

INTERIM FINANCIAL REPORT AS AT 30 JUNE 2021

Carraro Finance SA

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**INTERIM MANAGEMENT REPORT AS AT 30 JUNE 2021 AND
FOR THE PERIOD 30 OCTOBER 2020 TO 30 JUNE 2021**

BOARD OF DIRECTORS	ENRICO GOMIERO	Chairman
In office until approval of the 2022 financial statements	SERGIO MARUSSO	Chief Executive Officer
	FABIO MORVILLI	Director

INDEPENDENT AUDITORS	Deloitte Audit S.à.r.l. Luxembourg
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INTERIM INCOME STATEMENT TO 30.06.2021
(amounts in euros)
30.06.21

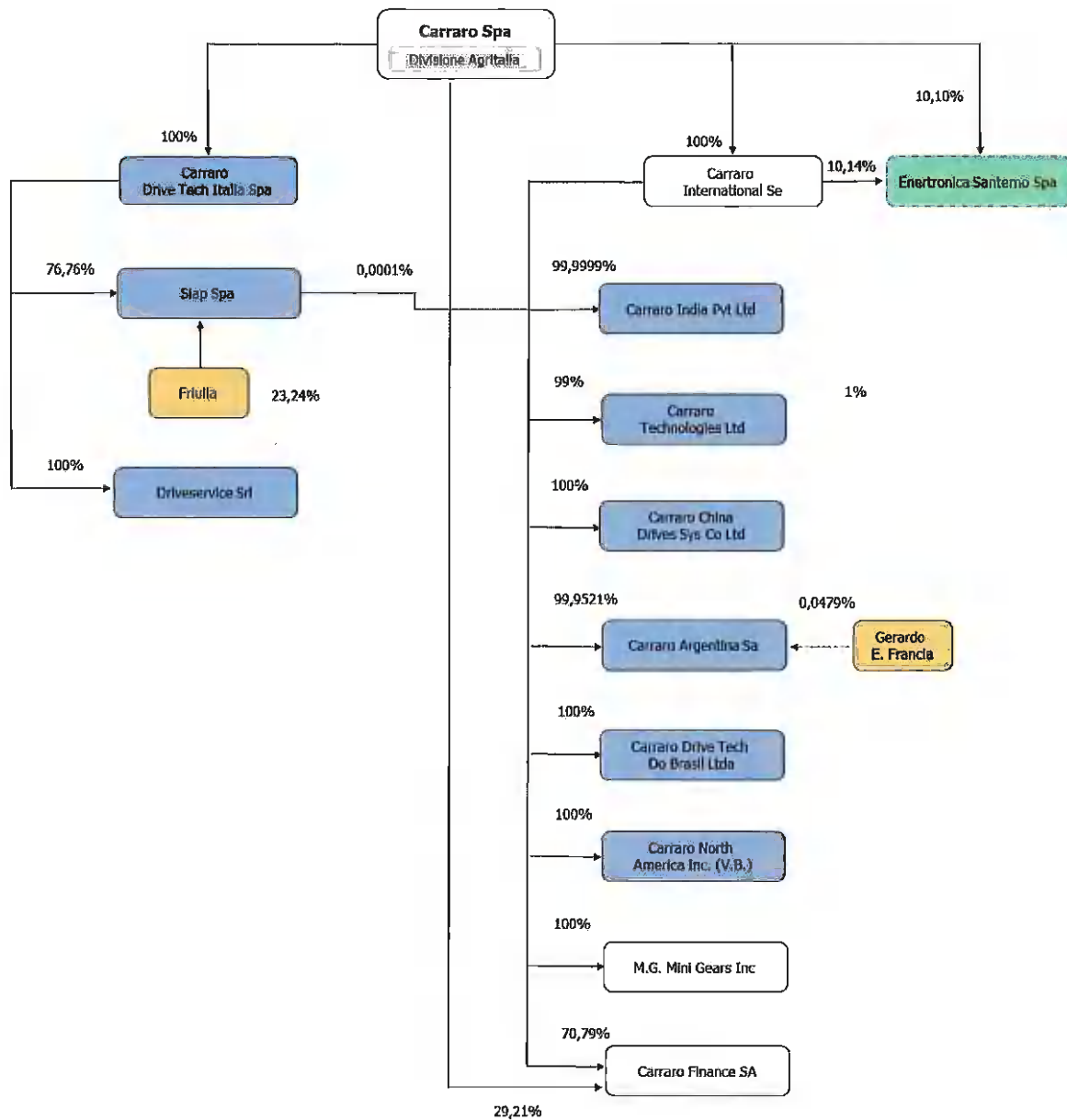
REVENUES FROM SALES	118,028
Purchases of goods and materials (net of changes in inventories)	-
Services and Use of third-party goods and services	-288,236
Personnel costs	-164,123
Amortisation, depreciation and impairment of assets	-31,736
Provisions for risks	-
Other income and expenses	-40,627
Internal construction	-
OPERATING COSTS	-524,722
OPERATING PROFIT/(LOSS) (EBIT)	-406,694
Income and expenses from equity investments	-
Other financial income	2,351,176
Financial costs and expenses	-5,381,198
Net gains/(losses) on foreign exchange	-51
Value adjustments of financial assets	-
GAINS/(LOSSES) ON FINANCIAL ASSETS	-3,030,073
PROFIT/(LOSS) BEFORE TAXES	-3,436,767
Current and deferred income taxes	-
NET PROFIT/(LOSS)	-3,436,767
EBITDA*	-374,958

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

INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30.06.2021

<i>(amounts in euros)</i>	30.06.21
Property, plant and equipment	468,673
Intangible fixed assets	-
Real estate investments	-
Investments	-
Financial assets	85,019,265
Deferred tax assets	-
Trade receivables and other receivables	94,303
NON-CURRENT ASSETS	85,582,241
Closing inventory	-
Trade receivables and other receivables	60,729
Financial assets	27,387,358
Cash and cash equivalents	223,117,367
CURRENT ASSETS	250,565,454
TOTAL ASSETS	336,147,695
Share Capital	4,280,000
Reserves	5,469,084
Profit/loss for the year	-3,436,767
SHAREHOLDERS' EQUITY	6,312,317
Financial liabilities	325,224,958
Trade payables and other payables	-
Deferred tax liabilities	-
Provision for severance indemnity and retirement benefits	-
Provisions for risks and liabilities	-
NON-CURRENT LIABILITIES	325,224,958
Financial liabilities	4,409,396
Trade payables and other payables	201,024
Current tax payables	-
Provisions for risks and liabilities	-
CURRENT LIABILITIES	4,610,240
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	336,147,695

**CORPORATE STRUCTURE OF THE CARRARO GROUP
AS AT 30.06.2021**



Key:

- Subsidiaries
- Associated companies



Carraro Finance S.A. (the “Company” or “Carraro Finance”) was incorporated on 30 October 2020 via Carraro International S.E. and subsequently, in January 2021, again via Carraro International S.E., a business unit concerning the finance and treasury function for the Carraro Group was transferred to it.

For further details on the scope of the transfer, reference should be made to paragraph 4 of the Notes (*Non-recurring transactions and other corporate restructuring transactions*).

Carraro Finance belongs to the Carraro Group (the Group), a leading international group in transmission systems for off-highway vehicles and specialised tractors, with Headquarters Campodarsego (Padua, Italy). As at 30 June 2021 Carraro Finance was 70.79% owned by Carraro International S.E. and 29.21% owned by Carraro S.p.A.

To date the Group’s activities are divided into two Business Areas:

– **Drive systems**

Through the companies belonging to the Drivelines Business area, the Group designs, manufactures and sells transmission systems (axles, transmissions and drives) mainly for agricultural and construction equipment, and also markets a wide range of components and gears for very diverse sectors, from the automotive industry to material handling, agricultural applications and construction equipment.

– **Tractors**

Through Carraro SpA’s Divisione Agritalia, the Group designs and manufactures specialised tractors (for vineyards and orchards from 60 to 100 hp) for third-party brands, namely John Deere, Massey Ferguson and Claas, as well as a specialised “Carraro Tractors” range; Agritalia also provides engineering services for the design of innovative tractor ranges.

Besides the two business areas, Carraro has developed its division

– **E-Power Systems**

which offers innovative solutions for the electronic control of vehicle transmission systems, as well as complete engine units for e-mobility. The combination of mechanical know-how and electrical and electronic expertise has made it possible to design every type of vehicle architecture, sizing and integrating the most suitable electric modules (engineers, inverters), appropriately controlled from proprietary software and hardware platforms.

Summary of the period up to 30 June 2021

The following alternative performance indicators will also be used:

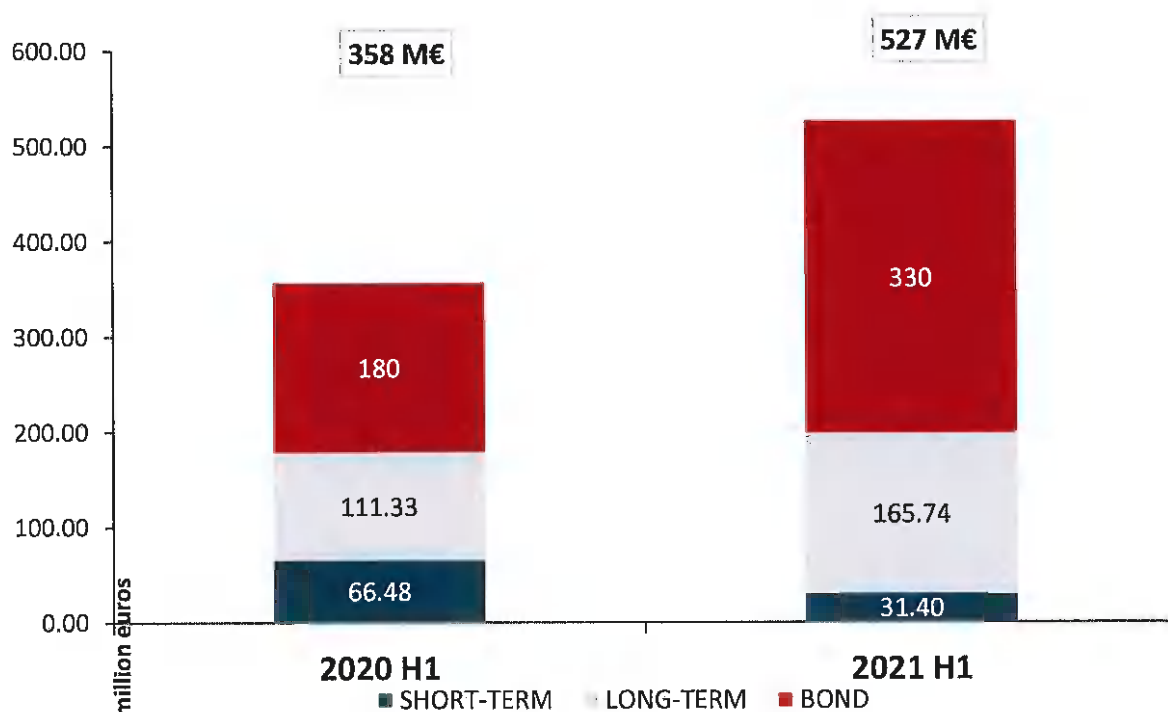
- *EBITDA: the sum of operating profit/(loss) of the income statement, amortisation, depreciation and impairment of fixed assets*
- *EBIT: earnings before tax taxes and financial income and expenses, with no adjustments;*
- *Net Working Capital of operations: difference between Trade Receivables, Net Inventories and Trade Payables in the balance sheet;*
- *Net financial position of operations: ESMA Net Debt determined in accordance with the provisions of paragraph 127 of the recommendations contained in the ESMA document no. 319 of 2013, implementing Regulation (EC) 809/2004, deducted, where applicable, non-current receivables and financial assets, in addition to the effects deriving from application of the newly applied IFRS 16.*

Performance

Carraro Finance provides financial, treasury and consulting services to subsidiaries, affiliates and to the parent company, in line with the approved policies and the strategic needs of the Carraro Group. The Company in particular, via its permanent establishment in Luxembourg, works to provide financial resources to the Carraro Group’s European companies, whereas the Asian and South American companies source their funds from the local markets, utilising the strategic consulting services provided by Carraro International SE. In addition, Carraro Finance coordinates the factoring activities of the Italian operating companies and the exchange rate risk hedging policies for all Group companies.

The main data relating to Group’s credit facilities is summarised in the following tables:

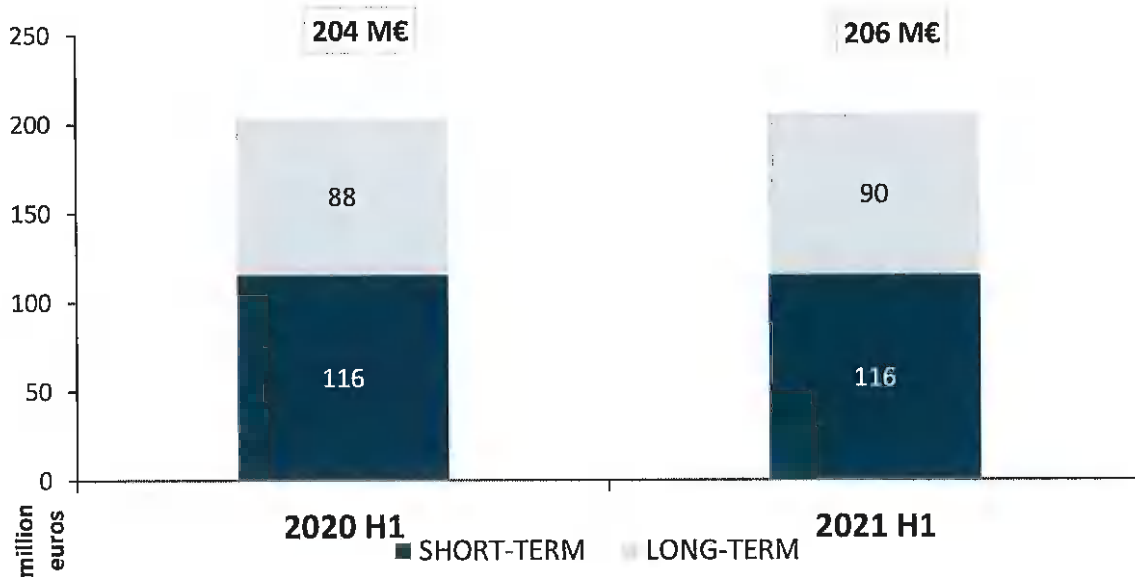
CARRARO GROUP - CREDIT LINES GRANTED



The credit lines granted amounted to 340 million euros as at 30 June 2021, of which 330 million a bond issue and 10 million short term from the banking system.

The resources are used to fund the Group’s European companies, and uses of the same are divided between short-term and long-term as follows:

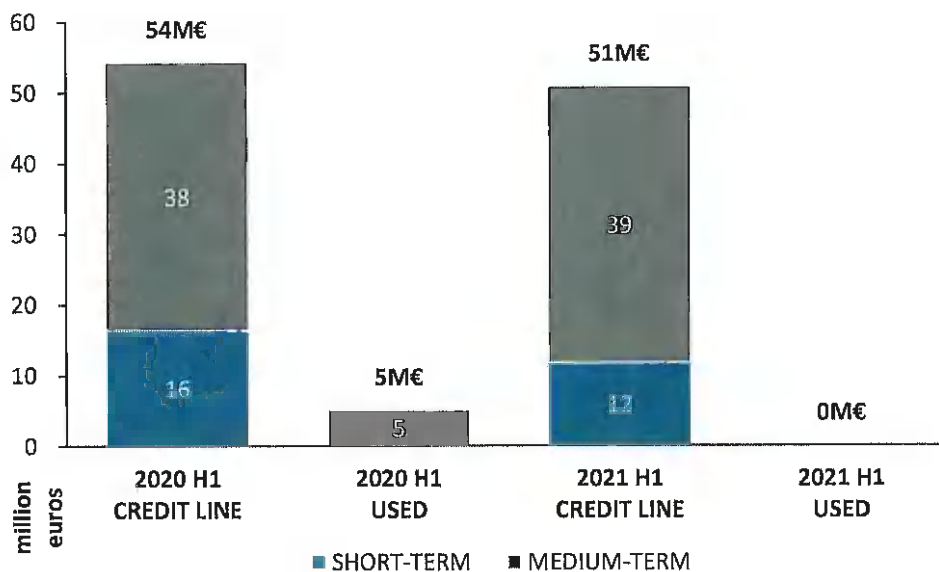
**CARRARO FINANCE SA
CREDIT LINES GRANTED TO THE GROUP AND ASSOCIATES**



These funds have been used to provide loans to the Group’s European companies, of which 90 million euros were medium-and long-term and 116 million euros was short-term.

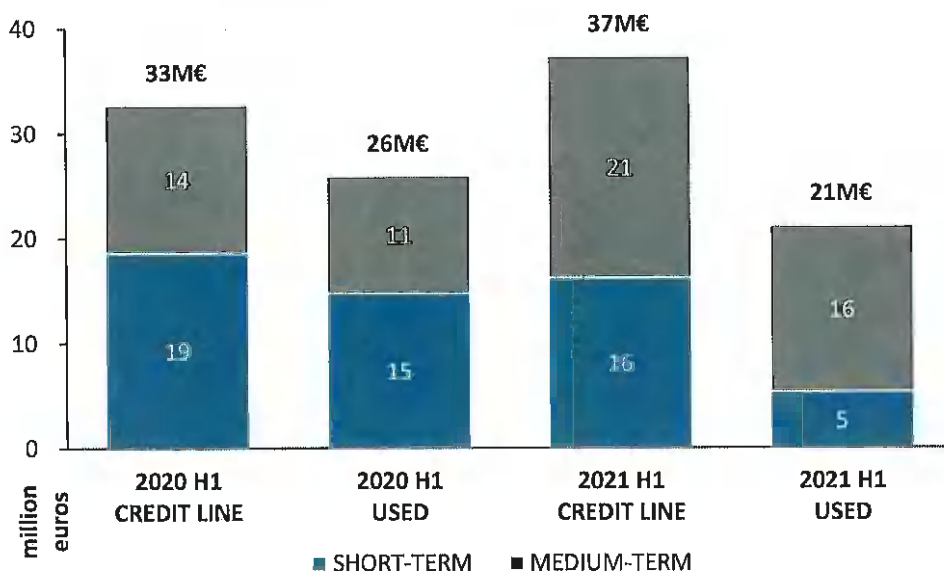
As already explained, the preceding analysis only relates to the Group’s European companies, as the foreign companies procure funds from the local market, utilising the strategic coordination and consulting services of Carraro International S.E.. The following diagrams show the trend in lines of credit granted by the principal local banks for the Group’s largest non-European companies, Carraro China and Carraro India.

CARRARO CHINA – CREDIT LINES



Also as at 30 June 2021, Carraro China had credit lines with local banks only for a total of 51 million euros, of which 0 million were used.

CARRARO INDIA – CREDIT LINES



Carraro India also has credit lines with major local banks and gross utilisation were substantially unchanged compared to the previous year.

Analysis

The operating result for the period from the date of incorporation of the Company until 30 June 2021 closed with a loss of 3.436 million euros.

Cash and cash equivalents at 30 June 2021 amounted to 223 million euros.



The breakdown in the net financial position of operations is shown in the table below:

Net financial position <i>(amounts in euros)</i>	30.06.2021
Non-current bonds	-324,939,263
Current bonds	-
Bonds:	-324,939,263
Non-current loans payable	-285,695
Current loans payable	-160,308
Other non-current financial liabilities	-
Other current financial liabilities	-4,249,088
Non-current leases group companies – IFRS16	-
Non-current leases third parties – IFRS 16	285,695
Non-current leases group companies – IFRS16	-
Non-current leases third parties - IFRS 16	147,868
Financial liabilities:	-4,261,528
Financial assets:	27,387,358
Cash and cash equivalents:	223,117,367
Non-current loans and receivables	85,000,000
Other non-current financial assets	19,265
Net financial position of operations	6,323,199

As at 30 June 2021 the net financial position of operations was positive at 6.323 million euros. The transfer of the Treasury Business Unit of Carraro International S.E., for which reference should be made to that already described above, among the various financial items, included the transfer of two Bonds originally issued by Carraro International S.E., the first for 180 million euros with a fixed rate coupon of 3.5%, senior unsecured notes with maturity on 31 January 2025 and the second for 150 million euros with a fixed rate coupon of 3.75%, senior unsecured notes with maturity on 25 September 2026.

SIGNIFICANT EVENTS DURING THE PERIOD

As part of a process of corporate restructuring of part of the Carraro Group, on 30 October 2020, Carraro International S.E. incorporated the company Carraro Finance S.A. under the Luxembourg law and with effect from 31 January 2021 (midnight), Carraro International S.E. transferred the business unit relating to its financial management and treasury activities for the Group, to Carraro Finance (including all the assets, liabilities and legal relationships relating to such activities). On the same date, Carraro Finance replaced Carraro International S.E. as the issuer of the two Bonds originally issued by Carraro International S.E., for which the company chose Luxembourg as the member state of origin pursuant to the Transparency Directive, as described below: (i) 180,000,000 euros 3.50 percent. Senior Unsecured Notes due 31 January 2025 and guaranteed by Carraro S.p.A. (ISIN XS1747134564) and (ii) 150,000,000 euros 3.75 percent. Senior Unsecured Notes due 25 September 2026 and guaranteed by Carraro S.p.A. (ISIN XS2215041513). Consequently, the new name of the 2018 Bond ISIN XS1747134564 will be “Carraro Fin Tf Ge25 Call Eur” and the new name of the 2020 Bond ISIN XS2215041513 will be “Carraro Fin Tf 3,75% St26 Call Eur”.

As from this date, Carraro Finance will contribute to the financial management and carry out all treasury activities for the Group.

SUBSEQUENT EVENTS

There are no significant events to report following the date of 30 June 2021.

BALANCE SHEET AND FINANCIAL DATA

Turnover

The Company's turnover from the date of incorporation to 30 June 2021 amounted to EUR 118,028 thousand euros.

Carraro Finance provides financial consulting services to Carraro Group companies.

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

<i>(amounts in euros)</i>	30.6.2021	%
Italy	94,199	80%
India	18,243	15%
China	5,586	5%
South America	-	0%
Total	118,028	100%

Gains/(losses) on financial assets

<i>(amounts in euros)</i>	30.06.2021
10) INCOME/EXPENSES FROM EQUITY INVESTMENTS	-
A) FROM FINANCIAL ASSETS	1,711,758
B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS	1,103
C) FROM OTHER CASH EQUIVALENTS	-
D) INCOME OTHER THAN THE ABOVE	638,315
E) FROM CHANGES IN THE FAIR VALUE OF DERIVATIVE TRANSACTIONS ON RATES	-
11) OTHER FINANCIAL INCOME	2,351,176
A) FROM FINANCIAL LIABILITIES	-4,945,257
B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS	-1,486
C) EXPENSES OTHER THAN THE ABOVE	-434,455
D) FROM CHANGES IN THE FAIR VALUE OF DERIVATIVE TRANSACTIONS ON RATES	-
12) FINANCIAL COSTS AND EXPENSES	-5,381,198
FROM NET DERIVATIVE TRANSACTIONS ON EXCHANGE RATES	-
FROM CHANGES IN THE FAIR VALUE OF DERIVATIVE TRANSACTIONS ON NET EXCHANGE RATES	-
OTHER NET EXCHANGE RATE DIFFERENCES	-51
13) NET GAINS/(LOSSES) ON FOREIGN EXCHANGE	-51
B) WRITE-DOWNS	-
14) VALUE ADJUSTMENTS OF FINANCIAL ASSETS	-
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	-3,030,073

The item also includes the fees paid on the two bond issues that are absorbed along the amortisation schedule of the same in application of the amortised cost accounting method.



Net profit/(loss)

From the date of incorporation to 30 June 2021, the company recorded a loss of 3.436 million euros.

(amounts in euros)

	Up to 30.06.21	% of turnover
EARNINGS BEFORE TAX	-3,436,767	nr.
Current and deferred income taxes	-	nr.
NET PROFIT/(LOSS)	-3,436,767	nr.

The loss in the period derives mainly from Carraro Finance Sa's overfunding decision, necessary for the planned expansion of the group's core business via acquisitions.

Non-usage of all the available cash generated a temporary inefficiency in financial expenses.

Net financial position of operations

(amounts in euros)

	30.06.21
Net financial position of operations	6,323,199

As at 30 June 2021 the net financial position of operations was positive at 6.3 million euros.

PERSONNEL

Workforce trend

Figures as at 30.06.2021

	30.06.2021
Executives	1
Clerical staff	2
Total	3

KEY RISKS AND UNCERTAINTIES TO WHICH CARRARO FINANCE IS EXPOSED

The main risks identified for Carraro Finance are listed below.

Strategic risks

Risks associated with the general economic conditions

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

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

The dynamics in the global economy and international trade in 2021 were once again characterised by instability in some areas of the world.

Risks related to the trends on the markets/industrial customers

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

Country risk

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

Financial risks

Risks associated with funding requirements

Carraro Finance's liquidity risk is mainly connected to the sourcing and maintenance of adequate funding to support the Group's industrial operations and its ability to service that funding through cash flow.

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

CARRARO Finance

The cash flows envisaged for 2021 also include, besides the trend in working capital and operational investment management, the effects of the maturity of current liabilities and the short-term portion of medium-long term loans.

The management of finance, the need to fulfil funding requirements and to guarantee adequate cash flow for the Group, is the responsibility of Carraro Finance whose objective is to administer the available resources as efficiently as possible.

Risks of fluctuating interest rates

Carraro Finance and the Group are also exposed to interest rate risks in relation to financial liabilities which are accepted either to fund core business, or, where applicable, to fund the Group's expansion through acquisitions. Changes in interest rates may have positive or negative effects on both the financial outcome and on cash flows.

Credit risk

The Company is exposed to credit risk when a customer or counterparty in a financial transaction generates a financial loss by defaulting on a debt obligation; in the case of Carraro Finance this risk exists almost exclusively in relation to financial receivables.

In providing finance to the Group entities, the Company evaluates the cash flow forecasts, the financial equilibrium and the feasibility of the subsidiaries' industrial plans, in order to take the most appropriate decisions with regard to fundraising and agreeing on the repayment plans.

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

The effects of the spread of the Covid-19 pandemic did not have significant consequences on the overall operations of Carraro Group customers such as to jeopardise the continuity of receipts from the sale of the Group's products and indirectly those of Carraro Finance.

Operational risks

Risks related to IT systems and cyber security

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

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

One condition favouring these attacks may also be the expansion of company networks, which has been necessary – in the recent circumstances caused by the pandemic – to provide access to all staff enabled to work remotely using connections not directly managed by the company.

STANDARDS USED IN PREPARING THE CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements are drawn up in compliance with the International Accounting Standard IAS 34 on Interim Financial Statements, as adopted by the European Union. Furthermore, these financial statements are based on the assumption that the company is a going concern.

OTHER INFORMATION

The Company does not hold own shares, nor shares in parent companies, not even through fiduciary companies or intermediaries. During the past year, it has not carried out any operation in relation to such shares.

Transactions with related parties carried out during the period gave rise to relationships of a commercial, financial or advisory nature and were entered into at arm's-length conditions, in the economic interest of the individual companies involved in the transactions.

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

The Company did not directly incur any research and development expenses.

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



Chief Executive Officer

Sergio Marusso

CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 30 JUNE 2021
AND FOR THE PERIOD FROM 30 OCTOBER 2020
TO 30 JUNE 2021

BOARD OF DIRECTORS	ENRICO GOMIERO	Chairman
In office until approval of the 2022 financial statements	SERGIO MARUSSO	Chief Executive Officer
	FABIO MORVILLI	Director

INDEPENDENT AUDITORS Deloitte Audit S.à.r.l. Luxembourg

INTERIM INCOME STATEMENT

<i>(amounts in euros)</i>	NOTES	Until 30.06.2021
A) REVENUES FROM SALES		
1) Products		-
2) Services		118,028
3) Other revenues		-
TOTAL REVENUES FROM SALES	1	118,028
<i>A-bis) of which with related parties</i>		<i>118,028</i>
B) OPERATING COSTS		
1) Purchases of goods and materials		-
2) Services		282,157
3) Use of third-party goods and services		6,079
4) Personnel costs		164,123
5) Amortisation, depreciation and impairment of assets		31,736
5.a) depreciation of property, plant and equipment Materials		31,736
5.b) amortisation of intangible assets		-
5.c) impairment of fixed assets		-
5.d) impairment of receivables		-
6) Changes in inventories		-
7) Provision for risks and other liabilities		-
8) Other income and expenses		40,627
9) Internal construction		-
TOTAL OPERATING COSTS	2	524,722
<i>B-bis) of which with related parties</i>		<i>14,326</i>
OPERATING PROFIT/(LOSS)		-406,694
C) GAINS/(LOSSES) ON FINANCIAL ASSETS		
10) Income from equity investments		-
11) Other financial income		2,351,176
12) Financial costs and expenses		-5,381,198
13) Net gains/(losses) on foreign exchange		-51
14) Value adjustments of financial assets		-
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	3	-3,030,073
<i>C-bis) of which with related parties</i>		<i>2,350,073</i>
PROFIT/(LOSS) BEFORE TAXES		-3,436,767
15) Current and deferred income taxes	4	-
NET PROFIT/(LOSS)		-3,436,767


INTERIM STATEMENT OF COMPREHENSIVE INCOME

<i>(amounts in euros)</i>	Until 30.06.2021
NET PROFIT/(LOSS) FOR THE PERIOD	-3,436,767
<hr/>	
Other income components that could be recognised in the income statement in subsequent periods:	-
Total other income components that could be recognised in the income statement in subsequent periods:	-
<hr/>	
Other income components that will not be recognised in the income statement in subsequent periods:	-
Total other income components that will not be recognised in the income statement in subsequent periods:	-
<hr/>	
OTHER COMPREHENSIVE INCOME COMPONENTS, NET OF TAX EFFECTS	-
<hr/>	
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-3,436,767

INTERIM STATEMENT OF FINANCIAL POSITION

<i>(amounts in euros)</i>	NOTES	30.06.2021
A) NON-CURRENT ASSETS		
1) Property, plant and equipment	6	468,673
2) Intangible fixed assets	7	-
3) Real estate investments	8	-
4) Equity investments in associated companies	9	-
5) Financial assets	10	85,019,265
5.1) Loans and receivables		85,000,000
5.2) Other financial assets		19,265
5-bis) of which with related parties		85,000,000
6) Deferred tax assets	11	-
7) Trade receivables and other receivables	12	94,303
7.1) Trade receivables		-
7.2) Other receivables		94,303
7-bis) of which with related parties		-
TOTAL NON-CURRENT ASSETS		85,582,241
B) CURRENT ASSETS		
1) Closing inventory	13	-
2) Trade receivables and other receivables	12	60,729
2.1) Trade receivables		-
2.2) Other receivables		60,729
2-bis) of which with related parties		-
3) Financial assets	10	27,387,358
3.1) Loans and receivables		27,368,079
3.2) Other financial assets		19,279
3-bis) of which with related parties		27,368,080
4) Cash and cash equivalents	14	223,117,367
4.1) Cash		-
4.2) Bank current accounts and deposits		223,117,367
4.3) Other cash and cash equivalents		-
TOTAL CURRENT ASSETS		250,565,454
TOTAL ASSETS		336,147,695

INTERIM STATEMENT OF FINANCIAL POSITION

<i>(amounts in Euro)</i>	NOTES	30.06.2021
A) SHAREHOLDERS' EQUITY	15	
1) Share Capital		4,280,000
2) Other Reserves		5,469,084
3) Profits/(Losses) brought forward		-
4) IAS/IFRS reserves		-
5) Provision for discounting employee benefits		-
6) Profit/(Loss) for the period		-3,436,767
TOTAL SHAREHOLDERS' EQUITY		6,312,317
B) NON-CURRENT LIABILITIES		
1) Financial liabilities	16	325,224,958
1.1) Bonds		324,939,263
1.2) Loans		285,695
1.3) Other financial liabilities		-
1-bis) of which with related parties		-
2) Trade payables and other payables	17	-
2.1) Trade payables		-
2.2) Other payables		-
2-bis) of which with related parties		-
3) Deferred tax liabilities	11	-
4) Provision for employee benefits/retirement	19	-
4.1) Provision for severance indemnity		-
4.2) Provision for retirement benefits		-
5) Provisions for risks and liabilities	20	-
5.1) Provision for warranties		-
5.2) Provision for legal claims		-
5.3) Provision for restructuring and reconversion		-
5.4) Other provisions		-
TOTAL NON-CURRENT LIABILITIES		325,224,958
C) CURRENT LIABILITIES		
1) Financial liabilities	16	4,409,396
1.1) Bonds		-
1.2) Loans		160,308
1.3) Other		4,249,088
1-bis) of which with related parties		156,168
2) Trade payables and other payables	17	201,024
2.1) Trade payables		68,444
2.2) Other payables		132,580
2-bis) of which with related parties		-
3) Current taxes payables	18	-
4) Provisions for risks and liabilities	20	-
4.1) Provision for warranties		-
4.2) Provision for legal claims		-
4.3) Provision for restructuring and reconversion		-
4.4) Other provisions		-
TOTAL CURRENT LIABILITIES		4,610,420
TOTAL LIABILITIES		329,835,378
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		336,147,695


INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(amounts in euros)	Share Capital	Other reserves		Profit/(Loss) for the period	Total
		Capital reserves	Other reserves		
Opening balance	-	-	-	-	-
Total profit/loss for the year				-3,436,767	-3,436,767
Transaction with shareholders:					
Memorandum of association - 30 October 2020	30,000			-	30,000
Contribution - 01 February 2021	3,000,000	4,219,084			7,219,084
Capital increase - 25 February 2021	1,250,000	1,250,000			2,500,000
Total transactions of the period	4,280,000	5,469,084			9,749,084
Balance as at 30.06.2021	4,280,000	5,469,084		-3,436,767	6,312,317

INTERIM STATEMENT OF CASH FLOWS

<i>(amounts in Euro thousands)</i>	NOTES	30.06.2021
Profit/(loss) for the year pertaining to the Group	5	-3,436,767
Net operating result from disposals		-
Tax for the year	4	-
Profit/(loss) before taxes		-3,436,767
Depreciation of property, plant and equipment	2	31,736
Amortisation of intangible fixed assets	2	-
Impairment of fixed assets	2	-
Provisions for risks	2	-
Allocations to employee benefit provisions	2	-
Net gains/(losses) on foreign exchange	3	51
Income and expenses from equity investments	3	-
Value adjustments of financial assets	3	-
Other non-monetary income and expenses		-
Cash flows before changes in Net Working Capital		-3,404,980
Changes in inventory	13	-
Change in trade receivables	12	-
Change in trade payables	17	27,526
Change in other receivables/payables	13-17	-18,247
Changes in receivables/payables for deferred taxation	11	-
Use of employee benefit provisions	19	-
Use of risks provisions for risks and liabilities	20	-
Effects from extraordinary transactions (contributions/mergers)		-
Dividends received		-
Change in other financial assets/liabilities		2,819,669
Tax payments	4	-
Cash flows from operating activities		-576,032
Investments in property, plant and equipment	6	-477,726
Disinvestments and other movements in property, plant and equipment	6	29,424
Real estate investments		-
Investments in intangible fixed assets	7	-
Disinvestments and other movements in intangible fixed assets	7	-
Net liquidity acquired/sold through business combinations		293,743,472
Equity investments/divestments		-
Cash flows from investing activities		293,295,170
Change in financial assets	10	-72,131,771
Change in financial liabilities	16	-
Increase in Share capital	15	1,280,000
Shareholders' reserve for share capital increase	15	-
Increase in Share premium reserve	15	1,250,000
Entrance/exit of non-controlling interests	15	-
Declared dividends	15	-
Changes in treasury shares	15	-
Other movements of shareholders' equity		-
Cash flows from financing activities		-69,601,771
Total cash flows for the period		223,117,367
Opening cash and cash equivalents		-
Closing cash and cash equivalents		223,117,367

EXPLANATORY AND SUPPLEMENTARY NOTES**1. Introduction**

Carraro Finance S.A. (hereinafter also "Company" or "Carraro Finance"), is a company incorporated under the laws of Luxembourg registered with the Registre de Commerce et des Sociétés (R.C.S.) Luxembourg under no. B248536.

The Company is controlled by Carraro International S.E. belonging to the Carraro S.p.A (the "Group").

The Company was incorporated on 30 October 2020 by notarial deed no. 17154 of 30 October 2020 and with effect from 31 January 2021 (midnight), the parent company, Carraro International S.E., transferred the business unit relating to the finance and treasury functions for the benefit of the Carraro Group to Carraro Finance, including the 2 Bonds issued for which Carraro Finance chose Luxembourg as the member state of origin pursuant to the Transparency Directive.

For further details on the scope of the contribution, reference should be made to paragraph 4 below (*Non-recurring transactions and other corporate restructuring transactions*).

The first financial year began on the day of incorporation and ended on 31 December 2020, so comparative data is not available for the first year, so this interim report does not present any comparative data, and the various income statement figures represent all accounting events from the date of incorporation to 30 June 2021. In subsequent years, the financial year will begin on 1 January and end on 31 December of each year.

These condensed interim financial statements are expressed in euros and amounts are rounded to the nearest whole euro, unless otherwise indicated.

Carraro Finance S.A. provides financial, treasury and consulting services to subsidiaries, affiliates and to the parent company, in line with the approved policies and the strategic needs of the Carraro Group.

Publication of the Condensed Interim Financial Statements of Carraro Finance SA for the period from 30 October 2020 to 30 June 2021, was authorised by Board of Directors resolution dated 20th September 2021.

Reporting criteria and accounting principles

The condensed interim financial statements were have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union ("EU").

The condensed interim financial statements were prepared under the going concern assumption.

2. Form and content of the financial statements

The present condensed interim financial statements were prepared in conformity with the International Accounting Standard IAS 34 on Interim Financial Statements, as adopted by the European Union.

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



NET FINANCIAL POSITION OF OPERATIONS (understood as ESMA Net Financial Debt determined in accordance with paragraph 127 of the recommendations contained in the ESMA document no. 32-382-1138 of 2021, less non-current receivables and financial assets arising from the adoption of IFRS 16, where applicable.

2.1 Format of the financial statements

With regard to the format of the condensed interim financial statements, the Company opted to present the following types of accounting statements.

Income Statement

Items on the income statement are classified by their nature.

Interim Statement of Comprehensive Income

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

Statement of financial position

The interim statement of financial position is presented with separate disclosure of Assets, Liabilities and Shareholders' Equity.

Assets and Liabilities are presented in the condensed interim financial statements according to their classification as "current" and "non-current".

Statement of Changes in Shareholders' Equity

The interim statement of changes in shareholders' equity is presented in accordance with the IAS, showing the profit (loss) for the period and all changes generated from transactions with shareholders.

Statement of Cash Flows

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

Accounting schedules of transactions with related parties

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

2.2 Accounting standards and measurement criteria

IFRS accounting standards, amendments and interpretations adopted since the date of incorporation:

Amendments to IFRS 16 “Covid-19 Related Rent Concessions”

(published on 28 May 2020)

The document provides lessees with the option to account for reductions in lease fees related to Covid-19 without having to assess, through the analysis of the contracts, whether the definition of lease modification of IFRS 16 is complied with. Therefore, lessees applying this option will be able to account for the effects of lease fee reductions directly in the income statement on the effective date of the reduction. This amendment applies to financial statements beginning 1 June 2020. The adoption of this amendment had no effect on the condensed interim financial statements.

Amendments to IFRS9, IAS39, IFRS7, IFRS4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2”

(published on 27 August 2020)

The amendment amends IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement in addition to IFRS 7 - Financial Instruments, IFRS 4 - *Insurance Contracts* and IFRS 16 *Leases: Disclosures*. Specifically, the amendment changes some of the requirements for the application of hedge accounting in the light of the IBOR reform.

All amendments came into force on 1 January 2021.

The adoption of this amendment had no effect on the condensed interim financial statements.

IFRS and IFRIC accounting standards, amendments and interpretations endorsed by the European Union, not yet mandatorily applicable and not adopted in advance by the Company as at 30 June 2021:

On 14 May 2020, the IASB published the following amendments called:

Amendments to IFRS 3 “Business Combinations”

The purpose of the amendments is to update the reference in IFRS 3 to the Conceptual Framework in its revised version, without changing the requirements of IFRS 3.

Amendments to IAS 16 “Property, Plant and Equipment”

The purpose of the amendments is not to allow the amount received from the sale of goods produced during the testing phase of the asset to be deducted from the cost of tangible assets. These sales revenues and related costs will therefore be recognised in the income statement.

Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”

The amendment clarifies that when estimating the possible onerous nature of a contract, all costs directly attributable to the contract must be taken into account. Consequently, the assessment of whether a contract is onerous includes not only incremental costs (such as the cost of direct material used in processing), but also all costs that the company cannot avoid due to the fact that it has entered into the contract (such as, for example, the share of personnel costs and depreciation of machinery used to perform the contract).

Annual Improvements 2018-2020:

The amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

All amendments will enter into force on 1 January 2022. At the moment, the Directors are considering the possible impacts of these amendments on the condensed interim financial statements.

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

IFRS 17 – Insurance Contracts

(published on 18 May 2017)

This standard is intended to replace IFRS 4 - Insurance Contracts. The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations arising from issued insurance contracts. The IASB developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing a single principle-based framework to take account of all types of insurance contracts, including reinsurance contracts that an insurer holds.

The new standard also includes presentation and disclosure requirements to improve comparability between entities in this segment.

The new standard measures an insurance contract on the basis of a General Model or a simplified version of this, called the Premium Allocation Approach (“PAA”).

The main features of the General Model are:

- estimates and assumptions of future cash flows are always current;
- the measurement reflects the time value of money;
- the estimates involve extensive use of information observable on the market;
- there is a current and explicit measurement of the risk;
- the expected profit is deferred and aggregated in company of insurance contracts at the time of initial recognition; the expected profit is recognised during the
- contractual coverage period, taking into account the adjustments resulting from changes in the assumptions relating to the cash flows for each company of contracts.

The PAA approach involves measuring the liability for the residual coverage of a company of insurance contracts provided that, at the time of initial recognition, the entity expects the liability to reasonably represent an approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications resulting from the application of the PAA method do not apply to the measurement of liabilities for outstanding claims, which are measured with the General Model. However, it is not necessary to discount those cash flows if it is expected that the balance to be paid or collected will occur within one year of the date on which the claim occurred.



An entity shall apply the new standard to insurance contracts issued, including reinsurance contracts issued, reinsurance contracts held and also investment contracts with a discretionary participation feature (DPF).

The standard is applicable as from 1 January 2023 but early application is allowed only for companies that have implemented IFRS 9 – Financial Instruments and IFRS 15 Revenue from Contracts with Customers. The Directors expect no effect in the condensed interim financial statements from the adoption of this standard.

Amendments to IAS 1 “Presentation of Financial Statements: Classification of Liabilities as Current or Non-current”

(published on 23 January 2020)

The purpose of the document is to clarify how to classify short-term and long-term payables and other liabilities. The amendments will enter into force on 1 January 2023. At the moment, the Directors are considering the possible impacts of this amendment on the condensed interim financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2 “Disclosure of Accounting Policies” and Amendments to IAS 8 “Definition of Accounting Estimates”

(published on 12 February 2021)

The amendments are intended to improve the disclosure on accounting policies so as to provide more useful information to investors and other primary users of financial statements as well as to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments will apply from 1 January 2023, but early application is permitted. The Directors do not expect a significant effect in the condensed interim financial statements from the adoption of these amendments.

Amendment to IFRS 16 “Covid-19 Related Rent Concessions beyond 30 June 2021”

(published on 31 March 2021)

The document extends by one year the period of application of the amendment to IFRS 16, issued in 2020, relating to the accounting of the benefits granted to lessees due to Covid-19. The amendments will apply as from 1 April 2021, but early application is permitted. The Directors do not expect a significant effect in the condensed interim financial statements of the Company from the adoption of this amendment.

Amendments to IAS 12 “Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(published on 7 May 2021)

The document clarifies how deferred tax assets should be accounted for on certain transactions that can generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments will apply from 1 January 2023, but early application is permitted. The Directors do not expect a significant effect in the condensed interim financial statements of the Company from the adoption of this amendment.



Property, plant and equipment

Property, plant and equipment are recognised at historical cost, less accumulated depreciation and accumulated impairment losses.

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

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

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

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

The asset's residual value, its useful life and the methods applied are reviewed annually and adjusted if necessary, at the end of each accounting period.

Intangible fixed assets

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

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

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

Software

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

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

Impairment losses

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

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

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

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

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

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

Financial assets

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

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

Financial assets measured at amortised cost

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

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

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

Financial assets at fair value through other comprehensive income

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

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

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

Financial assets at fair value through profit or loss

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

Derecognition of financial assets and liabilities***Financial assets***

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

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

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

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

Financial liabilities

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

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

Impairment losses on financial assets

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



Assets measured on the basis of amortised cost

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and the amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

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

Assets recognised at cost

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

Trade receivables and other receivables

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

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

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

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

Cash and cash equivalents

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

Loans and bonds

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

Recognition of revenues and other positive income components

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

The revenues recognised by the Company mainly refer to the following types:

- Revenues from holding activities;
- Revenues from finance activities, and the technical/financial coordination of subsidiaries and affiliates.

1.1 Revenues from holding activities

The Company carries out holding activities and therefore deals with the purchase, management, ownership and sale of bonds and other securities and holdings, equity interests or stakes in other companies.

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

The Company recognises the receivable when the service is provided, as indicated in the previous paragraph, as this represents the moment when the right to the consideration becomes unconditional, since the due date of the invoice is the only prerogative that identifies when payment is due.

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

1.2 Revenues from finance activities, and the technical/financial coordination of subsidiaries and affiliates

The Company carries out finance activities for the subsidiaries and affiliates, and provides technical and financial coordination in accordance with the legal conditions, on a B2B basis.

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

The Company recognises the receivable when the service is provided, as indicated in the previous paragraph, as this represents the moment when the right to the consideration becomes unconditional, since the due date of the invoice is the only prerogative that identifies when payment is due.

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

2. Recognition of other positive income components

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



Revenues from dividends are recorded when the right to collection arises, which normally corresponds to the resolution of the shareholders' meeting approving distribution of the dividends. Dividends to shareholders are recognised as payable at the time of the distribution resolution.

Taxes

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

Current taxes

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

Deferred taxes

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

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

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

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

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

Value added tax

- Revenues, costs, assets and liabilities are recognised net of value added tax, except when:
- the tax applied to the purchase of goods or services is non-deductible, in which case it is recognised as part of the purchase cost of the asset or part of the cost item recognised in the income statement;
- it refers to trade receivables and payables recorded including the value of the tax.

Translation of foreign currency balances

Functional currency

The company's functional currency is the Euro, which represents the currency in which the condensed interim financial statements are prepared and published.

Accounting transactions and entries

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



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

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

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

Credit risk

Credit control provides for periodic monitoring of the main economic and financial information relating to the Carraro Group's subsidiaries and associates.

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

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

Liquidity risk

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

The raising of funds, consistent with the company's short- and medium-term development plans, is intended to finance both working capital and investments in fixed assets necessary to ensure sufficient and technologically advanced production capacity of subsidiaries. This requirement is directly proportional to the trend in customer orders and the consequent trend in business volumes.

The cash flows envisaged for 2021 include, besides the trend in working capital and investments, the effects of current liabilities and the short-term portions of medium- and long-term loans reaching maturity, as well as the effects of the closure of derivative financial instruments on currencies in existence at the reporting date.

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

In 2021, the Company expects to be able to generate financial resources through its operations such as to ensure adequate support for investments.

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

The uncertainties of financial markets have had an effect on the bank borrowing and as a consequence on credit granted to businesses. This instability could also continue in 2021, preventing the normal execution of financial transactions.

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

The maturity features of the company's liabilities and financial assets are shown in notes 10 and 16 relating respectively to non-current financial receivables and non-current financial liabilities.

Interest rate risk

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

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

Transactions with related parties

Pursuant to the IAS 24 standard, it should be noted that:

- a) intragroup transactions and transactions with related parties during the period gave rise to trade, financial or consulting relations, and were carried out at arm's length conditions, in the financial interest of the individual companies involved;
- b) the interest rates and terms applied (paid and received) in financial relationships between the various companies are in line with market terms.

Discretionary assessments and significant accounting estimates

Estimates and assumptions

In the application of the accounting standards, the Directors have not made decisions based on discretionary evaluations (excluding those which involve estimates) having a significant effect on the values in the condensed interim financial statements.

We present below the key assumptions on the future and other significant sources of uncertainty in the estimates at the reporting date, which could bring about significant changes in the carrying amounts of assets and liabilities within the next financial year.

Deferred tax assets

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

3. Geographic areas

The financial activities of Carraro Finance S.A. are located in Luxembourg.

a) Revenues

The breakdown of revenues from group companies by main geographic area is shown in the following table.

<i>(amounts in euros)</i>	Until	%
Geographical Area	30.06.2021	
Italy	94,199	80%
India	18,243	15%
China	5,586	5%
South America	-	-
Total	118,028	100%



4. Non-recurring transactions and other corporate restructuring transactions

Transfer of Carraro International S.E. business unit to Carraro Finance S.A.

On 31 January 2021 (midnight) the assignment and transfer of the Finance Business Unit which Carraro International.E. exercised, both directly and through its Luxembourg Branch (comprising all the finance and treasury activities and consultancy for the benefit of subsidiaries, associates and the parent company), to Carraro Finance S.A. was completed. A summary of the transaction amounts related to the assignment and transfer of the Finance Business Unit of Carraro International S.E. is provided below:

Effect of transfer of Carraro International S.E. Finance business unit (amounts in Euro)

1) Property, plant and equipment	52,108
2) Intangible fixed assets	-
3) Real estate investments	-
4) Investments	-
5) Financial assets	40,067,182
6) Deferred tax assets	-
7) Trade receivables and other receivables	13,600
TOTAL NON-CURRENT ASSETS	40,132,890
1) Closing inventory	-
2) Trade receivables and other receivables	15,479
3) Financial assets	216,013
4) Cash and cash equivalents	293,743,472
TOTAL CURRENT ASSETS	293,974,964
TOTAL ASSETS	334,107,854
1) Financial liabilities	324,555,239
1.1) Bonds	324,531,887
1.2) Loans	-
1.3) Other financial liabilities	23,352
2) Trade payables and other payables	-
3) Deferred tax liabilities	-
4) Provision for employee benefits/retirement	-
5) Provisions for risks and liabilities	-
TOTAL NON-CURRENT LIABILITIES	324,555,239
1) Financial liabilities	2,267,739
1.1) Bonds	-
1.2) Loans	59,347
1.3) Other financial liabilities	2,208,392
2) Trade payables and other payables	65,792
3) Current taxes payables	-
4) Provisions for risks and liabilities	-
TOTAL CURRENT LIABILITIES	2,333,531
TOTAL LIABILITIES	326,888,770
TOTAL OF BUSINESS UNIT TRANSFERRED	7,219,085
<i>of which:</i>	
<i>Share Capital</i>	3,000,000
<i>Share premium reserve</i>	4,219,085

5. Detailed explanatory notes

Revenues and costs

A) Revenues from sales (note 1)

(amounts in euros)	Until 30.06.2021
1) PRODUCTS	-
2) SERVICES	118,028
3) OTHER REVENUES	-
TOTAL REVENUES FROM SALES	118,028

B) Operating costs (note 2)

OPERATING COSTS	Until
<i>(amounts in euros)</i>	30.06.2021
1) PURCHASES OF GOODS AND MATERIALS	-
A) EXTERNAL SERVICES FOR PRODUCTION	3,237
B) SUNDRY SUPPLIES	2,147
C) GENERAL OVERHEADS	276,773
D) COMMERCIAL COSTS	-
E) SALES EXPENSES	-
2) SERVICES	282,157
RENTAL EXPENSES	-
3) USE OF THIRD-PARTY GOODS AND SERVICES	6,079
A) WAGES AND SALARIES	140,530
B) SOCIAL SECURITY CONTRIBUTIONS	14,714
D) EMPLOYEE SEVERANCE INDEMNITY AND PENSIONS	-
E) OTHER COSTS	8,879
4) PERSONNEL COSTS	164,123
A) DEPREC. PROP., PLANT & EQUIPMENT	31,736
B) AMORT. INTANGIBLE ASSETS	-
C) IMPAIRMENT OF FIXED ASSETS	-
D) IMPAIRMENT OF RECEIVABLES	-
5) AMORTISATION, DEPRECIATION AND IMPAIRMENT OF ASSETS	31,736
A) CHANGES IN INVENTORIES OF RAW AND ANCILLARY MATERIALS AND GOODS	-
B) CHANGES IN INVENTORIES OF WORK IN PROGRESS, SEMI-FINISHED & FINISHED PRODUCTS	-
6) CHANGES IN INVENTORIES	-
7) PROVISION FOR RISKS AND OTHER LIABILITIES	-
A) SUNDRY INCOME	-
B) GRANTS	-
C) OTHER OPERATING EXPENSES	20,087
D) OTHER NON-ORDINARY OPERATING INCOME/EXPENSES	20,540
8) OTHER INCOME AND EXPENSES	40,627
9) INTERNAL CONSTRUCTION	-

C) Net income from financial assets (note 3)

<i>(amounts in euros)</i>	Until 30.06.2021
GAINS/(LOSSES) ON FINANCIAL ASSETS	
10) INCOME/EXPENSES FROM EQUITY INVESTMENTS	-
A) FROM FINANCIAL ASSETS	1,711,758
B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS	1,103
C) FROM OTHER CASH EQUIVALENTS	-
D) INCOME OTHER THAN THE ABOVE	638,315
E) FROM CHANGES IN THE FAIR VALUE OF DERIVATIVE TRANSACTIONS ON RATES	-
11) OTHER FINANCIAL INCOME	2,351,176
A) FROM FINANCIAL LIABILITIES	-4,945,257
B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS	-1,486
C) EXPENSES OTHER THAN THE ABOVE	-434,455
D) FROM CHANGES IN THE FAIR VALUE OF DERIVATIVE TRANSACTIONS ON RATES	-
12) FINANCIAL COSTS AND EXPENSES	-5,381,198
FROM NET DERIVATIVE TRANSACTIONS ON EXCHANGE RATES	-
FROM CHANGES IN THE FAIR VALUE OF DERIVATIVE TRANSACTIONS ON NET EXCHANGE RATES	-
OTHER NET EXCHANGE RATE DIFFERENCES	-51
13) NET GAINS/(LOSSES) ON FOREIGN EXCHANGE	-51
A) WRITEBACKS	-
B) WRITE-DOWNS	-
14) VALUE ADJUSTMENTS OF FINANCIAL ASSETS	-
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	-3,030,073

Financial expenses also include the fees paid on the bond issues that are absorbed along the amortisation schedule of the same in application of the amortised cost accounting method.

Current and deferred income taxes (note 4)
Current taxes

- Impôt sur le Revenu des Collectivités (IRC) is a special proportional tax levied on gains made by corporations.
- Impôt Commercial Communal (ICC) is a municipal tax levied on gains made by corporations.
- Impôt sur la fortune is calculated on the net assets of the company according to the balance sheet, on the basis of 5 thousandths (i.e. 0.5%) of this net assets (shareholders' equity, reserves and results carried forward).
- Other taxes primarily include the outstanding balances in respect of Net Wealth Tax (NWT) and Value Added Tax (VAT).

Deferred taxes

These are allocated on the temporary differences between the carrying amount of assets and liabilities and the corresponding tax value, to the extent that it is probable that there will be adequate future taxable profits against which such losses can be used in a reasonably short period of time. For further details see note 11.



Property, plant and equipment (note 6)

These present a net balance of 468,673 thousand euros. The breakdown is as follows:

Items	Land and buildings	Plant and machinery	Industrial equipment	Other assets	Investments in progress and deposits	Total
<i>(amounts in euros)</i>						
Net as at 31.12.2020	-	-	-	-	-	-
Movements in 2021						
Increases	445,640	-	-	17,216	14,870	477,726
Decreases	-22,496	-	-	-6,929	-	-29,425
Capitalisation	-	-	-	-	-	-
Business unit transfer	38,180	-	-	13,928	-	52,108
Depreciation and amortisation	-28,417	-	-	-3,319	-	-31,736
Reclassification	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-
Write-backs	-	-	-	-	-	-
Foreign exchange translation difference	-	-	-	-	-	-
Other changes	-	-	-	-	-	-
Net as at 30.06.2021	432,907	-	-	20,896	14,870	468,673
Made up of:						
Historical cost	445,432	-	-	22,081	14,870	482,383
Provisions for amortisation and depreciations	-12,525	-	-	-1,185	-	-13,710
BS closure rounded	432,907	-	-	20,896	14,870	468,673

At 30.06.2021, property, plant and equipment mainly consisted of leased assets recognised for 445.6 thousand euros, distributed by category as follows:

- Land and buildings: 445.6 thousand euros for rights of use (IFRS 16);
- Other assets: 22.4 thousand euros

Intangible fixed assets (note 7)

These have a net balance equal to zero.

Real estate investments (note 8)

The company has no real estate investments.

Equity investments in subsidiaries, associates and other investments (note 9)

The company has no investments in subsidiaries, associates, joint ventures or other investments.

Financial assets (note 10)

<i>(amounts in euros)</i>	30.06.2021
Loans to related parties	85,000,000
Loans to third parties	-
LOANS AND RECEIVABLES	85,000,000
Available for sale	-
Other financial assets	19,265
OTHER FINANCIAL ASSETS	19,265
NON-CURRENT FINANCIAL ASSETS	85,019,265
With related parties	27,368,079
With third parties	-
LOANS AND RECEIVABLES	27,368,079
Fair value of derivatives	-
Other financial assets	19,279
OTHER FINANCIAL ASSETS	19,279
CURRENT FINANCIAL ASSETS	27,387,358

Non-current loans and receivables

Non-current related-party loans and receivables refer to the medium/long-term portion of receivables due from Carraro S.p.A. and Carraro Drive Tech Italia S.p.A.

The values of these receivables approximate their amortised cost.

AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

	Credit Lines	CCY	Commitment as of 30/6/21	Drawdown as of 30.06.2021	Final Maturity Date
Carraro SpA	Revolving	EUR	54,000,000	54,000,000	31.12.2022
Carraro Drive Tech SpA	Revolving	EUR	31,000,000	31,000,000	31.12.2022
		EUR	85,000,000	85,000,000	

Non-current financial assets

Non-current financial assets mainly include the long-term portion of the upfront fees incurred for revolving credit lines.

Current loans and receivables

Current related party loans and receivables mainly refer to the short-term portion of receivables held vis à vis the companies Carraro S.p.A., Carraro International S.E., and Driveservice S.r.l.

AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

	Credit Lines	CCY	Commitment as of 30.06.2021	Drawdown as of 30.06.2021	Final Maturity Date
Carraro SpA	Revolving	EUR	45,000,000	20,000,000	31.12.2021
Carraro Drive Tech SpA	Revolving	EUR	66,000,000	0,00	31.12.2021
Carraro Drive Service	Revolving	EUR	500,00	150,00	31.12.2021
Siap Spa	Revolving	EUR	4,500,000	0,00	31.12.2021
Carraro International SE	Revolving	EUR	5,000,000	4,838,000	31.12.2021
		EUR	121,000,000	24,988,000	

Deferred tax assets and liabilities (note 11)

The company has no deferred tax assets or liabilities.

Trade receivables and other receivables (note 12)

<i>(amounts in euros)</i>	30.06.2021
NON CURRENT TRADE RECEIVABLES	-
With third parties	94,303
OTHER NON-CURRENT RECEIVABLES	94,303
NON-CURRENT TRADE RECEIVABLES AND OTHER RECEIVABLES	94,303
With related parties	-
With third parties	-
CURRENT TRADE RECEIVABLES	-
With related parties	-
With third parties	60,729
OTHER CURRENT RECEIVABLES	60,729
CURRENT TRADE RECEIVABLES AND OTHER RECEIVABLES	60,729

Other receivables due from third parties can be broken down as follows:

<i>(amounts in Euro thousands)</i>	30.06.2021
VAT credits	40,016
VAT credits due for rebate	-
Other tax credits	-
Receivables for current taxes	-6,156
Receivable from factoring company	-
Receivables from employees	333
Receivables from pensions agencies	-
Provisions for Depreciation of other Receivables	-
Other receivables	26,536
OTHER CURRENT RECEIVABLES FROM THIRD PARTIES	60,729



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

<i>(amounts in euros)</i>	30.06.2021
Current trade receivables from third parties	-
Provisions for Depreciations of Receivables	-
NET CURRENT TRADE RECEIVABLES FROM THIRD PARTIES	-
Trade receivables from related parties	-
NET CURRENT TRADE RECEIVABLES FROM RELATED PARTIES	-
Other current receivables from third parties	60,729
Provisions for Depreciation of other Receivables	-
NET CURRENT OTHER RECEIVABLES FROM THIRD PARTIES	60,729
Other receivables from related parties	-
NET CURRENT OTHER RECEIVABLES FROM RELATED PARTIES	-

The breakdown of trade and other receivables by maturity is shown in the following table:

<i>(amounts in euros)</i>	30.06.2021				TOTAL
	PAST DUE		NOT YET DUE		
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year	
Trade receivables	-	-	-	-	-
Other receivables	-	-	60,729	94,303	155,032
TOTAL	-	-	60,729	94,303	155,032

Closing inventory (note 13)

The company had no closing inventory.

Cash and cash equivalents (note 14)

<i>(amounts in euros)</i>	30.06.2021
BANK CURRENT ACCOUNTS AND DEPOSITS	223,117,367
TOTAL	223,117,367

Shareholders' equity (note 15)

<i>(amounts in euros)</i>	30.06.2021
1) Share Capital	4,280,000
2) Other Reserves	5,469,084
3) Profits/(Losses) brought forward	-
4) Other IAS/IFRS reserves	-
5) Provision for discounting employee benefits	-
7) Profit/(Loss) for the period	-3,436,767
SHAREHOLDERS' EQUITY	6,312,317


CARRARO Finance

On 30 October 2020, Carraro International S.E., with memorandum of association no. 17154 of 30 October 2020, incorporated the company Carraro Finance S.A., through a share capital increase of 30,000 euros.

Subsequently on 31 January 2021 (midnight) Carraro International S.E. transferred a business unit relating to the finance and treasury functions (as fully described in paragraph 4 above) to Carraro Finance, through which the share capital was increased by 3,000,000 euros.

Moreover, on 25 February 2021, a further capital increase of 1,250.00 euros was carried out by Carraro SpA.

The share capital is therefore 4,280,000 euros fully paid up, consisting of 42,800 ordinary shares with a nominal value of 100 euros each.

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

Other reserves

For details of the item "other reserves", please refer to the following table.

The following table shows the total of the shareholders' equity items broken down by origin, utilisation possibility and distribution. For a better understanding of the changes in shareholders' equity, reference should be made to the statement of changes in shareholders' equity.

Nature/description (amounts in euros)	30.06.2021	
Share capital:	4,280,000	4,280,000
Capital reserves:		
<i>Share premium reserve</i>	5,469,084	5,469,084
Profit reserves:		
<i>Provision for Impôt sur la fortune</i>	-	-
Other reserves	-	-
Retained earnings (accumulated losses)	-	-
Profit/(Loss) for the period:	-3,436,767	-3,436,767
Total	6,312,317	6,312,317

Financial liabilities (note 16)

The classification of financial liabilities as at 30.06.2021 is shown below.

<i>(amounts in Euro thousands)</i>	30.06.2021
NON-CURRENT BONDS	324,939,263
MEDIUM/LONG-TERM LOANS	-
MEDIUM/LONG-TERM LEASE PAYABLES - IFRS16	285,695
NON-CURRENT FINANCIAL LIABILITIES	325,224,958
FAIR VALUE OF NON-CURRENT INTEREST RATE DERIVATIVES	-
FAIR VALUE OF NON-CURRENT EXCHANGE RATE DERIVATIVES	-
OTHER NON-CURRENT FINANCIAL LIABILITIES	-
OTHER NON-CURRENT FINANCIAL LIABILITIES	-
NON-CURRENT FINANCIAL LIABILITIES	325,224,958
BONDS	-
MEDIUM-/LONG-TERM LOANS – <i>short-term portion</i>	-
LOANS TO OTHERS	12,440
LEASE PAYABLES FROM RIGHTS OF USE - IFRS16	147,868
CURRENT FINANCIAL LIABILITIES	160,308
FAIR VALUE OF INTEREST RATE DERIVATIVES	-
FAIR VALUE OF EXCHANGE RATE DERIVATIVES	-
OTHER CURRENT FINANCIAL LIABILITIES	4,249,088
OTHER CURRENT FINANCIAL LIABILITIES	4,249,088
CURRENT FINANCIAL LIABILITIES	4,409,396

Non-current financial liabilities

Following the transfer of the business unit (for further details see paragraph 4 above), on the same date, the replacement of Carraro Finance in place of Carraro International S.E. as the issuer of the two Bonds originally issued by Carraro International was completed, as described below: (i) 180,000,000 euros 3.50 percent. Senior Unsecured Notes due 31 January 2025 and guaranteed by Carraro S.p.A. (ISIN XS1747134564) (the “Bond 2018”); and (ii) 150,000,000 euros 3.75 percent. Senior Unsecured Notes due 25 September 2026 and guaranteed by Carraro S.p.A. (ISIN XS2215041513) (the “Bond 2020” and, together with Bond 2018, the “Bonds”). Consequently, the new name of the 2018 Bond will be “Carraro Fin Tf Ge25 Call Eur” and the new name of the 2020 Bond will be “Carraro Fin Tf 3,75% St26 Call Eur”.

Incurrence Covenants have been defined for these bonds, based on Carraro Group data.

The bonds are valued using the amortised cost method.

As at 30 June 2021, the effect of the amortised cost on these Bonds was as follows:

- ISIN XS1747134564 180 M euros: EUR 2.401 million
- ISIN XS2215041513 150 M euros: EUR 2.659 million

As at 30 June 2021 the covenants contractually set on the consolidated financial information of the Group were respected.

The Company has revolving credit facilities for a total of 10 million euros, of which none had been used as at 30 June 2021.

Current financial liabilities

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

Financial liabilities	31.12.2020	Cash Flow	Reclassification	Other changes	IFRS16 effect	Assignment and transfer as at 01.02.2021	30.06.2021
<i>(amounts in Euro thousands)</i>							
Gross non-current loans payable	-	-	-	-	285,695	330,000,000	330,285,695
Gross current loans payable	-	-	-	1,425	99,536	59,347	160,308
Total loans payable	-	-	-	1,425	385,231	330,059,347	330,446,003
Amortised cost	-	-	-	407,376	-	-5,468,113	-5,060,737
Other non-current financial liabilities	-	-	-	-23,352	-	23,352	-
Other current financial liabilities	-	-	-	2,040,696	-	2,208,392	4,249,088
Financial liabilities:	-	-	-	2,426,145	385,231	326,822,978	329,634,354

The net financial position is broken down below:

Net financial position	30.06.2021
<i>(amounts in Euro thousands)</i>	
Non-current bonds	-324,939,263
Current bonds	-
Bonds:	-324,939,263
Non-current loans payable	-285,695
Current loans payable	-160,308
Other non-current financial liabilities	-
Other current financial liabilities	-4,249,088
Trade payables and other non-current payables	-
Financial liabilities:	-4,695,091
Current loans and receivables	27,368,079
Other current financial assets	19,279
Financial assets:	27,387,358
Cash	-
Bank current accounts and deposits	223,117,367
Cash and cash equivalents:	223,117,367
Net financial position*	-79,129,629
Non-current loans and receivables	85,000,000
Other non-current financial assets	19,265
Non-current leases - IFRS 16	285,695
Current leases - IFRS 16	147,868
Trade payables and other non-current payables	-
Net financial position of operations	6,323,199
of which payables/(receivables):	
- non-current	-239,919,998
- current	246,243,197

Fair Value

With the exclusion of the Bonds for which a fixed rate is applied, the fair value of medium- and long-term financial liabilities, taking account of the fact that these are almost exclusively for variable-rate funding and that the terms renegotiated with the banking counterparties are in line with the average levels for the market and the segment – even considering the residual volatility of the markets and the relative uncertainty in identifying “reference” conditions – as measured is not significantly different overall from the carrying amounts.

Trade payables and other payables (note 17)

<i>(amounts in Euro thousands)</i>	30.06.2021
FROM RELATED PARTIES	-
FROM THIRD PARTIES	-
NON-CURRENT TRADE PAYABLES	-
FROM RELATED PARTIES	-
FROM THIRD PARTIES	-
OTHER NON-CURRENT PAYABLES	-
TRADE PAYABLES AND OTHER NON-CURRENT PAYABLES	-
FROM RELATED PARTIES	-
FROM THIRD PARTIES	68,444
CURRENT TRADE PAYABLES	68,444
FROM RELATED PARTIES	-
FROM THIRD PARTIES	132,580
OTHER CURRENT PAYABLES	132,580
TRADE PAYABLES AND OTHER CURRENT PAYABLES	201,024

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

<i>(amounts in Euro thousands)</i>	30.06.2021
VAT payables	-
Amounts due to pensions agencies	6,576
Amounts due to employees	70,246
Board of Directors	51,121
Restructuring payables	-
Other payables	-
OTHER CURRENT PAYABLES	132,580

Current taxes payables (note 18)

As at 30 June 2021, the company had no current tax payables.

Employee severance indemnities and retirement benefits (note 19)

The company had no employee severance indemnities or retirement benefits.

Number of employees

The number of employees shown below is broken down by category:

Employees	Business unit transfer	Changes	30.06.2021
Executives	1	-	1
Clerical staff	1	1	2
Total	2	1	3

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Provision for risks and liabilities (note 20)

The Company has no provisions for risks and charges.

6. Commitments and risks

The commitments uncalled given to the other Group entities as at 30.06.2021 are only those reported in the note 10.

7. Financial derivatives

On 30.06.2021 the Company did not hold any financial derivatives.

8. Transactions with related parties

As at 30 June 2021 Carraro Finance S.A. was 70.79% owned by Carraro International S.E. and 29.21% owned by Carraro S.p.A..

The following tables present information relating to transactions with related parties in accordance with the IAS 24 standard.

FEES PAID TO THE ADMINISTRATION, MANAGEMENT AND CONTROL BODIES

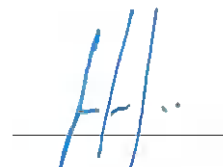
Person	Office held	Term of office	Euros/000
Gomiero Enrico	Chairman	3-year mandate 2021-2023	50
Marusso Sergio	Chief Executive Officer	3-year mandate 2021-2023	40
Fabio Morvilli	Director	3-year mandate 2021-2023	40

TRANSACTIONS OF CARRARO FINANCE S.A. WITH RELATED PARTIES UP TO 30.06.2021
Detail of transactions with related parties

(amounts in euros)	Financial and equity transactions				Economic transactions							
	Financial receivables	Financial payables	Trade receivables and other receivables	Trade payables and other payables	Sales of services	Purchase of services	Other income and expenses	Income from equity investments	Other financial income	Financial costs and expenses	Value adjustments of financial assets	Current and deferred income taxes
Other related parties:												
Carraro SpA	75.267.291	89.637	-	-	29.933	14.326	-	-	1.291.209	-	-	-
Carraro Drive tech Italia S.p.A.	31.971.557	63.975	-	-	54.280	-	-	-	956.102	-	-	-
Driveservice S.r.l.	154.227	256	-	-	-	-	-	-	4.436	-	-	-
Carraro India Ltd.	21.891	-	-	-	18.243	-	-	-	-	-	-	-
Carraro International	4.911.952	-	-	-	-	-	-	-	73.952	-	-	-
Carraro China Drive System Co. Ltd.	6.704	-	-	-	5.586	-	-	-	-	-	-	-
SIAP	34.458	2.300	-	-	9.986	-	-	-	24.375	-	-	-
TOTALE	112.368.080	156.168	-	-	118.028	14.326	-	-	2.350.073	-	-	-

9. Events subsequent to the reporting date

There are no significant events to report following the date of the 2021 Condensed Interim Financial Information.



Sergio Marusso
Chief Executive Officer

Directors' statement of responsibilities

1. The Directors of Carraro Finance S.A. hereby certify that the administrative and accounting procedures used to prepare the 2021 condensed interim financial statements are adequate, considering the profile of the company, and that those procedures have been effectively applied.

2. In this regard no significant aspects emerged which require disclosure.

3. We can also certify that:

3.1 The condensed interim financial statements:

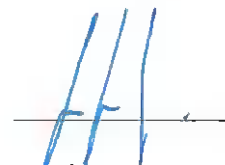
a) were prepared in conformity with the applicable international accounting standards endorsed by the European Community under the terms of Regulation (EC) No. 1606/2002 of the European Parliament and Council, of 19 July 2002;

b) correspond to the accounting records;

c) give a true and fair view of the assets, liabilities, financial position and profit or loss of the Issuer;

3.2 The interim management report includes a fair review of the development and performance of the business and the position of the Issuer, together with a description of the principal risks and uncertainties that it faces. The report on operations also includes a reliable analysis of significant operations with related parties.

Date: 20th September 2021



Sergio Marusso
Chief Executive Officer

To the Board of Directors of
Carraro Finance S.A.
11, rue Beaumont
L-1219 Luxembourg

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim financial statements of Carraro Finance S.A. comprising the interim statement of financial position as at 30 June 2021, and the related interim income statement, the interim statement of comprehensive income, the interim statement of changes in shareholders' equity and the interim statement of cash flows for the period from 30 October 2020 (date of incorporation) to 30 June 2021 ("the interim financial information"). The Board of Directors is responsible for the preparation and fair presentation of this interim financial information in accordance with the International Accounting Standard IAS 34 on Interim Financial Statements, as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

A review of interim financial information 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the company as at 30 June 2021 and of the results of its operations for the period from 30 October 2020 (date of incorporation) to 30 June 2021 in accordance with the International Accounting Standard IAS 34 on Interim Financial Statements as adopted by the European Union

For Deloitte Audit, *Cabinet de révision agréé*



Marco Crosetto, *Réviseur d'entreprises agréé*
Partner

20 September 2021

Société à responsabilité limitée au capital de 360.000 €
RCS Luxembourg B67.895
Autorisation d'établissement 10022179

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