. The directors consider EBIT to be a significant indicator for understanding the Group's operating result;
- *NET WORKING CAPITAL OF OPERATIONS:* the difference between Trade Receivables, Net Inventories and Trade Payables in the Balance Sheet. The directors consider Net Working Capital of operations to be significant, as it is representative of the Group's financial performance in operative terms.
- *NET FINANCIAL POSITION of operations:* ESMA Net Debt determined in accordance with the provisions of recommendations contained in the ESMA document no. 32-382-1138 published on 4 March 2021, deducting, where applicable, non-current financial receivables and assets, in addition to the effects arising from the adoption of IFRS 16. The directors consider the Net Financial Position of operations to be a significant indicator for the purposes of representing the Group's overall debt situation.

2.1 Format of the consolidated financial statements

With regard to the format of consolidated accounting schedules, the Group opted for the presentation of the following accounting statements.

Income Statement
Items on the consolidated income statement are classified by their nature.

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

Statement of Financial Position
The consolidated interim statement of financial position is presented with separate disclosure of Assets, Liabilities and Shareholders' Equity.
Assets and Liabilities are illustrated in the Consolidated Financial Statements according to their classification as current and non-current.

Statement of Changes in Shareholders' Equity
The statement of changes in shareholders' equity is presented in accordance with the requirements of the international accounting standards, showing the comprehensive income for the period and all changes generated from transactions with shareholders.

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

Accounting schedules of transactions with related parties
With reference to the reporting of related-party transactions in the financial statements, balances of a significant amount are specifically indicated, to facilitate understanding of the assets and liabilities, financial position and results of the Group, in the table of section 8 below concerning related party transactions.

2.2 Content of the Consolidated Financial Statements

Basis of consolidation
The consolidated financial statements of the Group include the financial statements of Carraro S.p.A. and companies it directly or indirectly controls.

Subsidiaries are companies in which the Company exercises control. The Company controls another company when it is exposed, or has rights, to the variability of the subsidiary's results, based on its involvement with the subsidiary, and can influence those results by exercising its power.
Control may be exercised through directly or indirectly holding the majority of shares with voting rights, or on the basis of contractual or legal agreements, also regardless of shareholding relations. The existence of potential voting rights that may be exercised at the reporting data is considered for the purposes of determining control.
In general, the existence of control is assumed when the Parent Company holds, directly or indirectly, more than half the voting rights.
Subsidiaries are consolidated on a line-by-line basis, starting from the date when control is actually acquired and stop being consolidated at the date when control is transferred to third parties.

The following companies are consolidated using the line-by-line method:

Name	Based in	Currency	Nominal value Share capital	Group stake
Parent company:				
Carraro S.p.A.	Campodarsego (Padova)	EUR	41,452,544	
Italian subsidiaries:				
Carraro Drive Tech Italia S.p.A.	Campodarsego (Padova)	EUR	5,000,000	100.00%
Siap S.p.A.	Maniago (Pordenone)	EUR	29,115,183	83.61%
Driveservice S.r.l.	Campodarsego (Padova)	EUR	30,000	100.00%
Carraro International S.E.	Campodarsego (Padova)	EUR	13,500,000	100.00%
Foreign subsidiaries:				
Carraro Technologies India Pvt. Ltd.	Pune (India)	INR	18,000,000	68.77%
Carraro Argentina S.A.	Haedo (Argentina)	ARS	57,930,828	99.98%
Carraro China Drive System	Tsingtao (China)	CNY	114,778,969	100.00%
Carraro India Ltd.	Pune (India)	INR	568,515,380	68.77%
Carraro North America Inc.	Sandy Springs (USA)	USD	1,000	100.00%
Mini Gears Inc	Virginia Beach (USA)	USD	8,910,000	100.00%
Carraro Finance SA	Luxembourg	EUR	3,770,000	100.00%
Carraro Lux-Tech R&D Center S.à.r.l.	Luxembourg	EUR	3,100,000	100.00%

Associated companies and joint ventures are consolidated using the equity method as better defined in the following paragraph “Material standards and criteria - Investments in associated companies and joint ventures”.
A breakdown of the equity investments is given below:

Name	Based in	Currency	Nominal Value Share capital	Group stake
Enertronica Santerno S.p.A.	Milan	EUR	785,561	20.23%
Bhavani Synchrotec Private Limited	Gujarat (India)	INR	160,080,000	49.00%

Changes in the scope of consolidation and other operations of company reorganisation

Business unit transfer - Ineos Grenadier
On 26 March 2024, the Company SIAP S.p.A. resolved in an extraordinary shareholders' meeting to increase the paid-in capital called up entirely by Carraro S.p.A. through the transfer, effective as of 1 April 2024, of the business unit consisting of the industrial, technical and commercial relationship with the Customer "Ineos Automotive Limited" and the organised legal relationships pertaining to the business "Ineos Grenadier".

Sale of the equity interest in Carraro India - IPO
On 30 December 2024, the sale of an interest equal to 31.23% of the stake in Carraro International in Carraro India Ltd. was finalised on the Indian market. This transaction comes under a wider-ranging project started by the company at the beginning of the year, with Carraro International undertaking some preliminary activities to assess various opportunities to raise funds, including a public offering of Carraro India shares, the private placement of shares or other specific securities of Carraro India, or other procedures or a combination of both.

Carraro Argentina - Application of IFRS 5
As part of the Group’s strategic choices, during 2023, it evaluated the advisability of disposing of the equity investment held in the company Carraro Argentina S.A..
One of the main customers of the Argentine associate has expressed interest in acquiring 100% of the shares of Carraro Argentina S.A.. At the time of preparation of these consolidated financial statements, agreements are still being finalised with a view to closing the deal by the end of 2025.
In these Consolidated Financial Statements, the *Argentine business* (the activities of the associate Carraro Argentina SA) has been treated, in keeping with the treatment in the financial statements for the year ended 31 December 2023, as a discontinued operation in accordance with IFRS 5, taking into account the negotiations underway, as well as its significance and the fact that it is also characterised by a higher risk profile than the remaining core activities; therefore:

- in the income statement of the consolidated financial statements 2024 and, for comparative purposes for the 2023 period, the items of revenue and income and of costs and expenses as of 1 January, as well as the adjustment of the carrying value to fair value less costs to sell, of the assets constituting the Discontinued Operations were reclassified to the item Net operating result from *Discontinued Operations*;
-in the balance sheet for the year 2024 and for the purposes of comparison with 2023, the assets and liabilities attributable to the *Argentine business* were reclassified under Assets and Liabilities associated with discontinued operations;
- in the statement of cash flows for the financial year 2024 and, for comparative purposes, for the financial year 2023, cash flows generated by assets constituting Discontinued Operations have been reclassified to special items.
For more information on the application of IFRS 5 and its effects on these consolidated financial statements, in addition to what is already mentioned in this section, please also refer to section 5.b other extraordinary events.

3. Consolidation criteria and accounting standards

3.1 Consolidation criteria

The figures are consolidated using the line by line method, that is assuming the entire amount of the assets, liabilities, costs and revenues of the individual companies, regardless of the stock held in the company.
Foreign companies are consolidated using financial statement formats in line with the layout adopted by the parent company and compiled in accordance with common accounting standards, as applied for Carraro S.p.A.. Where necessary, to achieve alignment with the reporting dates of the foreign companies, interim financial statements have been provided by the directors, with the same criteria as those for year-end statements
The carrying amount of consolidated equity investments, held by Carraro S.p.A. or by other companies within the scope of consolidation, was offset by the relevant amount of shareholders' equity in the subsidiary companies.
The amount of shareholders' equity and the net profit/(loss) of these third-party shareholders are shown in the Consolidated Statement of Financial Position, Consolidated Income Statement and Consolidated Statement of Comprehensive Income respectively.
Payable and receivables, income and expenditure and all operations undertaken between the companies included within the scope of consolidation have been eliminated, including dividends distributed within the Group.
Profits not yet realised and capital gains and losses deriving from operations between companies of the Group have also been eliminated.
Intra-group losses that indicate impairment are recognised in the consolidated financial statements.
Financial statements denominated in foreign currencies are translated into Euros using the period-end exchange rates for assets and liabilities, historical exchange rates for equity items and average exchange rates for the period for the income statement, except for investments in hyperinflationary economies, for which the period-end exchange rates required by IAS 21, paragraph 42.b, were also used to translate the income statement.
Exchange differences resulting from this conversion method are shown in a specific shareholders' equity item entitled "Foreign currency translation reserve".
The exchange rates applied for the translation of balances presented in foreign currencies were as follows:

Currency	Average exchange rate for 2024	Exchange rate as at 31.12.2024	Average exchange rate for 2023	Exchange rate as at 31.12.2023
Indian rupee	90.556	88.934	89.300	91.905
US dollar	1.082	1.039	1.081	1.105
Chinese renminbi	7.788	7.583	7.660	7.851
Argentine peso	1070.801	1070.801	892.921	892.921

3.2 Discretionary valuations and significant accounting estimates

Estimates and assumptions

In the application of the Group's 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 the financial statements.
The activities that most required the use of estimates were those concerning the impairment test on goodwill, the analysis of deferred tax assets, development costs, provisions for risks and charges and the write-down of receivables and inventories.
In this regard, the estimates made as at 31 December 2024 reflect the considerations made by the Directors concerning possible developments linked to the national and international scenario marked by events surrounding the conflict between Russia and Ukraine and the Israel-Palestine conflict.

From the analysis conducted by the Directors in consideration of the foreseeable income flows based on the most up-to-date estimates, the type of customers served, the dynamics of the orders received, at present there are no significant uncertainties regarding the recoverability of the value of existing assets or the need to allocate specific risk provisions.

Impairment loss on goodwill
Goodwill is examined for any impairment once a year. This test requires an estimate of the value in use of the cash generating unit to which the goodwill is attributed, which in turn is based on an estimate of the anticipated cash flows from the unit and their discounting based on an appropriate discount rate. For further details see note 7, also as regards the sensitivity analyses carried out on the possible impacts on the impairment test.

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 11.

Pension funds and other post employment benefits
The cost of defined-benefit pension plans is determined using actuarial valuations. The actuarial valuation requires assumptions on the discount rates, the expected rate of return on investments, future salary increments, mortality rates and future pension increases. Because of the long-term nature of these plans, these estimates are subject to a significant level of uncertainty. Further information is provided in note 19.

Development costs
Development costs have been capitalised based on the following accounting principle. In order to determine the amounts to be capitalised the directors must develop assumptions on anticipated future cash flows from assets, the discount rates to apply and the periods of manifestation of the anticipated benefits.

Provisions for risks and liabilities
The Group used estimates for the valuation of the provisions for credit risks, for work under warranties granted to customers, for company restructuring, for stock depreciation and for other risks and liabilities. Further details are provided in the notes relating to the individual financial statement items.

Fair value measurement
IFRS 13 provides a single source of reference for fair value measurements and related disclosures when those measurements are required or permitted by other accounting standards. Specifically, the standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
The new standard also supersedes and expands on the disclosures on fair value measurements required by the other accounting standards, including IFRS 7 “explanatory notes”.
IFRS 13 establishes a hierarchy that categorises the inputs to valuation techniques used to measure fair value into three levels.
The levels established, arranged in hierarchical order, are as follows:
• Level 1 input: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
• Level 2 input: variables other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly;
• Level 3 input: unobservable variables for the assets or liabilities.

For more information on the assumptions used to determine the values, see the specific notes in the comments on the assets or liabilities.

3.3 Material standards and criteria

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

Amendments to IAS 1 “Presentation of Financial Statements: Classification of Liabilities as Current or Non-current”
(published on 23 January 2020) and
Amendments to IAS 1 “Presentation of Financial Statements: Non-Current Liabilities with Covenants”
(published on 31 October 2022)

The purpose of the document is to clarify how to classify short-term and long-term payables and other liabilities. In addition, the amendments also improve the information that an entity must provide when its right to defer settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants).
The adoption of these amendments had no effect on the Group consolidated financial statements.

Amendment to IFRS 16 "Lease Liability in a Sale and Leaseback"
(published on 22 September 2022)

The document requires the seller-lessee to measures lease liabilities arising from a sale & leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.
The adoption of this amendment had no effect on the Group consolidated financial statements.

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

The document requires an entity to provide additional information on reverse factoring agreements that enable users of financial statements to assess how supplier finance arrangements affect an entity's liabilities and cash flows and to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk.
The adoption of this amendment had no effect on the Group consolidated 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 2024:

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 amendment will apply from 1 January 2025, but early application is permitted.
The directors do not expect a significant effect in the consolidated financial statements of the Group from the adoption of this amendment.

IFRS standards, amendments and interpretations not yet endorsed by the European Union:

IFRS 18 Presentation and Disclosure in Financial Statements
(published on 9 April 2024)

The principle will replace IAS 1 "Presentation of Financial Statements:

The new standard aims to improve the presentation of financial statements, with particular reference to the income statement. In particular, 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;
- Presents two new sub-totals, operating profit and earnings before interest and taxes (i.e. EBIT).

The new standard also:

- requires more information to be disclosed on management-defined performance measures;
- introduces new criteria for the aggregation and disaggregation of information; and,
- 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 standard will apply from 1 January 2027, but early application is permitted.
At the moment, the directors are considering the possible impacts of this amendment on the Group consolidated financial statements.

IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
(published on 9 May 2024)

The new standard introduces some simplifications with respect to the disclosures required by the IFRS in the financial statements of a subsidiary, that meet the following requirements:

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

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

Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial instruments"
(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 amendments will apply to financial statements for financial years beginning on or after 1 January 2026. At the moment, the directors are considering the possible impacts of this amendment on the Group consolidated financial statements.

"Annual Improvements 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 this amendment on the Group consolidated financial statements.

Amendments to IFRS 9 and IFRS 7 "Contracts referencing Nature-dependent electricity"
(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 amendments 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 Group consolidated financial statements.

Business Combinations and Goodwill
Business combinations are accounted for according to the purchase method. This requires the recognition at fair value of the identifiable assets (including intangible fixed assets previously not recognised) and identifiable liabilities (including potential liabilities and excluding future restructuring) of the business acquired.

The goodwill acquired through a business combination is initially measured at cost, represented by the amount by which the cost of the business combination exceeds the share attributable to the Group of the net fair value of the identifiable assets, liabilities and potential liabilities (of the business acquired). In order to analyse appropriateness, goodwill acquired in a merger is allocated at the date of acquisition, to the individual cash generating units of the Group or to groups of cash generating units, which should benefit from the synergies of the combination, irrespective of whether other Group assets or liabilities are allocated to such units or groups of units.

Each unit or group of units to which the goodwill is allocated:

- represents the lowest level, within the Group, at which the goodwill is monitored for internal management purposes; and
- is no larger than the business segments identified on the basis of the Group's primary or secondary schedule of presentation of the segment reporting, determined on the basis of the indications of IFRS 8 - "Operating Segments".

When the goodwill represents part of a cash generating unit (or group of cash generating units) and part of the asset internal to that unit is transferred, the goodwill associated with the asset transferred is included in the carrying amount of the asset in order to determine the profit or loss generated by the transfer. Goodwill transferred in such cases is calculated on the basis of the values relating to the asset transferred and of the portion of the unit maintained in existence.

When the transfer concerns a subsidiary, the difference between the selling price and the net assets plus the accumulated translation differences and goodwill is recognised in the income statement.

Acquisitions of additional equity interests after achieving control
IAS 27 Revised states that, once control of an entity has been obtained, transactions in which the controlling entity buys or sells further minority interests without affecting the control exercised over the subsidiary are transactions with owners and therefore must be recognised in shareholders' equity. It follows that the carrying amount of the controlling and the minority interests must be adjusted to reflect the change in the equity investment in the subsidiary and any difference between the amount of the adjustment made to the minority interests and the fair value of the price paid or received in this transaction is recognised directly in shareholders' equity and is attributed to the owners of the parent company. There will be no adjustments to the value of goodwill and profits or losses recognised in the income statement. Any ancillary expenses deriving from these transactions, moreover, must be recognised in shareholders' equity in accordance with the provisions of IAS 32, paragraph 35.

Accounting standards and measurement criteria adopted by the Group:

Property, plant and equipment
Property, plant and equipment items are recognised at their historical cost, minus the related accumulated depreciation and cumulative impairment losses. This cost includes expenses for replacing parts of machinery and plant at the time they are incurred if this is in accordance with the recognition criteria.
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 profits (calculated as the difference between the net income on the sale and the carrying amount) are recognised in the income statement during the year of elimination as above.
Assets held under finance leases, through which all the risks and benefits of ownership are transferred to the Group, are recognised as Group assets at their current value or,
if lower, at the present value of the minimum lease payments.
The corresponding liability to the lessor is included in the financial statements under financial payables. Leases where the lessor substantially retains all the risks and benefits of ownership are classified as operating leases and the related costs are recognised in the income statement over the term of the contract.

The asset's residual value, its useful life and the methods applied are reviewed annually and adjusted if necessary, at the end of each accounting period. On average the useful life, in years, is as follows:

Category	Useful Life
INDUSTRIAL BUILDINGS	20-50
PLANT	15-25
MACHINERY	15-18
EQUIPMENT	3-15
DIES AND MODELS	5-8
FURNITURE AND FITTINGS	15
OFFICE MACHINES	5-10
MOTOR VEHICLES	5-15

Real estate investments
Real estate investments are recognised at fair value and are not depreciated.

Intangible fixed assets
Intangible assets are recognised in the accounts only if they can be identified and checked, 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.

Goodwill
Goodwill represents the surplus of the purchase cost compared to the acquirer's interest in the fair value (referred to the identifiable net values of the assets or liabilities of the entity acquired).
After initial recognition, goodwill is carried at cost, less any cumulative impairment losses.
Goodwill is subject, at least once a year, to an impairment test, to identify any impairment losses. In order to perform a correct fair value analysis, the goodwill is allocated to each of the units generating financial flows that will benefit from the effects deriving from the acquisition.

Research and development costs
The costs of research are charged to the income statement when incurred, in accordance with IAS 38.
Again in compliance with IAS 38, development costs relating to specific projects are recorded among the assets only if all the following conditions are fulfilled:
- the asset can be identified;
- the technical feasibility of completing the intangible asset so that it will be available for use or sale exists;
- the intention to complete the intangible asset and use or sell it exists;
- the ability to use or sell the intangible asset exists;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset exists;
- it is likely that the asset created will generate future financial benefits;
- the costs of the development of the asset can be reliably measured.

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

Licences, trademarks and similar rights
Trademarks and licences are stated at cost, net of amortisation and accumulated impairment losses.
The cost is amortised over the shorter of the duration of the contract and the limited useful life.

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.

Impairment losses
Where there are specific signs of impairment, tangible and intangible fixed assets are subject to an impairment test, estimating the recoverable value of the assets and comparing it with their net carrying amount. The recoverable value is the greater of the fair value of an asset net of selling costs and its value in use, which is determined as the present value of the cash flows that the company estimates will derive from the continuous use of the asset and from its disposal at the end of its useful life.
This recoverable value is determined for each individual asset except when the asset does not generate cash flows which are fully dependent on those generated by other assets.
If the recoverable value is lower than the carrying amount, the latter is reduced accordingly. This reduction represents an impairment loss, which is recognised in the income statement.
If there is no longer any reason for an impairment loss previously recognised to be maintained, with the exception of goodwill and of intangible assets with an unlimited useful life, the carrying amount is reinstated to the new value deriving from the estimate, provided that this value does not exceed the net carrying amount which the asset would have had, if no impairment had ever been made and net of amortisation that would have accumulated. The value written back is also recorded in the income statement.
Impairment tests are carried out annually in the case of goodwill and of intangible fixed assets with an unlimited useful life.
Impairment tests are also carried out on all assets with independent flows that show evidence of impairment.

Equity investments in subsidiaries, associates and joint ventures
An associated company is an entity over which the company is able to exercise significant influence, but does not have control or joint control, via the equity investment, over the financial and operating policies of the company.
A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement These parties are the joint venturers.
The income, expenses, assets and liabilities of associate companies and joint ventures are shown in the consolidated financial statements using the net equity method.

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 means all purchase/sale transactions on financial assets which require the handing over of the assets in the period generally envisaged by the regulations and by the practices of the market on which the trade occurs.

Financial assets measured at amortised cost

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

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

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

Financial assets at fair value through other comprehensive income

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

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

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

Financial assets at fair value through profit or loss

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

Financial liabilities

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

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

Impairment losses on financial assets

The Group assesses whether a financial asset or group of financial assets has undergone a loss in value at the end of each accounting period.

Assets measured on the basis of amortised cost

If there is objective evidence that a loan or receivable recognised at amortised cost has suffered an impairment loss, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows (excluding future receivable losses not yet incurred) discounted at the original effective interest rate of the financial asset (that is the effective interest rate calculated at the date of initial recognition). The carrying amount of the asset is reduced both directly and by setting aside provisions. The amount of the loss will be recognised in the income statement.

The Group assesses first of all the existence of objective evidence of impairment at the individual level. In the absence of objective evidence of an impairment loss for a financial asset measured individually, whether significant or otherwise, this asset is included in a group of financial assets with similar credit risk features and the group is subject to assessment for impairment losses in a collective manner. Assets assessed at the individual level, for which an impairment loss is seen or continues to be seen, will not be included in collective valuation.

If, in a subsequent accounting period, the amount of an impairment loss decreases and this reduction can objectively be traced back to an event which took place after the impairment loss was recognised, the value previously written down is reinstated. Any subsequent write-backs are recognised in the income statement, provided that the carrying amount of the asset does not exceed the amortised cost at the date of the reversal.

Assets recognised at cost

If objective evidence exists of the loss in value of an unlisted instrument representing equity which is not recognised at fair value because its value cannot be measured reliably, or of a derivative instrument which is linked to this equity instrument and must be settled by means of the consignment of the instrument, the amount of the impairment loss is given as the difference between the carrying amount of the asset and the present value of the expected future cash flows and discounted at the current market rate of return for a similar financial asset.

Available-for-sale financial assets

In the event of an impairment loss of an available-for-sale financial asset, a value equal to the difference between its cost (net of repayment of the principal and amortisation) and its current fair value, net of any losses in value previously recognised in the income statement, is transferred from the statement of comprehensive income to the income statement. Writebacks relating to equity instruments classified as available for sale are not recognised in the income statement. Writebacks relating to debt instruments are recognised in the income statement if the increase in the fair value of the instrument can be objectively traced back to an event which took place after the loss was recognised in the income statement.

Inventories

Inventories are measured at the lower of the average purchase or production cost for the period, and market value. Production cost includes materials, labour and direct and indirect manufacturing costs. Obsolete or slow-moving stocks are written down appropriately, as well as in consideration of their anticipated future use and their realisation value.

Works in progress to order

Works in progress are recognised based on the progress method (or percentage of completion) according to which costs, revenues and the margin are recognised based on the progress of production activities. The Group adopts the percentage of completion method. Job order revenues include sums paid under the contract, sums for changes in works and price revisions. Job order costs include all costs that refer directly to the job order, costs which may be attributable to job order activities in general and that may be allocated to the job order, in addition to any other cost that may be specifically charged to the client based on contract clauses.

If a loss is expected from completion of a job order, this is entirely recognised in the year in which it is reasonably foreseeable.

Trade receivables and other receivables

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

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

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

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

Cash and cash equivalents

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

Assets and liabilities in discontinued operations

IFRS 5 establishes that non-current assets and discontinued groups must be classified as held for sale if their carrying amount is to be recovered through a sale rather than continual use. This condition is considered as met only when the sale is highly likely and the asset (or group of discontinued operations), is available for immediate sale in current conditions. Management must be committed to a programme for the disposal of the asset (or disposal group), and the sale must be completed within a year from the date of classification.

When the group is committed to a sale plan that entails the loss of control of a subsidiary, all assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the group retains a non-controlling interest in the former subsidiary after its sale.

Assets that meet the criteria, in order to be classified as held for sale, must be measured at the lower of the carrying amount and fair value net of costs to sell, depreciation on these assets must cease, the assets that meet the criteria to be classified as held for sale must be stated separately in the balance sheet, and the results of discontinued operations must be stated separately in the income statement.

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.

Derecognition of financial assets and liabilities

Financial assets

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

- the right to receive the cash flows from the asset has expired;
- the Group 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 Group 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 Group 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 Group'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 Group 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 Group'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 Group's residual involvement is limited to the lower of the fair value of the asset transferred and the exercise price of the option.

Derivative financial instruments and hedging transactions

The Carraro group's financial risk management strategy conforms to the company objectives set out in the policies approved by the Board of Directors of Carraro S.p.A. In particular, the strategy aims to minimise interest rate risk, exchange rate risk and the risk of fluctuating commodity prices, in particular of gas and electricity, as well as optimise the cost of debt.
These risks are managed in accordance with the principles of prudence and market best practices and all risk management transactions are centrally managed.

The main objectives indicated by the policy are as follows:

A) Exchange-rate risks:
1) to hedge all commercial and financial transactions against the risk of fluctuation;
2) to apply the "currency balancing" method of hedging the risk, where possible, favouring the offsetting of revenues and expenses and payables and receivables in foreign currencies in order to engage in hedging solely for the excess balance not offset;
3) not to permit the use and ownership of derivatives or similar instruments for mere trading purposes;
4) to permit only the use of instruments traded on regulated markets for hedging transactions.

B) Interest-rate risks:
1) to hedge financial assets and liabilities against the risk of changes in interest rates;
2) in hedging against risk, to comply with the general criteria for balancing lending and borrowing set at the Group level by the Board of Directors of Carraro S.p.A. when it approves long-term plans and budgets (fixed and floating interest rates, proportions at short term and medium/long term);
3) to permit only the use of instruments traded on regulated markets for hedging transactions.

C) Risk of fluctuating commodity prices
1) to hedge the risk of a change in commodity prices, particularly gas and electricity prices;
2) to minimise fluctuations between commodity prices forecast in the budget and actual market prices during the year, in order to guarantee a greater stability of operating costs;
3) to base risk management on reliable forecasts on the trend of main commodity prices, evaluating demand in relation to volumes of planned activities.
4) to encourage, where possible, reference to information available on regulated markets and official listings, when defining hedging strategies.

The Group uses derivative financial instruments such as currency futures contracts and swaps to hedge the risks deriving mainly from fluctuations in interest and exchange rates and from commodities. These derivative financial instruments are initially recognised at their fair value at the date they were entered into; this fair value is periodically reviewed. They are accounted for as assets when the fair value is positive and as liabilities when it is negative.

Any profits or losses emerging from the changes in the fair value of derivatives not eligible for hedge accounting are charged directly to the income statement during the accounting period.

The fair value of currency futures contracts is determined with reference to the current forward exchange rates for contracts with a similar maturity profile. The fair value of interest rate swap agreements is determined with reference to the market value for similar instruments.

For hedge accounting purposes, hedges are classified as:

- fair value hedges, if they hedge the risk of change in the fair value of an underlying asset or liability;
- cash flow hedges, if they hedge the risk of change in the cash flows deriving from existing assets and liabilities or from future transactions;
- hedges of a net investment in a foreign operation (net investment hedges).

Transactions which meet the criteria for hedge accounting are accounted for as follows:

Fair-value hedges

The Group may use fair value hedging transactions against exposure to changes in the fair value of accounting assets and liabilities or of an off-balance sheet irrevocable commitment, as well as an identified part of the said assets, liabilities or irrevocable commitments, attributable to a particular risk, which could have an impact on the income statement. As far as fair-value hedges are concerned, the carrying amount of the element being hedged is adjusted to reflect the profits and losses attributable to the risk subject to the hedge, the derivative instrument is re-determined at fair value and the profits and losses of both are booked to the income statement.

With regard to fair value hedges referring to elements recognised on the basis of amortised cost, the adjustment of the carrying amount is amortised in the income statement over the period remaining until maturity. Any adjustments to the carrying amount of the hedged financial instrument to which the effective interest rate method is applied are amortised in the income statement.

The amortisation can start as soon as an adjustment exists but not after the date when the hedged element ceases to be adjusted due to the changes in its fair value attributable to the hedged risk.

When an unrecognised irrevocable commitment is designated as a hedged item, subsequent cumulative changes in its fair value attributable to the hedged risk are recognised as assets or liabilities and the corresponding profits and losses are recognised in the income statement. Changes in the fair value of a hedging instrument are also booked to the income statement.

An instrument is no longer recognised as a fair value hedge when it matures or is sold, discharged or exercised, when the hedge no longer meets the requirements for hedge accounting purposes, or when the Group revokes its designation. Any adjustments to the carrying amount of the hedged financial instrument to which the effective interest rate method is applied are amortised in the income statement. The amortisation can start as soon as an adjustment exists but not after the date when the hedged element ceases to be adjusted due to changes in its fair value attributable to the hedged risk.

Cash flow hedges

Cash flow hedges are transactions hedging the risk of fluctuations in cash flows attributable to a specific risk, associated with a recognised asset or liability or with a highly likely future transaction which could influence the financial outcome. Profits or losses deriving from the hedging instrument are recognised in the statement of comprehensive income and accumulated in a specific shareholders' equity reserve for the efficient part, while the remaining (inefficient) portion is recognised in the income statement.

The profit or loss booked to shareholders' equity is reclassified in the income statement during the period when the transaction being hedged influences the income statement (for example, when the financial income or expense is recognised or when an anticipated sale or purchase takes place). When the element being hedged is the cost of a non-financial asset or liability, the amounts recognised in shareholders' equity are transferred at the initial carrying amount of the asset or liability.

If the transaction is no longer expected to take place, the amounts initially accumulated in shareholders' equity are transferred to the income statement. If the hedging instrument matures or is sold, cancelled or exercised without being replaced, or if its designation as a hedge is revoked, the amounts previously accumulated in shareholders' equity remain recognised therein until the expected transaction takes place. If it is believed that this will no longer happen, the amounts are transferred to the income statement.

With reference to exchange rate risk, when starting a hedging transaction, the Group formally designates and documents the hedging relationship to which it is intended to apply the hedge accounting, its risk management objectives and the strategy pursued. The documentation identifies the hedging instrument, the element or transaction subject to the hedge, the nature of the risk and the methods by means of which the entity intends to assess the effectiveness of the hedge in offsetting exposure to changes in the fair value of the element hedged or the cash flows attributable to the hedged risk.

These hedges are expected to be highly effective in offsetting exposure of the element hedged to changes in the fair value or in the cash flows attributable to the hedged risk. The assessment of whether these changes are in fact highly effective is carried out on an ongoing basis during the accounting periods in which they were designated.

Hedges of a net investment in a foreign operation

Hedges of a net investment in a foreign operation, including hedges of a monetary item recognised as part of a net investment, are recognised on a similar basis to cash flow hedges. Profits or losses deriving from the hedging instrument are recognised in the statement of comprehensive income and accumulated in a specific shareholders' equity reserve for the efficient part of the hedge, while for the remaining (inefficient) portion they are recognised in the income statement. On disposal of the foreign operation, the cumulative value of these profits or losses booked to shareholders' equity is transferred to the income statement.

Allowances and provisions

Provision for risks and liabilities

Provisions for risks and liabilities are made when the Group must meet a current legal or implicit obligation deriving from a past event, a sacrifice of resources is likely in order to deal with this obligation and it is possible to make a reliable estimate of its amount. When the Group considers that a provision for risks and liabilities will be partly or fully reimbursed, for example in the case of risks covered by insurance policies, the indemnity is recognised separately among the assets if, and only if, it is practically certain. In this case, the cost of the possible related provisions, net of the amount recognised for the indemnity, is presented in the income statement. If the effect of discounting to the present the value of the money is significant, the provisions are discounted back using a pre-tax discount rate which reflects, where appropriate, the specific risks of the liabilities. When the discounting is carried out, the increase of the provision due to the passage of time is recognised as a financial expense.

Employee and similar benefits

According to IAS 19, employee benefits to be paid out subsequent to the termination of the employment relationship and other long-term benefits (including the provision for severance indemnity) are subjected to actuarial valuations which have to take into account a series of variables (such as mortality, the provisions of future salary changes, the anticipated rate of inflation, etc.).
Following this method, the liability recognised represents the current value of the obligation, net of any plan assets, adjusted for any actuarial losses or profits not accounted for.
As provided for by IAS 19 Revised, actuarial gains and losses were recognised directly in the income statement, without using the corridor approach.
Following the adoption of IAS 19 Revised, actuarial gains/losses are no longer directly recognised in the income statement, but are directly recognised in a reserve of shareholders' equity with immediate recognition in the Statement of Comprehensive Income. Interest cost is classified under Financial income/expenses and no longer under the item Personnel Costs.

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 Carraro Group mainly refer to the following types:
- Revenues from the sale of products (axles, transmissions, spare parts, agricultural tractors, gears and components);
- Revenues from holding, financial and processing activities and logistics on behalf of third parties.

Revenues from the sale of products (axles, transmissions, spare parts, tractors, gears and components)

The companies belonging to the Carraro Group sell axles, integrated power transmission systems, spare parts, agricultural tractors, gears and other components to other companies operating in the international construction of agricultural machinery, earthmoving machinery, industrial transport equipment, material handling and power tools sectors, thus operating in the B2B sector.
The guarantees related to the sale are aligned in terms of duration to those required by law and/or in accordance with commercial practice in the sector. Therefore, the company accounts for compliance guarantees in accordance with IAS 37 - "Provisions, Contingent Liabilities and Contingent Assets".
Revenues as described above include a single performance obligation concerning the sale of the product, not including in the sale of services or ancillary products which, in accordance with the standard, should constitute separate performance obligations.
As far as the recognition of revenues is concerned, these are recorded at the time of the transfer of control of the goods on which processing has been carried out (at a point in time), this condition depends on what has been established with the customer, in most cases this transfer of control occurs when the goods are taken over by the carrier (which may alternatively be a carrier or a ship). After the transfer of control, the customer has full discretion on the good, on its processing, on the method of distribution of the goods and on the sales price to be applied, has full responsibility for its use within its products and assumes the risks of obsolescence and possible loss of the goods.

Group companies recognise the receivable when control is transferred, as indicated in the previous paragraph, as it 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. In addition, there are no contractually agreed sales with a right of return.
Returns are only made if there is an error in quality or delivery and therefore the goods sold have not been produced with the technical characteristics agreed with the customer at the time of ordering. For quality problems, the Guarantee Fund set aside in accordance with IAS 37 will be used.

Revenues from holding, financial and processing activities and logistics on behalf of third parties.
Some of the companies belonging to the Carraro Group carry out financial holding activities, therefore dealing with the purchase, management, possession and sale of financial instruments in order to obtain the necessary financial resources for the Group's production companies, as well as equity investments or interests in other companies. They also finance subsidiaries and associates and coordinate their technical and financial activities within the limits and in compliance with the law.
The companies of the Carraro Group also carry out work on moulds, gears and mechanical work as well as road haulage services and logistics in general on behalf of third parties.
The guarantees related to the sale are aligned in terms of duration to those required by law and/or in accordance with commercial practice in the sector. Therefore, the company accounts for compliance guarantees in accordance with IAS 37 - "Provisions, Contingent Liabilities and Contingent Assets".
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 standard, should constitute separate performance obligations.
Group companies recognise the receivable when control is transferred, as indicated in the previous paragraph, as it 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.

Recognition of other positive income components
Interest income is 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.

Public grants
Public grants are recognised when reasonable certainty exists that they will be received and all the related conditions are satisfied. When the grants are associated with cost elements, they are recorded as revenues, but they are systematically spread over the accounting periods so that they are commensurate with the costs they are intended to offset. If the grant is linked to an asset, the fair value is suspended in long-term liabilities and the release to the income statement takes place progressively over the expected useful life of the asset concerned on a straight-line basis.

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

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

Deferred taxes
Deferred taxes are determined on the basis of the taxable temporary differences existing between the carrying amount of assets and liabilities and their value for tax purposes; they are classified under non-current assets and liabilities.
Deferred tax assets are provided for only to the extent that future tax burdens will probably exist, against which this asset balance can be used.
The value of deferred tax assets which can be recognised is subject to an annual assessment and is written down to the extent that it is not likely that sufficient income for tax purposes will be available in the future so as to permit all or part of this credit to be used. Unrecognised deferred tax assets are reviewed annually at the reporting date and are recognised to the extent that it has become likely that income for tax purposes will be sufficient to permit these deferred tax assets to be recovered.
Deferred tax assets and liabilities are determined with reference to the tax rates which are expected to be applied in the period in which these deferments will be realised, taking into account the rates in force or those which it is known will be subsequently issued.
Deferred tax assets and liabilities are offset, if a legal right exists to offset the current tax assets with current tax liabilities and the deferred taxes refer to the same fiscal entity and the same tax authority.

Value added tax
Revenues, costs, assets and liabilities are recognised net of value added tax, except when:

- the tax applied to the purchase of goods or services is non-deductible, in which case it is recognised as part of the purchase cost of the asset or part of the cost item recognised in the income statement;
- it refers to trade receivables and payables recorded including the value of the tax.

Translation of foreign currency balances

Functional currency
The companies of the Group provide their financial statements in the currency used in the individual country.
The Group's functional currency is the euro, which represents the currency in which the consolidated financial statements are drawn up 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.

The Group's main risks include:

Credit risk
The Group includes among its customers leading international manufacturers of agricultural machinery, construction equipment vehicles, industrial vehicles and light power tools as well as renewable energy producers. The risk concentration is associated with the size of these customers, which on a global context is on average high, yet balanced by the fact that credit exposure is distributed across a complex network of counterparties active in several geographic segments.
The management of credit is designed to prioritise the acquisition of customers of national and international standing for multi-annual supplies; on this basis consolidated historical relationships have been built up with the main customers. Generally speaking, these relationships are governed by ad-hoc supply contracts. Credit control requires periodic monitoring of the main financial and economic data (including the delivery schedules) relating to each customer.
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.
The effects of the evolution of the pandemic over the last few years, and conflicts among countries did not have significant consequences on the overall operations of customers affecting the continuity of inflows from the sale of the Group's products.

Liquidity risk
The Group's liquidity risk is mainly linked to the activation and maintenance of sufficient funding to support industrial operations.
The raising of funds, consistent with the latest business plan, is intended to finance both working capital and investments in R&D and innovation, as well as investments in fixed assets necessary to ensure sufficient and technologically advanced production capacity. This requirement is directly proportional to the trend in customer orders and the resulting trend in the volume of business, and also to the Group's efforts in directing its research and innovation.
The cash flows envisaged for 2024 include, besides the trend in working capital of operations and investments, the effects of current liabilities and the short-term portions of medium- and long-term loans reaching maturity, as well as the effects (assuming the same rates of exchange compared to 31.12.2023) of the closure of derivative financial instruments on currencies in existence at the reporting date.
The Group envisages meeting the needs arising from all of the above with the flows deriving from operations, available liquidity, the collection of receivables from the sale of assets and the availability of additional credit facilities.
The management of liquidity, funding requirements and cash flows are under the strict control and direct management of the Group Treasury, which operates with the aim of managing the resources available as efficiently as possible.
Uncertainties in financial markets have had an effect on borrowing by banks and as a consequence on credit granted to businesses. This instability could also continue in 2024, preventing the normal execution of financial transactions.
Lastly, regardless of the fact that the Group has continued refinancing its debts with the support of its banking counterparties and the financial markets, the situation could arise of having 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 Group's liabilities and assets are shown in notes 10 and 16 relating respectively to non-current financial receivables and non-current financial payables. The maturity features of derivative financial instruments are described in paragraph 9.2.

Exchange-rate risk and interest rate risk

The Group is exposed to exchange rate risks by virtue of the fact that a significant portion of sales and some of the purchases are made in currencies other than the Group's functional currency, with trade transactions carried out by companies in the euro area with counterparties that do not belong to the euro area and vice versa.
Another aspect of exchange rate risk is the fact that several Group companies present their financial statements in currencies other than the Group's functional currency.
Exposure to exchange-rate risk with reference to each entity is regularly monitored by the Group Treasury according to a strategy which focuses, in particular, on the balance between purchases and sales in foreign currency and activating, for the remaining non-balanced portion and according to the criteria set by the company policy in terms of the management of financial risks, appropriate initiatives to hedge or reduce the risks identified, using the instruments available on the market.
The Group is also exposed to interest rate risk in relation to financial liabilities undertaken for loans for both ordinary operations and investments. Changes in interest rates may have positive or negative effects on both the financial outcome and on cash flows.
The strategy adopted pursues the basic objective of achieving a balance between floating-rate and fixed-rate debt. The interest-rate risk on the floating portion can then be reduced via specific hedging operations.

Intra-group transactions

As regards related-party transactions, including intra-group transactions, said transactions cannot be qualified as atypical or unusual, and are part or the normal operations of Group companies. Said transactions take place at market conditions, considering the characteristics of the goods and services provided. Information on related party transactions is provided in paragraph 8.

3.4. Restatement of comparative data

During 2024, Management reviewed the composition of some financial statement items in order to better represent the financial information in the Group's statutory financial statements.

a) Reclassification of revenues

Following this analysis, the reclassification under the items "Other Revenues", "Products" and "Services" was carried out, to reflect the nature of transactions more accurately and guarantee a greater clarity of presentation.

Total of the reclassified amounts

The next table shows the original amounts, the reclassifications made and the values restated for the year ending 31 December 2023:

(amounts in Euro)	**31.12.2023**	**reclassifications**	**31.12.2023 restated**
1) PRODUCTS	815,690	20,930	836,620
2) SERVICES	6,616	1,739	8,355
3) OTHER REVENUES	23,992	-22,669	1,323
TOTAL REVENUES FROM SALES	**846,298**	**-**	**846,298**

Reasons for the reclassification

The reclassification was carried out to obtain a more faithful and transparent representation of the different types of revenues in line with the actual nature of the transactions.
This change in the presentation did not have any impact on the Group's total consolidated turnover.

b) Reclassification of tax receivables and payables

Management reviewed the classification of some tax receivables and payables, in order to improve the clarity and legibility of the financial information.

Total of the reclassified amounts

The next table shows the original amounts, the reclassifications made and the values restated for the year ending 31 December 2023:

(amounts in Euro thousands)	**31.12.2023**	**reclassifications**	**31.12.2023 restated**
2.2) Other current receivables	43,675	-18,353	25,322
TOTAL ASSETS	**43,675**	**-18,353**	**25,322**
2.2) Other current payables	51,655	-16,852	34,803
3) Current tax payables	10,560	-1,501	9,059
TOTAL LIABILITIES	**62,215**	**-18,353**	**43,862**

Reasons for the reclassification
This reclassification was made to guarantee a clearer and most consistent presentation of tax assets and liabilities as at 31 December 2023.

4. Reporting by business and geographic segment

Information on Operating Segments is given on the basis of the internal reporting provided as at 31 December 2024 to the highest operating decision-making level.

For operational purposes, the group manages and controls its business on the basis of the type of products supplied.
The Carraro Group as at 31.12.2024 was organised in the following Business Areas:

- Drivetech (*Drive systems and components*): specialised in the design, manufacture and sale of transmission systems (axles, transmissions and planetary drives) mainly for agricultural and construction equipment, and also markets a wide range of components and gears for very diverse sectors, from the automotive industry to light power tools, material handling, agricultural applications and construction equipment;
- Agritalia (*Vehicles*): designs and manufactures special tractors (from 60 to 100 hp) for third-party brands.

The item "other segments" brings together the Groups operations not allocated to the two operating segments, and comprises the central holding and management activities of the Group.

The Management examines separately the results achieved by the operating segments in order to take decisions on the allocation of resources and on assessment of the results.

4.1 Business segments

The most significant information by business segment is presented in the tables below:

a) economic data

2024 *(amounts in Euro thousands)*	**Drive Tech**	**Agritalia**	**Eliminations and items not allocated**	**Consolidated Total**
Revenues from sales	**637,461**	**126,894**	**-27,748**	**736,607**
Sales to third parties	581,421	123,191	31,983	736,595
Related sales	-	-	-	-
Sales between divisions	56,040	3,703	-59,731	12
Operating costs	**576,694**	**128,677**	**-22,002**	**683,369**
Purchases of goods and materials	367,557	110,865	-28,774	449,648
Services	84,052	11,183	2,688	97,923
Use of third-party goods and services	17,830	18	-17,799	49
Personnel costs	80,017	16,715	19,683	116,415
Amortisation, depreciation and impairment of assets	23,324	2,451	3,601	29,376
Changes in inventories	4,038	-9,622	2,605	-2,979
Provision for risks and other liabilities	2,537	652	396	3,585
Other income and expenses	-2,037	-3,585	-4,402	-10,024
Internal construction	-624	-	-	-624
Operating profit/(loss)	**60,767**	**-1,783**	**-5,746**	**53,238**

2023 *(amounts in Euro thousands)*	**Drive Tech**	**Agritalia**	**Eliminations and items not allocated**	**Consolidated Total**
Revenues from sales	**697,479**	**179,806**	**-30,987**	**846,298**
Sales to third parties	635,776	176,528	33,994	846,298
Related sales	-	-	-	-
Sales between divisions	61,703	3,278	-64,981	-
Operating costs	**634,718**	**181,131**	**-24,270**	**791,579**
Purchases of goods and materials	414,203	137,827	-26,060	525,970
Services	99,759	15,483	2,585	117,827
Use of third-party goods and services	22,847	29	-22,779	97
Personnel costs	74,397	17,645	18,125	110,167
Amortisation, depreciation and impairment of assets	20,816	2,215	3,875	26,906
Changes in inventories	908	7,484	-1,011	7,381
Provision for risks and other liabilities	4,612	1,525	4,041	10,178
Other income and expenses	-2,435	-1,077	-3,046	-6,558
Internal construction	-389	-	-	-389
Operating profit/(loss)	**62,761**	**-1,325**	**-6,717**	**54,719**

b) other information

2024	**Drive Tech**	**Agritalia**	**Eliminations and items not allocated**	**Consolidated Total**
Investments *(Euro/000)*	36,684	3,144	2,575	42,403
Workforce as at 31.12	3,078	331	214	3,623

2023	**Drive Tech**	**Agritalia**	**Eliminations and items not allocated**	**Consolidated Total**
Investments *(Euro/000)*	45,235	3,730	496	49,461
Workforce as at 31.12	3,259	389	211	3,859

4.2 Geographic segments

The Group's industrial operations are located in various areas of the world, mainly in Italy, India and China.
The Group's sales, deriving from the manufacturing carried out in the above areas are achieved equally with customers in Europe, Asia and the Americas.

a) Sales

The breakdown of sales by main geographic area is shown in the following table.

(amounts in Euro thousands)	**31.12.2024**	**%**	**31.12.2023**	**%**
Italy	156,532	21.25%	200,597	23.70%
International EU Area	160,174	21.74%	203,429	24.04%
North America	51,956	7.05%	59,344	7.01%
South America	21,330	2.90%	19,717	2.33%
Asia (China, India)	237,468	32.24%	200,152	23.65%
Other non-EU areas	109,147	14.82%	163,059	19.27%
Total	**736,607**	**100.0%**	**846,298**	**100.00%**
of which:				
Total EU area	**316,706**	**43.00%**	**404,026**	**47.74%**
Total non-EU area	**419,901**	**57.00%**	**442,272**	**52.26%**

Note: following an improvement in the classification by geographical area, the figures for 2023 have been restated.

b) carrying amount of assets by area

The following table illustrates the book values of current and non-current assets according to the primary geographic areas of manufacture.

(amounts in Euro thousands)	31.12.2024		31.12.2023	
	CURRENT ASSETS	**NON-CURRENT ASSETS**	**CURRENT ASSETS**	**NON-CURRENT ASSETS**
Italy	407,195	487,501	306,257	482,952
North America	159	1	128	1
South America	12,050	2,041	8,306	1,907
Asia (India, China)	137,509	65,974	124,448	58,086
Eliminations and items not allocated	-13,571	-144,061	42,152	-145,618
Total	**543,342**	**411,456**	**481,291**	**397,328**

c) investments by geographic segment

The table below illustrates the value of investments in the primary geographic areas of manufacture.

(amounts in Euro thousands)	**31.12.2024**	**31.12.2023**
Italy	33,522	42,201
South America	26	54
Asia (India, China)	10,021	11,926
Eliminations and items not allocated	-1,166	-1,683
Total	**42,403**	**52,498**

5. Transactions not related to ordinary operations and other extraordinary events

a) Effects of transactions not related to ordinary operations:

As at 31 December 2024, the Group had recognised a provision of 1,400,000 euros under the item *"Provisions for Risks and Liabilities"* necessary to cover the costs for the early retirement agreements signed in the year, formalised though negotiations between company management and trade union representatives.

31.12.2024 *(amounts in Euro thousands)*	**Provision for miscellaneous risks**	**Other income and expenses**	**Net profit/(loss)**	**Profit/(loss) before taxes**	**Current and deferred taxes**	**Net Sh.**
Carraro S.p.A.	200	-	**200**	200	-56	144
Drivetech S.p.A.	1,200	-	**1,200**	1,200	-335	865
Driveservice S.r.l.	-	-111	**-111**	-111	32	-79
Total	**1,400**	**-111**	**1,289**	**1,289**	**-359**	**930**

b) Other extraordinary events:

Argentina - hyperinflationary economy: impacts of the application of IAS 29

As at 1 July 2018, the Argentine economy is considered hyperinflationary on the basis of the criteria established by "IAS 29 - Financial reporting in hyperinflationary economies". This is the result of the evaluation of a number of qualitative and quantitative elements, including the presence of a cumulative inflation rate higher than 100% over the previous three years.

For the purposes of preparing these consolidated financial statements, before the application of IFRS 5, and in accordance with the provisions of IAS 29, certain items in the balance sheets of the investee Carraro Argentina SA have been remeasured by applying the general consumer price index to the historical data, in order to reflect the changes in the purchasing power of the Argentine peso at the closing date of the financial statements. The non-monetary balance sheet data of the financial statements of this company was measured by applying the inflation rates from their original acquisition date. In particular, during 2024, the accounting effects of this measurement were recorded in the following manner:

- the measurement of non-monetary items, shareholders' equity items and income statement items recognised during the 2024 financial year, carried out to take account of the change in the reference price index, was recognised as a contra entry in a specific item of the income statement under financial income and expense (see item in the financial statements: Net operating result from discontinued operations).

The hyperinflation ratios used to calculate hyperinflation for the current year are indicated below: (source: IPC Nacional Empalme IPIM):

(specific values)	**YR2024**
Jan-24	4,222.16
Feb-24	4,964.69
24 Mar	5,337.32
Apr '24	5,839.23
May '24	6,139.23
Jun-24	6,328.81
Jul-24	6,542.27
Aug-24	6,819.20
Sep-24	7,117.48
Oct-24	7,325.23
Nov-24	7,507.77
Dec '24	7,694.01

Argentina - Application of IFRS 5

Below is a reconciliation table of the figures published in these 2024 Consolidated Financial Statements and the pro-forma figures of the Consolidated Financial Statements if the *Argentine business* had not been treated as a Discontinued Operation, in order to better understand the effect of this business on the Group's results:

(amounts in Euro thousands)	**Year: published 2024**	**Application of IFRS 5**	**Proforma 2024**
A) REVENUES FROM SALES			
1) Products	730,470	-23,412	753,882
2) Services	4,798	55	4,743
3) Other revenues	1,339	-4	1,343
TOTAL REVENUES FROM SALES	**736,607**	**-23,361**	**759,968**
B) OPERATING COSTS			
1) Purchases of goods and materials	449,648	-8,095	457,743
2) Services	97,923	-5,727	103,650
3) Use of third-party goods and services	49	-968	1,017
4) Personnel costs	116,415	-7,293	123,708
5) Amortisation, depreciation and impairment of assets	29,376	-1,728	31,104
6) Changes in inventories	-2,979	2,398	-5,377
7) Provision for risks and other liabilities	3,585	-1,935	5,520
8) Other income and expenses	-10,024	331	-10,355
9) Internal construction	-624	-	-624
TOTAL OPERATING COSTS	**683,369**	**-23,017**	**706,386**
OPERATING PROFIT/(LOSS)	**53,238**	**-344**	**53,582**
C) GAINS/(LOSSES) ON FINANCIAL ASSETS			
10) Income and expenses from equity investments	-	-	-
11) Other financial income	4,474	-43	4,517
12) Financial costs and expenses	-27,921	547	-28,468
13) Net gains/(losses) on foreign exchange	-868	773	-1,641
14) Value adjustments of financial assets	-56	-	-56
15) Income (charges) from hyperinflation	-	974	-974
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	**-24,371**	**2,251**	**-26,622**
PROFIT/(LOSS) BEFORE TAXES	**28,867**	**1,907**	**26,960**
15) Current and deferred income taxes	13,714	-196	13,910
NET OPERATING RESULT FROM CONTINUING OPERATIONS	**15,153**	**2,103**	**13,050**
Net operating result from discontinued operations	-2,103	-2,103	-
NET PROFIT/(LOSS)	**13,050**	**-**	**13,050**
16) Minority interests	35	-	35
GROUP CONSOLIDATED PROFIT/(LOSS)	**13,085**	**-**	**13,085**

(amounts in Euro thousands)	**Year published 2024**	**Application of IFRS 5**	**Proforma 2024**
Profit/(loss) for the year pertaining to the Group	13,085	-	13,085
Profit/(Loss) for the year pertaining to minority interests	-35	-	-35
Net operating result from discontinued operations	2,103	2,103	-
Tax for the year	13,714	-196	13,910
Profit/(loss) before taxes	**28,867**	**1,907**	**26,960**
Depreciation of property, plant and equipment	23,103	-462	23,565
Amortisation of intangible fixed assets	4,905	-73	4,978
Adjustment deprec. property, plant and equipment	-842	-	-842
Adjustment to amortisation of intangible assets	-188	-	-188
Impairment of intangible assets	-	-334	334
Provisions for risks	3,585	-1,935	5,520
Provisions for employee benefits	6,070	-	6,070
Net gains/(losses) on foreign exchange	868	-773	1,641
Financial income	-4,474	43	-4,517
Financial expenses	27,921	-547	28,468
Value adjustments of financial assets	56	-	56
Cash flows before changes in Net Working Capital	**89,871**	**-2,174**	**92,045**
Changes in inventory	-2,979	2,398	-5,377
Change in trade receivables	22,404	3,207	19,197
Change in trade payables	-19,130	11	-19,141
Change in other receivables/payables	10,253	55	10,198
Changes in receivables/payables for deferred taxation	382	-	382
Use of provisions for employee benefits	-4,812	-	-4,812
Use of risks provisions for risks and liabilities	-9,030	112	-9,142
Interest received	4,094	-	4,094
Interest paid	-24,835	-	-24,835
Change in other financial assets and liabilities	-748	548	-1,296
Tax payments	-20,481	-	-20,481
Cash flows from operating activities (discontinued operations)	-4,157	-4,157	-
Cash flows from operating activities	**40,832**	**-**	**40,832**
Investments in property, plant and equipment	-41,623	-	-41,623
Disinvestments and other movements in property, plant and equipment	312	1,268	-956
Real estate investments	-37	-	-37
Investments in intangible fixed assets	-780	-	-780
Disinvestments and other movements in intangible assets	-9	140	-149
Change in financial assets	-488	648	-1,136
Cash flows from investing activities (discontinued operations)	-2,056	-2,056	-
Cash flows from investing activities	**-44,681**	**-**	**-44,681**
Change in financial liabilities	-4,407	-	-4,407
Change in share capital	-	-	-
Declared dividends	120,036	-	120,036
Entrance of non-controlling interests	-10,968	-	-10,968
Other movements of shareholders' equity	-1,533	-	-1,533
Cash flows from financing activities (discontinued operations)	-	-	-
Cash flows from financing activities	**103,128**	**-**	**103,128**
Total cash flows for the period	**99,279**	**-**	**99,279**
Opening cash and cash equivalents	**200,476**	**-412**	**200,888**
Exchange changes in cash and cash equivalents	1,167	-	1,167
Change in discontinued operations - Cash and cash equivalents	**-398**	**-398**	**-**
Closing cash and cash equivalents	**300,524**	**-810**	**301,334**

6. Notes and comments

Revenues and costs

A) Revenues from sales *(note 1)*

Analysis by business segment and geographic area
For a more in-depth analysis of the operating performance for the year, please refer to what has already been reported in section 4 above, "Information on business segments and geographic areas" and the Report on Operations.

B) Operating costs *(note 2)*

(amounts in Euro thousands)	**31.12.2024**	**31.12.2023**
PURCHASES OF RAW MATERIALS	436,397	510,022
RETURNS OF RAW MATERIALS	-	-
A) PURCHASES	436,397	510,022
MISCELLANEOUS CONSUMABLES	1,527	2,853
CONSUMABLE TOOLS	6,305	7,054
MAINTENANCE MATERIAL	3,031	3,240
MAT. AND SERV. FOR RESALE	6,512	7,107
REBATES AND DISCOUNTS – SUPPLIERS	-4,124	-4,306
B) OTHER PRODUCTION COSTS	13,251	15,948
1) PURCHASES OF GOODS AND MATERIALS	**449,648**	**525,970**
A) EXTERNAL SERVICES FOR PRODUCTION	59,064	71,838
B) SUNDRY SUPPLIES	11,296	15,331
C) GENERAL OVERHEADS	23,046	24,649
D) COMMERCIAL COSTS	849	1,601
E) SALES EXPENSES	3,668	4,408
2) SERVICES	**97,923**	**117,827**
3) USE OF THIRD-PARTY GOODS AND SERVICES	**49**	**97**
A) WAGES AND SALARIES	82,407	79,396
B) SOCIAL SECURITY CONTRIBUTIONS	21,199	20,511
C) EMPLOYEE SEVERANCE INDEMNITY AND RETIREMENT	6,070	5,334
D) OTHER COSTS	6,739	4,926
4) PERSONNEL COSTS	**116,415**	**110,167**
A) DEPREC. PROP., PLANT & EQUIPMENT	23,103	21,683
B) AMORT. INTANGIBLE ASSETS	4,905	5,459
C) IMPAIRMENT OF FIXED ASSETS	-	-
D) IMPAIRMENT OF RECEIVABLES	2,398	556
E) ADJUSTMENT OF DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT	-842	-608
E) ADJUSTMENT OF AMORTISATION OF INTANGIBLE ASSETS	-188	-184
5) AMORTISATION, DEPRECIATION AND IMPAIRMENT OF ASSETS	**29,376**	**26,906**
A) CHANGES IN INVENTORIES OF RAW MATERIALS, SUPPLIES, GOODS	-9,102	2,152
B) CHANGE IN INVENTORIES OF UNFINISHED, SEMI-FINISHED AND FINISHED PRODUCTS	6,123	5,229
6) CHANGES IN INVENTORIES	**-2,979**	**7,381**
A) WARRANTY	3,350	5,162
B) COSTS OF LEGAL CLAIMS	60	-
C) RENOVATION AND CONVERSION	-	-
D) OTHER PROVISIONS	175	5,016
7) PROVISION FOR RISKS AND OTHER LIABILITIES	**3,585**	**10,178**
A) SUNDRY INCOME	-6,850	-7,375
B) GRANTS	-1,177	-117
C) OTHER OPERATING EXPENSES	456	1,350
D) OTHER NON-ORDINARY OPERATING INCOME/EXPENSES	-2,453	-416
8) OTHER INCOME AND EXPENSES	**-10,024**	**-6,558**
9) INTERNAL CONSTRUCTION	**-624**	**-389**

For a more in-depth analysis of the operating performance for the year, please refer to what has already been reported in section 4 above, "Information on business segments and geographic areas" and the Report on Operations.

C) Net income from financial assets *(note 3)*

(amounts in Euro thousands)	**31.12.2024**	**31.12.2023**
10) INCOME/EXPENSES FROM EQUITY INVESTMENTS	**-**	**-**
A) FROM FINANCIAL ASSETS	126	126
B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS	4,050	5,230
C) FROM OTHER CASH EQUIVALENTS	62	35
D) INCOME OTHER THAN THE ABOVE	237	536
E) FROM FAIR VALUE CHANGES OF INTEREST RATE DERIVATIVES	-1	-1
11) OTHER FINANCIAL INCOME	**4,474**	**5,926**
A) FROM FINANCIAL LIABILITIES	-23,255	-21,119
B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS	-1,969	-2,169
C) EXPENSES OTHER THAN THE ABOVE	-2,697	-3,483
D) FROM FAIR VALUE CHANGES OF INTEREST RATE DERIVATIVES	-	-
12) FINANCIAL COSTS AND EXPENSES	**-27,921**	**-26,771**
FROM NET DERIVATIVE TRANSACTIONS ON EXCHANGE RATES	-735	641
FROM FAIR VALUE CHANGES OF FOREIGN EXCHANGE DERIVATIVES	40	102
OTHER NET EXCHANGE DIFFERENCES	-173	-164
13) NET GAINS/(LOSSES) ON FOREIGN EXCHANGE	**-868**	**579**
A) REVALUATIONS	-	-
B) WRITE-DOWNS	-56	-
14) VALUE ADJUSTMENTS OF FINANCIAL ASSETS	**-56**	**-**
INCOME (CHARGES) FROM HYPERINFLATION	-	-
15) INCOME (CHARGES) FROM HYPERINFLATION	**-**	**-**
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	**-24,371**	**-20,266**

Net financial expenses amounted to 23.447 million euros (-3.18% of turnover), an increase compared to 20.845 million euros (-2.46% of turnover) in 2023. This item was impacted by the general increase in interest rates, and in particular the increase in the rate related to the issue of the new bond in November 2023, a greater use of credit facilities in the year to support working capital and the gradual decrease in the remuneration of liquidity, in particular during the last quarter of 2024.
Expenses also include the fees paid on the bonds, absorbed in the repayment schedule, based on the amortised cost method.

Exchange differences as at 31 December 2024 were negative, amounting to -868 thousand euros (-0.12% of turnover) compared to a value of 579 million euros as at 31 December 2023.

For further details and analysis, see section 9.1 “General summary of the effects on the Income Statement deriving from financial instruments”.

Current and deferred income taxes (note 4)

(amounts in Euro thousands)	**31.12.2024**	**31.12.2023**
CURRENT TAXES	9,248	5,922
TAX CONSOLIDATION EXPENSE AND INCOME	8,270	8,474
TAXES FROM PREVIOUS YEARS	-3,128	-2,349
DEFERRED TAXES	-676	-4,243
15) CURRENT AND DEFERRED INCOME TAXES	**13,714**	**7,804**

Current and
Tax on the income of Italian companies is calculated at 24%, for IRES (corporation tax), and at 3.90% for IRAP (regional business tax) on the respective taxable income for the period. Taxes for the other foreign companies are calculated at the rates in force in the various countries.

Tax consolidation expense and income
The subsidiaries SIAP S.p.A., Carraro International SE, Driveservice S.r.l. and Carraro Drive Tech Italia S.p.A. adhere to the tax consolidation area of the parent company Carraro S.p.A. The option, automatically renewable every three years, is valid for the three-year period starting from 1 January 2021 for the companies SIAP S.p.A., Carraro International SE and Driveservice S.r.l. (current three-year period 2024-2026), and for the three-year period 2022-2024 starting from 1 January 2022 for the company Carraro Drive Tech Italia S.p.A.

The charges/income deriving from the transfer of the IRES taxable base are booked under tax consolidation expense and income.

Deferred taxes
These are set aside on the temporary differences between the carrying amount of the assets and liabilities and the corresponding tax value.
The provisions for taxation for the year can be reconciled with the result recorded in the financial statements as follows:

(amounts in Euro thousands)	**31.12.2024**	*%*	**31.12.2023**	*%*
Earnings before tax	**28,867**		**34,453**	
Theoretical tax rate	**8,054**	**27.9%**	**9,612**	**27.90%**
Tax effects related to:				
Effect of non-deductible costs	2,224	7.71%	3,445	10.00%
Change in deferred tax rate	-	0.00%	-480	-1.39%
Unrecognised deferred taxes on tax losses	-17	-0.06%	-	0.00%
Foreign companies rate difference	896	3.10%	-802	-2.33%
Prior-year tax credits	-	0.00%	-3,167	-9.19%
Tax on dividends and capital gains	2,881	9.98%	1,545	4.48%
Taxes from previous years	-2,620	9.08%	-2,349	-6.82%
Non-deductible interest charges	2,166	7.50%	-	0.00%
Non-recoverable withheld taxes	130	0.45%	-	0.00%
Taxation at effective rate	**13,714**	**47.51%**	**7,804**	**22.65%**

In addition to the tax recognised in the income statement for the year, deferred taxes totalling 0.4 million euros were recognised in the statement of comprehensive income.

With effect from 1 January 2024, the Carraro Group, as a multinational exceeding the revenue threshold of 750 million euros, for two of the four previous years, comes under the scope of Pillar II income taxes as provided for in Directive (EU) 2022/2523, adopted in Italy by Legislative Decree 209/2023 ("the Legislative Decree"), aimed at ensuring a global minimum level of taxation for multinational enterprise groups.

In compliance with practices at international level, based on OECD indications, and more specifically, the provisions in the aforesaid Directive (EU) 2022/2523, the Legislative Decree provides for any additional Pillar II taxation to be collected through:

- the minimum domestic tax (QMDTT), due in relation to enterprises of a multinational group or national group located in Italy and subject to a low level of taxation;
- the minimum additional tax (IIR), due from parent companies located in Italy of multinational groups or national groups in relation to enterprises subject to a low level of taxation which are part of the group;
- the minimum supplementary tax (UTPR), due by one or more enterprises of a multinational located in Italy in relation to foreign enterprises which are part of the group subject to a low level of taxation when the minimum additional equivalent tax in other countries (effective from 01/01/2025) has not been applied.

As provided for in section 4.A of IAS 12, as a departure from the provisions of this standard, Carraro S.p.A. does not register or disclose information on deferred tax assets and liabilities relative to Pillar II income taxes.

Based on information which is known or may be reasonably estimated, the Carraro Group's exposure to Pillar II income taxes as at 31/12/2024 was equal to zero based on the processing of the latest available financial data (at 31/12/2024).

Note that this estimate was made in compliance with the provisions in the Legislative Decree and in OECD rules (the GloBE Rules) as concerns "simplified transitional regimes" and the "*global minimum tax*" (full compliance). These conditions are briefly explained below:

- "Simplified transitional regimes" (also "*Transitional CbCR Safe Harbour Tests*"): as provided for in the implementing decree issued by the Ministry of Economics and Finance, pursuant to Article 39, paragraph 3 of Legislative Decree (and in line with the OECD document Transitional Safe Harbours), the condition were adopted in all jurisdictions where the Carraro Group is present, by carrying out the three tests required (i.e. De Minimis, Simplified ETR Test, Routine Profit Test), also considering the economic parameters (e.g. profit or loss before tax; current taxes, deferred taxes; revenues), referable to other constituting entities, where localised, belonging to the Group. The only jurisdiction where it was not possible to apply the simplified transitional regimes was Argentina, as the Group operates in this country through a single Company, which qualifies as *held for sale*; in the case in question, the qualification makes it impossible to adopt the above-mentioned simplified regimes.
- Global Minimum tax (calculation of the *Top-up Tax* (or "TuT")): the Argentine Company posted a significant net loss and therefore the requirements for applying the additional tax pursuant to Article 28, paragraphs 5 and 6 of

Legislative Decree 209/2023 were verified. As these requirements were not met, the TuT for the Argentine jurisdiction was considered to be equal to zero.

Research and development costs

In 2024, the financial commitment made by the group for R&D activities amounted to approximately 3.62% of turnover. These costs did not give rise to capitalisations in accordance with the criteria of IAS 38.

Property, plant and equipment (note 6)

These items present a net balance of 273.5 million euros compared with 253.5 million euros in the previous period. The breakdown is as follows:

Items *(amounts in Euro thousands)*	**Land and buildings**	**Plant and machinery**	**Industrial equipment**	**Other assets**	**Invest.in prog. and deposits**	**Total**
Historical cost	110,035	257,394	138,569	17,347	9,699	533,044
Provisions for amortisation and depreciations	-33,515	-153,420	-101,871	-12,298	-	-301,104
Net as at 01.01.2023	**76,520**	**103,974**	**36,698**	**5,049**	**9,699**	**231,940**
Changes in 2023:						
Increases	3,633	18,351	12,052	2,152	12,058	48,246
Decreases	-1	-33	-246	-72	-	-352
Write-back	-	-	-	-	-	
Capitalisation	1,442	4,486	1,468	-	-7,396	-
Hyperinflation effect in Argentina	-	580	363	86	2	1,031
Reclassification to discontinued operations	-	-1,372	-861	-209	-20	-2,462
Depreciation and amortisation	-2,287	-10,849	-7,064	-1,483	-	-21,683
Reclassification	-1	2,164	95	-1	-2,257	-
Write-downs	-	-	-	-	-	-
Foreign exchange translation difference	-612	-1,608	-939	-73	-37	-3,269
Net as at 31.12.2023	**78,694**	**115,693**	**41,566**	**5,449**	**12,049**	**253,451**
Made up of:						
Historical cost	114,059	261,346	144,041	17,714	12,049	549,209
Provisions for amortisation and depreciations	-35,365	-145,653	-102,475	-12,265	-	-295,758

Items *(amounts in Euro thousands)*	**Land and buildings**	**Plant and machinery**	**Industrial equipment**	**Other assets**	**Invest.in prog. and deposits**	**Total**
Historical cost	114,059	261,346	144,041	17,714	12,049	549,209
Provisions for amortisation and depreciations	-35,365	-145,653	-102,475	-12,265	-	-295,758
Net as at 01.01.2024	**78,694**	**115,693**	**41,566**	**5,449**	**12,049**	**253,451**
Changes in 2024:						
Increases	918	18,372	9,983	1,950	10,400	41,623
Decreases	-4	-9	-90	-76	-6	-185
Capitalisation	2,314	4,935	354	58	-7,661	-
Hyperinflation effect in Argentina	-	698	438	97	5	1,238
Reclassification to discontinued operations	-	-375	-88	-3	-5	-471
Depreciation and amortisation	-2,395	-11,360	-7,717	-1,631	-	-23,103
Reclassification	330	3,130	253	-	-3,719	-6
Write-downs	-	-106	148	-42	-	-
Foreign exchange translation difference	397	787	-269	48	30	993
Net as at 31.12.2024	**80,254**	**131,765**	**44,578**	**5,850**	**11,093**	**273,540**
Made up of:						
Historical cost	117,767	289,748	154,076	19,293	11,093	591,977
Provisions for amortisation and depreciations	-37,513	-157,983	-109,498	-13,443	-	-318,437

As at 31.12.2024, assets under finance leases for 2.78 million euros and right-of-use assets (IFRS16) of 4.40 million euros are recognised under property, plant and equipment.

Right-of-use assets (IFRS 16) are broken down by category as follows:
- Land and buildings: 0.80 million euros;
- Industrial equipment: 2.64 million euros;
- Other assets: 0.97 million euros of

Investments in land and buildings were carried out in particular at the Italian sites at Maniago, at the Campodarsego site and at Carraro Finance SA's headquarters.
The main investments in plant and machinery concerned the Italian sites at Maniago, Montereale Valcellina and the Indian site at Pune.
The increases in industrial equipment refer mainly to the purchases made at the Italian sites of Campodarsego, Maniago and Montereale Valcellina and at the Indian site of Pune.
The increases in the category other assets refer mainly to office machinery and vehicles purchased at the Italian sites of Campodarsego and Maniago.
The increase in amounts relative to fixed assets in progress and deposits is primarily due to current investments in plant and machinery, chiefly at the sites of Campodarsego, Maniago and Montereale Valcellina.
The properties of Carraro India Pvt. Ltd. are not encumbered by mortgages guaranteeing outstanding loans. Instead, the Company is encumbered by mortgages guaranteeing outstanding loans for a total of 23.16 million euros relating to machinery, and for working capital (inventories/receivables) for a total of 23.27 million euros.
The industrial equipment of Siap S.p.A. is encumbered by privileges to secure FRIE loans for a total of 32.81 million euros.
Decrease and exchange difference values are highlighted by the net value of the historical cost and the accumulated amortisation and uses of the depreciation provision.

Intangible assets (Note 7)
These items present a net balance of 106.8 million euros compared with 110.83 million euros in the previous period.
The breakdown is as follows:

Items *(amounts in Euro thousands)*	**Goodwill**	**Develop ment costs**	**Royalties and patents**	**Licences and Trademarks**	**Invest. in prog. and deposits**	**Technology**	**Total**
Historical cost	93,385	13,074	1,472	46,090	316	35,234	189,571
Provisions for amortisation, depreciation and impairment	-32,119	-11,780	-1,316	-27,147	-	-1,762	-74,124
Net as at 01.01.2023	**61,266**	**1,294**	**156**	**18,943**	**316**	**33,472**	**115,447**
Changes in 2023:							
Increases	-	-	4	714	497	-	1,215
Decreases	-	-	-	-7	-	-	-7
Write-backs	-	-	-	-	-	-	-
Capitalisation	-	-	-	100	-100	-	-
Change in consolidation scope	-	-	-	124	1	-	125
Reclassifications to discontinued operations	-	-	-	-361	-3	-	-364
Depreciation and amortisation	-	-555	-57	-3,075	-	-1,772	-5,459
Reclassification	-	-1	-	-	1	-	-
Write-downs	-	-	-	-	-	-	-
Foreign exchange translation difference	-	1	-1	-88	-1	-36	-125
Net as at 31.12.2023	**61,266**	**739**	**102**	**16,350**	**711**	**31,664**	**110,832**
Made up of:							
Historical cost	93,385	13,074	1,475	46,114	711	31,860	186,620
Provisions for amortisation and depreciations	-32,119	-12,335	-1,373	-29,764	-	-196	-75,788

Items *(amounts in Euro thousands)*	**Goodwill**	**Develop ment costs**	**Royalties and patents**	**Licences and Trademarks**	**Invest. in prog. and deposits**	**Technology**	**Total**
Historical cost	93,385	13,074	1,475	46,114	711	31,860	186,620
Provisions for amortisation, depreciation and impairment	-32,119	-12,335	-1,373	-29,764	-	-196	-75,788
Net as at 01.01.2024	**61,266**	**739**	**102**	**16,350**	**711**	**31,664**	**110,832**
Changes in 2024:							
Increases	-	-	25	304	451	-	780
Decreases	-	-	-	-	-	-	-
Write-backs	-	-	-	-	-	-	-
Capitalisation	-	-	-	529	-529	-	-
Change in consolidation scope	-	-	-	139	3	-	142
Reclassifications to discontinued operations	-	-	-	-66	-4	-	-70
Depreciation and amortisation	-	-300	-49	-2,809	-	-1,747	-4,905
Reclassification	-	-	-	428	-422	-	6
Write-downs	-	-	-	-	-	-	-
Foreign exchange translation difference	-	-	1	-54	1	95	43
Net as at 31.12.2024	**61,266**	**438**	**79**	**14,822**	**211**	**30,012**	**106,828**
Made up of:							
Historical cost	93,385	13,075	1,502	47,494	211	34,994	190,661
Provisions for amortisation and depreciations	-32,119	-12,637	-1,423	-32,672	-	-4,982	-83,833

The other intangible fixed assets with a limited useful life are amortised on a straight-line basis over terms estimated at between three and five years.
Decrease and exchange difference values are highlighted by the net value of the historical cost and the accumulated amortisation and uses of the depreciation provision.

Goodwill and Impairment Tests

i) Goodwill
Goodwill is attributed to the CGUs (cash generating units) as shown in the following table.

Business Area (*CGU*)	**31.12.2024**
Drive Tech	61,266
Total	**61,266**

The assets of the "Drivetech" CGU were specifically tested for impairment as described below.

ii) Impairment Tests
Impairment tests were carried out, applying the provisions of IAS 36, and taking into account the indications and guidelines provided by the various competent bodies (ESMA, CONSOB, OIC, OIV, IVASS/ISVAP, Bank of Italy), with the application criteria described below:

- the recoverable value of the assets of the cash generating units (henceforth "CGUs") was ascertained by identifying their "value in use" obtained from the present value of the expected operating cash flows of these assets applying a rate expressing the risks of the single "CGUs" considered;

- for the purpose of impairment testing for the Consolidated Financial Statements as at 31 December 2024, and as for the previous years, the "CGUs" were identified as the two business areas: "Drive Tech" and "Agritalia";

- the reference time horizon for the estimate of future cash flows is a period of four years, subsequently using the perpetual return criterion;

- the expected cash flow projections are based on: i) the 2025 budget approved by the Board of Directors on 19 December 2024; ii) projections prepared by management for the period 2026-28, based on the most reliable and up-to-date information in relation to the latest version of the business plan approved on 13 September 2023 and the business outlook, taking into account external sources of information (IAS 36, paragraph 33) and differences between past cash flow projections and actual cash flows (IAS 36, paragraph 34). It should be noted that the results of Carraro Argentina were deducted from the flows of the Drivetech CGU and of the Group, in accordance with IFRS 5;

- the configuration of cash flows is defined according to an “asset side” approach, i.e. regardless of the values deriving from financing activities (IAS 36, paragraph 51). Consequently, this value configuration assumes the application of the financial criterion in its unlevered version;

- discounting is carried out on the basis of a discount rate, which reflects the current market assessments of the time value of money and the specific risks of the asset not reflected in the cash flow estimates (IAS 36, paragraph 55). Specific risks include those related to the environmental context in which the activity is carried out and those related to the execution of the plan;

- Considering the risks connected with the current economic-financial context, geopolitical dynamics and in line with the approach adopted the previous year: as regards flows, a capex dynamic greater than the dynamic of amortisation plans was assumed, in addition to an absorption of net working capital based on the risk free rate; the estimate of the growth rate g was developed based on a longer projected time horizon, in order to consider the re-absorption of current inflation rates over time; the cost of debt was adjusted to reflect its average “market” cost at the reference test date, compared to the assumption of the specific Group cost; rather than use the specific ERP as at 31 December 2024 equal to 4.33% (source: Damodaran) – an average ERP for the year was prudentially assumed, equal to 5.5% (average ERP source Damodaran and Fernandez).

- the terminal value was estimated based on the values of the last year of analytical forecasting; a “standard” tax rate was applied, which, for conservative purposes, does not consider any tax recovery arising from the use of previous losses. The estimated, forward-looking growth rate (“g”) was assumed to be 2.00% for the Drivetech CGU and equal to 1.00% for the Agritalia CGU;

Additional considerations for the Drivetech CGU are reported below:

- The weighted average cost of capital (WACC) used for the discounting of the net operating cash flows of the individual Cash Generating Units has been estimated on the basis of information obtained from the analysis of the comparable companies of each business unit, in order to reflect the inherent riskiness of each “sector” in which Carraro operates. In line with the choices adopted in previous years, for the Drivetech CGU a degree of “historical” error (in terms of overstatement) inherent in the forecasts prepared by management has been measured. This error, referred to as the “markup on final figures”, was determined by measuring the percentage difference between actual turnover and EBITDA as at 31.12.2024 and those from the budget used for the impairment tests as at 31.12.2023. If the average percentage deviation shows an overestimation of the forecasts compared to the actual values, the margin of error added to the WACC, multiplying the average percentage deviation by the 2024 EBITDA Margin. In the current year, an increase was applied to the final figures for the WACC of the Drivetech CGU, as the results for 2024 were below budget expectations. In line with the previous year and with the OIV document of June 2012, a second markup was also considered, determined by comparing the EBITDA margin envisaged in the Plan used for the impairment test as at 31 December 2024 with that envisaged in the Plan used for the test as at 31 December 2023. If the 2024 Plan has an operating margin that differs from that of the Plan prepared for the previous year, the margin to be added to the WACC is obtained through the weighted average of the 2025-2028 average variance and the variance on the Terminal Value (weighted by the relative weight of the individual cash flows and the Terminal Value on the total value). This calculation can give rise to an increase in the rate used, called “markup on the plans”. Starting from this calculation process, the markup on the plans was for the Drivetech CGU.

The rates used for the Drivetech CGU are indicated below:

	WACC Nominal discount rate
Drive Tech CGU	12.67%

- In addition, a sensitivity analysis of the difference between the value in use and the carrying amount was carried out in order to further verify the appropriateness of the impairment test. This was done by:
  i) taking into account the different risk levels of the cash generating units;
  ii) changing some of the basic parameters of the estimate carried out, as an instrument for providing the additional information indicated in paragraph 134 letter f) of IAS 36.
  In particular, a sensitivity analysis was carried out on the following variables:
    - WACC: increased, in the light of the trend in market rates, by 50 bps and 100 bps, and determination of the rate that eliminates the difference between Enterprise Value and NIC;
    - Growth rate at full capacity (g): reduction of 50 and 100 bps;
    - EBIT: reduced by 5% and 10% and calculation of the percentage reduction that eliminates the Enterprise Value - NIC difference;
    - Turnover: 10% reduction in turnover.

The effect of the joint variation of some of the above parameters was also tested.

Parameters used for sensitivity analysis are indicated below: in particular, the discount rate and the EBIT reduction (for the explicit period and the terminal flow) which makes recoverable values equal to the carrying amounts is provided:

	WACC	EBIT *
Drive Tech CGU	17.71%	31.28%

* for the definition of the Alternative Performance Indicator, see the section *Structure and content of the financial statements*.

Based on the impairment test and also following the sensitivity analysis, no indicators of impairment losses were identified, such as to require write-downs of the tested assets.

Additional considerations for the Agritalia CGU are reported below:

The Group also prepared an impairment test for the *"Agritalia"* CGU, also to support the book values of plant, property and equipment and intangible assets allocated to this CGU and respectively equal to 22.9 million euros and 0.1 million euros as at 31 December 2024, using for 2025 the Budget approved on 19 December 2024 and for the years 2026-2028 the projections prepared by management for the period 2026-28, based on the most reliable and up-to-date information in relation to the latest version of the business plan approved on 13 September 2023 and the business outlook. It should be noted that no amount for Goodwill was recognised with reference to this CGU.
The rate for discounting financial flows for the period under review and the terminal value identified was equal to 12.12%. In order to estimate the weighted average cost of capital (WACC), the rates that consider the degree of "historical" error (in terms of overstatement) inherent in the forecasts prepared by management were increased.
Based on this test, no indicators of impairment losses were identified, such as to require write-downs of the tested assets.

Investments in progress and deposits
The increase in assets under development refers mainly to the costs incurred by Carraro S.p.A for the design of new product lines developed in relation to projects launched by customers. Development costs generated internally are capitalised based on the cost incurred.

Licences and Trademarks
The increases are mainly attributable to the acquisition of licenses by Carraro S.p.A. and Siap S.p.A.

Royalties and patents
Investments in Royalties and Patents mainly refer to purchases of Carraro S.p.A.

Technology
The category refers to the know-how recognised by the company on 1 January 2022 during the PPA (Price Purchase Allocation) process.

Real estate investments (note 8)
These present a net balance of 870 million euros.
The breakdown is as follows:

Items *(amounts in Euro thousands)*	**Buildings**	**Total**
Balance as at 31.12.2023	**833**	**833**
Increases	37	37
Decreases	-	-
Change in currency conversion	-	-
Balance as at 31.12.2024	**870**	**870**

Real estate investments refers to non-industrial properties owned by the municipalities of Campodarsego and Maniago.

Equity investments (Note 9)

a) Associated companies

Name	Registered office	Direct portion	Profit (loss) 31.12.2024 (ctv. Euros)	Sh. Equity 31.12.2021 * (ctv. Euros)	Sh. Equity attributable to the Company (ctv. Euros)	Carrying amount of the investment 31.12.2024
Enertronica Santerno S.p.A.	Castelguelfo (Bologna)	20.23%	n.a.	(19,834,390)	n.a.	-

(*) Figures updated to 31 December 2024 are not yet available. The most up-to-date financial information available has therefore been provided.

On 27 March 2024, the equity investment in Enertronica S.p.A., previously held by Carraro International SE, was transferred to Carraro S.p.A.. Consequently, Carraro S.p.A. is the only entity of the Carraro Group to hold an interest in Enertronica Santerno S.p.A. for a total of 20.23%. The investment was fully written down in previous years.
As a result of the company's financial situation, Enertronica Santerno S.p.A initiated a composition procedure in order to find a solution shared with its creditors and other stakeholders. During this process, the company reached several restructuring agreements with creditors during the course of 2023.
Compared to the situation as at 31 December 2023, during 2024 Enertronica Santerno S.p.A. came up against further difficulties in implementing the restructuring plan, due to new critical aspects with some creditors and consequent interruption of financial support from investors. These difficulties affected the plan's sustainability, and in October 2024 it was no longer possible to continue the plan. In February 2025, the company therefore started a new procedure for negotiated settlement at the Chamber of Commerce in Bologna, with the aim of guaranteeing business continuity and identifying solutions to rebalance the financial situation.

b) Joint Venture

Name	Registered office	Direct portion	Profit (loss)	Shareholders' Equity	Sh. Equity attributable to the Company	Carrying amount of the investment
			(ctv. Euros)	(ctv. Euros)	(ctv. Euros)	(ctv. Euros)
Bhavani Synchrotec Private Limited (1)	Sanand, Gujarat (India)	49.00%	-56,753	8,880,245	4,353,524	4,203,801

(1): Amounts referred to the last financial statements approved according to the Indian tax calendar 31.03.2024.

The company has an equity investment in the joint venture Bhavani Synchrotec Private Limited, a company whose core business is the manufacture of synchronizers and their subsequent marketing.

Financial assets (note 10)

(amounts in Euro thousands)	**31.12.2024**	**31.12.2023**
LOANS TO RELATED PARTIES	-	-
LOANS TO THIRD PARTIES	-	-
LOANS AND RECEIVABLES	**-**	**-**
OTHER FINANCIAL ASSETS	61	61
AVAILABLE FOR SALE	359	243
OTHER FINANCIAL ASSETS	**420**	**304**
NON-CURRENT FINANCIAL ASSETS	**420**	**304**
FROM RELATED PARTIES	-	-
FROM THIRD PARTIES	-	-
LOANS AND RECEIVABLES	**-**	**-**
FINANCIAL ASSETS AT CURRENT VALUE	-	-
FAIR VALUE OF DERIVATIVES	415	81
OTHER FINANCIAL ASSETS	757	948
OTHER FINANCIAL ASSETS	**1,172**	**1,029**
CURRENT FINANCIAL ASSETS	**1,172**	**1,029**

Other non-current financial assets
These include guarantee deposits and up-front fees incurred by associated companies for revolving credit lines.

Other current financial assets
They include the short-term portion of the above-mentioned guarantee deposits and cash flow hedge derivatives for 0.42 million euros. The amount refers to the fair value identified as at 31.12.2024 on current instruments on currencies. As described in detail in the section on derivative financial instruments (Paragraph 9), profits or losses deriving from hedging instruments are recognised in the statement of comprehensive income and accumulated in a specific shareholders' equity reserve for the efficient part, while the remaining (inefficient) portion is recognised in the income statement.

Deferred tax assets and liabilities (note 11)
The table below illustrates the composition of deferred taxation by the nature of the temporary differences that determine it. The change corresponds to the effect of deferred taxes on net equity and income.

DESCRIPTION OF DIFFERENCES	Opening		Effect		Difference	Closing
(amounts in Euro thousands)	31.12.2023	Reclassification	on income statement	on net equity	Exchange rate	31.12.2024
ASSETS:						
Depreciation and amortisation	8,396	-270	-967	-	-	7,159
Measurement of receivables	160	1	66	-	-	227
Measurement of financial assets/liabilities	176	5	-	-383	-	-202
Discounting of employee severance indemnity	283	-2	-	-15	-	266
Allocations to provisions	8,030	-1	479	-	-	8,508
Tax losses	1,673		-229	-	-	1,444
Personnel bonuses	2,387	1	-758	-	-	1,630
Other	1,094	266	557	-	5	1,922
TOTAL	**22,199**	**-**	**-852**	**-398**	**5**	**20,954**
LIABILITIES:						
Depreciation and amortisation	-1,596	372	-841	-	-11	-2,076
Discounting of employee severance indemnity	-	-	-	27	-	27
Measurement of financial assets/liabilities	-	-	-	-10	-	-10
Other	163	-372	1,038	8	-43	794
Write-backs of PPA assets	-23,180	-	1,331	-		-21,849
TOTAL	**-24,613**	**-**	**1,528**	**25**	**-54**	**-23,114**
BALANCE	**-2,414**	**-**	**676**	**-373**	**-49**	**-2,160**

Deferred tax assets include the potential benefits associated with retained tax losses, insofar as it is likely that there will be adequate future taxable profits against which these losses can be used in a reasonably short period.

Tax losses for which it was decided not to recognise deferred tax assets as at 31 December 2024 amounted to 27.3 million euro (2023: 30.9 million euros) with a tax effect of 6 million euros (2023: 7.6 million euros).
No deferred tax assets on temporarily non-deductible interest charges were recognised for a taxable amount of 24.5 million euros (2023: 27 million euros), with a tax effect of 5.9 million euros (2023: 6.5 million euros).
The decision was also taken not to recognise deferred tax assets on other temporary differences for a taxable amount of 6.8 million euros, with a tax effect of 2.4 million euros.

The carrying amount of net deferred tax liabilities recognised as at 31 December 2024 was 2.2 million euros (2023: 2.4 million euros).

The item "Amortisation and depreciation" includes deferred tax assets related to the capital gain resulting from a transaction carried out in 2014. Since this is a transaction between companies subject to common control, in accordance with the Assirevi document "OPI1" this capital gain has not been recognised for accounting purposes, having consequently given rise to the corresponding recognition of deferred tax assets, the value of which as at 31.12.2024 amounted to 5.3 million euros.
The item also includes the tax effect related to capital gains allocated to assets in the PPA carried out on 01.01.2022.

Trade receivables and other receivables (Note 12)

(amounts in Euro thousands)	**31.12.2024**	**31.12.2023***
NON CURRENT TRADE RECEIVABLES	-	-
FROM THIRD PARTIES	4,640	5,436
OTHER NON-CURRENT RECEIVABLES	**4,640**	**5,436**
NON-CURRENT TRADE RECEIVABLES AND OTHER RECEIVABLES	**4,640**	**5,436**
FROM RELATED PARTIES	14	-
FROM THIRD PARTIES	67,864	89,219
CURRENT TRADE RECEIVABLES	**67,878**	**89,219**
FROM RELATED PARTIES	809	809
FROM THIRD PARTIES	21,622	24,513
OTHER CURRENT RECEIVABLES	**22,431**	**25,322**
CURRENT TRADE RECEIVABLES AND OTHER RECEIVABLES	**90,309**	**114,541**

* Figures as at 31.12.2023 were restated following the reclassification of some components. For further details, see section 3.4. - Restatement of comparative data.

Trade receivables bear no interest and mature on average at 60 days.

Other non-current receivables (4.64 million euros) consist mainly of guarantee deposits, portions of costs accruing in subsequent periods and advance payments and tax receivables accrued in India.

The breakdown of trade and other receivables (including provisions for impairment of receivables) by maturity is shown in the following table:

(amounts in Euro thousands)	***31.12.2024***					***31.12.2023****				
	PAST DUE		NOT YET DUE			PAST DUE		NOT YET DUE		
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year	***TOTAL***	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year	***TOTAL***
Trade receivables	19,795	1,378	51,807	-	**72,980**	16,787	-217	75,413	-	**91,983**
Other receivables	-	-	22,431	4,640	**27,071**	-	-	25,322	5,436	**30,758**
TOTAL	**19,795**	**1,378**	**74,238**	**4,640**	**100,051**	**16,787**	**-217**	**100,735**	**5,436**	**122,741**

* Figures as at 31.12.2023 were restated following the reclassification of some components. For further details, see section 3.4. - Restatement of comparative data.

The balance of receivables is equal to 100.04 million euros (141.1 million euros in 2023).
As envisaged in IFRS 7.37 bands of amounts past due were identified.
In 2024, the past due receivables amounted to 21.2 million euros and most were less than one year old.

An analysis was carried out on specific impairment at the reporting date for past due positions, from which a total impairment loss of 5.10 million euros was identified (2.76 million euros in 2023). In addition, for the purposes of verifying the recoverability of the positions recognised as at 31.12.2024, future prospects of recovery in line with the provisions of IFRS 9 were also taken into account.

Provisions for Depreciations of Receivables
The breakdown of the gross and net value of the receivables is as follows:

(amounts in Euro thousands)	**31.12.2024**	**31.12.2023***
Trade receivables from related parties	14	-
NET TRADE RECEIVABLES FROM RELATED PARTIES	**14**	**-**
Current trade receivables from third parties	72,966	91,983
Provisions for depreciation	-5,102	-2,764
NET CURRENT TRADE RECEIVABLES FROM THIRD PARTIES	**67,864**	**89,219**
Other receivables from related parties	809	809
NET CURRENT OTHER RECEIVABLES FROM RELATED PARTIES	**809**	**809**
Other current receivables from third parties	21,622	24,513
Provisions for Depreciation of other Receivables	-	-
NET CURRENT OTHER RECEIVABLES FROM THIRD PARTIES	**21,622**	**24,513**

* Figures as at 31.12.2023 were restated following the reclassification of some components. For further details, see section 3.4. - Restatement of comparative data.

Movements in provisions for depreciation for the periods considered can be broken down as follows.

(amounts in Euro thousands)	**31.12.2023**	**Increases**	**Decreases**	**Discontinued operations**	**Exchange-rate adjustments**	**31.12.2024**
Provisions for impairment of trade receivables	2,764	2,398	-71	7	4	5,102
Provisions for impairment of other receivables		859	-	-859	-	-
TOTAL	**2,764**	**3,257**	**-71**	**-852**	**4**	**5,102**

Other current receivables due from third parties can be analysed as follows:

(amounts in Euro thousands)	**31.12.2024**	**31.12.2023***
VAT credits	11,149	10,364
VAT credits due for rebate	42	1,400
Other tax credits	564	440
Other tax credits (industry 4.0 concession)	5,759	8,466
Receivables for current taxes	1,009	1,433
Receivables from employees	21	38
Receivables from pensions agencies	739	517
Receivables from derivatives on commodities	38	-
Provisions for Depreciation of other Receivables	-	-
Other receivables	2,301	1,855
OTHER CURRENT RECEIVABLES FROM THIRD PARTIES	**21,622**	**24,513**

* Figures as at 31.12.2023 were restated following the reclassification of some components. For further details, see section 3.4. - Restatement of comparative data.

Closing inventory (note 13)

Items *(amounts in Euro thousands)*	**31.12.2024**	**31.12.2023**
Raw materials	110,709	99,535
Work in progress and semi-finished products	39,761	45,231
Finished products	22,213	21,804
Total inventories	**172,683**	**166,570**
Provision for impairment of inventories	-21,346	-19,678
Total inventories	**151,337**	**146,892**

Inventories recorded a net balance of 151.3 million euros compared with 146.9 million euros as at 31 December 2023.

Movements in provisions for depreciation of inventories are shown in detail below:

(amounts in Euro thousands)	
Balance as at 31 December 2023	**19,678**
Provisions set aside	2,594
Utilisation	-1,224
Translation differences	-2,226
Reclassifications to discontinued operations	2,524
Other changes	-
Balance as at 31 December 2024	**21,346**

Cash and cash equivalents (Note 14)

(amounts in Euro thousands)	**31.12.2024**	**31.12.2023**
CASH	81	133
BANK CURRENT ACCOUNTS AND DEPOSITS	300,443	200,343
TOTAL	**300,524**	**200,476**

As at 31 December 2024, there were long-term cash and cash equivalents amounting to 0.02 million euros which refer to guarantees provided in India to local public entities.

The balance of cash and cash equivalents as at 31.12.2024 was significantly higher, reaching 120,855 thousand euros compared to 1,626 thousand euros in the previous year. This increase is mainly due to the sums collected following the IPO.
For this transaction, the company Carraro International had to open an Escrow Account in India dedicated to the sale of shares and collection of the relative proceeds.
This account is available to the company, but is restricted until full payment of the expenses and taxes relative to the IPO process. As at 31.12.2024, the amount of cash and cash equivalents indicated above included this restricted amount of 5,335 thousand euros.

Shareholders' equity (note 15)

(amounts in Euro thousands)	**31.12.2024**	**31.12.2023**
1) Share Capital	41,453	41,453
2) Other Reserves	128,279	27,993
3) Profits/(Losses) brought forward	-	-
4) Cash flow hedge reserve	-99	-1,277
5) Provision for discounting employee benefits	401	426
6) Foreign currency translation reserve	-367	-3,963
7) Result for the period pertaining to the group	13,085	19,086
GROUP SHAREHOLDERS' EQUITY	**182,752**	**83,718**
8) Minority interests	33,714	16,372
TOTAL SHAREHOLDERS' EQUITY	**216,466**	**100,090**

The Shareholders' Meeting of Carraro S.p.A. held on 24 April 2024 resolved to allocate the profit for 2023, equal to 8,169,763.56 euros, as shown below:
- 408,488.18 euros to the Legal Reserve;
- 7,761,275.38 euros to dividends.

The Shareholders' Meeting also approved the distribution of 2,238,724.62 euros, taken from previous years' profits carried forward.

Share capital at 31.12.2023 was set at 41,452,543.60 euros, fully paid-up, divided into 58,385,555 ordinary shares (21,630,256 category "A" shares and 36,755,299 category 'B shares) with no par value.
No other financial instruments which assign equity and investment rights have been issued.
No new treasury shares were purchased in 2024. The overall investment in treasury shares therefore amounts to 6.666 million euros.

Other reserves
The item "Other reserves" of 128.28 million euros includes the reserves of Carraro S.p.A. relating to profits not distributed or carried forward and others as follows:
7.93 million euros relating to the share premium reserve;
7.72 million euros relating to the legal reserve;
- 0.092 million euros relating to the future capital increase reserve;
3.895 million euros relating to the merger surplus reserve;
- less 6.666 million euros for deduction of the reserve corresponding to treasury share purchase;
- 10.869 million euros relating to other IAS reserves;
- Less 104.55 million euros arising from the reduction in the shareholders' equities of consolidated companies with respect to the corresponding carrying amounts of equity investments and consolidation adjustments. This item mainly includes the effects of the IPO in India, with details given in the next section.

During the year, the sale of an interest equal to 31.23% of the stake in Carraro International in Carraro India Ltd. was finalised on the Indian market. This transaction comes under a wider-ranging project started by the Group at the beginning of the year, with the subsidiary Carraro International undertaking some preliminary activities to assess various opportunities to raise funds, including a public offering of Carraro India shares, the private placement of shares or other specific securities of Carraro India, or other procedures or a combination of both. In the first half of 2024, with the support of consultants selected for the potential transaction, further analyses of the Indian economic and financial context were carried out, in order to identify the most suitable strategic opportunities and operating procedures for the transaction. In this context, the subsidiary Carraro Technologies India was sold in June to Carraro India for 2,677 thousand euros, recognising a capital gain of 2,229 thousand euros in the income statement. The sale price of this intragroup transaction was supported by the appraisal of an independent external consultant from India, and was further confirmed by an independent external Italian adviser.

At the start of the second half of the year, the Board of Directors of the subsidiary Carraro International decided to continue its offering of shares of Carraro India as an IPO (Initial Public Offering) on one or more markets, limiting the number of shares to a total of 18,116,521,298 INR, equal to 200,000 thousand euros at an exchange rate of 90.58. The transaction was finalised on 30 December 2024 with the listing of the company on the Mumbai stock exchange and the sale of 17,755,681 shares for a value of 140,639 thousand euros. The capital gain net of transaction expenses and income taxes amounted to 89,757 thousand euros and was recognised directly as shareholders' equity, as required by IFRS 10, B96, which governs the accounting treatment of changes in equity investment in a subsidiary without loss of control.

Other IAS/IFRS reserves
This includes the values arising from application of the criterion prescribed for cash flow hedging of 0.99 million euros.

Provision for discounting employee benefits
This reserve for 0.40 million euros, includes *Employee benefit actuarial gains/losses*, as provided for by IAS 19 Revised. For further details, see section 3.3 "Principles and material criteria".

Foreign currency translation reserve
This reserve, which is negative amounting to €0.37 million, is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.
It should be noted that, as required by IAS 1 Revised paragraph 83, the movements in the period of the foreign currency translation reserve were recognised in the statement of comprehensive income and other capital reserves, as detailed below:

(amounts in Euro thousands)	**31.12.2023**	**Movements in the statement of comprehensive income *profit reserves***	**Movements in shareholders' equity *capital reserves***	**Movements in shareholders' equity *profit reserves***	**31.12.2024**
Exchange reserve of the parent company's shareholders	-3,963	610	1,844	1,142	-367
Exchange reserve of the minority shareholders	-	-2	-	-	-2
Translation reserve	**-3,963**	**608**	**1,844**	**1,142**	**-369**

Minority interests
For an analysis of the change in minority interests, see paragraph 2.2.

Financial liabilities (note 16)

The classification of financial liabilities is shown below:

(amounts in Euro thousands)	**31.12.2024**	**31.12.2023**
NON-CURRENT BONDS	**267,228**	**266,319**
MEDIUM/LONG-TERM LOANS	127,910	142,273
MEDIUM/LONG-TERM LEASE PAYABLES - IFRS 16	3,340	1,867
MEDIUM/LONG-TERM LOANS	**131,250**	**144,140**
OTHER NON-CURRENT FINANCIAL LIABILITIES	**9**	**6**
OTHER NON-CURRENT FINANCIAL LIABILITIES	**9**	**6**
NON-CURRENT FINANCIAL LIABILITIES	**398,487**	**410,465**
MEDIUM-/LONG-TERM LOANS – short-term portion	35,829	18,802
LOANS TO OTHERS	-	6,391
LEASE PAYABLES FROM RIGHTS OF USE - IFRS 16	1,165	935
CURRENT FINANCIAL LIABILITIES	**36,994**	**26,128**
FAIR VALUE OF INTEREST RATE DERIVATIVES	-	-
FAIR VALUE OF EXCHANGE RATE DERIVATIVES	443	434
FAIR VALUE OF DERIVATIVES ON COMMODITIES	-	1,351
OTHER CURRENT FINANCIAL LIABILITIES	3,530	3,570
OTHER CURRENT FINANCIAL LIABILITIES	**3,973**	**5,356**
CURRENT FINANCIAL LIABILITIES	**40,967**	**31,483**

On 31 December 2024, the financial covenant defined by the net financial position of operations and adjusted EBITDA envisaged:

a) in the regulations of the senior unsecured bond of 120 million euros, maturing in November 2028, along with the covenants for the bond of 150 million euros, maturing in September 2026, both listed on the Luxembourg Stock Exchange and on the MOT (Incurrent Covenants) had been met;
b) inagreements signed with the European Investment Bank (BEI) had been met.

In particular:

- the ratio of the net financial position of operations/adjusted EBITDA as at 31 December 2024 was 1.61.
- The limit of the parameter contractually provided for the bond loan for that date is 3.50.
- The limit of the parameter contractually provided in the EIB contracts for that date is 4.50.

With regard to the agreements with banks, the financial covenants agreed have been met.

Short-term loans include current accounts payable and loans taken out during 2024, with a short-term maturity.
Medium- and long-term loans are presented below, divided into short-term portion, medium-term portion and portion at more than 5 years.

COMPANY	**up to one year**		**from 1 to 5 years**		**more than 5 years**		
(amounts in euro thousands)	*par value*	*amortised cost effect and exchange delta*	*par value*	*amortised cost effect and exchange delta*	*par value*	*amortised cost effect and exchange delta*	**Total 31.12.2024**
Carraro India Ltd	4,826	-	10,632	-	-	-	15,458
Carraro China Trade Systems Co. Ltd.	1,714	-	1,780	-	-	-	3,494
Carraro International S.E.	8,300	17	12,484	8	-	-	20,809
Carraro Finance S.A.	6,365	18	25,530	35	-	-	31,948
Siap S.p.A.	3,511	-	4,691	-	11,439	-	19,641
Carraro Drive Tech Italia S.p.A.	2,089	-	2,517	-	-	-	4,606
Carraro S.p.A.	8,989	-	58,794	-	-	-	67,783
Total	**35,794**	**35**	**116,428**	**43**	**11,439**	**-**	**163,739**

The following table provides further detailed information on the financial liabilities illustrated above. For an analysis of the maturities of trade payables see Note 17, while a description of how the Group manages liquidity risk is included in paragraph 3.3.

COMPANY (amounts in Euro thousands)	LENDER	Short-term portion as at 31.12.2024	Medium/long-term portion as at 31.12.2024	EXPIRY	RATE	RATE TYPE	CURRENCY
Carraro India	HFDC	852	355	May '26	9.25%	variable	INR
Carraro India	Federal bank	141	-	March '25	10.20%	variable	INR
Carraro India	Axis	1,585	5,189	Jun '29	9.04%	variable	INR
Carraro India	Icici	731	2,165	Jun '26	9.46%	variable	INR
Carraro India	Exim	843	-	July '25	9.05%	variable	INR
Carraro India	Kotak	675	2,924	March '29	9.40%	variable	INR
Carraro China	Bank of Communications	396	330	May '26	3.80%	variable	CNY
Carraro China	Bank Communication	1,319	1,451	Sept '26	3.90%	variable	CNY
Carraro Drive Tech Italia S.p.A.	Banca Fucino	1,290	1,007	July '26	4.61%	variable	EURO
Carraro Drive Tech Italia S.p.A.	Alba Leasing	48	-	Dec '25	4.81%	variable	EURO
Carraro Drive Tech Italia S.p.A.	Alba Leasing	127	124	Dec '26	4.76%	variable	EURO
Carraro Drive Tech Italia S.p.A.	Alba Leasing	286	381	April '27	4.81%	variable	EURO
Carraro Drive Tech Italia S.p.A.	Alba Leasing	310	918	Aug '28	5.14%	variable	EURO
Carraro Drive Tech Italia S.p.A.	Fraer Leasing	29	86	Sept '28	4.68%	variable	EURO
Carraro Finance	EIB	6,382	25,565	Dec '29	4.10%	variable	EURO
Carraro International	EIB	8,317	12,492	Jan '27	1.50%	fixed	EURO
SIAP S.p.A.	Banca di Cividale	418	3,971	Jan '35	2.95%	variable	EURO
SIAP S.p.A.	Banca di Cividale	313	2,656	Jan '34	2.95%	variable	EURO
SIAP S.p.A.	Banca di Cividale	438	4,813	July '36	3.81%	fixed	EURO
SIAP S.p.A.	Banca Fucino	1,290	1,007	July '26	4.61%	variable	EURO
SIAP S.p.A.	Banca di Cividale	1,053	3,684	Jun '29	4.18%	variable	EURO
Carraro S.p.A.	Banca Fucino	1,293	1,007	Aug '26	4.33%	variable	EURO
Carraro S.p.A.	Banca MPS	7,500	52,500	Jun '29	3.93%	variable	EURO
Carraro S.p.A.	Unicredit	-	5,000	Dec '29	4.29%	variable	EURO
Carraro S.p.A.	Alba Leasing	140	138	Dec '26	4.80%	variable	EURO
Carraro S.p.A.	Fraer Leasing	28	53	Nov '27	4.18%	variable	EURO
Carraro S.p.A.	Porsche Leasing	28	96	July '27	7.00%	variable	EURO
TOTAL		**35,828**	**127,910**				

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

Financial liabilities *(amounts in Euro thousands)*	**31.12.2023**	**Cash Flow**	**Reclassification**	**Other changes**	**IFRS 16 changes**	**Exchange impact**	**31.12.2024**
Gross non-current loans payable	414,236	26,842	-41,585	113	1,442	246	401,294
Gross current loans payable	26,154	-31,249	41,585	1	224	313	37,028
Total loans payable	**440,390**	**-4,407**	**-**	**114**	**1,666**	**559**	**438,322**
Amortised cost	-3,803	-	-	953	-	-	-2,850
Other non-current financial liabilities	6	-	-	3	-	-	9
Other current financial liabilities	3,570	-3,570	-	3,530	-		3,530
Financial liabilities	**440,163**	**-7,977**	**-**	**4,600**	**1,666**	**559**	**439,011**

The net financial position is broken down below:

Net financial position *(amounts in Euro thousands)*	**31.12.2024**	**31.12.2023**
Non-current bonds	-267,228	-266,319
Current bonds	-	-
Bonds:	**-267,228**	**-266,319**
Non-current loans payable	-131,250	-144,140
Current loans payable	-36,994	-26,128
Other non-current financial liabilities	-9	-6
Other current financial liabilities	-3,530	-3,570
Trade payables and other non-current payables *	-	-
Financial liabilities:	**-171,783**	**-173,844**
Current loans and receivables	-	-
Other current financial assets	757	948
Financial assets:	**757**	**948**
Cash	81	133
Bank current accounts and deposits	300,443	200,343
Cash and cash equivalents:	**300,524**	**200,476**
Reclassifications from discontinued operations	1,127	710
Net financial position **	**-136,603**	**-238,029**
Non-current loans and receivables	-	-
Other non-current financial assets	359	243
Non-current leases - IFRS 16	3,340	1,867
Current leases - IFRS 16	1,165	935
Reclassification from discontinued operations	294	533
Net financial position of operations***	**-131,445**	**-234,451**
of which payables/(receivables):		
- non-current	-393,367	-407,112
- current	261,922	172,661

* The item trade payables and other non-current payables does not contain non-interest-bearing payables with a significant implicit or explicit financing component, such as trade payables due in more than 12 months, or other non-interest-bearing loans.
**: Net financial debt drawn up in accordance with the framework provided for by Recommendation ESMA32-382-1138 of 4.3.2021
(***) For the definition of the alternative performance indicator, please refer to the section "Structure and content of the financial statements".

As required by ESMA Recommendation 32-382-1138 of 4.3.2021, it is pointed out that:
c) as at 31.12.2024, the amount of the long-term cash and cash equivalents stated above was equal to 5.3 million euros; for more details reference is made to note 14;
d) at the date of these financial statements the Group held indirect debt subject to conditions relating to social security liabilities:

In September 2020, the Company issued a 3.75% fixed-rate senior unsecured bond of 150 million euros - maturing in 2026 - listed on the Luxembourg Stock Exchange and on the MOT.
The effect of the amortised cost on this item amounted to 0.95 million euros at 31 December 2024.

In November 2023, the Company issued a 7.75% fixed-rate senior unsecured bond of 120 million euros – maturing in 2028 – listed on the Luxembourg Stock Exchange and on the MOT.
The effect of the amortised cost on this item amounted to 1.82 million euros at 31 December 2024.

Carraro Group medium- and long-term banking credit facilities amounted to a total of 123.77 million euros, against a utilisation of 0 million euros.
The medium- and long-term banking credit facilities amounted to a total of 200.02 million euros, against a utilisation of 163.82 million euros.

The rate terms vary according to the country of usage and can be summarised as follows:
- Europe: 4.60 - 5.10%
- India: 8.50 - 9.50%
- China: 3.50 – 4.20%

Fair Value

Financial liabilities on financial instruments not listed on regulated markets:
These financial liabilities are currently negotiated by the Company at variable rates. The fair value of these instruments is not appreciably different from their book values.

Financial liabilities on financial instruments listed on regulated markets:
Among its financial liabilities, the company has two bonds listed on regulated markets.
The fair value of these liabilities, issued at a fixed rate and listed on regulated markets, is shown in the table below:

(amounts in euro thousands)	Nominal Value	Amortised cost 31.12.2024	Book value 31.12.2024	Fair Value (level 1) 31.12.2024
BOND 2020-2026 3.75%	150,000	-948	149,052	149,880
BOND 2023-2028 7.75%	120,000	-1,824	118,176	127,956
Total	**270,000**	**-2,772**	**267,228**	**277,836**

Trade payables and other payables (note 17)

(amounts in Euro thousands)	**31.12.2024**	**31.12.2023***
FROM THIRD PARTIES	11,399	9,831
OTHER NON-CURRENT PAYABLES	**11,399**	**9,831**
TRADE PAYABLES AND OTHER NON-CURRENT PAYABLES	**11,399**	**9,831**
FROM RELATED PARTIES	138	-
FROM THIRD PARTIES	195,969	205,178
CURRENT TRADE PAYABLES	**196,107**	**205,178**
FROM RELATED PARTIES	90	90
FROM THIRD PARTIES	37,235	34,713
OTHER CURRENT PAYABLES	**37,325**	**34,803**
TRADE PAYABLES AND OTHER CURRENT PAYABLES	**233,432**	**239,981**

* Figures as at 31.12.2023 were restated following the reclassification of some components. For further details, see section 3.4. - Restatement of comparative data.

Trade payables do not produce interest and on average are settled at 120 days.

Other payables due to third parties can be analysed as follows:

(amounts in Euro thousands)	**31.12.2024**	**31.12.2023***
VAT payables	357	94
Other tax payables	572	779
Amounts due to pensions agencies	5,210	5,158
Amounts due to employees	15,820	16,524
IRPEF (personal income tax) employees & professionals	3,957	3,608
Board of Directors	2,754	1,844
Other payables	8,565	6,706
OTHER CURRENT PAYABLES	**37,235**	**34,713**

* Figures as at 31.12.2023 were restated following the reclassification of some components. For further details, see section 3.4. - Restatement of comparative data.

With regard to the Indian company, a tax dispute is underway following disputes by the local tax authorities over a number of years, mainly relating to the benchmark used for transfer pricing and the evidence of the services and related benefits received by the Indian plant for the deductibility of royalties and intra-group services. Extensive documentation has already been submitted in court in support of the defence arguments of the company.
Supported by opinions of its tax advisors, the Company has classified the risk for some claims as remote and for some as unquantifiable.

The following table shows an analysis of trade and other payables by maturity:

(amounts in Euro thousands)	*31.12.2024*					*31.12.2023**				
	PAST DUE		NOT YET DUE			PAST DUE		NOT YET DUE		
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year	***TOTAL***	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year	***TOTAL***
Trade payables	40,629	-812	156,290	-	**196,107**	9,147	-446	196,477	-	**205,178**
Other payables	-	-	37,325	11,399	**48,724**	-	-	34,803	9,831	**44,634**
TOTAL	**40,629**	**-812**	**193,615**	**11,399**	**244,831**	**9,147**	**-446**	**231,280**	**9,831**	**249,812**

* Figures as at 31.12.2023 were restated following the reclassification of some components. For further details, see section 3.4. - Restatement of comparative data.

Current tax payables (note 18)

(amounts in Euro thousands)	**31.12.2024**	**31.12.2023***
Current taxes payable	4,532	9,059
Current tax payables	**4,532**	**9,059**

* Figures as at 31.12.2023 were restated following the reclassification of some components. For further details, see section 3.4. - Restatement of comparative data.

Employee severance indemnities and retirement benefits (note 19)

PROVISION FOR SEVERANCE INDEMNITY AND RETIREMENT BENEFITS *(amounts in Euro thousands)*	**31.12.2024**	**31.12.2023**
Opening severance indemnities in accordance with IAS 19	**5,673**	**5,922**
Utilisation of employee severance indemnities	-893	-452
Employee severance indemnities transferred to other companies	-	-
Employee severance indemnities transferred from other companies	-	-
Interest cost	168	209
Actuarial gains/losses	29	-6
Closing severance indemnities in accordance with IAS 19	**4.977**	**5,673**

The severance indemnity, calculated according to current Italian laws, is treated for accounting purposes as a defined-benefit fund and as such is recalculated at the end of each accounting period according to a statistical-actuarial criterion which also takes account of the effects of financial discounting.
The actuarial valuation of this obligation is carried out according to the actuarial criterion of the "projected unit credit method" with the support of the data issued by ISTAT, the INPS and the ANIA. The parameters used are as follows: 1) annual discount rate: 2.93%, 2) personnel rotation rate 5%, 3) annual inflation index 2.00%, 4) advances rate 2%, 5) remuneration increase rate 3.00%. The accounting treatment of employee benefits recorded in the financial statements complies with IAS 19 Revised for defined-benefit plans. For further details, see section 3.3.
The severance indemnity refers to employee benefits governed by current Italian laws. On the basis of the changes introduced in Law 296/06, with effect from 30 June 2007, termination benefits maturing after 1 January 2007 must be paid into a specific treasury reserve established at the pensions agency INPS, or, if the employee so chooses, into a special complementary pension fund. There are no more provisions for termination benefits with these contributions.

Sensitivity analysis IAS 19 Revised

The table below indicates the values of the Employee benefits provision as at 31.12.2023 calculated in the case of changes in actuarial assumptions reasonably possible at that date with the following variables:
- turnover frequency
- discount rate (taken from the Iboxx Corporate AA 7-10 index)
- inflation rate

(amounts in Euro thousands)	*Turnover frequency*		*Inflation rate*		*Discount rate*	
	1%	**-1%**	**+0.25%**	**-0.25%**	**+0.25%**	**-0.25%**
Provisions for employee benefits 31.12.2024	4,984	4,968	5,025	3,978	4,901	5,054

Pension/retirement funds
Pension funds and similar for 4.74 million euros (2.63 million euros as at 31.12.2023) refer to staff in Argentina, India and China.

(amounts in Euro thousands)	Opening 31.12.2023	Increases	Decreases	Other changes	Closing 31.12.2024
PENSION AND SIMILAR FUNDS	**2,627**	1,033	-461	1,538	**4,737**

Workforce
The workforce refers only to the fully consolidated companies and is divided into categories:

Workforce	31.12.2023	Changes	31.12.2024
Executives	33	-1	32
Clerical staff	784	14	798
Factory workers	2,234	-79	2,155
Temporary workers	808	-170	638
Total as at 31.12	**3,859**	**-236**	**3,623**

Provisions for risks and liabilities (Note 20)

The item can be broken down as follows:

(amounts in Euro thousands)	Opening situation	Increases	Decreases	Reclassification	Discontinued operations	Exchange-rate adjustments	Closing situation
Non-current portion							
1) WARRANTY	4,169	-	-	-53	-	39	4,155
2) COSTS OF LEGAL CLAIMS	-	-	-	-	-	-	-
3) RENOVATION AND RECONV.	-	-	-	-	-	-	-
4) OTHER PROVISIONS	717	-576	-199	-	647	10	599
TOTAL	**4,886**	**-576**	**-199**	**-53**	**647**	**49**	**4,754**
Current portion							
1) WARRANTY	9,195	3,342	-3,207	53	14	38	9,435
2) COSTS OF LEGAL CLAIMS	144	82	-59	-	-22	-	145
3) RENOVATION AND RECONV.	380	1,401	-152	-	3	-	1,632
4) OTHER PROVISIONS	12,609	6,954	-11,208	-	-2,464	49	5,940
TOTAL	**22,328**	**11,779**	**-14,626**	**53**	**-2,469**	**87**	**17,152**

Warranty reserve:
From the product warranty reserve, 3.21 million euros was used for customer claims accepted and the reserve was increased by 3.34 million euros on the basis of the expected warranty costs which will be incurred in relation to the sales made.

Provision for costs of legal claims:
The provision for costs of legal claims refers to tax liabilities that have been defined or are being defined and litigation concerning employees.

Provision for restructuring and reconversion:
As at 31 December 2024, the company had recognised a provision of 1.4 million euros following the early retirement agreements signed in the year, formalised though negotiations between company management and trade union representatives.

Other provisions:
The item “Other provisions” includes amounts recognised for individual companies for future expenses and liabilities.
The item other current provisions is made up of the provision for the employee profit bonus and for MBO bonuses

7. Commitments and risks

At 31 December 2024, there were no commitments and risks.

8. Transactions with related parties (note 21)

The shareholders of the company Carraro S.p.A. as at 31.12.2024, net of treasury shares, were as follows: Finaid S.p.A. for 48.33%, Enrico and Tomaso Carraro jointly for 10.3% and Julia Dora Koranyi Arduini for 37.05%.

Carraro S.p.A. and all Italian-law subsidiaries are included in the tax consolidation area of the parent company Carraro S.p.A. The charges and income deriving from the transfer of the IRES taxable base are booked under current taxes.

The transactions between Carraro S.p.A. and its subsidiaries which are affiliated entities of Carraro S.p.A., were eliminated in the consolidated financial statements and are not pointed out in these notes.

The details of the transactions between Carraro Group and other affiliated companies according to IAS 24 are indicated below.

(amounts in Euro thousands)	***Financial and commercial transactions***			**Economic transactions**				
Related parties	Financial assets	Trade receivables and other receivables	Trade payables and other payables	Sales revenues	Purchases of goods and materials	Purchases of services	Other income and expenses	Other financial income
Finaid S.p.A.	-	808	90	-	-	-	-	-
Enertronica Santerno S.p.A.	-	-	-	-	-	-	-	126
Bhavani Synchrotec Ltd.	-	14	138	12	718	-	-	-
TOTAL	**-**	**822**	**228**	**12**	**718**	**-**	**-**	**126**

9. FINANCIAL INSTRUMENTS

9.1 Classes of financial instruments and fair value hierarchy

The table below shows the breakdown of financial assets and liabilities as required by IFRS 7, according to the categories envisaged by IFRS 9 with reference to 31 December 2023.

31.12.2024 *(amounts in Euro thousands)*	**IFRS 9 Category**	**Book value**	**Level 1**	**Level 2**	**Level 3**
FINANCIAL ASSETS:					
Loans and receivables:					
5.1) Loans and receivables - non-current portion	Loans and receivables	-	-	-	-
3.1) Loans and receivables - current portion	Loans and receivables	-	-	-	-
Financial assets - Non-derivative:					
5.2) Financial assets at current value - non-current portion		-	-	-	-
5.2) Financial assets held until maturity - non-current portion		-	-	-	-
5.2) Financial assets available for sale - non-current portion	Financial instruments held for sale	*61*	-	-	*61*
3.2) Financial assets at current value - current portion		-	-	-	-
3.2) Financial assets held until maturity - current portion		-	-	-	-
3.2) Financial assets available for sale - current portion		-	-	-	-
Financial assets - Derivative:					
5.2) Derivative assets - non-current portion	Financial instruments held for trading	-	-	-	-
3.2) Derivative assets - current portion	Financial instruments held for trading	*415*	-	*415*	-
Other financial assets:					
5.2) Other financial assets - non-current portion	Loans and receivables	*359*	-	-	*359*
3.2) Other financial assets - current portion	Loans and receivables	*757*	-	-	*757*
Trade receivables:					
7.1) Non-current trade receivables	Loans and receivables	-	-	-	-
2.1) Current trade receivables	Loans and receivables	*67,878*	-	-	*67,878*
TOTAL ASSETS		**69,470**	**-**	**415**	**69,055**
of which available-for-sale financial instruments		*61*	-	-	*61*
of which financial instruments held for trading		*415*	-	*415*	-
of which loans and receivables		*68,994*	-	-	*68,994*

31.12.2024 *(amounts in Euro thousands)*	**IFRS 9 Category**	**Book value**	**Level 1**	**Level 2**	**Level 3**
FINANCIAL LIABILITIES:					
Bonds:					
1.1) Bonds - non-current portion	Liabilities at amortised cost	*267,228*	*267,228*	-	-
1.1) Bond loans - current portion	Liabilities at amortised cost	-	-	-	-
Loans:					
1.2) Loans - non-current portion	Liabilities at amortised cost	126,114	-	-	126,114
1.2) Loans - current portion	Liabilities at amortised cost	34,834	-	-	34,834
Leasing:					
1.2) Leases - non-current portion	Liabilities at amortised cost	5,136	-	-	5,136
1.2) Leases - current portion	Liabilities at amortised cost	2,160	-	-	2,160
Financial liabilities - Derivatives:					
1.3) Derivative liabilities - non-current portion	Financial instruments held for trading	-	-	-	-
1.3) Derivative liabilities - current portion	Financial instruments held for trading	443	-	*443*	-
Other financial liabilities:					
1.3) Other financial liabilities - non-current portion	Liabilities at amortised cost	9	-	-	9
1.3) Other financial liabilities - current portion	Liabilities at amortised cost	3,530	-	-	3,530
Trade payables:					
7.1) Non-current trade payables	Liabilities at amortised cost	-	-	-	-
2.1) Current trade payables	Liabilities at amortised cost	196,107	-	-	196,107
TOTAL LIABILITIES		**635,561**	**267,228**	**443**	**367,890**
of which financial instruments at amortised cost		*635,118*	*267,228*	-	*367,890*
of which financial instruments held for trading		*443*	-	*443*	-

9.2 Derivative financial instruments on currencies

The following tables indicate all the key information relating to the portfolio of derivative financial instruments on currencies outstanding as at 31.12.2024. These are instruments designated to cover:
- foreign currency sales budgets;
- imbalances of current receivables and payables in foreign currencies.

a) notional values

CONTRACT *(amounts in Euro thousands)*	Swaps (DCS) (1)	Swaps (DCS) (2)	Total notional values
Carraro S.p.A.		854	854
Carraro Drive Tech Italia S.p.A.	63,843	6,141	69,984
Carraro India		4,978	4,978
Carraro International S.E.		4,570	4,570
Siap S.p.A.	5,040	1,342	6,382
GROUP TOTAL 31.12.2024	**68,883**	**17,885**	**86,768**

(1) instruments hedging foreign currency sales and purchasing budget
(2) instruments hedging current receivables and payables in foreign currencies

b) reference currencies and expiry dates of contracts

CONTRACT	Swaps (DCS) (1)		Swaps (DCS) (2)	
	Currencies	Expiry dates	Currencies	Expiry dates
Carraro S.p.A.	-	-	USD/EUR	Jan-25
Carraro Drive Tech Italia S.p.A.	USD/EUR CNY/EUR INR/EUR	Feb-26	USD/EUR INR/EUR	Jan-25
Carraro India	-	-	EUR/INR	Jun-25
Carraro International S.E.			USD/EUR	Jan-25
Siap S.p.A.	USD/EUR CNY/EUR	Feb-26	USD/EUR	Jan-25

(1) instruments hedging foreign currency sales and purchasing budget
(2) instruments hedging current receivables and payables in foreign currencies

c) Fair value

CONTRACT *(amounts in Euro thousands)*	Swaps (DCS) (1)	Swaps (DCS) (2)	Total
Carraro S.p.A.		-3	-3
Carraro Drive Tech Italia S.p.A.	-198	-21	-219
Carraro India		20	20
Carraro International S.E.		-35	-35
Siap S.p.A.	-160	-6	-166
Carraro S.p.A.	**-358**	**-45**	**-403**

(1) instruments hedging foreign currency sales and purchasing budget
(2) instruments hedging current receivables and payables in foreign currencies

d) Details of *fair values*

(amounts in Euro thousands)	31.12.2024		31.12.2023	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
FAIR VALUE/CASH FLOW HEDGE Exchange rate risk	40	-443	81	-434

e) Summary of fair values recognised before tax effect according to their accounting treatment

(amounts in Euro thousands)	FV recognised in the income statement	FV recognised in net equity	Total
Carraro S.p.A.	-3		-3
Carraro Drive Tech Italia S.p.A.	-1	-218	-219
Carraro India	20		20
Carraro International S.E.	-35		-35
Siap S.p.A.	-55	-111	-166
GROUP TOTAL 31.12.2024	**-74**	**-329**	**-403**

In relation to the positioning in the hierarchy of fair values pursuant to IFRS 7 par. 27 the financial instruments described are classifiable as level 2; there were no transfers of level during the period.
The fair values as at 31.12.2024 of financial instruments on exchange rates were calculated using the forward exchange rate method.
The counterparties with which the contracts are stipulated are leading national and international banking institutions.
The financial instruments on currencies are used, on a basis consistent with the financial risk management policy adopted by the group, to hedge the risks deriving from exchange rate fluctuations and concern sales volumes compared with the budget exchange rate and the collections and payment of short and medium-term receivables and payables with respect to the historical value.
For accounting purposes in relation to contracts hedging sales budgets in foreign currencies effective at the reporting date, it should be noted that for the transactions executed, especially Domestic Currency Swaps, and in accordance with all the conditions provided by the IAS/IFRS standards, hedge accounting was applied.
With reference to the type of cash flow hedges, related changes in fair value are reflected in a shareholders' equity reserve, net of the tax effect.

9.3 Derivative financial instruments on interest rates

There are no derivative contracts on interest rates outstanding as at 31.12.2024.
Any changes in fair value with reference to the type of fair value hedge are reflected in the income statement, net of the tax effect.

9.4 Derivative financial instruments on commodities

The following tables indicate all the key information relating to the portfolio of derivative financial instruments on goods outstanding as at 31.12.2024. These are instruments designated to hedge:

- The risk of fluctuating commodity prices (gas and electricity)

a) Notional values

CONTRACT *(amounts in Euro thousands)*	Swap (1)	Total notional values
Carraro S.p.A.	183	183
Carraro Drive Tech Italia S.p.A.	314	314
SIAP S.p.A.	1,116	1,116
GROUP TOTAL 31.12.2024	**1,613**	**1,613**

(1) instruments activated to hedge fluctuating commodity prices

b) Reference currencies and expiry dates of contracts

CONTRACT	Swap (1)	
	Commodities	Expiry dates
Carraro S.p.A.	PSV (Gas) PUN (Energy)	Dec-25
Carraro Drive Tech Italia S.p.A.	PSV (Gas) PUN (Energy)	Dec-25
SIAP S.p.A.	PSV (Gas) PUN (Energy)	Dec-25

(1) instruments activated to hedge fluctuating commodity prices

c) Fair value

(amounts in Euro thousands)	**Swap (1)**	**Total**
Carraro S.p.A.	40	40
Carraro Drive Tech Italia S.p.A.	72	72
SIAP S.p.A.	263	263
GROUP TOTAL 31.12.2024	**375**	**375**

(1) instruments activated to hedge the risk of fluctuating commodity prices

d) Details of *fair values*

(amounts in Euro thousands)	**31.12.2024**		**31.12.2023**	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
CASH FLOW HEDGE Risk of fluctuating commodity prices	375	-	-	-1,351

e) Summary of fair values recognised before tax effect according to their accounting treatment

(amounts in Euro thousands)	**FV recognised in the income statement**
Carraro S.p.A.	40
Carraro Drive Tech Italia S.p.A.	72
SIAP S.p.A.	263
GROUP TOTAL 31.12.2024	**375**

In relation to the positioning in the hierarchy of fair values pursuant to IFRS 7 par. 27 the financial instruments described are classifiable as level 2; there were no transfers of level during the period.
The fair values as at 31.12.2024 of financial instruments on goods were calculated using the forward price method.
The counterparties with which the contracts are stipulated are leading national and international banking institutions.
Financial instruments on commodities are used, on a basis consistent with the financial risk management policy adopted by the Group, to hedge the risks arising from fluctuating commodity prices and refer to future gas and electricity consumption.
For accounting purposes in relation to contracts hedging fluctuating commodity prices in effect at the end of the reporting period, it should be noted that for the transactions executed, especially Commodity Swaps on Goods, all the conditions provided for in IAS/IFRS applied, so hedge accounting was adopted.
With reference to the type of cash flow hedges, related changes in fair value are reflected in a shareholders' equity reserve, net of the tax effect.

Notional values and *fair values*

Below is a summary table of the assets and liabilities valued at fair value as at 31 December 2024, as required by IFRS 13, described in paragraph 3.2:

(amounts in Euro thousands)	**Level 2 31.12.2024**	**Level 2 31.12.2023**
Assets		
Foreign exchange derivative assets	40	81
Commodity derivative assets	-	-
Total Assets	**40**	**81**
Liabilities		
Foreign exchange derivative liabilities	443	434
Commodity derivative liabilities	-	-
Total Liabilities	**443**	**434**

Sensitivity analysis

The table below shows the economic and financial effects generated by financial statement assets and liabilities as at 31.12.2024 in the event of sudden changes in the following market variables:
- main foreign currencies with respect to the euro: +/- 10%
- interest rates: +100/-15 “basis points”

The interest rate oscillation bands represent the average expectations of maximum change that the markets currently express.
The following methods were used:
- for Interest Rate Swaps the discounted cash flow method was applied;
- Domestic Currency Swap contracts were calculated using the forward exchange rate method;

The exchange rate risks deriving from translation of the financial statements of foreign subsidiaries from local currency into euros were not considered.

Balances as at 31.12.2024	**INTEREST RATE RISK**				**EXCHANGE RATE RISK**			
	+1%		-0.15%		+10%		-10%	
(amounts in Euro thousands)	FINANCIAL EFFECT	EFFECT ON EQUITY	FINANCIAL EFFECT	EFFECT ON EQUITY	FINANCIAL EFFECT	EFFECT ON EQUITY	FINANCIAL EFFECT	EFFECT ON EQUITY
ASSETS								
Trade receivables	-	-	-	-	-957	-	1,327	-
Other financial assets - derivatives on currencies	-	-	-	-	-2,265	-3,618	2,647	5,371
Other financial assets - derivatives on interest rates		-		-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	40,773	-	-40,275	-
Total gross effect	**-**	**-**	**-**	**-**	**37,551**	**-3,618**	**-36,301**	**5,371**
Taxes (24%)	-	-	-	-	-9,012	868	8,712	-1,289
Total net effect	**-**	**-**	**-**	**-**	**28,539**	**-2,750**	**-27,589**	**4,082**
LIABILITIES								
Trade payables	-	-	-	-	-192	-	434	-
Loans	4,413	-	-662	-	-491	-	491	-
Total gross effect	**4,413**	**-**	**-662**	**-**	**-683**	**-**	**925**	**-**
Taxes (24%)	-1,059	-	159	-	164	-	-222	-
Total net effect	**3,354**	**-**	**-503**	**-**	**-519**	**-**	**703**	**-**
TOTAL	**3,354**	**-**	**-503**	**-**	**28,020**	**-2,750**	**-26,886**	**4,082**

Balances as at 31.12.2023	**INTEREST RATE RISK**				**EXCHANGE RATE RISK**			
	+1%		-0.15%		+10%		-10%	
(amounts in Euro thousands)	FINANCIAL EFFECT	EFFECT ON EQUITY	FINANCIAL EFFECT	EFFECT ON EQUITY	FINANCIAL EFFECT	EFFECT ON EQUITY	FINANCIAL EFFECT	EFFECT ON EQUITY
ASSETS								
Trade receivables	-	-	-	-	142	-	150	-
Other financial assets - derivatives on currencies	-	-	-	-	-1,143	-5,658	842	5,015
Other financial assets - derivatives on interest rates	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	6,529	-	-6,528	-
Total gross effect	-	-	-	-	**5,528**	**-5,628**	**5,536**	**5,015**
Taxes (24%)	-	-	-	-	-1,327	1,358	1,329	-1,204
Total net effect	-	-	-	-	**4,201**	**-4,300**	**-4,207**	**3,811**
LIABILITIES								
Trade payables	-	-	-	-	374	-	-199	-
Loans	4,954	-	-743	-	-515	-	515	-
Total gross effect	**4,954**	-	**-743**	-	**-141**	-	**316**	-
Taxes (24%)	-1,189	-	178	-	34	-	-76	-
Total net effect	**3,765**	-	**-565**	-	**-107**	-	**240**	-
TOTAL	**3,765**		**-565**		**4-.094**	**-4,300**	**-3,967**	**3,811**

Positive sign: expense (economic) - decrease (equity)
Negative sign: income (economic) - increase (equity)

10. Subsequent events

There are no subsequent events to report.

11. Information pursuant to Article 2427 Italian Civil Code.

The auditing of the Carraro Group's financial statements is carried out by Deloitte & Touche S.p.A.
The following is a summary of the fees and charges of the independent auditors for the 2023 financial year, relating to audit services and other services provided, net of incidental expenses charged.

(amounts in Euro thousands)	**2024**	**2023**
Accounting audit		
- Carraro S.p.A.	224	253
- subsidiaries	428	374
Total independent auditing services	**652**	**627**
Other services		
- Carraro S.p.A.	57	-
- subsidiaries	668	5
Total other services	**725**	**5**
Total fees	**1,377**	**632**

EQUITY INVESTMENTS HELD BY DIRECTORS, STATUTORY AUDITORS AND GENERAL MANAGERS AND IMMEDIATE FAMILY MEMBERS

Name and surname	**Subsidiary company: Carraro S.p.A.**	**No. of shares held as at 31.12.2023**	**No. of shares held as at 31.12.2024**
Enrico and Tomaso Carraro	Directly held	5,912,275	5,912,275
	through Finaid S.p.A.	28,216,036	28,216,036
Julia Dora Koranyi Arduini		21,630,256	21,630,256

Annex to the notes to the consolidated financial statements 31.12.2024

Transparency obligations under Law No. 124 of 2017 - (Annual Law on the Market and Competition):

The following is a list of grants, contributions, paid assignments and, in any case, economic advantages of any kind received by public administrations and other entities as defined in article 1, subsection 125 of Law 124 of 2017, which the companies belonging to the Carraro Group and therefore included in the scope of consolidation received during the 2024 financial year and not already published in the National Register of State Aid (RNA):

CARRARO S.p.A.

Name and tax number of the recipient: Carraro S.p.A. - 00202040283
Name of the supplying party: Customs Agency
Sum collected: 43,067 euros
Payment Purpose: Refund of customs duties. Reference Law No. 639 of 05/07/1964 - Law No. 773 of 08/11/1973 - Presidential Decree No. 788 of 07/09/1977.

Name and tax number of the recipient Carraro S.p.A. - 00202040283
Name of the supplying party: Customs Agency
Sum collected: 17,067 euros
Payment Purpose: Tax credit for Energy Products shipped to foreign countries, Reference Legislative Decree no. 504 of 26/10/1995 and Ministerial Decree no. 689 of 12/12/1996.

During the 2024 financial year, the company Carraro S.p.A., has:

- tax relief was obtained for undertakings (Article 1, paragraph 100 of Law 205/2017, Article 1, paragraphs 10 to 15, Law no. 178 of 30 December 2020, (2021 Budget Law), for 146,765 euros;

During 2024, SIAP also took advantage of the following contributions and benefits:

- Personnel-related: the company took advantage of the INPS and INAIL benefits for sickness, maternity, leave under Law 104, breastfeeding permits, extraordinary leave, blood donations, family allowances, accident compensation, parental leave and Law 104 for 1,455,430 euros. The company also made temporary layoff payments in advance to employees on behalf of INPS.

Lastly, the Company benefitted from Fondimpresa grants pursuant to Article 25 of law no. 845/1978, CE651/2014 for 53,693 euros;

In addition to the loan with a similar application made the previous year, the company Carraro S.p.A. during 2024 applied for a further medium-/long-term loan with a SACE supporting Italy guarantee to support the liquidity of businesses (Article 15, Decree-Law no. 60 of 17/05/2022, converted with amendments into Law no. 91 of 15/07/2022, known as the Aid Decree). The loan is backed by a SACE guarantee for 90% of the funded amount.
As at 31/12/2024, the loan had been entirely drawn down by Carraro S.p.A.

CARRARO DRIVE TECH ITALIA S.p.A.

Name and tax number of the recipient: Carraro Drive Tech Italia S.p.A. - 05253180284
Name of the supplying party: Customs Agency
Sum collected: 17,675 euros
Payment Purpose: Refund of customs duties. Reference Law No. 639 of 05/07/1964 - Law No. 773 of 08/11/1973 - Presidential Decree No. 788 of 07/09/1977.

Name and tax number of the recipient: Carraro Drive Tech Italia S.p.A. - 05253180284
Name of the supplying party: Customs Agency
Sum collected: 99,557 euros
Payment Purpose: Tax credit for Energy Products shipped to foreign countries, Reference Legislative Decree no. 504 of 26/10/1995 and Ministerial Decree no. 689 of 12/12/1996.

During the 2024 financial year, the company Carraro Drive Tech Italia S.p.A.:

- obtained tax relief for undertakings (Article 1, paragraph 100 of Law 205/2017, Article 1, paragraphs 10 to 15, Law no. 178 of 30 December 2020, (2021 Budget Law), for 230,272 euros;

During 2024, SIAP also took advantage of the following contributions and benefits:

- Personnel-related: the company took advantage of the INPS and INAIL benefits for sickness, maternity, leave under Law 104, breastfeeding permits, extraordinary leave, blood donations, family allowances, accident compensation, parental leave and Law 104 for 1,568,268 euros. The company also made temporary layoff payments in advance to employees on behalf of INPS.

Lastly, the Company benefitted from FONDIMPRESA grants pursuant to Article 25 of law no. 845/1978, CE651/2014 for 86,863 euros;

SIAP S.p.A.

Name and tax number of the recipient: Siap S.p.A. - 00074530932
Name of the supplying party: Customs Agency
Sum collected: 15,398 euros
Payment Purpose: Refund of customs duties. Reference Law No. 639 of 05/07/1964 - Law No. 773 of 08/11/1973 - Presidential Decree No. 788 of 07/09/1977.

Based on the Development Contract ("*COVID-19: Investments for sustainable recovery*") requested for the project to expand the production of "*Ineos*" axles, with application made to INVITALIA, in 2024, the Company received 931,000 euros. This funding was granted on 13 November 2023, as recorded in the RNA;

During the 2024 financial year, the company SIAP S.p.A.:

- obtained tax relief for undertakings (Article 1, paragraph 100 of Law 205/2017, Article 1, paragraphs 10 to 15, Law no. 178 of 30 December 2020, (2021 Budget Law), for 187,437 euros;

During 2024, SIAP also took advantage of the following contributions and benefits:

- Personnel-related: the company took advantage of the INPS and INAIL benefits for sickness, maternity, leave under Law 104, breastfeeding permits, extraordinary leave, blood donations, family allowances, accident compensation, parental leave and Law 104 for 1,083,428 euros. The company also made temporary layoff payments in advance to employees on behalf of INPS.

The Company benefitted from Fondimpresa grants pursuant to Article 25 of law no. 845/1978, CE651/2014 for 12,500 euros;

Lastly, at the end of 2023, the Company received a "*de minimis*" grant, disbursed based on the facility DGR 2484/2014 (Operational criteria of the Rotation Fund Management Committee for economic initiatives in Friuli Venezia Giulia, adopted on 16 January 2015) of 150,000 euros, related to the grant disbursed on 20 April 2023, as recorded in the RNA.

DRIVESERVICE s.r.l.

- During the 2024 financial year, the company Driveservice S.r.l.:
  - obtained tax relief for undertakings (Article 1, paragraph 100 of Law 205/2017, Article 1, paragraphs 10 to 15, Law no. 178 of 30 December 2020, (2021 Budget Law), for 1,352 euros;

During 2024, the company also took advantage of the following contributions and benefits:

- Personnel-related: the company took advantage of the INPS and INAIL benefits for sickness, maternity, leave under Law 104, breastfeeding permits, extraordinary leave, blood donations, family allowances, accident compensation, parental leave and Law 104 for 28,776 euros. The company also made temporary layoff payments in advance to employees on behalf of INPS.

Lastly, the Company benefitted from Fondimpresa grants pursuant to Article 25 of law no. 845/1978, CE651/2014 for 19,630 euros;

Date: 13 March 2025

The Chairman

Enrico Carraro

Carraro Group

Directors' Report on Operations as at 31 December 2024

CARRARO S.p.A.

Head Office in Via Olmo no. 37, Campodarsego (Padova) 35011

Share Capital 41,452,543.60 euros, fully paid-up.

Tax Code, VAT and Registration Number

Companies Register of Padova no. 00202040283 – R.E.A. no. 84033 84033

GENERAL INFORMATION

BOARD OF DIRECTORS	**ENRICO CARRARO (1)**	Chairman
In office until approval of the 2026 financial statements	**TOMASO CARRARO (1)**	Deputy Chairman
	ANDREA CONCHETTO (1)	Chief Executive Officer
	RICCARDO ARDUINI (1)	Director
	VIRGINIA CARRARO (1)	Director
	ENRICO GOMIERO (1)	Director
	ALESSANDRO GIULIANI (2)	Director

BOARD OF STATUTORY AUDITORS	**CARLO PESCE**	Chairman
In office until approval of the 2026 financial statements	**MARINA MANNA**	Regular Auditor
	ANTONIO GUARNIERI	Regular Auditor
	SARAH BENETTIN	Alternate Auditor
	GABRIELE ANDREOLA	Alternate Auditor

INDEPENDENT AUDITORS	**Deloitte & Touche S.p.A.**

The Chairman Mr Enrico Carraro and the Deputy Chairman Mr Tomaso Carraro – as well as the Chief Executive Officer Mr Andrea Conchetto – have been granted separate powers to legally represent and sign for the company in relations with third parties and in legal actions; they carry out their work within the limits of the powers conferred on them by the Board of Directors in the meeting of 24 April 2024, in accordance with applicable legal constraints, in terms of matters which cannot be delegated by the Board of Directors and of responsibilities reserved for the Board itself, as well as the principles and limits provided for in the Company's Articles of Association. In addition (i) the Chief Executive Officer Andrea Conchetto is granted specific powers related to his role as General Manager (ii) as at 31 December 2024, the Board Director Enrico Gomiero had been granted specific powers for economic/financial management.

DISCLAIMER

This document contains forward-looking statements, in particular in the section "Expected business outlook 2025", in relation to future events and the operating, economic and financial results of the Carraro Group. These forecasts have by their very nature a component of risk and uncertainty, as they depend on the occurrence of future events and developments. The actual results may differ, even significantly, from those announced in relation to a multiplicity of factors.

CONSOLIDATED INCOME STATEMENT AS AT 31.12.2024

(amounts in Euro thousands)	31.12.2024	%	31.12.2023	%	Changes 31.12.2024-31.12.2023	%
REVENUES FROM SALES	**736,607**	**100.00%**	**846,298**	**100.00%**	**-109,691**	**-12.96%**
Purchases of goods and materials (net of changes in inventories)	-446,669	-60.64%	-533,351	-63.02%	86,682	16.25%
Use of third-party goods and services	-97,972	-13.30%	-117,924	-13.93%	19,952	16.92%
Personnel costs	-116,415	-15.80%	-110,167	-13.02%	-6,248	-5.67%
Amortisation, depreciation and impairment of assets	-29,376	-3.99%	-26,906	-3.18%	-2,470	-9.18%
Provisions for risks	-3,585	-0.49%	-10,178	-1.20%	6,593	64.78%
Other income and expenses	10,024	1.36%	6,558	0.77%	3,466	52.85%
Internal construction	624	0.08%	389	0.05%	235	60.41%
OPERATING COSTS	**-683,369**	**-92.77%**	**-791,579**	**-93.53%**	**108,210**	**13.67%**
OPERATING PROFIT/(LOSS) (EBIT*)	**53,238**	**7.23%**	**54,719**	**6.47%**	**-1,481**	**-2.71%**
Income and expenses from equity investments	-	0.00%	-	0.00%	-	
Other financial income	4,474	0.61%	5,926	0.70%	-1,452	-24.50%
Financial costs and expenses	-27,921	-3.79%	-26,771	-3.16%	-1,150	-4.30%
Net gains/(losses) on foreign exchange	-868	-0.12%	579	0.07%	-1,447	
Value adj. of financial assets	-56	-0.01%	-	0.00%	-56	
Income (expenses) from hyperinflation	-	0.00%	-	0.00%	-	
GAINS/(LOSSES) ON FINANCIAL ASSETS	**-24,371**	**-3.31%**	**-20,266**	**-2.39%**	**-4,105**	**-20.26%**
PROFIT/(LOSS) BEFORE TAXES	**28,867**	**3.92%**	**34,453**	**4.07%**	**-5,586**	**-16.21%**
Current and deferred income taxes	-13,714	-1.86%	-7,804	-0.92%	-5,910	-75.73%
NET OPERATING RESULT FROM CONTINUING OPERATIONS	**15,153**	**2.06%**	**26,649**	**3.15%**	**-11,496**	**-43.14%**
Net operating result from discontinued operations	-2,103	-0.29%	-6,262	-0.74%	4,159	-66.42%
Profit/(loss) pertaining to minorities	35	0.00%	-1,301	-0.15%	1,336	
GROUP CONSOLIDATED PROFIT/(LOSS)	**13,085**	**1.78%**	**19,086**	**2.26%**	**-6,001**	**-31.44**
EBITDA *	**80,216**	**10.89%**	**81,069**	**9.58%**	**-853**	**-1.05%**

(*) for the breakdown, please refer to the "Summary of financial year" section, which describes the alternative performance indicators.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31.12.2024

(amounts in Euro thousands)	**31.12.2024**	**31.12.2023 ***
Property, plant and equipment	273,540	253,451
Intangible fixed assets	106,828	110,832
Real estate investments	870	833
Equity investments	4,204	4,273
Financial assets	420	304
Deferred tax assets	20,954	22,199
Trade receivables and other receivables	4,640	5,436
NON-CURRENT ASSETS	**411,456**	**397,328**
Closing inventory	151,337	146,892
Trade receivables and other receivables	90,309	114,541
Financial assets	1,172	1,029
Cash and cash equivalents	300,524	200,476
CURRENT ASSETS	**543,342**	**462,938**
DISCONTINUED OPERATIONS	**14,006**	**8,163**
TOTAL ASSETS	**968,804**	**868,429**

Share Capital	41,453	41,453
Reserves	128,214	23,179
Profit/loss for the year	13,085	19,086
Minority interests	33,714	16,372
SHAREHOLDERS' EQUITY	**216,466**	**100,090**
Financial liabilities	398,487	410,465
Trade payables and other payables	11,399	9,831
Deferred tax liabilities	23,114	24,613
Provision for severance indemnity and retirement benefits	9,714	8,300
Provisions for risks and liabilities	4,754	4,886
NON-CURRENT LIABILITIES	**447,468**	**458,095**
Financial liabilities	40,967	31,484
Trade payables and other payables	233,432	239,981
Current tax payables	4,532	9,059
Provisions for risks and liabilities	17,152	22,328
CURRENT LIABILITIES	**296,083**	**302,852**
DISCONTINUED LIABILITIES	**8,787**	**7,392**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**968,804**	**868,429**

* Figures as at 31.12.2023 were restated following the reclassification of some components. For further details, see section 3.4. - Restatement of comparative data in the notes.

ANALYSIS OF NET WORKING CAPITAL AT 31.12.2024

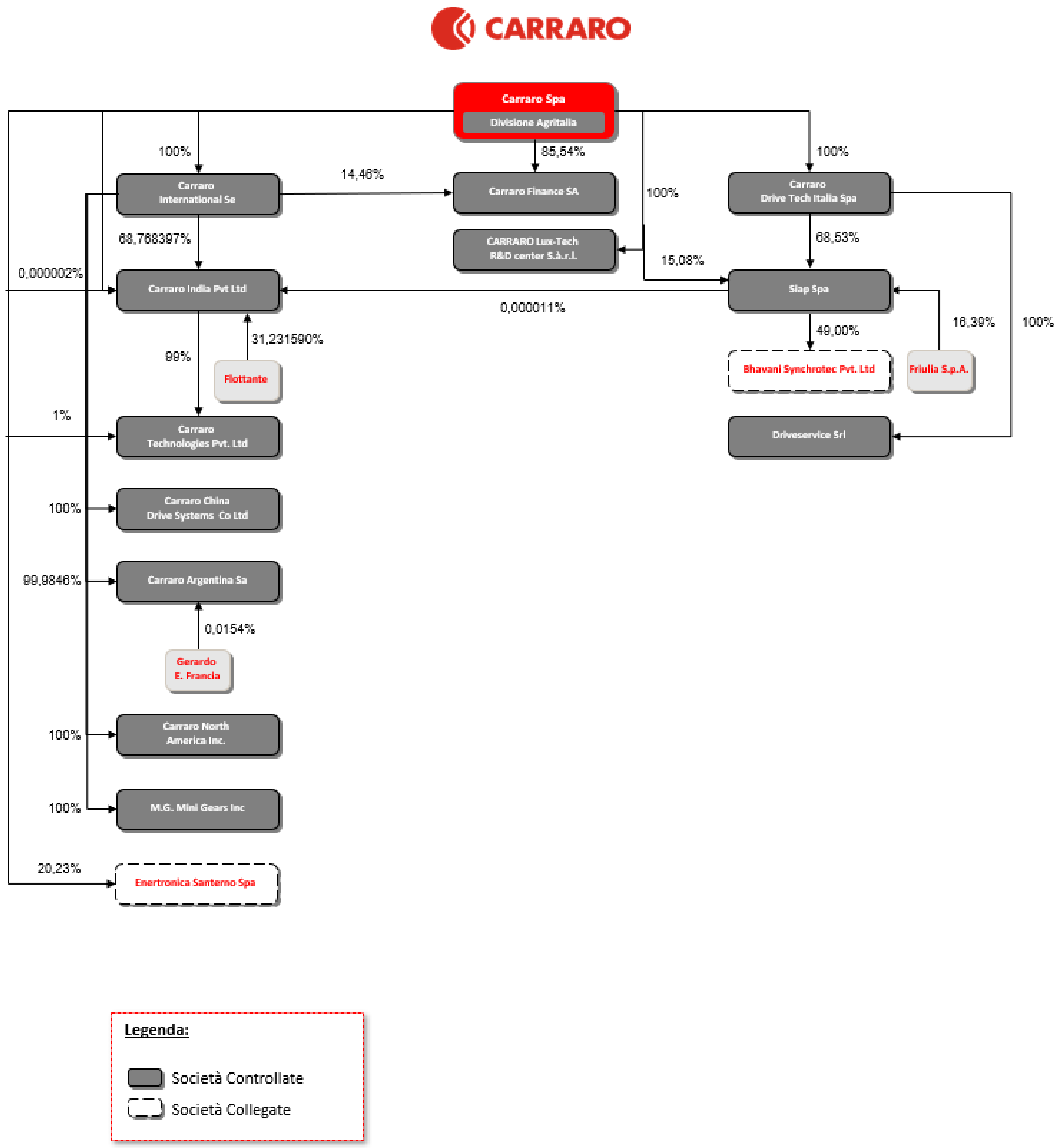
(amounts in Euro thousands)	**31.12.2024**	**31.12.2023**
Trade Receivables (*)(*)	67,878	89,219
Closing inventory	151,337	146,892
Trade Payables (*)(*)(*)	-196,107	-205,178
Net Working Capital of operations (*)	**23,108**	**30,933**

(*) for the breakdown, please refer to the "Summary of financial year" section, which describes the alternative performance indicators.

(*)(*) for details of the item see Note 12 of the consolidated financial statements.

(*)(*)(*) for details of the item see Note 17 of the consolidated financial statements.

CORPORATE STRUCTURE OF THE CARRARO GROUP
AS AT 31.12.2024



The Carraro Group

Carraro is an international group, leader in transmission systems for off-highway vehicles and specialised tractors, with Headquarters in Italy in Campodarsego (Padova).
Carraro S.p.A. is not subject to management and coordination activities under the terms of Article 2497 and following of the Italian Civil Code.
To date the Group's activities are divided into two Business Areas:

- **Drive systems**
  Through the companies belonging to the Drivelines / Components Business Area (Drivetech), which represents the majority of the Group, Carraro designs, manufactures and sells transmission systems (axles, transmissions and gearboxes) mainly for agricultural and 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.

Reference markets

Agriculture

In 2024, all areas worldwide saw a significant contraction in the sales volumes of new agricultural machinery in various markets and segments. In particular, the drop in demand was more marked in the family farming and hobby farming segments, due to the difficulties of operators in accessing credit, linked to the persistence of high interest rates, and the reduction of incentives for the sector.

In 2024, the **European** market recorded a significant drop in sales compared to the previous year. Prices of agricultural commodities fell progressively, impacting the income of operators, who have also had to bear much higher costs for fertilisers, lubricants, fuel and irrigation due to the drought that has plagued large areas of the continent. The European Union also reduced subsidies and incentives. In light of this, the trend of renewing Europe's vast fleet of agricultural equipment reported a downturn. The increase in the cost of money – which has made investments more expensive – also contributed to the dynamics.

In **North America**, there was a decrease in sales compared to the previous year, partly accentuated in the second half of the year. The *hobby and family farming sectors* contracted sharply with a consequent increase in dealer stock levels. Demand in the large plot segment and the harvesting machinery sector also fell, albeit to a lesser extent.

The **Turkish** agricultural market is also slowing down, with a resulting increase in existing vehicle stock at both dealers and manufacturers. After years of considerable growth, new registrations declined in both the first and second half of the year, although the postponement of new regulations on engine emissions (Stage V - from January 2025) favoured retail sales.

China registered a slowdown in the sector, although with a substantial shift in demand towards higher-powered vehicles, partly due to local subsidies. Sales of machines below 100hp dropped significantly in favour of higher power ratings above 200hp, the Carraro Group's leadership segment. In order to best utilise the large production capacities installed, the local market is directing its activities more and more towards exports, pushing Chinese manufacturers towards a major technological improvement.

In both **Japan** and **South Korea** in 2024, sales volumes were in line with the trend in other markets. Of note is the constant development of alliances between Japanese and Indian OEMs in order to expand their respective sales perimeters.

In **India**, the first part of 2024 saw slightly lower sales volumes than last year. The positive effects of both the MSP (Minimum Support Price) and the resilience of commodity prices only partially supported operators in the purchase of new agricultural machinery; however these were partly cancelled out by the negative impact of the 2023 monsoons on the first few months of 2024, and above-normal temperatures, which penalised sales of machines in some areas of the country. The second part of the year instead saw demand from the domestic market for tractors improve, mainly due to the effects of the 2024 monsoon, which led to a good level of water reserves in most of the country. Domestic demand for 4-wheel drive tractors went up.

In **Latin America** and especially in Brazil, sales deteriorated compared to the previous year due to difficulties in accessing credit combined with too few incentives such as those under the SAFRA plan, which considerably slowed down the tendency to purchase new machines, with the exception of tractors for fruit orchards.

Construction equipment

After an extremely positive three-year period in many areas of the world, 2024 registered important signs of a more pronounced slowdown in the private construction sector, both residential and commercial. The decline in sectors related to large public works was less marked.

In **Europe**, the downturn in demand was significant and varied depending on the specific segment. In particular, the German market showed strong signs of a slowdown. The available of vehicles at distributors peaked in the first part of the year, and then dropped off in the second half. The actions taken by the ECB in the second half of the year in order to gradually reduce interest rates were not a decisive factor in encouraging operators to buy new vehicles.

The **Turkish** construction market was heavily affected by the country’s economic crisis which has resulted in a significantly decrease in domestic demand. Local manufacturers are therefore also pushing into foreign markets.

In **North America**, performance was better than in other global areas, thanks to the renewal of rental fleets. However, stocks at distributors are growing due to the forecast decrease in the propensity to buy. In the last part of the year, investments slowed down due to uncertainty over the imminent elections and lack of clarity over new economic policies.

Domestic demand in **China** slackened further to reach values far lower than the past. As with the agricultural sector, manufacturers attempted to balance excess production capacity, focussing on exports, which for the first time outperformed the domestic market. Consequently, local industry is partially converting heavy duty constructions into light constructions, also to support the need to maintain internal infrastructure.

Demand for new vehicles in **India** was satisfactory and in line with the previous year, also due to the introduction of new regulations on emissions being postponed to 2025, with a relative increase in sales in the last part of 2024. The recent re-election of the outgoing government in the last elections has boosted investments in infrastructure construction with a positive effect on demand.

In **Latin America**, demand increased slightly, after the significant contraction during 2023. However, volumes are still at rather low levels. Cost pressure is still strong due to the import of vehicles from China.

New business initiatives of the Group

Since 2023, the Group has consolidated its strong commitment to market diversification through two new initiatives related to the Maniago hub.

Off-highway & e-Trucks automotive sector

As regards the INEOS Grenadier project, the first half of 2024, with the delivery of 22,000 axles, saw the growth spurt which began in 2023 continue, confirming expectations for volumes. Instead, a sharp decline was registered in the second part of the year, due to the lack of critical components of a supplier, that forced the customer to stop production for several months. This critical aspect was resolved towards the end of the year, enabling production to resume in the spring of 2025.

In parallel, 2024 saw the start of production in series and the consolidation of job orders acquired in previous years with important OEM in the sector of shaft and distribution gears for truck combustion engines. The year was also characterised by the completion of additional important investments to consolidate the role of the production site at Montereale Valcellina (Pordenone) as a hub of excellence on the high-volume truck gears market.

Summary of financial year 2024

To better understand the figures relating to 2024, adjusted figures will be highlighted. Specifically, the adjusted figures will take into account transactions not connected to ordinary operations.

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

- EBITDA: understood as the sum of operating profit/loss, amortisation, depreciation (including any adjustments) and impairment of fixed assets. The directors consider EBITDA to be a useful, alternative performance indicator for understanding the Group's operating result;

- EBIT: understood as operating profit/loss in the income statement. The directors consider EBITDA to be a significant indicator for understanding the Group's operating result;

- NET WORKING CAPITAL OF OPERATIONS: the difference between Trade Receivables, Net Inventories and Trade Payables in the balance sheet. The directors consider net working capital of operations to be significant, as it is representative of the Group's financial performance in operative terms;

- NET FINANCIAL POSITION OF OPERATIONS: ESMA Net Debt determined in accordance with the provisions of recommendations contained in the ESMA document no. 32-382-1138 of 2021, deducting, where applicable, non-current financial receivables and assets, in addition to the effects arising from the adoption of IFRS 16. The directors consider the net financial position of operations to be a significant indicator for the purposes of representing the Group's overall debt situation.

Performance

After the first half of the year in which the effects on western markets had been offset by the growth in new businesses (automatic and eTruck axles) and by the excellent performance of Asian markets, volumes fell sharply in the second half of 2024, due to downwards revisions in the sales forecasts of our main European and North American customers, in both the agricultural and construction equipment sectors.
The sudden halt in production at our plant dedicated to INEOS offroad axles, following the first half of the year that was fully in line with forecasts, due to an unexpected interruption in the supply chain of our customer, had an negative impact on activity levels, also involving our suppliers. The decrease in volumes was partially balanced, thanks to the excellent performance of activities in China. At an EBITDA level, the negative impact on volumes was balanced by actions to cut product costs and structure costs, the relocation of supplies, negotiations with suppliers and a general streamlining of production processes, thanks also to investments made in the last few years.

Special mention should be made of the listing of the Group's Indian subsidiary in December 2024, with full details given in this report, which led to significant and positive changes in capital.

As regards the Drivelines & Components Business Area, which produces and markets transmission systems for agricultural and construction equipment, offroad vehicles and a wide range of components and gears, sales in 2024 decreased considerably over the previous year due to the negative performance of traditional markets at global level, as previously explained; the contraction in margins was less than proportional, thanks to the Business Area's capacity to deal with the drop in volumes in a structured, organised way, through actions to optimise product costs and keep industrial and general overheads down. The traditional gears sector in particular was affected by the negative performance on global reference markets (above all in Europe and the USA), that led to inefficiencies not only in the use of labour, but also in terms of the management of working capital.

With reference to the Vehicles Business Area, which designs and produces special tractors, turnover fell sharply in the year, due to the considerable drop in volumes on traditional markets. In addition, profitability was further impacted by changes in the product mix, with a decrease in the premium segment, only partially offset by the growth in the utility tractors segment. Management offset the effects of lower volumes with projects to recover efficiency and keep costs down, and with the use of social shock absorbers.

As regards the activities of Carraro International in 2024, during the first half of the year, operations for the initial public offering of subsidiary Carraro India began. In this context, Carraro International sold the company Carraro Technologies India to Carraro India in June, in order to consolidate its autonomy in the management of research and development activities necessary to support the important programme for growth on the Indian market. The IPO was finalised in December 2024 with the listing of the company on the Mumbai stock exchange and the sale of 17,755,681 shares for a value of 140.639 million euros. The net capital gain recognised in consolidated shareholders' equity, in association with provisions in international accounting standards, amounted to 110.674 million euros.

As regards financial management, the consolidated net financial position of operations was negatively affected by the drastic reduction in turnover, particularly with reference to the last quarter, which caused stock tensions above all for goods in transit. However a positive balance was achieved thanks to the successful sale of the Indian subsidiary's shares. Management adopted all measures necessary to mitigate these effects and the Group will achieve a balance during 2025.

Results summary

The data below does not include economic results relative to the Argentine business which is held for disposal. For details of the economic results of the Argentine business, see section 5b) of the notes to the consolidated financial statements.

As described previously, 2024 closed with a considerable drop in consolidated turnover, which amounted to 736.607 million euros, down 12.96% compared to turnover of the previous year, equal to 846.298 million euros. For the Drivelines & Components Business Area, turnover fell by 8.60% compared to 2023, while for the Vehicles Business Area, sales dropped by 29.43%.

However, Group profitability remained at good levels despite the reduction compared to 2023. EBITDA at 31 December 2024 came to 80.216 million euros (10.89% of turnover), up in percentage times and slightly decreasing by 1.05% compared to 81.069 million euros (9.58% of turnover) in 2023; 2024 EBIT amounted to 53.218 million euros (7.23% of turnover), up in percentage turns and down by 2.71% compared to 54.719 million euros (6.47% of turnover) in 2023.

2024 EBITDA and EBIT were impacted by the effects of extraordinary management equal to 1,289 thousand euros, mainly due to provisions necessary to cover the costs of early retirement agreements which the Group hopes will be signed next year.

Adjusted and EBITDA and EBIT would be the following:

(amounts in Euro thousands)	**31.12.2024**	**% of turnover**	**31.12.2023**	**% of turnover**
EBITDA	80,216	10.9	81,069	9.6
ADJUSTED EBITDA	81,505	11.1	81,069	9.6
EBIT	53,238	7.2	54,719	6.5
ADJUSTED EBIT	54,527	7.4	54,719	6.5

Net financial expenses amounted to 23.447 million euros (3.2% of turnover), an increase compared to 20.845 million euros (2.4% of turnover) in 2023. This item was impacted by the general increase in interest rates, and in particular the increase in the rate related to the issue of the new bond in November 2023, as well as a greater use of credit facilities in the year to support working capital and the gradual decrease in the remuneration of liquidity, in particular during the last quarter of 2024.

Exchange losses amounted to 868 thousand euros (0.12% of turnover) down on the previous year (gains for 579 thousand euros, 0.07% of turnover). It should be noted that the Group works with polices to balance commercial flows (natural hedges) and with hedging transactions.

Taxes for the period amounted to a total of 13.714 million euros (1.86% of turnover) compared to 7.804 million euros (0.92% of turnover) in the previous year.

The 2024 result of operations held for sale, which concern the Argentine subsidiary, were negative amounting to -2.103 million euros, improving on the -6.262 million euros of the previous year.

The Group's consolidated net profit amounted to 13.085 million euros (1.78% of turnover), down compared to 2023 profit, which amounted to 19.086 million euros (2.26% of turnover).

Adjusted net profit would have been the following:

(amounts in Euro thousands)	**31.12.2024**	**% of turnover**	**31.12.2023**	**% of turnover**
NET PROFIT/(LOSS)	13,085	1.8	19,086	2.3
ADJUSTED NET PROFIT/(LOSS)	14,015	1.9	19,086	2.3

The consolidated net financial position of operations at 31 December 2024 was negative for 131.445 million euros, compared to 31 December 2023 (negative 234.451 million euros). as stated in the introduction, this item was negatively affected by the drastic reduction in turnover, particularly with reference to the last quarter, which caused stock tensions above all for goods in transit. However a positive balance was found thanks to the successful sale of the Indian subsidiary's shares.

As at 31 December 2024, all the financial covenants envisaged by bond issue regulations and by banking contracts had been met.

Research and Development: innovation, new applications and value chain

During the year, the Group's commitment to R&D continued, focused on developing innovative transmission systems and specialised tractors aimed at markets with greater potential. In 2024, investments in product and process R&D were equal to 3.62% of turnover, slightly higher in percentage terms compared to the figure for 2023 (3.54%), and in line with expectations.

The Group has kept a steady focus on devising and proposing solutions to customer requests, levering existing products and its customisation capacity with different levels of technical and technological complexity. In addition, new innovative products are proposed to meet the specific needs of the business and market, with particular attention paid to optimising production costs.

During 2024, the commitment to obtaining the approval of new suppliers, processes and materials, was considerable, with the aim of reducing the costs of components for the year and for future years, when all approved components will become fully operational.

Product and Range Renewal

Renewal activities, in response to commercial needs and customer requests were stable, both for axles and transmissions. The development of new products, in line with the strategic plan, was finalised to introduce new solutions to expand the offering in the *Compact Wheeled Loader, Tele Boom Handler, Wheeled Excavator and Aerial Working Platform* segments, improving product margins and anticipating main technological trends, such as the introduction of electric and hydrostatic drives to replace hydrokinetic drives.

Key R&D projects

As regards transmissions, the R&D team is focussed on the development of hydrostatic and electric transmissions for wheeled loaders, telescopic trucks and wheeled excavators - all market segments that offer considerable opportunities to introduce new technologies focussed on a better performance and greater environmental sustainability. Another key project was the development of electric agricultural transmissions with a power up to 75 hp, which met the needs of major customers.

The Group also worked on the completion of the range of agricultural transmissions covering power categories up to 130 hp and the development of a continuously variable transmission (CVT) technology based on a hydrostatic/mechanical powersplit. The CVT project gained support from customers in the validation phase, with performance considered to be at the level of best-in-class products.

As regards the renewal of the axles range, the Group's R&D team focussed on axles for combine harvesters and medium-power tractors, for fruit orchards, as well as low-/medium-power tractors for the Indian market - significant in terms of expected sales volumes.

In Construction Equipment, new standardised Telescopic Boom Handler axles were developed for applications in the American and European markets, as well as new axles and transfer boxes for aerial platforms.

Engineering Services

The Group's R&D centre is continuing to set up a multi-disciplinary team with skills in integrated systems tests, system modelling, digital twin and vehicle engineering. The main objective is to provide advanced engineering services for customers, using innovative technologies for highly integrated, verticalized solutions.

System modelling makes it possible to devise mathematical models and digital simulations in the design phase. This approach reduces development times and costs, improving the reliability and efficiency of proposed solutions.

The digital twin instead is a virtual replication of a component, system or entire vehicle, which makes it possible to monitor, analyse and predict actual performance thanks to real time data integration. This tool makes it possible to anticipate critical aspects, optimise the product lifecycle and improve the quality of the after-sales service.

For Carraro, the adoption of these technologies represents a strategic opportunity on several levels:

- greater value for customers: by offering predictive, customised solutions, with Carraro consolidating its position as a technological partner, improving the effectiveness of collaboration and increasing loyalty.
- internal optimisation: the use of digital models makes it possible to accelerate the development of new products and reduce the time-to-market, guaranteeing a greater competitiveness.
- driveline supply opportunities can be expanded, and the time-to-market of new products can be accelerated for both the Drivelines & Components Business Area and the Vehicles Business Area.
- new business opportunities: the ability to supply bespoke engineering services, with advanced simulation and digital monitoring of products opens up new lines of revenue, transforming company know-how into a business asset.

The integration of these technologies allows Carraro not only to support customers with the best performing solutions, but also to value its know-how through engineering services with a high added value.

Tractors

In 2024, R&D activities for the OEM Agritalia tractor range focused on completing the development of the new models for open field applications (120 hp), achieving excellent results in terms of reliability and product quality. A range of specialised tractors was upgraded for one of the main customers, with a new cabin including innovative features and improved driver comfort. The project for tractors with a continuously variable transmission is successfully continuing, with promising prototypes for the range's future expansion. The production of the new range of tractors is continuing seamlessly, receiving positive feedback from the sales network. In line with the strategic plan, the development of a powered driveline continued, alongside well-established models. In parallel, cost industrialisation and optimisation were targeted, by revising specifications, approving new suppliers, adopting technological changes in production processes and the industrial production of components.

Human Capital

In 2024, the HR Department pursued the strategic objectives outlined in the three-year HCM plan to support the Carraro Group's growth, focusing on reorganisation, talent development and process digitisation. An organisational model was created, based on business partnerships and centers of expertise, with new hires in key positions. Employer Branding initiatives were introduced and consolidated, as well as academic partnerships, aimed at attracting talent, with 266 new employees, above all from a STEM background.

To support the Group's transformation, the values model was further developed, with the introduction of "Carraro Spirit", and performance appraisal systems were introduced, promoting a merit-based culture.

In the area of skills' development, over 40,000 hours of training were provided in Italy and new Academies were set up, for Digitalisation and Sustainability for example.

Labour cost management resulted in a 4% reduction in global costs, despite the impact of inflation.

On the digital front, new people analytics and internal communication tools were implemented, and a platform to manage HCM processes was selected.

Lastly, in the industrial area, trade union agreements were managed in relation to converting bonus results into welfare initiatives, using temporary layoff payments and launching an early retirement plan with the aim of optimising labour costs in the long-term.

Carraro Social Responsibility

During 2024, ESG activities were stepped up considerably, as demonstrated by the following initiatives: the installation of over 5MW of photovoltaic plants in Italy and India, the project to revise the Group's values model, extending ISO 14001 and ISO 45001 certification to nearly all sites, and the award of a medal, for the third year running, from Ecovadis, with an improved rating.

The most significant step in 2024 was the assessment, conducted in conjunction with the Center for Sustainability and Climate Change of the Department of Business Sciences of Bologna University, aimed at evaluating our organisation and sustainability strategy. This evaluation confirmed the need to extend involvement in ESG dynamics to increasingly wider-ranging company levels. Consequently, our ESG Governance was reorganised, with a new Operational Committee being set up, comprising the company's front line managers and three work teams focussed on the individual issues of the Environment, Social Sphere and Governance. This Committee was tasked with updating Carraro's Sustainability Plan before the end of 2025.

SIGNIFICANT EVENTS IN FINANCIAL YEAR 2024

The most significant events that occurred during the year are summarised below.

On 26 March 2024, the Company SIAP Spa resolved in an extraordinary shareholders' meeting to increase the paid-in capital called up entirely by Carraro Spa through the transfer, effective as of 1 April 2024, of the business unit consisting of the industrial, technical and commercial relationship with the Customer "Ineos Automotive Limited" and the organised legal relationships pertaining to the business “INEOS Grenadier".

On 27 March 2024, Carraro International SE transferred to its own parent company Carraro S.p.A. the 10.13% stake held in Enertronica Santerno S.p.A..

On 30 June 2024, Technologies India was sold in June to Carraro India for 2,677 thousand euros.

The transaction was finalised on 30 December 2024 with the listing of the company Carraro India Pvt. on the Mumbai stock exchange and the sale of 17,755,681 shares for a value of 140,639 thousand euros. The equity investment held in the Indian subsidiary decreased by approximately 31.23%. As already explained in the section on performance, the capital gain, recognised in consolidated shareholders’ equity, net of transaction fees and including income taxes, amounted to 110,675 thousand euros.

For more information on the application of IFRS 5 and its effects on this Relationship, please refer to the information in the Notes.

SUBSEQUENT EVENTS

There are no subsequent events to report.

EXPECTED BUSINESS OUTLOOK 2025

2025 continued to show clear weaknesses in its traditional reference markets (Agricultural and Construction Equipment), above all in the first part of the year, as well as the Automotive segment, keeping the pressure on production costs and overhead high, in order to support the Group’s overall profitability. In the second half of 2025, the Group expects to benefit from some phase-ins and a general recovery - which should lead to an increase in turnover and therefore offset the negative effects registered in the first part of the year.

The continual development of an investment plan that is consistent with business strategies in Europe and Asia is still crucial, but with particular attention paid to financial dynamics and cash generation.

BALANCE SHEET AND FINANCIAL DATA

Turnover

Consolidated turnover at 31 December 2024 reached 736.607 million euros, a decrease of 12.96% compared to the turnover for 2023, of 846.298 million euros.

The following table breaks turnover down by business segment:

	SALES			SALES TO THIRD PARTIES			INTRA-GROUP SALES		
(amounts in Euro thousands)	**2024**	**2023**	**Diff. %**	**2024**	**2023**	**Diff. %**	**2024**	**2023**	**Diff. %**
DRIVE TECH	637,461	697,479	-9	581,421	635,776	-9	56,028	61,703	-9
AGRITALIA	126,894	179,806	-29	123,191	176,528	-30	3,703	3,278	13
UNALLOCATED REVENUES	63,628	69,814	-9	31,983	33,995	-6	31,645	35,820	-12
TOTAL SEGMENTS	**827,983**	**947,099**	**-13**	**736,595**	**846,299**	**-13**	**91,376**	**100,801**	**-9**
INTRA-GROUP ELIMINATIONS	-91,376	-100,801	-9	-	-		-91,376	-100,801	-9
CONSOLIDATED TOTAL	**736,607**	**846,298**	**-13**	**736,595**	**846,299**	**-13**	-	-	

Intra-group sales refer to sales realised between companies from different business areas (in particular the DriveTech & Components (DriveTech) Business Area and the Vehicles (Agritalia) Business Area.

The following table breaks down total turnover by geographical area:

(amounts in Euro thousands)	**31.12.2024**	**%**	**31.12.2023**	**%**	**Diff. 2024-2023%**
India	131,009	17.79%	129,414	15.29%	1.23%
China	106,459	14.45%	70,738	8.36%	50.50%
Germany	58,623	7.96%	85,975	10.16%	-31.81%
France	54,266	7.37%	64,217	7.59%	-15.50%
North America	51,956	7.05%	59,344	7.01%	-12.45%
Turkey	46,873	6.36%	76,302	9.02%	-38.57%
Switzerland	29,065	3.95%	38,464	4.54%	-24.44%
United Kingdom	23,580	3.20%	35,610	4.21%	-33.78%
South America	21,330	2.90%	19,717	2.33%	8.18%
Sweden	21,028	2.85%	20,800	2.46%	1.10%
Other EU areas	26,257	3.56%	32,437	3.83%	-19.05%
Other non-EU areas	9,629	1.31%	12,683	1.50%	-24.08%
Total Abroad	**580,075**	**78.75%**	**645,701**	**76.30%**	**-10.16%**
Italy	156,532	21.25%	200,597	23.70%	-21.97%
Total	**736,607**	**100.0%**	**846,298**	**100.00%**	**-12.96%**
of which:		-		-	
Total EU area	**316,706**	**43.00%**	**404,026**	**47.74%**	**-21.61%**
Total non-EU area	**419,901**	**57.00%**	**442,272**	**52.26%**	**-5.06%**

Note: following an improvement in the reclassification by geographical area, the figures for 2023 have been restated.

It should be noted that the Group mainly sells to the production sites of OEMs that may reside in different countries from the nations of end users of their products.

In terms of foreign country positioning, India remained in first place overall, followed by China with a significant increase of 50.5%.

The Group's historic market, North America (registering a decrease of 12.45%) remained in fifth place due to the slowdown on markets, as explained previously.

With regard to sales on European markets, besides Italy, Germany maintained its lead, despite a 31.81% slowdown, followed by France.

EBITDA and EBIT

The following tables show details of EBITDA and EBIT.

(amounts in Euro thousands)	**31.12.2024**	**% of turnover**	**31.12.2023**	**% of turnover**	**Diff. %**
EBITDA	**80,216**	**10.9**	**81,069**	**9.6**	**-1.05**
EBIT	**53,238**	**7.2**	**54,719**	**6.5**	**-2.71**

2024 EBIT came to 53.238 million, up in percentage terms (from 6.5% to 7.2% of turnover) despite the reduction in absolute terms of 2.71% compared to 2023 (54.719 million). EBITDA also increased in percentage terms (from 9.6% to 10.9% of turnover), even if it fell from 81.069 million to 80.216 (-1.05% in absolute terms).

Net of non-ordinary management effects, both indices improved, as follows:

(amounts in Euro thousands)	**31.12.2024**	**% of turnover**	**31.12.2023**	**% of turnover**	**Diff. %**
EBITDA	**80,216**	**10.9**	**81,069**	**9.6**	**-1.1**
Costs/(income) of non-ordinary operations			-		
of which:					
Restructuring and early retirement costs	1,289				
ADJUSTED EBITDA	**81,505**	**11.1**	**81,069**	**9.6**	**0.5**

(amounts in Euro thousands)	**31.12.2024**	**% of turnover**	**31.12.2023**	**% of turnover**	**Diff. %**
EBIT	**53,238**	**7.2**	**54,719**	**6.5**	**-2.7**
Costs/(income) of non-ordinary operations			-		
of which:					
Restructuring and early retirement costs	1,289				
ADJUSTED EBIT	**54,527**	**7.4**	**54,719**	**6.5**	**-0.4**

Amortisation, depreciation and impairment of fixed assets

(amounts in Euro thousands)	**31.12.2024**	**% of turnover**	**31.12.2023**	**% of turnover**	**Diff. %**
Depreciation and amortisation	28,008	3.8	27,142	3.2	3.2
Adjustment deprec. property, plant and equipment	-842	-0.1	-608	-0.1	38.5
Adjustment to amortisation of intangible assets	-188	-0.0	-184	-0.0	2.2
Amortisation, depreciation and impairment	**26,978**	**3.7**	**26,350**	**3.1**	**2.4**

Amortisation and depreciation for the year amounted to 26.978 million euros (3.7% of turnover), slightly up compared to 26.350 million euros (3.1% of turnover) in 2023. This item was impacted by amortisation relative to the Purchase price allocation for the merger with FLY S.r.l., in 2022, for 4.7 million euros.

Net financial expenses

(amounts in Euro thousands)	**31.12.2024**	**% of turnover**	**31.12.2023**	**% of turnover**	**Diff. %**
Net financial expenses	-23,447	-3.2	-20,845	-2.5	-12.5

Financial expenses increased by 12.5%, from 20.845 million euros to 23.447 million euros. This item was impacted by the general increase in interest rates, and in particular the increase in the rate related to the issue of the new bond in November 2023, a greater use of credit facilities in the year to support working capital and the gradual decrease in the remuneration of liquidity, in particular during the last quarter of 2024.
Expenses also include the fees paid on the bonds, absorbed in the repayment schedule, based on the amortised cost method.

Exchange differences

(amounts in Euro thousands)	**31.12.2024**	**% of turnover**	**31.12.2023**	**% of turnover**	**Diff. %**
Exchange differences	-868	-0.12	579	0.07	n.r.

Exchange differences at 31 December 2024 were negative for 868 thousand euros (-0.12% of turnover). In 2023, exchange differences were positive amounting to 579 thousand euros (0.07% of turnover). Thanks to a natural hedge policy, the Group's sales flow profile is substantially balanced.

Net profit/(loss)

2024 closed with a Group net profit of 13.085 million euros (1.8%% of turnover) down considerably compared to 2023, which recorded a profit of 19.086 million euros (2.3%% of turnover). Taxes at 31 December 2024 amounted to 13.714 million euros (-1.9% of turnover) against 7.804 million euros (-0.9% of turnover) at 31 December 2023.

(amounts in Euro thousands)	**31.12.2024**	**% of turnover**	**31.12.2023**	**% of turnover**	**Diff. %**
EARNINGS BEFORE TAX	**28,867**	**3.9**	**34,453**	**4.1%**	**-16.2**
Current and deferred income taxes	-13,714	-1.9	-7,804	-0.9%	
Net operating result from discontinued operations	2,103	0.3	-6,262	-0.7%	
Profit/(loss) pertaining to minorities	35	0.0	-1,301	-0.2%	
NET PROFIT/(LOSS)	**13,085**	**1.8**	**19,086**	**2.3%**	**-31.4**

The effects of extraordinary management on net profit/(loss) are summarised in the next table:

(amounts in Euro thousands)	**31.12.24**	**% of turnover**	**31.12.23**	**% of turnover**	**Diff. %**
NET PROFIT/(LOSS)	**13,085**	**1.8**	**19,086**	**2.3**	**-31.4**
Costs/(income) non-ordinary operations net of the tax effect	930				
ADJUSTED NET PROFIT/(LOSS)	**14,015**	**1.9**	**19,086**	**2.3**	**-26.6**

In 2024, ordinary items amounted to 930 thousand euros net of the relative tax effect, mainly due to provisions necessary to cover the costs of early retirement agreements which the Group hopes will be signed next year.

Investments

(amounts in Euro thousands)	31.12.2024	31.12.2023
Investments	**42,403**	**49,461**

Investments as at 31.12.2024 came to 42.403 million euros, down considerably compared to 49.461 million euros as at 31.12.2023.

In the first half of 2023, the Group upped its pace with investments, to promote an increase in production capacity necessary to support portfolio objectives; SIAP also purchased a site and new, highly technological production lines and machinery were commissioned.

Net financial position of operations

(amounts in Euro thousands)	31.12.2024	30.06.2024	31.12.2023
Net financial position of operations*	-131,445	-238,555	-234,451

* for the breakdown, please refer to the "*Summary of financial year*" section, which describes the alternative performance indicators.

As required by ESMA Recommendation 32-382-1138 of 4.3.2021, as at 31.12.2024, the amount of cash and cash equivalents stated also included long-term items for 5.32 million euros; for more details reference is made to Note 14.

The consolidated net financial position of operations as at 31 December 2024 was negative for 131.445 million euros, improving on 31 December 2023 (negative for 222.962 million euros), thanks to the successful sale of shares of the Indian subsidiary in the IPO, which balanced the drastic reduction in turnover, particularly with reference to the last quarter, which caused stock tensions above all for goods in transit.

Treasury Shares

At 31 December 2023, the Company held 2,626,988 treasury shares for a total investment of 6.666 million euros. During the year, no treasury shares were purchased and/or sold.

HUMAN RESOURCES

Workforce trend

Figures as at 31.12.2024

	31.12.2024	31.12.2023
Executives	32	33
Clerical staff	798	784
Factory workers	2,155	2,234
Temporary workers	638	808
Total	**3,623**	**3,859**

Group headcount at 31 December 2024 (including temporary workers, trainees and interim workers), amounted to 3,623 persons compared to 3,859 actually working at 31 December 2023. The decrease concerned all sites, due to the considerable decline in production volumes

In terms of the geographic breakdown, at 31 December 2024, there were 1,652 employees in Italy and 1,971 in other countries, of which 1,592 in India, 278 in China, 87 in Argentina, 3 in the United States and 11 in Luxembourg.

PERFORMANCE OF THE PARENT COMPANY

Carraro S.p.A.

Carraro S.p.A. is the parent company, with strategic guidance, control, coordination and R&D functions. The company also has a production site, Divisione Agritalia, based in Rovigo, for the development, manufacture and distribution of agricultural tractors based on agreements with major international manufacturers (Agco, John Deere, Claas, Valta, Antonio Carraro).
With effect from 1 April 2024, Carraro S.p.A. sold to SIAP S.p.A. the business unit consisting of the industrial, technical and commercial relationship with the Customer "Ineos Automotive Limited" and the organised legal relationships pertaining to the business "Ineos Grenadier".

In 2024, Carraro S.p.A. realised sales revenues of 189.345 million euros (248.858 million euros as at 31 December 2023, -23.9%). The reduction in turnover is attributable, as explained in the next section, to the contraction in volumes of the Agritalia division. 2023 was positively impacted by start of the marketing of a range of automotive axles for the customer INEOS produced at SIAP S.p.A.'s dedicated plant.

EBIT was negative for -7.344 thousand euros, accounting for -3.9% of turnover (in 2023 it was negative for -3.288 million euros, accounting for -1.3% of turnover) and EBITDA was negative for 380 thousand euros, equal to -0.2% of turnover (in 2023 it was positive for 4.066 million euros, equal to 1.6% of turnover). Both ratios performed worse due to the negative performance of Agritalia.

In 2024, amortisation and depreciation were equal to 7.277 million euros, basically in line with the previous year (7.593 million euros). 2024 figures were affected by the amortisation for the *Purchase price allocation* for 1.986 million euros.

Dividends of 27.6 million euros were recognised in 2024. In 2023, dividends for 17.5 million euros were recognised.

Net financial expenses amounted to 13.4 million euros (7.1% of turnover), a decrease in absolute value compared to 10.9 million euros (4.4% of turnover) as at 31 December 2023.

Tax assets totalled 82 thousand euros (2.983 thousand in 2023) and 2023 closed with a net profit of 8.4 million euros (4.4% of turnover) compared to 8.2 million euros in 2023 (3.3% of turnover).

Gross investments in 2024 amounted to 5.341 million euros, down compared to 7.881 million euros as at 31 December 2023.

The net financial position of operations, negative for 148.683 million euros as at 31 December 2023, worsened, and was negative for 174.452 million euros as at 31 December 2024.

The shareholders' equity of Carraro S.p.A at 31 December 2024 amounted to 73.836 million euros, down slightly compared to 75.328 million euros in 2023, due to the combined effect of the operating result and the distribution of the dividend.

The workforce as at 31 December 2024 totalled 534 persons (of which 203 involved in the strategic policy-making and control and coordination function, including the R&D area with 111 people, and 331 at the Rovigo plant of Divisione Agritalia).

Summary results of the parent company and the companies it directly controls, not attributable to any of the Business Areas, are given below. The net result of the subsidiary Carraro International is worth noting, impacted by the capital gain from the listing of Carraro India, which is recognised in the income statement of the separate financial statements.

(amounts in Euro thousands)

	Carraro S.p.A.					Carraro Finance SA				
	31.12.2024	**% of turnover**	**31.12.2023**	**% of turnover**	**Diff. %**	**31.12.2024**	**% of turnover**	**31.12.2023**	**% of turnover**	**Diff. %**
Turnover	189,345		248,858		-23.9	1,313		1,387		-5.3
EBITDA (*)	-380	-0.2	4,066	1.6	n.r.	-236	-18.0	-837	-60.3	-71.8
EBIT (*)	-7,344	-3.9	-3,228	-1.3	n.r.	-508	-38.7	-1,031	-74.3	-50.7
Net Sh.	8,364	4.4	8,170	3.3	2.4	263	20.0	-1,113	-80.2	n.r.
Amortisation, depreciation and impairment	7,277	3.8	7,593	3.1	-4.2	272	20.7	194	14.0	40.2
Net financial position of operations (*)	-174,452		-148,694			3,388		3,027		
Shareholders' equity	73,836		75,328			3,507		3,245		

	Carraro International SE					Carraro Lux-Tech R&D Center S.à.r.l.				
	31.12.2024	**% of turnover**	**31.12.2023**	**% of turnover**	**Diff. %**	**31.12.2024**	**% of turnover**	**31.12.2023**	**% of turnover**	**Diff. %**
Turnover	-		-			900		1		n.r.
EBITDA (*)	-587		-383		53.3	144	16.0	-1,007		n.r.
EBIT (*)	-587		-383		53.3	23	2.6	-1,082		n.r.
Net Sh.	100,827		2,380		n.r.	5	0.6	-1,096		n.r.
Amortisation, depreciation and impairment	-					121	13.4	75		61.3
Net financial position of operations (*)	87,730		-40,016			-1,890		-		n.r.
Shareholders' equity	118,440		19,613			2,009		404		n.r.

(*) for the breakdown, please refer to the "Summary of financial year" section, which describes the alternative performance indicators.

Performance and results of the Carraro Group Business Areas

DRIVELINES & COMPONENTS - DRIVE TECH BUSINESS AREA

SUBCONSOLIDATED INCOME STATEMENT AS AT 31.12.2024
DRIVELINES & COMPONENTS BUSINESS AREA

(amounts in Euro thousands)	31.12.2024	%	31.12.2023	%	Change 31.12.2024 – 31.12.2023	%
REVENUES FROM SALES	**637,461**	**100.00%**	**697,479**	**100.00%**	**-60,018**	**-8.60%**
Purchases of goods and materials (net of changes in inventories)	-371,595	-58.29%	-415,111	-59.52%	43,516	10.48%
Services and use of third-party goods	-101,882	-15.98%	-122,606	-17.58%	20,724	16.90%
Personnel costs	-80,017	-12.55%	-74,397	-10.67%	-5,620	-7.55%
Amortisation, depreciation and impairment of assets	-23,324	-3.66%	-20,816	-2.98%	-2,508	-12.05%
Provisions for risks	-2,537	-0.40%	-4,612	-0.66%	2,075	44.99%
Other income and expenses	2,037	0.32%	2,435	0.35%	-398	-16.34%
Internal construction	624	0.10%	389	0.06%	235	60.41%
OPERATING COSTS	**-576,694**	**-90.47%**	**-634,718**	**-91.00%**	**58,024**	**9.14%**
OPERATING PROFIT/(LOSS) (EBIT)	**60,767**	**9.53%**	**62,761**	**9.00%**	**-1,994**	**-3.18%**
Income from equity investments	-	0.00%	-	0.00%	-	
Other financial income	706	0.11%	1,218	0.17%	-512	-42.04%
Financial costs and expenses	-11,968	-1.88%	-11,079	-1.59%	-889	-8.02%
Net gains/(losses) on foreign exchange	-125	-0.02%	614	0.09%	-739	
Value adj. of financial assets	-56	-0.01%	-	0.00%	-56	
Income (expenses) from hyperinflation	-	0.00%	-	0.00%	-	
GAINS/(LOSSES) ON FINANCIAL ASSETS	**-11,443**	**-1.80%**	**-9,247**	**-1.33%**	**-2,196**	**-23.75%**
PROFIT/(LOSS) BEFORE TAXES	**49,324**	**7.74%**	**53,514**	**7.67%**	**-4,190**	**-7.83%**
Current and deferred income taxes	-11,703	-1.84%	-10,163	-1.46%	-1,540	-15.15%
NET OPERATING RESULT FROM CONTINUING OPERATIONS	**37,621**	**5.90%**	**43,351**	**6.22%**	**-5,730**	**-13.22%**
Net operating result from discontinued operations	-2,103	-0.33%	-6,262	-0.90%	4,159	66.42%
Profit/(loss) pertaining to minorities	35	0.01%	-1,301	-0.19%	1,336	
NET PROFIT/(LOSS)	**35,553**	**5.58%**	**35,788**	**5.13%**	**-235**	**-0.66%**
EBITDA (*)	**82,240**	**12.90%**	**83,329**	**11.95%**	**-1,089**	**-1.31%**

(*) for the breakdown, please refer to the “Summary of financial year” section, which describes the alternative performance indicators.

SUBCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31.12.2024

DRIVELINES & COMPONENTS BUSINESS AREA

(amounts in Euro thousands)	**31.12.2024**	**31.12.2023**
Property, plant and equipment	207,791	190,164
Intangible fixed assets	81,030	82,499
Real estate investments	193	155
Investments in subsidiaries, associates and joint ventures	4,718	4,788
Financial assets	61	34
Deferred tax assets	8,401	7,872
Trade receivables and other receivables	4,458	5,064
NON-CURRENT ASSETS	**306,652**	**290,576**
Closing inventory	122,380	125,052
Trade receivables and other receivables	87,728	105,006
Financial assets	3,164	353
Cash and cash equivalents	82,505	39,986
CURRENT ASSETS	**295,777**	**270,397**
DISCONTINUED OPERATIONS	**14,006**	**8,163**
TOTAL ASSETS	**616,435**	**569,136**
Share capital	5,000	5,000
Reserves	166,387	157,671
Profit/loss for the year	35,553	35,788
Minority interests	15,020	16,372
SHAREHOLDERS' EQUITY	**221,960**	**214,831**
Financial liabilities	88,698	77,070
Trade payables and other payables	8,718	6,447
Deferred tax liabilities	14,241	15,193
Provision for severance indemnity and retirement benefits	8,079	6,361
Provision for risks and liabilities	3,531	3,486
NON-CURRENT LIABILITIES	**123,267**	**108,557**
Financial liabilities	54,695	21,855
Trade payables and other payables	195,199	204,950
Current tax payables	2,357	1,802
Provision for risks and liabilities	10,170	9,749
CURRENT LIABILITIES	**262,421**	**238,356**
DISCONTINUED LIABILITIES	**8,787**	**7,392**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**616,435**	**569,136**

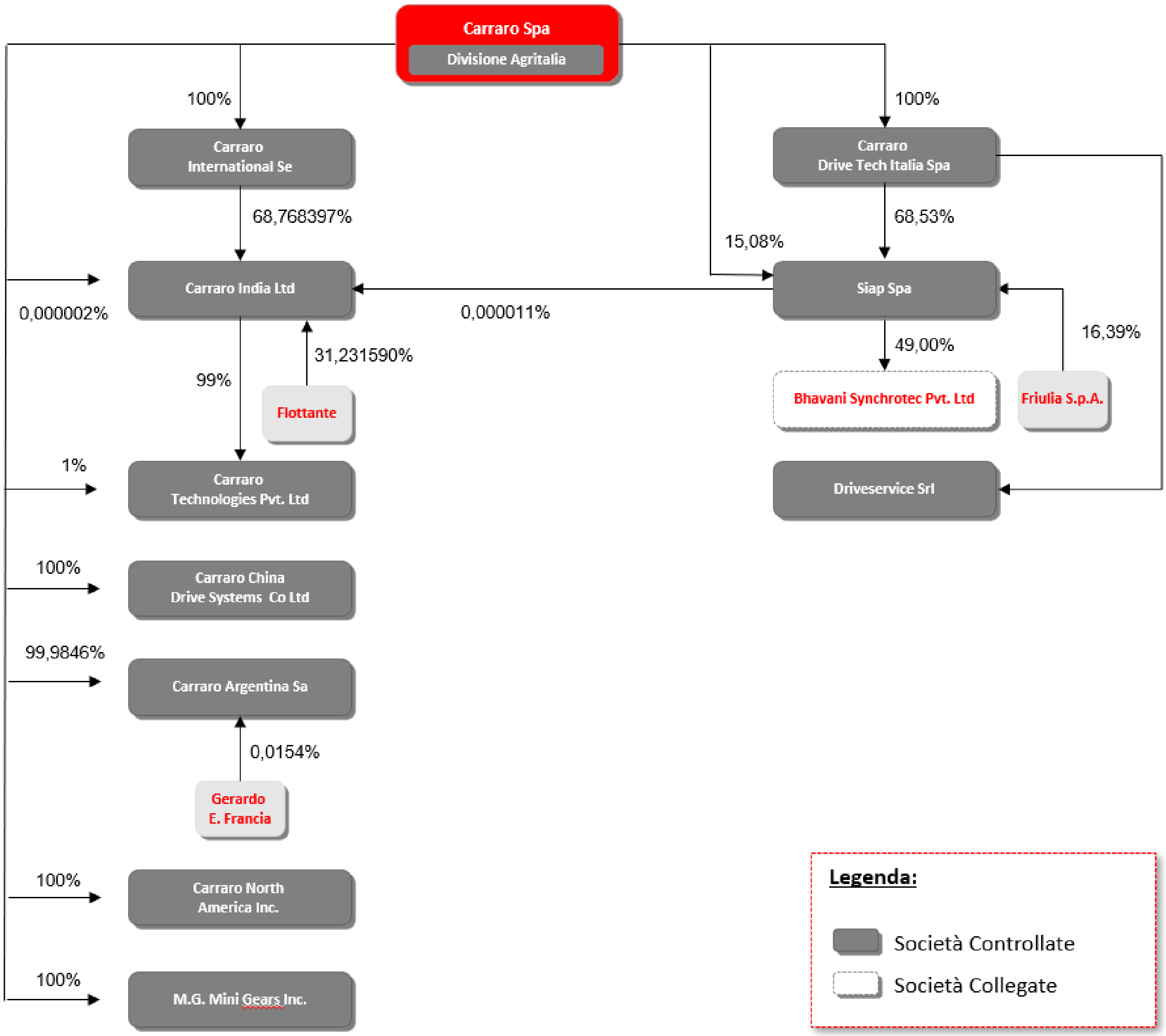
* Figures as at 31.12.2023 were restated following the reclassification of some components. For further details, see section 3.4. - Restatement of comparative data in the notes.

ANALYSIS OF NET WORKING CAPITAL OF OPERATIONS AT 31.12.2024
DRIVELINES & COMPONENTS BUSINESS AREA

(amounts in Euro thousands)	**31.12.2024**	**31.12.2023**
Trade receivables	73,517	87,981
Closing inventory	122,380	125,052
Trade payables	-159,797	-166,051
Net Working Capital of Operations (*)	**36,100**	**46,982**

(*) for the breakdown, please refer to the “Summary of financial year” section, which describes the alternative performance indicators.

CORPORATE STRUCTURE OF THE DRIVELINES & COMPONENTS BUSINESS AREA AS AT 31.12.2024



Drivelines & Components - Drive Tech Business Area

Sales in 2024 decreased compared to the previous year, mainly due to the reduction in volumes related to the agricultural segment.
In relation to 2023, the use of production capacity improved considerably, despite lower volumes, above all in Italy. The production of “Ineos Grenadier” offroad axles reached an output level exceeding the previous year, although not in line with expectations in the second half of the year, before the stop imposed by the customer, as explained in the introduction. The new plant at Montereale Valcellina for the production of gears for the truck segment became fully operational - an important step consolidating the Group’s already strong presence on the heavy duty gears market.

Sales revenues of Drivetech as at 31 December 2024 amounted to a total of 637.461 million euros compared to 697.479 million euros in 2023, up by 8.60%.

Turnover from third parties, which accounts for 91.2% of total turnover, was equal to 581.421 million euros compared to 635.776 million for the previous year (91.2% of total turnover) down by 8.5%.

Below is the detailed analysis of the main target markets.

Agricultural market

2024 was characterised by a slowdown in demand for new agricultural machinery in all areas worldwide.
Sales in the agricultural market, representing 28.55% (31.63% in 2023) of the Drive Tech Business Area's overall turnover, decreased by 17.66% compared to the previous year.
The main market for the segment is Asia. India accounts for 10.48% of turnover (8.87% in 2023). The positive effects of both the MSP (Minimum Support Price) and the resilience of commodity prices partially supported operators in the purchase of new agricultural machinery and were partly cancelled out by the negative impact of monsoons and above-normal temperatures which affected crops, penalising sales of tractors in some areas of the country.
China, which accounts for 3.93% of total turnover (3.82% in 2023) recorded a decrease in sales compared to the previous year (-6.0%).
In Europe, the agricultural segment Business Area recorded a decrease in sales compared to 2023. In particular, sales in Italy fell, accounting for 6.36% of overall turnover in 2024 (6.47% in 2023). Considerable declines were also recorded in absolute terms on the French market (2.35% in 2024, 3.32% in 2023) and above all on the Turkish market (1.43% in 2024, 4.14% in 2023) due to the high stock levels of vehicles at dealers and OEMs.
In North America, turnover decreased. In addition, prospects are uncertain due to the high pressure on the sales prices of machines. The NAFTA area market accounted for 1.33% of turnover in 2024 (1.57% in 2023), decreasing by 22.8% compared to the previous year.

Construction equipment market

After an extremely positive three-year period in many geographic areas, 2024 registered important signs of a more pronounced slowdown in both the residential and non-residential private sector.The decline in sectors related to large public works funded in past years was less pronounced. The “Construction Equipment" segment accounted for 47.91% of sales in 2024 (45.88% in 2023), a decrease of 4.57% compared to 2023.

Despite the slowdown, China is still one of the main world markets for construction machinery and equipment. Chinese OEM tried to balance their excess production capacity, focussing on exports which, for the first time, outperformed the number of vehicles sold on the domestic market. Consequently, local industry is partially converting heavy duty constructions into light constructions. The growth in lighter vehicles also had impacts related to the need to maintain internal infrastructure. The year therefore ended recording a strong growth over the previous year (+88.4% compared to 2023) which generated an overall of turnover of 12.68% (6.15% in 2023) representing the lead market.
India with 8.77% recorded a decrease over 2023 (-6.0%), despite the government ensuring continuity in investments in internal infrastructure with positive effects on demand.
In Europe, the downturn in demand was significant and varied depending on the specific market segment. The availability of vehicles at distributors peaked in the first part of the year, and then dropped off in the second half. The actions taken by the ECB in the second half of the year in order to gradually reduce interest rates were not a decisive factor in encouraging operators to buy new vehicles.
Germany is the European market facing the most difficulties with 4.47% of turnover (6.70% in 2023), down by 39.0% compared to 2023, followed by Italy with sales equal to 4.96% of the total (6.40% in 2023) down by 29.2% over the previous year.
The Turkish market, which accounts for 5.09% of overall turnover (6.20% in 2023), was heavily affected by the country's economic crisis which has significantly decreased domestic demand for construction vehicles.
In North America, sales were down compared to the previous year (-6.8%), and prospects were uncertain due to a slowdown in investments caused by the uncertainty over elections and lack of clarity over new economic policies. The percentage accounting for turnover in 2024 was equal to 2.45% compared to 2.41% in 2023.
In Latin America, demand increased after the significant contraction of the previous year. However, volumes are still at rather low levels.This market accounted for 2.27% of the total (1.79% in 2023, up by 16.2% compared to the previous year.

<u>Material handling market</u>

The "Material Handling" segment represents 1.76% of total turnover (2.16% in 2023), down 25.7% from the previous year.

<u>Automotive Market</u>

The "relatively new" "Automotive" segment accounted for 8.90% of total turnover from the Drivelines & Components Business Area, compared to 7.26% in the previous year, a decrease of 12.2% over 2023.
Europe, and Italy in particular (6.08% of total turnover in 2024, 5.72% in 2023) is the main sales market for this segment.
As regards the standard production of Grenadier offroad axles, reference is made to the introduction.

<u>Replacement parts</u>

The turnover from replacement parts, with an increase of 3.9% compared to 2023, accounted for 10.26% of total turnover (9.02% in 2023).
Germany, where the main OEMs of the sectors the Group operates in are based, was still the main market (2.12% of demand in 2024, 1.85% in 2023), followed by the United States (1.55% of demand in 2024, 1.52% in 2023).

Results summary

Due to the reduction in volumes mentioned previously, the analysis of economic data shows an overall worsening of results. In particular, 2024 turnover amounted to 637.461 million euros with a decrease of 8.60% and worsening margins in terms of both EBIT and EBITDA, of -3.18% and -1.31%% respectively in absolute terms, albeit improving in percentage terms in relation to turnover.

A breakdown of turnover between sales to third parties and intra-group is provided below:

(amounts in Euro thousands)	SALES			SALES TO THIRD PARTIES			INTRA-GROUP SALES		
	31.12.2024	31.12.2023	Diff. %	31.12.2024	31.12.2023	Diff. %	31.12.2024	31.12.2023	Diff. %
DRIVE TECH	637,461	697,479	-8.6	581,421	635,776	-8.5	56,040	61,703	-9.2

Intra-group sales refer to sales between companies from different business areas (in particular the Drivelines & Components (DriveTech) Business Area and the Vehicles (Agritalia) Business Area.

Turnover from third parties, which accounts for 91.2% of total turnover, was equal to 581.421 million euros compared to 635.776 million for the previous year (91.2% of total turnover) down by 8.5%. Turnover from Group Companies amounted to 56.040 million euros (8.8% of total turnover), with a 9.2% decrease compared to 61.703 million euros (8.8% of total turnover) in 2023.

The following table breaks down total turnover by geographical area:

(amounts in Euro thousands)	31.12.2024	%	31.12.2023	%	difference % '24 - '23
India	132,705	20.82%	131,614	18.87%	0.83%
China	106,458	16.70%	70,753	10.14%	50.46%
Germany	48,250	7.57%	67,542	9.68%	-28.56%
North America	47,283	7.42%	55,396	7.94%	-14.65%
Turkey	46,830	7.35%	76,246	10.93%	-38.58%
France	27,335	4.29%	33,818	4.85%	-19.17%
United Kingdom	23,573	3.70%	28,608	4.10%	-17.60%
South America	21,330	3.35%	19,685	2.82%	8.36%
Sweden	21,028	3.30%	20,800	2.98%	1.10%
Switzerland	5,433	0.85%	5,437	0.78%	-0.07%
Other EU areas	26,257	4.12%	30,866	4.43%	-14.93%
Other non-EU areas	8,429	1.32%	9,347	1.34%	-9.82%
Total Abroad	**514,911**	**80.78%**	**550,112**	**78.87%**	**-6.40%**
Italy	122,550	19.22%	147,367	21.13%	-16.84%
Total	**637,461**	**100.00%**	**697,479**	**100.00%**	**-8.60%**
of which:					
Total EU area	**245,420**	**38.50%**	**300,393**	**43.07%**	**-18.30%**
Total non-EU area	**392,041**	**61.50%**	**397,086**	**56.93%**	**-1.27%**

Note: following an improvement in the reclassification by geographical area, the figures for 2023 have been restated.

In analysing turnover, it should be noted that the Group mainly sells to the production sites of OEMs that may reside in different countries from the nations of end users of their products.

Drive Tech's total turnover by geographic area shows India once again as the main foreign market with 20.82% (18.87% in 2023), followed by China with 16.70% (10.14% in 2023). Germany, with 7.57% (9.68% in 2023) is the main market in the European Union, after Italy, followed by France with 4.29% (4.85% in 2023). Turnover in Italy fell (-16.84% compared to 2023).

The following table breaks down total turnover by application segment:

(amounts in Euro thousands)	**31.12.2024**	**%**	**31.12.2023**	**%**	**difference % "24-"23**
CONSTRUCTION EQ.	305,401	47.91	320,023	45.88	-4.57
AGRICULTURE	181,972	28.55	220,988	31.68	-17.66
SPARE PARTS	65,301	10.24	62,829	9.01	3.93
AUTOMOTIVE	56,693	8.89	50,551	7.25	12.15
MATERIAL HANDLING	11,198	1.76	15,068	2.16	-25.68
OTHER	16,896	2.65	28,020	4.02	-39.70
Total	**637,461**	**100.00**	**697,479**	**100.00**	**-8.60**

EBITDA amounted to 82.240 million euros (12.9% of turnover) decreasing in absolute terms, but increasing by 1% in relative terms compared to the 83.329 million euros (11.9% of turnover) in 2023. EBIT amounted to 60.767 million euros (9.5% of turnover), down in absolute terms compared to 62.761 million euros as at 31 December 2023 (9% of turnover), but increasing by 0.5% in relative terms with respect to turnover.

(amounts in Euro thousands)	**31.12.2024**	**% of turnover**	**31.12.2023**	**% of turnover**
EBITDA	82,240	12.9	83,329	11.9
EBIT	60,767	9.5	62,761	9.0

2024 EBITDA and EBIT were impacted by the effects of extraordinary management equal to 1,089 thousand euros, mainly due to provisions necessary to cover the costs of early retirement agreements which the Group hopes will be signed next year.

(amounts in Euro thousands)	**31.12.2024**	**% of turnover**	**31.12.2023**	**% of turnover**	**Diff. %**
EBITDA	**82,240**	**12.9**	**83,329**	**11.9**	**-1.3**
Costs/(income) of non-ordinary operations					
of which:					
Restructuring and early retirement costs	1,089		-		
ADJUSTED EBITDA	**83,329**	**13.1**	**83,329**	**11.9**	**0.0**

(amounts in Euro thousands)	**31.12.2024**	**% of turnover**	**31.12.2023**	**% of turnover**	**Diff. %**
EBIT	**60,767**	**9.5**	**62,761**	**9.0**	**-3.2**
Costs/(income) of non-ordinary operations					
of which:					
Restructuring and early retirement costs	1,089		-		
ADJUSTED EBIT	**61,856**	**9.7**	**62,761**	**9.0**	**-1.4**

Net profit was equal to 35.553 million euros (5.6% of turnover), basically in line with the 35.788 million euros (5.1% of turnover) of 2023.

(amounts in Euro thousands)	31.12.2024	% of turnover	31.12.2023	% of turnover
NET PROFIT/(LOSS)	35,553	5.6	35,788	5.1

The effects of operations impacted net profit for 787 thousand euros, net of the tax effect, as described in more detail in the next table.

(amounts in Euro thousands)

	31.12.24	% of turnover	31.12.23	% of turnover	Diff. %
NET PROFIT/(LOSS)	**35,553**	**5.6**	**35,788**	**5.1**	**-0.7**
Costs/(income) of non-ordinary operations net of the tax effect	786				
ADJUSTED NET PROFIT/(LOSS)	**36,339**	**5.7**	**35,788**	**5.1**	**1.5**

The net financial position of operations as at 31 December 2024 was negative amounting to 50.001 million euros, slightly worse than the figure of 49.532 million euros as at 31 December 2023, due to the reduction in turnover causing stock tensions, above all for goods in transit.

Amortisation, depreciation and impairment of fixed assets

(amounts in Euro thousands)	31.12.2024	% of turnover	31.12.2023	% of turnover	Diff. %
Depreciation and amortisation	22,190	3.5	21,061	3.0	5.4
Impairment of fixed assets	-	0.0	-	0.0	
Adjustment deprec. property, plant and equipment	-698	-0.1	-478	-0.1	46
Adjustment to amortisation of intangible assets	-19	-0.0	-15	-0.0	26.7
Amortisation, depreciation and impairment	**21,473**	**2.9**	**20,568**	**2.4**	**4.4**

Amortisation and depreciation amounted to 22.190 million Euros (3.5% of turnover), an increase compared to 21.061 million Euros (3.0% of turnover) in 2023.

Financial expenses

(amounts in Euro thousands)	31.12.2024	% of turnover	31.12.2023	% of turnover	Diff. %
Net financial expenses	-11,262	-1.8	-9,861	-1.4	-14.2

Financial expenses as at 31 December 2024 amounted to -11.262 million euros (-1.4% of turnover), worsening compared to -9.861 million euros (-1.4% of turnover) as at 31 December 2023.

Exchange differences

(amounts in Euro thousands)	31.12.2024	% of turnover	31.12.2023	% of turnover	Diff. %
Exchange differences	-125	0.0	614	0.0	no.

Exchange differences as at 31 December 2024 were negative for -0.125 million euros (0.0% of turnover) compared to income of 0.614 million euros (0.0% of turnover) as at 31 December 2023.

Thanks to a natural hedge policy, the Group's sales flow profile is mainly well balanced.

Net profit/(loss)

2024 closed with a profit of the business area equal to 35.553 million euros (5.58% of turnover) basically in line with the 2023 result equal to 35.788 million euros (5.13% of turnover). Taxes as at 31 December 2023 amounted to 11.703 million euros (-1.84% of turnover) against 10.163 million euros (-1.46% of turnover) as at 31 December 2023.

(amounts in Euro thousands)	**31.12.2024**	**%**	**31.12.2023**	**%**
PROFIT/(LOSS) BEFORE TAXES	**49,324**	**7.74%**	**53,514**	**7.67%**
Current and deferred income taxes	-11,703	-1.84%	-10,163	-1.46%
NET OPERATING RESULT FROM CONTINUING OPERATIONS	**37,621**	**5.90%**	**43,351**	**6.22%**
Net operating result from discontinued operations	-2,103	-0.33%	-6,262	-0.90%
Profit/(loss) pertaining to minorities	35	0.01%	-1,301	-0.19%
NET PROFIT/(LOSS)	**35,553**	**5.58%**	**35,788**	**5.13%**

Investments

(amounts in Euro thousands)	**31.12.2024**	**31.12.2023**
Investments	36,684	45,235

In 2024, investments were made in new production plants, for the purchase of highly technological machinery and the maintenance of efficiency and modernisation of plant and equipment, albeit to a lower extent than 2023.

Net financial position of operations

(amounts in Euro thousands)	**31.12.2024**	**31.12.2023**
Net Financial Position of operations*	-50,001	-49,532

* as regards the composition, reference is made to the section "*Summary of the year*" with information on the alternative performance indicators. The net financial position of operations as at 31 December 2024 was negative for 50.001 million euros, slightly worse than 49.532 million euros as at 31 December 2023.

HUMAN RESOURCES

Workforce trend

(amounts in Euro thousands)	**31.12.2024**	**31.12.2023**
Executives	10	11
Clerical staff	533	523
Factory workers	1,918	1,987
Temporary workers	617	738
Total	**3,078**	**3,259**

The reduction in personnel was due to the considerable decrease in production volumes compared to forecasts, in particular for Siap (-65 people), Carraro Drive Tech Italia S.p.A. (-25 people) and Carraro India (-61 people). As at 31 December 2024, employees were divided as follows among various geographic areas worldwide: Italy 1,118 people, India 1,592 people, China 278 people, Argentina 87 people, United States 3 people.

Summary data of companies belonging to the Drivelines & Components Business Area as at 31.12.2024

	Carraro Drive Tech Italia S.p.A. (1)					Siap S.p.A.				
(amounts in Euro thousands)	**31.12.2024**	**% of turnover**	**31.12.2023**	**% of turnover**	**Diff. %**	**31.12.2024**	**% of turnover**	**31.12.2023**	**% of turnover**	**Diff. %**
Turnover	334,903		406,323		-17.6	122,466		139,082		-11.9
EBITDA (*)	34,346	10.3	38,279	9.4	-10.3	8,697	7.1	12,303	8.8	-29.3
EBIT (*)	29,020	8.7	33,229	8.2	-12.7	2,367	1.9	6,530	4.7	-63.8
Net profit/(loss)	21,690	6.5	24,676	6.1	-12.1	399	0.3	6,223	4.5	-93.6
Amortisation, depreciation and impairment	5,530	1.7	5,199	1.3	6.4	6,840	5.6	6,113	4.4	11.9
Net financial position of operations (*)	-33,537		-26,950			-32,087		-20,655		
Shareholders' equity	30,520		33,235			59,139		60,633		

	Driveservice S.r.l.					Carraro India Pvt. Ltd.				
(amounts in Euro thousands)	**31.12.2024**	**% of turnover**	**31.12.2023**	**% of turnover**	**Diff. %**	**31.12.2024**	**% of turnover**	**31.12.2023**	**% of turnover**	**Diff. %**
Turnover	4,138		3,949		4.8	191,743		203,676		-5.9
EBITDA (*)	644	15.6	662	16.8	-2.7	19,495	10.2	16,236	8.0	20.1
EBIT (*)	172	4.2	169	4.3	1.8	14,688	7.7	11,582	5.7	26.8
Net profit/(loss)	47	1.1	127	3.2	-63.0	8,951	4.7	6,537	3.2	36.9
Amortisation, depreciation and impairment	477	11.5	498	12.6	-4.2	4,807	2.5	4,654	2.3	3.3
Net financial position of operations (*)	104		216			-5,363		-16,315		
Shareholders' equity	639		594			49,047		38,642		

	Carraro China Drive Systems Co. Ltd.					Carraro Technologies Ltd. (2)				
(amounts in Euro thousands)	**31.12.2024**	**% of turnover**	**31.12.2023**	**% of turnover**	**Diff. %**	**31.12.2024**	**% of turnover**	**31.12.2023**	**% of turnover**	**Diff. %**
Turnover	111,738		96,094		16.3	2,381		2,323		2.5
EBITDA (*)	20,296	18.2	14,241	14.8	42.5	509	21.4	547	23.5	-6.9
EBIT (*)	18,400	16.5	12,278	12.8	49.9	303	12.7	345	14.9	-12.2
Net profit/(loss)	13,596	12.2	9,190	9.6	47.9	216	9.1	302	13.0	-28.5
Amortisation, depreciation and impairment	1,896	1.7	1,963	2.0	-3.4	206	8.7	202	8.7	2.0
Net financial position of operations (*)	23,364		13,318			919		1,724		
Shareholders' equity	33,090		26,610			1,093		845		

	Carraro Argentina SA					Carraro North America Inc.				
(amounts in Euro thousands)	**31.12.2024**	**% of turnover**	**31.12.2023**	**% of turnover**	**Diff. %**	**31.12.2024**	**% of turnover**	**31.12.2023**	**% of turnover**	**Diff. %**
Turnover	25,411		16,476		54.2	852		888		-4.1
EBITDA (*)	380	1.5	170	1.0	n.r.	39	4.6	5	0.6	n.r.
EBIT (*)	-488	-1.9	-212	-1.3	n.r.	39	4.6	5	0.6	n.r.
Net profit/(loss)	-2,935	-11.6	-5,304	-32.2	-44.7	34	4.0	-	0.0	
Amortisation, depreciation and impairment	868	3.4	382	2.3	n.r.	-	0.0	-	0.0	
Net financial position of operations (*)	-3,179		-588			-222		-281		
Shareholders' equity	-2,547		-1,798			-315		-329		

(1) Subholding company.
(2) This company carries out design, research and development for the Group and third parties and is based in Pune (India)
(*) for the breakdown, please refer to the "Summary of financial year" section, which describes the alternative performance indicators.

BUSINESS AREA VEHICLES – AGRITALIA

INCOME STATEMENT AS AT 31.12.2024 – VEHICLES BUSINESS AREA

(amounts in Euro thousands)	**31.12.2024**	**%**	**31.12.2023**	**%**	**Change 31.12.2024-31.12.2023**	**%**
REVENUES FROM SALES	**126,894**	**100.00%**	**179,806**	**100.00%**	**-52,912**	**-29.43%**
Purchases of goods and materials (net of changes in inventories)	-101,243	-79.79%	-145,311	-80.82%	44,068	30.33%
Services and Use of third-party goods and services	-11,201	-8.83%	-15,512	-8.63%	4,311	27.79%
Personnel costs	-16,715	-13.17%	-17,645	-9.81%	930	5.27%
Amortisation, depreciation and impairment of assets	-2,451	-1.93%	-2,215	-1.23%	-236	-10.65%
Provisions for risks	-652	-0.51%	-1,525	-0.85%	873	57.25%
Other income and expenses	3,585	2.83%	1,077	0.60%	2,508	232.87%
Internal construction	-	0.00%	-	0.00%	-	
OPERATING COSTS	**-128,677**	**-101.41%**	**-181,131**	**-100.8%**	**52,454**	**28.96%**
OPERATING PROFIT/(LOSS) (EBIT (*))	**-1,783**	**-1.41%**	**-1,325**	**-0.74%**	**-458**	**-34.57%**
Income from equity investments	-	0.00%	-	0.00%		
Other financial income	-	0.00%	1	0.00%	-1	-100.00%
Financial costs and expenses	-93	-0.07%	-86	-0.05%	-7	-8.14%
Net gains/(losses) on foreign exchange	-3	0.00%	-3	0.00%		
Value adjustments of financial assets	-	0.00%	-	0.00%		
GAINS/(LOSSES) ON FINANCIAL ASSETS	**-96**	**-0.08%**	**-88**	**-0.05%**	**-8**	**-9.09%**
PROFIT/(LOSS) BEFORE TAXES	**-1,879**	**-1.48%**	**-1,413**	**-0.79%**	**-466**	**-32.98%**
Current and deferred income taxes	-	0.00%	-	0.00%		
CONTRIBUTION TO THE NET PROFIT/(LOSS) OF CARRARO SPA	**-1,879**	**-1.48%**	**-1,413**	**-0.79%**	**-466**	**-32.98%**
EBITDA(*)	**279**	**0.22%**	**690**	**0.38%**	**-411**	**-59.57%**

(*) for the breakdown, please refer to the "*Summary of financial year*" section, which describes the alternative performance indicators

STATEMENT OF FINANCIAL POSITION AS AT 31.12.2024
VEHICLES BUSINESS AREA

(amounts in Euro thousands)	**31.12.2024**	**31.12.2023**
Property, plant and equipment	22,908	21,799
Intangible fixed assets	73	214
Real estate investments	-	-
Equity investments in group companies	-	-
Financial assets	-	-
Deferred tax assets	1,358	1,357
Trade receivables and other receivables	29	30
NON-CURRENT ASSETS	**24,368**	**23,400**
Closing inventory	31,493	21,771
Trade receivables and other receivables	24,318	29,452
Financial assets	-	-
Cash and cash equivalents	-2	-
CURRENT ASSETS	**55,809**	**51,223**
TOTAL ASSETS	**80,177**	**74,623**
CONTRIBUTION TO SHAREHOLDERS' EQUITY OF CARRARO SPA	**21,376**	**-5,614**
Financial liabilities	463	600
Trade payables and other payables	-	1
Deferred tax liabilities	-	-
Provision for severance indemnity and retirement benefits	861	940
Provisions for risks and liabilities	-	-
NON-CURRENT LIABILITIES	**1,324**	**1,541**
Financial liabilities	1,435	1,432
Trade payables and other payables	51,724	72,471
Current tax payables	201	201
Provision for risks and liabilities	4,117	4,592
CURRENT LIABILITIES	**57,477**	**78,696**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**80,177**	**74,623**

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ANALYSIS OF NET WORKING CAPITAL AT 31.12.2024

VEHICLES BUSINESS AREA

(amounts in Euro thousands)	**31.12.2024**	**31.12.2023**
Trade Receivables	9,206	19,099
Closing inventory	31,493	21,771
Trade Payables	-46,641	-66,241
Net Working Capital of operations (*)	**-5,942**	**-25,371**

(*) for the breakdown, please refer to the "Summary of financial year" section, which describes the alternative performance indicators.

CORPORATE STRUCTURE OF THE VEHICLES BUSINESS AREA AS AT 31.12.2024

Carraro Spa

Divisione Agritalia

Vehicles Business Area

The Vehicles Business Area closed 2024 with a turnover of 126.894 million euros, down significantly compared to 179.806 million euros of the previous year (-29.4%) confirming the forecasts of a phase of a strong slowdown on traditional markets. In fact, 2,946 tractors were sold compared to 4,015 in 2023.

The results in terms of profitability were also negatively impacted by the fall in volumes in the premium segment, only partially offset by the relative growth in the utility tractors segment.

The inefficiency related to the reduction in volumes was mitigated by an extensive use of Temporary layoff payments, and the implementation of projects to recover efficiency and cut costs.

During the year, the plan to introduce STAGE V models was completed, with the production startup of the 130hp utility model, the cornerstone of the partnership agreement with one of the group's main customers, and the platform for special tractors with a 2.8 litre engine became fully operational. At the end of 2024, Agritalia signed an innovative sales agreement for engineering services aimed at the development and production of new tractor models at a customer's site, with positive impacts on own current production expected.

EBITDA in 2024 was equal to 0.279 million euros (0.22% of turnover), worsening compared to 0.690 million euros in 2023 (0.38% of turnover). EBIT in 2024, at -1.783 million euros (-1.41% of turnover) reported a downturn compared to -1.325 million euros in 2023 (-0.74% of turnover).

<u>Turnover</u>

Turnover of the Vehicles Business Area as at 31 December 2024 came to 126.894 million euros, down by 29.4% compared to 179.806 million euros as at 31 December 2023.

A breakdown of turnover between sales to third parties and intra-group is provided below:

(amounts in Euro thousands)

	SALES			SALES TO THIRD PARTIES			INTRA-GROUP SALES		
	31.12.2024	31.12.2023	Diff. %	31.12.2024	31.12.2023	Diff. %	31.12.2024	31.12.2023	Diff. %
AGRITALIA	126,894	179,806	-29.4	123,191	176,528	-30.2	3,703	3,278	13

Intra-group sales refer to sales between companies belonging to separate business areas (in particular the Drivelines & Components Business Area (DriveTech).

The following table breaks down total turnover by geographical area:

(amounts in Euro thousands)	31.12.2024	%	31.12.2023	%	difference % '24 - '23
Switzerland	23,632	18.62%	33,027	18.37%	-28.45%
Germany	10,373	8.17%	18,429	10.25%	-43.71%
North America	4,673	3.68%	3,948	2.20%	18.36%
New Zealand	608	0.48%	473	0.26%	28.54%
Australia	380	0.30%	345	0.19%	10.14%
Other EU areas	250	0.20%	5,267	2.93%	-95.25%
Other non-EU areas	343	0.27%	1,700	0.95%	-79.82%
Total Abroad	**40,259**	**31.73%**	**63,189**	**35.14%**	**-36.29%**
Italy	86,635	68.27%	116,617	64.86%	-25.71%
Total	**126,894**	**100.00%**	**179,806**	**100.00%**	**-29.43%**
of which:					
Total EU area	**97,258**	**76.65%**	**140,313**	**78.04%**	**-30.68%**
Total non-EU area	**29,636**	**23.35%**	**39,493**	**21.96%**	**-24.96%**

Note: following an improvement in the reclassification by geographical area, the figures for 2023 have been restated.

It should be noted that the Group mainly sells to the production sites of OEMs that may reside in different countries from the nations of end users of their products.

As regards European countries, besides Italy, Switzerland ranked first, albeit with a drastic reduction of 28.45% compared to the previous year. Germany ranked second. North America came third, with an increase of 18.36% compared to 2023.

EBITDA and EBIT

(amounts in Euro thousands)	31.12.2024	% of turnover	31.12.2023	% of turnover	Diff. %
EBITDA	279	0.2%	690	0.4%	-59.6

(amounts in Euro thousands)	31.12.2024	% of turnover	31.12.2023	% of turnover	Diff. %
EBIT	-1,783	-1.4%	-1,325	-0.7%	-34.6

EBITDA was positive for 279 thousand euros (0.2 of turnover), worsening compared to 2023 when this figure came to 690 thousand euros (0.4 of turnover). EBIT was negative amounting to -1,783 million euros (-1.4% of turnover), compared to -1,325 million euros (-0.7% of turnover).

The result in terms of margins is due, as explained previously, to the fall in volumes related to the slowdown on traditional markets.

Amortisation, depreciation and impairment of fixed assets

(*amounts in Euro thousands*)	31.12.2024	% of turnover	31.12.2023	% of turnover	Diff. %
Amortisation, depreciation and impairment	2,162	1.7	2,115	1.2	2.2

Net financial expenses

(amounts in Euro thousands)	31.12.2024	% of turnover	31.12.2023	% of turnover	Diff. %
Net financial expenses	-93	- 0.0	-85	- 0.0	-9.4

Contribution to the net profit/(loss) of Carraro SpA

(amounts in Euro thousands)	31.12.2024	% of turnover	31.12.2023	% of turnover	Diff. %
Contribution to the net profit/(loss) of Carraro SpA	-1,879	-1.5%	-1,413	-0.79%	-33

2023 closed with a negative result of -1.879 million euros (-1.5% of turnover), with a worse performance, while still negative, compared to 2023, of -1.413 million euros (-0.79% of turnover) due to the reasons mentioned previously.

Investments

(amounts in Euro thousands)	31.12.2024	31.12.2023
Investments	3,144	3,730

Investments, although down on 2023, were dedicated to necessary adjustments to guarantee product quality.

HUMAN RESOURCES

Workforce trend

Figures as at 31.12.2024

	31.12.2024	31.12.2023
Executives	5	3
Clerical staff	107	115
Factory workers	202	205
Temporary workers	17	66
Total	**331**	**389**

The decrease in staff compared to 2023 is related to the strong decline in production volumes.

KEY RISKS AND UNCERTAINTIES TO WHICH CARRARO SPA AND THE GROUP ARE EXPOSED

Carraro's risk management system, in line with the most common, consolidated practices in this area, adopts a five-category classification:

- ***Strategic risks:*** Relating to medium/long-term objectives and the influence of external economic factors that are hard to predict or only partially foreseeable or which cannot be influenced by the Group (for example the macroeconomic context, country risk, market or sector risk);
- ***Financial risks:*** Risks of a financial nature (for example credit risk, liquidity risk, exchange and interest rate volatility, commodities prices, availability of funds);
- ***Operational risks***: Linked to the efficiency and effectiveness of operating capacity, and connected to events that could adversely affect the creation of value (for example risks related to the supply chain, product development, industrialisation, human resources, information systems, health, safety and the environment, product quality);
- ***Legal and compliance risks:*** Related to the capacity to promptly comply with current laws and regulations, or associated to legal disputes and proceedings;
- ***Planning and reporting risks***: linked to the reliability of economic-financial, planning and sustainability information.

The following are some of the main types of risk for the Carraro Group that are of greater importance for the current economic and geopolitical context of reference.

Strategic risks

Risks associated with the general economic conditions

The Group's financial, capital and borrowing situation is influenced by various factors within the general macro-economic framework, such as changes to the gross national product, the state of the agricultural and construction industries, the cost of commodities and the level of business confidence in the various countries in which the Group operates.

Significant macro-economic events, such as the geopolitical situations following conflicts between States, restrictions on trade in geographic areas crossed by important transport routes, a generalised and significant increase in commodity prices, an enduring uncertainty and volatility of the financial and capital markets, the presence of significant inflationary factors, 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.

Risks related to the trends on the markets/industrial customers

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

Country risk

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

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.

Financial risks

Risks associated with funding requirements

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

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

The cash flows normally envisaged each year, besides the trend in working capital of operations and investments, include the effects of current liabilities and the short-term portions of medium- and long-term loans reaching maturity, as well as the effects (assuming the same rates of exchange compared to the previous year) of the closure of derivative financial instruments on currencies in existence at the reporting date.

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

The management of liquidity, funding requirements and cash flows are constantly monitored and managed by the Group Treasury, which operates with the aim of managing the resources available as efficiently as possible.

Risks relating to fluctuating exchange and interest rates

The Group is exposed to exchange rate risks by virtue of the fact that a significant portion of sales and some of the purchases are made in currencies other than the Group's functional currency, with trade transactions carried out by companies in the euro area with counterparties that do not belong to the euro area and vice versa.

Another aspect of exchange rate risk is the fact that several Group companies present their financial statements in currencies other than the Group's functional currency.

Exposure to exchange-rate risk with reference to each entity is regularly monitored by the Group Treasury according to a strategy which focuses, in particular, on the balance between purchases and sales in foreign currency and activating, for the remaining non-balanced portion and according to the criteria set by the company policy in terms *of the management of financial risks, appropriate initiatives to hedge or reduce the risks identified, using the instruments available on the market.*

The Group is also exposed to interest rate risks in relation to financial liabilities assumed to fund either normal operations or, where applicable, the Group's expansion by acquisitions. Changes in interest rates may have positive or negative effects on both the financial outcome and on cash flows.

The interest-rate risk on the floating portion is then reduced if needed via specific hedging operations.

Credit risk

The Group includes among its customers leading international manufacturers of agricultural machinery, construction equipment vehicles and industrial. The risk concentration is associated with the size of these customers, which on a global context is on average high, yet balanced by the fact that credit exposure is distributed across a complex network of counterparties active in several geographic segments.

The management of credit is designed to prioritise the acquisition of customers of national and international standing for multi-annual supplies; on this basis consolidated historical relationships have been built up with the main customers. Generally speaking, these relationships are governed by ad-hoc supply contracts. Credit control requires periodic monitoring of the main financial and economic data (including the delivery schedules) relating to each customer.

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. See also the Notes on the application of IFRS 9.

Raw materials, commodities and utilities price risk

Given the type of materials mainly used in production, the Group is exposed to changes in the prices of main raw materials, commodities and utilities. Besides continual monitoring of prices and listings, also regarding forecasts, the Group arranges for sales contracts with customers to include, where necessary, a price adjustment mechanism related to the trend of prices of raw materials, commodity and utilities.

As for the prices of utilities, with particular reference to the recent trend of energy and gas prices, the Group has also started to take appropriate actions in this area to mitigate the risks related to these fluctuations, using instruments available on the market in line with the criteria set by company policy on financial risk management.

Operational risks

Supply chain risks

Achieving the objectives of its strategy require Carraro to operate within a supply chain in which its suppliers must meet the same standards of technological ability, quality, efficiency and ethics that the Group has set for itself. Accordingly, inadequate management of strategic suppliers in terms of quality controls, delivery times and required production flexibility carries a risk of potential operational inefficiencies and the inability to meet customer needs.

To deal with this risk, the Group carries out initial and periodic assessments on its suppliers - and in particular strategic suppliers. The assessment measures their adequacy in terms of technological and production capacity, overall process and product quality, ISO quality certifications, corporate and financial situation, and compliance with Carraro's ethical principles.

Risks associated with employee and trade-union relationships

The Group carries out industrial activities through complex production processes that make extensive use of skilled labour in the processing, assembly and handling phases. Relations with employees are mediated by trade unions, which are normally well organised and historically deep-rooted in the various countries. The status of these relationships determines the continuity of production and the ability to plan to meet delivery commitments with customers, with risks of delays or interruptions in activities caused by conflict over contract renewals or the downsizing and closure of production sites.

Risks related to product quality

The success of the products manufactured depends to a large extent on the ability to ensure quality standards appropriate to sales markets, taking into account:

- *for transmission systems (axles, transmissions, etc.), the levels of reliability required by the machines in which the Group's products are used as key components;*
- *for agricultural vehicles, the safety requirements for their use, according to the constraints dictated by applicable laws or legislation and industry standards for road safety, operating safety, occupational safety and environmental safety (noise and engine emissions).*

The risk of defects is therefore mitigated from the design phase, through procurement, production and testing, at all times in dialogue with customers to discuss the results achieved, and with suppliers to ensure required quality levels are met from the start of the industrial supply chain.

Risks regarding health and safety at work

The Group carries out industrial processes consisting to a large extent of machining, assembly of mechanical components. Risks related to health and safety in the workplace arising from work activities mainly comprise risks typical of the metalwork industry, which involves mechanical processing with interactions between the operator and am automatic or semi-automatic machine, parts assembly, handling of loads, use of high temperature furnaces and other ancillary activities.

Faced with these risks, the Group has established uniform criteria for the implementation of the EH&S (Environmental Health and Safety) Management Systems based on international best practices adopted across all the production sites.

Risks related to pandemic-related phenomena

Since early 2020, the national and international scenario has been characterised by the spread of the Coronavirus and the consequent restrictive measures for its containment, implemented by the public authorities of the countries affected. As is known, the restrictive measures had led to a slowdown and lockdown of production activities in various industrial sectors, including the sector the Group operates in.

The subsequent development in events (initial expansion of the pandemic followed by its containment thanks also to actions adopted at local and general level), downsized the risks related to the Group's risk universe. The events of recent years, now entirely over, have led to this kind of risk being considered as possible for causing a considerable potential impact on business continuity, even if the likelihood of occurrence is low.

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 Group.

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.

The significance of these archives, and consequent harm that a breach or damage entails, is assessed based on their significance not only for operations (technical, design, management and reporting data), but also for activities which involve the storage of third-party personal data, i.e. information on external staff and other persons, which must be managed based on specific requirements of law.

The seriousness of this threat is demonstrated by the fact that even the most well-equipped organisations in IT terms have been affected by the spread of this phenomenon.

Following the cyber attack in September 2020 by a specialist criminal organisation which caused some archives to be unavailable, the loss of data relating to some associates and the suspension of activities for some days, the parent company Carraro S.p.A., which provides all main IT services used by Group companies, with the support of some companies specialised in cybersecurity IT activities, prepared and implemented short-term and medium-/long-term plans that entail a number of actions and investments aimed at improving mechanisms and procedures to protect the company infrastructure and reduce its vulnerabilities.

The gradual implementation in subsequent years of these mitigation plans that will continue over time with the adoption of protection systems, the expansion of back-up procedures for archives, operating procedures for prior monitoring and the intensification of technical training, all make it possible to maintain an overall level of protection in line with developments in cyber threats.

Risks related to climate change

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

Faced with worrying signs, resulting in unpredictable climate changes whose root causes seem to have been identified (increased greenhouse gases, global warming), studies are ongoing into the possible consequences on the planet's equilibrium in terms of continuity of access to natural resources, the seasons, and the effect on agricultural, mining and more general productive activities.

The emerging picture of uncertainty leads to new hypothetical types of risks or, at least, risks of a different gradation to those currently identified, with a future direction that is still difficult to imagine and, moreover, quantify even roughly.

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

As already explained with regard to the containment of environmental risks, the Group has long brought its standards of conduct up to an adequate level to obtain international certifications in this area.

In terms of production processes, the relentless work to improve energy efficiency is bringing benefits in terms of less energy used for the same output, with a consequent reduction in emissions.

In terms of end products, the impetus given by increasingly stringent vehicle pollution regulations and end customers' need to reduce consumption costs is leading manufacturers such as Carraro to adapt their strategies towards the development of innovative technical solutions in terms of the energy absorbed by vehicle transmission systems. This is a constraint but also an opportunity that the Group must seize by steering its research and development work in this direction – as it is already doing.

As indicated above, in view of the fact that assessing the impacts of climate change on company activities is highly complex and the methods and tools for effectively reporting these effects have not yet been unequivocally defined, the Group decided to adopt an approach when identifying the main risk conditions and opportunities deriving in the abstract from climate change based on strictly qualitative considerations.

Legal and compliance risks

Compliance risks, although common to most business activities, are of specific importance for Carraro in relation to the market sector and type of product, and are wide ranging and structured, covering very diverse cases, including the most specific such as:

- *the compliance of product technical characteristics in terms of safe use and engine emissions (for agricultural vehicles);*
- *the compliance of disclosure on the composition of materials, for which some chemical components in the materials used must be declared, depending on the different regulations;*
- *compliance with customs' duties of various countries involved in import purchase flows and export sales flows.*

As regards general compliance risks, information technology regulations (on privacy, cyber security, artificial intelligence) are becoming increasingly important.

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties carried out during the period gave rise to relationships of a commercial, financial or advisory nature and were expedited at market terms, in the economic interest of the individual companies involved in the transactions.

No transactions were carried out that were atypical or unusual with respect 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.

For detailed information, as required by Article 2497-bis of the Civil Code, section 5, on transactions carried out with related parties, see the Explanatory Notes to the Individual Financial Statements.

STANDARDS USED IN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

These financial statements are drawn up in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board ("IASB") and endorsed by the European Union in accordance with Regulation 1606/2002, as well as the measures issued in implementation of Article 9 of Legislative Decree no. 38/2005; Furthermore, these financial statements are based on the assumption that the company is a going concern.

OTHER INFORMATION

The Group's perimeter includes 13 companies of which 6 are established and regulated in non-European Union countries, specifically in Argentina, China, India and the United States.

Sustainability Report

The Carraro Group's Sustainability Report is prepared on a voluntary basis according to the GRI framework and is subject to limited assurance. The Sustainability Report is available online at www.carraro.com.

STATEMENT OF RECONCILIATION OF CONSOLIDATED NET PROFIT/(LOSS) AND SHAREHOLDERS' EQUITY WITH THE NET PROFIT/(LOSS) AND SHAREHOLDERS' EQUITY OF THE PARENT COMPANY

The following statement illustrates the reconciliation of the consolidated net income and shareholders' equity as disclosed in the Consolidated Financial Statements and the net income and shareholders' equity disclosed in the Financial Statements of Carraro S.p.A:

(amounts in Euro thousands)	Net profit/(loss) for the period	Shareholders' equity for the period	Net profit/(loss) for the previous year	Shareholders' equity for the previous year
Net profit/(loss) and shareholders' equity of Carraro S.p.A.	8,364	73,836	8,170	75,328
Net profit/(loss) and shareholders' equity of subsidiaries	143,092	294,621	41,919	181,694
Aggregate	**151,456**	**368,457**	***50,089***	***257,022***
Elimination of carrying amount of subsidiaries	-	-239,380	4,932	-245,431
Consolidation adjustments	-138,406	87,389	-34,634	88,499
Profit and shareholders' equity	**13,050**	**216,466**	**20,387**	**100,090**
Recognition of minority interests	35	-33,714	-1,301	-16,372
Group share of net profit/(loss) and shareholders' equity	**13,085**	**182,752**	**19,086**	**83,718**

Date: 13 March 2025

The Chairman

Enrico Carraro

Deloitte.

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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
Carraro S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Carraro S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Financial Reporting Standards Board and adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Carraro S.p.A. in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of Carraro S.p.A. or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions and statement pursuant to art. 14, paragraph 2, sub-paragraphs e), e-bis) and e-ter), of Legislative Decree 39/10

The Directors of Carraro S.p.A. are responsible for the preparation of the report on operations of Carraro Group as at December 31, 2024, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations with the consolidated financial statements;

- express an opinion on compliance with the law of the report on operations;

- make a statement about any material misstatement in the report on operations.

In our opinion, the report on operations is consistent with the consolidated financial statements of Carraro Group as at December 31, 2024.

In addition, in our opinion, the report on operations is prepared in accordance with the law.

Deloitte.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Cristiano Nacchi
Partner

Padova, Italy
March 27, 2025

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.