



Carraro Group

Directors' Report on Operations as at 30 June 2025

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 (Padua).

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 (Drive Tech), 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

During the first half of 2025, the agricultural sector as a whole maintained the sales levels recorded in the second half of 2024, confirming the difficulties that the sector continues to face. All major manufacturers have focused on reducing stock with dealers and distributors. During this period, the decline in demand also affected the high-end segments and harvesting machinery. However, interest rate cuts and certain incentive policies have begun to produce their first positive effects, particularly in support of family farming.

The **European agricultural machinery market** is experiencing a downturn, with sales falling across almost all types of machinery. This trend, which has persisted for several quarters, is having an adverse impact on innovation and competitiveness in the sector.

North America showed a negative trend in the first half of 2025, with declines in sales across all types of machinery. In particular, tractors suffered a downturn, especially in the high-end range, as did harvesting machinery.

The agricultural market in **Turkey** is slowing down significantly due to internal policies and the introduction of new engines linked to emissions regulations (Stage V from January 2025). The domestic economic situation remains complex.

China confirms the slowdown trend in the sector and the shift in demand towards high power ratings, partly due to local subsidies. Sales of tractors under 100Hp are below historical levels. 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.

The agricultural market in **India** performed well in the first half of 2025, showing signs of growth with an increase in demand for tractors and other equipment. This is driven by several factors, including government support through the MSP (Minimum Support Price) and stable raw material prices, which support increasing mechanisation and higher agricultural productivity. The growth trend in the use of four-wheel drive tractors in the domestic market continues.

In **Latin America**, and particularly in Brazil, sales showed a significant improvement, especially in the lower end of the range and particularly in the orchard segment.

Construction equipment

In the first half of 2025, the global construction machinery market shows signs of stabilising demand, albeit with significant differences between the various sectors. Sales of earthmoving machinery have declined, while those of road machinery have increased. Globally, a slight recovery in the European market is expected, driven by digitalisation, rental and electrification.

In **Europe**, the decline in demand stabilised at the levels seen in the last half of 2024, albeit with different trends depending on the specific market in question. The decline in Germany remains marked. The availability of vehicles at distributors has decreased significantly compared to the first half of 2024. The measures taken by the ECB to gradually reduce interest rates, together with the cost-cutting measures undertaken by OEMs, have slowed down the crisis in the sector and gradually contributed to a reduction in stocks.

In **Turkey**, the construction market has been severely affected by the country's ongoing economic crisis, which has significantly reduced domestic demand for construction vehicles. At the same time, the entry of Asian manufacturers into certain areas of the world has had a negative effect on exports

North America saw better results than other markets, partly due to the renewal of rental fleets. However, distributor stocks increased and purchasing propensity declined. The new administration's economic policies are having a negative impact on demand and rentals in the short term.

Domestic demand in **China** showed signs of improvement, although it remained significantly lower than in the past. Chinese OEMs are continuing to balance excess production capacity by focusing on exports, which for the second consecutive year are exceeding the number of vehicles sold in the domestic market. The local industry is consequently partially converting from Heavy Construction to Light Construction also to support the maintenance needs of the many infrastructures developed in recent years.

Despite the introduction of new BSV engine emission regulations in January 2025, demand for construction vehicles in **India** has been satisfactory and in line with the previous year. The re-election of the outgoing government in the last elections has boosted investments in infrastructure construction with a positive effect on demand in the medium term.

In **Latin America**, the growth in demand that began last year is consolidating. However, volumes remain low compared to the previous peak, partly due to vehicle imports from China.

New Group activities

The group continues to be strongly committed to diversifying its target markets through two major initiatives linked to the Maniago hub, which, it should be noted, involve the production of axles for the automotive sector and gears for internal combustion engines for trucks.

During the first half of 2025, the Group continued to strengthen and expand its production site in Montereale, installing new machine tools that will enable the growth of business initiatives launched in 2024.

Off-highway & e-Trucks automotive sector

In the first half of 2025, the automotive and industrial vehicle sectors showed mixed signals. On the one hand, global demand for electric vehicles continues to grow, supported by public incentives and investments in charging infrastructure. On the other hand, the industry must contend with an increasingly uncertain macroeconomic and geopolitical environment, with critical issues such as the introduction of new tariffs by the United States and an unstable geopolitical situation characterised by tensions between major powers and uncertainty over energy supplies. These factors make strategic planning difficult and increase market volatility, negatively affecting investment decisions and market confidence.

In summary, the sector is undergoing a delicate transition phase, in which opportunities linked to technological innovation are coming up against new trade barriers and growing geopolitical risks.

Research and Development: innovation, new applications and value chain

The Group's commitment to R&D continued, still focused on developing innovative transmission systems and specialised tractors aimed at markets with a greater potential. Specifically, investments in R&D, product and process activities in the first half of 2025 amounted to approximately 3.76% of turnover, substantially in line with the 3.50% in June 2024 and with expectations.

The first half of 2025 will also see engineering efforts to approve new suppliers, processes and materials, with the aim of optimising product costs, accompanied by organic and continuous development in design methodologies thanks to the adoption of the best technologies on the market.

Product and Range Renewal

Product renewal activity, resulting from commercial initiatives and specific customer requests, remains stable overall compared to previous periods. However, there has been a significant increase in demand from the Chinese market, which stands out for being more dynamic than other geographical areas.

In the axles and transmissions segment, the number of new products – both replacement and incremental – put into production is in line with previous observations, confirming continuity in the development and industrialisation of new technical solutions.

Key R&D projects

During the period analysed, the Group's Research and Development activities focused on hydrostatic and electric transmission solutions for earthmoving and agricultural machinery, intended for the wheel loader, telescopic handler and wheeled excavator segments, in line with global trends towards greater efficiency and sustainability. Prototypes have been developed at the request of customers, including the conversion of existing vehicles with hydrokinetic layouts to hydrostatic layouts.

Strategic projects include electric transmissions for agricultural machinery with power ratings of up to 75 HP and a driveline for 160 HP electric tractors. These solutions involved managing complex technological challenges and opened up concrete prospects for the introduction of new high-tech product lines.

The Group continued to expand its range of agricultural transmissions, extending coverage up to 130 HP and introducing continuously variable transmission (CVT) technology based on hydrostatic/mechanical powersplit, with excellent results in the validation phase.

The T135 project was successfully launched on the European market and was also well received in Turkey, highlighting the synergies between Drive Tech and Agritalia in the integrated promotion of Carraro systems.

In the Construction Equipment sector, new standardised axles for TBH have been developed for use 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 to customers, using innovative technologies for highly integrated and verticalised solutions, while promoting the spread of Carraro traction systems.

Tractors/Agritalia

In 2025, Carraro completed the development of new 120Hp tractors for full-field applications, obtaining production approval with excellent results in terms of quality and reliability. In addition, updates were designed for a major OEM, with the launch of a new cabin.

The continuously variable tractor project is progressing well, with promising prototypes. These developments represent a strategic expansion of the Agritalia range, targeting premium markets.

Finally, industrialisation and cost reduction activities have been implemented, and engineering services continue to be successfully carried out, confirming the competitiveness of Agritalia's R&D in the sector.

Summary of the first half of the year

To better understand the figures relating to 2025, adjusted figures will be highlighted. Specifically, the adjusted figures will take into account transactions not connected to ordinary operations and Exceptional Events.

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: 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.

The first half of 2025 closed with a drop in turnover of 11.15% compared to the same period in 2024, and slightly below expectations.

During the half-year, the Carraro Group faced a slowdown in sales volumes, mainly attributable to the context of growing geopolitical uncertainty. The continuation of conflicts in various areas of the world and the tightening of US customs policies have created a climate of instability that has negatively affected the procurement strategies of the leading global manufacturers of agricultural and earth-moving machinery. The recent introduction of tariffs by the United States is having direct and indirect impacts on the global economy and business activities. In particular, there has been an increase in import costs for companies operating in the US market, with potential effects on competitiveness compared to local operators.

That said, in terms of geographical distribution of sales, the significant increase in the Indian market for the local sector only partially offset the slowdown in the traditional Western markets (North America and Europe) and in China.

In this complex context, the contraction in demand led to a significant reduction in the group’s margins, with an impact on cost absorption, particularly in the Drivelines business area. Management promptly implemented measures to contain fixed costs and activated social compensation instruments for Italian plants, thereby helping to sustain profitability.

The Agritalia business area, which in the first half of last year saw the positive effects of the efficiency measures implemented consolidate, shows a slight decline in all key indicators in the first quarter of 2025 compared to the previous year, for the reasons mentioned above, also suffering from a context in which stocks in the distribution network remain at high levels.

There is also a downward trend in profitability in the high-complexity gear manufacturing sector, linked both to the decline in volumes and to a temporary difficulty in generating output consistent with the level of investments made previously.

Furthermore, the automotive sector (INEOS) resumed production after the sudden halt in the second half of 2024 linked to the unexpected interruption in the customer's supply chain, with volumes well below potential, which does not allow for the absorption of the cost structure.

From a financial management perspective, the net financial position improved compared to 30 June 2024, but worsened compared to December 2024 due to the reduction in turnover and pressure on warehouse management.

Despite the slowing market context, the Carraro Group continued to invest adequate resources in plant efficiency, albeit less than in the previous year, in order to support its objectives, both in the short and medium term.

Turnover as at 30 June 2025 amounted to 352.829 million Euros, down (as mentioned above) by 11.15% compared to the same period of the previous year (397.112 million Euros).

As regards the Drivelines Business Area, turnover fell sharply (-14.22%) compared to last year, from 347.692 million Euros as at 30 June 2024 to 298.238 million Euros as at 30 June 2025, while the Vehicles Agritalia Business Area saw a 2.45% decline in sales, from 66.712 million Euros as at 30 June 2024 to 65.079 million Euros as at 30 June 2025.

Group EBITDA as at 30 June 2025 amounted to 30.0 million Euros, 8.51% of turnover, decreasing 31.06% compared to 30 June 2024, when this figure came to 43.6 million Euros, accounting for 11.0% of turnover. EBIT as at 30 June 2025 stood at 16.3 million Euros, 4.6% of turnover, a worsening of 45.88% compared to 30.1 million Euros, 7.6% of turnover, in the previous year.

The half-year closed with a negative result of 8.6 million Euros, -2.4% of sales, a sharp deterioration compared to the same period in 2024 (positive 9.8 million Euros, 2.5%).

The summary figures will be presented in the specific paragraphs below.

Carraro Social Responsibility/Human Capital

In the first half of 2025, the Carraro Group resolutely continued to implement its ESG programme through key initiatives. Among these, the Carraro Spirit Tour involved all employees at Italian plants in sharing the new values manifesto, extending the experience launched in China in 2024. Sustainability Governance has also been launched in the new organisational structure, with the involvement of cross-functional teams to define the ESG Plan 2025-2027. At the same time, the Carraro YOUNIQUE project was launched, aimed at promoting inclusion and valuing individual uniqueness. The first sessions of the Carraro Sustainability Academy, part of the Carraro DriveUP training programme, have also begun, together with the Digital Academy. Finally, Carraro Cultura was inaugurated, a publishing project dedicated to promoting the Group's artistic and cultural heritage, confirming its ongoing commitment to the local area and social issues.

SIGNIFICANT EVENTS DURING THE PERIOD

During the first half of 2025, a senior unsecured bond maturing in 2030 was issued, listed on the Luxembourg Stock Exchange and on the MOT, with a fixed interest rate of 5.25% per annum, payable in arrears on 17 October and 17 April of each year starting on 17 October 2025. As at 14 April 2025, bonds worth 126 million Euros had been placed, while as at 25 June 2025, additional bonds worth 139.801 million Euros had been placed. On 23 May 2025, the bond issued in 2023, maturing in 2028, was repaid early for an amount of 120 million Euros.

SUBSEQUENT EVENTS

On 4 August 2025, the bond issued in 2020, maturing in 2026, was repaid early for an amount of 150 million Euros.

EXPECTED BUSINESS OUTLOOK 2025

The outlook for the remainder of the financial year continues to be marked by uncertainty on global markets. A gradual recovery is underway, supported by the progressive improvement of the portfolio, albeit slower than initially expected, particularly in the North American market, where instability persists due to the uncertain implementation of customs policies and tariffs. In this context, although there are currently no particularly significant direct or indirect effects on the customers and markets in which the Carraro Group operates, it is necessary to continue to closely monitor commercial relations with key customers, adopting a flexible approach to the management of international relations in order to mitigate risks and seize any opportunities arising from a changing commercial environment.

TREASURY SHARES

As at 30 June 2025, the company held 2,626,988 treasury shares for a total investment of 6.666 million Euros.

ECONOMIC AND EQUITY DATA

Turnover

The Group's turnover as at 30 June 2025 amounted to 352.829 million Euros, down 10.15% compared to the turnover for the same period in 2024, equal to 397.112 million Euros.

The following table breaks down total turnover by geographical area:

<i>(amounts in Euro thousands)</i>	30/06/2025	%	30/06/2024	%	Diff. 2025-2024%
India	67,753	19.20%	62,322	15.69%	8.71%
China	44,839	12.71%	57,146	14.39%	-21.54%
Germany	27,000	7.65%	33,985	8.56%	-20.55%
France	25,460	7.22%	37,477	9.44%	-32.06%
South America	19,752	5.60%	8,216	2.07%	140.41%
North America	19,010	5.39%	30,842	7.77%	-38.36%
Sweden	14,986	4.25%	11,082	2.79%	35.23%
Turkey	14,378	4.08%	25,510	6.42%	-43.64%
Switzerland	13,850	3.93%	18,170	4.58%	-23.78%
United Kingdom	9,993	2.83%	13,279	3.34%	-24.75%
Other EU areas	13,764	3.90%	14,696	3.70%	-6.34%
Other non-EU areas	3,029	0.86%	5,268	1.33%	-42.50%
Total Abroad	273,814	77.61%	317,993	80.08%	-13.89%
Italy	79,015	22.39%	79,119	19.92%	-0.13%
Total	352,829	100.00%	397,112	100.00%	-11.15%
of which:					
Total EU area	160,225	45.41%	176,359	44.41%	-9.15%
Total non-EU area	192,604	54.59%	220,753	55.59%	-12.75%

The Group sells to the production sites of OEM clients that may reside in different countries from those of the end users of their products.

In line with 2024, India, with an increase of 8.71% compared to the same period in 2024, remains the leading geographical area after Italy in terms of turnover, followed by the Chinese market, which, in contrast to 2024, recorded a decrease of 21.51%. Germany, the Group's historic market, saw a 20.55% contraction due to declining sales. As explained in the chapter on markets, North America has seen a decline due to the current political and economic instability.

EBITDA and EBIT

EBITDA as at 30 June 2025 stood at 30.030 million Euros (8.51% of turnover), down 31.06% compared to the same ratio in the previous year (43.561 million Euros, 10.97% of turnover). EBIT as at 30 June 2025 amounted to 16.274 million Euros (4.61% of turnover), down 45.88% compared to 30.070 million Euros (7.57% of turnover) in 2024.

<i>(amounts in Euro thousands)</i>	30/06/2025	% of turnover	30/06/2024	% of turnover	Diff. %
EBITDA	30,030	8.51%	43,561	10.97%	-31.06
EBIT	16,274	4.61%	30,070	7.57%	-45.88

Consolidated margins, in terms of both EBITDA and EBIT, were significantly lower than the previous year for the reasons explained above.

Amortisation, depreciation and impairment of fixed assets

<i>(amounts in Euro thousands)</i>	30/06/2025	% of turnover	30/06/2024	% of turnover	Diff. %
Amortisation, depreciation and impairment of fixed assets	-13,756	-3.9	-13,985	-3.52%	2.0

Depreciation and amortisation for the half year amounted to 13.756 million Euro (-3.9% of turnover), substantially in line in absolute terms with the 13.985 million Euro (-3.52% of turnover) in 2024.

Net financial expenses

<i>(amounts in Euro thousands)</i>	30/06/2025	% of turnover	30/06/2024	% of turnover	Diff. %
Net financial expenses	-17,217	-4.9%	-11,247	-2.8%	53.1

Net financial expenses increased from 11.247 million Euros (-2.8% of turnover) to 17,217 million Euros (-4.9% of turnover) in the first half of 2025. The difference is mainly due to the financial charges on the two new bond issues completed by the subsidiary Carraro Finance in April 2025 for 126,000,000 Euros and in June 2025 for 139,801,000 Euros, as well as the costs for the early redemption of an existing bond of 120,000,000 Euros (repaid in the first half of 2025) and for the future early closure of an existing bond of 150,000,000 Euros repaid early with respect to its amortisation plan (see the section on Events after the half-yearly closing date). The early closure of existing bonds resulted in the absorption of the residual amortised cost and the early redemption cost in the income statement.

It should be noted that financial expenses include fees paid on outstanding bonds that are absorbed over the term of the bonds in application of the amortised cost method of accounting.

Net profit/(loss)

The first half of 2025 ended with a loss of 8.552 million Euros (-2.42% of turnover); as at 30 June 2024, the Carraro Group closed with a profit of 9.755 million Euros (2.46% of turnover).

<i>(amounts in Euro thousands)</i>	30/06/2025	% of turnover	30/06/2024	% of turnover	Diff. %
EARNINGS BEFORE TAX	-1,733	-0.49	18,735	4.72%	No.
Current and deferred income taxes	-5,661	-1.6	-8,826	-2.22%	35.86
Net operating result from discontinued operations	-232	-0.07	171	0.04%	No.
Profit/(loss) pertaining to minorities	-926	-0.26	-325	-0.08%	No.
NET GROUP PROFIT/(LOSS)	-8.552	-2.42	9,755	2.46%	No.

Investments

<i>(amounts in Euro thousands)</i>	30/06/2025	30/06/2024
Investments	11,518	19,898

The first half of 2025 saw a slowdown in investments. Investments as at 30 June 2025 came to 11.518 million Euros, down compared to 19.898 million Euros as at 30 June 2024.

Net financial position of operations

<i>(amounts in Euro thousands)</i>	30/06/2025	31/12/2024	30/06/2024
Net financial position of operations	-160,579	-131,445	-238,555

The consolidated net financial position of operations as at 30 June 2025 was negative at 160.579 million Euros, a deterioration compared to 31 December 2024 (negative 131.445 million Euros) and an improvement compared to 30 June 2024 (negative 238.555 million Euros). The change is due to the dynamics explained in the introduction to the half-year summary.

ANALYSIS OF NET WORKING CAPITAL AT 30 JUNE 2025

<i>(amounts in Euro thousands)</i>	30/06/2025	30/06/2024
Trade Receivables*	65,323	94,985
Closing inventory**	154,056	161,918
Trade Payables***	-209,741	-230,821
Net Working Capital of operations	9,638	26,082

* for details of the item please refer to Note 12 of the Consolidated Half-yearly Financial Statements.

** for details of the item please refer to Note 13 of the Consolidated Half-yearly Financial Statements.

*** for details of the item please refer to Note 17 of the Consolidated Half-yearly Financial Statements.

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.

Carraro S.p.A.

Consolidated Half-yearly Financial Report as at 30 June 2025

CARRARO S.p.A.

Registered office in Campodarsego, Padua (Italy) – Via Olmo 37

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

Tax Code/VAT No. 00202040283

Registration on the Company Register of Padua No. 84033

CONDENSED CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS OF THE CARRARO GROUP AS AT 30 JUNE 2025

GENERAL INFORMATION

BOARD OF DIRECTORS

In office until approval of the 2026 financial statements

ENRICO CARRARO

Chairman

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

In office until approval of the 2026 financial statements

CARLO PESCE

Chairman

MARINA MANNA

Regular Auditor

GUARNIERI ANTONIO

Regular Auditor

BENETTIN SARAH

Alternate Auditor

ANDREOLA GABRIELE

Alternate Auditor

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

CONSOLIDATED INCOME STATEMENT*(amounts in Euro thousands)***NOTES 30/06/2025 30/06/2024*****A) REVENUES FROM SALES**

1) Products	349,019	395,127
2) Services	3,070	1,184
3) Other revenues	740	801
TOTAL REVENUES FROM SALES	1 352,829	397,112

B) OPERATING COSTS

1) Purchases of goods and materials	222,510	255,126
2) Services	46,709	53,084
3) Use of third-party goods and services	178	-24
4) Personnel costs	60,907	58,946
5) Amortisation, depreciation and impairment of assets	13,758	13,985
6) Changes in inventories	-7,865	-14,002
7) Provision for risks and other liabilities	2,116	2,382
8) Other income and expenses	-1,525	-2,222
9) Internal construction	-233	-233
TOTAL OPERATING COSTS	2 336,555	367,042

OPERATING PROFIT/(LOSS)**16,274 30,070****C) GAINS/(LOSSES) ON FINANCIAL ASSETS**

10) Income and expenses from equity investments	-	-
11) Other financial income	2,818	2,752
12) Financial costs and expenses	-20,035	-13,999
13) Net gains/(losses) on foreign exchange	-562	-32
14) Value adjustments of financial assets	-228	-56
15) Income (charges) from hyperinflation	-	-
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	3 -18,007	-11,335

PROFIT/(LOSS) BEFORE TAXES**-1,733 18,735**

15) Current and deferred income taxes	4 5,661	8,826
NET OPERATING RESULT FROM CONTINUING OPERATIONS	-7,394	9,909

Net operating result from discontinued operations

-232 171**NET PROFIT/(LOSS)****-7,626 10,080**

16) Minority interests	-926	-325
GROUP CONSOLIDATED PROFIT/(LOSS)	-8,552	9,755

* Figures as at 30/06/2024 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)***30/06/2025 30/06/2024****NET PROFIT/(LOSS) FOR THE PERIOD****-7,626****10,080****Other income components that could be recognised in the income statement in subsequent periods:**

Change in cash-flow hedge reserve	8	-1,126	1,548
Translation exchange differences	14	-4,965	332
Taxes on other comprehensive income components		270	-373
Total other income components that could be recognised in the income statement in subsequent periods:		-5,821	1,507

Other income components that will not be recognised in the income statement in subsequent periods:

Change in the provision for discounting employee benefits	18	51	45
Taxes on other comprehensive income components		2	-22
Total other income components that will not be recognised in the income statement in subsequent periods:		53	23

OTHER COMPREHENSIVE INCOME COMPONENTS, NET OF TAX EFFECTS**-5,768****1,530****TOTAL COMPREHENSIVE INCOME FOR THE PERIOD****-13,394****11,610****Total comprehensive income attributable to:**

Shareholders of the parent company		-12,457	11,270
Profit/(loss) pertaining to minorities		-937	340
Total comprehensive income for the period		-13,394	11,610

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*(amounts in Euro thousands)*

	NOTES	30/06/2025	31/12/2024
A) NON-CURRENT ASSETS			
1) Property, plant and equipment	6	265,631	273,540
2) Intangible fixed assets	7	104,367	106,828
3) Real estate investments	8	875	870
4) Equity investments	9	3,468	4,204
5) Financial assets	10	74	420
<i>5.1) Loans and receivables</i>		-	-
<i>5.2) Other financial assets</i>		74	420
6) Deferred tax assets	11	20,958	20,954
7) Trade receivables and other receivables	12	4,804	4,640
<i>7.1) Trade receivables</i>		-	-
<i>7.2) Other receivables</i>		4,804	4,640
TOTAL NON-CURRENT ASSETS		400,177	411,456
B) CURRENT ASSETS			
1) Closing inventory	13	154,056	151,337
2) Trade receivables and other receivables	12	96,261	90,309
<i>2.1) Trade receivables</i>		65,323	67,878
<i>2.2) Other receivables</i>		30,938	22,431
3) Financial assets	10	2,819	1,172
<i>3.1) Loans and receivables</i>		-	-
<i>3.2) Other financial assets</i>		2,819	1,172
4) Cash and cash equivalents	14	442,553	300,524
<i>4.1) Cash</i>		81	81
<i>4.2) Bank current accounts and deposits</i>		442,472	300,443
<i>4.3) Other cash and cash equivalents</i>		-	-
TOTAL CURRENT ASSETS		695,689	543,342
ASSETS ASSOCIATED WITH DISCONTINUED OPERATIONS		12,081	14,006
TOTAL ASSETS		1,107,947	968,804

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*(amounts in Euro thousands)*

	NOTES	30/06/2025	31/12/2024
A) SHAREHOLDERS' EQUITY			
1) Share Capital	15	41,453	41,453
2) Other Reserves		105,392	128,279
3) Profits/(Losses) brought forward		-	-
4) Cash flow hedge reserves		-1,021	-99
5) Provision for discounting employee benefits		451	401
6) Foreign currency translation reserve		-5,589	-367
7) Result for the period pertaining to the group		-8,552	13,085
GROUP SHAREHOLDERS' EQUITY		132,134	182,752
8) Minority interests		32,906	33,714
TOTAL SHAREHOLDERS' EQUITY		165,040	216,466
B) NON-CURRENT LIABILITIES			
1) Financial liabilities	16	415,944	398,487
1.1) Bonds		263,613	267,228
1.2) Loans		152,337	131,250
1.3) Other financial liabilities		-6	9
2) Trade payables and other payables	17	12,735	11,399
2.1) Trade payables		-	-
2.2) Other payables		12,735	11,399
3) Deferred tax liabilities	11	22,241	23,114
4) Provision for employee benefits/retirement	19	9,401	9,714
4.1) Provision for severance indemnity		4,899	4,977
4.2) Provision for retirement benefits		4,502	4,737
5) Provisions for risks and liabilities	20	7,973	4,754
5.1) Provision for warranties		7,654	4,155
5.2) Provision for legal claims		-	-
5.3) Provision for restructuring and reversion		-	-
5.4) Other provisions		319	599
TOTAL NON-CURRENT LIABILITIES		468,294	447,468
C) CURRENT LIABILITIES			
1) Financial liabilities	16	197,558	40,967
1.1) Bonds		147,017	-
1.2) Loans		42,325	36,994
1.3) Other financial liabilities		8,216	3,973
2) Trade payables and other payables	17	248,735	233,432
2.1) Trade payables		209,741	196,107
2.2) Other payables		38,994	37,325
3) Current tax payables	18	9,613	4,532
4) Provisions for risks and liabilities	20	11,897	17,152
4.1) Provision for warranties		6,480	9,435
4.2) Provision for legal claims		143	145
4.3) Provision for restructuring and reversion		1,515	1,632
4.4) Other provisions		3,759	5,940
TOTAL CURRENT LIABILITIES		467,803	296,083
LIABILITIES ASSOCIATED WITH DISCONTINUED OPERATIONS		6,810	8,787
TOTAL LIABILITIES		942,907	752,338
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,107,947	968,804

Carraro S.p.A.

Consolidated Half-yearly Financial Report as at 30 June 2025

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 01/01/2024	41,453	18,704	15,955	-6,666	426	-1,277	-3,084	-879	19,086	83,718	16,372	100,090
Comprehensive income for the period	-	-	-	-	25	1,155	-	335	9,755	11,270	340	11,610
Transactions with shareholders:												
Allocation of residual profit from previous years	-	-	19,086	-	-	-	-	-	-19,086	-	-	-
Allocation of the dividend	-	-	-10,000	-	-	-	-	-	-	-10,000	-968	-10,968
Hyperinflation effect (Carraro Argentina)	-	-	964	-	-	-	-	581	-	1,545	-	1,545
Exchange impact "capital reserves"	-	-	-	-	-	-	1,030	-	-	1,030	-	1,030
Change in consolidation scope	-	-	406	-	-	-	-	-	-	406	-406	-
Total transactions of the period	-	-	10,456	-	-	-	1,030	581	-19,086	-7,019	-1,374	-8,393
Balance as at 30/06/2024	41,453	18,704	26,411	-6,666	451	-122	-2,054	37	9,755	87,969	15,338	103,307

(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 01/01/2025	41,453	18,704	116,241	-6,666	401	-99	-1,240	873	13,085	182,752	33,714	216,466
Comprehensive income for the period	-	-	-	-	50	-922	-	-3,033	-8,552	-12,457	-937	-13,394
Transactions with shareholders:												
Allocation of residual profit from previous years	-	-	13,085	-	-	-	-	-	-13,085	-	-	-
Allocation of the dividend	-	-	-34,000	-	-	-	-	-	-	-34,000	-62	-34,062
Hyperinflation effect (Carraro Argentina)	-	-	-1,782	-	-	-	-	2,739	-	957	-	957
Exchange impact "capital reserves"	-	-	-	-	-	-	-4,927	-	-	-4,927	-	-4,927
Change in consolidation scope	-	-	-191	-	-	-	-	-	-	-191	191	-
Total transactions of the period	-	-	-22,888	-	-	-	-4,297	2,739	-13,085	-38,161	129	-38,032
Balance as at 30/06/2025	41,453	18,704	93,353	-6,666	451	-1,021	-6,167	579	-8,552	132,134	32,906	165,040

CONSOLIDATED STATEMENT OF CASH FLOWS*(amounts in Euro thousands)*

	NOTES	30/06/2025	30/06/2024
Group profit / loss for the period		-8,552	9,755
Third party profit / loss for the period		926	325
Net operating result from discontinued operations		232	-171
Taxes accruing in the period	4	5,661	8,826
Profit/(loss) before taxes		-1,733	18,735
Depreciation of property, plant and equipment	2	11,967	11,287
Amortisation of intangible fixed assets	2	2,337	2,651
Adjustment deprec. property, plant and equipment		-484	-355
Adjustment to amortisation of intangible assets		-90	-92
Impairment of intangible assets	2	26	-
Provisions for risks	2	2,116	2,382
Provisions for employee benefits	2	3,185	2,715
Net gains/(losses) on foreign exchange	3	562	32
Financial income		-2,818	-2,752
Financial expenses		20,035	13,999
Value adjustments of financial assets	3	228	56
Cash flows before changes in Net Working Capital		35,331	48,658
Changes in inventory	13	-7,865	-14,002
Change in trade receivables	12	-921	-5,065
Change in trade payables	17	21,051	24,640
Change in other receivables/payables	13-17	-5,661	2,832
Changes in receivables/payables for deferred taxation	11	-271	390
Use of provisions for employee benefits	19	-2,879	-3,182
Use of risks provisions for risks and liabilities	20	-3,691	-9,449
Interest received		2,214	2,711
Interest paid		-12,402	-12,676
Change in other financial assets and liabilities		-6,038	-1,747
Tax payments	4	-660	-3,262
Cash flows from operating activities (discontinued operations)		43	-2,780
Cash flows from operating activities		18,251	27,068
Investments in property, plant and equipment	6	-10,039	-18,797
Disinvestments and other movements in property, plant and equipment	6	1,069	-91
Real estate investments	7	-5	-
Investments in intangible fixed assets	7	-240	-381
Disinvestments and other movements in intangible fixed assets		1	-
Net liquidity acquired/sold through business combinations		-	-
Equity investments/divestments		-	-
Change in financial assets	10	42	9
Cash flows from investing activities (discontinued operations)		-649	-1,358
Cash flows from investing activities		-9,821	-20,618
Change in financial liabilities	16	172,798	8,215
Change in share capital		-	-
Dividends and other reserves paid		-34,062	-10,968
Entrance of non-controlling interests	15	-	-
Other movements of shareholders' equity	15	367	1,246
Cash flows from financing activities (discontinued operations)		-	37
Cash flows from financing activities		139,103	-1,470
Total cash flows for the period		147,533	4,980
Opening cash and cash equivalents		300,524	200,476
Exchange changes in cash and cash equivalents		-4,810	395
Change in cash flows from discontinued operations - Cash and cash equivalents		-694	-182
Closing cash and cash equivalents		442,553	205,669

EXPLANATORY AND SUPPLEMENTARY NOTES

1. Introduction

Publication of the Consolidated Half-yearly Financial Report of Carraro S.p.A. and subsidiaries (hereinafter also the “Carraro Group” or “Group”), for the period from 1 January 2025 to 30 June 2025 is authorised by resolution taken by the Board of Directors on 29 September 2025.

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

These condensed consolidated half-yearly financial statements are 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 condensed consolidated half-yearly financial statements 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).

The present condensed consolidated half-yearly financial statement has been drawn up in abridged form in compliance with IAS 34 “Half-yearly Financial Reporting”. As such, it does not include all the information required by the consolidated annual financial statements; it must be read together with the consolidated annual financial statements drawn up for the year ended on 31 December 2024.

In preparing these consolidated financial statements, the same accounting standards have been used as adopted in preparing the financial statements as at 31 December 2024, with the exception of that described in the paragraph below entitled “Accounting standards, amendments and interpretations effective as from 1 January 2025”.

The consolidated financial statements were prepared on a going-concern basis. For further details on the analysis of the Company’s financial position and performance, see the information in the Directors’ Report on Operations.

2. Structure and content of the condensed consolidated half-yearly financial statements

These condensed consolidated half-yearly financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union and to this end the figures of financial statements of the consolidated companies have been reclassified and adjusted appropriately.

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 and Exceptional Events.

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: 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.*

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 half-yearly 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 Condensed Consolidated Half-yearly Financial Statements

Basis of consolidation

The Condensed Consolidated Half-yearly Financial Statements of the Carraro 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.

Carraro S.p.A.

Consolidated Half-yearly Financial Report as at 30 June 2025

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 (Padua)	EUR	41,452,544	
Italian subsidiaries:				
Carraro Drive Tech Italia S.p.A.	Campodarsego (Padua)	EUR	5,000,000	100.00%
Siap S.p.A.	Maniago (Pordenone)	EUR	29,115,183	83.61%
Driveservice S.r.l.	Campodarsego (Padua)	EUR	30,000	100.00%
Carraro International S.E.	Campodarsego (Padua)	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

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 the half-yearly 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 Carraro Argentina S.A.) has been treated, in keeping with the treatment in the financial statements for the year ended 31 December 2024, 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 half-yearly financial statements 2025 and, for comparative purposes for the 2024 period, the items of revenue and income and of costs and expenses as of 01 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 2025 period and for the purposes of comparison with 2024, 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 2025 period and, for comparative purposes, for the 2024 period, 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.

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 01/01/2025 / 30/06/2025	Exchange rate as at 30/06/2025	Average exchange rate 01/01/2024 / 30/06/2024	Exchange rate as at 30/06/2024
Indian rupee	94.07	100.56	89.99	89.25
US dollar	1.09	1.17	1.08	1.07
Chinese renminbi	7.92	8.40	7.80	7.77
Argentine peso	1205.98	1391.44	975.39	975.39

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 require the use of estimates were those concerning the impairment testing of 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 30 June 2025 reflect the considerations made by the directors concerning possible developments linked to the current national and international scenario, characterised by a context of growing geopolitical uncertainty. The continuation of conflicts in various areas of the world and the tightening of US customs policies have created a climate of instability that has negatively affected the procurement strategies of the leading global manufacturers of agricultural and earth-moving machinery.

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.

3.3 Material standards and criteria

IFRS accounting standards, amendments and interpretations adopted since 1 January 2025:

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

The document requires an entity to use a consistent methodology for verifying whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the disclosures to be made in the notes to the financial statements.

The adoption of this amendment had no effect on the 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 Group as at 30 June 2025:

Amendments to the Classification and Measurement of Financial Instruments-Amendments to IFRS 9 and IFRS 7 (published on 30 May 2024)

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

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

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

Contracts Referencing Nature-dependent Electricity – Amendment to IFRS 9 and IFRS 7 (published on 18 December 2024)

The purpose of the document is to support entities in reporting the financial effects of agreements for the purchase of power from renewable sources (often structured as Power Purchase Agreements).

Based on these agreements, the amount of electricity generated and purchase may vary based on uncontrollable factors such as the weather conditions.

The IASB has made amendments to IFRS 9 and IFRS 7. The amendments include:

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

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

The directors do not expect a significant effect in the 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 (issued on 9 April 2024 - will replace IAS 1 Presentation of Financial Statements)

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

In particular, the new standard:

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

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

At the moment, the directors are considering the possible impacts of this new standard on the Group consolidated financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

(published on 4 May 2024)

The new standard introduces some simplifications with respect to the disclosures required by other IAS-IFRS standards. This principle can be applied by an entity that meets the following main criteria:

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

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

At the moment, the Directors are considering the possible impacts of this new standard.

Annual Improvement Volume 11

(published on 18 July 2024)

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

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

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

At the moment, the directors are considering the possible impacts of these amendments on the Group consolidated financial statements.

Accounting standards and measurement criteria adopted by the Group

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.

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.

Reclassification of revenues

Following this analysis, the reclassification under the items "Other Revenues" and "Products" 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 30 June 2024:

<i>(amounts in Euro)</i>	30/06/2024	reclassifications	30/06/2024 restated
1) PRODUCTS	383,919	11,208	395,127
2) SERVICES	1,184	-	1,184
3) OTHER REVENUES	12,009	-11,208	801
TOTAL REVENUES FROM SALES	397,112	-	397,112

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.

4. Reporting by business and geographic segment

Information on Operating Segments is given on the basis of the internal reporting provided as at 30 June 2025 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 30/06/2025 was organised in the following Business Areas:

- Carraro Drive Tech (*Transmission 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;
- Carraro Divisione Agritalia (*Vehicles*): designs and manufactures special tractors (from 60 to 100 hp) for third-party brands.

The item "Eliminations and unallocated items" 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

30/06/2025

(amounts in Euro thousands)

	Drive Tech	Agritalia	Eliminations and items not allocated	Consolidated Total
Revenues from sales	298,238	65,079	-10,488	352,829
Sales to third parties	288,601	63,351	866	352,818
Related sales	11	-	-	11
Sales between divisions	9,626	1,728	-11,354	-
Operating costs	274,197	66,710	-4,352	336,555
Purchases of goods and materials	185,740	47,662	-10,892	222,510
Services	39,960	4,981	1,768	46,709
Use of third-party goods and services	8,520	44	-8,386	178
Personnel costs	41,347	8,444	11,116	60,907
Amortisation, depreciation and impairment of assets	10,831	1,003	1,924	13,758
Changes in inventories	-12,537	4,670	2	-7,865
Provisions for risks	1,605	313	198	2,116
Other income and expenses	-1,043	-407	-75	-1,525
Internal construction	-226	-	-7	-233
Operating profit/(loss)	24,041	-1,631	-6,136	16,274

30/06/2024

(amounts in Euro thousands)

	Drive Tech	Agritalia	Eliminations and items not allocated	Consolidated Total
Revenues from sales	347,692	66,712	-17,292	397,112
Sales to third parties	307,942	64,749	24,421	397,112
Related sales	-	-	-	-
Sales between divisions	39,750	1,963	-41,713	-
Operating costs	312,071	68,279	-13,308	367,042
Purchases of goods and materials	209,845	60,591	-15,310	255,126
Services	46,443	5,574	1,067	53,084
Use of third-party goods and services	9,782	1	-9,807	-24
Personnel costs	40,484	8,568	9,894	58,946
Amortisation, depreciation and impairment of assets	10,887	1,257	1,841	13,985
Changes in inventories	-6,136	-7,629	-237	-14,002
Provisions for risks	1,725	460	197	2,382
Other income and expenses	-726	-543	-953	-2,222
Internal construction	-233	-	-	-233
Operating profit/(loss)	35,621	-1,567	-3,984	30,070

b) Other information

30/06/2025

	Drive Tech	Agritalia	Eliminations and items not allocated	Consolidated Total
Investments in fixed assets (Euro/000)	9,302	573	1,643	11,518
Number of employees as at 30 June 2025	3,190	345	217	3,752

30/06/2024

	Drive Tech	Agritalia	Eliminations and items not allocated	Consolidated Total
Investments in fixed assets (Euro/000)	17,755	1,014	1,129	19,898
Number of employees as at 30 June 2024	3,237	359	208	3,804

4.2 Geographic segments

The Group's industrial operations are located in various areas of the world: Italy, other European countries, North and South America, Asia and other non-European countries.

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.

<i>(amounts in Euro thousands)</i>	30/06/2025	%	30/06/2024	%
Asia (China, India)	112,592	31.91%	119,468	30.08%
Other EU countries	81,210	23.02%	97,165	24.47%
Italy	79,015	22.39%	79,119	19.92%
Other non-EU areas	41,250	11.69%	62,227	15.67%
South America	19,752	5.60%	8,216	2.07%
North America	19,010	5.39%	30,842	7.77%
Total	352,829	100.0%	397,112	100.0%
of which:				
Total EU area	160,225	45.41%	176,284	44.39%
Total non-EU area	192,604	54.59%	220,828	55.61%

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.

<i>(amounts in Euro thousands)</i>	30/06/2025		31/12/2024	
	CURRENT ASSETS	NON-CURRENT ASSETS	CURRENT ASSETS	NON-CURRENT ASSETS
Italy	373,035	485,056	407,195	487,501
North America	125	1	159	1
South America	10,839	1,594	12,050	2,041
Asia (India, China)	143,398	57,576	137,509	65,974
<i>Eliminations and items not allocated</i>	168,292	-144,050	-13,571	-144,061
Total	695,689	400,177	543,342	411,456

c) investments by geographic segment

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

<i>(amounts in Euro thousands)</i>	30/06/2025	30/06/2024
Italy	8,581	18,406
Non-EU countries	-	391
South America	12	13
Asia	2,321	2,631
<i>Eliminations and items not allocated</i>	604	-1,543
Total	11,518	19,898

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

a) Transactions not related to ordinary operations:

As at 30 June 2025, there were no transactions not related to ordinary operations.

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 the first half of 2025, the accounting effects of this remeasurement were recorded in the following manner:

- the measurement of non-monetary items, shareholders' equity items and income statement items recognised during the 2025 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: C15 - Income (charges) from hyperinflation).

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

<i>(specific values)</i>	2025 Half-year
Jan-25	7,864.13
Feb-25	8,052.99
Mar-25	8,353.32
Apr-25	8,585.61
May-25	8,714.49
Jun-25	8,836.49

Argentina - Application of IFRS 5

As already described in Section 2.2 Content of the Condensed Consolidated Half-yearly Financial Statements above, following the agreement to sell the *Argentine business*, the comparative figures for the income statement were restated to identify the contribution of the discontinued operation, as required by IFRS 5.

Below is a reconciliation table of the figures published in the 2024 Consolidated Half-yearly 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. For the sake of completeness, it should be noted that the figures below do not reflect the restatement of data as described in more detail in paragraph 3.4 "Restatement of comparative data".

(amounts in Euro thousands)

	30/06/2024 published	Application of IFRS 5	Proforma 30/06/2024
A) REVENUES FROM SALES			
1) Products	383,919	-9,105	393,024
2) Services	1,184	59	1,125
3) Other revenues	12,009	-1,018	13,027
TOTAL REVENUES FROM SALES	397,112	-10,064	407,176
B) OPERATING COSTS			
1) Purchases of goods and materials	255,126	-3,676	258,802
2) Services	53,084	-2,560	55,644
3) Use of third-party goods and services	-24	-512	488
4) Personnel costs	58,946	-2,753	61,699
5) Amortisation, depreciation and impairment of assets	13,985	-838	14,823
6) Changes in inventories	-14,002	2,204	-16,206
7) Provision for risks and other liabilities	2,382	-302	2,684
8) Other income and expenses	-2,222	194	-2,416
9) Internal construction	-233	-	-233
TOTAL OPERATING COSTS	367,042	-8,243	375,285
OPERATING PROFIT/(LOSS)	30,070	-1,821	31,891
C) GAINS/(LOSSES) ON FINANCIAL ASSETS			
10) Income and expenses from equity investments	-	-	-
11) Other financial income	2,752	-23	2,775
12) Financial costs and expenses	-13,999	223	-14,222
13) Net gains/(losses) on foreign exchange	-32	539	-571
14) Value adjustments of financial assets	-56	-	-56
15) Income (charges) from hyperinflation	-	626	-626
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	-11,335	1,365	-12,700
PROFIT/(LOSS) BEFORE TAXES	18,735	-456	19,191
15) Current and deferred income taxes	8,826	-285	9,111
NET OPERATING RESULT FROM CONTINUING OPERATIONS	9,909	-171	10,080
Net operating result from discontinued operations	171	171	-
NET PROFIT/(LOSS)	10,080	-	10,080
16) Minority interests	-325	-	-325
GROUP CONSOLIDATED PROFIT/(LOSS)	9,755	-	9,755

Below is a reconciliation table of the figures published in these Consolidated Half-yearly Financial Statements 2025 and the pro-forma figures of the Consolidated Financial Statements if the *Argentine business* had not been treated as Discontinued Operations, in order to better understand the effect of this business on the Group's results:

<i>(amounts in Euro thousands)</i>	30/06/2025 published	Application of IFRS 5	Proforma 30/06/2025
A) REVENUES FROM SALES			
1) Products	349,019	-6,951	355,970
2) Services	3,070	-2	3,072
3) Other revenues	740	1	739
TOTAL REVENUES FROM SALES	352,829	-6,952	359,781
B) OPERATING COSTS			
1) Purchases of goods and materials	222,510	-1,874	224,384
2) Services	46,709	-1,848	48,557
3) Use of third-party goods and services	178	-441	619
4) Personnel costs	60,907	-2,196	63,103
5) Amortisation, depreciation and impairment of assets	13,758	-261	14,019
6) Changes in inventories	-7,865	1,067	-8,932
7) Provision for risks and other liabilities	2,116	-665	2,781
8) Other income and expenses	-1,525	2	-1,527
9) Internal construction	-233	-	-233
TOTAL OPERATING COSTS	336,555	-6,216	342,771
OPERATING PROFIT/(LOSS)	16,274	-736	17,010
C) GAINS/(LOSSES) ON FINANCIAL ASSETS			
10) Income and expenses from equity investments	-	-	-
11) Other financial income	2,818	-14	2,832
12) Financial costs and expenses	-20,035	101	-20,136
13) Net gains/(losses) on foreign exchange	-562	613	-1,175
14) Value adjustments of financial assets	-228	-	-228
15) Income (charges) from hyperinflation	-	184	-184
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	-18,007	884	-18,891
PROFIT/(LOSS) BEFORE TAXES	-1,733	148	-1,881
15) Current and deferred income taxes	5,661	-84	5,745
NET OPERATING RESULT FROM CONTINUING OPERATIONS	-7,394	232	-7,626
Net operating result from discontinued operations	-232	-232	-
NET PROFIT/(LOSS)	-7,626	-	-7,626
16) Minority interests	-926	-	-926
GROUP CONSOLIDATED PROFIT/(LOSS)	-8,552	-	-8,552

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)

<i>(amounts in Euro thousands)</i>	30/06/2025	30/06/2024
1) PURCHASES OF GOODS AND MATERIALS	222,510	255,126
2) SERVICES	46,709	53,084
3) USE OF THIRD-PARTY GOODS AND SERVICES	178	-24
4) PERSONNEL COSTS	60,907	58,946
5) AMORTISATION, DEPRECIATION AND IMPAIRMENT OF ASSETS	13,758	13,985
6) CHANGES IN INVENTORIES	-7,865	-14,002
7) PROVISION FOR RISKS AND OTHER LIABILITIES	2,116	2,382
8) OTHER INCOME AND EXPENSES	-1,525	-2,222
9) INTERNAL CONSTRUCTION	-233	-233
Total	336,555	367,042

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)

<i>(amounts in Euro thousands)</i>	30/06/2025	30/06/2024
10) INCOME AND EXPENSES FROM EQUITY INVESTMENTS	-	-
11) OTHER FINANCIAL INCOME	2,818	2,752
12) FINANCIAL COSTS AND EXPENSES	-20,035	-13,999
13) NET GAINS/(LOSSES) ON FOREIGN EXCHANGE	-562	-32
14) VALUE ADJUSTMENTS OF FINANCIAL ASSETS	-228	-56
15) INCOME (CHARGES) FROM HYPERINFLATION	-	-
Total	-18,007	-11,335

Net financial expenses increased from 11,247 million Euros (-2.8% of turnover) to 17,217 million Euros (-4.9% of turnover) in the first half of 2025. The difference is mainly due to the financial charges on the two new bond issues completed by the subsidiary Carraro Finance in April 2025 for 126,000,000 Euros and in June 2025 for 139,801,000 Euros, as well as the costs for the early redemption of an existing bond of 120,000,000 Euros (repaid in the first half of 2025) and for the future early closure of an existing bond of 150,000,000 Euros repaid early with respect to its amortisation plan (see the section on Events after the half-yearly closing date).

The early closure of existing bonds resulted in the absorption of the residual amortised cost and the early redemption cost in the income statement.

It should be noted that financial expenses include fees paid on outstanding bonds that are absorbed over the term of the bonds in application of the amortised cost method of accounting.

Exchange differences as at 30 June 2025 were negative, for 0.56 million Euros, up on the previous year (negative for 0.03 million Euros).

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

Income taxes (note 4)

<i>(amounts in Euro thousands)</i>	30/06/2025	30/06/2024
CURRENT TAXES	4,126	4,482
TAX CONSOLIDATION EXPENSE AND INCOME	2,016	3,833
TAXES FROM PREVIOUS YEARS	2	-
DEFERRED TAXES	-483	511
Total	5,661	8,826

Current taxes

Tax on the income of Italian companies is mainly calculated at 24%, for IRES (corporation tax), and at 4.08% for IRAP (regional business tax) on the respective taxable income for the period. Taxes for the foreign companies are calculated at the rates in force in the various countries.

Tax consolidation expense and income

The companies Carraro S.p.A., 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 is valid for the three-year period starting from 1 January 2024 for the companies SIAP S.p.A., Carraro International SE and Driveservice S.r.l. and for the three-year period starting from 1 January 2025 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, on the consolidation entries and on the tax losses carried forward to the extent that it is probable that there will be adequate future tax profits for which such losses can be utilised in a reasonably short period of time. For further details see note 11.

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 30/06/2025 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

During the period, the financial commitment made by the group for R&D activities amounted to approximately 3.76% of turnover. These costs did not give rise to new capitalisations in accordance with the criteria of IAS 38.

Property, plant and equipment (note 6)

These present a net balance of 265.631 million Euros. 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	117,767	289,748	154,076	19,293	11,093	591,977
Provisions for amortisation and depreciation	-37,513	-157,983	-109,498	-13,443	-	-318,437
Net as at 01/01/2025	80,254	131,765	44,578	5,850	11,093	273,540
Changes in 2025:						
Increases	98	3,383	2,915	325	3,318	10,039
Increases in rights of use	533	-	236	470	-	1,239
Decreases	-334	-8	-100	-53	-	-495
Depreciation and amortisation	-1,421	-5,926	-3,791	-829	-	-11,967
Write-downs	-	-26	-	-	-	-26
Hyperinflation Argentina	-	123	73	14	-	210
Other changes	-512	581	1,494	-164	-8,258	-6,859
Reclassification of discontinued operations	-	-45	-11	6	-	-50
Net as at 30/06/2025	78,618	129,847	45,394	5,619	6,153	265,631
Made up of:						
Historical cost	116,396	286,065	155,667	19,378	6,153	583,659
Provisions for amortisation and depreciation	-37,778	-156,218	-110,273	-13,759	-	-318,028

The amount of the decreases and other movements (that take into consideration the reclassifications and exchange rate changes) are shown by the net value of historic cost, accumulated depreciation, and the uses of the provision for trade receivables.

Intangible assets (Note 7)

These present a net balance of 104.367 million Euros. The breakdown is as follows:

Items (amounts in Euro thousands)	Goodwill	Development costs	Royalties and patents	Licences and Trademarks	Invest. in prog. and deposits	Technology	Total
Historical cost	93,385	13,075	1,502	47,494	211	34,994	190,661
Provisions for amortisation and depreciation	-32,119	-12,637	-1,423	-32,672	-	-4,982	-83,833
Net as at 01/01/2025	61,266	438	79	14,822	211	30,012	106,828
Changes in 2025:							
Increases	-	-	4	77	159	-	240
Decreases	-	-	-	-	-	-	-
Depreciation and amortisation	-	-110	-20	-1,336	-	-871	-2,337
Write-downs	-	-	-	-	-	-	-
Hyperinflation Argentina	-	-	-	21	1	-	22
Other changes	-	1	-1	127	-202	-325	-400
Reclassification of discontinued operations	-	-	-	12	2	-	14
Net as at 30/06/2025	61,266	329	62	13,723	171	28,816	104,367
Made up of:							
Historical cost	93,385	13,075	1,505	47,374	171	34,642	190,152
Provisions for amortisation and depreciation	-32,119	-12,746	-1,443	-33,651	-	-5,826	-85,785

The amount of the decreases and other movements are shown by the net value of historic cost, accumulated depreciation, and the uses of the provision for trade receivables.

Goodwill and Impairment Tests

Goodwill is attributed to the *CGU* (cash generating unit) identified in the “*Drive Tech*” business area. This *CGU* is subjected to specific impairment testing at least once a year, in application of the provisions of IAS 36 as described in the explanatory notes to the consolidated financial statements as at 31/12/2024.

No trigger events occurred in the first half of 2025 requiring a new assessment of the impairment test as compared to what is disclosed in the consolidated financial statements as at 31 December 2024.

The amounts of goodwill recognised are shown below (amounts in Euro thousands):

Business Area (<i>CGU</i>)	31/12/2024	Changes	30/06/2025
<i>Drive Tech</i>	61,266	-	61,266
Total	61,266	-	61,266

Investments in progress and deposits

The increase in investments in progress refers to the costs incurred by Siap S.p.A and by Carraro S.p.A. for the design of new product lines developed in relation to similar projects launched by customers. Development costs generated internally are capitalised at cost.

Licences and Trademarks

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

Royalties and patents

Investments in Royalties and Patents mainly refer to previous-year 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 0.55 million Euro and relate to civil property owned by Carraro S.p.A., Siap S.p.A. and Carraro India Ltd.

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.

The parent company Carraro S.p.A. holds a 20.23% stake in Enertronica Santerno S.p.A. 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.

In the context of the Negotiated Settlement, the company has reached various Restructuring Agreements with its creditors.

During 2024, Enertronica Santerno S.p.A. encountered further difficulties in implementing its restructuring plan due to new critical issues that arose with some creditors and the consequent suspension 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) (ctv. Euros)	Shareholders' Equity (ctv. Euros)	Sh. Equity attributable to the Company (ctv. Euros)	Carrying amount of the investment (ctv. Euros)
Bhavani Synchronotec Private Limited ⁽¹⁾	Sanand, Gujarat (India)	49.00%	-351,909	7,524,300	3,686,907	3,982,266

⁽¹⁾: Amounts referred to the last financial statements approved according to the Indian tax calendar 31/03/2025.

The subsidiary Siap S.p.A. holds a stake in the joint venture Bhavani Synchronotec Private Limited, a company whose core business is the manufacture of synchronisers for subsequent sale on the market.

Financial assets (note 10)

(amounts in Euro thousands)	30/06/2025	31/12/2024
Loans to related parties	-	-
Loans to third parties	-	-
LOANS AND RECEIVABLES	-	-
Available for sale	62	61
Other financial assets	12	359
OTHER FINANCIAL ASSETS	74	420
NON-CURRENT FINANCIAL ASSETS	74	420
With related parties	-	-
With third parties	-	-
LOANS AND RECEIVABLES	-	-
Financial assets at current value	-	-
Fair value of derivatives	364	415
Other financial assets	2,455	757
OTHER FINANCIAL ASSETS	2,819	1,172
CURRENT FINANCIAL ASSETS	2,819	1,172

Non-current loans and receivables

As at 30 June 2025, there were no non-current loans and receivables.

Other current and non-current financial assets

These include guarantee deposits and up-front fees incurred by Group companies for revolving credit lines.

Current loans and receivables

As at 30 June 2025, there were no current loans and receivables.

Fair value of derivatives

Include "cash flow hedge" derivatives for 0.36 million Euros. The amount refers to the fair value recognised as at 30/06/2025 of current instruments on currencies and goods. 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 carrying amount of net deferred tax liabilities recognised as at 30 June 2025 came to 1.283 million Euros. (2.160 million Euros as at 31 December 2024).

Net deferred tax assets include the benefits associated with retained tax losses, insofar as it is likely that there will be suitable 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 30 June 2025 amounted to 36 million Euros (27.3 million Euros at December 2024), with a tax effect of 10.6 million Euros. (6 million Euros at December 2024).

No deferred tax assets on temporarily non-deductible interest charges were recognised for a taxable amount of 38.2 million Euros. (24.5 million Euros at December 2024) with a tax effect of 9.2 million Euros. (5.9 million Euros at December 2024).

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.

Net deferred taxes also include deferred tax assets related to the capital gain arising from a transaction carried out in 2014. Since this is a transaction between companies subject to common control, in accordance with the Assirevi document "OPII" 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 30/06/2025 amounted to 5.3 million Euros. Deferred tax liabilities also include 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)

<i>(amounts in Euro thousands)</i>	30/06/2025	31/12/2024
NON CURRENT TRADE RECEIVABLES	-	-
With third parties	4,804	4,640
OTHER NON-CURRENT RECEIVABLES	4,804	4,640
NON-CURRENT TRADE RECEIVABLES AND OTHER RECEIVABLES	4,804	4,640
With related parties	3	14
With third parties	65,320	67,864
CURRENT TRADE RECEIVABLES	65,323	67,878
With related parties	808	809
With third parties	30,130	21,622
OTHER CURRENT RECEIVABLES	30,938	22,431
CURRENT TRADE RECEIVABLES AND OTHER RECEIVABLES	96,261	90,309

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

Other non-current receivables (4.80 million Euros) consist mainly of guarantee deposits, portions of costs accruing in subsequent periods and advance payments and tax receivables accrued in India.

Receivables from related parties refer to the receivable from tax consolidation due from the company Finaid S.p.A.

Closing inventory (note 13)

<i>(amounts in Euro thousands)</i>	30/06/2025	31/12/2024
Raw materials	106,559	110,709
Work in progress and semi-finished products	41,439	39,761
Finished products	27,723	22,213
Total inventories	175,721	172,683
Provision for impairment of inventories	-21,665	-21,346
Total inventories	154,056	151,337

Inventories as at 30 June 2025 recorded a net balance of 154.06 million Euros, an increase compared with 151.34 million Euros as at 31 December 2024.

Cash and cash equivalents (Note 14)

(amounts in Euro thousands)	30/06/2025	31/12/2024
CASH	81	81
BANK CURRENT ACCOUNTS AND DEPOSITS	442,472	300,443
TOTAL	442,553	300,524

The balance of cash and cash equivalents as at 30 June 2025 has increased significantly compared to 31 December 2024. This increase is mainly attributable to the issue, during the first half of the year, of a senior unsecured bond loan of 265.8 million Euros, maturing in 2028, with a fixed rate of 5.75%, listed on the Luxembourg Stock Exchange and on the MOT (for further details, see note 16).

As part of the IPO transaction, which was finalised in December 2024, Carraro International also opened an escrow account in India, dedicated to the sale of the shares and the collection of the proceeds. This account, available to the company, is restricted until full payment of the expenses and taxes relative to the IPO process. As at 30 June 2025, the amount of cash and cash equivalents indicated above included this restricted amount of 216.82 thousand Euros.

Shareholders' equity (note 15)

(amounts in Euro thousands)	30/06/2025	31/12/2024
1) Share Capital	41,453	41,453
2) Other Reserves	105,392	128,279
3) Profits/(Losses) brought forward	-	-
4) Cash flow hedge reserve	-1,021	-99
5) Provision for discounting employee benefits	451	401
6) Foreign currency translation reserve	-5,589	-367
7) Result for the period pertaining to the group	-8,552	13,085
GROUP SHAREHOLDERS' EQUITY	132,134	182,752
8) Minority interests	32,906	33,714
TOTAL SHAREHOLDERS' EQUITY	165,040	216,466

Share capital is set at 41,452,543.60 Euros, fully paid-up, divided into 58,385,555 ordinary shares (21,630,256 of category "A" and 36,755,299 of category "B") with no par value.

No other financial instruments which assign equity and investment rights have been issued.

In the first half of 2025 no new treasury shares were purchased. The overall investment therefore amounts to 6.666 million Euros. This amount is recognised under item 2) Other Reserves.

Financial liabilities (note 16)

The classification of financial liabilities is shown below:

(amounts in Euro thousands)	30/06/2025	31/12/2024
NON-CURRENT BONDS	263,613	267,228
MEDIUM/LONG-TERM LOANS	149,347	127,910
MEDIUM/LONG-TERM LEASE PAYABLES - IFRS 16	2,990	3,340
MEDIUM/LONG-TERM LOANS	152,337	131,250
OTHER NON-CURRENT FINANCIAL LIABILITIES	-6	9
OTHER NON-CURRENT FINANCIAL LIABILITIES	-6	9
NON-CURRENT FINANCIAL LIABILITIES	415,944	398,487
CURRENT BONDS	147,017	-
MEDIUM-/LONG-TERM LOANS – short-term portion	41,049	35,829
LOANS TO OTHERS	18	-
LEASE PAYABLES FROM RIGHTS OF USE - IFRS 16	1,258	1,165
CURRENT FINANCIAL LIABILITIES	189,342	36,994
FAIR VALUE OF EXCHANGE RATE DERIVATIVES	1,812	443
FAIR VALUE OF DERIVATIVES ON COMMODITIES	66	-
OTHER CURRENT FINANCIAL LIABILITIES	6,338	3,530
OTHER CURRENT FINANCIAL LIABILITIES	8,216	3,973
CURRENT FINANCIAL LIABILITIES	197,558	40,967

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, excluding the effect of derivatives:

Financial liabilities (amounts in Euro thousands)	31/12/2024	Cash Flow	Reclassifications	Other changes	Change in IFRS 16	Exchange impact	30/06/2025
Gross non-current loans payable	401,294	195,218	-176,588	1,778	-163	-3,076	418,463
Gross current loans payable	37,028	-22,420	176,588	29	119	-672	190,672
Total loans payable	438,322	172,798	-	1,807	-44	-3,748	609,135
Amortised cost	-2,850	-	-	-993	-	-	-3,843
Other non-current financial liabilities	9	-	-	-14	-	-1	-6
Other current financial liabilities	3,530	-3,528	-	6,341	-	-5	6,338
Financial liabilities	439,011	169,270	-	7,141	-44	-3,754	611,624

The net financial position is broken down below:

Net financial position (amounts in Euro thousands)	30/06/2025	31/12/2024
Non-current bonds	-263,613	-267,228
Current bonds	-147,017	-
Bonds:	-410,630	-267,228
Non-current loans payable	-152,337	-131,250
Current loans payable	-42,325	-36,994
Other non-current financial liabilities	6	-9
Other current financial liabilities	-6,338	-3,530
Trade payables and other non-current payables *	-	-
Financial liabilities:	-200,994	-171,783
Current loans and receivables	-	-
Other current financial assets	2,455	757
Financial assets:	2,455	757
Cash	81	81
Bank current accounts and deposits	442,472	300,443
Cash and cash equivalents:	442,553	300,524
Reclassifications from discontinued operations	1,777	1,127
Net financial position **	-164,839	-136,603
Non-current loans and receivables	-	-
Other non-current financial assets	12	359
Non-current leases - IFRS 16	2,990	3,340
Current leases - IFRS 16	1,258	1,165
Reclassifications from discontinued operations	-	294
Net financial position ***	-160,579	-131,445
of which payables/(receivables):		
- non-current	-411,165	-393,367
- current	250,586	261,922

(*) 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 types of non-interest-bearing loans.

(**) Net financial debt drawn up in accordance with the framework provided for by ESMA Recommendation 32-382-1138 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:

- as at 30/06/2025, the amount of the long-term cash and cash equivalents stated above was equal to 0.22 million Euros; for more details reference is made to note 14;
- 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 0.69 million Euros as at 30 June 2025.

This bond loan was repaid early during the financial year (see the section on Events after the half-yearly closing date).

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.

As already mentioned in the previous paragraphs, this bond loan was repaid early during the financial year.

In the first half of 2025, the Company issued a 5.25% fixed-rate senior unsecured bond of 265.8 million Euros – maturing in 2030 – listed on the Luxembourg Stock Exchange and on the MOT.

The effect of the amortised cost on this item amounted to 2.19 million Euros as at 30 June 2025.

As at 30 June 2025, the financial parameters (covenants) contractually specified on the consolidated data had been met.

The Carraro Group has a total of 115.70 million Euros in short-term bank credit facilities, with no utilisation in the first half of 2025. The medium- and long-term banking credit facilities amounted to a total of 226.47 million Euros, against a utilisation of 190.75 million Euros.

The rate terms vary according to the country of usage and can be summarised as follows:

- Europe: 4.90 - 5.50 %
- 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:

<i>(amounts in Euro thousands)</i>	Nominal Value	Amortised cost 30/06/2025	Carrying amount 30/06/2025	Fair Value (level 1) 30/06/2025
BOND 2020-2026 3.75%	148,319	-1,302	147,017	148,527
BOND 2025-2030 5.25%	265,801	-2,188	263,613	270,133
Total	414,120	- 3,490	410,630	418,660

Trade payables and other payables (note 17)

<i>(amounts in Euro thousands)</i>	30/06/2025	31/12/2024
With third parties	12,735	11,399
OTHER NON-CURRENT PAYABLES	12,735	11,399
TRADE PAYABLES AND OTHER NON-CURRENT PAYABLES	12,735	11,399
With related parties	366	138
With third parties	209,375	195,969
CURRENT TRADE PAYABLES	209,741	196,107
With related parties	90	90
With third parties	38,904	37,235
OTHER CURRENT PAYABLES	38,994	37,325
TRADE PAYABLES AND OTHER CURRENT PAYABLES	248,735	233,432

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.

Carraro S.p.A.

Consolidated Half-yearly Financial Report as at 30 June 2025

Supported by opinions of its tax advisors, the Company has classified the risk for some claims as remote and for some as unquantifiable.

Current tax payables (note 18)

<i>(amounts in Euro thousands)</i>	30/06/2025	31/12/2024
Current taxes payables	9,613	4,532

Employee severance indemnities and retirement benefits (note 19)

<i>(amounts in Euro thousands)</i>	30/06/2025	31/12/2024
Opening severance indemnities in accordance with IAS 19	4,977	5,673
Utilisation of employee severance indemnities	-153	-893
Interest cost	71	168
Actuarial gains/losses	4	29
Closing severance indemnities in accordance with IAS 19	4,899	4,977

Pension/retirement funds

Pension funds and similar for 4.5 million Euros refer to staff in Argentina, India and China. The actuarial recalculation, except for the structural differences of the relevant plans, follows the same criterion described for the aforementioned Italian termination benefit provisions. The accounting treatment of employee benefits recorded in the financial statements complies with IAS 19 Revised for defined-benefit plans.

<i>(amounts in Euro thousands)</i>	Opening 31/12/2024	Increases	Decreases	Other changes	Closing 30/06/2025
Pension funds and similar	4,737	707	-394	-548	4,502

Workforce

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

Employees	31/12/2024	Changes	30/06/2025
Executives	32	-	32
Clerical staff	798	11	809
Factory workers	2,155	-15	2,140
Temporary workers	638	133	771
Total	3,623	129	3,752

Provision for risks and liabilities (note 20)

The item can be broken down as follows:

<i>(amounts in Euro thousands)</i>	Opening situation	Increases	Decreases	Reclassifications	Discontinued operations	Exchange-rate adjustments	Closing situation
Non-current portion							
1) WARRANTY	4,155	-	-	3,635	-	-136	7,654
2) COSTS OF LEGAL CLAIMS	-	-	-	-	-	-	-
3) RENOVATION AND CONVERSION	-	-	-	-	-	-	-
4) OTHER PROVISIONS	599	132	-399	-	21	-34	319
TOTAL	4,754	132	-399	3,635	21	-170	7,973
Current portion							
1) WARRANTY	9,435	2,061	-1,229	-3,635	-2	-150	6,480
2) COSTS OF LEGAL CLAIMS	145	70	-63	-	-10	1	143
3) RENOVATION AND CONVERSION	1,632	-	-117	-	-	-	1,515
4) OTHER PROVISIONS	5,940	2,074	-3,537	-	-576	-142	3,759
TOTAL	17,152	4,205	-4,946	-3,635	-588	-291	11,897

From the product warranty reserve, 1.23 million Euros was used for customer claims accepted and the reserve was increased by 2.06 million Euros on the basis of the expected warranty costs which will be incurred in relation to the sales made.

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

The restructuring provision allocated as at 30 June 2025, concerning the reorganisation and restructuring of the Carraro Group, has been used for an amount of 0.12 million Euros.

The item "Other provisions" includes amounts recognised for individual companies for future expenses and liabilities, including the performance bonus to employees and MBOs.

7. Commitments and risks

As at 30 June 2025, no significant events to report had occurred.

8. Transactions with related parties (note 21)

The shareholders of the company Carraro S.p.A. as at 30/06/2025, net of treasury shares, were as follows: Finaid S.p.A. for 48.33%, Enrico and Tomaso Carraro jointly for 10.13% 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/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.

<i>(amounts in Euro thousands)</i>	Financial and equity transactions			Economic transactions			
	Financial assets	Trade receivables and other receivables	Trade payables and other payables	Sales revenues	Purchases of goods and materials	Other financial income	Purchases of assets
Finaid S.p.A.	-	808	90	-	-	-	-
Enertronica Santerno S.p.A.	-	-	8	-	-	63	6
Bhavani Synchrotec Private Limited	-	3	358	11	1,130	-	-
TOTAL	-	811	456	11	1,130	63	6

9. FINANCIAL INSTRUMENTS

9.1 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 30/06/2025. These are instruments designated to cover:

- foreign currency sales and purchasing 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.	-	682	682
Carraro Drive Tech Italia S.p.A.	50,741	3,891	54,632
Carraro India Ltd.	-	4,954	4,954
Carraro International SE	-	4,138	4,138
SIAP S.p.A.	3,310	829	4,139
GROUP TOTAL 30/06/2025	54,051	14,494	68,545

(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	Jul-25
Carraro Drive Tech Italia S.p.A.	USD/EUR CNY/EUR INR/EUR	Feb-26	USD/EUR INR/EUR	Jul-25
Carraro India Ltd.	-	-	EUR/INR	Dec-25
Carraro International SE	-	-	USD/EUR	Sep-25
SIAP S.p.A.	USD/EUR	Mar-26	USD/EUR	Jul-25

(1) instruments hedging foreign currency sales and purchasing budget

(2) instruments hedging current receivables and payables in foreign currencies

c) Fair value

<i>(amounts in Euro thousands)</i>	Swaps (DCS) (1)	Swaps (DCS) (2)	Total
Carraro S.p.A.	-	-1	-1
Carraro Drive Tech Italia S.p.A.	-1,811	6	-1,805
Carraro India Ltd.	-	34	34
Carraro International SE	-	53	53
SIAP S.p.A.	263	1	264
GROUP TOTAL 30/06/2025	-1,548	93	-1,455

(1) instruments hedging foreign currency sales and purchasing budget

(2) instruments hedging current receivables and payables in foreign currencies

d) Details of fair values

<i>(amounts in Euro thousands)</i>	30/06/2025		31/12/2024	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
FAIR VALUE/CASH FLOW HEDGE				
Exchange rate risk	357	-1,812	82	-434

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

<i>(amounts in Euro thousands)</i>	FV recognised in the income statement	FV recognised in net equity	Total
Carraro S.p.A.	-1	-	-1
Carraro Drive Tech Italia S.p.A.	-585	-1,220	-1,805
Carraro India Ltd.	34	-	34
Carraro International SE	53	-	53
SIAP S.p.A.	65	199	264
GROUP TOTAL 30/06/2025	-434	-1,021	-1,455

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 30/06/2025 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 Options, 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.

9.2 Derivative financial instruments on interest rates

There are no derivative contracts on interest rates outstanding as at 30/06/2025.

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.

9.3 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 30/06/2025. These are instruments designated to hedge:

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

a) Notional values

CONTRACT <i>(amounts in Euro thousands)</i>	Swap (1)	Total notional values
Carraro S.p.A.	139	139
Carraro Drive Tech Italia S.p.A.	209	209
SIAP S.p.A.	1,261	1,261
GROUP TOTAL 30/06/2025	1,609	1,609

(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-26
Carraro Drive Tech Italia S.p.A.	PSV (Gas) PUN (Energy)	Dec-26
SIAP S.p.A.	PSV (Gas) PUN (Energy)	Dec-26

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

c) Fair value

<i>(amounts in Euro thousands)</i>	Swap (1)	Total
Carraro S.p.A.	1	1
Carraro Drive Tech Italia S.p.A.	6	6
SIAP S.p.A.	-66	-66
GROUP TOTAL 30/06/2025	-59	-59

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

d) Details of fair values

<i>(amounts in Euro thousands)</i>	30/06/2025		31/12/2024	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
FAIR VALUE/CASH FLOW HEDGE				
Risk of fluctuating commodity prices	7	-66	375	-

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

<i>(amounts in Euro thousands)</i>	FV recognised in the income statement
Carraro S.p.A.	1
Carraro Drive Tech Italia S.p.A.	66
SIAP S.p.A.	-66
GROUP TOTAL 30/06/2025	-59

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 30/06/2025 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.

Carraro S.p.A.

Consolidated Half-yearly Financial Report as at 30 June 2025

Notional values and fair values

Below is a summary table of the assets and liabilities measured at fair value as at 30 June 2025, as required by IFRS 13:

<i>(amounts in Euro thousands)</i>	Level 2 30/06/2025	Level 2 31/12/2024
Assets		
Foreign exchange derivative assets	357	40
Commodity derivative assets	-	-
Total Assets	357	40
Liabilities		
Foreign exchange derivative liabilities	1,812	443
Commodity derivative liabilities	-	-
Total Liabilities	1,812	443

10. Events subsequent to the reporting date

On 4 August 2025, the bond issued in 2020, maturing in 2026, was repaid early for an amount of 150 million Euros.



The Chairman
Enrico Carraro

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Shareholders of Carraro S.p.A.

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Carraro S.p.A. and subsidiaries (the “Carraro Group”), which comprise the consolidated statement of financial position as of June 30, 2025 and the consolidated income statement, consolidated comprehensive income statement, statement of changes in consolidated shareholders’ equity and consolidated statement of cash flows for the six-month period then ended, and the related explanatory and supplementary notes. The Directors are responsible for the preparation of this condensed consolidated interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as issued by the International Accounting Standards Board and adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed consolidated interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Carraro Group as at June 30, 2025 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as issued by the International Accounting Standards Board and adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Cristiano Nacchi
Partner

Padua, Italy
September 29, 2025

*This 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.*