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Carraro Group

Report on Operations as at 30 June 2026

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The Carraro Group

Carraro is an international group and a leader in transmission systems for off-highway vehicles and specialised tractors, headquartered in Campodarsego (Padua), Italy.
Carraro S.p.A. is not subject to management and coordination activities under Article 2497 et seq. 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 accounts for the largest part of the Group, Carraro designs, manufactures and sells transmission systems (axles, transmissions and gearboxes), mainly for earthmoving and agricultural machinery and off-road vehicles, as well as a wide range of components and gears for highly diverse sectors, from *automotive* to trucks and from *material handling* to agricultural and earthmoving applications.
- **Tractors**
  Through the Vehicles Business Area (Agritalia), the Group designs and manufactures special tractors (for vineyards and orchards, from 60 to 120 hp) for third parties, namely under the Claas, AGCO, Antonio Carraro, John Deere and Valtra brands; Agritalia also provides engineering services for the design of innovative tractor ranges.

Key markets

Agriculture

In the first half of 2026, the global tractor market showed mixed performance across the main geographical areas. While Europe, the United States and Brazil continued to face weak market conditions or only a gradual recovery, India confirmed particularly strong growth, establishing itself as the main contributor to the expansion of global tractor sales.

At global level, the sector appears to have entered a phase of gradual normalisation following the slowdown recorded in 2024-2025. Asia continues to account for more than half of global volumes, with India confirmed as the largest market worldwide by number of units sold.

In **Europe**, the market remained broadly stable compared with 2025 levels, but without showing any significant signs of recovery. Confidence indicators in the sector continue to reflect a cautious environment, affecting all segments of the industry. Manufacturers report, however, greater resilience in higher-technology product ranges, in particular high-horsepower tractors, continuously variable transmissions (CVT) and solutions geared more towards precision farming. By contrast, the more price-sensitive segments continue to suffer from a limited willingness to invest.

In the telehandler segment, demand remains at favourable levels, supported by the operational needs of the livestock, biogas plant and materials handling sectors. This segment continues to be one of the most dynamic areas of the entire European agricultural sector.

In **North America**, the market continues to contract. Tractor sales in the first half of 2026 were lower than in the same period of the previous year, with a particularly sharp decline in the four-wheel drive (4WD) tractor segment. The main factors weighing on demand include the impact of tariffs on end prices, farmers' caution in their investment decisions and uncertainty about the outlook for farm profitability, also in view of high operating costs.

In **South America**, and in Brazil in particular, the market is going through a slowdown following the growth recorded in previous years. Weak demand was particularly evident in sectors linked to specialty crops, such as citrus fruit and coffee. The start of 2026 also fell short of expectations, partly owing to the uncertainty surrounding the presidential

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elections scheduled for October. The combine harvester segment showed even weaker performance. The main source of pressure continues to be the high cost of credit, which, despite the progressive ageing of the machinery fleet, is leading many operators to postpone renewal and investment programmes.

India remains the most dynamic market in the world and the main driver of the sector's growth in the first half of 2026. Sales rose significantly compared with the previous year, exceeding the threshold of one million tractors sold for the first time. At the same time, the market is gradually shifting towards higher-horsepower models, particularly in the 40-50 HP range, and towards four-wheel drive configurations with a driven front axle, also encouraged by government incentives and support policies.

In **China**, the outlook for 2026 remains positive, with growth in the agricultural machinery market supported by public investment and agricultural modernisation programmes. Demand continues to shift towards tractors above 100 HP and towards the replacement of lower-performing machines with more technologically advanced solutions. Although volume growth is less pronounced than in other emerging markets, the sector continues to be driven by investment in modernisation, precision farming and fleet technology upgrades. At the same time, there remains a strong focus on product cost competitiveness, and an increasing export orientation can be seen, particularly towards Middle Eastern and South American markets.

Earthmoving and construction equipment

In the first half of 2026, the global earthmoving and construction equipment market showed signs of progressive strengthening compared with the previous year. The sector benefited from a generally more stable macroeconomic environment and the continuation of infrastructure investment programmes in many geographical areas. Growth remained uneven, however, across regions and application segments, with particularly favourable performance in infrastructure and major public works, while residential and commercial construction continues to perform more moderately.

In **Europe**, the market improved gradually, supported mainly by public investment in the development and modernisation of infrastructure, which remains the main driver of demand. Significant differences persist, however, between individual countries: alongside markets showing signs of recovery, others continue to suffer from weak private-sector investment and still subdued economic growth.

In **North America**, the sector held up well, supported by investment in energy infrastructure, data centres and industrial projects linked to reshoring. Despite a gradual return to more normalised levels of demand after the years of exceptional growth, and despite continuing inflationary pressures, the market continues to benefit from a favourable investment environment.

In **China**, the market showed signs of a moderate recovery, supported by government measures introduced to support the real estate sector and by the continuation of policies to promote the energy transition. The growing use of electrified machines continues to be a distinctive feature of the Chinese market, while demand for traditional applications remains affected by the gradual recovery of the real estate sector.

In **India**, following the normalisation phase recorded in 2025, the market performed positively. The country continues to be one of the markets with the most attractive medium- to long-term growth prospects, thanks to government infrastructure investment programmes and ongoing urbanisation.

In **South America**, the market has entered a phase of greater stability after years of strong expansion driven by investment in mining and infrastructure. These sectors continue to be the main drivers of demand, helping to keep activity and fleet utilisation levels high. In this context, Brazil remains the leading market in the region and the main contributor to regional demand.

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On-highway Automotive & e-Trucks sector

The **high-power gear** segment grew compared with 2025, supported by fleet renewal in Europe and North America and by demand for more efficient and sustainable solutions. While traditional applications continue to account for the bulk of the business, the Group has also developed projects to supply components for electric vehicles, in line with the growth prospects of this segment.
In the **automotive** sector, demand stabilised after the sharp volatility of the previous year, but remained below expectations owing to international trade tensions, US tariff policies and the persistent climate of market uncertainty.

Performance in the half-year

To provide a better understanding of the half-year figures, adjusted figures will be highlighted. Specifically, the adjusted figures will take into account transactions not related to ordinary operations and Exceptional Events.

This document uses a number of "alternative performance indicators" that are not defined by IFRS accounting standards:

- EBITDA: the sum of operating profit/(loss) in the income statement, amortisation and depreciation (including any adjustments) and impairment of non-current assets. The Directors consider EBITDA to be a useful alternative performance indicator for understanding the Group's operating result;

- EBIT: operating profit/(loss) in the income statement. The Directors consider EBIT to be a significant indicator for understanding the Group's operating result;

- NET OPERATING WORKING CAPITAL: the difference between trade receivables, net inventories and trade payables as presented in the statement of financial position. The Directors consider net operating working capital to be significant, as it reflects the Group's operating financial performance;

- NET FINANCIAL POSITION OF OPERATIONS: ESMA net financial debt determined in accordance with the recommendations contained in ESMA document No. 32-382-1138 of 2021, less, where applicable, non-current receivables and financial assets, and excluding the effects of the application of International Financial Reporting Standard IFRS 16. The Directors consider the net financial position of operations to be a significant indicator of the Group's overall debt position.

In the first half of 2026, the Carraro Group recorded, in line with expectations, significant growth in turnover compared with the same period of the previous year. This result was driven by the progressive improvement of the European market, the start of new projects and the strengthening of market shares. After the weakest phase of the cycle in the previous two years, signs of a recovery in demand emerged, particularly in the earthmoving machinery sector. This trend supported the increase in sales volumes, with particularly positive effects on the Drivelines Business Area and the Gears segment.

Looking in more detail at the geographical picture, growth in the Indian market was driven mainly by higher demand for axles and by the gradual shift of the local market towards higher-horsepower tractors, a segment in which the Group continues to strengthen its competitive position. The Chinese market also grew significantly, supported by the expansion of Construction Equipment applications and by the growing ability of local manufacturers to penetrate high-technology international markets, an area in which the Group remains a leading strategic partner.

In the first part of the year, the Group achieved a significant improvement in operating profitability, mainly attributable to higher volumes. This trend also resulted in greater absorption of fixed industrial costs, amplifying operating leverage while also allowing the Group to benefit from the efficiency and cost containment measures promoted by management. In this context, the contribution of higher production and sales levels had a positive impact on margins, resulting in a

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marked increase in both consolidated EBIT and EBITDA compared with the first half of 2025. At the same time, the Group continued to operate in an international environment marked by uncertainty; in particular, geopolitical tensions in the Middle East caused delays and inefficiencies along certain strategic logistics routes, requiring constant monitoring of the *supply chain* and adjustments to procurement activities in order to ensure operational continuity.

In the automotive segment, the INEOS project continued, although volumes remained below expectations. This situation continues to limit the full absorption of the dedicated industrial structure, although the recovery in production activity compared with the previous year helped to improve overall plant utilisation. At the same time, the Montereale Valcellina production site, dedicated to high-power gears, recorded a significant acceleration in market demand, confirming the good performance of the segment and the achievement of the planned activity levels.

As regards the Agritalia Business Area, turnover in the first half of 2026 decreased compared with the same period of the previous year, mainly owing to the persistent slowdown in the European market for specialised vineyard and orchard tractors, further affected by geopolitical instability and international trade tensions. In particular, weak demand in the main markets was also affected by the indirect effects of international tariff policies, which reduced visibility for agricultural operators and limited their willingness to invest. To counter this scenario, Agritalia is continuing to develop new business opportunities by entering new markets and introducing solutions with greater technological content. Owing to the sharp drop in volumes, operating margins deteriorated compared with the first half of 2025; although product cost optimisation and industrial efficiency initiatives continued, these measures were not sufficient to fully offset the effects of the lower volumes resulting from the contraction in demand. During the half-year, the Group also continued to use production flexibility and cost containment tools, consistent with the level of activity recorded and with the aim of preserving the division's competitiveness and economic sustainability.

From a financial perspective, there is still room for improvement in the Net Financial Position. It was affected by investments, the performance of net working capital and the payment of dividends. Investments related mainly to the completion of the production capacity expansion programmes already launched in the previous year, with particular reference to the Italian plants and the expansion of the Indian production site.

There is also further room for improvement in working capital management, particularly as regards collections from customers. At the same time, inventories increased compared with the levels at the previous year end, in line with the strategy to support the production programmes planned for the second half of the year.

The main income statement and financial indicators for the half-year are illustrated in detail in the section on income statement and financial position data.

Research and Development: innovation, new applications and value chain

In the first half of 2026, the Group confirmed its commitment to innovation and technological development, continuing to invest in Research and Development in line with its strategic priorities. Activities focused on the development of advanced transmission systems and specialised tractors for the markets with the greatest potential. Innovation remains central to the Group's growth strategy, supporting both the evolution of existing ranges through solutions with high technological and application content and the development of new technologies and applications. In the first half of 2026, total expenditure on R&D activities, covering both product and process development, amounted to approximately 3.7% of turnover, in line with the 3.6% recorded in June 2025.

Product and Range Renewal

Product range updating and extension activities continued to be central to the Group's development strategy, supporting commercial initiatives and the needs of key customers. In this context, the Chinese market remains an important driver of development, thanks to growing demand for innovative solutions and the acceleration of electrification processes. In the axles and transmissions segment, the introduction of new products contributed to the technological renewal of the

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product offering, strengthening the Group's competitive position and its presence in applications with increasing technological content.

New product development

In line with the Group's strategic guidelines, product development activities during the period focused on expanding its presence in hydrostatic applications. In particular, research and development efforts were directed towards promoting the progressive adoption of electric and hydrostatic transmissions, which are expected over time to complement traditional hydrokinetic architectures, in line with market trends in innovation and sustainability.

Key projects

In the first half of 2026, the Group continued its Research and Development activities, focusing on innovation in transmission and driveline solutions for the **Construction Equipment and Agriculture** sectors, with particular attention to electrification, the development of hydrostatic transmissions and the expansion of its range of high-technology products.

In the **Construction Equipment** segment, development continued on hydrostatic and electric transmissions for wheel loaders, telehandlers and wheeled excavators. The main achievements of the period include the completion of the conversion of a small wheel loader from a hydrokinetic architecture to a hydrostatic solution, currently undergoing field validation. Progress was also made on projects for new standardised axles for telehandlers and innovative transmissions for aerial platforms and specialist applications, as well as on collaborations with international manufacturers aimed at the validation and future industrialisation of new drivelines.

In the **Agriculture** sector, activities focused on the development of electric transmissions for machines up to 75 HP and on supporting the development of a 160 HP electric tractor, for which installation of the dedicated driveline on the first prototype has been completed. At the same time, initiatives continued to leverage the Group's expertise in suspension technologies and IFU (Integrated Functional Unit) integrated solutions, which generated new business and design opportunities.

During the half-year, development also began on a new agricultural transmission for applications up to 130 HP, intended mainly for the Indian and Turkish markets, with the aim of extending the product range and strengthening the Group's presence in areas with high growth potential. These activities confirmed the market's growing interest in innovative, sustainable and customised solutions, helping to consolidate the Group's competitive position in its key markets.

Research and Development engineering services

In the first half of 2026, the Group's R&D centre continued to develop advanced expertise in system modelling, digital twins, electronic architectures and software development, strengthening its range of high value-added engineering services. Activities focused on the design and validation of electric drivelines and transmissions, on the development of software solutions and advanced control systems, and on strengthening expertise in functional safety and cybersecurity. At the same time, the Group consolidated its capabilities in integrating control systems for hydrostatic applications, validating innovative solutions and architectures through activities on demonstrator vehicles.

Tractors

In the first half of 2026, initiatives continued to renew the product offering, strengthen the commercial presence in strategic markets and improve industrial competitiveness. In this context, validation was completed of the relaunch plan for a model in the 90-120 HP range for a major customer, as was the development of prototypes for a new family of tractors for emerging markets. At the same time, industrialisation, product cost optimisation and new supplier qualification activities continued, with the aim of increasing operational efficiency and supporting the competitiveness of the offering in the medium to long term.

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Carraro Social Responsibility

In the first half of 2026, the Carraro Group's sustainability activities were carried out mainly through the projects included in the ESG Plan.

On the Environmental front, the product Carbon Footprint project was launched; initiatives to digitalise the processes for monitoring the environmental performance of plants are continuing, and the scope of the Plan has also been extended to include the internal circularity project for the management of slow-moving components in stock.

On the Social front, the Group continues its commitment through a broad portfolio of projects aimed at improving health and safety indicators, reducing the gender pay gap and gender occupational gap, generating social impact for local communities and employees, Diversity, Equality & Inclusion activities under Carraro YOUnique, and training initiatives on sustainability and other topics.

Lastly, the Group is committed to strengthening sustainability Governance processes at its Italian, Indian and Chinese plants, implementing organisational solutions that can harmonise the corporate framework with local needs, also in relation to the different national regulatory frameworks.

SIGNIFICANT EVENTS DURING THE PERIOD

On 24 April 2026, Carraro China Drive Systems Co., Ltd., the Group's Chinese subsidiary, filed Form A1 (Application Proof) with the Hong Kong Stock Exchange (HKEX), formally initiating the process for admission to listing on the Main Board of the Hong Kong Stock Exchange.

EVENTS AFTER THE REPORTING PERIOD

There are no significant subsequent events to report.

BUSINESS PERFORMANCE AND OUTLOOK FOR 2026

Performance in the second half of the year is expected to be broadly in line with the first half. Tensions in the Group's key markets will persist in the coming months. In this scenario, both the sales volumes and the operating margins achieved in the first half are expected to be confirmed. Further improvements in working capital management are also expected, particularly as regards inventory levels and collection times, with a consequent strengthening of the Net Financial Position.

TREASURY SHARES

As at 30 June 2026, the Company held 2,626,988 treasury shares, for a total investment of €6.666 million.

INCOME STATEMENT AND FINANCIAL POSITION DATA

Turnover

The Group's turnover as at 30 June 2026 amounted to €397.635 million, a substantial increase of 12.70% on turnover for the same period of 2025, which amounted to €352.829 million.

The following table breaks down total turnover by geographical area:

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(amounts in Euro thousands)	30/06/2026	%	30/06/2025 (*)	%	Diff. '26-'25 %
India	75,001	18.86%	67,751	19.20%	10.70%
China	57,881	14.56%	44,839	12.71%	29.09%
France	37,722	9.49%	25,460	7.22%	48.16%
Germany	31,307	7.87%	27,000	7.65%	15.95%
United Kingdom	28,703	7.22%	9,993	2.83%	187.23%
South America	22,662	5.70%	19,752	5.60%	14.73%
North America	18,215	4.58%	19,010	5.39%	-4.18%
Sweden	17,083	4.30%	14,986	4.25%	13.99%
Turkey	12,899	3.24%	14,320	4.06%	-9.92%
Switzerland	10,204	2.57%	13,850	3.93%	-26.32%
Other EU areas	13,067	3.29%	13,764	3.90%	-5.06%
Other non-EU areas	2,161	0.54%	3,029	0.86%	-28.66%
Total outside Italy	**326,905**	**82.21%**	**273,754**	**77.59%**	**19.42%**
Italy	70,730	17.79%	79,075	22.41%	-10.55%
Total	**397,635**	**100.0%**	**352,829**	**100.0%**	**12.7%**
of which:					
Total EU area	**169,909**	**42.73%**	**160,285**	**40.31%**	**6.00%**
Total non-EU area	**227,726**	**57.27%**	**192,544**	**48.42%**	**18.27%**

(*): Following an improvement in the classification by geographical area, the figures as at 30 June 2025 have been restated.

It should be noted that the Group sells to the production sites of OEM customers, which may be located in countries other than those of the end customers for whom their products are intended.

Continuing the trend already seen in 2025, India remains the largest geographical area by turnover, recording growth of 10.70% compared with the same period last year and overtaking the Italian market. Among foreign markets, it is followed by China, which expanded significantly, with an increase of 29.09% on the previous year. Germany, historically one of the Group's key markets, is also showing signs of recovery, with growth of 15.95% compared with the same period of the previous year. By contrast, the North American market continues to suffer from the climate of political and economic uncertainty, with a contraction in volumes (-4.18%), as illustrated in the section on market analysis.

EBITDA and EBIT

EBITDA as at 30 June 2026 amounted to €50.987 million (12.82% of turnover), up 69.79% on the same indicator for the previous year, €30.030 million (8.51% of turnover). EBIT as at 30 June 2026 amounted to €37.127 million (9.34% of turnover), more than double the €16.274 million recorded in 2025 (4.61% of turnover). Below is an analysis of EBITDA and EBIT, also taking into account the impact of the charges not related to ordinary operations incurred by the Chinese subsidiary; for further details, see the explanatory notes.

(amounts in Euro thousands)

	30/06/26	% of turnover	30/06/25	% of turnover	Diff. %
EBITDA	50,987	12.8	30,030	8.5	69.8
Costs for services	814				
ADJUSTED EBITDA	51,801	13.0	30,030	8.5	72.5

(amounts in Euro thousands)

	30/06/26	% of turnover	30/06/25	% of turnover	Diff. %
EBIT	37,127	9.3	16,274	4.6	n.m.
Costs for services	814				
ADJUSTED EBIT	37,941	9.5	16,274	4.6	n.m.

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Consolidated margins, in terms of both EBITDA and EBIT, increased significantly compared with the previous year for the reasons explained above.

Amortisation, depreciation and impairment of non-current assets

(amounts in Euro thousands)	30/06/2026	% of turnover	30/06/2025	% of turnover	Diff. %
Amortisation, depreciation and impairment of non-current assets	-13,860	-3.5	-13,756	-3.9	0.8

Amortisation and depreciation for the half-year amounted to €13.860 million (-3.5% of turnover), broadly in line in absolute terms with the €13.756 million (-3.9% of turnover) recorded in 2025.

Net financial expenses

(amounts in Euro thousands)	30/06/2026	% of turnover	30/06/2025	% of turnover	Diff. %
Net financial expenses	-10,245	-2.6%	-17,217	-4.9%	40.5

Net financial expenses decreased from €17.217 million in the previous year (-4.9% of turnover) to €10.245 million in the first half of 2026 (-2.6% of turnover). This improvement is mainly attributable to the lower average cost of debt compared with the first half of 2025, when bonds with higher coupons were still outstanding, and to the *early redemption* costs of one of the two outstanding bonds, which was redeemed in the first half of 2025. A more efficient management of the Group's financial structure and the lower level of gross debt recorded in the first half of 2026 also made a positive contribution.

It should be noted that financial expenses include fees paid on outstanding bonds, which are absorbed over their term in accordance with the *amortised cost* method of accounting.

Net profit/(loss)

The first half of 2026 closed with a profit of €14.440 million (3.63% of turnover); as at 30 June 2025, the Carraro Group had recorded a loss of €8.552 million (-2.42% of turnover).

(amounts in Euro thousands)	30/06/2026	% of turnover	30/06/2025	% of turnover	Diff. %
PROFIT/(LOSS) BEFORE TAX	**26,385**	**6.64%**	**-1,733**	**-0.49**	**n.m.**
Current and deferred income taxes	-10,409	-2.62%	-5,661	-1.6	n.m.
Net result from discontinued operations	239	0.06%	-232	-0.07	n.m.
Profit/(loss) attributable to non-controlling interests	-1,775	-0.45%	-926	-0.26	n.m.
NET GROUP PROFIT/(LOSS)	**14,440**	**3.63%**	**-8,552**	**-2.42**	**n.m.**

Investments

(amounts in Euro thousands)	30/06/2026	30/06/2025
Investments	12,976	11,518

Investments increased in the first half of 2026. Investments as at 30 June 2026 amounted to €12.976 million, compared with €11.518 million as at 30 June 2025, and related mainly to the completion of the production capacity expansion programmes already launched in the previous year, with particular reference to the Italian plants and the expansion of the Indian production site.

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Net financial position of operations

(amounts in Euro thousands)	30/06/2026	31/12/2025	30/06/2025
Net financial position of operations	-228,865	-196,492	-160,579

The consolidated net financial position of operations as at 30 June 2026 was negative at €228.865 million, a deterioration compared with both 31 December 2025 (negative at €196.492 million) and 30 June 2025 (negative at €160.579 million). It was affected by investments, the performance of net working capital and the payment of dividends.

Working capital management also remains an area of attention, particularly as regards collection times from customers. At the same time, inventories increased compared with the levels at the previous year end, in line with the strategy to support the production programmes planned for the second half of the year.

ANALYSIS OF NET OPERATING WORKING CAPITAL AS AT 30 JUNE 2026

(amounts in Euro thousands)	30/06/2026	30/06/2025
Trade receivables*	95,009	65,323
Closing inventory**	172,582	154,056
Trade payables***	-197,170	-209,741
Net operating working capital	**70,421**	**9,638**

* For details of this item, see note 12 to the half-yearly condensed consolidated financial statements.

** For details of this item, see note 13 to the half-yearly condensed consolidated financial statements.

*** For details of this item, see note 17 to the half-yearly condensed consolidated financial statements.

OTHER INFORMATION

The Group comprises 13 companies, 6 of which are incorporated and regulated in non-EU countries, namely Argentina, China, India and the United States.

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CARRARO S.p.A.
Registered office in Campodarsego, Padua (Italy) – Via Olmo 37
Share capital €41,452,543.60 fully paid
Tax Code/VAT No. 00202040283
Padua Companies Register No. 84033

HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE CARRARO GROUP AS AT 30 JUNE 2026

GENERAL INFORMATION

BOARD OF DIRECTORS	**ENRICO CARRARO**	Chairman
In office until approval of the 2026 financial statements	**TOMASO CARRARO**	Vice 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.**	

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CONSOLIDATED STATEMENT OF INCOME

(amounts in Euro thousands)	NOTES	30/06/2026	30/06/2025
A) REVENUES FROM SALES			
1) Products		394,523	349,019
2) Services		2,877	3,070
3) Other revenues		235	740
TOTAL REVENUES FROM SALES	**1**	**397,635**	**352,829**
B) OPERATING COSTS			
1) Purchases of goods and materials		263,475	222,510
2) Services		53,542	46,709
3) Use of third-party goods and services		49	178
4) Personnel costs		63,698	60,907
5) Amortisation, depreciation and impairment of assets		13,954	13,758
6) Changes in inventories		-34,434	-7,865
7) Provisions for risks and other liabilities		1,979	2,116
8) Other income and expenses		-1,530	-1,525
9) Internal construction		-225	-233
TOTAL OPERATING COSTS	**2**	**360,508**	**336,555**
OPERATING PROFIT/(LOSS)		**37,127**	**16,274**
C) GAINS/(LOSSES) ON FINANCIAL ASSETS			
10) Income and expenses from equity investments		-	-
11) Other financial income		2,428	2,818
12) Financial costs and expenses		-12,673	-20,035
13) Net gains/(losses) on foreign exchange		-425	-562
14) Value adjustments of financial assets		-72	-228
15) Income/(expenses) from hyperinflation		-	-
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	**3**	**-10,742**	**-18,007**
PROFIT/(LOSS) BEFORE TAXES		**26,385**	**-1,733**
15) Current and deferred income taxes	**4**	10,409	5,661
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**15,976**	**-7,394**
Net result from discontinued operations		239	-232
NET PROFIT/(LOSS)		**16,215**	**-7,626**
16) Non-controlling interests		-1,775	-926
GROUP CONSOLIDATED PROFIT/(LOSS)		**14,440**	**-8,552**

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(amounts in Euro thousands)		30/06/2026	30/06/2025
NET PROFIT/(LOSS) FOR THE PERIOD		**16,215**	**-7,626**
Other comprehensive income items that may be reclassified to profit or loss in subsequent periods:			
Change in cash flow hedge reserve	**8**	688	-1,126
Exchange differences from the translation of items from foreign operations	**14**	530	-4,965
Taxes on other comprehensive income components		-165	270
Total other comprehensive income items that may be reclassified to profit or loss in subsequent periods:		**1,053**	**-5,821**
Other comprehensive income items that will not be reclassified to profit or loss in subsequent periods:			
Change in the employee benefits discounting reserve	**18**	-213	51
Income taxes on other comprehensive income items		71	2
Total other comprehensive income items that will not be reclassified to profit or loss in subsequent periods:		**-142**	**53**
OTHER COMPREHENSIVE INCOME COMPONENTS, NET OF TAX EFFECTS		**911**	**-5,768**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**17,126**	**-13,394**
Total comprehensive income attributable to:			
Shareholders of the parent company		15,681	-12,457
Profit/(loss) pertaining to minorities		1,445	-937
Total comprehensive income for the period		**17,126**	**-13,394**

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(amounts in Euro thousands)	NOTES	30/06/2026	31/12/2025
A) NON-CURRENT ASSETS			
1) Property, plant and equipment	**6**	270,020	268,771
2) Intangible fixed assets	**7**	103,662	104,352
3) Real estate investments	**8**	875	875
4) Equity investments	**9**	3,032	3,191
5) Financial assets	**10**	84	118
5.1) Loans and receivables		-	-
5.2) Other financial assets		84	118
6) Deferred tax assets	**11**	23,557	21,317
7) Trade receivables and other receivables	**12**	3,917	3,932
7.1) Trade receivables		-	-
7.2) Other receivables		*3,917*	*3,932*
TOTAL NON-CURRENT ASSETS		**405,147**	**402,556**
B) CURRENT ASSETS			
1) Closing inventory	**13**	172,582	137,567
2) Trade receivables and other receivables	**12**	130,995	95,965
2.1) Trade receivables		*95,009*	*71,257*
2.2) Other receivables		*35,986*	*24,708*
3) Financial assets	**10**	76,590	789
3.1) Loans and receivables		-	*280*
3.2) Other financial assets		*76,590*	*509*
4) Cash and cash equivalents	**14**	225,308	252,543
4.1) Cash		*77*	*76*
4.2) Bank current accounts and deposits		*225,231*	*252,467*
4.3) Other cash and cash equivalents		-	-
TOTAL CURRENT ASSETS		**605,475**	**486,864**
ASSETS ASSOCIATED WITH DISCONTINUED OPERATIONS		**-**	**-**
TOTAL ASSETS		**1,010,622**	**889,420**

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(amounts in Euro thousands)	NOTES	30/06/2026	31/12/2025
A) SHAREHOLDERS' EQUITY			
1) Share Capital	**15**	41,453	41,453
2) Other Reserves		67,610	104,524
3) Profits/(Losses) brought forward		-	-
4) Cash flow hedge reserves		-18	-515
5) Employee benefits discounting reserve		577	677
6) Foreign currency translation reserve		-4,010	-5,057
7) Result for the period pertaining to the Group		14,440	-11,791
GROUP SHAREHOLDERS' EQUITY		120,052	129,291
8) Minority interests		34,024	32,579
TOTAL SHAREHOLDERS' EQUITY		**154,076**	**161,870**
B) NON-CURRENT LIABILITIES			
1) Financial liabilities	**16**	498,794	423,590
1.1) Bonds		*264,000*	*263,799*
1.2) Loans		*234,801*	*159,791*
1.3) Other financial liabilities		*-7*	-
2) Trade payables and other payables	**17**	12,888	12,583
2.1) Trade payables		-	-
2.2) Other payables		*12,888*	*12,583*
3) Deferred tax liabilities	**11**	*20,498*	*22,374*
4) Provision for employee benefits/retirement	**19**	9,199	9,274
4.1) Provision for severance indemnity		*4,377*	*4,492*
4.2) Provision for retirement benefits		*4,822*	*4,782*
5) Provisions for risks and charges	**20**	7,629	8,276
5.1) Provision for warranties		*7,296*	*7,560*
5.2) Provision for legal claims		-	-
5.3) Provision for restructuring and reconversion		-	-
5.4) Other provisions		*333*	*716*
TOTAL NON-CURRENT LIABILITIES		**549,008**	**476,097**
C) CURRENT LIABILITIES			
1) Financial liabilities	**16**	36,155	31,208
1.1) Bonds		-	-
1.2) Loans		*32,182*	*26,677*
1.3) Other financial liabilities		*3,973*	*4,531*
2) Trade payables and other payables	**17**	237,513	193,301
2.1) Trade payables		*197,170*	*157,041*
2.2) Other payables		*40,343*	*36,260*
3) Current tax payables	**18**	17,789	5,331
4) Provisions for risks and charges	**20**	16,081	21,613
4.1) Provision for warranties		*6,965*	*6,457*
4.2) Provision for legal claims		*316*	*319*
4.3) Provision for restructuring and reconversion		*3,281*	*6,891*
4.4) Other provisions		*5,519*	*7,946*
TOTAL CURRENT LIABILITIES		**307,538**	**251,453**
LIABILITIES ASSOCIATED WITH DISCONTINUED OPERATIONS		-	-
TOTAL LIABILITIES		**856,546**	**727,550**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,010,622**	**889,420**

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STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(amounts in Euro thousands)	Share capital	Other reserves			Employee benefits discounting reserve	Cash flow hedge reserve	Foreign currency translation reserve		Profit/(loss) for the period	Group equity	Non-controlling interests	Total
		Capital reserves	Other reserves	Treasury shares purchased			On capital reserves	On profit reserves				
Balance as at 01/01/2025	**41,453**	**18,704**	**116,241**	**-6,666**	**401**	**-99**	**-1,240**	**873**	**13,085**	**182,752**	**33,714**	**216,466**
Total profit/loss for the period	**-**	**-**	**-**	**-**	**50**	**-922**	**-**	**-3,033**	**-8,552**	**-12,457**	**-937**	**-13,394**
Transactions with shareholders:												
Allocation of residual profit from previous years	-	-	13,085	-	-	-	-	-	-13,085	-	-	-
Allocation of the dividend	-	-	-34,000	-	-	-	-	-	-	-34,000	-62	-34,062
Hyperinflation effect (Carraro Argentina)	-	-	-1,782	-	-	-	-	2,739	-	**957**	-	**957**
Exchange rate effect on "capital reserves"	-	-	-	-	-	-	-4,927	-	-	**-4,927**	-	**-4,927**
Change in consolidation scope	-	-	-191	-	-	-	-	-	-	**-191**	191	**-**
Total changes for the period	**-**	**-**	**-22,888**	**-**	**-**	**-**	**-4,297**	**2,739**	**-13,085**	**-38,161**	**129**	**-38,032**
Balance as at 30/06/2025	**41,453**	**18,704**	**93,353**	**-6,666**	**451**	**-1,021**	**-6,167**	**579**	**-8,552**	**132,134**	**32,906**	**165,040**

(amounts in Euro thousands)	Share capital	Other reserves			Employee benefits discounting reserve	Cash flow hedge reserve	Foreign currency translation reserve		Profit/(loss) for the period	Group equity	Non-controlling interests	Total
		Capital reserves	Other reserves	Treasury shares purchased			On capital reserves	On profit reserves				
Balance as at 01/01/2026	**41,453**	**18,704**	**92,486**	**-6,666**	**677**	**-515**	**-6,424**	**1,367**	**-11,791**	**129,291**	**32,579**	**161,870**
Total profit/loss for the period	-	-	-	-	**-100**	**497**	-	**844**	**14,440**	**15,681**	**1,445**	**17,126**
Transactions with shareholders:												
Allocation of residual profit from previous years	-	-	-11,791	-	-	-	-	-	11,791	-	-	**-**
Allocation of the dividend	-	-	-25,000	-	-	-	-	-	-	-25,000	-	**-25,000**
Hyperinflation effect (Carraro Argentina)	-	-	-124	-	-	-	-	-267	-	-391	-	**-391**
Exchange rate effect on "capital reserves"	-	-	-	-	-	-	471	-	-	471	-	**471**
Change in consolidation scope	-	-	-	-	-	-	-	-	-	-	-	**-**
Total changes for the period	**-**	**-**	**-36,915**	**-**	**-**	**-**	**471**	**-267**	**11,791**	**-24,920**	**-**	**-24,920**
Balance as at 30/06/2026	**41,453**	**18,704**	**55,571**	**-6,666**	**577**	**-18**	**-5,953**	**1,944**	**14,440**	**120,052**	**34,024**	**154,076**

For further details of changes in consolidated shareholders' equity, see note 15 below.

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CONSOLIDATED STATEMENT OF CASH FLOWS

(amounts in Euro thousands)	NOTES	30/06/2026	30/06/2025
Profit/(loss) for the period pertaining to the Group		14,440	-8,552
Profit/(loss) for the period attributable to minority interest		1,775	926
Net result from discontinued operations		-239	232
Income taxes for the period	4	10,409	5,661
Profit/(loss) before taxes		**26,385**	**-1,733**
Depreciation of property, plant and equipment	2	12,220	11,967
Amortisation of intangible fixed assets	2	2,165	2,337
Adjustment to depreciation of property, plant and equipment		-512	-484
Adjustment to amortisation of intangible fixed assets		-13	-90
Impairment of intangible fixed assets	2	-	26
Provisions for risks	2	1,979	2,116
Provisions for employee benefits	2	2,791	3,185
Net gains/(losses) on foreign exchange	3	425	562
Financial income		-2,428	-2,818
Financial expenses		12,673	20,035
Value adjustments of financial assets	3	72	228
Cash flows before changes in Net Working Capital		**55,757**	***35,331***
Changes in inventory	13	-34,434	-7,865
Change in trade receivables	12	-23,266	-921
Change in trade payables	17	38,843	21,051
Change in other receivables/payables	13-17	-6,447	-5,661
Changes in receivables/payables for deferred taxation	11	-54	-271
Use of provisions for employee benefits	19	-2,909	-2,879
Use of provisions for risks and liabilities	20	-8,240	-3,691
Interest received		924	2,214
Interest paid		-11,292	-12,402
Change in other financial assets and liabilities		-3,246	-6,038
Tax payments	4	-2,135	-660
Cash flows from operating activities (discontinued operations)		-228	43
Cash flows from operating activities		**3,273**	**18,251**
Investments in property, plant and equipment	6	-11,818	-10,039
Disinvestments and other movements in property, plant and equipment	6	103	1,069
Real estate investments	7	-	-5
Investments in intangible fixed assets	7	-123	-240
Disinvestments and other movements in intangible assets		68	1
Net liquidity acquired/sold through business combinations			-
Equity investments/divestments			-
Change in financial assets	10	-73,638	42
Cash flows from investing activities (discontinued operations)		467	-649
Cash flows from investing activities		**-84,941**	**-9,821**
Change in financial liabilities	16	79,345	172,798
Change in share capital			-
Dividends paid		-25,000	-34,062
Entrance of non-controlling interests	15		-
Other movements of shareholders' equity	15	-1,741	367
Cash flows from financing activities (discontinued operations)		-	-
Cash flows from financing activities		**52,604**	**139,103**
Total cash flows for the period		**-29,064**	**147,533**
Opening cash and cash equivalents		**252,543**	**300,524**
Exchange differences on cash and cash equivalents		1,829	-4,810
Change in cash flows from discontinued operations - Cash and cash equivalents		-	**-694**
Closing cash and cash equivalents		**225,308**	**442,553**

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EXPLANATORY NOTES

1. General information

Publication of the Half-yearly Consolidated Financial Statements of Carraro S.p.A. and its subsidiaries (hereinafter also the "Carraro Group" or the "Group") for the period from 1 January 2026 to 30 June 2026 was authorised by resolution of the Board of Directors of 22 September 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 et seq. of the Italian Civil Code.

These condensed consolidated half-yearly financial statements are presented in Euros, as this is the currency in which most of the Group's operations are conducted. The foreign companies are included in the condensed consolidated half-yearly financial statements in accordance with the principles described in the notes that follow.
Amounts in these financial statements are given in thousands of Euros, while amounts in the notes are indicated in millions of Euros (mln).

With reference to the effects of the application of IFRS 5, see the comments in section 2.2 Content of the Condensed Consolidated Half-yearly Financial Statements and section 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.

Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, and with the measures issued in implementation of Article 9 of Legislative Decree No. 38/2005. The term IFRS also includes all revised International Accounting Standards ("IAS") and all interpretations of the *International Financial Reporting Interpretations Committee* ("IFRIC"), previously known as the *Standing Interpretations Committee* ("SIC").
These condensed consolidated half-yearly financial statements have been prepared in condensed form in accordance with IAS 34 Interim Financial Reporting and therefore do not include all the information required for the annual consolidated financial statements; they must be read together with the annual consolidated financial statements for the year ended 31 December 2025.
In preparing these consolidated financial statements, the same accounting standards were applied as those adopted in the preparation of the financial statements as at 31 December 2025, except as described in the section below entitled "Accounting standards, amendments and interpretations effective from 1 January 2026".

The consolidated financial statements were prepared on a going-concern basis. For further details on the analysis of the Group's results and financial position, see the Report on Operations.

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

These condensed consolidated half-yearly financial statements have been prepared in accordance with the International Accounting Standards (IAS/IFRS) endorsed by the European Union; to this end, the financial statements of the consolidated investees have been appropriately reclassified and adjusted.

To provide a better understanding of the 2026 figures, adjusted figures will be highlighted.
Specifically, the adjusted figures will take into account transactions not related to ordinary operations and Exceptional Events.

This document uses a number of "alternative performance indicators" that are not defined by IFRS accounting standards:
- EBITDA: the sum of operating profit/(loss) in the income statement, amortisation and depreciation (including any adjustments) and impairment of non-current assets. The Directors consider EBITDA to be a useful alternative performance indicator for understanding the Group's operating result;
- EBIT: operating profit/(loss) in the income statement. The Directors consider EBIT to be a significant indicator for understanding the Group's operating result;
- NET OPERATING WORKING CAPITAL: the difference between trade receivables, net inventories and trade payables as presented in the statement of financial position. The Directors consider net operating working capital to be significant, as it reflects the Group's operating financial performance;
- NET FINANCIAL POSITION OF OPERATIONS: ESMA net financial debt determined in accordance with the recommendations contained in ESMA document No. 32-382-1138 of 2021, less, where applicable, non-current

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receivables and financial assets, and excluding the effects of the application of International Financial Reporting Standard IFRS 16. The Directors consider the net financial position of operations to be a significant indicator of the Group's overall debt position.

2.1 Format of the consolidated financial statements

With regard to the format of the consolidated financial statements, the Group has opted to present the following types of 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 expense that are not recognised in profit or loss for the period, as required or permitted by IFRS, such as changes in the cash flow hedge reserve, changes in the reserve for actuarial gains and losses on employee benefits, changes in the translation reserve and the result of available-for-sale financial assets.

Statement of Financial Position
The consolidated statement of financial position is presented in a two-sided format, 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 presents changes in cash and cash equivalents (as shown in the statement of financial position) by type of activity generating cash flows, using the "indirect method", as permitted by IAS 7.

Statements of related-party transactions
With reference to the presentation of related-party transactions in the financial statements, significant balances are specifically disclosed, to facilitate understanding of the Group's financial position and results, in the table in section 8 below on related-party transactions.

2.2 Content of the Condensed Consolidated Half-yearly Financial Statements

Scope of consolidation
The Condensed Consolidated Half-yearly Financial Statements of the Carraro Group include the financial statements of Carraro S.p.A. and companies it directly or indirectly controls.

Subsidiaries are companies in which the Company exercises control. The Company controls another company when it is exposed, or has rights, to the variability of the subsidiary's results, based on its involvement with the subsidiary, and can influence those results by exercising its power.
Control may be exercised through directly or indirectly holding the majority of shares with voting rights, or on the basis of contractual or legal agreements, also regardless of shareholding relations. The existence of potential voting rights exercisable at the reporting date 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.

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

Name	Registered office	Currency	Nominal value Share capital	Group interest
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 India Ltd.	Pune (India)	INR	568,515,380	68.77%
Carraro Technologies India Pvt. Ltd.	Pune (India)	INR	18,000,000	68.77%
Carraro China Drive Systems Co. Ltd.	Qingdao (China)	CNY	115,911,267	100.00%
Cicada Investment Holding Co. Ltd.	Qingdao (China)	CNY	21,317,050	100.00%
Carraro Argentina S.A.	Haedo (Argentina)	ARS	57,930,828	99.98%
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 Centre S.à.r.l.	Luxembourg	EUR	4,100,000	100.00%

Associates and joint ventures are accounted for using the equity method, as described in more detail in the section below *"Material accounting policies – Investments in associates and joint ventures"*.
A breakdown of the equity investments is given below:

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

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

Carraro Argentina – Discontinued Operations – IFRS 5
On 18 December 2025, in view of the continuing deterioration of the local economic and financial environment and the impossibility of pursuing the previously envisaged sale of the investment, the Boards of Directors of Carraro S.p.A. and Carraro International S.E. resolved to commence liquidation proceedings for the subsidiary Carraro Argentina S.A. This decision made it necessary to measure the subsidiary's assets and liabilities in accordance with the criteria of IFRS 5 – Discontinued Operations, taking into account realisable values and the costs expected to be incurred during the liquidation process, as described in section 5.b) Other extraordinary events.
In these 2026 Condensed Consolidated Half-yearly Financial Statements, the Argentine business has therefore been treated as Discontinued Operations under IFRS 5. In accordance with the accounting standard and to ensure consistency of presentation with the previous year, the following presentation has been adopted:

- in the consolidated income statement for the period ended 30 June 2026, all income statement effects relating to the subsidiary Carraro Argentina S.A., including the operating, financial and measurement components associated with the liquidation proceedings, have been presented in a single line item, Net result from discontinued operations, consistent with the format adopted in the 2025 half-yearly financial statements;
- in the consolidated statement of financial position as at 30 June 2026, the subsidiary's assets and liabilities have been presented line by line under the relevant asset and liability items, consistent with the format adopted in the 2025 financial statements;
- in the consolidated statement of cash flows for the period ended 30 June 2026, the cash flows relating to the Argentine business have been reclassified to specific dedicated line items, as already done in the 2025 half-yearly financial statements, in order to isolate the cash flow effects of the Discontinued Operations.

For the further disclosures required by that accounting standard, see section 5.b) Other extraordinary events.

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Incorporation of Cicada (Qingdao) Investment Holding Co., Ltd.
On 2 February 2026, Cicada (Qingdao) Investment Holding Co., Ltd., wholly owned by Carraro International S.E., was incorporated. The company was incorporated as part of the preparatory activities for the planned listing of Carraro China Drive Systems Co., Ltd. on the Hong Kong regulated market and the related corporate reorganisation. The new company acts as an investment holding company and will hold an interest in the share capital of Carraro China Drive Systems Co., Ltd.

3. Consolidation criteria and accounting standards

3.1 Consolidation criteria

The figures are consolidated using the line-by-line method, i.e. by recognising the full amount of the assets, liabilities, costs and revenues of the individual companies, regardless of the percentage interest held.
Foreign companies are consolidated using financial statement formats in line with the layout adopted by the parent company and compiled in accordance with common accounting standards, as applied for Carraro S.p.A.
The carrying amount of consolidated equity investments, held by Carraro S.p.A. or by other companies within the scope of consolidation, was offset by the relevant amount of shareholders' equity in the subsidiary companies.
The share of equity and net profit/(loss) attributable to non-controlling interests is shown separately in the consolidated statement of financial position, the consolidated income statement and the consolidated statement of comprehensive income respectively.
Payables and receivables, costs and revenues and all transactions between companies included in the scope of consolidation have been eliminated, including dividends distributed within the Group.
Profits not yet realised and capital gains and losses deriving from operations between companies of the Group have also been eliminated.
Intra-group losses that indicate impairment are recognised in the consolidated financial statements.
Financial statements denominated in foreign currencies are translated into Euros using the period-end exchange rates for assets and liabilities, historical exchange rates for equity items and average exchange rates for the period for the income statement, except for investments in hyperinflationary economies, for which the period-end exchange rates required by IAS 21, paragraph 42.b, were also used to translate the income statement.
Exchange differences resulting from this conversion method are shown in a specific shareholders' equity item entitled "Foreign currency translation reserve".

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

Currency	Average exchange rate 01/01/2026 – 30/06/2026	Exchange rate as at 30/06/2026	Average exchange rate 01/01/2025 – 30/06/2025	Exchange rate as at 30/06/2025
Indian rupee	108.59	107.86	94.07	100.56
US dollar	1.17	1.14	1.09	1.17
Chinese renminbi	8.01	7.73	7.92	8.40
Argentine peso	1,649.47	1,687.34	1,205.98	1,391.44

3.2 Discretionary valuations and significant accounting estimates

Estimates and assumptions

In the application of the Group's accounting standards, the Directors have not made decisions based on discretionary evaluations (excluding those which involve estimates) having a significant effect on the values in the financial statements.
The activities that most require the use of estimates were those concerning the impairment testing of goodwill, the analysis of deferred tax assets, development costs, provisions for risks and charges and the write-down of receivables and inventories.
In this regard, the estimates as at 30 June 2026 reflect the considerations made by the Directors concerning possible developments linked to the current national and international scenario, characterised by a context of growing geopolitical uncertainty. The continuation of conflicts in various areas of the world and the tightening of US customs policies have created a climate of instability that has negatively affected the procurement strategies of the leading global manufacturers of agricultural and earth-moving machinery.
From the analysis conducted by the Directors in consideration of the foreseeable income flows based on the most up-to-date estimates, the type of customers served, the dynamics of the orders received, at present there are no significant uncertainties regarding the recoverability of the value of existing assets or the need to allocate specific risk provisions.

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3.3 Material accounting policies

IFRS accounting standards, amendments and interpretations applied from 1 January 2026:

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 linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used when assessing the SPPI test;
- establish that the settlement date of liabilities through electronic payment systems is the date on which the liability is extinguished. However, an entity is permitted to adopt an accounting policy that allows it to derecognise a financial liability before delivering cash on the settlement date, if specific conditions are met.

With these amendments, the IASB also introduced additional disclosure requirements with regard to investments in equity instruments designated as FVOCI.
This amendment applies from 1 January 2026.
The adoption of this amendment had no effect on the Group's 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).
Under these contracts, the amount of electricity generated and purchased may vary according to uncontrollable factors such as weather conditions.
The IASB has made targeted amendments to IFRS 9 and IFRS 7. The amendments include:

- a clarification on the application of the "own use" requirements to this type of contract;
- criteria to allow these contracts to be accounted for 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.

This amendment applies from 1 January 2026.
The adoption of this amendment had no effect on the Group's consolidated financial statements.

Annual Improvement Volume 11
(published on 18 July 2024)

The document includes clarifications, simplifications, corrections and changes intended to improve the consistency of various IFRS Accounting Standards. 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 apply from 1 January 2026.
The adoption of this amendment had no effect on the Group's consolidated financial statements.

IFRS accounting standards, amendments and interpretations endorsed by the European Union, not yet mandatorily applicable and not early adopted by the Group as at 30 June 2026:

IFRS 18 Presentation and Disclosure in Financial Statements
(published on 9 April 2024 – will replace IAS 1 Presentation of Financial Statements)

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

- requires revenues and expenses to be classified into three new categories (operating, investing and financing), in addition to the tax and discontinued operations categories already present in the income statement;
- requires the presentation of two new subtotals, operating profit or loss and profit or loss before financing and income 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).

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The new standard will apply from 1 January 2027, but early application is permitted.
The Directors are currently assessing the possible effects of the introduction of this new standard on the Group's consolidated financial statements.

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

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

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

- it is a subsidiary;
- it has not issued equity or debt instruments listed on a market and is not in the process of issuing them;
- it has a 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.
The Directors are currently assessing the possible effects of the introduction of this new standard.

"Translation to a Hyperinflationary Presentation Currency – Amendment to IAS 21"
(published on 13 November 2025)

The new standard clarifies the translation procedures for an entity whose presentation currency is the currency of a hyperinflationary economy. An entity applies the amendments if:

- its functional currency is the currency of a non-hyperinflationary economy and it is translating its results and financial position into the currency of a hyperinflationary economy; or
- it is translating into the currency of a hyperinflationary economy the results and financial position of a foreign operation whose functional currency is the currency of a non-hyperinflationary economy.

The amendments will apply to financial statements for financial years beginning on or after 1 January 2027.
The Directors do not expect the adoption of this amendment to have any effect on the Group's consolidated financial statements.

"IFRS 20 – Regulatory Assets and Regulatory Liabilities"
(published on 27 May 2026)

The new standard applies to all entities subject to a specific type of rate regulation, namely rate regulation that creates timing differences.
The objective of the new standard is to require an entity to provide relevant information that faithfully represents the effect of regulatory income and regulatory expense on the entity's financial performance, and the effect of regulatory assets and regulatory liabilities on its financial position. To meet this objective, the new standard sets out requirements for the recognition, measurement, presentation and disclosure of regulatory assets, regulatory liabilities, regulatory income and regulatory expense. Regulatory assets and regulatory liabilities form a subset of the rights and obligations created by a regulatory agreement. Information about this subset of rights and obligations enables users of financial statements to understand:

a. an entity's regulatory income and regulatory expense, which arise from its regulatory assets and regulatory liabilities. This understanding, together with the information required by other IFRS Accounting Standards, will provide insight into the total allowed compensation for regulated goods or services supplied by the entity during a reporting period and, consequently, into the entity's financial performance and its prospects for future cash flows.
b. an entity's regulatory assets and regulatory liabilities. This understanding will provide information about the entity's financial position at the end of a reporting period and about the amount, timing and uncertainty of its future cash flows.

IFRS 20 will replace IFRS 14 – Regulatory Deferral Accounts and will be effective from 1 January 2029, but early application is permitted.
The Directors are currently assessing the possible effects of the introduction of this new standard on the Group's consolidated financial statements.

"Amendments to the Fair Value Option for Investments in Associates and Joint Ventures (Amendments to IAS 28)"
(published on 27 June 2026)

The document clarifies which entities are eligible to measure investments in associates and joint ventures using the fair value measurement option in IAS 28. The IASB decided to develop amendments to address:

- the lack of clarity about the meaning of "similar entities, including investment-linked insurance funds" and how that definition should be interpreted, narrowly or broadly; and
- the differing interpretations of the relationship between the scope of the fair value option in IAS 28 and the requirements of IFRS 18 relating to "specified main business activities".

The amendments will apply together with IFRS 18 and therefore to financial statements for financial years beginning on or after 1 January 2027.
The Directors are currently assessing the possible effects of these amendments on the Group's consolidated financial statements.

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Accounting standards and measurement criteria adopted by the Group

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. This requires the recognition at fair value of the identifiable assets (including previously unrecognised intangible assets) and identifiable liabilities (including contingent liabilities and excluding future restructuring) of the business acquired.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities (of the acquiree). For impairment testing purposes, goodwill acquired in a business combination is allocated, from the acquisition date, to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other Group assets or liabilities are assigned to those 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 not larger than the operating segments identified on the basis of the Group's primary or secondary segment reporting format, determined in accordance with 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 parent acquires or sells further non-controlling interests without changing the control exercised over the subsidiary are transactions with owners and must therefore be recognised in equity. It follows that the carrying amounts of the controlling interest and of the non-controlling interests must be adjusted to reflect the change in the interest in the subsidiary, and any difference between the amount of the adjustment made to the non-controlling interests and the fair value of the consideration paid or received in the transaction is recognised directly in equity and attributed to the owners of the parent. No adjustments are made to the value of goodwill and no gains or losses are recognised in the income statement. Any ancillary expenses deriving from these transactions, moreover, must be recognised in shareholders' equity in accordance with the provisions of IAS 32, paragraph 35.

Intra-group transactions

As regards related-party transactions, including intra-group transactions, these do not qualify as atypical or unusual, as they fall within the normal course of business of the Group companies. These transactions are carried out on market terms, taking into account the characteristics of the goods and services supplied. Information on related-party transactions is provided in section 8.

4. Information by business segment and geographical area

Information on operating segments is provided on the basis of the internal reporting provided up to 30 June 2026 to the chief operating decision maker.

For operational purposes, the Group manages and controls its business on the basis of the type of products supplied.
As at 30 June 2026, the Carraro Group was organised into the following Business Areas:

- Carraro Drive Tech (*Transmission systems and components*): specialises in the design, manufacture and marketing of transmission systems (axles, transmissions and planetary drives), mainly for agricultural and construction equipment, as well as a wide range of components and gears for highly diverse sectors, from automotive to power tools and from *material handling* to agricultural and construction applications;
- Carraro Divisione Agritalia (*Vehicles*): designs and manufactures special tractors (from 60 to 100 hp) for third parties.

The item "Eliminations and unallocated items" includes the Group's activities that are not allocated to the two operating segments, including the Group's central holding and management activities.

Management monitors the results of the operating segments separately in order to make decisions on resource allocation and performance assessment.

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4.1 Business segments

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

a) income statement data

30/06/2026 *(amounts in Euro thousands)*	**Drive Tech**	**Agritalia**	**Eliminations and unallocated items**	**Consolidated Total**
Revenues from sales	**359,591**	**51,409**	**-13,365**	**397,635**
Sales to third parties	347,854	49,709	65	397,628
Related sales	7	-	-	7
Sales between divisions	11,730	1,700	-13,430	-
Operating costs	**314,081**	**54,394**	**-7,967**	**360,508**
Purchases of goods and materials	222,345	53,853	-12,723	263,475
Services	49,234	4,813	-505	53,542
Use of third-party goods and services	8,491	-	-8,442	49
Personnel costs	43,328	8,560	11,810	63,698
Amortisation, depreciation and impairment of assets	11,705	1,026	1,223	13,954
Changes in inventories	-20,567	-14,033	166	-34,434
Provisions for risks and other liabilities	1,157	265	557	1,979
Other income and expenses	-1,387	-90	-53	-1,530
Internal construction	-225	-	-	-225
Operating profit/(loss)	**45,510**	**-2,985**	**-5,398**	**37,127**

30/06/2025 *(amounts in Euro thousands)*	**Drive Tech**	**Agritalia**	**Eliminations and unallocated items**	**Consolidated Total**
Revenues from sales	**298,238**	**65,079**	**-10,488**	**352,829**
Sales to third parties	288,601	63,351	866	352,818
Related sales	11	-	-	11
Sales between divisions	9,626	1,728	-11,354	-
Operating costs	**274,197**	**66,710**	**-4,352**	**336,555**
Purchases of goods and materials	185,740	47,662	-10,892	222,510
Services	39,960	4,981	1,768	46,709
Use of third-party goods and services	8,520	44	-8,386	178
Personnel costs	41,347	8,444	11,116	60,907
Amortisation, depreciation and impairment of assets	10,831	1,003	1,924	13,758
Changes in inventories	-12,537	4,670	2	-7,865
Provisions for risks and other liabilities	1,605	313	198	2,116
Other income and expenses	-1,043	-407	-75	-1,525
Internal construction	-226	-	-7	-233
Operating profit/(loss)	**24,041**	**-1,631**	**-6,136**	**16,274**

b) Other information

30/06/2026	**Drive Tech**	**Agritalia**	**Eliminations and unallocated items**	**Consolidated Total**
Investments in fixed assets *(Euro/000)*	35,021	447	-22,492	**12,976**
Workforce as at 30 June 2026	3,403	335	231	**3,969**

30/06/2025	**Drive Tech**	**Agritalia**	**Eliminations and unallocated items**	**Consolidated Total**
Investments in fixed assets *(Euro/000)*	9,302	573	1,643	**11,518**
Workforce as at 30 June 2025	3,190	345	217	**3,752**

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4.2 Geographical areas

The Group's industrial operations are located in various areas of the world: Italy, other European countries, North and South America, Asia and other non-European countries.
The Group's sales, generated by production in these areas, are likewise directed at customers in Europe, Asia and the Americas.

a) Sales

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

(amounts in Euro thousands)	**30/06/2026**	**%**	**30/06/2025 ***	**%**
Asia (China, India)	132,882	33.42%	112,590	31.91%
Other EU countries	100,311	25.23%	85,234	24.16%
Italy	70,730	17.79%	79,075	22.41%
Other non-EU areas	42,347	10.65%	46,185	13.09%
South America	28,703	7.22%	9,993	2.83%
North America	22,662	5.70%	19,752	5.60%
Total	**397,635**	**100.00%**	**352,829**	**100.0%**
of which:				
Total EU area	**169,909**	**42.73%**	**160,285**	**45.43%**
Total non-EU area	**227,726**	**57.27%**	**192,544**	**54.57%**

(*): Following an improvement in the classification by geographical area, the figures as at 30 June 2025 have been restated.

b) carrying amount of assets by area

The table shows the carrying amount of current and non-current assets by main geographical area of production.

(amounts in Euro thousands)	**30/06/2026**		**31/12/2025**	
	CURRENT ASSETS	**NON-CURRENT ASSETS**	**CURRENT ASSETS**	**NON-CURRENT ASSETS**
Italy	318,987	494,617	354,466	492,113
North America	154	6	133	1
South America	3,054	-	1,739	-
Asia (India, China)	154,470	79,738	155,461	56,156
Eliminations and unallocated items	128,810	-169,214	-22,193	-145,782
Total	**605,475**	**405,147**	**489,606**	**402,488**

c) investments by geographical area

The table shows investments by main geographical area of production.

(amounts in Euro thousands)	**30/06/2026**	**30/06/2025**
Italy	10,609	8,581
Non-EU countries	-	-
South America	-	12
Asia	26,556	2,321
Eliminations and unallocated items	-24,189	604
Total	**12,976**	**11,518**

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

a) Transactions not related to ordinary operations:

As at 30 June 2026, the following transactions not related to ordinary operations were recorded, relating to the commencement of the liquidation process of the subsidiary Carraro Argentina S.A. and to the activities connected with the filing of Form A1 (Application Proof) with the Hong Kong Stock Exchange (HKEX) by Carraro China Drive Systems Co. Ltd.

30/06/2026 *(amounts in Euro thousands)*	**OPERATING COSTS: SERVICES**	**EBIT**	**TAXES**	**PROFIT/(LOSS) DISCONTINUED OPERATIONS**	**NET**
Carraro China Drive Systems	814	814	-204	-	610
Carraro Argentina S.A.	-	-	-	-239	-239
Total	**814**	**814**	**-204**	**-239**	**371**

b) Other extraordinary events:

Argentina – hyperinflationary economy: impact of applying IAS 29

Since 1 July 2018, the Argentine economy has been considered hyperinflationary on the basis of the criteria set out in IAS 29 Financial Reporting in Hyperinflationary Economies. This is the result of the evaluation of a number of qualitative and quantitative elements, including the presence of a cumulative inflation rate higher than 100% over the previous three years.
For the purposes of preparing these consolidated financial statements, before the application of IFRS 5, and in accordance with the provisions of IAS 29, certain items in the balance sheets of the investee Carraro Argentina SA have been remeasured by applying the general consumer price index to the historical data, in order to reflect the changes in the purchasing power of the Argentine peso at the closing date of the financial statements.
The non-monetary balance sheet data of the financial statements of this company was measured by applying the inflation rates from their original acquisition date.
In particular, during the first half of 2026, the accounting effects of this remeasurement were recorded in the following manner:

- the remeasurement of non-monetary items, equity items and income statement items recognised during 2026, carried out to reflect the change in the reference price index, was recognised against a specific income statement item (see financial statement item: Net result from discontinued operations).

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

(point values)	**2026 half-year**
Jan-26	10,413.03
Feb-26	10,714.63
Mar-26	11,077.06
Apr-26	11,363.09
May-26	11,607.39
Jun-26	11,826.43

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Argentina - Application of IFRS 5

As already described in section 2.2 Content of the Condensed Consolidated Half-yearly Financial Statements above, the comparative income statement figures have been restated to identify the contribution of the discontinued business, as required by IFRS 5.
Below is a reconciliation between the figures published in the 2025 Condensed Consolidated Half-yearly Financial Statements and the pro forma figures that would have resulted had the Argentine business not been treated as Discontinued Operations, to provide a better understanding of the effect of this business on the Group's results.

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

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Below is a reconciliation between the figures published in these 2026 Condensed Consolidated Half-yearly Financial Statements and the pro forma figures that would have resulted had the *Argentine business* not been treated as *Discontinued Operations*, to provide a better understanding of the effect of this business on the Group's results:

(amounts in Euro thousands)	**Published figures 30/06/2026**	**Application of IFRS 5**	**Pro forma 30/06/2026**
A) REVENUES FROM SALES			
1) Products	394,523	1,448	395,971
2) Services	2,877	-	2,877
3) Other revenues	235	-	235
TOTAL REVENUES FROM SALES	**397,635**	**1,448**	**399,083**
B) OPERATING COSTS			
1) Purchases of goods and materials	263,475	28	263,503
2) Services	53,542	572	54,114
3) Use of third-party goods and services	49	258	307
4) Personnel costs	63,698	777	64,475
5) Amortisation, depreciation and impairment of assets	13,954	-233	13,721
6) Changes in inventories	-34,434	-	-34,434
7) Provisions for risks and other liabilities	1,979	-20	1,959
8) Other income and expenses	-1,530	249	-1,281
9) Internal construction	-225	-	-225
TOTAL OPERATING COSTS	**360,508**	**1,631**	**362,139**
OPERATING PROFIT/(LOSS)	**37,127**	**-183**	**36,944**
C) GAINS/(LOSSES) ON FINANCIAL ASSETS			
10) Income and expenses from equity investments	-	-	-
11) Other financial income	2,428	10	2,438
12) Financial costs and expenses	-12,673	-34	-12,707
13) Net gains/(losses) on foreign exchange	-425	127	-298
14) Value adjustments of financial assets	-72	-	-72
15) Income/(expenses) from hyperinflation	-	143	143
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	**-10,742**	**246**	**-10,496**
PROFIT/(LOSS) BEFORE TAXES	**26,385**	**63**	**26,448**
15) Current and deferred income taxes	10,409	-176	10,233
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**15,976**	**239**	**16,215**
Net result from discontinued operations	239	-239	-
NET PROFIT/(LOSS)	**16,215**	**-**	**16,215**
16) Minority interests	-1,775	-	-1,775
GROUP CONSOLIDATED PROFIT/(LOSS)	**14,440**	**-**	**14,440**

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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 operating performance in the period, see section 4 above, "Information by business segment and geographical area", and the Report on Operations.

B) Operating costs (note 2)

(amounts in Euro thousands)	**30/06/2026**	**30/06/2025**
1) PURCHASES OF GOODS AND MATERIALS	263,475	222,510
2) SERVICES	53,542	46,709
3) USE OF THIRD-PARTY GOODS AND SERVICES	49	178
4) PERSONNEL COSTS	63,698	60,907
5) AMORTISATION, DEPRECIATION AND IMPAIRMENT OF ASSETS	13,954	13,758
6) CHANGES IN INVENTORIES	-34,434	-7,865
7) PROVISIONS FOR RISKS AND OTHER LIABILITIES	1,979	2,116
8) OTHER INCOME AND EXPENSES	-1,530	-1,525
9) INTERNAL CONSTRUCTION	-225	-233
Total	**360,508**	**336,555**

For a more in-depth analysis of operating performance in the period, see section 4 above, "Information by business segment and geographical area", and the Report on Operations.

C) Gains/(losses) on financial assets (note 3)

(amounts in Euro thousands)	**30/06/2026**	**30/06/2025**
10) INCOME AND EXPENSES FROM EQUITY INVESTMENTS	-	-
11) OTHER FINANCIAL INCOME	2,428	2,818
12) FINANCIAL COSTS AND EXPENSES	-12,673	-20,035
13) NET GAINS/(LOSSES) ON FOREIGN EXCHANGE	-425	-562
14) VALUE ADJUSTMENTS OF FINANCIAL ASSETS	-72	-228
15) INCOME/(EXPENSES) FROM HYPERINFLATION	-	-
Total	**-10,742**	**-18,007**

Net financial expenses amounted to €10.25 million (-2.58% of revenue), an improvement on the €17.22 million (-4.88% of revenue) recorded as at 30 June 2025.
This change is mainly attributable to the combination of a lower cost of debt in the first half of 2026 compared with the same period of 2025, when there were bonds with a higher coupon, and the early redemption costs of one of the two outstanding bonds, which was redeemed in the first half of 2025. An optimised debt structure, with lower gross debt exposure in the first half of 2026, also made a positive contribution.
It should be noted that financial expenses include fees paid on outstanding bonds that are absorbed over the term of the bonds in application of the amortised cost method of accounting.

Exchange differences as at 30 June 2026 were negative at €0.43 million, down on the previous year (negative at €0.56 million).

For further details and analysis, see section 9.1 "*General summary of the income statement effects of financial instruments*".

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Income taxes (note 4)

(amounts in Euro thousands)	**30/06/2026**	**30/06/2025**
CURRENT TAXES	9,153	4,126
TAX CONSOLIDATION EXPENSE AND INCOME	5,360	2,016
TAXES FROM PREVIOUS YEARS	-20	2
DEFERRED TAXES	-4,084	-483
Total	**10,409**	**5,661**

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

Tax consolidation expense and income
Carraro S.p.A., SIAP S.p.A., Carraro International SE, Driveservice S.r.l. and Carraro Drive Tech Italia S.p.A. participate in the national tax consolidation scheme of the parent company Carraro S.p.A. The option is valid for the three-year period starting from 1 January 2024 for the companies SIAP S.p.A., Carraro International SE and Driveservice S.r.l. and for the three-year period starting from 1 January 2025 for the company Carraro Drive Tech Italia S.p.A.
The charges/income deriving from the transfer of the IRES taxable base are booked under tax consolidation expense and income.

Deferred taxes
These are set aside on the temporary differences between the carrying amount of the assets and liabilities and the corresponding tax value, on the consolidation entries and on the tax losses carried forward to the extent that it is probable that there will be adequate future tax profits for which such losses can be utilised in a reasonably short period of time. For further details see note 11.

With effect from 1 January 2024, the Carraro Group, as a multinational group exceeding the revenue threshold of €750 million in two of the four previous years, falls within the scope of the Pillar Two income taxes provided for by Directive (EU) 2022/2523, transposed in Italy by Legislative Decree 209/2023 ("the Legislative Decree"), which aims to ensure a global minimum level of taxation for multinational enterprise groups.

In line with the internationally agreed approach based on OECD guidance and, more specifically, the provisions of the aforementioned Directive (EU) 2022/2523, the Legislative Decree provides that any Pillar Two top-up tax may be levied through:

- the qualified domestic minimum top-up tax (QDMTT), payable in relation to low-taxed enterprises of a multinational or domestic group located in Italy;
- the income inclusion rule tax (IIR), payable by parent companies of multinational or domestic groups located in Italy in relation to low-taxed group enterprises;
- the undertaxed profits rule tax (UTPR), payable by one or more enterprises of a multinational group located in Italy in relation to low-taxed foreign group enterprises where the equivalent income inclusion rule tax has not been applied, in whole or in part, in other countries (effective from 01/01/2025).

As provided for in paragraph 4A of IAS 12, as a mandatory exception to the requirements of that standard, Carraro S.p.A. neither recognises nor discloses information on deferred tax assets and liabilities related to Pillar Two income taxes.

On the basis of information known or reasonably estimable, the Carraro Group's exposure to Pillar Two income taxes as at 30/06/2026 is assumed to be zero, based on the latest available financial data (as at 31/12/2025). This estimate was made in accordance with the provisions of the Legislative Decree and the OECD rules (the so-called GloBE Rules) with regard to both the so-called "transitional simplified regimes" and the "global minimum tax" (full compliance). These conditions are briefly described below:

- "Transitional simplified regimes" (also "Transitional CbCR Safe Harbour Tests"): as provided for by the implementing decree issued by the Ministry of Economy and Finance (MEF) under Article 39(3) of the Legislative Decree (and in line with the OECD document on transitional safe harbours), these were applied in all jurisdictions in which the Carraro Group operates, by performing the three tests provided for (i.e. De Minimis, Simplified ETR Test, Routine Profit Test), also taking into account the financial data (e.g. profit or loss before tax; current and deferred taxes; revenue) of the other constituent entities of the Group located there. The only jurisdiction for which the *TSHs Safe Harbour Tests* cannot be applied is Argentina, where the failure to apply the CbCR TSHs in previous years has made it impossible to apply these simplified regimes for the year under review ("*once out, always out*").
- *Global Minimum Tax* (calculation of the *Top-up Tax* or "TuT"): For the Argentine jurisdiction, the Group made the GloBE Loss Election (Article 30 of Legislative Decree 209/2023; Article 4.5 of the OECD Model Rules) in the first GloBE Information Return relevant for GloBE purposes. On the basis of the information currently

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available, it is reasonable to assume that no Top-up Tax will arise for 2026, since the GloBE Loss Deferred Tax Asset recognised under the GloBE Loss Election exceeds the best estimate of the jurisdiction's net GloBE Income for the year multiplied by the minimum rate of 15%.

Research and development costs
During the period, the Group's financial commitment to R&D activities amounted to approximately 3.68% of revenue. These costs did not give rise to new capitalisations in accordance with the criteria of IAS 38.

Property, plant and equipment (note 6)
The net balance was €270.020 million. The breakdown is as follows:

Items *(amounts in Euro thousands)*	**Land and buildings**	**Plant and machinery**	**Industrial equipment**	**Other assets**	**Assets under construction and advances**	**Total**
Historical cost	118,097	306,535	162,498	20,212	8,022	615,364
Accumulated depreciation and impairment	-38,920	-175,011	-117,737	-14,925	-	-346,593
Net as at 01/01/2026	**79,177**	**131,524**	**44,761**	**5,287**	**8,022**	**268,771**
Changes in 2026:						
Increases	1,037	2,597	2,443	516	5,225	11,818
Increases in rights of use	658	-	195	182	-	1,035
Decreases	-	-12	-51	-39	-	-102
Depreciation and amortisation	-1,233	-6,151	-4,192	-794	-	-12,370
Write-downs	-	-43	-9	5	-	-47
Hyperinflation Argentina	-	114	70	12	-	196
Other changes	2,398	1,963	389	218	-4,249	719
Reclassification of discontinued operations	-	-	-	-	-	-
Net as at 30/06/2026	**82,037**	**129,992**	**43,606**	**5,387**	**8,998**	**270,020**
Made up of:						
Historical cost	121,732	306,209	166,149	20,407	8,998	623,495
Accumulated depreciation and impairment	-39,695	-176,217	-122,543	-15,020	-	-353,475

Decreases and other movements (which include reclassifications and exchange differences) are shown net of historical cost, accumulated depreciation and uses of the impairment provision.

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Intangible fixed assets (note 7)
The net balance was €103.662 million. The breakdown is as follows:

Items *(amounts in Euro thousands)*	**Goodwill**	**Development costs**	**Royalties and patents**	**Licences and trademarks**	**Invest in prog. and deposit**	**Technology**	**Total**
Historical cost	93,385	13,075	1,519	49,610	550	34,513	192,652
Accumulated depreciation and impairment	-32,119	-12,856	-1,461	-35,186	-	-6,678	-88,300
Net as at 01/01/2026	**61,266**	**219**	**58**	**14,424**	**550**	**27,835**	**104,352**
Changes in 2026:							
Increases	-	-	-	107	16	-	123
Decreases	-	-	-	-	-	-	-
Depreciation and amortisation	-	-110	-14	-1,196	-	-881	-2,201
Write-downs	-	-	-	-21	1	-	-20
Hyperinflation Argentina	-	-	-	21	1	-	22
Other changes	-	1	-1	342	-370	1,414	1,386
Reclassification of discontinued operations	-	-	-	-	-	-	-
Net as at 30/06/2026	**61,266**	**110**	**43**	**13,677**	**198**	**28,368**	**103,662**
Made up of:							
Historical cost	93,385	13,075	1,518	50,115	198	35,331	193,622
Accumulated depreciation and impairment	-32,119	-12,965	-1,475	-36,438	-	-6,963	-89,960

Decreases and other movements are shown net of historical cost, accumulated amortisation and uses of the impairment provision.

Goodwill and impairment testing

Goodwill is allocated to the *CGU (*cash generating unit) identified as the "*Drive Tech*" business area.
This *CGU* is tested for *impairment* at least annually in accordance with IAS 36, as described in the explanatory notes to the consolidated financial statements as at 31/12/2025.

No significant events (*so-called trigger events*) occurred in the first half of 2026 that would require the impairment test presented in the consolidated financial statements as at 31 December 2025 to be updated.

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

Business Area (*CGU*)	**31/12/2025**	**Changes**	**30/06/2026**
Drive Tech	61,266	-	61,266
Total	**61,266**	**-**	**61,266**

Concessions, Licences and Trademarks
The increases mainly relate to the purchase of licences by Siap S.p.A., Carraro S.p.A. and Carraro China.

Technology
This category relates to the know-how recognised by the Group on 1 January 2022 in the PPA (so-called Purchase Price Allocation).

Investment property (note 8)
The net balance was €0.88 million, relating to residential property owned by Carraro S.p.A. and Siap S.p.A.

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Equity investments (note 9)

a) associates

Name	Registered office	Direct portion	Profit (loss) 31/12/2025 (equiv. Euro)	Sh. equity 31/12/2021 * (equiv. Euro)	Sh. equity attributable to the Company (equiv. Euro)	Carrying amount of the investment 30/06/2026
Enertronica Santerno S.p.A.	Castelguelfo (Bologna)	20.23%	n.a.	(19,834,390)	n.a.	-

(*) Figures updated to 31 December 2025 are not yet available. The most up-to-date financial information available has therefore been provided.

The parent company Carraro S.p.A. holds a 20.23% stake in Enertronica Santerno S.p.A. The investment was fully written down in previous years.
As a result of its financial situation, Enertronica Santerno S.p.A. initiated the Negotiated Settlement procedure in order to find a solution agreed 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 proof of claim in the proceedings, requesting the receiver to admit its claim, which had been fully written down on a prudential basis by the parent company Carraro S.p.A., to the schedule of liabilities; the so-called 'timely' hearing to verify the claims filed was held in April 2026. At that hearing, the claim held by Carraro S.p.A. was admitted as subordinated. The Company is now awaiting the next stages of the proceedings and, in particular, the preparation of the distribution plan. Lastly, according to press reports, Lea Energy S.r.l. has acquired the entire business unit of Enertronica Santerno S.p.A., ensuring the continuity of part of the company's operations.

c) Joint Venture

Name	Registered office	Direct portion	Profit/(loss) (equiv. Euro)	Shareholders' Equity (equiv. Euro)	Sh. Sh. equity attributable to the Company (equiv. Euro)	Carrying amount of the investment (equiv. Euro)
Bhavani Synchrotec Private Limited [1]	Sanand, Gujarat (India)	49.00%	-351,909	7,524,300	3,686,907	3,982,266

[1]: Amounts refer to the latest approved financial statements according to the Indian fiscal calendar (31/03/2026).

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

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Financial assets (note 10)

(amounts in Euro thousands)	**30/06/2026**	**31/12/2025**
Loans to related parties	-	-
Loans to third parties	-	-
LOANS AND RECEIVABLES	**-**	**-**
Other financial assets	63	63
Available for sale	21	55
OTHER NON-CURRENT FINANCIAL ASSETS	**84**	**118**
NON-CURRENT FINANCIAL ASSETS	**84**	**118**
From related parties	-	-
From third parties	-	280
LOANS AND RECEIVABLES	**-**	**280**
Financial assets at fair value	-	-
Financial assets measured at amortised cost	75,000	-
Fair value of derivatives	298	80
Other financial assets	1,292	429
OTHER CURRENT FINANCIAL ASSETS	**76,590**	**509**
CURRENT FINANCIAL ASSETS	**76,590**	**789**

Non-current loans and receivables
As at 30 June 2026, there were no non-current loans and receivables.

Financial assets measured at amortised cost
Held-to-maturity financial assets, amounting to €75 million, relate to time deposits placed by the Group with banks, maturing within twelve months of the reporting date. These instruments are held in order to collect the related contractual cash flows at maturity and are classified under other current financial assets in view of their nature and the time horizon for their realisation.

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

Current loans and receivables
As at 30 June 2026, there were no current loans and receivables.

Fair value of derivatives
These include *"cash flow hedge"* derivatives of €0.297 million. The amount refers to the *fair value*, recognised as at 30/06/2026, of the outstanding currency and commodity instruments. As described in more detail in the section on derivative financial instruments (section 9), gains or losses on hedging instruments are recognised in the statement of comprehensive income and accumulated in a specific equity reserve for the effective portion, while the remaining (ineffective) portion is recognised in the income statement.

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Deferred tax assets and liabilities (note 11)

The carrying amount of net deferred tax assets recognised as at 30 June 2026 was €3.059 million (€1.1057 million of net deferred tax liabilities as at 31 December 2025).
Net deferred taxes include the benefits associated with tax losses carried forward to the extent that it is probable that adequate future taxable profits will be available against which those losses can be used within a reasonably short period.
Tax losses for which no deferred tax assets were recognised as at 30 June 2026 amounted to €28.6 million (€39.0 million at December 2025), with a tax effect of €8.7 million (€10.5 million at December 2025).
No deferred tax assets were recognised on temporarily non-deductible interest expense for a taxable amount of €45.7 million (€44.9 million at December 2025), with a tax effect of €11.0 million (€10.8 million at December 2025).
Nor were deferred tax assets recognised on other temporary differences for a taxable amount of €14.7 million, with a tax effect of €5.2 million.
Net deferred taxes also include deferred tax assets related to the capital gain arising from a transaction carried out in 2014. As this is a transaction between entities under common control, in accordance with Assirevi document "OPI 1" this gain was not recognised for accounting purposes and consequently gave rise to the recognition of corresponding deferred tax assets, which amounted to €5.3 million as at 30/06/2026.
Deferred tax liabilities also include the tax effect of the higher values allocated to assets in the PPA carried out on 01/01/2022.

Trade receivables and other receivables (note 12)

(amounts in Euro thousands)	**30/06/2026**	**31/12/2025**
NON-CURRENT TRADE RECEIVABLES	**-**	**-**
With third parties	3,917	3,932
OTHER NON-CURRENT RECEIVABLES	**3,917**	**3,932**
NON-CURRENT TRADE RECEIVABLES AND OTHER RECEIVABLES	**3,917**	**3,932**
From related parties	4	1
From third parties	95,005	71,256
CURRENT TRADE RECEIVABLES	**95,009**	**71,257**
From related parties	808	809
From third parties	35,177	23,899
OTHER CURRENT RECEIVABLES	**35,985**	**24,708**
CURRENT TRADE RECEIVABLES AND OTHER RECEIVABLES	**130,994**	**95,965**

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

Trade receivables and other current receivables amounted to €130.99 million (€95.97 million at December 2025).
As already noted in the Report on Operations, working capital management, and in particular collection times from customers, remains an area of attention.

Other non-current receivables (€3.92 million) mainly consist of guarantee deposits, portions of costs pertaining to future periods, advance payments and tax receivables accrued in India.

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

Closing inventory (note 13)

(amounts in Euro thousands)	**30/06/2026**	**31/12/2025**
Raw materials	121,326	100,520
Work in progress and semi-finished products	45,422	36,264
Finished products	29,662	27,760
Total inventories	**196,410**	**164,544**
Provision for impairment of inventories	-23,828	-26,977
Total inventories	**172,582**	**137,567**

Inventories as at 30 June 2026 had a net balance of €172.58 million, up from €137.57 million as at 31 December 2025.
This increase reflects the strategy to support the production programmes planned for the second half of the year.

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Cash and cash equivalents (note 14)

(amounts in Euro thousands)	**30/06/2026**	**31/12/2025**
CASH	77	76
BANK CURRENT ACCOUNTS AND DEPOSITS	225,231	252,467
TOTAL	**225,308**	**252,543**

As at 30 June 2026, restricted cash and cash equivalents amounted to €0.001 million, relating to counter-guarantees provided in India in favour of local public bodies.

Shareholders' equity (note 15)

(amounts in Euro thousands)	**30/06/2026**	**31/12/2025**
1) Share Capital	41,453	41,453
2) Other Reserves	67,610	104,524
3) Profits/(Losses) brought forward	-	-
4) Cash flow hedge reserve	-18	-515
5) Provision for discounting employee benefits	577	677
6) Foreign currency translation reserve	-4,010	-5,057
7) Profit/(loss) for the period attributable to the Group	14,440	-11,791
GROUP SHAREHOLDERS' EQUITY	**120,052**	**129,291**
8) Non-controlling interests	34,024	32,579
TOTAL SHAREHOLDERS' EQUITY	**154,076**	**161,870**

The share capital amounts to €41,452,543.60, fully paid, divided into 58,385,555 ordinary shares (21,630,256 class "A" shares and 36,755,299 class "B" shares), with no par value.
No other financial instruments conferring equity and participation rights have been issued.

In the first half of 2026 no new treasury shares were purchased. The total investment therefore amounts to €6.666 million. This amount is recognised under item 2) Other Reserves.

Financial liabilities (note 16)

The classification of financial liabilities is shown below:

(amounts in Euro thousands)	**30/06/2026**	**31/12/2025**
NON-CURRENT BONDS	**264,000**	**263,799**
MEDIUM/LONG-TERM LOANS	231,989	157,083
MEDIUM/LONG-TERM LEASE PAYABLES - IFRS 16	2,812	2,708
MEDIUM/LONG-TERM LOANS	**234,801**	**159,791**
OTHER NON-CURRENT FINANCIAL LIABILITIES	-7	-
OTHER NON-CURRENT FINANCIAL LIABILITIES	**-7**	**-**
NON-CURRENT FINANCIAL LIABILITIES	**498,794**	**423,590**
MEDIUM-/LONG-TERM LOANS – short-term portion	27,638	25,555
LOANS FROM OTHER LENDERS	3,252	2
LEASE PAYABLES ON RIGHT-OF-USE ASSETS – IFRS 16	1,292	1,120
CURRENT FINANCIAL LIABILITIES	**32,182**	**26,677**
FAIR VALUE OF INTEREST RATE DERIVATIVES	-	-
FAIR VALUE OF EXCHANGE RATE DERIVATIVES	358	1,047
FAIR VALUE OF DERIVATIVES ON COMMODITIES	-	124
OTHER CURRENT FINANCIAL LIABILITIES	3,615	3,360
OTHER CURRENT FINANCIAL LIABILITIES	**3,973**	**4,531**
CURRENT FINANCIAL LIABILITIES	**36,155**	**31,208**

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As required by the *Amendments to IAS 7*, changes in financial liabilities are disclosed below, showing cash and non-cash movements and excluding the effect of derivatives:

Financial liabilities *(amounts in Euro thousands)*	**31/12/2025**	**Cash Flow**	**Reclassifications**	**Other changes**	**IFRS 16 changes**	**Exchange impact**	**30/06/2026**
Gross non-current loans payable	426,049	89,461	-15,252	96	129	922	501,404
Gross current loans payable	26,698	-10,348	15,484	2	173	188	32,198
Total loans payable	**452,747**	**79,113**	**232**	**98**	**302**	**1,110**	**533,602**
Amortised cost	-2,480	-	-	-139	-	-	-2,619
Other non-current financial liabilities	-	-	-	-7	-	-	-7
Other current financial liabilities	3,360	-3,359	-	3,613	-	1	3,615
Financial liabilities	**453,627**	**75,754**	**232**	**3,565**	**302**	**1,111**	**534,591**

The net financial position is broken down below:

Net financial position *(amounts in Euro thousands)*	**30/06/2026**	**31/12/2025**
Non-current bonds	-264,000	-263,799
Current bonds	-	-
Bonds:	**-264,000**	**-263,799**
Non-current loans payable	-234,801	-159,791
Current loans payable	-32,182	-26,677
Other non-current financial liabilities	7	-
Other current financial liabilities	-3,615	-3,360
Trade payables and other non-current payables *	-	-
Financial liabilities:	**-270,591**	**-189,828**
Current loans and receivables	-	280
Held-to-maturity financial assets	75,000	-
Other current financial assets	1,292	429
Financial assets:	**76,292**	**709**
Cash	77	76
Bank current accounts and deposits	225,231	252,467
Cash and cash equivalents:	**225,308**	**252,543**
Reclassifications from discontinued operations	-	-
**Net financial position ** **	**-232,991**	**-200,375**
Non-current loans and receivables	-	-
Other non-current financial assets	21	55
Non-current leases - IFRS 16	2,813	2,708
Current leases - IFRS 16	1,292	1,120
Reclassifications from discontinued operations	-	-
Net financial position of operations * **	**-228,865**	**-196,492**
of which (payables)/receivables:		
- non-current	-495,960	-420,827
- current	267,095	224,335

* Trade payables and other non-current payables do not include non-interest-bearing payables with a significant implicit or explicit financing component, such as trade payables due beyond 12 months, or other types of non-interest-bearing loans.
** Net financial debt prepared in accordance with the format set out in ESMA Recommendation 32-382-1138 of 4 March 2021
*** For the definition of the alternative performance indicator, see the section "Structure and content of the condensed consolidated half-yearly financial statements"

As required by ESMA Recommendation 32-382-1138 of 4 March 2021, it should be noted that:

a) as at 30/06/2026, restricted cash and cash equivalents included above amounted to €0.001 million; for further details, see note 14;
b) at the date of these financial statements, the Group had indirect and contingent debt relating to pension liabilities.

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In the first half of 2025, a *senior unsecured* bond of €265.8 million was issued, maturing in 2030, with a fixed rate of 5.25%, listed on the Luxembourg Stock Exchange and on the MOT.
As at 30 June 2026, the amortised cost effect on this item amounted to €1.8 million.

As at 30 June 2026, the financial covenants contractually required on the consolidated figures had been met.

The Carraro Group has total short-term bank credit facilities of €85.62 million, of which €2.84 million was used in the first half of 2026.
Medium- and long-term bank credit facilities amount to a total of €269.13 million, of which €260.44 million has been used.

Interest rate terms vary according to the country of use 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 Group at floating rates. The fair value of these instruments is not considered to differ materially from their carrying amounts.

Financial liabilities on financial instruments listed on regulated markets:
The Group's financial liabilities include a bond listed on regulated markets.
The fair value of this fixed-rate liability is shown in the following table:

(amounts in Euro thousands)	**Nominal Value**	**Amortised cost 30/06/2026**	**Carrying amount 30/06/2026**	**Fair Value (level 1) 30/06/2026**
BOND 2025-2030 5.25%	265,801	- 1,801	264,000	273,137
Total	**265,801**	**- 1,801**	**264,000**	**273,137**

Trade payables and other payables (note 17)

(amounts in Euro thousands)	**30/06/2026**	**31/12/2025**
With third parties	12,888	12,583
OTHER NON-CURRENT PAYABLES	**12,888**	**12,583**
TRADE PAYABLES AND OTHER NON-CURRENT PAYABLES	**12,888**	**12,583**
With related parties	181	282
With third parties	196,989	156,759
CURRENT TRADE PAYABLES	**197,170**	**157,041**
From related parties	91	90
From third parties	40,252	36,170
OTHER CURRENT PAYABLES	**40,343**	**36,260**
TRADE PAYABLES AND OTHER CURRENT PAYABLES	**237,513**	**193,301**

With regard to the Indian company, a tax dispute is in progress following claims by the local tax authority covering several years, mainly concerning 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 the opinions of its tax advisers, the Group has classified the risk on some claims as remote and on others as not quantifiable.

During 2025, Carraro Drive Tech Italia S.p.A., a subsidiary included in the national tax consolidation scheme headed by Carraro S.p.A., underwent a tax audit by the Guardia di Finanza, which concluded with the issue of two tax audit reports (Processo Verbale di Constatazione, PVC) on 18 December 2025 and 18 February 2026, covering the tax periods from 2021 to 2025. The findings concern the method used to determine transfer prices under Article 110(7) of the TUIR (Consolidated Income Tax Act), with regard to interest expense and non-utilisation fees on certain credit lines from the Luxembourg affiliate Carraro Finance S.A. At the 2025 year end, on the basis of the information available and the assessments carried out, also with the support of leading tax advisory firms, no effects had been recognised in the financial statements of Carraro Drive Tech Italia S.p.A.
On 14 May 2026, the subsidiary initiated the assessment-by-agreement procedure (accertamento con adesione) with the Large Taxpayers Department of the Venice office of the Italian Revenue Agency.
There were no further developments in the first half of 2026; the subsidiary will continue to monitor the situation as the proceedings progress.

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Current tax payables (note 18)

(amounts in Euro thousands)	**30/06/2026**	**31/12/2025**
Current tax payables	17,789	5,331

Provisions for employee benefits/retirement (note 19)

(amounts in Euro thousands)	**30/06/2026**	**31/12/2025**
Opening severance indemnities in accordance with IAS 19	**4,492**	**4,977**
Utilisation of employee severance indemnities	196	-551
Interest cost	68	140
Actuarial gains/losses	13	-74
Closing severance indemnities in accordance with IAS 19	**4,377**	**4,492**

Pension/retirement funds

Pension and similar funds of €4.8 million relate to personnel in Argentina, India and China.
The actuarial recalculation, subject to the structural differences between the respective plans, follows the same method described above for the TFR provisions. The accounting treatment of employee benefits recorded in the financial statements complies with IAS 19 Revised for defined-benefit plans.

(amounts in Euro thousands)	**Opening 31/12/2025**	**Increases**	**Decreases**	**Other changes**	**Closing 30/06/2026**
Pension and similar funds	**4,782**	526	-372	-114	**4,822**

Workforce

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

Employees	**31/12/2025**	**Changes**	**30/06/2026**
Executives	37	-2	35
Clerical staff	799	-4	795
Factory workers	2,126	127	2,253
Temporary workers	833	53	886
Total	**3,795**	**174**	**3,969**

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Provisions for risks and charges (note 20)

The item can be broken down as follows:

(amounts in Euro thousands)	Opening balance	Increases	Decreases	Reclassifications	Discontinued operations	Exchange-rate adjustments	Closing balance
Non-current portion							
1) WARRANTY	7,560	-	-	-243	-	-21	7,296
2) LITIGATION	-	-	-	-	-	-	-
3) RESTRUCTURING AND RECONV.	-	-	-	-	-	-	-
4) OTHER PROVISIONS	716	-	-397	1	-	13	333
TOTAL	**8,276**	**-**	**-397**	**-242**	**-**	**-8**	**7,629**
Current portion							
1) WARRANTY	6,457	2,225	-1,973	242	-	14	6,965
2) LITIGATION	319	-	-4	-	-	1	316
3) RESTRUCTURING AND RECONV.	6,891	-	-3,681	-	-	71	3,281
4) OTHER PROVISIONS	7,946	1,582	-4,014	1	-	4	5,519
TOTAL	**21,613**	**3,807**	**-9,672**	**243**	**-**	**90**	**16,081**

The product warranty provision was used for €1.97 million for claims accepted from customers and increased by €2.23 million on the basis of the expected warranty costs to be incurred in relation to sales made.

The provision for litigation relates to tax liabilities that have been settled or are in the process of being settled and to employee-related disputes.

The restructuring provision was used for €3.68 million, mainly for costs associated with the workforce restructuring plan envisaged as part of the liquidation process of the subsidiary Carraro Argentina S.A.

The item "Other provisions" includes amounts recognised by individual companies for future costs and liabilities, including the employee performance bonus and MBOs.

7. Commitments and risks

As at 30 June 2026, there are no significant matters to report.

8. Related-party transactions (note 21)

The shareholders of Carraro S.p.A. as at 30/06/2026, 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 its Italian subsidiaries participate in the national tax consolidation scheme of the parent company Carraro S.p.A. The charges/income deriving from the transfer of the IRES taxable base are booked under current taxes.

Transactions between Carraro S.p.A. and its subsidiaries, which are related parties of Carraro S.p.A., have been eliminated in the consolidated financial statements and are not disclosed in these notes.

Details of transactions between the Carraro Group and other related parties under IAS 24 are provided below.

(amounts in Euro thousands)	Financial and equity transactions			Income statement transactions			
	Financial assets	Trade receivables and other receivables	Trade payables and other payables	Sales revenues	Purchases of goods and materials	Other financial income	Purchases of fixed assets
Finaid S.p.A.	-	808	91	-	-	-	-
Enertronica Santerno S.p.A.	-	-	13	-	-	-	4
Bhavani Synchrotec Private Limited	-	4	168	7	972	-	-
TOTAL	**-**	**812**	**272**	**7**	**972**	**-**	**4**

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9. FINANCIAL INSTRUMENTS

9.1 Derivative financial instruments on currencies

The tables below provide all the key information on the portfolio of currency derivatives outstanding as at 30/06/2026.
These are instruments designated as hedges of:
- foreign currency sales and purchasing budgets;
- imbalances of current receivables and payables in foreign currencies.

a) Notional values

CONTRACT *(amounts in Euro thousands)*	**Swaps (DCS) (1)**	**Swaps (DCS) (2)**	**Total notional values**
Carraro S.p.A.	-	228	228
Carraro Drive Tech Italia S.p.A.	52,667	4,865	57,532
Carraro India Ltd.	-	5,431	5,431
SIAP S.p.A.	3,587	746	4,333
GROUP TOTAL 30/06/2026	**56,254**	**11,270**	**67,524**

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

b) Reference currencies and maturities of contracts

CONTRACT	**Swaps (DCS) (1)**		**Swaps (DCS) (2)**	
	Currencies	Maturities	Currencies	Maturities
Carraro S.p.A.	-	-	USD/EUR	Jul-26
Carraro Drive Tech Italia S.p.A.	USD/EUR CNY/EUR INR/EUR	Feb-27	USD/EUR INR/EUR CNY/EUR	Jul-26
Carraro India Ltd.	-	-	EUR/INR	Aug-26
SIAP S.p.A.	USD/EUR	Mar-27	USD/EUR	Jul-26

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

c) Fair value

(amounts in Euro thousands)	**Swaps (DCS) (1)**	**Swaps (DCS) (2)**	**Total**
Carraro S.p.A.	-	-	-
Carraro Drive Tech Italia S.p.A.	-148	-15	-163
Carraro India Ltd.	-	-29	-29
SIAP S.p.A.	-132	-1	-133
GROUP TOTAL 30/06/2026	**-280**	**-45**	**-325**

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

d) Breakdown of *fair values*

(*amounts in Euro thousands*)	**30/06/2026**		**31/12/2025**	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
FAIR VALUE/CASH FLOW HEDGE Exchange rate risk	33	-358	80	-1,048

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

(amounts in Euro thousands)	FV recognised in the income statement	FV recognised in equity	Total
Carraro S.p.A.	-	-	-
Carraro Drive Tech Italia S.p.A.	-196	33	-163
Carraro India Ltd.	-29	-	-29
SIAP S.p.A.	-74	-59	-133
GROUP TOTAL 30/06/2026	**-299**	**-26**	**-325**

With regard to classification in the *fair value* hierarchy under IFRS 7, paragraph 27, the financial instruments described are classified as level 2; there were no transfers between levels during the period.
The *fair values* of currency instruments as at 30/06/2026 were calculated using the *forward* exchange rate method.
The counterparties with which the contracts are stipulated are leading national and international banking institutions.
The financial instruments on currencies are used, on a basis consistent with the financial risk management policy adopted by the Group, to hedge the risks deriving from exchange rate fluctuations and concern sales volumes compared with the budget exchange rate and the collections and payment of short and medium-term receivables and payables with respect to the historical value.
For accounting purposes in relation to contracts hedging sales budgets in foreign currencies effective at the reporting date, it should be noted that for the transactions executed, especially Domestic Currency Swaps and Options, and in accordance with all the conditions provided by the IAS/IFRS standards, hedge accounting was applied.
For "cash flow hedges" (hedges of future cash flows), the related changes in *fair value* are recognised in an equity reserve, net of the tax effect.

9.2 Derivative financial instruments on interest rates
As at 30/06/2026, there were no interest rate derivative contracts outstanding.
Any changes in *fair value* relating to "fair value hedges" (hedges of the fair value of assets and liabilities) are recognised in the income statement, net of the tax effect.

9.3 Derivative financial instruments on commodities
The tables below provide all the key information on the portfolio of commodity derivatives outstanding as at 30/06/2026. These are instruments designated to hedge:
- The risk of fluctuating commodity prices (gas and electricity)

a) Notional values

CONTRACT *(amounts in Euro thousands)*	**Swap (1)**	**Total notional values**
Carraro S.p.A.	88	88
Carraro Drive Tech Italia S.p.A.	154	154
SIAP S.p.A.	1,213	1,213
GROUP TOTAL 30/06/2026	**1,455**	**1,455**

(1) instruments activated to hedge fluctuating commodity prices

b) Reference currencies and maturities of contracts

CONTRACT	**Swap (1)**	
	Commodities	Maturities
Carraro S.p.A.	PSV (Gas) PUN (Electricity)	Dec-26
Carraro Drive Tech Italia S.p.A.	PSV (Gas) PUN (Electricity)	Dec-26
SIAP S.p.A.	PSV (Gas) PUN (Electricity)	Dec-27

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

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c) Fair value

(amounts in Euro thousands)	**Swap (1)**	**Total**
Carraro S.p.A.	28	28
Carraro Drive Tech Italia S.p.A.	48	48
SIAP S.p.A.	188	188
GROUP TOTAL 30/06/2026	**264**	**264**

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

d) Breakdown of *fair values*

(amounts in Euro thousands)	**30/06/2026**		**31/12/2025**	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
FAIR VALUE/CASH FLOW HEDGE Commodity price risk	264	-	-	-124

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

(amounts in Euro thousands)	**FV recognised in the income statement**
Carraro S.p.A.	28
Carraro Drive Tech Italia S.p.A.	48
SIAP S.p.A.	188
GROUP TOTAL 30/06/2026	**264**

With regard to classification in the fair value hierarchy under IFRS 7, paragraph 27, the financial instruments described are classified as level 2; there were no transfers between levels during the period.
The fair values of commodity instruments as at 30/06/2026 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.
For "cash flow hedges" (hedges of future cash flows), the related changes in fair value are recognised in an equity reserve, net of the tax effect.

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Notional values and *fair values*

Below is a summary table of the assets and liabilities measured at fair value as at 30 June 2026, as required by IFRS 13:

(amounts in Euro thousands)	**Level 2 30/06/2026**	**Level 2 31/12/2025**
Assets		
Foreign exchange derivative assets	33	357
Commodity derivative assets	-	-
Total Assets	**33**	**357**
Liabilities		
Foreign exchange derivative liabilities	358	1,812
Commodity derivative liabilities	-	-
Total Liabilities	**358**	**1,812**

10. Events after the reporting period

There are no significant subsequent events to report.

The Chairman

Enrico Carraro

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Deloitte & Touche S.p.A.
Via N. Tommaseo, 78/C int. 3
35131 Padova
Italia

Tel: +39 049 7927911
Fax: +39 049 7927979
www.deloitte.it

REPORT ON REVIEW OF HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Carraro S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Carraro S.p.A. and subsidiaries (the "Carraro Group"), which comprise the statement of financial position as of June 30, 2026 and the income statement, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the six-month period then ended, and the related explanatory notes. The Directors are responsible for the preparation of this half-yearly condensed consolidated financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as issued by the International Accounting Standards Board and adopted by the European Union. Our responsibility is to express a conclusion on this half-yearly condensed consolidated financial information based on our review.

Scope of Review

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

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of the Carraro Group as at June 30, 2026 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as issued by the International Accounting Standards Board and adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Cristiano Nacchi
Partner

Padua, Italy
September 23, 2026

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