



Carraro Group

Directors' Report on

Operations

as at 31 December 2025

CARRARO S.p.A.

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

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

Tax Code, VAT and Registration Number

Companies Register of Padua no. 202040283 – R.E.A. no. 84033

GENERAL INFORMATION

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

The Chairman, Mr Enrico Carraro, the Vice-Chairman, Mr Tomaso Carraro, and the Chief Executive Officer, Mr Andrea Conchetto, each have legal representation and signing authority, which they may exercise individually both in dealings with third parties and in legal proceedings. These powers derive from the delegations granted by the Board of Directors at its meeting on 24 April 2024 and are exercised in accordance with applicable legislation, with particular reference to matters reserved by law for the Board of Directors, as well as to the powers that cannot be delegated and the limits set out in the Articles of Association. The Chief Executive Officer, Andrea Conchetto, is also granted specific powers that complement and supplement those associated with the role of General Manager. With regard to financial and economic matters, Mr Gianluca Casiraghi, the Group's CFO but not a member of the Board of Directors, was granted specific management powers as at 31 December 2025, pursuant to a resolution passed by the Board of Directors on 28 February 2025.

DISCLAIMER

This document contains forward-looking statements, in particular in the section "Expected business outlook 2026", in relation to future events and the operating, economic and financial results of the Carraro Group. These forecasts have by their very nature a component of risk and uncertainty, as they depend on the occurrence of future events and developments. The actual results may differ, even significantly, from those announced in relation to a multiplicity of factors.

CONSOLIDATED STATEMENT OF INCOME AS AT 31.12.2025

<i>(amounts in Euro thousands)</i>	31.12.2025	%	31.12.2024	%	Changes 31.12.2025- 31.12.2024	%
REVENUES FROM SALES	725,029	100.00%	736,607	100.00%	-11,578	-1.57%
Purchases of goods and materials (net of changes in inventories)	-435,612	-60.08%	-446,669	-60.64%	11,057	2.48%
Use of third-party goods and services	-93,305	-12.87%	-97,972	-13.30%	4,667	4.76%
Personnel costs	-120,230	-16.58%	-116,415	-15.80%	-3,815	-3.28%
Amortisation, depreciation and impairment of assets	-27,639	-3.81%	-29,376	-3.99%	1,737	5.91%
Provisions for risks	-4,338	-0.60%	-3,585	-0.49%	-753	-21.00%
Other income and expenses	4,093	0.56%	10,024	1.36%	-5,931	-59.17%
Internal construction	575	0.08%	624	0.08%	-49	-7.85%
OPERATING COSTS	-676,456	-93.30%	-683,369	-92.77%	6,913	1.01%
OPERATING PROFIT/(LOSS) (EBIT*)	48,573	6.70%	53,238	7.23%	-4,665	-8.76%
Income and expenses from equity investments	-1	0.00%	-	0.00%	-1	
Other financial income	5,271	0.73%	4,474	0.61%	797	17.81%
Financial costs and expenses	-33,970	-4.69%	-27,921	-3.79%	-6,049	-21.66%
Net gains/(losses) on foreign exchange	-527	-0.07%	-868	-0.12%	341	39.29%
Value adj. of financial assets	-355	-0.05%	-56	-0.01%	-299	
Income (expenses) from hyperinflation	-	0.00%	-	0.00%	-	
GAINS/(LOSSES) ON FINANCIAL ASSETS	-29,582	-4.08%	-24,371	-3.31%	-5,211	-21.38%
PROFIT/(LOSS) BEFORE TAXES	18,991	2.62%	28,867	3.92%	-9,876	-34.21%
Current and deferred income taxes	-11,535	-1.59%	-13,714	-1.86%	2,179	15.89%
NET OPERATING RESULT FROM CONTINUING OPERATIONS	7,456	1.03%	15,153	2.06%	-7,697	-50.80%
Net operating result from discontinued operations	-16,934	-2.34%	-2,103	-0.29%	-14,831	
Profit/(loss) pertaining to minorities	-2,313	-0.32%	35	0.00%	-2,348	
GROUP CONSOLIDATED PROFIT/(LOSS)	-11,791	-1.63%	13,085	1.78%	-24,876	
EBITDA *	76,118	10.50%	80,216	10.89%	-4,098	-5.11%

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31.12.2025
(amounts in Euro thousands)

	31.12.2025	31.12.2024
Property, plant and equipment	268,771	273,540
Intangible fixed assets	104,352	106,828
Real estate investments	875	870
Equity investments	3,191	4,204
Financial assets	118	420
Deferred tax assets	21,317	20,954
Trade receivables and other receivables	3,932	4,640
NON-CURRENT ASSETS	402,556	411,456
Closing inventory	137,567	151,337
Trade receivables and other receivables	95,965	90,309
Financial assets	789	1,172
Cash and cash equivalents	252,543	300,524
CURRENT ASSETS	486,864	543,342
ASSETS HELD FOR SALE	-	14,006
TOTAL ASSETS	889,420	968,804
Share Capital	41,453	41,453
Reserves	99,629	128,214
Profit/loss for the year	-11,791	13,085
Minority interests	32,579	33,714
SHAREHOLDERS' EQUITY	161,870	216,466
Financial liabilities	423,590	398,487
Trade payables and other payables	12,583	11,399
Deferred tax liabilities	22,374	23,114
Provision for severance indemnity and retirement benefits	9,274	9,714
Provision for risks and liabilities	8,276	4,754
NON-CURRENT LIABILITIES	476,097	447,468
Financial liabilities	31,208	40,967
Trade payables and other payables	193,301	233,432
Current tax payables	5,331	4,532
Provision for risks and liabilities	21,613	17,152
CURRENT LIABILITIES	251,453	296,083
LIABILITIES HELD FOR SALE	-	8,787
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	889,420	968,804

ANALYSIS OF NET WORKING CAPITAL AT 31.12.2025

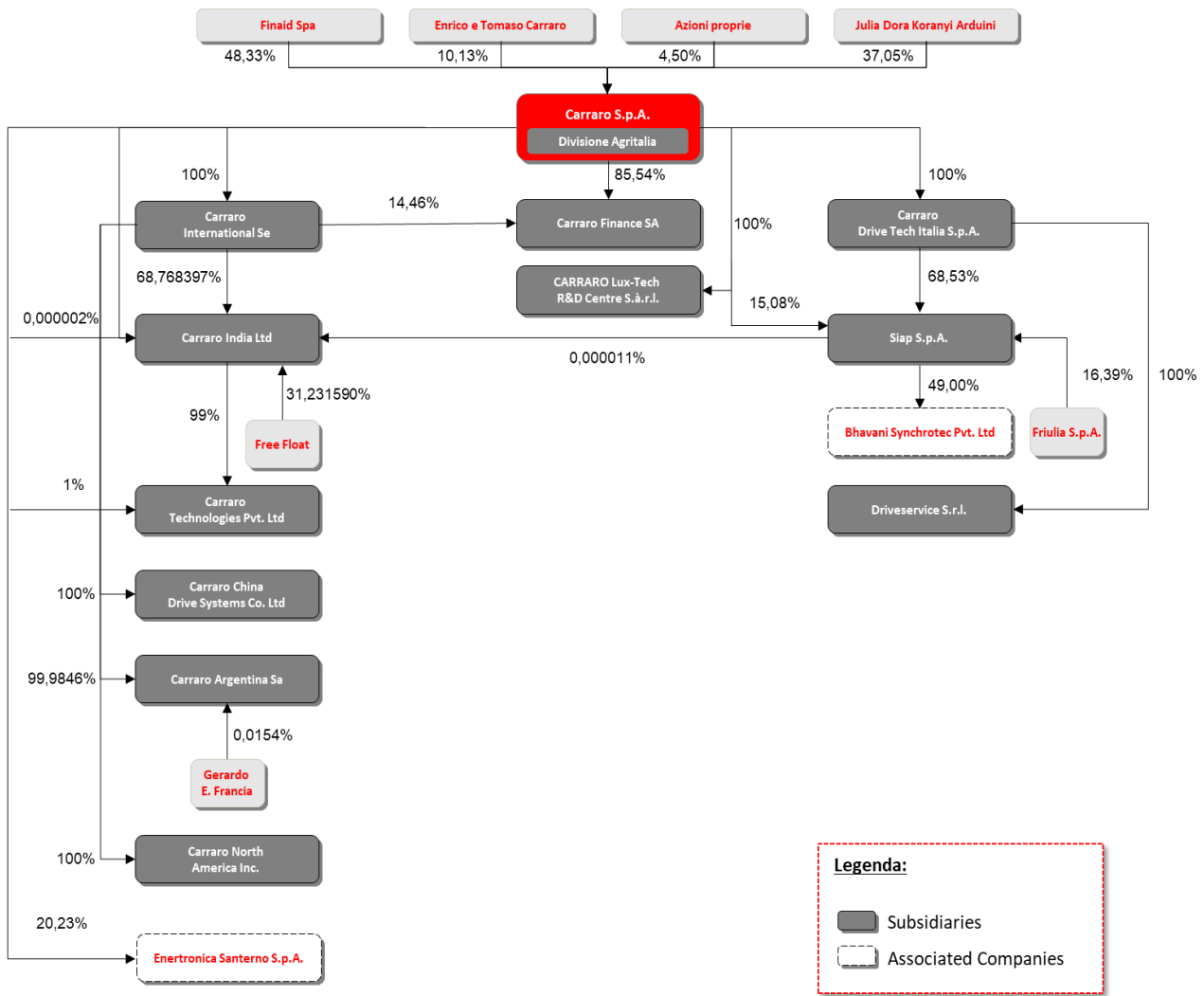
<i>(amounts in Euro thousands)</i>	31.12.2025	31.12.2024
Trade Receivables (*)	71,257	67,878
Closing inventory	137,567	151,337
Trade Payables (*)	-157,041	-196,107
<i>Net Working Capital of operations (*)</i>	51,783	23,108

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

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

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

CORPORATE STRUCTURE OF THE CARRARO GROUP AS AT 31.12.2025



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:

- **Transmission 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 2025, a number of geopolitical factors and the adoption of protectionist policies by the United States exacerbated market fragmentation, leading to a decline in traditional Western markets by the end of the year. By contrast, India has continued to see significant growth, with sales volumes exceeding one million units. Positive results have also been recorded across the rest of Asia and in South America.

In **Europe**, the market has seen a double-digit decline in key countries, including Germany, France and the United Kingdom. However, there are signs of recovery in Italy and Spain, where the trend shows a gradual improvement in new car registrations. Prices of agricultural commodities have remained under pressure, adversely affecting the profitability of operators, who are already burdened by significantly high costs for fertilisers and lubricants. Added to this is the reduction in subsidies and incentives by the European Union. Against this backdrop, the willingness to renew large fleets of vehicles has declined. Market dynamics have also been affected by rising labour costs, which have made investment more costly for operators in the sector.

The **Turkish** agricultural market continues to show signs of a slowdown, resulting in a further increase in the already high stock levels held by both the dealer network and manufacturers. The main causes of this further decline include high inflation, particularly high interest rates and difficulties in accessing credit for end-users – factors which significantly limit the sector's capacity to invest.

North America has seen another year of sharp decline in sales, recording its worst performance in the last thirteen years. The decline was exacerbated in particular by the introduction of new tariff barriers. The segment hardest hit remains that of high-horsepower tractors, whilst the hobby and family farming sector has seen a more modest decline.

In **Latin America**, and particularly in **Brazil**, despite falling commodity prices and high interest rates, the market has shown a degree of resilience. This is attributable to the growing need to modernise the coffee sector, with a view to increasing productivity, reducing labour costs and managing complex terrain, particularly in the mountainous areas of Minas Gerais. This trend is leading to an increase in demand for specialised tractors.

In **China**, the sector is experiencing a slowdown; however, this is accompanied by a marked shift in demand towards high-powered vehicles, driven by local subsidies and a growing preference for advanced technological solutions and smart features. Sales of machinery with an output of less than 100 hp are falling, whilst demand is growing for machinery with an output of over 200 hp, a segment in which the Carraro Group holds a leading position. In order to optimise the use of its substantial installed production capacity, the local market is also increasingly steering industrial activity towards exports, thereby encouraging significant technological improvements by Chinese manufacturers.

India continues to grow, recording a record high of around 1.1 million tractors sold last year, a significant increase compared with 2024. The shift in domestic demand towards four-wheel-drive tractors is gaining further momentum, a trend made possible in part by government support measures that are encouraging their widespread adoption. The Indian market therefore remains the main global driver of agricultural mechanisation, offsetting the declines seen in Europe and North America.

Construction equipment

Globally, the slowdown in sales of earth-moving and construction machinery continues. As noted in the previous financial year, the decline was most pronounced in the private construction sector, covering both residential and commercial projects. However, there remain significant differences in the dynamics of the various regional markets.

The expected upturn in sales has not materialised in **Europe**: The ECB's interest rate cuts have not been enough to stimulate the sector. The continent continues to present a mixed picture, exacerbated by economic and political fragility: some countries are showing signs of a slow recovery, whilst others continue to contract, hindering an overall recovery. In particular, France and parts of northern Europe continue to exert downward pressure on the market.

The **Turkish** market remains heavily influenced by a complex macroeconomic environment, characterised by persistent inflation and the resulting restrictive monetary policies adopted by the central bank, which are holding back the recovery in demand.

In **North America**, a period of particular uncertainty persists, mainly linked to tariff and trade policies. Demand for new machines is also limited by the relatively young age of the fleets, which were largely renewed during the previous record-breaking sales years. The infrastructure sector remained robust, whilst the non-residential sector benefited from the launch of major industrial projects, including new microchip manufacturing facilities and data centres.

In **China**, domestic market demand has been driven almost exclusively by electrification, a phenomenon unique on the global stage. Government incentives and scrappage schemes have accelerated the shift from diesel to electric machines, a trend that is set to continue in the years ahead. However, the overall economic situation remains fragile: The crisis in the property sector and the financial constraints faced by local authorities have had a negative impact on overall demand, leaving the market divided between a buoyant electric vehicle sector and persistent weakness in the traditional segment.

In **India**, 2025 has emerged as a year of natural rebalancing following the significant surge in purchases recorded in 2024, driven by the entry into force of the new emissions regulations. The slight slowdown in road and infrastructure construction does not alter the overall picture: The Indian market remains one of the most dynamic in the world and continues to show a broadly positive underlying trend.

In **South America**, a period of natural and gradual slowdown has begun, mainly attributable to the conclusion of the exceptional fleet renewal cycle observed in previous years. The only exception is **Brazil**, which has continued to show moderate growth. Demand from the mining sector has played a stabilising role, keeping the sector as a whole in a stronger position than sales volumes alone would suggest.

On-highway & e-Trucks automotive sector

During 2025, the on-highway automotive sector experienced a slowdown attributable to the protectionist policies introduced by the United States, a key market for the INEOS Grenadier. The tariff measures have had a significant impact on the customer's business operations, leading to a downward revision of the volumes originally forecast and a more cautious production plan. Despite this, dialogue with the client has remained ongoing and constructive, with the aim of ensuring operational continuity and stability in the medium term. At the same time, the client has launched initiatives aimed at identifying new markets, with a view to mitigating the impact of restrictions resulting from US policies.

As regards the commercial vehicle sector, 2025 was marked by the award of a particularly significant contract for the supply of gears for internal combustion engines, awarded by a leading global OEM. This commercial success plays a strategic role in the Group's development and will lead to a further expansion of the production site in Montereale Valcellina, strengthening its position as a leading player in the market for high-volume gears for the truck industry.

Summary of financial year 2025

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 EBIT to be a significant indicator for understanding the Group's operating result;

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

- NET FINANCIAL POSITION: 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 to be a significant indicator for the purposes of representing the Group's overall debt situation.

Performance

During the 2025 financial year, the Carraro Group managed to maintain broadly stable sales levels despite operating in a highly complex market environment. The reference sectors have, in fact, had to contend with a particularly challenging period, marked by a climate of geopolitical uncertainty that continues to weigh heavily on the international scene. The ongoing conflicts in various parts of the world and changes in international trade policies have contributed to making the competitive landscape more unpredictable, influencing the procurement strategies of the world's leading manufacturers of agricultural and earth-moving machinery and leading to a general slowdown in almost all markets, with the exception of India. Although the recent protectionist measures adopted by the United States have had some impact on the global economy, this has mainly taken the form of higher import costs for operators in the US market, with implications for competitiveness vis-à-vis local producers; this has had only a limited impact on the Group's operations within the Drivelines & Components business area. At the same time, in the Asian markets, China has seen a sharp decline in domestic demand, bucking the trend of previous years, and has therefore, together with India, failed to offset the decline in Western markets. The Agritalia business unit has suffered a significant drop in production levels due to excess stock accumulated by customers and the resulting decline in orders intake.

In this context, the Group has continued to work systematically on making better use of production capacity, optimising product costs and improving the supply chain. These initiatives have made it possible to maintain, and in some cases improve, profitability, despite the current pressure on volumes. The healthy profit margins (EBIT and EBITDA) are also the result of intensive efforts to optimise fixed industrial and general costs, despite rising staff costs due to the impact of the renewal of the metalworking sector's collective agreement. In Italian factories, social safety nets have been used to mitigate the impact of the temporary closures of certain production facilities.

With regard to gear purchases, the financial year saw a decline in volumes due to instability in the North American market, and was also affected by production issues that limited output. Specific investments are currently being made to overcome these limitations.

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. In particular, work on the production facility for Ineos has been completed, whilst the development plan for the Montereale Valcellina site – which specialises in high-volume gear production for the truck industry and is considered strategic for growth in the coming years – is continuing.

Despite the current climate of instability, the Group continues to make significant investments in engineering and product development, with a view to launching future platforms.

From a financial management perspective, it should be noted that the consolidated net financial position was adversely affected by the slight decline in turnover and the reduction in trade payables. This effect was offset by optimising investments. It should be noted that the 2024 figure had achieved a positive balance thanks to the successful sale of shares in the Indian subsidiary.

Results summary

The financial figures discussed in the following sections – with the exception of net profit/loss – do not include the contribution of the subsidiary Carraro Argentina S.A.. The overall P&L impact is shown under the heading ‘Net operating result from discontinued operations’ in the consolidated income statement. The associated assets and liabilities, however, remain included in the statements of financial position, thereby affecting the Group’s financial ratios. For further information, please refer to the Notes, paragraph 5.b.

As previously outlined, the 2025 financial year closed with a slight decline in consolidated turnover, which stood at 725.029 million euros, representing a decrease of 1.57% compared with the 736.607 million euros recorded in the previous financial year. With regard to the business areas, the Drivelines & Components business area recorded a slight decline in turnover compared with 2024 (-1.21%), whilst the Vehicles business area saw a more significant reduction of -7.93%.

The Group’s profitability remains at generally satisfactory levels, although it has declined compared with 2024. EBITDA as at 31 December 2025 amounted to 76.118 million euros (10.50% of turnover), representing a decrease in absolute terms but remaining broadly stable in percentage terms compared with the 80.216 million euros (10.89% of turnover) recorded in 2024. EBIT for 2025 stood at 48.573 million euros (6.70% of turnover), down 8.76% from the 53.218 million euros (7.23% of turnover) recorded in 2024.

EBITDA and EBIT for 2025 were affected by non-recurring items amounting to 227 thousand euros, relating to costs associated with extraordinary transactions.

Net of the non-recurring operations, adjusted and EBITDA and EBIT would be the following:

<i>(amounts in Euro thousands)</i>	31.12.2025	% of turnover	31.12.2024	% of turnover
EBITDA	76,118	10.5	80,216	10.9
ADJUSTED EBITDA	76,345	10.5	81,505	11.1
EBIT	48,573	6.7	53,238	7.2
ADJUSTED EBIT	48,800	6.7	54,527	7.4

Net financial expenses amounted to 28.699 million euros (4% of turnover), representing a 22.4% increase compared with the 23.447 million euros (3.2% of turnover) recorded in 2024. This change is mainly attributable to higher costs associated with the two new bond issues completed by the subsidiary Carraro Finance, in April 2025 for 126,000,000, and in June 2025, for 139,801,000, and to the costs incurred for the early redemption of the previous bond issues prior to their natural maturity as set out in the redemption schedule. These early repayments, which will enable the Group to optimise its financial structure in the coming years, have resulted in the one-off recognition in the income statement of both the remaining amortised cost and the early redemption costs associated with the redemption transactions.

Foreign exchange losses amounted to 527 thousand euros (0.07% of turnover), an improvement on the previous year (868 thousand euros, 0.12% of turnover). It should be noted that the Group works with polices to balance commercial flows (natural hedges) and with hedging transactions.

Taxes for the period amounted to a total of 11.454 million euros (1.58% of turnover) compared to 13.714 million euros (1.86% of turnover) in the previous year.

The 2025 result of operations held for sale, which concern the Argentine subsidiary, showed a loss of 16.934 million euros, a deterioration on the -2.103 million euros of the previous year. For further details, please refer to the section on Significant Events during the 2025 financial year.

The Group's consolidated net loss amounted to 11.791 million euros (-1.63% of turnover), a deterioration compared to 2024's profit, which amounted to 13.085 million euros (1.78% of turnover).

Excluding items relating to non-recurring operations, which are mainly attributable to the result from discontinued operations, the adjusted net profit would have been as follows:

<i>(amounts in Euro thousands)</i>	31.12.2025		% of turnover	31.12.2024		% of turnover
NET PROFIT/(LOSS)	-	11,791	-1.6	13,085		1.8
ADJUSTED NET PROFIT/(LOSS)		5,313	0.7	14,015		1.9

The consolidated net financial position at 31 December 2025 was negative 196.492 million euros, worsening compared to 31 December 2024 (negative 131.445 million euros). As mentioned in the introduction, this has been adversely affected by the slight decline in turnover and the reduction in accounts payable to suppliers. This effect was offset by optimising investments. It should be noted that the 2024 figure had achieved a positive balance thanks to the successful sale of shares in the Indian subsidiary.

As at 31 December 2025, all the financial covenants envisaged by bond issue regulations and by banking contracts had been met.

Research and Development: innovation, new applications and value chain

During the financial year, the Group strongly reaffirmed its commitment to innovation and continuous improvement, maintaining a steady level of investment in Research and Development. Particular attention has been paid both to the development of technologically advanced transmission systems and to the design of specialised tractors aimed at markets with the greatest potential. In 2025, total expenditure on R&D activities – covering both product and process development – stood at approximately 3.56% of turnover, in line with the strategic objectives set.

The Group's constant focus on innovation is reflected in its ability to anticipate and respond promptly to customer needs, on the one hand by enhancing the customisation of existing products through technical solutions of varying complexity, and on the other by developing new technologies capable of meeting emerging market and business demands. This approach is always accompanied by a strong focus on optimising production costs, with benefits extending throughout the supply chain.

Product and Range Renewal

Efforts to update the product range, undertaken both in response to the Group's commercial initiatives and to specific customer requirements, remained broadly unchanged compared with previous periods. There has been a marked increase in demand from the Chinese market, which is more dynamic than other regions and strongly focused on the transition to electric vehicles.

In the axles and drivetrains sector, the number of new products – both those replacing previous versions and those expanding the product range – brought into production remains in line with forecasts, reflecting the ongoing development and industrialisation of innovative technical solutions.

New product development

In line with the company's strategy, new product development activities have been focused on:

- expanding the presence in hydrostatic solutions in the CWL, TBH, WEX and AWP segments;
- increasing the profitability of the product ranges on offer;
- anticipating key technological developments, such as the adoption of electric and hydrostatic transmissions to replace hydrokinetic ones.

Key R&D projects

The evolution of hydrostatic and electric transmissions

In 2025, the Group's Research and Development activities focused on developing advanced solutions for hydrostatic and electric transmissions for wheel loaders, telehandlers and wheeled excavators – sectors characterised by significant innovation and currently undergoing fleet renewal to improve efficiency and sustainability. Thanks to its expertise in developing bespoke solutions, the Group is currently completing the conversion of a customer's SWL vehicle, transforming the hydrodynamic drivetrain into a hydrostatic transmission, using Carraro technologies and working in collaboration with an international partner specialising in hydrostatic motors.

Electrical solutions and IFU technology for agriculture

The company's strategic R&D activities focused primarily on the development of electric transmissions for agricultural machinery up to 75 HP, a project which has received positive feedback from key customers. In 2025, several designs were validated in collaboration with a major Indian manufacturer, a partnership that led to the signing of a contract for a new electric agricultural transmission system.

At the same time, the Group has developed a fully customised driveline for a 160 HP electric tractor, featuring an advanced electrical architecture and independent suspension integrated into the chassis, with a high degree of mechatronic complexity.

This approach paves the way for a new generation of technologically advanced products, both electric and conventional. The analyses carried out also made it possible to draw up technical and financial proposals based on IFU (*Integrated Functional Unit*) technology.

Expansion of the range of agricultural transmissions

The Group has continued to expand its range of agricultural transmissions, covering power outputs of up to 130 hp and introducing continuously variable transmission (CVT) technology with a hydrostatic/mechanical *power split*, achieving performance levels on a par with the best products on the market.

At the same time, the T135 project, originally designed for the European market, has also been very well received in Turkey. Thanks to a strategic agreement with a local customer, the Group has supplied prototypes and engineering support for the driveline, as well as vehicle engineering services, highlighting the synergy between Drive Tech and Agritalia in the integrated promotion of Carraro solutions.

Initiatives for the construction equipment sector

In the construction equipment sector, the Group has expanded its product range by developing new standardised axles for telescopic boom handlers for the American and European markets, as well as innovative axle and transfer box solutions for aerial work platforms. At the same time, the development of a new three-axis, two-speed transmission, with power outputs of up to 120 kW, has led to the signing of an agreement with a strategic customer for the construction of a demonstration vehicle, opening up opportunities in a segment that has not been covered until now.

The Group has also entered into partnerships with Chinese manufacturers to validate and bring to scale hydrostatic drivelines for 15-tonne wheeled excavators, thanks to the development of a dedicated transmission. These initiatives strengthen the company's international presence and demonstrate its ability to respond to market demands with tailored and innovative solutions.

R&D 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.

During 2025, prototypes of electric *drivelines* and electric transmissions were designed and built. Software upgrade services (functional safety) were provided; new features were developed and integrated into proprietary control units or implemented via libraries for customer control units. In addition, technological demonstrators and turnkey vehicle consultancy services were provided, including the development of complete designs for agricultural tractors.

Tractors

The range of specialised tractors has been updated with the new Flat Floor cab and improved features designed to enhance operator comfort. A key role is played by the continuously variable transmission (CVT) tractor project, which is about to go into production; this project was developed in close collaboration with a strategic partner and culminated in the launch of a new flagship model at the industry's leading trade fair.

At the same time, efforts to scale up production and optimise costs continued through technical upgrades, the qualification of new suppliers and process optimisation, with expected financial benefits.

Human Capital

In 2025, the HR department continued along the path set out by the Human Capital Management (HCM) programme, supporting the Carraro Group's development against a backdrop of expansion and significant generational renewal. At the end of 2025, the Group employed 3,795 people (FTEs), representing a 7.2% increase on the previous year, driven in particular by its overseas offices.

The Group has invested in its values-based model, Carraro Spirit, and the programme has taken the form of a roadshow across Italy, China and India, involving all employees, thereby promoting the widespread adoption of the new model and a culture centred on responsibility and meritocracy.

In the field of skills development, the Group's Academy, DriveUP, played an active role in delivering over 45,000 hours of training in 2025, through structured courses covering both technical and soft skills, as well as programmes dedicated to leadership, digitalisation and sustainability, in support of the Group's professional growth and transformation.

The management of labour costs has made it possible to limit inflationary pressures in Italy and abroad through staff optimisation and flexibility measures linked to trends in demand and volumes.

Finally, in the industrial and trade union sphere, regulatory and trade union flexibility measures were managed in a balanced manner, as were the trade union agreements relating to the increased conversion of performance bonuses into welfare benefits; there was significant participation in the national delegation for the renewal of the national collective agreement for the metalworking sector and the management of the early retirement scheme.

Carraro Social Responsibility

Throughout 2025, activities relating to ESG issues were steered by the newly established dedicated governance body, which coordinated the development and approval of the new Sustainability Plan for the three-year period 2025–2027 in a structured manner. The Plan sets out a comprehensive development strategy across the three dimensions of Environment, Social and Governance, identifying strategic objectives and specific initiatives designed to strengthen the Group’s commitment to sustainability, with the involvement of a wide range of corporate functions called upon to collaborate on the projects launched. During the year, the internal Sustainability Academy project was also launched, aimed at developing in-house expertise in sustainability and promoting active and informed participation in various initiatives.

The soundness of the approach adopted and the growing maturity of the processes implemented were further confirmed by EcoVadis’ assessment, which once again recognised an improvement in the Group’s overall rating in 2025. This marks the fourth consecutive increase, reflecting the ongoing efforts made and steady progress in ESG performance.

SIGNIFICANT EVENTS IN FINANCIAL YEAR 2025

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

During 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 redeemed early, for a total of 120 million euros, and on 4 August 2025, the bond issued in 2020, maturing in 2026, was redeemed early for a total of 150 million euros.

On 18 December 2025, the Boards of Directors of Carraro S.p.A. and Carraro International S.E. resolved to initiate the liquidation process for Carraro Argentina SA, in light of the unsustainability of its financial position and the deterioration of the local operating environment. Following this decision, the necessary assessments of the subsidiary’s assets and liabilities were carried out; based on the best information available to the Directors as at 31 December 2025, these assessments revealed the existence of certain irrecoverable amounts. In line with this information, the necessary write-downs have therefore been recognised and the costs associated with the liquidation process have been estimated, in particular those relating to the closure of operations and the staff restructuring plan scheduled for the first few months of 2026.

SUBSEQUENT EVENTS

There are no events to report.

EXPECTED BUSINESS OUTLOOK 2026

Although the markets in 2026 continue to show signs of uncertainty, the increase in turnover from the sale of new products, combined with the gradual recovery in demand, is leading to a steady improvement in the order book in the first few months of the year. International markets remain unstable, primarily due to uncertainties surrounding the implementation of protectionist measures in the US market and developments in the geopolitical situation in the Middle East, which could have implications for macroeconomic stability, trade flows and the volatility of commodity and energy prices; management is taking appropriate steps to mitigate these risks. Profit margins in 2026 are expected to be in line with the results recorded for 2025.

BALANCE SHEET AND FINANCIAL DATA

Turnover

Consolidated turnover as at 31 December 2025 stood at 725.029 million euros, a decrease of 1.57% compared with the 2024 turnover of 736.607 million euros. The breakdown of turnover by business area is as follows:

<i>(amounts in Euro thousands)</i>	SALES			SALES TO THIRD PARTIES			INTRA-GROUP SALES		
	2025	2024	Diff. %	2025	2024	Diff. %	2025	2024	Diff. %
DRIVE TECH	629,736	637,461	-1	609,806	581,421	5	19,914	56,028	-64
AGRITALIA	116,831	126,894	-8	113,750	123,191	-8	3,081	3,703	-17
UNALLOCATED REVENUES	35,296	63,628	-45	1,459	31,983	-95	33,837	31,645	7
TOTAL SEGMENTS	781,863	827,983	-6	725,015	736,595	-2	56,832	91,376	-38
INTRA-GROUP ELIMINATIONS	-56,832	-91,376	-38	-	-	-	-56,832	-91,376	-38
CONSOLIDATED TOTAL	725,031	736,607	-2	725,015	736,595	-2	-	-	-

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

The following table breaks down total turnover by geographical area:

<i>(amounts in Euro thousands)</i>	31.12.2025	%	31.12.2024	%	Diff. 2025-2024%
India	142,236	19.62%	131,009	18.07%	8.57%
China	97,476	13.44%	106,459	14.68%	-8.44%
France	55,508	7.66%	54,267	7.48%	2.29%
Germany	53,462	7.37%	58,627	8.09%	-8.81%
South America	44,739	6.17%	21,355	2.95%	109.50%
North America	37,693	5.20%	51,972	7.17%	-27.47%
United Kingdom	34,839	4.81%	23,580	3.25%	47.75%
Turkey	29,062	4.01%	46,877	6.47%	-38.00%
Sweden	28,324	3.91%	21,028	2.90%	34.70%
Switzerland	23,012	3.17%	29,065	4.01%	-20.83%
Other EU areas	26,332	3.63%	26,291	3.63%	0.16%
Other non-EU areas	6,194	0.85%	9,629	1.33%	-35.67%
Total Abroad	578,877	79.84%	580,159	80.02%	-0.22%
Italy	146,152	20.16%	156,448	21.58%	-6.58%
Total	725,029	100.0%	736,607	101.6%	-1.6%
of which:					
Total EU area	309,778	42.73%	316,661	43.68%	-2.17%
Total non-EU area	415,251	57.27%	419,946	57.92%	-1.12%

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

In terms of the ranking among foreign countries, India remains in first place with an 8.57% increase in sales. In contrast to 2024, China has seen a decline of 8.44%.

The group's traditional market, North America (which saw a 24.47% decline), slipped to sixth place due to the impact of the protectionist policies outlined above.

As regards sales in European markets, whilst Italy remains the Group's largest market, France ranks ahead of Germany, which has seen a decline of 8.81%.

EBITDA and EBIT

The following tables show details of EBITDA and EBIT.

<i>(amounts in Euro thousands)</i>	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %
EBITDA	76,118	10.5	80,216	10.9	-5.11%
EBIT	48,573	6.7	53,238	7.2	-8.76%

EBIT for 2025 stood at 48.573 million euros, representing a decrease both in absolute terms and as a percentage of turnover (from 7.2% to 6.7%) compared with 2024 (54.719 million euros). EBITDA also fell from 80.216 million euros to 76.118 million euros (-5.1%), although it remained broadly stable in relative terms (from 10.9% to 10.5% of turnover).

Excluding the effects of non-recurring items relating to exceptional transactions, both indicators show a deterioration as follows:

<i>(amounts in Euro thousands)</i>	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %
EBITDA	76,118	10.5	80,216	10.9	-5.1%
Costs/(income) from non-recurring operations	-	-	-	-	-
of which:	-	-	-	-	-
Restructuring and early retirement costs	-	-	1,289	-	-
Costs associated with extraordinary transactions	227	-	-	-	-
ADJUSTED EBITDA	76,345	10.5	81,505	11.1	-4.8%

<i>(amounts in Euro thousands)</i>	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %
EBIT	48,573	6.7	53,238	7.2	-8.8%
Costs/(income) from non-recurring operations	-	-	-	-	-
of which:	-	-	-	-	-
Restructuring and early retirement costs	-	-	1,289	-	-
Costs associated with extraordinary transactions	227	-	-	-	-
ADJUSTED EBIT	48,800	6.7	54,527	7.4	-8.3

Amortisation, depreciation and impairment of fixed assets

<i>(amounts in Euro thousands)</i>	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %
Depreciation and amortisation	28,641	4.0	28,008	3.8	2.3
Impairment of fixed assets	77	0	-	-	-
Adjustment deprec. property, plant and equipment	-1,013	-0.1	-842	-0.1	-
Adjustment to amortisation of intangible fixed assets	-160	-0.0	-188	-0.0	-
Amortisation, depreciation and impairment	27,545	3.8	26,978	3.7	2.1

Amortisation, depreciation and impairment for the year amounted to 27.545 million euros (3.8% of turnover), slightly up compared to 26.978 million euros (3.7% of turnover) in 2024. This item was impacted by amortisation relative to the Purchase price allocation for the merger with FLY S.r.l., in 2022, for 4.6 million euros.

Net financial expenses

<i>(amounts in Euro thousands)</i>	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %
Net financial expenses	28,699	-4.0	-23,447	-3.2	-22.4

Net financial expenses amounted to 28.699 million euros (4% of turnover), representing a 22.4% increase compared with the 23.447 million euros (3.2% of turnover) recorded in 2024. This change is mainly attributable to higher costs associated with the two new bond issues completed by the subsidiary Carraro Finance, in April 2025 for 126,000,000, and in June 2025, for 139,801,000, respectively. Also contributing to the increase in financial expenses were the costs incurred for the early redemption of a previous bond issue worth 120,000,000 euros, which was settled in the first half of 2025, as well as for the early closure of a further bond issue of 150,000,000 euros, which was redeemed on 4 August 2025 prior to the natural maturity date set out in the redemption schedule. These early repayments, which will enable the Group to optimise its financial structure in the coming years, have resulted in the one-off recognition in the income statement of both the remaining amortised cost and the early redemption costs associated with the redemption transactions.

Expenses also include the fees paid on the bonds, absorbed in the repayment schedule, based on the amortised cost method.

Exchange Differences

<i>(amounts in Euro thousands)</i>	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %
Exchange differences	-527	-0.07	-868	-0.12	39.3

Exchange differences at 31 December 2025 were negative for 527 thousand euros (-0.07% of turnover). In 2024 they were negative 868 thousand euros (-0.12% of turnover). Thanks to a natural hedge policy, the Group's sales flow profile is substantially balanced.

Net profit/(loss)

2025 closed with a Group loss of 11.735 million euros (-1.6% of turnover) down considerably compared to 2024, which recorded a profit of 13.085 million euros (1.8% of turnover). Taxes as at 31 December 2025 amounted to 11.453 million euros (-1.6% of turnover) against 13.714 million euros (-1.9% of turnover) as at 31 December 2024.

<i>(amounts in Euro thousands)</i>	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %
EARNINGS BEFORE TAX	18,991	2.6	28,867	3.9	-34.2
Current and deferred income taxes	-11,535	-1.6	-13,714	-1.9	
Net operating result from discontinued operations	-16,934	-2.3	-2,103	0.3	
Profit/(loss) pertaining to minorities	-2,313	-0.3	35	0.0	
NET PROFIT/(LOSS)	-11,791	-1.6	13,085	1.8	n.r.

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

<i>(amounts in Euro thousands)</i>	31.12.25	% of turnover	31.12.24	% of turnover
NET PROFIT/(LOSS)	-11,791	-1.6	13,085	1.8
Costs/(income) from non-recurring operations net of the tax effect	17,104		930	
ADJUSTED NET PROFIT/(LOSS)	5,313	0.7	14,015	1.9

In 2025, non-recurring items amounted to 17,104 thousand euros, net of tax, and were mainly related to costs arising from the disposal of the Argentine subsidiary. It should be noted that in 2024 these amounted to 930 thousand euros net of the related tax effect, mainly due to the provisions required to cover the costs provided for in the early retirement agreements.

Investments

<i>(amounts in Euro thousands)</i>	31.12.2025	31.12.2024
Investments	30,889	42,403

Investments as at 31.12.2025 came to 30.889 million euros, down considerably compared to 42.403 million euros as at 31.12.2024.

Net financial position of operations

<i>(amounts in Euro thousands)</i>	31.12.2025	30.06.2025	31.12.2024
Net financial position*	-196,492	-160,579	-131,445

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

The consolidated net financial position at 31 December 2025 was negative 196.492 million euros, worsening compared to 31 December 2024 (negative 131.445 million euros). During the financial year, this figure was adversely affected by a slight decline in turnover and a reduction in trade payables. This effect was offset by optimising investments. It should be noted that the 2024 figure had achieved a positive balance thanks to the successful sale of shares in the Indian subsidiary.

Treasury Shares

As at 31 December 2025, the company held 2,626,988 treasury shares, representing a total investment of 6.666 million euros. No purchases or sales of treasury shares were made during the financial year.

HUMAN RESOURCES

Workforce trend

Figures as at 31/12/2025

	31.12.2025	31.12.2024
Executives	37	32
Clerical staff	799	798
Factory workers	2,126	2,155
Temporary workers	833	638
Total	3,795	3,623

Group headcount at 31 December 2025 (including temporary workers, trainees and interim workers), amounted to 3,795 persons compared to 3,623 actually working at 31 December 2024. The increase compared with 2024 is limited to temporary foreign staff, mainly direct hires, linked to rising production volumes.

In terms of the geographic breakdown, at 31 December 2025, there were 1,661 employees in Italy and 2,134 in other countries, of which 1,731 in India, 318 in China, 71 in Argentina, 3 in the United States and 11 in Luxembourg.

PERFORMANCE OF THE PARENT COMPANY

Carraro S.p.A.

Carraro S.p.A. is the parent company, with strategic guidance, control, coordination and R&D functions. The company also has a production site, Divisione Agritalia, based in Rovigo, for the development, manufacture and distribution of agricultural tractors based on agreements with major international manufacturers (Agco, Massey Ferguson, John Deere, Claas, Valta, Antonio Carraro).

In 2025, Carraro S.p.A. realised sales revenues of 151.545 million euros (189.345 million euros as at 31 December 2024, -20%). The decline in turnover is attributable, as will be seen in the relevant section, to the fall in volumes from the Agritalia division caused by the drop in market demand, as already described in the preceding sections.

EBIT was negative at -8.875 million euros, accounting for -5.9% of turnover (in 2024 it was negative for 7.344 million euros, accounting for -3.9% of turnover) and EBITDA was negative for 1.669 million euros, equal to -1.1% of turnover (in 2024 it was positive for 380 thousand euros, equal to -0.2% of turnover). Both indices are down due to Agritalia's results.

In 2025, amortisation and depreciation were equal to 7.491 million euros, basically in line with the previous year (7.277 million euros). 2025 Figures were affected by the amortisation for the Purchase price allocation for 1.921 million euros.

In 2025, dividends amounting to 78 million euros were recorded, primarily from the subsidiary Carraro International SE. In 2024, dividends for 27.6 million euros were recognised.

Net financial expenses amounted to 12.5 million euros (8.3% of turnover), an improvement in absolute value compared to 13.4 million euros (7.1% of turnover) as at 31 December 2024.

Tax assets amounted to 959 thousand euros (82 thousand euros in 2024) due to income from tax consolidation and changes in deferred tax assets, and the 2025 financial year closed with a net profit of 48.592 million euros (32.1% of turnover) compared with the 2024 result of 8.4 million euros (4.4% of turnover).

Gross investments in 2025 amounted to 7.161 million euros, down compared to 7.881 million euros as at 31 December 2024.

The net financial position of operations, which stood at a debt of 174.452 million euros as at 31 December 2024, was a debt of 130.039 million euros as at 31 December 2025, an improvement attributable to better operating results and more efficient use of working capital.

The shareholders' equity of Carraro S.p.A at 31 December 2025 amounted to 114.410 million euros, up compared to 73.836 million euros in 2024, due to the combined effect of the profit for the year and the distributions to shareholders.

The workforce as at 31 December 2025 totalled 532 persons (of which 208 involved in the strategic policy-making and control and coordination function, including the R&D area with 112 people, and 324 at the Rovigo plant of Divisione Agritalia).

Summary results of the parent company and the companies it directly controls, not attributable to any of the Business Areas, are given below.

(amounts in Euro thousands)

	Carraro S.p.A.					Carraro Finance SA				
	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %
Turnover	151,545		189,345		-20.0	1,779		1,313		35.5
EBITDA (*)	-1,669	-1.1	-380	-0.2	n.r.	198	11.1	-236	-18.0	n.r.
EBIT (*)	-8,875	-5.9	-7,344	-3.9	20.8	-73	-4.1	-508	-38.7	-85.6
Net Profit / Loss	48,592	32.1	8,364	4.4	n.r.	-8,633	-485.3	263	20.0	n.r.
Amortisation, depreciation and impairment	7,491	4.9	7,277	3.8	2.9	271	15.2	272	20.7	-0.4
Net financial position of operations (*)	-130,039		-174,452			4,165		3,388		
Shareholders' equity	114,410		73,836			4,174		3,507		

	Carraro International SE					Carraro Lux-Tech R&D Center S.à.r.l.				
	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %
Turnover	-		-			143		900		-84.1
EBITDA (*)	-415		-587		-29.3	-1,268	-886.7	144	16.0	n.r.
EBIT (*)	-415		-587		-29.3	-1,454	-1,016.8	23	2.6	n.r.
Net Profit / Loss	-24,514		100,827		n.r.	-1,499	-1,048.3	5	0.6	n.r.
Amortisation, depreciation and impairment			-			186	130.1	121	13.4	53.7
Net financial position of operations (*)	-35,291		87,730			1,192		-1,890		-36.9
Shareholders' equity	9,668		118,440			1,510		2,009		-24.8

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

Performance and results of the Carraro Group Business Areas

DRIVELINES & COMPONENTS - DRIVE TECH BUSINESS AREA

**SUBCONSOLIDATED STATEMENT OF INCOME AS AT 31.12.2025
DRIVELINES & COMPONENTS BUSINESS AREA**

	31.12.2025	%	31.12.2024	%	Change 31.12.2025 -	% 31.12.2024
<i>(amounts in Euro thousands)</i>						
REVENUES FROM SALES	629,736	100.00%	637,461	100.00%	-7,725	-1.21%
Purchases of goods and materials (net of changes in inventories)	-363,059	-57.65%	-371,595	-58.29%	8,536	2.30%
Services and use of third-party goods	-102,536	-16.28%	-101,882	-15.98%	-654	-0.64%
Personnel costs	-83,097	-13.20%	-80,017	-12.55%	-3,080	-3.85%
Amortisation, depreciation and impairment of assets	-21,764	-3.46%	-23,324	-3.66%	1,560	6.69%
Provisions for risks	-3,284	-0.52%	-2,537	-0.40%	-747	-29.44%
Other income and expenses	2,001	0.32%	2,037	0.32%	-36	-1.77%
Internal construction	567	0.09%	624	0.10%	-57	-9.13%
OPERATING COSTS	-571,172	-90.70%	-576,694	-90.47%	5,522	0.96%
OPERATING PROFIT/(LOSS) (EBIT)	58,564	9.30%	60,767	9.53%	-2,203	-3.63%
Income from equity investments	-	0.00%	-	0.00%	-	-
Other financial income	1,107	0.18%	706	0.11%	401	56.80%
Financial costs and expenses	-10,036	-1.59%	-11,968	-1.88%	1,932	16.14%
Net gains/(losses) on foreign exchange	-138	-0.02%	-125	-0.02%	-13	-10.40%
Value adj. of financial assets	-355	-0.06%	-56	-0.01%	-299	533.93%
Income (expenses) from hyperinflation	-	0.00%	-	0.00%	-	-
GAINS/(LOSSES) ON FINANCIAL ASSETS	-9,422	-1.50%	-11,443	-1.80%	2,021	17.66%
PROFIT/(LOSS) BEFORE TAXES	49,142	7.80%	49,324	7.74%	-182	-0.37%
Current and deferred income taxes	-13,216	-2.10%	-11,703	-1.84%	-1,513	-12.93%
NET OPERATING RESULT FROM CONTINUING OPERATIONS	35,926	5.70%	37,621	5.90%	-1,695	-4.51%
Net operating result from discontinued operations	-16,934	-2.69%	-2,103	-0.33%	-14,831	
Profit/(loss) pertaining to minorities	858	0.14%	35	0.01%	823	
NET PROFIT/(LOSS)	19,850	3.15%	35,553	5.58%	-15,703	-44.17%
EBITDA (*)	80,328	12.76%	82,240	12.90%	-1,912	-2.32%

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

SUBCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31.12.2025
DRIVELINES & COMPONENTS BUSINESS AREA

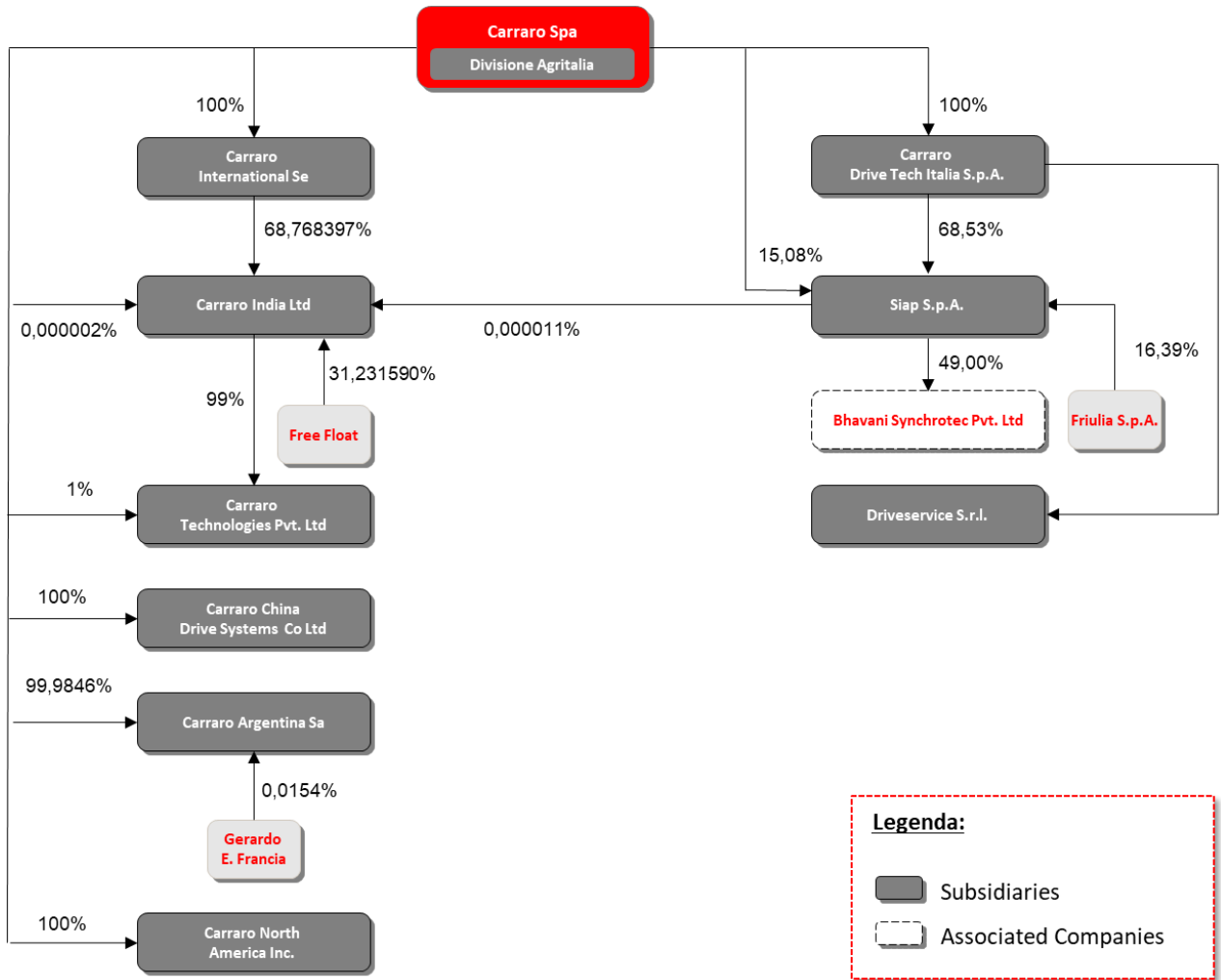
<i>(amounts in Euro thousands)</i>	31.12.2025	31.12.2024
Property, plant and equipment	200,901	207,791
Intangible fixed assets	79,524	81,030
Real estate investments	197	193
Investments in subsidiaries, associates and joint ventures	3,705	4,718
Financial assets	31	61
Deferred tax assets	8,702	8,401
Trade receivables and other receivables	3,667	4,458
NON-CURRENT ASSETS	296,727	306,652
Closing inventory	120,322	122,380
Trade receivables and other receivables	95,710	87,728
Financial assets	651	3,164
Cash and cash equivalents	100,021	82,505
CURRENT ASSETS	316,704	295,777
DISCONTINUED OPERATIONS	-	14,006
TOTAL ASSETS	613,431	616,435
Share capital	5,000	5,000
Reserves	194,738	166,387
Profit/loss for the year	19,850	35,553
Minority interests	13,966	15,020
SHAREHOLDERS' EQUITY	233,554	221,960
Financial liabilities	95,591	88,698
Trade payables and other payables	10,095	8,718
Deferred tax liabilities	14,013	14,241
Provision for severance indemnity and retirement benefits	7,799	8,079
Provision for risks and liabilities	5,189	3,531
NON-CURRENT LIABILITIES	132,687	123,267
Financial liabilities	46,349	54,695
Trade payables and other payables	182,663	195,199
Current tax payables	1,728	2,357
Provision for risks and liabilities	16,450	10,170
CURRENT LIABILITIES	247,190	262,421
DISCONTINUED LIABILITIES	-	8,787
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	613,431	616,435

ANALYSIS OF NET WORKING CAPITAL AT 31.12.2025
DRIVELINES & COMPONENTS BUSINESS AREA

<i>(amounts in Euro thousands)</i>	31.12.2025	31.12.2024
Trade receivables	75,527	73,517
Closing inventory	120,322	122,380
Trade payables	-148,408	-159,797
Net Working Capital of Operations (*)	47,441	36,100

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

CORPORATE STRUCTURE OF THE DRIVELINES & COMPONENTS BUSINESS AREA AS AT 31.12.2025



Drivelines & Components - Drive Tech Business Area

Revenues from sales in the Drivelines & Components Business Area as at 31 December 2025 remained largely stable, amounting to 629.736 million euros compared with 637.461 million euros in 2024, representing a slight change of 1.21%. By contrast, the key international markets in which the Business Area operates experienced a sharp slowdown during the financial year due to the climate of geopolitical uncertainty, as explained in the section on general performance.

In relation to 2024, the use of production capacity improved considerably, despite lower volumes, above all in Italy. The process of bringing the Montereale Valcellina plant for the production of gears for the truck segment up to full capacity continued during the year, consolidating the Group's already strong presence on the heavy-duty gears market.

In line with what has already been described for the Group, profit margins at business area level have declined due to the adverse impact of lower sales volumes, although they have remained at a healthy level, mainly thanks to the continued improvement in production capacity utilisation, which is also the result of significant investments made in previous financial years. Furthermore, optimising product costs and improving the supply chain have had a positive impact. In particular, the maintenance of the margin level in percentage terms (EBITDA) – 12.8% in 2025 and 12.9% in 2024 – is the result of intensive efforts to contain fixed industrial and general costs through the optimisation of all expenditure items. In particular, in Italy, social safety nets were utilised to mitigate the impact of the temporary closures of certain manufacturing facilities (SIAP and Drive Tech Italia), despite rising labour costs resulting from the renewal of the metalworking sector's collective agreement.

Below is the detailed analysis of the main target markets.

Agricultural market

Throughout 2025, geopolitical factors and the adoption of protectionist policies exacerbated market fragmentation, leading to a year-end decline for traditional Western markets. By contrast, India has continued to see significant growth, with sales volumes exceeding one million units. Positive results have also been recorded across the rest of Asia and in South America.

Sales in the agricultural market, representing 30.06% (28.55% in 2024) of the Drive Tech Business Area's overall turnover, increased by compared to the previous year by +3.90%. The main market for the segment is Asia. India accounts for 12.10% of turnover (10.51% in 2024).

China, which accounts for 3.38% of total turnover (3.94% in 2024) recorded a decrease in sales compared to the previous year (-15.2%).

In Europe, the agricultural segment Business Area recorded a decrease in sales compared to 2024. In particular, sales in Italy fell, accounting for 4.91% of overall turnover in 2025 (6.40% in 2024). In contrast, the French market (3.12% in 2025, 2.36% in 2024) and the German market (1.10% in 2025, 0.55% in 2024) are showing growth that runs counter to the trends described above.

In North America, turnover decreased. In addition, prospects are uncertain due to the high pressure on the sales prices of machines due to the introduction of tariffs. The NAFTA area market accounted for 0.98% of turnover in 2025 (1.33% in 2024), decreasing by 27.3% compared to the previous year.

Construction equipment market

In 2025, the market confirmed the signs of a slowdown already seen in the previous financial year, particularly in the private sector, both residential and non-residential. The decline in sectors related to large public works funded in past years was less pronounced. The "Construction Equipment" segment accounted for 48.09% of sales in 2025 (47.91% in 2024), a decrease of 0.84% compared to 2024.

Despite the slowdown, China is still one of the main world markets for construction machinery and equipment. The year therefore ended with negative growth over the previous year (-6.6% compared to 2024) which generated an overall of turnover of 12.01% (12.71% in 2024) representing the lead market.

At 8.89%, India's growth rate is broadly in line with that of 2024 (-0.2%), partly due to the government's continued investment in domestic infrastructure.

In Europe, the downturn in demand was significant and varied depending on the specific market segment. The actions taken by the ECB in order to gradually reduce interest rates were not a decisive factor in encouraging operators to buy new vehicles.

Italy is the European market facing the most difficulties with 3.58% of turnover (4.97% in 2024), down by 28.9% compared to 2024, followed by Germany with sales equal to 4.19% of the total (4.48% in 2024) down by 7.7% over the previous year.

The Turkish market, which accounts for 3.10% of total turnover (5.10% in 2024), has been severely affected by the ongoing economic crisis in the country, where inflation remains high.

In North America, sales are down on the previous year (-17.2%) and the outlook is uncertain due to a slowdown in investment and uncertainty surrounding new economic policies. The percentage accounting for turnover in 2025 was equal to 2.06% compared to 2.46% in 2024.

In Latin America, volumes were influenced by new business launched in 2025. Trading volumes are stabilising at significant levels. This market accounted for 4.17% of the total (2.28% in 2024, up by 80.6% compared to the previous year).

Material handling market

The "Material Handling" segment represents 1.30% of total turnover (1.76% in 2024), down 27.0% from the previous year.

Automotive Market

The "Automotive" segment accounted for 7.90% of total turnover from the Drivelines & Components Business Area, compared to 8.89% in the previous year, a decrease of 12.25% over 2024.

Europe, and France in particular (3.39% of total turnover in 2025, 0.52% in 2024) is the main sales market for this segment. As regards the standard production of Grenadier offroad axles, reference is made to the markets paragraph.

Replacement parts

Revenues from spare parts fell by 4.67% compared with 2024 and accounts for 9.90% of total turnover (10.26% in 2024). Germany, where the main OEMs of the sectors the Group operates in are based, was still the main market (2.20% of demand in 2025, 2.13% in 2024), followed by the United States (1.21% of demand in 2025, 1.55% in 2024).

Results summary

As explained in the introduction, turnover remains largely stable compared with 2024. In particular, turnover for 2025 stands at 629.736 million euros, representing a decrease of 1.21%. Margins have deteriorated in absolute terms for both EBIT and EBITDA, by -3.63% and -2.32% respectively, although they have remained largely unchanged in relative terms.

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

(amounts in Euro thousands)	SALES			SALES TO THIRD PARTIES			INTRA-GROUP SALES		
	31.12.2025	31.12.2024	Diff. %	31.12.2025	31.12.2024	Diff. %	31.12.2025	31.12.2024	Diff. %
DRIVE TECH	629,736	637,461	-1.2	609,806	581,421	4.9	19,930	56,040	-64.4

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

Turnover from third parties, which accounts for 96.8% of total turnover, was equal to 609.806 million euros compared to 581.421 million for the previous year (91.2% of total turnover) up by 4.9%. Turnover from Group Companies amounted to 19.930 million euros (3.2% of total turnover), with a 64.4% decrease compared to 56.040 million euros (8.8% of total turnover) in 2024. Please note that in 2024, up until 1 April, intra-group sales were affected by the transaction with the end customer INEOS; these are now fully included in sales to third parties.

The following table breaks down total turnover by geographical area:

(amounts in Euro thousands)	31.12.2025	%	31.12.2024	%	difference % '25 - '24
India	143,850	22.84%	132,705	20.82%	8.40%
China	97,474	15.48%	106,458	16.70%	-8.44%
France	55,507	8.81%	27,336	4.29%	103.05%
Germany	48,925	7.77%	48,254	7.57%	1.39%
South America	44,739	7.10%	21,355	3.35%	109.50%
North America	37,369	5.93%	47,299	7.42%	-20.99%
United Kingdom	34,839	5.53%	23,573	3.70%	47.79%
Turkey	29,057	4.61%	46,834	7.35%	-37.96%
Sweden	28,324	4.50%	21,028	3.30%	34.70%
Spain	5,480	0.87%	5,178	0.81%	5.83%
Other EU areas	20,851	3.31%	21,116	3.31%	-1.25%
Other non-EU areas	10,013	1.59%	13,862	2.17%	-27.77%
Total Abroad	556,428	88.36%	514,998	80.79%	8.04%
Italy	73,308	11.64%	122,463	19.21%	-40.14%
Total	629,736	100.00%	637,461	100.00%	-1.21%
of which:					
Total EU area	232,395	36.90%	245,375	38.49%	-5.29%
Total non-EU area	397,341	63.10%	392,086	61.51%	1.34%

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

Drive Tech's total turnover by geographic area shows India once again as the main foreign market with 22.84% (20.82% in 2024), followed by China with 15.48% (16.70% in 2024). Germany, with 7.77% (7.57% in 2024), slips to fourth place behind France (8.81%), which remains the largest market in the European Union after Italy. Turnover in Italy has fallen sharply (-40.14% compared with 2024).

The following table breaks down total turnover by application segment:

<i>(amounts in Euro thousands)</i>	31.12.2025	%	31.12.2024	%	difference % '25-'24
CONSTRUCTION EQ.	302,831	48.09	305,401	47.91	-0.84
AGRICULTURE	189,305	30.06	181,972	28.55	4.03
SPARE PARTS	62,321	9.90	65,301	10.24	-4.56
AUTOMOTIVE	49,746	7.90	56,693	8.89	-12.25
MATERIAL HANDLING	8,174	1.30	11,198	1.76	-27.00
OTHER	17,358	2.76	16,896	2.65	2.73
Total	629,736	100.00	637,461	100.00	-1.21

EBITDA amounted to 80.328 million euros (12.8% of turnover) decreasing in absolute terms, stable in relative terms compared to the 82.240 million euros (12.9% of turnover) in 2024. The same trend was seen in EBIT, which was equal to 58.564 million euros (9.3% of turnover) compared to 60.767 million euros (9.5% of turnover) as at 31 December 2024.

<i>(amounts in Euro thousands)</i>	31.12.2025	% of turnover	31.12.2024	% of turnover
EBITDA	80,328	12.8	82,240	12.9
EBIT	58,564	9.3	60,767	9.5

EBITDA and EBIT for 2025 were affected by non-recurring items amounting to 227 thousand euros, mainly relating to one-off transactions.

<i>(amounts in Euro thousands)</i>	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %
EBITDA	80,328	12.8	82,240	12.9	-2.3
Costs/(income) from non-recurring operations	-	-	-	-	-
of which:	-	-	-	-	-
Restructuring and early retirement costs	-	-	1,089	-	-
Costs associated with extraordinary transactions	227	-	-	-	-
ADJUSTED EBITDA	80,555	12.8	83,329	13.1	-2.0

<i>(amounts in Euro thousands)</i>	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %
EBIT	58,564	9.3	60,767	9.5	-3.6
Costs/(income) from non-recurring operations	-	-	-	-	-
of which:	-	-	-	-	-
Restructuring and early retirement costs	-	-	1,089	-	-
Costs associated with extraordinary transactions	227	-	-	-	-
ADJUSTED EBIT	58,791	9.3	61,856	9.7	-3.3

Net profit stood at 19.850 million euros (3.2% of turnover) a significant decrease compared to the figure of 35.553 million euros (5.6% of turnover) in 2024.

<i>(amounts in Euro thousands)</i>	31.12.2025	% of turnover	31.12.2024	% of turnover
NET PROFIT/(LOSS)	19,850	3.2	35,553	5.6

The effects of non-ordinary operations impacted net profit for 17,104 thousand euros, net of the tax effect, as described in more detail in the next table. As explained in relation to the Group, these mainly relate to the subsidiary in Argentina.

<i>(amounts in Euro thousands)</i>	31.12.25	% of turnover	31.12.24	% of turnover	Diff. %
NET PROFIT/(LOSS)	19,850	3.2	35,553	5.6	No.
Costs/(income) from non-recurring operations net of the tax effect	17,104	-	786	-	-
ADJUSTED NET PROFIT/(LOSS)	36,954	5.9	36,339	5.7	No.

The net financial position of operations as at 31 December 2025 was negative amounting to 36.516 million euros, improving compared to the figure of 50.001 million euros as at 31 December 2024.

Amortisation, depreciation and impairment of fixed assets

<i>(amounts in Euro thousands)</i>	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %
Depreciation and amortisation	22,574	3.6	22,190	3.5	1.7
Impairment of fixed assets	77	0.0	-	0.0	No.
Adjustment deprec. property, plant and equipment	-865	-0.1	-698	-0.1	23.9
Adjustment to amortisation of intangible fixed assets	-22	-0.0	-19	-0.0	15.8
Amortisation, depreciation and impairment	21,764	3.0	21,473	2.9	1.4

Amortisation, depreciation and impairment for the financial year amounted to 21.764 million euros (3% of turnover), remaining essentially unchanged in absolute terms compared with 21.473 million euros (2.9% of turnover) in 2024.

Financial expenses

<i>(amounts in Euro thousands)</i>	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %
Net financial expenses	-8,929	-1.4	-11,262	-1.8	20.7

Financial expenses as at 31 December 2025 amounted to -8.929 million euros (-1.4% of turnover), improving compared to -11.262 million euros (-1.8% of turnover) as at 31 December 2024.

Exchange differences

<i>(amounts in Euro thousands)</i>	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %
Exchange differences	-138	-0.0	-125	0.0	-10.4

Exchange differences as at 31 December 2025 were negative for -0.138 million euros (0.0% of turnover) stable compared to -0.125 million euros (0.0% of turnover) as at 31 December 2024.

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

Net profit/(loss)

2025 closed with a profit of the business area equal to 19.850 million euros (3.15% of turnover) down significantly on the 2024 result equal to 35.553 million euros (5.58% of turnover). Taxes as at 31 December 2025 amounted to 13.216 million euros (2.10% of turnover) against 11.703 million euros (1.84% of turnover) as at 31 December 2024.

<i>(amounts in Euro thousands)</i>	31.12.2025	%	31.12.2024	%
PROFIT/(LOSS) BEFORE TAXES	49,142	7.80%	49,324	7.74%
Current and deferred income taxes	-13,216	-2.10%	-11,703	-1.84%
NET OPERATING RESULT FROM CONTINUING OPERATIONS	35,926	5.70%	37,621	5.90%
Net operating result from discontinued operations	-16,934	-2.69%	-2,103	-0.33%
Profit/(loss) pertaining to minorities	858	0.14%	35	0.01%
NET PROFIT/(LOSS)	19,850	3.15%	35,553	5.58%

Investments

<i>(amounts in Euro thousands)</i>	31.12.2025	31.12.2024
Investments	23,126	36,684

In 2025, investments were made in new production plants, for the purchase of highly technological machinery and the maintenance of efficiency and modernisation of plant and equipment, albeit to a lower extent than 2024.

Net financial position of operations

<i>(amounts in Euro thousands)</i>	31.12.2025	31.12.2024
Net Financial Position*	-36,516	-50,001

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

The net financial position of operations as at 31 December 2025 was negative amounting to 36.516 million euros, improving compared to the figure of 50.001 million euros as at 31 December 2024.

HUMAN RESOURCES

Workforce trend

<i>(amounts in Euro thousands)</i>	31.12.2025	31.12.2024
Executives	13	10
Clerical staff	537	533
Factory workers	1,892	1,918
Temporary workers	815	617
Total	3,257	3,078

The increase in agency/temporary personnel mainly refers to overseas plants, India and China, totalling 175 units, driven by the increased production volumes. As at 31 December 2025, employees were divided as follows among various geographic areas worldwide: Italy 1,129 people, India 1,731 people, China 318 people, Argentina 71 people, United States 3 people.

Summary data of companies belonging to the Drivelines & Components Business Area as at 31.12.2025:

<i>(amounts in Euro thousands)</i>	Carraro Drive Tech Italia S.p.A. (1)					Siap S.p.A.				
	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %
Turnover	324,366		334,903		-3.1	110,180		122,466		-10.0
EBITDA (*)	34,898	10.8	34,346	10.3	1.6	4,387	4.0	8,697	7.1	-49.6
EBIT (*)	29,473	9.1	29,020	8.7	1.6	-2,726	-2.5	2,367	1.9	n.r.
Net profit/(loss)	18,559	5.7	21,690	6.5	-14.4	-4,583	-4.2	399	0.3	n.r.
Amortisation, depreciation and impairment	5,649	1.7	5,530	1.7	2.2	7,774	7.1	6,840	5.6	13.7
Net financial position of operations (*)	-15,454		-33,537			-51,021		-32,087		
Shareholders' equity	45,239		30,520			53,363		59,139		

<i>(amounts in Euro thousands)</i>	Driveservice S.r.l.					Carraro India Ltd.				
	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %
Turnover	4,318		4,138		4.3	211,397		191,743		10.3
EBITDA (*)	657	15.2	644	15.6	2.0	20,868	9.9	19,495	10.2	7.0
EBIT (*)	198	4.6	172	4.2	15.1	16,271	7.7	14,688	7.7	10.8
Net profit/(loss)	94	2.2	47	1.1	100.0	10,556	5.0	8,951	4.7	17.9
Amortisation, depreciation and impairment	462	10.7	477	11.5	-3.1	4,597	2.2	4,807	2.5	-4.4
Net financial position of operations (*)	-144		104			-7,941		-5,363		
Shareholders' equity	736		639			48,923		49,047		

<i>(amounts in Euro thousands)</i>	Carraro China Drive Systems Co. Ltd.					Carraro Technologies Ltd. (2)				
	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %
Turnover	107,708		111,738		-3.6	2,579		2,381		8.3
EBITDA (*)	21,404	19.9	20,296	18.2	5.5	473	18.3	509	21.4	-7.1
EBIT (*)	19,643	18.2	18,400	16.5	6.8	295	11.4	303	12.7	-2.6
Net profit/(loss)	14,772	13.7	13,596	12.2	8.6	318	12.3	216	9.1	47.2
Amortisation, depreciation and impairment	1,761	1.6	1,896	1.7	-7.1	178	6.9	206	8.7	-13.6
Net financial position of operations (*)	36,052		23,364			1,099		919		
Shareholders' equity	45,083		33,090			1,251		1,093		

<i>(amounts in Euro thousands)</i>	Carraro Argentina SA					Carraro North America Inc.				
	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %
Turnover	10,725		25,411		-57.8	767		852		-10.0
EBITDA (*)	-14,836	-138.3	380	1.5	n.r.	35	4.6	39	4.6	-11.01
EBIT (*)	-16,254	-151.6	-488	-1.9	n.r.	35	4.6	39	4.6	-11.01
Net profit/(loss)	-17,893	-166.8	-2,935	-11.6	n.r.	29	3.8	34	4.0	-
Amortisation, depreciation and impairment	1,418	13.2	868	3.4	63.4			-	0.0	13.99
Net financial position of operations (*)	1,100		-3,179			-207		-222		
Shareholders' equity	-9,911		-2,547			-251		-315		

(1) Subholding company.

(2) This company carries out design, research and development for the Group and third parties and is based in Pune (India)

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



BUSINESS AREA VEHICLES – AGRITALIA

Report on the Consolidated Financial Statements

STATEMENT OF INCOME AS AT 31.12.2025 – BUSINESS AREA VEHICLES

<i>(amounts in Euro thousands)</i>	31.12.2025	%	31.12.2024	%	Change 31.12.2025- 31.12.2024	%
REVENUES FROM SALES	116,831	100.00%	126,894	100.00%	-10,063	-7.93%
Purchases of goods and materials (net of changes in inventories)	-93,133	-79.72%	-101,243	-79.79%	8,110	8.01%
Services and Use of third-party goods and services	-10,000	-8.56%	-11,201	-8.83%	1,201	10.72%
Personnel costs	-16,206	-13.87%	-16,715	-13.17%	509	3.05%
Amortisation, depreciation and impairment of assets	-2,026	-1.73%	-2,451	-1.93%	425	17.34%
Provisions for risks	-548	-0.47%	-652	-0.51%	104	15.95%
Other income and expenses	1,125	0.96%	3,585	2.83%	-2,460	-68.62%
Internal construction	-	0.00%	-	0.00%	-	-
OPERATING COSTS	-120,788	-103.39%	-128,677	-101.41%	7,889	6.13%
OPERATING PROFIT/(LOSS) (EBIT (*))	-3,957	-3.39%	-1,783	-1.41%	-2,174	
Income from equity investments			-	0.00%		
Other financial income	8	0.01%	-	0.00%	8	
Financial costs and expenses	-43	-0.04%	-93	-0.07%	50	53.76%
Net gains/(losses) on foreign exchange	1	0.00%	-3	0.00%	4	
Value adjustments of financial assets			-	0.00%		
GAINS/(LOSSES) ON FINANCIAL ASSETS	-34	-0.03%	-96	-0.08%	62	64.58%
PROFIT/(LOSS) BEFORE TAXES	-3,991	-3.42%	-1,879	-1.48%	-2,112	
Current and deferred income taxes	-	0.00%	-	0.00%	-	
CONTRIBUTION TO THE NET PROFIT/(LOSS) OF CARRARO SPA	-3,991	-3.42%	-1,879	-1.48%	-2,112	
EBITDA(*)	-1,931	-1.65%	279	0.22%	-2,210	

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

Report on the Consolidated Financial Statements

STATEMENT OF FINANCIAL POSITION AS AT 31.12.2025
VEHICLES BUSINESS AREA

<i>(amounts in Euro thousands)</i>	31.12.2025	31.12.2024
Property, plant and equipment	22,633	22,908
Intangible fixed assets	54	73
Real estate investments	-	-
Equity investments in group companies	-	-
Financial assets	-	-
Deferred tax assets	-256	1,358
Trade receivables and other receivables	411	29
NON-CURRENT ASSETS	22,842	24,368
Closing inventory	20,051	31,493
Trade receivables and other receivables	19,397	24,318
Financial assets	-	-
Cash and cash equivalents	-6	-2
CURRENT ASSETS	39,442	55,809
TOTAL ASSETS	62,284	80,177
CONTRIBUTION TO SHAREHOLDERS' EQUITY OF CARRARO SPA	26,814	21,376
Financial liabilities	244	463
Trade payables and other payables	-	-
Deferred tax liabilities	0	-
Provision for severance indemnity and retirement benefits	811	861
Provision for risks and liabilities	1,388	-
NON-CURRENT LIABILITIES	2,443	1,324
Financial liabilities	330	1,435
Trade payables and other payables	29,860	51,724
Current tax payables	201	201
Provision for risks and liabilities	2,636	4,117
CURRENT LIABILITIES	33,027	57,477
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	62,284	80,177

ANALYSIS OF NET WORKING CAPITAL AT 31.12.2025

VEHICLES BUSINESS AREA

(amounts in Euro thousands)

	31.12.2025	31.12.2024
Trade Receivables	4,355	9,206
Closing inventory	20,051	31,493
Trade Payables	-25,696	-46,641
Net Working Capital of operations (*)	-1,290	-5,942

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

CORPORATE STRUCTURE OF THE VEHICLES BUSINESS AREA AS AT 31.12.2025



Vehicles Business Area

The Vehicles Business Area ended 2025 with a turnover of 116.831 million euros, a significant decrease from the 126.894 million euros recorded in the previous year (-7.93%). This contraction reflects the further weakening of demand in a context of continuing high stock levels in the distribution network. The number of tractors sold stood at 2,568 units, compared to 2,946 units in 2024.

The profitability of the Business Area was adversely affected by the drop in production volumes in the premium segment, only partially offset by the growth in the utility segment. This negative performance was slightly mitigated through extensive use of the temporary layoff payments (CIGS) and through the implementation of initiatives aimed at recovering efficiency and containing costs.

Research and Development activities continued with a focus on optimising product cost and generating new opportunities for the future.

EBITDA in 2025 amounted to -1.931 million euros (-1.6% of turnover), a deterioration from the positive 0.279 million euros (0.2% of turnover) recorded in 2024. EBIT for the year amounted to -3.957 million euros (-3.4% of sales), compared to -1.783 million euros (-1.4% of sales) in 2024.

Turnover

Turnover of the Vehicles Business Area as at 31 December 2025 came to 116.831 million euros, down by 7.93% compared to 126.894 million euros as at 31 December 2024. The reduction in volumes mentioned in the introduction weighed on revenues.

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

(amounts in Euro thousands)

	SALES			SALES TO THIRD PARTIES			INTRA-GROUP SALES		
	31.12.2025	31.12.2024	Diff. %	31.12.2025	31.12.2024	Diff. %	31.12.2025	31.12.2024	Diff. %
AGRITALIA	116,831	126,894	-7.9	113,750	123,191	-7.7	3,081	3,703	-16.8

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

Report on the Consolidated Financial Statements

The following table breaks down total turnover by geographical area:

<i>(amounts in Euro thousands)</i>	31.12.2025	%	31.12.2024	%	difference % '25 - '24
Switzerland	19,166	16.40%	23,632	18.62%	-18.90%
Germany	4,536	3.88%	10,373	8.17%	-56.27%
North America	324	0.28%	4,673	3.68%	-93.07%
Australia	208	0.18%	380	0.30%	-45.26%
India	159	0.14%	115	0.09%	38.26%
Other EU areas	6	0.01%	250	0.20%	-97.60%
Other non-EU areas	-17	-0.01%	837	0.66%	-102.03%
Total Abroad	24,382	20.87%	40,260	31.73%	-39.44%
Italy	92,449	79.13%	86,634	68.27%	6.71%
Total	116,831	100.00%	126,894	100.00%	-7.93%
of which:					
Total EU area	96,991	83.02%	97,257	76.64%	-0.27%
Total non-EU area	19,840	16.98%	29,637	23.36%	-33.06%

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

As regards European countries, besides Italy, Switzerland ranked first, albeit with a drastic reduction of 18.90% compared to the previous year. In second place was Germany, down 56.27%. North America remained in third place with a decrease of 93.07% compared to 2024 mainly due to the phase-out of one customer.

EBITDA and EBIT

<i>(amounts in Euro thousands)</i>	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %
EBITDA	-1,931	-1.7	279	0.2%	n.r.

<i>(amounts in Euro thousands)</i>	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %
EBIT	-3,957	-3.4	-1,783	-1.4%	n.r.

EBITDA was a negative 1,931 million euros (-1.7% of sales), a deterioration compared to the previous year when it was a positive 279 thousand euros (0.2% of sales). EBIT was negative amounting to -3,957 million euros (-3.4% of turnover), compared to -1,783 million euros (-1.4% of turnover) in 2024.

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

Amortisation, depreciation and impairment of fixed assets

<i>(amounts in Euro thousands)</i>	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %
Amortisation, depreciation and impairment	2,132	1.8	2,162	1.7	-1.4

Report on the Consolidated Financial Statements

Net financial expenses

(amounts in Euro thousands)	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %
Net financial expenses	-35	-0.0	-93	- 0.0	62.4

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

(amounts in Euro thousands)	31.12.2025	% of turnover	31.12.2024	% of turnover	Diff. %
Contribution to the net profit/(loss) of Carraro S.p.A.	-3,991	-3.4	-1,879	-1.5%	n.r.

2025 closed with a negative result of -3.991 million euros (-3.4% of turnover), with a worse performance, while still negative, compared to 2024, of -1.879 million euros (-1.5% of turnover) due to the reasons mentioned previously.

Investments

(amounts in Euro thousands)	31.12.2025	31.12.2024
Investments	1,871	3,144

Investments, although down on 2024, were dedicated to necessary adjustments to guarantee product quality.

HUMAN RESOURCES**Workforce trend**

Figures as at 31/12/2025

	31.12.2025	31.12.2024
Executives	4	5
Clerical staff	105	107
Factory workers	198	202
Temporary workers	17	17
Total	324	331

The decrease in the staff compared to 2024 is related to the decrease in production volumes in continuity with the 2024 trend.

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

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

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

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

Strategic risks

Risks associated with the general economic conditions

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

Significant macro-economic events, such as the geopolitical situations following conflicts between States, restrictions on trade in geographic areas crossed by important transport routes, a generalised and significant increase in commodity prices, an enduring uncertainty and volatility of the financial and capital markets, the presence of significant inflationary factors, falling interest rates and unfavourable changes in the exchange rates of the major currencies to which the Group is exposed are all negative factors for the Group's operations and future, as well as its economic results and its financial position.

Risks related to the trends on the markets/industrial customers

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

Country risk

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

Risks associated with protectionist regulations in various countries in terms of customs and embargoes

The Group is exposed to the risk of protectionist policies in the countries where it operates, which take the form of customs duties. In other cases, the risk may arise from constraints or bans resulting from international agreements that restrict free trade conditions (e.g. embargoes).

To deal with all the risks mentioned above, the Group constantly monitors:

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

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

Financial risks**Risks associated with funding requirements**

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

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

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

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

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

Risks relating to fluctuating exchange and interest rates

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

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

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

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

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

Credit risk

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

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

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

Receivables are recognised in the accounts net of any write-downs determined by assessing the counterparty's risk of insolvency based on the information available. See also the Notes on the application of IFRS 9.

Raw materials, commodities and utilities price risk

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

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

Operational risks

Supply chain risks

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

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

Risks associated with employee and trade-union relationships

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

Risks related to IT systems and cyber security

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

Statistics from the last few years show a growing number of cyber attacks on private companies and public entities, not only large in scale, with sophisticated techniques to penetrate company networks and which are more aggressive in causing harm to data and information archives.

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

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

Following the cyber attacks in recent years, the parent company Carraro S.p.A., which provides all main IT services used by Group companies, with the support of some companies specialised in cybersecurity IT activities, prepared and implemented short-term and medium-/long-term plans that entail actions and investments aimed at improving mechanisms and procedures to protect the company infrastructure and reduce its vulnerabilities.

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

Risks related to climate change

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

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

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

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

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

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

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

During the year, the Group assessed its impacts associated with climate change by updating its materiality analysis. This analysis is part of the broader dual materiality assessment, which will also include the analysis of financial materiality, which will allow the risks and opportunities associated with climate change to be assessed.

Legal and compliance risks

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

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

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

TRANSACTIONS WITH RELATED PARTIES

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

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

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

STANDARDS USED IN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

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

OTHER INFORMATION

The Group’s perimeter includes 12 companies of which 5 are established and regulated in non-European Union countries, specifically in Argentina, China, India and the United States.

Sustainability Report

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

Report on the Consolidated Financial Statements

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

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

(amounts in Euro thousands)	Net profit/(loss) for the period	Shareholders' equity for the period	Net profit/(loss) for the previous year	Shareholders' equity for the previous year
Net profit/(loss) and shareholders' equity of Carraro S.p.A.	48,592	114,410	8,364	73,836
Net profit/(loss) and shareholders' equity of subsidiaries	-12,796	199,785	143,092	294,621
Aggregate	35,796	314,195	151,456	368,457
Elimination of carrying amount of subsidiaries	-27,702	-246,696	-	-239,380
Consolidation adjustments	-17,572	94,371	-138,406	87,389
Profit and shareholders' equity	-9,478	161,870	13,050	216,466
Recognition of minority interests	-2,313	-32,579	35	-33,714
Group share of net profit/(loss) and shareholders' equity	-11,791	129,291	13,085	182,752

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

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

GENERAL INFORMATION

BOARD OF DIRECTORSIn 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 AUDITORSIn office until approval of the 2026 financial statements

CARLO PESCE	Chairman
MARINA MANNA	Regular Auditor
ANTONIO GUARNIERI	Regular Auditor
SARAH BENETTIN	Alternate Auditor
GABRIELE ANDREOLA	Alternate Auditor

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

CONSOLIDATED STATEMENT OF INCOME

<i>(amounts in Euro thousands)</i>	NOTES	31.12.2025	31.12.2024
A) REVENUES FROM SALES			
1) Products		714,381	730,470
2) Services		8,979	4,798
3) Other revenues		1,669	1,339
TOTAL REVENUES FROM SALES	1	725,029	736,607
B) OPERATING COSTS			
1) Purchases of goods and materials		427,630	449,648
2) Services		93,051	97,923
3) Use of third-party goods and services		254	49
4) Personnel costs		120,230	116,415
5) Amortisation, depreciation and impairment of assets		27,639	29,376
5.a) depreciation of property, plant and equipment		24,061	23,103
5.b) amortisation of intangible fixed assets		4,580	4,905
5.c) impairment of fixed assets		77	-
5.d) impairment of receivables		94	2,398
5.e) adjustment to dep. prop., plant and equip.		-1,013	-842
5.f) adjustment to intangible fixed assets		-160	-188
6) Changes in inventories		7,982	-2,979
7) Provision for risks and other liabilities		4,338	3,585
8) Other income and expenses		-4,093	-10,024
9) Internal construction		-575	-624
TOTAL OPERATING COSTS	2	676,456	683,369
OPERATING PROFIT/(LOSS)		48,573	53,238
C) GAINS/(LOSSES) ON FINANCIAL ASSETS			
10) Income and expenses from equity investments		-1	-
11) Other financial income		5,271	4,474
12) Financial costs and expenses		-33,970	-27,921
13) Net gains/(losses) on foreign exchange		-527	-868
14) Value adjustments of financial assets		-355	-56
15) Income (charges) from hyperinflation		-	-
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	3	-29,582	-24,371
PROFIT/(LOSS) BEFORE TAXES		18,991	28,867
15) Current and deferred income taxes	4	11,535	15,153
NET OPERATING RESULT FROM CONTINUING OPERATIONS		7,456	13,714
Net operating result from discontinued operations		-16,934	-2,103
NET PROFIT/(LOSS)		-9,478	13,050
16) Minority interests		-2,313	35
GROUP CONSOLIDATED PROFIT/(LOSS)		-11,791	13,085

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(amounts in Euro thousands)

	NOTES	31.12.2025	31.12.2024
NET PROFIT/(LOSS) FOR THE PERIOD		-9,478	13,050
Other income components that could be recognised in the income statement in subsequent periods:			
Change in cash-flow hedge reserve	9	-495	1,637
Exchange differences from the translation of items from foreign operations	15	-6,605	608
Taxes on other comprehensive income components		118	-394
Total other income components that could be recognised in the income statement in subsequent periods:		-6,982	1,851
Other income components that will not be recognised in the income statement in subsequent periods:			
Change in the provision for discounting employee benefits	19	507	-44
Taxes on other comprehensive income components		-147	12
Total other income components that will not be recognised in the income statement in subsequent periods:		360	-32
OTHER COMPREHENSIVE INCOME COMPONENTS, NET OF TAX EFFECTS		-6,622	1,819
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-16,100	14,869
Total comprehensive income attributable to:			
Shareholders of the parent company		-15,869	14,848
Profit/(loss) pertaining to minorities		-231	21
Total comprehensive income for the period		-16,100	14,869

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(amounts in Euro thousands)</i>	NOTES	31.12.2025	31.12.2024
A) NON-CURRENT ASSETS			
1) Property, plant and equipment	6	268,771	273,540
2) Intangible fixed assets	7	104,352	106,828
3) Real estate investments	8	875	870
4) Equity investments	9	3,191	4,204
5) Financial assets	10	118	420
5.1) Loans and receivables		-	-
5.2) Other financial assets		118	420
6) Deferred tax assets	11	21,317	20,954
7) Trade receivables and other receivables	12	3,932	4,640
7.1) Trade receivables		-	-
7.2) Other receivables		3,932	4,640
TOTAL NON-CURRENT ASSETS		402,556	411,456
B) CURRENT ASSETS			
1) Closing inventory	13	137,567	151,337
2) Trade receivables and other receivables	12	95,965	90,309
2.1) Trade receivables		71,257	67,878
2.2) Other receivables		24,708	22,431
3) Financial assets	10	789	1,172
3.1) Loans and receivables		280	-
3.2) Other financial assets		509	1,172
4) Cash and cash equivalents	14	252,543	300,524
4.1) Cash		76	81
4.2) Bank current accounts and deposits		252,467	300,443
4.3) Other cash and cash equivalents		-	-
TOTAL CURRENT ASSETS		486,864	543,342
ASSETS ASSOCIATED WITH DISCONTINUED OPERATIONS		-	14,006
TOTAL ASSETS		889,420	968,804

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(amounts in Euro thousands)</i>	NOTES	31.12.2025	31.12.2024
A) SHAREHOLDERS' EQUITY			
	15		
1) Share Capital		41,453	41,453
2) Other Reserves		104,524	128,279
3) Profits/(Losses) brought forward		-	-
4) Cash flow hedge reserve		-515	-99
5) Provision for discounting employee benefits		677	401
6) Foreign currency translation reserve		-5,057	-367
7) Result for the period pertaining to the group		-11,791	13,085
GROUP SHAREHOLDERS' EQUITY		129,291	182,752
8) Minority interests		32,579	33,714
TOTAL SHAREHOLDERS' EQUITY		161,870	216,466
B) NON-CURRENT LIABILITIES			
1) Financial liabilities	16	423,590	398,487
1.1) Bonds		263,799	267,228
1.2) Loans		159,791	131,250
1.3) Other financial liabilities		-	9
2) Trade payables and other payables	17	12,583	11,399
2.1) Trade payables		-	-
2.2) Other payables		12,583	11,399
3) Deferred tax liabilities	11	22,374	23,114
4) Provision for employee benefits/retirement	19	9,274	9,714
4.1) Provision for severance indemnity		4,492	4,977
4.2) Provision for retirement benefits		4,782	4,737
5) Provisions for risks and liabilities	20	8,276	4,754
5.1) Provision for warranties		7,560	4,155
5.2) Provision for legal claims		-	-
5.3) Provision for restructuring and reconversion		-	-
5.4) Other provisions		716	599
TOTAL NON-CURRENT LIABILITIES		476,097	447,468
C) CURRENT LIABILITIES			
1) Financial liabilities	16	31,208	40,967
1.1) Bonds		-	-
1.2) Loans		26,677	36,994
1.3) Other financial liabilities		4,531	3,973
2) Trade payables and other payables	17	193,301	233,432
2.1) Trade payables		157,041	196,107
2.2) Other payables		36,260	37,325
3) Current tax payables	18	5,331	4,532
4) Provisions for risks and liabilities	20	21,613	17,152
4.1) Provision for warranties		6,457	9,435
4.2) Provision for legal claims		319	145
4.3) Provision for restructuring and reconversion		6,891	1,632
4.4) Other provisions		7,946	5,940
TOTAL CURRENT LIABILITIES		251,453	296,083
LIABILITIES ASSOCIATED WITH DISCONTINUED OPERATIONS		-	8,787
TOTAL LIABILITIES		727,550	752,338
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		889,420	968,804

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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

<i>(amounts in Euro thousands)</i>	Share Capital	Other reserves			Provision for discounting employee benefits	Reserve cash-flow hedge	Foreign currency translation reserve		Profit/(Loss) for the period	Equity of Group	Minority interests	Total
		Capital reserves	Other reserves	Treasury stock acquired			On capital reserves	On profit reserves				
Balance as at 01.01.2023	41,453	18,704	116,241	-6,666	401	-99	-1,240	873	13,085	182,752	33,714	216,466
Total profit/loss for the year	-	-	-	-	276	-416	-	-3,938	-11,791	-15,869	-231	-16,100
Transactions with shareholders:												
Allocation of residual profit from previous years	-	-	13,085	-	-	-	-	-	-13,085	-	-	-
Dividend distribution	-	-	-34,000	-	-	-	-	-	-	-34,000	-832	-34,832
Hyperinflation effect (Carraro Argentina)	-	-	-2,912	-	-	-	-	4,432	-	1,520	-	1,520
Exchange impact "capital reserves"	-	-	-	-	-	-	-5,184	-	-	-5,184	-	-5,184
Change in consolidation scope	-	-	72	-	-	-	-	-	-	72	-72	-
Total transactions of the period	-	-	-23,755	-	-	-	-5,184	4,432	-13,085	-37,592	-904	-38,496
Balance as at 31.12.2025	41,453	18,704	92,486	-6,666	677	-515	-6,424	1,367	-11,791	129,291	32,579	161,870

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

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(amounts in Euro thousands)</i>	NOTES	31.12.2025	31.12.2024
Profit/(loss) for the year pertaining to the Group	5	-11,791	13,085
Profit/(Loss) for the year pertaining to minority interests		2,313	-35
Net operating result from discontinued operations		16,934	2,103
Tax for the year	4	11,535	13,714
Profit/(loss) before taxes		18,991	28,867
Depreciation of property, plant and equipment	2	24,061	23,103
Amortisation of intangible fixed assets	2	4,580	4,905
Adjustment deprec. property, plant and equipment	2	-1,013	-842
Adjustment to amortisation of intangible fixed assets	2	-160	-188
Impairment of intangible fixed assets	2	77	-
Provisions for risks	2	4,338	3,585
Provisions for employee benefits	2	7,245	6,070
Net gains/(losses) on foreign exchange	3	527	868
Financial income	3	-5,271	-4,474
Financial expenses		33,970	27,921
Income and expenses from equity investments		1	-
Value adjustments of financial assets	3	355	56
Cash flows before changes in Net Working Capital		87,701	89,871
Changes in inventory	13	7,982	-2,979
Change in trade receivables	12	-8,313	22,404
Change in trade payables	17	-33,137	-19,130
Change in other receivables/payables	13-17	-767	10,253
Changes in receivables/payables for deferred taxation	11	39	382
Use of provisions for employee benefits	19	-6,525	-4,812
Use of risks provisions for risks and liabilities	20	-3,773	-9,030
Interest received		4,433	4,094
Interest paid		-24,297	-24,835
Change in other financial assets and liabilities		-7,473	-3,814
Tax payments	4	-11,973	-20,481
Cash flows from operating activities (discontinued operations)		-1,564	-4,157
Cash flows from operating activities		2,333	37,766
Investments in property, plant and equipment	6	-26,722	-38,557
Disinvestments and other movements in property, plant and equipment	6	1,404	312
Real estate investments		-5	-37
Investments in intangible fixed assets	7	-2,566	-780
Disinvestments and other movements in intangible fixed assets	7	-21	-9
Net liquidity acquired/sold through business combinations		-	-
Equity investments/divestments		-	-
Change in financial assets		311	-488
Cash flows from investing activities (discontinued operations)		-1,659	-2,056
Cash flows from investing activities		-29,258	-41,615
Change in financial liabilities	16	17,487	-4,407
Change in share capital	15	-	-
Dividends paid	15	-34,832	-10,968
Entrance of non-controlling interests		-	120,036
Other movements of shareholders' equity		220	-1,533
Cash flows from financing activities (discontinued operations)		-	-
Cash flows from financing activities		-17,125	103,128
Total cash flows for the period		-44,050	99,279
Opening cash and cash equivalents		300,524	200,476
Exchange changes in cash and cash equivalents		-4,739	1,167
Change in cash flows from operations held for sale		-	-398
Opening cash and cash equivalents from discontinued operations		808	-
Closing cash and cash equivalents		252,543	300,524

EXPLANATORY AND SUPPLEMENTARY NOTES TO THE CONSOLIDATED ACCOUNTS AS AT 31 DECEMBER 2025

1. General

Publication of the Consolidated Financial Statements of Carraro S.p.A. and subsidiaries (hereinafter the “Carraro Group” or “Group”) for the year ended 31 December 2025 was authorised by resolution of the Board of Directors on 12 March 2026.

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.

This consolidated financial report as at 31 December 2025 is presented in euros, as this is the currency in which most of the group’s operations are conducted. The foreign companies are included in the consolidated financial report in accordance with the principles described in the notes that follow.

Amounts in these financial statements are given in thousands of Euros, while amounts in the notes are indicated in millions of Euros (mln).

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

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

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

Reporting criteria and accounting principles

The consolidated financial statements are drawn up in compliance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and endorsed by the European Union, and with the measures issued implementing Article 9 of Legislative Decree 38/2005. The term IFRS also includes the revised International Accounting Standards (IAS) and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC) previously known as the Standard Interpretation Committee (SIC).

In preparing these consolidated financial statements, the same accounting standards have been used as adopted in preparing the financial statements as at 31 December 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.

2. Form and content of the financial statements

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

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

- *EBITDA*: understood as the sum of operating profit/loss, amortisation, depreciation (including any adjustments) and impairment of fixed assets. The directors consider EBITDA to be a useful, alternative performance indicator for understanding the Group’s operating result;
- *EBIT*: understood as operating profit/loss in the income statement. The directors consider EBIT to be a significant indicator for understanding the Group’s operating result;
- *NET WORKING CAPITAL OF OPERATIONS*: the difference between Trade Receivables, Net Inventories and Trade Payables in the Balance Sheet. The directors consider Net Working Capital of operations to be significant, as it is representative of the Group’s financial performance in operative terms.
- *NET FINANCIAL POSITION*: ESMA Net Debt calculated in accordance with the recommendations set out in the document prepared by ESMA, No. 32-382-1138, published on 4 March 2021, net of, where applicable, receivables and non-current financial assets, as well as the effects arising from the application of International Financial Reporting Standard (IFRS) 16. The directors consider the Net Financial Position of operations to be a relevant indicator for the purposes of presenting 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 Consolidated Financial Statements

Basis of consolidation

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

Subsidiaries are companies in which the Company exercises control. The Company controls another company when it is exposed, or has rights, to the variability of the subsidiary's results, based on its involvement with the subsidiary, and can influence those results by exercising its power.

Control may be exercised through directly or indirectly holding the majority of shares with voting rights, or on the basis of contractual or legal agreements, also regardless of shareholding relations. The existence of potential voting rights that may be exercised at the reporting data is considered for the purposes of determining control.

In general, the existence of control is assumed when the Parent Company holds, directly or indirectly, more than half the voting rights.

Subsidiaries are consolidated on a line-by-line basis, starting from the date when control is actually acquired and stop being consolidated at the date when control is transferred to third parties.

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

Name	Based in	Currency	Nominal value Share capital	Group stake
Parent company:				
Carraro S.p.A.	Campodarsego (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%
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

Partial demerger from Carraro International S.E. to Carraro S.p.A.

During the first half of 2025, as part of a wider project to reorganise and streamline the Group, aimed at enhancing asset value and strengthening the parent company’s financial structure, the partial and proportional demerger of the wholly owned subsidiary Carraro International S.E. was completed, through the transfer of part of its assets to the parent company Carraro S.p.A. The transaction, approved by the respective extraordinary general meetings on 4 March 2025, involved the transfer to the beneficiary of an equity stake amounting to 26.0 million euros, corresponding to a portion of the cash and cash equivalents of the spun-off company.

Carraro Argentina – Discontinued Operations – IFRS 5

On 18 December 2025, in light of the continuing deterioration of the local economic and financial environment and the impossibility of proceeding with the previously envisaged disposal of the investment, the Boards of Directors of Carraro S.p.A. and Carraro International S.E. resolved to initiate the liquidation proceedings for the subsidiary Carraro Argentina S.A. This decision necessitated the valuation of the subsidiary’s assets and liabilities in accordance with the criteria set out in IFRS 5 – Discontinued Operations, taking into account the realisable values and expected costs during the liquidation process, as detailed in paragraph 5.b – Other extraordinary events.

In these 2025 Consolidated Financial Statements, the Argentine business has consequently been treated as a discontinued operation in accordance with IFRS 5. In line with the requirements of the standard and in order to ensure comparability with the previous financial year, the presentation has been structured as follows:

- In the consolidated income statement for the 2025 financial year, all economic effects relating to the subsidiary Carraro Argentina S.A., including the operating, financial and valuation components associated with the liquidation proceedings, have been presented under a single heading entitled ‘Net operating result from discontinued operations’, in line with the format adopted in the 2024 financial statements;
- In the consolidated statement of financial position for the 2025 financial year, the subsidiary’s assets and liabilities have been presented line by line under the relevant asset and liability headings, unlike in the 2024 financial year, when they were reclassified under the headings ‘Assets held for sale’ and ‘Liabilities directly associated with assets held for sale’ respectively;
- In the consolidated cash flow statement for the 2025 financial year, cash flows relating to the Argentine business have been reclassified into specific line items, as was already done in the 2024 financial statements, in order to isolate the cash-flow effects arising from discontinued operations.

For further disclosures required by the aforementioned accounting standard, please refer to paragraph 5.b – Other extraordinary events.

3. Consolidation criteria and accounting principles

3.1 Consolidation criteria

The figures are consolidated using the line-by-line method, that is assuming the entire amount of the assets, liabilities, costs and revenues of the individual companies, regardless of the stock held in the company.

Foreign companies are consolidated using financial statement formats in line with the layout adopted by the parent company and compiled in accordance with common accounting standards, as applied for Carraro S.p.A.. Where necessary, to achieve alignment with the reporting dates of the foreign companies, interim financial statements have been provided by the directors, with the same criteria as those for year-end statements

The carrying amount of consolidated equity investments, held by Carraro S.p.A. or by other companies within the scope of consolidation, was offset by the relevant amount of shareholders' equity in the subsidiary companies.

The amount of shareholders' equity and the net profit/(loss) of these third-party shareholders are shown in the Consolidated Statement of Financial Position, Consolidated Income Statement and Consolidated Statement of Comprehensive Income respectively.

Payable and receivables, income and expenditure and all operations undertaken between the companies included within the scope of consolidation have been eliminated, including dividends distributed within the Group.

Profits not yet realised and capital gains and losses deriving from operations between companies of the Group have also been eliminated.

Intra-group losses that indicate impairment are recognised in the consolidated financial statements.

Financial statements denominated in foreign currencies are translated into Euros using the period-end exchange rates for assets and liabilities, historical exchange rates for equity items and average exchange rates for the period for the income statement, except for investments in hyperinflationary economies, for which the period-end exchange rates required by IAS 21, paragraph 42.b, were also used to translate the income statement.

Exchange differences resulting from this conversion method are shown in a specific shareholders' equity item entitled "*Foreign currency translation reserve*".

The exchange rates applied for the translation of balances presented in foreign currencies were as follows:

Currency	Average exchange rate for 2025	Exchange rate as at 31.12.2025	Average exchange rate for 2024	Exchange rate as at 31.12.2024
Indian rupee	98.524	105.597	90.556	88.934
US dollar	1.130	1.175	1.082	1.039
Chinese renminbi	8.119	8.226	7.788	7.583
Argentine peso	1707.563	1707.563	1070.801	1070.801

3.2 Discretionary valuations and significant accounting estimates

Estimates and assumptions

In the application of the Group's accounting standards, the directors have not made decisions based on discretionary evaluations (excluding those which involve estimates) having a significant effect on the values in the financial statements. The activities that most required the use of estimates were those concerning the impairment test on goodwill, the analysis of deferred tax assets, development costs, provisions for risks and charges and the write-down of receivables and inventories.

In this regard, it should be noted that the estimates made as at 31 December 2025 reflect the directors' assessments of possible developments linked to the current national and international situation, which is characterised by instability on international markets, due mainly to uncertainties surrounding the implementation of protectionist measures in the US market and developments in the geopolitical context in the Middle East, with potential implications for macroeconomic stability, trade flows and the volatility of commodity and energy prices.

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

Impairment loss on goodwill

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

Deferred tax assets

Deferred tax assets are recognised in compliance with IAS 12 and they include retained tax losses, to the extent that it is likely there will be future tax profits to offset these losses with the returns of the temporary differences absorbed. A significant discretionary valuation is required of the directors to determine the amount of the deferred tax assets that can be accounted for. They must estimate the probable timing and the amount of future taxable profits as well as a planning strategy for future taxation. The details are provided in note 11.

Pension funds and other post employment benefits

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

Development costs

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

Provisions for risks and liabilities

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

Fair value measurement

IFRS 13 provides a single source of reference for fair value measurements and related disclosures when those measurements are required or permitted by other accounting standards. Specifically, the standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The new standard also supersedes and expands on the disclosures on fair value measurements required by the other accounting standards, including IFRS 7 “explanatory notes”.

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

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

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

3.3 Material standards and criteria

IFRS accounting standards, amendments and interpretations adopted since 1 January 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 31 December 2025:

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

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

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

With these amendments, the IASB also introduced additional disclosure requirements with regard to investments in equity instruments designated as FVOCI.

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

At the moment, the directors are considering the possible impacts of this amendment on the 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.

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.

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.

Business Combinations and Goodwill

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

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

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

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

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

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

Acquisitions of additional equity interests after achieving control

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

Accounting standards and measurement criteria adopted by the Group:

Property, plant and equipment

Property, plant and equipment items are recognised at their historical cost, minus the related accumulated depreciation and cumulative impairment losses. This cost includes expenses for replacing parts of machinery and plant at the time they are incurred if this is in accordance with the recognition criteria.

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

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

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

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

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

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

Real estate investments

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

Intangible fixed assets

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

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

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

Goodwill

Goodwill represents the surplus of the purchase cost compared to the acquirer's interest in the fair value (referred to the identifiable net values of the assets or liabilities of the entity acquired).

After initial recognition, goodwill is carried at cost, less any cumulative impairment losses.

Goodwill is subject, at least once a year, to an impairment test, to identify any impairment losses. In order to perform a correct fair value analysis, the goodwill is allocated to each of the units generating financial flows that will benefit from the effects deriving from the acquisition.

Research and development costs

The costs of research are charged to the income statement when incurred, in accordance with IAS 38.

Again in compliance with IAS 38, development costs relating to specific projects are recorded among the assets only if all the following conditions are fulfilled:

- the asset can be identified;
- the technical feasibility of completing the intangible asset so that it will be available for use or sale exists;
- the intention to complete the intangible asset and use or sell it exists;
- the ability to use or sell the intangible asset exists;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset exists;
- it is likely that the asset created will generate future financial benefits;
- the costs of the development of the asset can be reliably measured.

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

Licences, trademarks and similar rights

Trademarks and licences are stated at cost, net of amortisation and accumulated impairment losses.

The cost is amortised over the shorter of the duration of the contract and the limited useful life.

Software

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

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

Impairment losses

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

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

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

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

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

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

Equity investments in subsidiaries, associates and joint ventures

An associated company is an entity over which the company is able to exercise significant influence, but does not have control or joint control, via the equity investment, over the financial and operating policies of the company.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. These parties are the joint venturers.

The income, expenses, assets and liabilities of associate companies and joint ventures are shown in the consolidated financial statements using the net equity method.

Financial assets

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

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

Financial assets measured at amortised cost

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

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

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

Financial assets at fair value through other comprehensive income

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

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

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

Financial assets at fair value through profit or loss

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

Financial liabilities

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

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

Impairment losses on financial assets

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

Assets measured on the basis of amortised cost

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

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

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

Assets recognised at cost

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

Available-for-sale financial assets

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

Inventories

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

Works in progress to order

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

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

Trade receivables and other receivables

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

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

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

Cash and cash equivalents

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

Assets and liabilities in discontinued operations

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

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

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

Loans and bonds

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

Derecognition of financial assets and liabilities

Financial assets

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

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

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

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

Derivative financial instruments and hedging transactions

The Carraro group's financial risk management strategy conforms to the company objectives set out in the policies approved by the Board of Directors of Carraro S.p.A. In particular, the strategy aims to minimise interest rate risk, exchange rate risk and the risk of fluctuating commodity prices, in particular of gas and electricity, as well as optimise the cost of debt.

These risks are managed in accordance with the principles of prudence and market best practices and all risk management transactions are centrally managed.

The main objectives indicated by the policy are as follows:

A) Exchange-rate risks:

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

B) Interest-rate risks:

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

C) Risk of fluctuating commodity prices

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

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

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

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

For hedge accounting purposes, hedges are classified as:

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

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

Fair-value hedges

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

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

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

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

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

Cash flow hedges

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

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

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

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

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

Hedges of a net investment in a foreign operation

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

Allowances and provisions

Provision for risks and liabilities

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

Employee and similar benefits

According to IAS 19, employee benefits to be paid out subsequent to the termination of the employment relationship and other long-term benefits (including the provision for severance indemnity) are subjected to actuarial valuations which have to take into account a series of variables (such as mortality, the provisions of future salary changes, the anticipated rate of inflation, etc.).

Following this method, the liability recognised represents the current value of the obligation, net of any plan assets, adjusted for any actuarial losses or profits not accounted for.

As provided for by IAS 19 Revised, actuarial gains and losses were recognised directly in the income statement, without using the corridor approach.

Following the adoption of IAS 19 Revised, actuarial gains/losses are no longer directly recognised in the income statement, but are directly recognised in a reserve of shareholders' equity with immediate recognition in the Statement of Comprehensive Income. Interest cost is classified under Financial income/expenses and no longer under the item Personnel Costs.

Recognition of revenues and other positive income components

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

The revenues recognised by the Carraro Group mainly refer to the following types:

- Revenues from the sale of products (axles, transmissions, spare parts, agricultural tractors, gears and components);
- Revenue from contract manufacturing and logistics services.

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

The companies belonging to the Carraro Group sell axles, integrated power transmission systems, spare parts, agricultural tractors, gears and other components to other companies operating in the international construction of agricultural machinery, earthmoving machinery, industrial transport equipment, material handling and power tools sectors, thus operating in the B2B sector.

The guarantees related to the sale are aligned in terms of duration to those required by law and/or in accordance with commercial practice in the sector. Therefore, the company accounts for compliance guarantees in accordance with IAS 37 - "Provisions, Contingent Liabilities and Contingent Assets".

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

As far as the recognition of revenues is concerned, these are recorded at the time of the transfer of control of the goods on which processing has been carried out (at a point in time), this condition depends on what has been established with the customer, in most cases this transfer of control occurs when the goods are taken over by the carrier (which may alternatively be a carrier or a ship). After the transfer of control, the customer has full discretion on the good, on its processing, on the method of distribution of the goods and on the sales price to be applied, has full responsibility for its use within its products and assumes the risks of obsolescence and possible loss of the goods.

Group companies recognise the receivable when control is transferred, as indicated in the previous paragraph, as it represents the moment when the right to the consideration becomes unconditional, since the due date of the invoice is the only prerogative that identifies when payment is due.

According to the standard contractual conditions applied by the company, the fee is certain and there are no variable parts. In addition, there are no contractually agreed sales with a right of return.

Returns are only made if there is an error in quality or delivery and therefore the goods sold have not been produced with the technical characteristics agreed with the customer at the time of ordering. For quality problems, the Guarantee Fund set aside in accordance with IAS 37 will be used.

Revenues from holding, financial and processing activities and logistics on behalf of third parties.

The companies of the Carraro Group carry out work on moulds, gears and mechanical work as well as road haulage services and logistics in general on behalf of third parties.

The guarantees related to the sale are aligned in terms of duration to those required by law and/or in accordance with commercial practice in the sector. Therefore, the company accounts for compliance guarantees in accordance with IAS 37 - "Provisions, Contingent Liabilities and Contingent Assets".

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

Group companies recognise the receivable when the performance obligation is satisfied, as indicated in the previous paragraph, as it represents the moment when the right to the consideration becomes unconditional, since the due date of the invoice is the only prerogative that identifies when payment is due.

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

Recognition of other positive income components

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

Public grants

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

Taxes

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

Current taxes

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

Deferred taxes

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

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

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

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

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

Value added tax

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

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

Translation of foreign currency balances

Functional currency

The companies of the Group provide their financial statements in the currency used in the individual country.

The Group's functional currency is the euro, which represents the currency in which the consolidated financial statements are drawn up and published.

Accounting transactions and entries

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

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

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

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

The Group's main risks include:

Credit risk

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

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

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

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

The effects of the evolution of the pandemic over the last few years, and conflicts among countries did not have significant consequences on the overall operations of customers affecting the continuity of inflows from the sale of the Group's products.

Liquidity risk

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

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

The cash flows envisaged for 2026 include, besides the trend in working capital of operations and investments, the effects of current liabilities and the short-term portions of medium- and long-term loans reaching maturity, as well as the effects (assuming the same rates of exchange with compared to 31.12.2025) of the closure of derivative financial instruments on currencies in existence at the reporting date.

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

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

Uncertainties in financial markets have had an effect on borrowing by banks and as a consequence on credit granted to businesses. This instability could also continue in 2026, preventing the normal execution of financial transactions.

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

The maturity features of the Group's liabilities and assets are shown in notes 10 and 16 relating respectively to non-current financial receivables and non-current financial payables. The maturity features of derivative financial instruments are described in paragraph 9.2.

Exchange-rate risk and interest rate risk

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

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

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

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

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

Intra-group transactions

As regards related-party transactions, including intra-group transactions, said transactions cannot be qualified as atypical or unusual, and are part of 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.

4. Information by business segment and geographic segment

Information on Operating Segments is given on the basis of the internal reporting provided as at 31 December 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 31.12.2025 was organised in the following Business Areas:

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

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

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

4.1 Business segments

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

a) economic data

2025 <i>(amounts in Euro thousands)</i>	Drive Tech	Agritalia	Eliminations and items not allocated	Consolidated Total
Revenues from sales	629,736	116,831	-21,538	725,029
Sales to third parties	609,806	113,750	1,457	725,013
Related sales	16	-	-	16
Sales between divisions	19,914	3,081	-22,995	-
Operating costs	571,172	120,788	-15,504	676,456
Purchases of goods and materials	366,788	81,691	-20,849	427,630
Services	84,161	9,950	-1,060	93,051
Use of third-party goods and services	18,375	50	-18,171	254
Personnel costs	83,097	16,206	20,927	120,230
Amortisation, depreciation and impairment of assets	21,764	2,026	3,849	27,639
Changes in inventories	-3,729	11,442	269	7,982
Provision for risks and other liabilities	3,284	548	506	4,338
Other income and expenses	-2,001	-1,125	-967	-4,093
Internal construction	-567	-	-8	-575
Operating profit/(loss)	58,564	-3,957	-6,034	48,573

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

b) Other information

2025	Drive Tech	Agritalia	Eliminations and items not allocated	Consolidated Total
Investments (Euro/000)	23,126	1,871	5,892	30,889
Workforce as at 31.12	3,257	324	171	3,795

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

4.2 Geographic segments

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

a) sales

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

<i>(amounts in Euro thousands)</i>	31.12.2025	%	31.12.2024 (*)	%
Asia (China, India)	239,712	33.06%	237,468	32.24%
Other EU areas	163,626	22.57%	160,213	21.75%
Italy	146,152	20.16%	156,448	21.24%
Other non-EU areas	93,107	12.84%	109,151	14.82%
South America	44,739	6.17%	21,355	2.90%
North America	37,693	5.20%	51,972	7.06%
Total	725,029	100.00%	736,607	100.00%
of which:				
Total EU area	309,778	42.73%	316,661	42.99%
Total non-EU area	415,251	57.27%	419,946	57.01%

(*): following an improvement in the classification by geographical area, the figures for 2024 have been restated.

b) carrying amount of assets by area

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

<i>(amounts in Euro thousands)</i>	31.12.2025		31.12.2024	
	CURRENT ASSETS	NON-CURRENT ASSETS	CURRENT ASSETS	NON-CURRENT ASSETS
Italy	354,466	492,113	407,195	487,501
North America	133	1	159	1
South America	1,739	-	12,050	2,041
Asia (India, China)	155,461	56,156	137,509	65,974
<i>Eliminations and items not allocated</i>	-22,193	-145,782	-13,571	-144,061
Total	489,606	402,488	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>	31.12.2025	31.12.2024
Italy	24,368	33,522
South America	19	26
Asia (India, China)	5,933	10,021
<i>Eliminations and items not allocated</i>	569	-1,166
Total	30,889	42,403

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

a) Effects of transactions not related to ordinary operations:

As at 31 December 2025, the following non-recurring items were recorded, relating primarily to the commencement of the liquidation process of the subsidiary Carraro Argentina S.A.:

31.12.2025	OPERATING COSTS: SERVICES	EBIT	TAXES	PROFIT/(LOSS) DISCONTINUED ASSETS	NET
<i>(amounts in Euro thousands)</i>					
Carraro Cina Drive System	227	227	-57	-	170
Carraro Argentina S.A.	-	-	-	-16,934	16,934
Total	227	227	-57	-16,934	17,104

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 2025, the accounting effects of this measurement were recorded in the following manner:

- the measurement of non-monetary items, shareholders' equity items and income statement items recognised during the 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: Net operating result from discontinued operations).

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

<i>(specific values)</i>	Year 2025
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	8,855.57
Jul-25	9,023.97
Aug-25	9,193.24
Sep-25	9,384.09
Oct-25	9,603.86
Nov-25	9,841.36
Dec-25	10,121.37

Argentina - Application of IFRS 5

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

(amounts in Euro thousands)

	Year: published 2025	Application of IFRS 5	Proforma 2025
A) REVENUES FROM SALES			
1) Products	714,381	10,385	724,766
2) Services	8,979	8	8,987
3) Other revenues	1,669	-	1,669
TOTAL REVENUES FROM SALES	725,029	10,393	735,422
B) OPERATING COSTS			
1) Purchases of goods and materials	427,630	3,120	430,750
2) Services	93,051	2,658	95,709
3) Use of third-party goods and services	254	762	1,016
4) Personnel costs	120,230	4,959	125,189
5) Amortisation, depreciation and impairment of assets	27,639	5,257	32,896
6) Changes in inventories	7,982	2,727	10,709
7) Provision for risks and other liabilities	4,338	6,209	10,547
8) Other income and expenses	-4,093	- 5	-4,098
9) Internal construction	-575	-	-575
TOTAL OPERATING COSTS	676,456	25,687	702,143
OPERATING PROFIT/(LOSS)	48,573	-15,294	33,279
C) GAINS/(LOSSES) ON FINANCIAL ASSETS			
10) Income and expenses from equity investments	-1	-	-1
11) Other financial income	5,271	23	5,294
12) Financial costs and expenses	-33,970	-58	-34,028
13) Net gains/(losses) on foreign exchange	-527	-1,359	-1,886
14) Value adjustments of financial assets	-355	-	-355
15) Income (charges) from hyperinflation	-	- 170	-170
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	-29,582	- 1,564	-31,146
PROFIT/(LOSS) BEFORE TAXES	18,991	-16,858	2,133
15) Current and deferred income taxes	11,535	76	11,611
NET OPERATING RESULT FROM CONTINUING OPERATIONS	7,456	-16,934	-9,478
Net operating result from discontinued operations	-16,934	16,934	-
NET PROFIT/(LOSS)	-9,478	-	-9,478
16) Minority interests	-2,313	-	-2,313
GROUP CONSOLIDATED PROFIT/(LOSS)	-11,791	-	-11,791

Below is a reconciliation table of the figures published in the 2024 Consolidated Financial Statements and the pro-forma figures of the 2024 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:

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

(amounts in Euro thousands)

	Year published 2024	Application of IFRS 5	Proforma 2024
A) NON-CURRENT ASSETS			
1) Property, plant and equipment	273,540	1,392	274,932
2) Intangible fixed assets	106,828	189	107,017
3) Real estate investments	870	-	870
4) Equity investments	4,204	-	4,204
4.1) Holdings in subsidiaries and associates	4,204	-	4,204
4.2) Equity investments held for sale	-	-	-
4.2) Investments in other companies	-	-	-
5) Financial assets	420	295	715
5.1) Loans and receivables	-	294	294
5.2) Other financial assets	420	1	421
6) Deferred tax assets	20,954	-	20,954
7) Trade receivables and other receivables	4,640	164	4,804
7.1) Trade receivables	-	-	-
7.2) Other receivables	4,640	164	4,804
TOTAL NON-CURRENT ASSETS	411,456	2,040	413,496
B) CURRENT ASSETS			
1) Closing inventory	151,337	4,349	155,686
2) Trade receivables and other receivables	90,309	6,490	96,799
2.1) Trade receivables	67,878	5,025	72,903
2.2) Other receivables	22,431	1,465	23,896
3) Financial assets	1,172	318	1,490
3.1) Loans and receivables	-	318	318
3.2) Other financial assets	1,172	-	1,172
4) Cash and cash equivalents	300,524	809	301,333
4.1) Cash	81	1	82
4.2) Bank current accounts and deposits	300,443	808	301,251
4.3) Other cash and cash equivalents	-	-	-
TOTAL CURRENT ASSETS	543,342	11,966	555,308
ASSETS HELD FOR SALE	14,006	-14,006	-
TOTAL ASSETS	968,804	-	968,804

<i>(amounts in Euro thousands)</i>	Year published 2024	Application of IFRS 5	Proforma 2024
A) SHAREHOLDERS' EQUITY			
1) Share Capital	41,453	-	41,453
2) Other Reserves	128,279	-	128,279
3) Profits/(Losses) brought forward	-	-	-
4) Cash flow hedge reserve	-99	-	-99
5) Provision for discounting employee benefits	401	-	401
6) Foreign currency translation reserve	-367	-	-367
7) Result for the period pertaining to the group	13,085	-	13,085
GROUP SHAREHOLDERS' EQUITY	182,752	-	182,752
8) Minority interests	33,714	-	33,714
TOTAL SHAREHOLDERS' EQUITY	216,466	-	216,466
B) NON-CURRENT LIABILITIES			
1) Financial liabilities	398,487	-	398,487
1.1) Bonds	267,228	-	267,228
1.2) Loans	131,250	-	131,250
1.3) Other financial liabilities	9	-	9
2) Trade payables and other payables	11,399	-	11,399
2.1) Trade payables	-	-	-
2.2) Other payables	11,399	-	11,399
3) Deferred tax liabilities	23,114	508	23,622
4) Provision for employee benefits/retirement	9,714	9	9,723
4.1) Provision for severance indemnity	4,977	-1	4,976
4.2) Provision for retirement benefits	4,737	10	4,747
5) Provisions for risks and liabilities	4,754	603	5,357
5.1) Provision for warranties	4,155	-	4,155
5.2) Provision for legal claims	-	-	-
5.3) Provision for restructuring and reconversion	-	-	-
5.4) Other provisions	599	603	1,202
TOTAL NON-CURRENT LIABILITIES	447,468	1,120	448,588
C) CURRENT LIABILITIES			
1) Financial liabilities	40,967	1	40,968
1.1) Bonds	-	-	-
1.2) Loans	36,994	-	36,994
1.3) Other financial liabilities	3,973	1	3,974
2) Trade payables and other payables	233,432	5,039	238,471
2.1) Trade payables	196,107	3,952	200,059
2.2) Other payables	37,325	1,087	38,412
3) Current tax payables	4,532	8	4,540
4) Provisions for risks and liabilities	17,152	2,619	19,771
4.1) Provision for warranties	9,435	20	9,455
4.2) Provision for legal claims	145	72	217
4.3) Provision for restructuring and reconversion	1,632	27	1,659
4.4) Other provisions	5,940	2,500	8,440
TOTAL CURRENT LIABILITIES	296,083	7,667	303,750
LIABILITIES HELD FOR SALE	8,787	- 8,787	-
TOTAL LIABILITIES	752,338	-	752,338
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	968,804	-	968,804

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>	31.12.2025	31.12.2024
PURCHASES OF RAW MATERIALS	420,033	436,397
RETURNS OF RAW MATERIALS	-	-
A) PURCHASES	420,033	436,397
MISCELLANEOUS CONSUMABLES	1,030	1,527
CONSUMABLE TOOLS	5,598	6,305
MAINTENANCE MATERIAL	2,977	3,031
MAT. AND SERV. FOR RESALE	1,601	6,512
REBATES AND DISCOUNTS – SUPPLIERS	-3,609	-4,124
B) OTHER PRODUCTION COSTS	7,597	13,251
1) PURCHASES OF GOODS AND MATERIALS	427,630	449,648
A) EXTERNAL SERVICES FOR PRODUCTION	54,786	59,064
B) SUNDRY SUPPLIES	10,981	11,296
C) GENERAL OVERHEADS	22,604	23,046
D) COMMERCIAL COSTS	1,546	849
E) SALES EXPENSES	3,134	3,668
2) SERVICES	93,051	97,923
3) USE OF THIRD-PARTY GOODS AND SERVICES	254	49
A) WAGES AND SALARIES	85,107	82,407
B) SOCIAL SECURITY CONTRIBUTIONS	21,952	21,199
C) EMPLOYEE SEVERANCE INDEMNITY AND PENSIONS	7,245	6,070
D) OTHER COSTS	5,926	6,739
4) PERSONNEL COSTS	120,230	116,415
A) DEPREC. INTANGIBLE AND EQUIPMENT	24,061	23,103
B) AMORT. INTANGIBLE FIXED ASSETS	4,580	4,905
C) IMPAIRMENT OF FIXED ASSETS	77	-
D) IMPAIRMENT OF RECEIVABLES	94	2,398
E) ADJUSTMENT DEP. INTANGIBLE AND EQUIPMENT	-1,013	-842
F) ADJUSTMENT AMMORT. INTANGIBLE FIXED ASSETS	-160	-188
5) AMORTISATION, DEPRECIATION AND IMPAIRMENT OF ASSETS	27,639	29,376
A) CHANGES IN INVENTORIES OF RAW AND ANCILLARY MATERIALS AND GOODS	7,504	-9,102
B) CHANGES IN INVENTORIES OF WORK IN PROG. SEMI-FIN. & FIN. PRODS	478	6,123
6) CHANGES IN INVENTORIES	7,982	-2,979
A) WARRANTY	4,159	3,350
B) COSTS OF LEGAL CLAIMS	178	60
C) RENOVATION AND CONVERSION	-	-
D) OTHER PROVISIONS	1	175
7) PROVISION FOR RISKS AND OTHER LIABILITIES	4,338	3,585
A) SUNDRY INCOME	-4,202	-6,850
B) GRANTS	-1,217	-1,177
C) OTHER OPERATING EXPENSES	1,767	456
D) OTHER NON-ORDINARY OPERATING INCOME/EXPENSES	-441	-2,453
8) OTHER INCOME AND EXPENSES	-4,093	-10,024
9) INTERNAL CONSTRUCTION	-575	-624

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 financing activities (note 3)

<i>(amounts in Euro thousands)</i>	31.12.2025	31.12.2024
10) INCOME/EXPENSES FROM EQUITY INVESTMENTS	-1	-
A) FROM FINANCIAL ASSETS	117	126
B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS	4,374	4,050
C) FROM OTHER CASH EQUIVALENTS	143	62
D) INCOME OTHER THAN THE ABOVE	637	237
E) FROM CHANGES IN THE FAIR VALUE OF DERIVATIVE TRANSACTIONS ON RATES	-	-1
11) OTHER FINANCIAL INCOME	5,271	4,474
A) FROM FINANCIAL LIABILITIES	-26,762	-23,255
B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS	-1,359	-1,969
C) EXPENSES OTHER THAN THE ABOVE	-5,849	-2,697
D) FROM CHANGES IN THE FAIR VALUE OF DERIVATIVE TRANSACTIONS ON RATES	-	-
12) FINANCIAL COSTS AND EXPENSES	-33,970	-27,921
FROM NET DERIVATIVE TRANSACTIONS ON EXCHANGE RATES	2,292	-735
FROM CHANGES IN FAIR VALUE OF DERIVATIVE TRANSACTIONS ON NET EXCHANGE RATES	-566	40
OTHER NET EXCHANGE DIFFERENCES	-2,253	-173
13) NET GAINS/(LOSSES) ON FOREIGN EXCHANGE	-527	-868
A) REVALUATIONS	-	-
B) WRITE-DOWNS	-355	-56
14) VALUE ADJUSTMENTS OF FINANCIAL ASSETS	-355	-56
INCOME (CHARGES) FROM HYPERINFLATION	-	-
15) INCOME (CHARGES) FROM HYPERINFLATION	-	-
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	-29,582	-24,371

Net financial expenses amounted to 28.699 million euros (-3.96% of turnover), representing a 22.4% deterioration compared with the 23.477 million euros (-3.18% of turnover) recorded in 2024. This change is primarily attributable to higher costs associated with the two new bond issues completed by the subsidiary Carraro Finance, in April 2025 for 126,000,000 and in June 2025 for 139,801,000 respectively. The increase in financial expenses is also attributable to the costs incurred in connection with the early repayment of a previous bond issue worth 120,000,000 euros, which was repaid in the first half of 2025, as well as the early closure of a further bond issue of 150,000,000 euros, which was repaid on 4 August 2025 prior to the natural maturity date set out in the repayment schedule. These early redemptions, which will enable the Group to optimise its financial structure in the coming years, have resulted in the one-off recognition in the income statement of both the remaining amortised cost and the early redemption costs associated with the redemption transactions.

Expenses also include the fees paid on the bonds, absorbed in the repayment schedule, based on the amortised cost method.

Exchange differences as at 31 December 2025 were negative, amounting to -0.527 million euros (-0.07% of turnover) compared to a value of -0,868 million euros as at 31 December 2024.

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

Current and deferred income taxes (note 4)

<i>(amounts in Euro thousands)</i>	31.12.2025	31.12.2024
CURRENT TAXES	9,973	9,248
TAX CONSOLIDATION EXPENSE AND INCOME	6,335	8,270
TAXES FROM PREVIOUS YEARS	-3,394	-3,128
DEFERRED TAXES	-1,379	-676
15) CURRENT AND DEFERRED INCOME TAXES	11,535	13,714

Current taxes

Tax on the income of Italian companies is 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 other foreign companies are calculated at the rates in force in the various countries.

Tax consolidation expense and income

The subsidiaries SIAP S.p.A., Carraro International SE, Driveservice S.r.l. and Carraro Drive Tech Italia S.p.A. adhere to the tax consolidation area of the parent company Carraro S.p.A. The option, automatically renewable every three years, is valid for the three-year period starting from 1 January 2021 for the companies SIAP S.p.A., Carraro International SE and Driveservice S.r.l. (current three-year period 2024-2026), and for the three-year period 2025-2027 starting from 1 January 2022 for the company Carraro Drive Tech Italia S.p.A.

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

Deferred taxes

These are set aside on the temporary differences between the carrying amount of the assets and liabilities and the corresponding tax value.

The provisions for taxation for the year can be reconciled with the result recorded in the financial statements as follows:

<i>(amounts in Euro thousands)</i>	31.12.2025	%	31.12.2024	%
Earnings before tax	18,991		28,867	
Theoretical tax rate	5,333	29.80%	8,054	27.90%
Tax effects related to:				
Effect of non-deductible costs	4,881	25.70%	2,224	7.71%
Change in deferred tax rate	-	-	-	0.00%
Unrecognised deferred taxes on tax losses	2,560	13.48%	-17	-0.06%
Foreign companies rate difference	-2,356	12.41%	896	3.10%
Prior-year tax credits	-	-	-	0.00%
Tax on dividends and capital gains	1,186	6.25%	2,881	9.98%
Taxes from previous years	-3,386	-17.83%	-2,620	9.08%
Non-deductible interest charges	3,251	17.12%	2,166	7.50%
Non-recoverable withheld taxes	68	0.36%	130	0.45%
Taxation at effective rate	11,536	60.74%	13,714	47.51%

In addition to the tax recognised in the income statement for the year, deferred taxes totalling 0.03 million euros were recognised in the statement of comprehensive income.

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

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

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

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

Based on information, which is known or may be reasonably estimated, the Carraro Group's exposure to Pillar II income taxes as at 31/12/2025 was equal to zero based on the processing of the latest available financial data (at 31/12/2025).

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 for which it has not been possible to apply the simplified transitional regimes is Argentina; as CbCR TSHs were not applied in the previous financial year, it is not possible to apply the aforementioned simplified regimes in the current financial year (“once out, always out”).
- **Global Minimum tax (calculation of the Top-up Tax (or “TuT”))**: The Argentine jurisdiction reports an accounting loss in accordance with the accounting standards applied by the Ultimate Parent Entity in preparing the consolidated financial statements, as well as deferred tax assets amounting to a marginal sum. The company’s analysis is currently underway; however, based on preliminary analyses, the adjustments to be made to FANIL and the relevant taxes do not result in the recognition of a total tax liability.

Research and development costs

In 2025, the financial commitment made by the group for R&D activities amounted to approximately 3.56% of turnover. These costs did not give rise to capitalisations in accordance with the criteria of IAS 38.

Property, plant and equipment (note 6)

These items present a net balance of 268.8 million euros compared with 273.5 million euros in the previous period. The breakdown is as follows:

Items <i>(amounts in Euro thousands)</i>	Land and buildings	Plant and machinery	Industrial equipment	Other assets	Invest. in prog. and deposits	Total
Historical cost	114,059	261,346	144,041	17,714	12,049	549,209
Provisions for amortisation and depreciation	-35,365	-145,653	-102,475	-12,265	-	-295,758
Net as at 01.01.2024	78,694	115,693	41,566	5,449	12,049	253,451
Changes in 2024:						
Increases	535	18,372	7,972	1,278	10,400	38,557
Increases in rights of use	383	-	2,011	672	-	3,066
Decreases	-4	-9	-90	-76	-6	-185
Capitalisation	2,314	4,935	354	58	-7,661	-
Hyperinflation effect in Argentina	-	698	438	97	5	1,238
Reclassification to discontinued operations	-	-375	-88	-3	-5	-471
Depreciation and amortisation	-2,395	-11,360	-7,717	-1,631	-	-23,103
Reclassifications	330	3,130	253	-	-3,719	-6
Write-downs	-	-106	148	-42	-	-
Foreign exchange translation difference	397	787	-269	48	30	993
Net as at 31.12.2024	80,254	131,765	44,578	5,850	11,093	273,540
Made up of:						
Historical cost	117,767	289,748	154,076	19,293	11,093	591,977
Provisions for amortisation and depreciation	-37,513	-157,983	-109,498	-13,443	-	-318,437

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	672	10,320	6,291	792	8,647	26,722
Increases in rights of use	650	-	399	552	-	1,601
Decreases	-339	-28	-232	-158	-	-757
Capitalisation	2,026	3,538	467	8	-6,059	-20
Hyperinflation effect in Argentina	-	212	151	24	-21	366
Depreciation and amortisation	-2,638	-12,013	-8,115	-1,596	-	-24,362
Reclassifications	101	2,689	3,538	59	-5,516	871
Write-downs	-	-710	-289	-37	-	-1,036
Foreign exchange translation difference	-1,549	-4,249	-2,027	-207	-122	-8,154
Net as at 31.12.2025	79,177	131,524	44,761	5,287	8,022	268,771
Made up of:						
Historical cost	118,097	306,535	162,498	20,212	8,022	615,364
Provisions for amortisation and depreciation	-38,920	-175,011	-117,737	-14,925	-	-346,593

As at 31.12.2025, assets under finance leases for 6.58 million euros and right-of-use assets (IFRS16) of 3.65 million euros are recognised under property, plant and equipment.

Right-of-use assets (IFRS 16) are broken down by category as follows:

- Land and buildings: 0.47 million euros;
- Industrial equipment: 2.28 million euros;
- Other assets: 0.9 million euros.

Investments in land and buildings were carried out in particular at the Italian sites at Maniago, at the Campodarsego site and at Carraro Lux Tech R&D Centre Sarl's headquarters.

The main investments in plant and machinery were made at the Italian plant in Maniago and at the Indian plant in Pune. The increases in industrial equipment refer mainly to the purchases made at the Italian sites of Campodarsego and Maniago, at the Indian site of Pune and the Chinese site of Qingdao.

The increases in the category other assets refer mainly to office machinery and vehicles purchased at the Italian sites in Campodarsego and Maniago and the Indian site in Pune.

The increase in amounts relative to fixed assets in progress and deposits is primarily due to current investments in plant and machinery, at the sites of Campodarsego, Maniago and Montereale Valcellina.

The properties of Carraro India Ltd. are not encumbered by mortgages guaranteeing outstanding loans. Instead, the Company is encumbered by mortgages guaranteeing outstanding loans for a total of 11.93 million euros relating to machinery, and for working capital (inventories/receivables) for a total of 19.60 million euros.

The industrial equipment of Siap S.p.A. is encumbered by privileges to secure FRIE loans for a total of 32.81 million euros. Decrease and exchange difference values are highlighted by the net value of the historical cost and the accumulated amortisation and uses of the depreciation provision.

The reclassifications take into account the effect of the reconsolidation of Carraro Argentina SA within the items recognised in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations.

Intangible fixed assets (Note 7)

These items present a net balance of 104.35 million euros compared with 106.83 million euros in the previous period. The breakdown is as follows:

Items (amounts in Euro thousands)	Goodwill	Develop ment costs	Royalties and patents	Licences and Trademarks	Invest. in prog. and deposits	Technology	Total
Historical cost	93,385	13,074	1,475	46,114	711	31,860	186,620
Provisions for amortisation, depreciation and impairment	-32,119	-12,335	-1,373	-29,764	-	-196	-75,788
Net as at 01.01.2024	61,266	739	102	16,350	711	31,664	110,832
Changes in 2024:							
Increases	-	-	25	304	451	-	780
Decreases	-	-	-	-	-	-	-
Capitalisation	-	-	-	529	-529	-	-
Hyperinflation effect in Argentina	-	-	-	139	3	-	142
Reclassifications to discontinued operations	-	-	-	-66	-4	-	-70
Depreciation and amortisation	-	-300	-49	-2,809	-	-1,747	-4,905
Reclassifications	-	-	-	428	-422	-	6
Write-downs	-	-	-	-	-	-	-
Foreign exchange translation difference	-	-	1	-54	1	95	43
Net as at 31.12.2024	61,266	438	79	14,822	211	30,012	106,828
Made up of:							
Historical cost	93,385	13,075	1,502	47,494	211	34,994	190,661
Provisions for amortisation and depreciation	-32,119	-12,637	-1,423	-32,672	-	-4,982	-83,833
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, depreciation and impairment	-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	-	-	17	2,006	543	-	2,566
Decreases	-	-	-	-	-	-	-
Capitalisation	-	-	-	43	-23	-	20
Hyperinflation effect in Argentina	-	-	-	36	1	-	37
Depreciation and amortisation	-	-219	-38	-2,648	-	-1,735	-4,640
Reclassifications	-	-	-	299	-178	-	121
Write-downs	-	-	-	-91	-5	-	-96
Foreign exchange translation difference	-	-	-	-43	1	-442	-484
Net as at 31.12.2025	61,266	219	58	14,424	550	27,835	104,352
Made up of:							
Historical cost	93,385	13,075	1,519	49,610	550	34,513	192,652
Provisions for amortisation and depreciation	-32,119	-12,856	-1,461	-35,186	-	-6,678	-88,300

The other intangible fixed assets with a limited useful life are amortised on a straight-line basis over terms estimated at between three and five years.

Decrease and exchange difference values are highlighted by the net value of the historical cost and the accumulated amortisation and uses of the depreciation provision.

The reclassifications take into account the effect of the reconsolidation of Carraro Argentina SA within the items recognised in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations.

Goodwill and Impairment Tests

i) Goodwill

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

Business Area (CGU)	31.12.2025
Drive Tech	61,266
Total	61,266

The operations of the “Drive Tech” and “Agritalia” cash-generating units have been subject to a specific impairment test.

ii) Impairment Tests

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

- the recoverable value of the assets of the cash generating units (henceforth “CGUs”) was ascertained by identifying their “value in use” obtained from the present value of the expected operating cash flows of these assets applying a rate expressing the risks of the single “CGUs” considered;
- for the purpose of impairment testing for the Consolidated Financial Statements as at 31 December 2025, and as for the previous years, the “CGUs” were identified as the two business areas: “Drive Tech” and “Agritalia”;
- the reference time horizon for the estimate of future cash flows is a period of four years, subsequently using the perpetual return criterion;
- the expected cash flow projections are based on: i) the 2026 budget approved by the Board of Directors on 18 December 2025; ii) projections prepared by management for the period 2027-29, based on the most reliable and up-to-date information, taking into account external sources of information (IAS 36, paragraph 33) and differences between past cash flow projections and actual cash flows (IAS 36, paragraph 34);
- the configuration of cash flows is defined according to an “asset side” approach, i.e. regardless of the values deriving from financing activities (IAS 36, paragraph 51). Consequently, this value configuration assumes the application of the financial criterion in its unlevered version;
- discounting is carried out on the basis of a discount rate, which reflects the current market assessments of the time value of money and the specific risks of the asset not reflected in the cash flow estimates (IAS 36, paragraph 55). Specific risks include those related to the environmental context in which the activity is carried out and those related to the execution of the plan;
- Considering the risks connected with the current economic-financial context, geopolitical dynamics and in line with the approach adopted the previous year: as regards flows, a capex dynamic greater than the dynamic of amortisation plans was assumed, in addition to an absorption of net working capital based on the risk free rate; the estimate of the growth rate g was developed based on a longer projected time horizon, in order to consider the re-absorption of current inflation rates over time; the cost of debt was adjusted to reflect its average “market” cost at the reference test date, compared to the assumption of the specific Group cost; rather than use the specific ERP as at 31 December 2025 equal to 4.23% (source: Damodaran) – an average ERP for the year was prudentially assumed, equal to 5% (average ERP source Fernandez).
- the terminal value was estimated based on the values of the last year of analytical forecasting; a “standard” tax rate was applied, which does not consider any tax recovery arising from the use of previous losses. The estimated, forward-looking growth rate (“ g ”) was assumed to be 2.00% for the Drivetech CGU and equal to 1.00% for the Agritalia CGU;
- The weighted average cost of capital (WACC) used for the discounting of the net operating cash flows of the individual Cash Generating Units has been estimated on the basis of information obtained from the analysis of the comparable companies of each business unit, in order to reflect the inherent riskiness of each “sector” in which Carraro operates. In line with the choices adopted in previous years, for both CGUs a degree of “historical” error (in terms of overstatement) inherent in the forecasts prepared by the Company’s management has been measured. This error, referred to as the “markup on final figures”, was determined by measuring the percentage difference between actual turnover and EBITDA as at 31.12.2025 and those from the budget used for the impairment tests as at 31.12.2024. If the average percentage deviation shows an overestimation of the forecasts compared to the actual values, the margin of error is added to the WACC, multiplying the average percentage deviation by the 2025 EBITDA Margin. In the current year, an increase was applied to the final figures for the WACC of both CGUs, as the results for 2025 were below budget expectations. In line with the previous year and with the OIV document of June 2012, a second markup was also considered, determined by comparing the EBITDA margin envisaged in the Plan used for the impairment test as at 31 December 2025 with that envisaged in the Plan used for the test as at 31 December 2024. If the 2025 Plan has an operating margin that differs from that of the Plan prepared for the previous year, the margin to be added to the WACC is obtained through the weighted average of the 2026-2029 average variance and the variance on the Terminal Value (weighted by the relative weight of the individual cash flows and the Terminal Value on the total value).

This calculation can give rise to an increase in the rate used, called “markup on the plans”. Starting from this calculation process, the markup on the plans was only for the Drivetech CGU.

The rates used for the Drive Tech CGU and the Agritalia CGU are set out below:

	WACC Nominal discount rate
Drive Tech CGU	12.34%
Agritalia CGU	11.14%

- In addition, a sensitivity analysis of the difference between the value in use and the carrying amount was carried out in order to further verify the appropriateness of the impairment test for each CGU. This was done by:
 - i) taking into account the different risk levels of the cash generating units;
 - ii) changing some of the basic parameters of the estimate carried out, as an instrument for providing the additional information indicated in paragraph 134 letter f) of IAS 36.

In particular, a sensitivity analysis was carried out on the following variables:

- WACC: increased, in the light of the trend in market rates, by 50 bps and 100 bps, and determination of the rate that eliminates the difference between Enterprise Value and NIC;
- Growth rate at full capacity (g): reduction of 50 and 100 bps;
- EBIT: reduced by 5% and 10% and calculation of the percentage reduction that eliminates the Enterprise Value - NIC difference;
- Turnover: 10% reduction in turnover.

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

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

	WACC	EBIT *
Drive Tech CGU	20.73%	42.96%
Agritalia CGU	12.94%	16.70%

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

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

Investments in progress and deposits

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

Licences and Trademarks

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

Royalties and patents

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

Technology

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

Real estate investments (note 8)

These present a net balance of 875 million euros.

The breakdown is as follows:

Items <i>(amounts in Euro thousands)</i>	Buildings	Total
Balance as at 31.12.2024	870	870
Increases	5	5
Decreases	-	-
Change in currency conversion	-	-
Balance as at 31.12.2025	875	875

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

Equity investments (Note 9)

a) Associated companies

Name	Registered office	Direct portion	Profit (loss) 31.12.2025 (ctv. Euro)	Sh. Equity 31.12.2021 (*) (ctv. Euro)	Sh. Equity attributable to the Company (ctv. Euro)	Carrying amount of the investment 31.12.2025
Enertronica Santerno S.p.A.	Castelguelfo (Bologna)	20.23%	n.a.	(19,834,390)	n.a.	-

(*) Figures updated to 31 December 2025 are not 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. Following the termination of the second negotiated settlement of the crisis, due to the expiry of the statutory deadline without an agreement having been reached with the creditors, Enertronica Santerno S.p.A. filed an application with the Court of Bologna for the commencement of compulsory liquidation, simultaneously requesting authorisation to continue operating the business on a provisional basis.

In February 2026, Carraro S.p.A. therefore filed a claim for inclusion in the list of creditors in the proceedings, requesting the insolvency practitioner to admit its claim – which had been fully written down on a prudential basis within the parent company Carraro S.p.A. – for the purposes of its inclusion in the statement of liabilities, with the next so-called 'timely' hearing to verify the claims submitted scheduled for April 2026.

b) Joint Venture

Name	Registered office	Direct portion	Profit (loss) (ctv. Euro)	Shareholders' Equity (ctv. Euro)	Sh. Equity attributable to the Company (ctv. Euro)	Carrying amount of the investment (ctv. Euro)
Bhavani Synchrotec Private Limited ⁽¹⁾	Sanand, Gujarat (India)	49.00%	-351,909	6,817,766	3,340,706	3,705,483

⁽¹⁾: Figures taken from the latest reporting package shared by the company as at 30 September 2025.

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

The movements for the period relate to the adjustment of the value of the investee using the equity method.

Financial assets (note 10)

<i>(amounts in Euro thousands)</i>	31.12.2025	31.12.2024
LOANS TO RELATED PARTIES	-	-
LOANS TO THIRD PARTIES	-	-
LOANS AND RECEIVABLES	-	-
OTHER FINANCIAL ASSETS	63	61
AVAILABLE FOR SALE	55	359
OTHER FINANCIAL ASSETS	118	420
NON-CURRENT FINANCIAL ASSETS	118	420
FROM RELATED PARTIES	-	-
FROM THIRD PARTIES	280	-
LOANS AND RECEIVABLES	280	-
FINANCIAL ASSETS AT CURRENT VALUE	-	-
FAIR VALUE OF DERIVATIVES	80	415
OTHER FINANCIAL ASSETS	429	757
OTHER FINANCIAL ASSETS	509	1,172
CURRENT FINANCIAL ASSETS	789	1,172

Other non-current financial assets

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

Other current financial assets

These include the short-term portion of the above-mentioned guarantee deposits and cash flow hedge derivatives. The amount refers to the fair value calculated as at 31.12.2025 on current instruments on currencies. As described in detail in the section on derivative financial instruments (Paragraph 9), profits or losses deriving from hedging instruments are recognised in the statement of comprehensive income and accumulated in a specific shareholders' equity reserve for the efficient part, while the remaining (inefficient) portion is recognised in the income statement.

Deferred tax assets and liabilities (note 11)

The table below illustrates the composition of deferred taxation by the nature of the temporary differences that determine it. The change corresponds to the effect of deferred taxes on net equity and income.

DESCRIPTION OF DIFFERENCES <i>(amounts in Euro thousands)</i>	Opening	Reclassifications	Effect		Difference	Closing
	31.12.2024		on income statement	on net equity	Exchange rate	31.12.2025
ASSETS:						
Depreciation and amortisation	7,159	-	167	-96	-	7,230
Measurement of receivables	227	-	-	-	-	227
Measurement of financial assets/liabilities	-202	-	-	107	-	-95
Discounting of employee severance indemnity	266	-	-	-11	-	255
Allocations to provisions	8,508	-	44	-	-	8,552
Tax losses	1,444	-	-	-	-	1,444
Personnel bonuses	1,630	-	81	-	-	1,711
Other	1,922	-	103	-	-32	1,993
TOTAL	20,954	-	395	-	-32	21,317
LIABILITIES:						
Depreciation and amortisation	-2,076	2,076	-	-583	189	-394
Discounting of employee severance indemnity	27	-	-	-6	-	21
Measurement of financial assets/liabilities	-10	-	-	12	-	2
Other	794	-2,076	-342	-	144	-1,480
Write-backs of PPA assets	-21,849	-	1,326	-	-	-20,583
TOTAL	-23,114	-	984	-577	333	-22,374
BALANCE	-2,160	-	1,379	-577	301	-1,057

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

Tax losses for which it was decided not to recognise deferred tax assets as at 31 December 2025 amounted to 39.0 million euros (2024: 27.3 million euros) with a tax effect of 10.5 million euros (2024: 6.0 million euros).

No deferred tax assets on temporarily non-deductible interest charges were recognised for a taxable amount of 44.9 million euros. (2024: 32.3 million euros), with a tax effect of 10.8 million euros (2024: 7.8 million euros).

The decision was also taken not to recognise deferred tax assets on other temporary differences for a taxable amount of 14.8 million euros, with a tax effect of 5.2 million euros.

The carrying amount of net deferred tax liabilities recognised as at 31 December 2025 was 1.1 million euros. (2024: 2.2 million euros).

The item "Amortisation and depreciation" includes deferred tax assets related to the capital gain resulting from a transaction carried out in 2014. Since this is a transaction between companies subject to common control, in accordance with the Assirevi document "OPI1" this capital gain has not been recognised for accounting purposes, having consequently given rise to the corresponding recognition of deferred tax assets, the value of which as at 31.12.2025 amounted to 5.3 million euros.

The item "Write-backs of PPA assets" includes the tax effect related to capital gains allocated to assets in the PPA carried out on 01/01/2022

Trade receivables and other receivables (Note 12)

<i>(amounts in Euro thousands)</i>	31.12.2025	31.12.2024
NON-CURRENT TRADE RECEIVABLES	-	-
FROM THIRD PARTIES	3,932	4,640
OTHER NON-CURRENT RECEIVABLES	3,932	4,640
NON-CURRENT TRADE RECEIVABLES AND OTHER RECEIVABLES	3,932	4,640
FROM RELATED PARTIES	1	14
FROM THIRD PARTIES	71,256	67,864
CURRENT TRADE RECEIVABLES	71,257	67,878
FROM RELATED PARTIES	809	809
FROM THIRD PARTIES	23,899	21,622
OTHER CURRENT RECEIVABLES	24,708	22,431
CURRENT TRADE RECEIVABLES AND OTHER RECEIVABLES	95,965	90,309

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

Other non-current receivables (3.93 million euros) consist mainly of guarantee deposits, portions of costs accruing in subsequent periods and advance payments and tax receivables accrued in India.

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

<i>(Amounts in Euro thousands)</i>	31.12.2025					31.12.2024				
	PAST DUE		NOT YET DUE		TOTAL	PAST DUE		NOT YET DUE		TOTAL
Less than 1 year	More than 1 year	Less than 1 year	More than 1 year	Less than 1 year		More than 1 year	Less than 1 year	More than 1 year		
Trade receivables	18,554	-534	59,181	-	77,203	19,795	1,378	51,807	-	72,980
Other receivables	-	-	26,446	4,045	30,490	-	-	22,431	4,640	27,071
TOTAL	18,554	534	85,627	4,045	107,693	19,795	1,378	74,238	4,640	100,051

The balance of receivables is equal to 107.69 million euros. (100.05 million euros in 2024).

As envisaged in IFRS 7.37 bands of amounts past due were identified.

In 2025, the past due receivables amounted to 12.76 million euros and most were less than one year old.

Provisions for Depreciations of Receivables

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

<i>(amounts in Euro thousands)</i>	31.12.2025	31.12.2024
Trade receivables from related parties	1	14
NET TRADE RECEIVABLES FROM RELATED PARTIES	1	14
Current trade receivables from third parties	77,202	72,966
Provisions for depreciation	-5,946	-5,102
NET CURRENT TRADE RECEIVABLES FROM THIRD PARTIES	71,256	67,864
Other receivables from related parties	809	809
NET CURRENT OTHER RECEIVABLES FROM RELATED PARTIES	809	809
Other current receivables from third parties	25,637	21,622
Provisions for Depreciation of other Receivables	-1,738	-
NET CURRENT OTHER RECEIVABLES FROM THIRD PARTIES	23,899	21,622
Other non-current receivables from third parties	4,044	4,640
Provision for impairment of other non-current receivables	-112	-
NET NON-CURRENT OTHER RECEIVABLES FROM THIRD PARTIES	3,932	4,640

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

<i>(amounts in Euro thousands)</i>	31.12.2024	Increases	Decreases	Discontinued operations	Exchange-rate adjustments	31.12.2025
Provisions for impairment of trade receivables	5,102	2,896	-2,043	6	-15	5,946
Provision for impairment of other current receivables	-	933	-	805	-	1,738
Provision for impairment of other non-current receivables	-	112	-	-	-	112
TOTAL	5,102	3,941	-2,043	811	-15	7,796

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

<i>(amounts in Euro thousands)</i>	31.12.2025	31.12.2024
VAT credits	12,565	11,149
VAT credits due for rebate	-	42
Other tax credits	1,336	564
Other tax credits (industry 4.0 concession)	5,442	5,759
Receivables for current taxes	2,091	1,009
Receivables from employees	135	21
Receivables from pensions agencies	660	739
Receivables from derivatives on commodities	-	38
Provisions for Depreciation of other Receivables	-1,738	-
Other receivables	3,408	2,301
OTHER CURRENT RECEIVABLES FROM THIRD PARTIES	23,899	21,622

Closing inventory (note 13)

Items <i>(amounts in Euro thousands)</i>	31.12.2025	31.12.2024
Raw materials	100,520	110,709
Work in progress and semi-finished products	36,264	39,761
Finished products	27,760	22,213
Total inventories	164,544	172,683
Provision for impairment of inventories	-26,977	-21,346
Total inventories	137,567	151,337

Inventories recorded a net balance of 137.6 million euros compared with 151.3 million euros as at 31 December 2024.

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

<i>(amounts in Euro thousands)</i>	
Balance as at 31 December 2024	21,346
Provisions set aside	6,442
Utilisation	-2,355
Translation differences	-464
Discontinued operations	2,008
Other changes	-
Balance as at 31 December 2025	26,977

Cash and cash equivalents (Note 14)

<i>(amounts in Euro thousands)</i>	31.12.2025	31.12.2024
CASH	76	81
BANK CURRENT ACCOUNTS AND DEPOSITS	252,467	300,443
TOTAL	252,543	300,524

As at 31 December 2025, there were long-term cash and cash equivalents amounting to 0.02 million euros which refer to guarantees provided in India to local public entities.

Shareholders' equity (note 15)

<i>(amounts in Euro thousands)</i>	31.12.2025	31.12.2024
1) Share Capital	41,453	41,453
2) Other Reserves	104,524	128,279
3) Profits/(Losses) brought forward	-	-
4) Cash flow hedge reserve	-515	-99
5) Provision for discounting employee benefits	677	401
6) Foreign currency translation reserve	-5,057	-367
7) Result for the period pertaining to the group	-11,791	13,085
GROUP SHAREHOLDERS' EQUITY	129,291	182,752
8) Minority interests	32,579	33,714
TOTAL SHAREHOLDERS' EQUITY	161,870	216,466

Share capital at 31.12.2025 was set at 41,452,543.60 euros, fully paid-up, divided into 58,385,555 ordinary shares (21,630,256 category "A" shares and 36,755,299 category "B" shares) with no par value. No other financial instruments which assign equity and investment rights have been issued. No new treasury shares were purchased in 2025. The overall investment in treasury shares therefore amounts to 6.666 million euros.

The Shareholders' Meeting of Carraro S.p.A. held on 16 April 2025 resolved to allocate the profit for 2024, equal to 8,364,460.67 euros, as shown below:

- 418,223.05 euros to the Legal Reserve;
- 7,946,237.64 euros to dividends.

The Shareholders' Meeting also approved the distribution of further dividends for 53,762.36 euros, taken from previous years' profits carried forward.

Other reserves

The item "Other reserves" of 104.52 million euros includes the reserves of Carraro S.p.A. relating to profits not distributed or carried forward and others as follows:

- 7.93 million euros relating to the share premium reserve;
- 8.14 million euros relating to the legal reserve;
- less 0.092 million euros relating to the future capital increase reserve;
- 3.895 million euros relating to the merger surplus reserve;
- less 6.666 million euros for deduction of the reserve corresponding to treasury share purchase;
- 10.869 million euros relating to other IAS reserves;
- 80.43 million euros relating to:

- 1) the higher value of the shareholders' equity of the consolidated companies compared to the corresponding carrying values of the relevant equity investments and consolidation adjustments;
- 2) the effect of the IPO of the Indian subsidiary in the 2024 financial year.

Other IAS/IFRS reserves

This includes the values arising from application of the criterion prescribed for cash flow hedging of 0.5 million euros.

Provision for discounting employee benefits

This reserve for 0.68 million euros, includes Employee benefit actuarial gains/losses, as provided for by IAS 19 Revised. For further details, see section 3.3 “Principles and material criteria”.

Foreign currency translation reserve

This reserve, which is negative amounting to €7.72 million, is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

It should be noted that, as required by IAS 1 Revised paragraph 83, the movements in the period of the foreign currency translation reserve were recognised in the statement of comprehensive income and other capital reserves, as detailed below:

<i>(amounts in Euro thousands)</i>	31.12.2024	Movements in the statement of comprehensive income profit reserves	Movements in shareholders' equity capital reserves	Movements in shareholders' equity profit reserves	31.12.2025
Exchange reserve of the parent company's shareholders	-367	-3,938	-5,184	4,432	-5,057
Exchange reserve of the minority shareholders	-2	-2,667	-	-	-2,669
Translation reserve	-369	-6,605	-5,184	4,432	-7,726

Minority interests

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

Financial liabilities (note 16)

The classification of financial liabilities is shown below:

<i>(amounts in Euro thousands)</i>	31.12.2025	31.12.2024
NON-CURRENT BONDS	263,799	267,228
<i>MEDIUM/LONG-TERM LOANS</i>	157,083	127,910
<i>MEDIUM/LONG-TERM LEASE PAYABLES - IFRS 16</i>	2,708	3,340
MEDIUM/LONG-TERM LOANS	159,791	131,250
OTHER NON-CURRENT FINANCIAL LIABILITIES	-	9
OTHER NON-CURRENT FINANCIAL LIABILITIES	-	9
NON-CURRENT FINANCIAL LIABILITIES	423,590	398,487
<i>MEDIUM-/LONG-TERM LOANS – short-term portion</i>	25,555	35,829
<i>LOANS TO OTHERS</i>	2	-
<i>LEASE PAYABLES FROM RIGHTS OF USE - IFRS 16</i>	1,120	1,165
CURRENT FINANCIAL LIABILITIES	26,677	36,994
<i>FAIR VALUE OF INTEREST RATE DERIVATIVES</i>	-	-
<i>FAIR VALUE OF EXCHANGE RATE DERIVATIVES</i>	1,047	443
<i>FAIR VALUE OF DERIVATIVES ON COMMODITIES</i>	124	-
<i>OTHER CURRENT FINANCIAL LIABILITIES</i>	3,360	3,530
OTHER CURRENT FINANCIAL LIABILITIES	4,531	3,973
CURRENT FINANCIAL LIABILITIES	31,208	40,967

On 31 December 2025, the financial covenant defined by the net financial position and adjusted EBITDA envisaged:

- as set out in the terms and conditions of the 265.8 million euros senior unsecured bond issue maturing in 2030, listed on the Luxembourg Stock Exchange and on the MOT (Incurrence Covenants);
- under the agreements signed with the European Investment Bank (EIB), BNL and Monte dei Paschi di Siena.

In particular:

- the ratio of the net financial position/adjusted EBITDA as at 31 December 2025 was 2.57.
- The contractual limit for the bond issue and the BNL and MPS contracts is 3.50.
- The limit of the parameter contractually provided in the EIB contracts for that date is 4.00.

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

Short-term loans include current accounts payable and loans taken out during 2025, with a short-term maturity.

Medium- and long-term loans are presented below, divided into short-term portion, medium-term portion and portion at more than 5 years.

COMPANY <i>(amounts in Euro thousands)</i>	up to one year		from 1 to 5 years		more than 5 years		Total 31.12.2025
	<i>par value</i>	<i>amortised cost effect and exchange delta</i>	<i>par value</i>	<i>amortised cost effect and exchange delta</i>	<i>par value</i>	<i>amortised cost effect and exchange delta</i>	
Carraro India Ltd	3,282	-	5,657	-	-	-	8,939
Carraro China Trade Systems Co. Ltd.	1,349	-	4,729	-	-	-	6,078
Carraro International S.E.	8,309	16	4,158	8	-	-	12,491
Carraro Finance S.A.	6,372	14	68,619	291	59,670	165	135,131
Siap S.p.A.	3,225	-	2,632	-	10,272	-	16,129
Carraro Drive Tech Italia S.p.A.	1,779	-	734	-	-	-	2,513
Carraro S.p.A.	1,209	-	148	-	-	-	1,357
Total	25,525	30	86,677	299	69,942	165	182,638

The following table provides further detailed information on the financial liabilities illustrated above. For an analysis of the maturities of trade payables see note 17, while a description of how the Group manages liquidity risk can be found in section 3.3.

COMPANY <i>(amounts in Euro thousands)</i>	LENDER	Short-term portion as at 31.12.2025	Medium/long-term portion as at 31.12.2025	EXPIRY	RATE	RATE TYPE	CURR ENCY
Carraro India	HFDC	299	-	May-26	9.25%	variable	INR
Carraro India	Axis	1,705	2,650	Jun-29	8.84%	variable	INR
Carraro India	Icici	521	1,302	Jun-29	8.38%	variable	INR
Carraro India	Kotak	757	1,705	Mar-29	8.82%	variable	INR
Carraro China	Agricultural Bank	12	353	Nov-28	2.70%	variable	CNY
Carraro China	Agricultural Bank	243	2,225	Dec-28	2.70%	variable	CNY
Carraro China	Agricultural Bank	243	1,082	Dec-28	2.70%	variable	CNY
Carraro China	Agricultural Bank	851	1,070	Dec-28	2.70%	variable	CNY
Carraro Drive Tech Italia S.p.A.	Banca Fucino	1,004	-	Jul-26	3.55%	variable	EURO
Carraro Drive Tech Italia S.p.A.	Alba Leasing	124	-	Dec-26	4.10%	variable	EURO
Carraro Drive Tech Italia S.p.A.	Alba Leasing	290	91	Apr-27	4.14%	variable	EURO
Carraro Drive Tech Italia S.p.A.	Alba Leasing	330	588	Aug-28	4.47%	variable	EURO
Carraro Drive Tech Italia S.p.A.	Fraer Leasing	30	55	Sep-25	4.02%	variable	EURO
Carraro Finance	EIB	6,385	19,180	Dec-29	3.51%	variable	EURO
Carraro Finance	BNL	-	49,730	Jun-31	3.97%	variable	EURO
Carraro Finance	Banca MPS	-	59,835	Mar-32	4.25%	variable	EURO
Carraro International	EIB	8,326	4,166	Jan-27	1.50%	fixed	EURO
SIAP S.p.A.	Banca di Cividale	418	3,553	Jan '35	1.65%	variable	EURO
SIAP S.p.A.	Banca di Cividale	313	2,344	Jan-34	1.65%	variable	EURO
SIAP S.p.A.	Banca di Cividale	438	4,375	Jul-36	3.81%	fixed	EURO
SIAP S.p.A.	Banca Fucino	1,004	-	Jul-26	3.55%	variable	EURO
SIAP S.p.A.	Banca di Cividale	1,053	2,631	Jun-29	3.52%	variable	EURO
Carraro S.p.A.	Banca Fucino	1,004	-	Aug-26	3.55%	variable	EURO
Carraro S.p.A.	Alba Leasing	138	-	Dec-26	4.14%	variable	EURO
Carraro S.p.A.	Fraer Leasing	28	25	Nov-27	3.52%	variable	EURO
Carraro S.p.A.	Porsche Leasing	30	66	Jul '27	7.00%	fixed	EURO
Carraro S.p.A.	Porsche Leasing	9	57	Feb-28	7.00%	fixed	EURO
TOTAL		25,555	157,083				

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

Financial liabilities (amounts in Euro thousands)	31.12.2024	Cash Flow	Reclassifications	Other changes	IFRS 16 changes	Exchange impact	31.12.2025
Gross non-current loans payable	401,294	263,119	-236,176	2,660	-383	-4,465	426,049
Gross current loans payable	37,028	-245,632	236,176	45	-20	-899	26,698
Total loans payable	438,322	17,487	-	2,705	-403	-5,364	452,747
Amortised cost	-2,850	-	-	370	-	-	-2,480
Other non-current financial liabilities	9	-	-	-8	-	-1	-
Other current financial liabilities	3,530	-3,526	-	3,362	-	-6	3,360
Financial liabilities	439,011	13,961	-	6,429	-403	-5,371	453,627

The net financial position is broken down below:

Net financial position (amounts in Euro thousands)	31.12.2025	31.12.2024
Non-current bonds	-263,799	-267,228
Current bonds	-	-
Bonds:	-263,799	-267,228
Non-current loans payable	-159,791	-131,250
Current loans payable	-26,677	-36,994
Other non-current financial liabilities	-	-9
Other current financial liabilities	-3,360	-3,530
Trade payables and other non-current payables *	-	-
Financial liabilities:	-189,828	-171,783
Current loans and receivables	280	-
Other current financial assets	429	757
Financial assets:	709	757
Cash	76	81
Bank current accounts and deposits	252,467	300,443
Cash and cash equivalents:	252,543	300,524
Reclassifications from discontinued operations	-	1,127
Net financial position **	-200,375	-136,603
Non-current loans and receivables	-	-
Other non-current financial assets	55	359
Non-current leases - IFRS 16	2,708	3,340
Current leases - IFRS 16	1,120	1,165
Reclassification from discontinued operations	-	294
Net financial position ***	-196,492	-131,445
of which payables/(receivables):		
- non-current	-420,827	-393,367
- current	224,335	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 Recommendation ESMA32-382-1138 of 4.3.2021

(***) For the definition of the alternative performance indicator, please refer to the section "Structure and content of the financial statements".

It should be noted, as required by ESMA guideline no. 32/382/1138 of 4 March 2021, that at the date of these financial statements the Group held indirect debt subject to conditions relating to social security liabilities.

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 2.0 million euros at 31 December 2025.

Carraro Group medium- and long-term banking credit facilities amounted to a total of 105.22 million euros, against a utilisation of 0 million euros.

The medium- and long-term banking credit facilities amounted to a total of 213.51 million euros, against a utilisation of 183.12 million euros.

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

- Europe: 4.00 - 5.25%
- India: 8.50 - 9.50%
- China: 3.00 - 4.00%

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:

The company's financial liabilities include a bond listed on a regulated market.

The fair value of this liability, which is a fixed-rate instrument listed on a regulated market, is shown in the table below:

<i>(amounts in Euro thousands)</i>	Nominal Value	Amortised cost 31.12.2025	Book value 31.12.2025	Fair Value (level 1) 31.12.2025
BOND 2025-2030 5.25%	265,801	-2,002	263,799	274,067
Total	265,801	-2,002	263,799	274,067

Trade payables and other payables (note 17)

<i>(amounts in Euro thousands)</i>	31.12.2025	31.12.2024
FROM THIRD PARTIES	12,583	11,399
OTHER NON-CURRENT PAYABLES	12,583	11,399
TRADE PAYABLES AND OTHER NON-CURRENT PAYABLES	12,583	11,399
FROM RELATED PARTIES	282	138
FROM THIRD PARTIES	156,759	195,969
CURRENT TRADE PAYABLES	157,041	196,107
FROM RELATED PARTIES	90	90
FROM THIRD PARTIES	36,170	37,235
OTHER CURRENT PAYABLES	36,260	37,325
TRADE PAYABLES AND OTHER CURRENT PAYABLES	193,301	233,432

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

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

<i>(amounts in Euro thousands)</i>	31.12.2025	31.12.2024
VAT payables	508	357
Other tax payables	777	572
Amounts due to pensions agencies	6,179	5,210
Amounts due to employees	15,712	15,820
IRPEF (personal income tax) employees & professionals	4,246	3,957
Board of Directors	2,332	2,754
Other payables	6,416	8,565
OTHER CURRENT PAYABLES	36,170	37,235

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

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

During 2025, Carraro Drive Tech Italia S.p.A., a subsidiary included in the tax consolidation for which Carraro S.p.A. is the parent company, was subject to a tax audit by the Guardia di Finanza, which concluded with the issuance of two tax assessment notices (Processo Verbale di Constatazione) on 18 December 2025 and 18 February 2026, relating to the tax periods from 2021 to 2025. The findings relate to the method used to determine transfer prices, in accordance with Article 110(7) of the TUIR, with regard to interest expense and fees for the non-utilisation of certain credit facilities granted to the Luxembourg-based affiliate Carraro Finance S.A.

As at the reporting date, based on the information available and the assessments carried out, including with the support of leading tax consultancy firms, no impact on the financial statements of Carraro Drive Tech Italia S.p.A. has been identified. The Company will continue to monitor the situation as proceedings unfold.

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

<i>(amounts in Euro thousands)</i>	31.12.2025					31.12.2024				
	PAST DUE		NOT YET DUE		TOTAL	PAST DUE		NOT YET DUE		TOTAL
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year		Less than 1 year	More than 1 year	Less than 1 year	More than 1 year	
Trade payables	49,894	472	106,675	-	157,041	40,629	-812	156,290	-	196,107
Other payables	-	-	36,260	12,585	48,845	-	-	37,325	11,399	48,724
TOTAL	49,894	472	142,935	12,585	205,886	40,629	-812	193,615	11,399	244,831

Current tax payables (note 18)

<i>(amounts in Euro thousands)</i>	31.12.2025	31.12.2024
Current taxes payable	5,331	4,532
Current tax payables	5,331	4,532

Provisions for employee benefits/retirement (note 19)

PROVISION FOR SEVERANCE INDEMNITY AND RETIREMENT BENEFITS		
<i>(amounts in Euro thousands)</i>	31.12.2025	31.12.2024
Opening severance indemnities in accordance with IAS 19	4,977	5,673
Utilisation of employee severance indemnities	-551	-893
Employee severance indemnities transferred to other companies	-	-
Employee severance indemnities transferred from other companies	-	-
Interest cost	140	168
Actuarial gains/losses	-74	29
Closing severance indemnities in accordance with IAS 19	4,492	4,977

The severance indemnity, calculated according to current Italian laws, is treated for accounting purposes as a defined-benefit fund and as such is recalculated at the end of each accounting period according to a statistical-actuarial criterion which also takes account of the effects of financial discounting.

The actuarial valuation of this obligation is carried out according to the actuarial criterion of the “projected unit credit method” with the support of the data issued by ISTAT, the INPS and the ANIA. The parameters used are as follows: 1) annual discount rate: 3.09%, 2) personnel rotation rate 5.00%, 3) annual inflation index 2.00%, 4) rate of advances 2.00%, 5) remuneration increase rate 3.00%. The accounting treatment of employee benefits recorded in the financial statements complies with IAS 19 Revised for defined-benefit plans. For further details, see section 3.3.

The severance indemnity refers to employee benefits governed by current Italian laws. On the basis of the changes introduced in Law 296/06, with effect from 30 June 2007, termination benefits maturing after 1 January 2007 must be paid into a specific treasury reserve established at the pensions agency INPS, or, if the employee so chooses, into a special complementary pension fund. There are no more provisions for termination benefits with these contributions.

Sensitivity analysis IAS 19 Revised

The table below indicates the values of the Employee benefits provision as at 31.12.2025 calculated in the case of changes in actuarial assumptions reasonably possible at that date with the following variables:

- turnover frequency
- discount rate (taken from the Iboxx Corporate AA 7-10 index)
- inflation rate

(amounts in Euro thousands)	Turnover frequency		Inflation rate		Discount rate	
	1%	-1%	+0.25%	-0.25%	+0.25%	-0.25%
Provisions for employee benefits 31.12.2025	4,502	4,483	4,535	4,451	4,427	4,560

Pension/retirement funds

Pension funds and similar for 4.78 million euros. (4.74 million euros as at 31.12.2024) refer to Argentine, Indian and Chinese personnel.

(amounts in Euro thousands)	Opening 31/12/2024	Increases	Decreases	Other changes	Closing 31/12/2025
PENSION AND SIMILAR FUNDS	4,737	1,971	-828	-1,098	4,782

Workforce

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

Workforce	31.12.2024	Changes	31.12.2025
Executives	32	5	37
Clerical staff	798	1	799
Factory workers	2,155	-29	2,126
Temporary workers	638	195	833
Total as at 31.12	3,623	172	3,795

Provisions for risks and liabilities (Note 20)

The item can be broken down as follows:

(amounts in Euro thousands)	Opening situation	Opening sit.- discontinued operations	Increase s	Decreases	Reclassification s	Exchange-rate adjustments	Closing situation
Non-current portion							
1) WARRANTY	4,155	-	-	-	3,591	-186	7,560
2) COSTS OF LEGAL CLAIMS	-	-	-	-	-	-	-
3) RENOVATION AND RECONV.	-	-	-	-	-	-	-
4) OTHER PROVISIONS	599	378	253	-487	-	-27	716
TOTAL	4,754	378	253	-487	3,591	-213	8,276
Current portion							
1) WARRANTY	9,435	13	4,162	-3,372	-3,592	-189	6,457
2) COSTS OF LEGAL CLAIMS	145	45	195	-67	1	-	319
3) RENOVATION AND RECONV.	1,632	16	5,881	-639	1	-	6,891
4) OTHER PROVISIONS	5,940	1,568	4,247	-3,617	-1	-191	7,946
TOTAL	17,152	1,642	14,485	-7,695	-3,591	-380	21,613

Warranty reserve:

From the product warranty reserve, 3.37 million euros was used for customer claims accepted and the reserve was increased by 4.16 million euros on the basis of the expected warranty costs which will be incurred in relation to the sales made.

Provision for costs of legal claims:

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

Provision for restructuring and reconversion:

As at 31 December 2025, the Group increased the restructuring provision in relation to the situation concerning its subsidiary Carraro Argentina. For further details, please refer to the information provided in note 2.2, under the heading 'Changes in the scope of consolidation and other company reorganisation operations'.

Other provisions:

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

7. Commitments and risks

At 31 December 2025, there were no commitments and risks.

8. Transactions with related parties (note 21)

The shareholders of the company Carraro S.p.A. as at 31.12.2025, 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 and income deriving from the transfer of the IRES taxable base are booked under current taxes.

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

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

<i>(amounts in Euro thousands)</i>	Financial and commercial transactions				Economic transactions			
	Financial assets	Trade receivables and other receivables	Trade payables and other payables	Sales revenues	Purchases of goods and materials	Purchases of services	Other income and expenses	Other financial income
Related parties								
Finaid S.p.A.	-	808	90	-	-	-	-	-
Enertronica Santerno S.p.A.	-	-	8	-	-	-	-	94
Bhavani Synchrotec Ltd.	-	2	274	16	2,196	-	-	-
TOTAL	-	810	372	16	2,196	-	-	94

Carraro S.p.A.

Consolidated Financial Statements as at 31 December 2025

9. FINANCIAL INSTRUMENTS**9.1 Classes of financial instruments and fair value hierarchy**

The table below shows the breakdown of financial assets and liabilities as required by IFRS 7, according to the categories envisaged by IFRS 9 with reference to 31 December 2025.

31.12.2025	IFRS 9 Category	Book value	Level 1	Level 2	Level 3
<i>(amounts in Euro thousands)</i>					
FINANCIAL ASSETS:					
Loans and receivables:					
5.1) Loans and receivables - non-current portion	Loans and receivables	-	-	-	-
3.1) Loans and receivables - current portion	Loans and receivables	280	-	-	280
Financial assets - Non-derivative:					
5.2) Financial assets at current value - non-current portion		-	-	-	-
5.2) Financial assets held until maturity - non-current portion		-	-	-	-
5.2) Financial assets available for sale - non-current portion	Financial instruments held for sale	63	-	-	63
3.2) Financial assets at current value - current portion		-	-	-	-
3.2) Financial assets held until maturity - current portion		-	-	-	-
3.2) Financial assets available for sale - current portion		-	-	-	-
Financial assets - Derivative:					
5.2) Derivative assets - non-current portion	Financial instruments held for trading	-	-	-	-
3.2) Derivative assets - current portion	Financial instruments held for trading	80	-	80	-
Other financial assets:					
5.2) Other financial assets - non-current portion	Loans and receivables	55	-	-	55
3.2) Other financial assets - current portion	Loans and receivables	429	-	-	429
Trade receivables:					
7.1) Non-current trade receivables	Loans and receivables	-	-	-	-
2.1) Current trade receivables	Loans and receivables	71,257	-	-	71,257
TOTAL ASSETS		72,164	-	80	72,084
<i>of which available-for-sale financial instruments</i>		<i>63</i>	<i>-</i>	<i>-</i>	<i>63</i>
<i>of which financial instruments held for trading</i>		<i>80</i>	<i>-</i>	<i>80</i>	<i>-</i>
<i>of which loans and receivables</i>		<i>72,021</i>	<i>-</i>	<i>-</i>	<i>72,021</i>

Carraro S.p.A.

Consolidated Financial Statements as at 31 December 2025

31.12.2025 <i>(amounts in Euro thousands)</i>	IFRS 9 Category	Book value	Level 1	Level 2	Level 3
FINANCIAL LIABILITIES:					
Bonds:					
1.1) <i>Bonds - non-current portion</i>	Liabilities at amortised cost	263,799	263,799	-	-
1.1) <i>Bond loans - current portion</i>	Liabilities at amortised cost	-	-	-	-
Loans:					
1.2) <i>Loans - non-current portion</i>	Liabilities at amortised cost	156,201	-	-	156,201
1.2) <i>Loans - current portion</i>	Liabilities at amortised cost	24,577	-	-	24,577
Leasing:					
1.2) <i>Leases - non-current portion</i>	Liabilities at amortised cost	3,590	-	-	3,590
1.2) <i>Leases - current portion</i>	Liabilities at amortised cost	2,100	-	-	2,100
Financial liabilities - Derivatives:					
1.3) <i>Derivative liabilities - non-current portion</i>	Financial instruments held for trading	-	-	-	-
1.3) <i>Derivative liabilities - current portion</i>	Financial instruments held for trading	1,171	-	1,171	-
Other financial liabilities:					
1.3) <i>Other financial liabilities - non-current portion</i>	Liabilities at amortised cost	-	-	-	-
1.3) <i>Other financial liabilities - current portion</i>	Liabilities at amortised cost	3,360	-	-	3,360
Trade payables:					
7.1) <i>Non-current trade payables</i>	Liabilities at amortised cost	-	-	-	-
2.1) <i>Current trade payables</i>	Liabilities at amortised cost	157,041	-	-	157,041
TOTAL LIABILITIES		611,839	263,799	1,171	346,869
<i>of which financial instruments at amortised cost</i>		<i>610,668</i>	<i>263,799</i>	<i>-</i>	<i>346,869</i>
<i>of which financial instruments held for trading</i>		<i>1,171</i>	<i>-</i>	<i>1,171</i>	<i>-</i>

9.2 Derivative financial instruments on currencies

The following tables indicate all the key information relating to the portfolio of derivative financial instruments on currencies outstanding as at 31.12.2025. These are instruments designated to cover:

- foreign currency sales budgets;
- imbalances of current receivables and payables in foreign currencies.

a) notional values

CONTRACT <i>(amounts in Euro thousands)</i>	Swaps (DCS) (1)	Swaps (DCS) (2)	Total notional values
Carraro S.p.A.	-	204	204
Carraro Drive Tech Italia S.p.A.	85,626	6,497	92,123
Carraro India Ltd.	-	4,971	4,971
Siap S.p.A.	5,838	442	6,280
GROUP TOTAL 31.12.2025	91,464	12,114	103,578

(1) instruments hedging foreign currency sales and purchasing budget

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

b) reference currencies and expiry dates of contracts

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

(1) instruments hedging foreign currency sales and purchasing budget

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

c) Fair value

CONTRACT <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.	-1,033	-5	-1,038
Carraro India Ltd.	-	-9	-9
Siap S.p.A.	80	-1	79
Carraro S.p.A.	-953	-16	-969

(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>	31.12.2025		31.12.2024	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
FAIR VALUE/CASH FLOW HEDGE				
Exchange rate risk	80	- 1,048	40	- 443

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.	-685	-353	-1,038
Carraro India Ltd.	-9	-	-9
Siap S.p.A.	51	28	79
GROUP TOTAL 31.12.2025	-644	-325	-969

In relation to the positioning in the hierarchy of fair values pursuant to IFRS 7 par. 27 the financial instruments described are classifiable as level 2; there were no transfers of level during the period.

The fair values as at 31.12.2025 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 payments of short and medium-term receivables and payables with respect to the historical value.

For accounting purposes in relation to contracts hedging sales budgets in foreign currencies effective at the reporting date, it should be noted that for the transactions executed, especially Domestic Currency Swaps, and in accordance with all the conditions provided by the IAS/IFRS standards, hedge accounting was applied.

With reference to the type of cash flow hedges, related changes in fair value are reflected in a shareholders' equity reserve, net of the tax effect.

9.3 Derivative financial instruments on interest rates

There are no derivative contracts on interest rates outstanding as at 31.12.2025.

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.

9.4 Derivative financial instruments on commodities

The following tables indicate all the key information relating to the portfolio of derivative financial instruments on goods outstanding as at 31.12.2025. 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.	185	185
Carraro Drive Tech Italia S.p.A.	320	320
SIAP S.p.A.	1,276	1,276
GROUP TOTAL 31.12.2025	1,781	1,781

(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 fluctuating commodity prices

c) Fair value

<i>(amounts in Euro thousands)</i>	Swap (1)	Total
Carraro S.p.A.	-8	-8
Carraro Drive Tech Italia S.p.A.	-12	-12
SIAP S.p.A.	-104	-104
GROUP TOTAL 31.12.2025	-124	-124

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

d) Details of fair values

<i>(amounts in Euro thousands)</i>	31.12.2025		31.12.2024	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
CASH FLOW HEDGE				
Risk of fluctuating commodity prices	-	-124	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.	-8
Carraro Drive Tech Italia S.p.A.	-12
SIAP S.p.A.	-104
GROUP TOTAL 31.12.2025	-124

In relation to the positioning in the hierarchy of fair values pursuant to IFRS 7 par. 27 the financial instruments described are classifiable as level 2; there were no transfers of level during the period.

The fair values as at 31.12.2025 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.

Notional values and fair values

Below is a summary table of the assets and liabilities valued at fair value as at 31 December 2025, as required by IFRS 13, described in paragraph 3.2:

<i>(amounts in Euro thousands)</i>	Level 2 31.12.2025	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

Sensitivity analysis

The table below shows the economic and financial effects generated by financial statement assets and liabilities as at 31.12.2025 in the event of sudden changes in the following market variables:

- main foreign currencies with respect to the euro: +/- 10%
- interest rates: +100/-15 “basis points”

The interest rate oscillation bands represent the average expectations of maximum change that the markets currently express. The following methods were used:

- for Interest Rate Swaps the discounted cash flow method was applied;
- Domestic Currency Swap contracts were calculated using the forward exchange rate method;

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

Balances as at 31.12.2025 <i>(amounts in Euro thousands)</i>	INTEREST RATE RISK				EXCHANGE RATE RISK			
	+1%		-0.15%		+10%		-10%	
	FINANCIAL EFFECT	EFFECT ON EQUITY	FINANCIAL EFFECT	EFFECT ON EQUITY	FINANCIAL EFFECT	EFFECT ON EQUITY	FINANCIAL EFFECT	EFFECT ON EQUITY
ASSETS								
Trade receivables	-	-	-	-	-129,700	-	158,523	-
Other financial assets - derivatives on currencies	-	-	-	-	400,579	429,400	-581,916	-524,823
Other financial assets - derivatives on interest rates	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	-530	-	647	-
Total gross effect	-	-	-	-	270,349	429,400	-422,746	-524,823
Taxes (24%)	-	-	-	-	-64,884	-103,056	101,459	125,958
Total net effect	-	-	-	-	205,465	326,344	-321,287	-398,865
LIABILITIES								
Trade payables	-	-	-	-	-483	-	395	-
Loans	478,968	-	-71,845	-	-	-	-	-
Total gross effect	478,968	-	-71,845	-	-483	-	395	-
Taxes (24%)	-114,952	-	17,243	-	116	-	-95	-
Total net effect	364,016	-	-54,602	-	-367	-	300	-
TOTAL	364,016	-	-54,602	-	205,098	326,344	-320,987	-398,865

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

Positive sign: expense (economic) - decrease (equity)

Negative sign: income (economic) - increase (equity)

10. Subsequent events

There are no subsequent events to report.

11. Information pursuant to Article 2427 Italian Civil Code.

The Carraro Group's financial statements are audited by Deloitte & Touche S.p.A. and by firms belonging to the Deloitte Network.

The following is a summary of the fees and charges of the independent auditors for the 2025 financial year, relating to audit services and other services provided, net of incidental expenses charged.

<i>(amounts in Euro thousands)</i>	2025	2024
Accounting audit		
- Carraro S.p.A.	235	224
- subsidiaries	542	428
Total independent auditing services	777	652
Other services		
- Carraro S.p.A.	101	57
- subsidiaries	175	668
Total other services	276	725
Total fees	1,053	1,377

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

Name and surname	Subsidiary company: Carraro S.p.A.	No. of shares held as at 31.12.2024	No. of shares held as at 31.12.2025
Enrico and Tomaso Carraro	Directly held	5,912,275	5,912,275
	through Finaid S.p.A.	28,216,036	28,216,036
Julia Dora Koranyi Arduini		21,630,256	21,630,256

Annex to the notes to the consolidated financial statements 31.12.2025

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

The following is a list of grants, contributions, paid assignments and, in any case, economic advantages of any kind received by public administrations and other entities as defined in article 1, subsection 125 of Law 124 of 2017, which the companies belonging to the Carraro Group and therefore included in the scope of consolidation received during the 2025 financial year and not already published in the National Register of State Aid (RNA):

CARRARO S.p.A.

Name and tax number of the recipient: Carraro S.p.A. - 00202040283

Name of the supplying party: Customs Agency

Sum collected: 0 euros

Payment Purpose: Refund of customs duties. Reference Law No. 639 of 05/07/1964 - Law No. 773 of 08/11/1973 - Presidential Decree No. 788 of 07/09/1977.

Name and tax number of the recipient Carraro S.p.A. - 00202040283

Name of the supplying party: Customs Agency

Sum collected: 31,369 euros

Payment Purpose: Tax credit for Energy Products shipped to foreign countries, Reference Legislative Decree no. 504 of 26/10/1995 and Ministerial Decree no. 689 of 12/12/1996.

During the 2025 financial year, the company Carraro S.p.A., has:

- tax relief was obtained for undertakings (Article 1, paragraph 100 of Law 205/2017, Article 1, paragraphs 10 to 15, Law no. 178 of 30 December 2020, (2021 Budget Law), for 113,277 euros;

During 2025, the company also took advantage of the following contributions and benefits:

- Personnel-related: the company took advantage of the INPS and INAIL benefits for sickness, maternity, leave under Law 104, breastfeeding permits, extraordinary leave, blood donations, family allowances, accident compensation, parental leave and Law 104 for 1,146,474 euros. The company also made temporary layoff payments in advance to employees on behalf of INPS.

Lastly, the Company benefitted from Fondimpresa grants pursuant to Article 25 of law no. 845/1978, CE651/2014 for 294,211 euros;

CARRARO DRIVE TECH ITALIA S.p.A.

Name and tax number of the recipient: Carraro Drive Tech Italia S.p.A. - 05253180284

Name of the supplying party: Customs Agency

Sum collected: 69,391 euros

Payment Purpose: Refund of customs duties. Reference Law No. 639 of 05/07/1964 - Law No. 773 of 08/11/1973 - Presidential Decree No. 788 of 07/09/1977.

Name and tax number of the recipient: Carraro Drive Tech Italia S.p.A. - 05253180284

Name of the supplying party: Customs Agency

Sum collected: 144,821 euros

Payment Purpose: Tax credit for Energy Products shipped to foreign countries, Reference Legislative Decree no. 504 of 26/10/1995 and Ministerial Decree no. 689 of 12/12/1996.

During the 2025 financial year, the company Carraro Drive Tech Italia S.p.A.:

- tax relief was obtained for undertakings (Article 1, paragraph 100 of Law 205/2017, Article 1, paragraphs 10 to 15, Law no. 178 of 30 December 2020, (2021 Budget Law), for 192,923 euros;

During 2025, the company also took advantage of the following contributions and benefits:

- Personnel-related: the company took advantage of the INPS and INAIL benefits for sickness, maternity, leave under Law 104, breastfeeding permits, extraordinary leave, blood donations, family allowances, accident compensation, parental leave and Law 104 for 1,125,060 euros. The company also made temporary layoff payments in advance to employees on behalf of INPS.

Lastly, the Company benefitted from FONDIMPRESA grants pursuant to Article 25 of law no. 845/1978, CE651/2014 for 120,752 euros;

Carraro S.p.A.

Consolidated Financial Statements as at 31 December 2025

SIAP S.p.A.

Name and tax number of the recipient: Siap S.p.A. - 00074530932

Name of the supplying party: Customs Agency

Sum collected: 11,387 euros

Payment Purpose: Refund of customs duties. Reference Law No. 639 of 05/07/1964 - Law No. 773 of 08/11/1973 - Presidential Decree No. 788 of 07/09/1977.

During the 2025 financial year, the company SIAP S.p.A.:

- tax relief was obtained for undertakings (Article 1, paragraph 100 of Law 205/2017, Article 1, paragraphs 10 to 15, Law no. 178 of 30 December 2020, (2021 Budget Law), for 160,596 euros;

During 2025, the company also took advantage of the following contributions and benefits:

- Personnel-related: the company took advantage of the INPS and INAIL benefits for sickness, maternity, leave under Law 104, breastfeeding permits, extraordinary leave, blood donations, family allowances, accident compensation, parental leave and Law 104 for 567,929 euros. The company also made temporary layoff payments in advance to employees on behalf of INPS.

The Company benefitted from Fondimpresa grants pursuant to Article 25 of law no. 845/1978, CE651/2014 for 67,462 euros;

DRIVESERVICE s.r.l.

During the 2025 financial year, the company Driveservice S.r.l.:

- tax relief was obtained for undertakings (Article 1, paragraph 100 of Law 205/2017, Article 1, paragraphs 10 to 15, Law no. 178 of 30 December 2020, (2021 Budget Law), for 3,000 euros;

During 2025, the company also took advantage of the following contributions and benefits:

- Personnel-related: the company took advantage of the INPS and INAIL benefits for sickness, maternity, leave under Law 104, breastfeeding permits, extraordinary leave, blood donations, family allowances, accident compensation, parental leave and Law 104 for 33,752 euros. The company also made temporary layoff payments in advance to employees on behalf of INPS.

Lastly, the Company benefitted from Fondimpresa grants pursuant to Article 25 of law no. 845/1978, CE651/2014 for 6,526 euros;

Date: 12 March 2026


The Chairman

Enrico Carraro

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

**To the Shareholders of
Carraro S.p.A.**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Carraro S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Financial Reporting Standards Board and adopted by the European Union.

Basis for Opinion

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The Directors of Carraro S.p.A. are responsible for the preparation of the report on operations of Carraro Group as at December 31, 2025, including its consistency with the related consolidated financial statements and its compliance with the law.

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

- express an opinion on the consistency of the report on operations with the consolidated financial statements;
- express an opinion on compliance with the law of the report on operations;
- make a statement about any material misstatement in the report on operations.

In our opinion, the report on operations is consistent with the consolidated financial statements of Carraro Group as at December 31, 2025.

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

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

DELOITTE & TOUCHE S.p.A.

Signed by
Cristiano Nacchi
Partner

Padova, Italy
April 1, 2026

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