

INTERIM FINANCIAL STATEMENT AS AT 30 JUNE 2023

Carraro Finance SA

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

Report on Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim financial statements of Carraro Finance S.A. comprising the condensed interim statement of financial position as at 30 June 2023, and the related condensed interim income statement, the condensed interim statement of comprehensive income, the condensed interim statement of changes in shareholders' equity and the condensed interim statement of cash flows for the period from 1 January 2023 to 30 June 2023 ("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 "Interim Financial Statements", as adopted by the European Union ("IAS 34"). 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 2023 and of the results of its operations for the period from 1 January 2023 to 30 June 2023 in accordance with the IAS 34.

For Deloitte Audit, *Cabinet de révision agréé*

Marco Crosetto, *Réviseur d'entreprises agréé*
Partner

September 13, 2023

INTERIM MANAGEMENT REPORT AS AT 30 JUNE 2023

BOARD OF DIRECTORS

In office until approval of the 2023 financial statements

ENRICO GOMIERO

SERGIO MARUSSO

FABIO MORVILLI

Chairman

Chief Executive Officer

Director

INDEPENDENT AUDITORS

Deloitte Audit S.à r.l. Luxembourg

CONDESEND INTERIM INCOME STATEMENT AS AT 30.06.2023

<i>(amounts in Euro)</i>	30.06.2023	%	30.06.2022	%	Change 30.06.2023 -30.06.22
REVENUES FROM SALES	618,361	100.00%	523,603	100.00%	94,758
Purchases of goods and materials (net of changes in inventories)	-1,798	-0.29%	-775	-0.15%	-1,023
Services and Use of third-party goods and services	-799,415	-129.28%	-533,145	-101.82%	-266,269
Personnel costs	-354,519	-57.33%	-287,500	-54.91%	-67,019
Amortisation, depreciation and impairment of assets	-96,789	-15.65%	-89,198	-17.04%	-7,591
Provisions for risks	-	-	-	-	-
Other income and expenses	-92,283	-14.92%	-172,384	-32.92%	80,100
Internal construction	-	-	-	-	-
OPERATING COSTS	-1,344,804	-217.48%	-1,083,002	-206.84%	-261,802
OPERATING PROFIT/(LOSS)	-726,443	-117.48%	-559,399	-106.84%	-167,043
Income and expenses from equity investments	-	-	-	-	-
Other financial income	7,826,155	1,265.63%	5,113,196	976.54%	2,712,959
Financial costs and expenses	-8,093,185	-1,308.81%	-6,544,431	-1,249.88%	-1,548,754
Net gains/(losses) on foreign exchange	-	-	-21	-	21
Value adjustments of financial assets	-	-	-	-	-
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	-267,030	-43.18%	-1,431,256	-273.35%	1,164,226
PROFIT/(LOSS) BEFORE TAXES	-993,473	-160.66%	-1,990,655	380.18%	997,182
Current and deferred income taxes	-	-	-	-	-
NET PROFIT/(LOSS)	-993,473	-160.66%	-1,990,655	380.18%	997,182
EBITDA*	-629,654	102.00%	-470,201	-89.80%	-159,453

* for the reconciliation of the Alternative Performance Indicator please refer to the "Balance sheet and financial data" section and for its description, please refer to "Summary of the period ending on 30 June 2023" section.



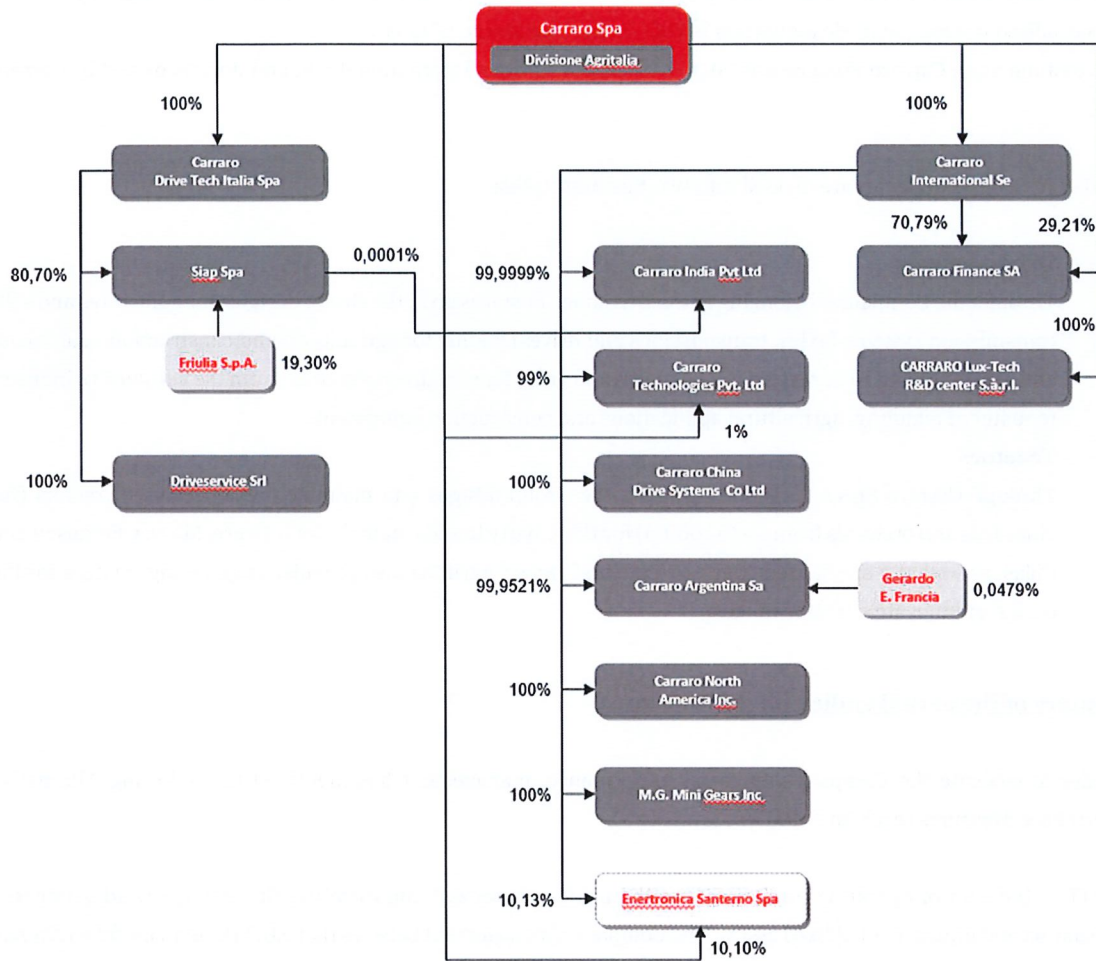
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30.06.2023

<i>(amounts in Euro)</i>	30.06.2023	31.12.2022
Property, plant and equipment	198,556	280,399
Intangible fixed assets	498,920	329,887
Financial assets	154,024,436	90,048,343
Deferred tax assets	-	-
Trade receivables and other receivables	94,014	97,369
NON-CURRENT ASSETS	154,815,926	90,775,998
Trade receivables and other receivables	19,778	63,211
Financial assets	24,827,634	107,795,828
Cash and cash equivalents	185,482,190	166,982,643
CURRENT ASSETS	210,329,602	274,841,682
TOTAL ASSETS	365,145,529	365,597,680
Share Capital	4,280,000	4,280,000
Other Reserves	-2,922,211	471,245
Profit/loss for the year	-993,473	-3,393,456
SHAREHOLDERS' EQUITY	364,316	1,357,789
Financial liabilities	359,094,345	358,596,970
NON-CURRENT LIABILITIES	359,094,345	358,596,970
Financial liabilities	5,029,273	4,983,342
Trade payables and other payables	657,595	659,579
Current tax payables	-	-
Provisions for risks and liabilities	-	-
CURRENT LIABILITIES	5,686,868	5,642,921
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	365,145,529	365,597,680



CORPORATE STRUCTURE OF THE CARRARO GROUP

AS AT 30.06.2023



Key :
 — Subsidiaries
 - - - - - Associated Companies

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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.

The Company belongs to the Carraro Group (the “Group”), leader in transmission systems for off-highway vehicles and specialised tractors, with Headquarters in Italy in Campodarsego (Padua).

As at 30 June 2023 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.

Summary of the period ending on 30 June 2023

In order to evaluate the Company’s financial performance, management has identified the following Alternative Performance Measures (each an “APM”):

- EBITDA: the sum of operating profit/(loss) of the income statement, amortisation (including any adjustments), depreciation and impairment of fixed assets. The Company’s management believes that EBITDA is an useful additional indicators that enables users to evaluate the Company’s operating performance;

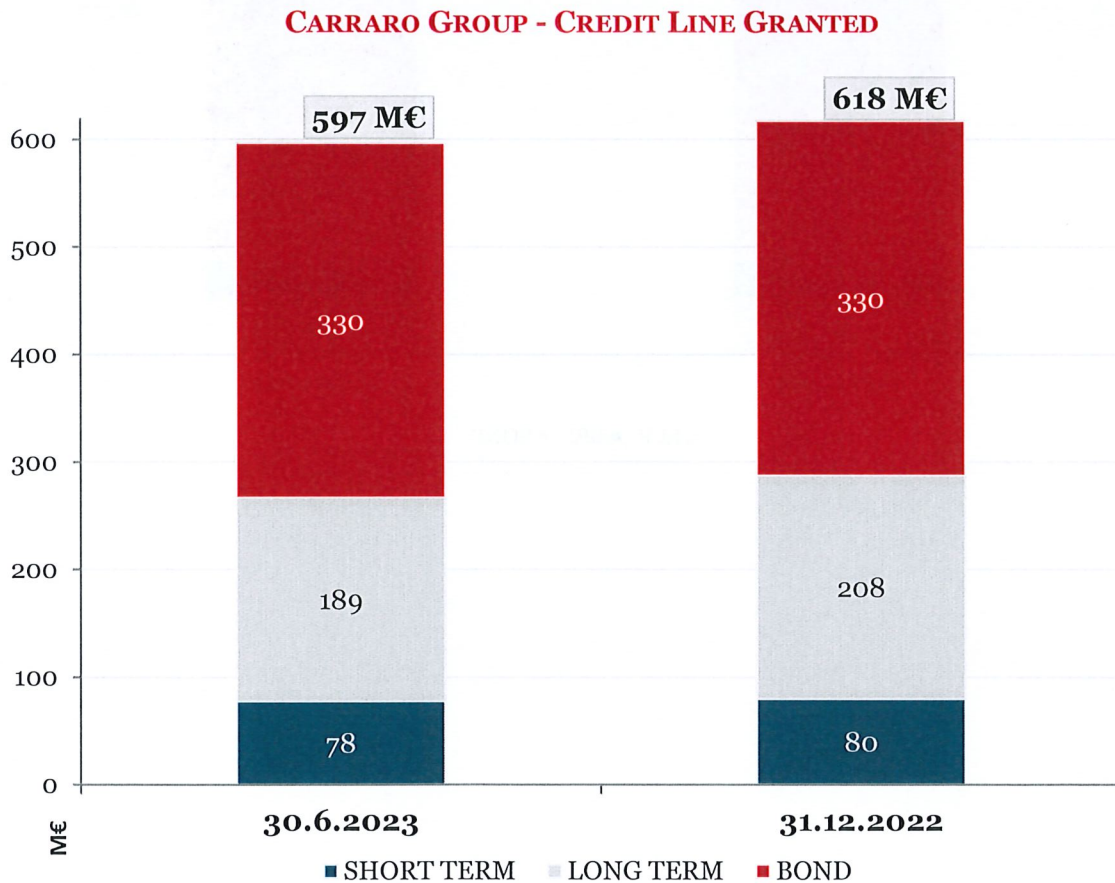
- Net financial position of operations: ESMA Net Debt determined in accordance with the recommendations contained in the ESMA document n. 32-382-1138 dated March 4, 2021, deducted, where applicable, non-current receivables and financial assets, in addition to the effects deriving from the first application of IFRS 16. The Company’s management believes Net financial position of operations is relevant to the enable users as it is a metric on the overall debt situation of a Company.

Performance

Carraro Finance S.A. is the treasury centre of Carraro Group and as such it's responsible to arrange and negotiate in order to make available to Carraro Group's Companies the resources necessary to cover their financial needs at the best possible conditions. In particular, the Company, complying with Group's policies:

- raises finance from third financial parties (through loans, bonds, other instruments) and grants short/long term loans to the Group's Companies allocating the funds also in respect of local country rules and local bank relationship;
- provides consulting services as, among others, the support to Group's Companies in the negotiation directly of their own credit facilities;
- coordinates the factoring activities to the Group's Companies;
- manages the exchange rate risk hedging policies to the Group Companies.

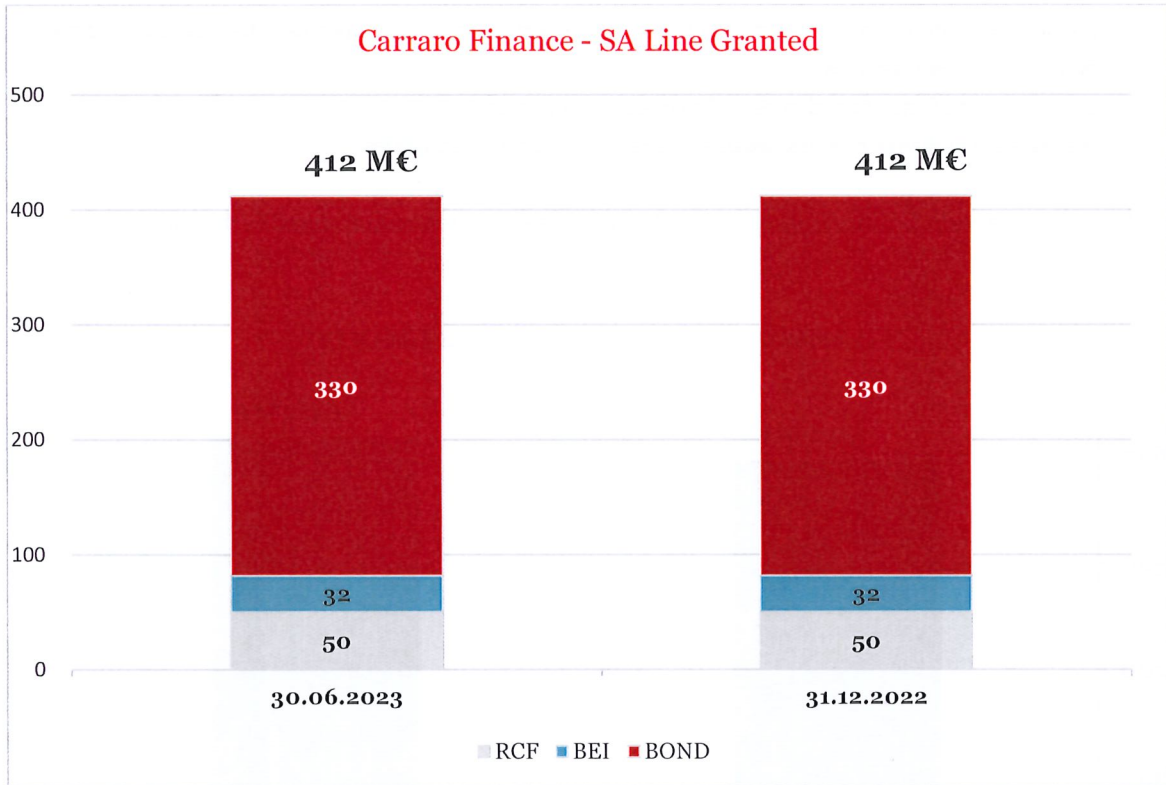
The chart shows the credit facilities available for whole Consolidate Carraro Group arranged by the Company.



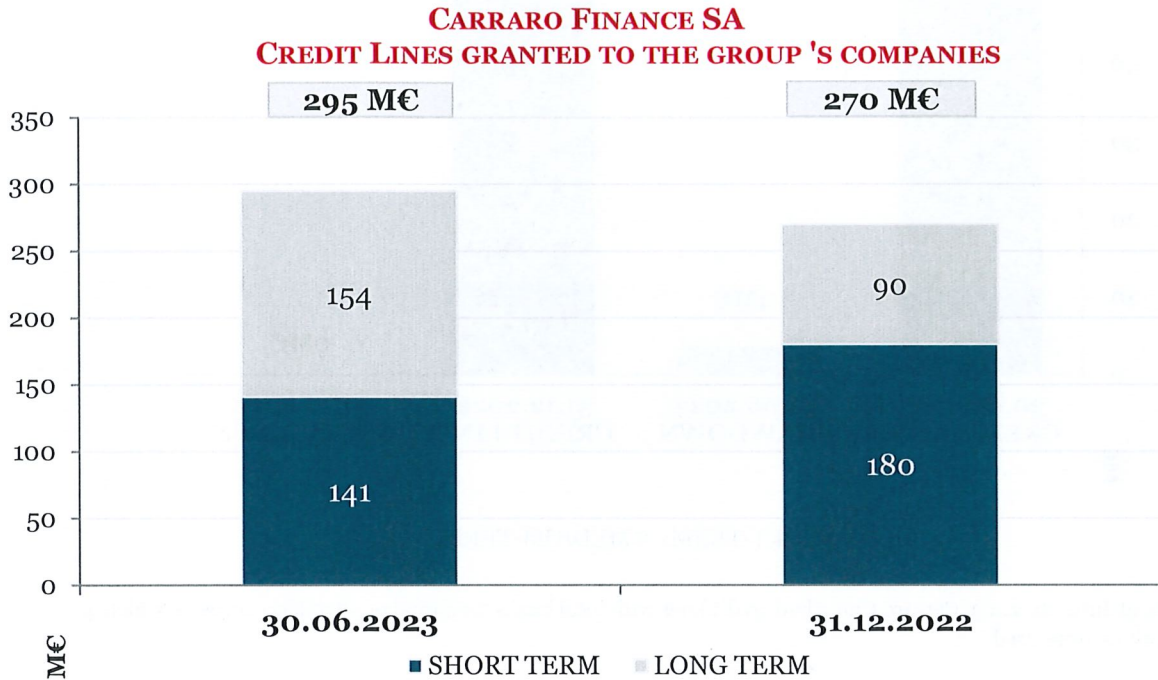
The credit lines granted by third parties at Group level, negotiated directly by Carraro Finance SA or through it's consulting services, amounted to 597 million euros as at June 30, 2023, of which 330 million euros related to two bonds issued, 65 million euros related long term loan with EIB (European Investment Bank) and 202 million euros from others financial institutions.

The funds raised by Carraro Finance SA from third financial parties equal to 412 million euros as at June 30, 2023 granting funding to European Companies belonging to the Group and marginally also to the Indian one.

The chart shows the amount of credit facilities available to Carraro Finance SA from financial parties:



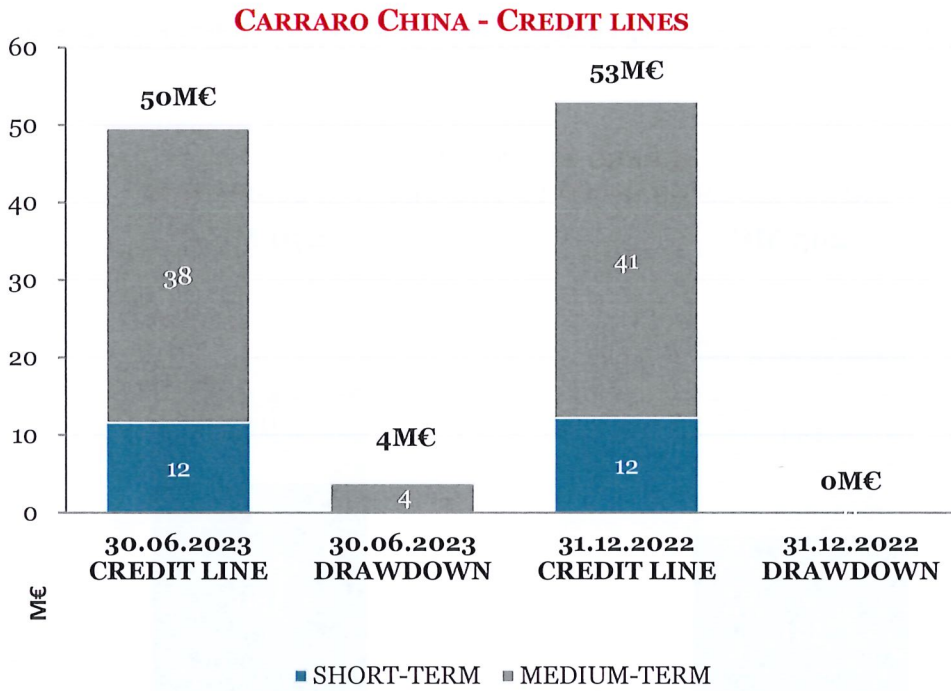
The Credit Lines granted by Carraro Finance to Group's Companies are divided between short-term and long-term, as follows:



The Credit lines granted to the Group's Companies as at June 30, 2023 are equal to 295 million euros, of which 154 million euros were medium-and long-term and 141 million euros was short-term. The nominal amount of loans (the drawn amounts to the Group's Companies) is 171 million euros at the end of June 2023.

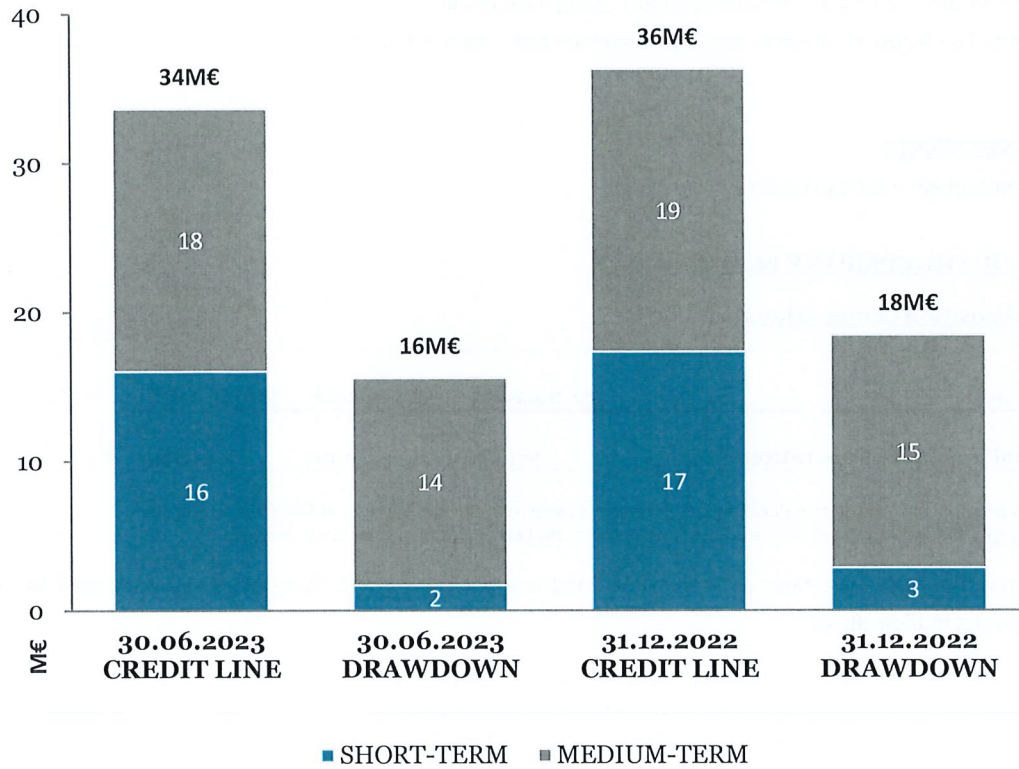
The increase of the Credit lines granted during the first half year 2023 compared with 2022 is due to a change of the financial needs mainly by Carraro SpA, Carraro Drive Tech Italia SpA, Carraro International SE and SIAP.

Regarding Asian companies belonging to Group as mentioned before Carraro Finance plays a role of support in negotiating and obtaining of credit lines from local institutions.



As at June 30, 2023, Carraro China had credit lines with local banks for a total of 50 million euros, of which 4 million were used.

CARRARO INDIA - CREDIT LINES



As at June 30, 2023, Carraro India had credit lines with local banks for a total of 34 million euros, of which 16 million were used.



SIGNIFICANT EVENTS DURING THE PERIOD

On January 18, 2023 The Company set-up a new Luxco under the name Carraro Lux-Tech R&D Centre S.a.r.l., having its registered office in the municipality of Mondrange L-3895 Luxembourg.

On May 10, 2023 The Board of Directors resolved to sale the new Luxco to Carraro S.p.A.

SUBSEQUENT EVENTS

There are no subsequent events to report.

OVERVIEW OF THE COMPANY PERFORMANCE

Net financial position of operations

<i>(amounts in Euro)</i>	30.06.2023	31.12.2022	30.06.2022
Net financial position of operations *	371,956	1,491,617	2,852,719

* for the reconciliation of the Alternative Performance Indicator please refer to the “*Financial Liabilities (note 16)*” section and for its description, please refer to “Summary of the period ending on 30 June 2023” section.

Net financial position from operations as at 30 June 2023 was positive for 372 thousand euros, compared to 31 December 2022 (1,5 million euros).

Here below are represented the Total Financial Gross Debts, Total Financial assets and Cash and cash equivalents:

<i>(amounts in Euro)</i>	30.06.2023	31.12.2022
Non-current bonds	-327,157,381	-326,608,188
Non-current loans payable	-31,936,964	-31,988,782
Other Financial liabilities	- 5,029,273	- 4,983,342
Total Financial Gross Debts	- 364,123,618	- 363,580,312
Non-current loans and receivables	154,000,000	90,000,000
Current loans and receivables	24,597,101	107,344,773
Other financial assets	416,282	744,513
Total Financial assets:	179,013,383	198,089,286
Cash and cash equivalents:	185,482,190	166,982,643
Net financial position of operations *	371,956	1,491,617

Turnover

Carraro Finance SA derives its revenues from contracts with Carraro Group Companies for financial consulting services.

The Company's turnover increased by 15% (from 523,603 euros as at 30.06.2022 to 618,361 euros as at 30.06.2023) mainly due to a change in the intercompany calculation's scheme.

EBITDA

<i>(amounts in Euro)</i>	30.06.2023	30.06.2022
Operating Profit (Loss)*	-726,443	-559,399
Amortization tangible assets	88,825	81,234
Amortization intangible assets	7,964	7,964
Depreciation Fixed assets	-	-
EBITDA	-629,654	-470,201

* For details please refer to the Income Statement.

EBITDA decreased by 25% from a negative amount of 470,201 euros as at 30.06.2022 to a negative amount of 629,654 euros as at 30.06.2023.

Amortization and depreciation of fixed assets

<i>(amounts in Euro)</i>	30.06.2023	% on Turnover	30.06.2022	% on Turnover	Change %
Amortization and depreciation	96,789	16.0%	89,198	17.0%	8,51%



Net Gains(Losses) on financial assets

<i>(amounts in euro)</i>	30.06.2023	30.06.2022
10) INCOME/EXPENSES FROM EQUITY INVESTMENTS	-	-
A) FROM FINANCIAL ASSETS	6,338,302	3,823,681
B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS	1,307,942	3,293
C) FROM OTHER THAN THE ABOVE	-	-
D) INCOME OTHER THAN THE ABOVE	179,911	1,286,222
11) OTHER FINANCIAL INCOME	7,826,155	5,113,196
A) FROM FINANCIAL LIABILITIES	-6,614,064	-5,953,704
B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS	-	-2,986
C) EXPENSES OTHER THAN THE ABOVE	-1,479,121	-587,741
12) FINANCIAL COSTS AND EXPENSES	-8,093,185	-6,544,431
OTHER NET EXCHANGE RATE DIFFERENCES	-	-21
13) NET GAINS/(LOSSES) ON FOREIGN EXCHANGE	-	-21
14) VALUE ADJUSTMENTS OF FINANCIAL ASSETS	-	-
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	-267,030	-1,431,256

The Company reported an improvement on its Net Loss on Financial Assets and Liabilities from 1,431,256 euros as at 30.06.2022 to 267,030 euros as at 30.06.2023 mainly due to an increase of the average utilization of the intra-group facilities and to a change of conditions applied to transactions with intra-group Companies, in compliance with Arm's Length Principle.

The increase of the income on terms deposits is due to more favourable market conditions on terms deposits during the first half 2023.

Net profit/(loss)

As at 30 June 2023, the Company recorded a loss of 993,473 euros.

<i>(amounts in Euro)</i>	Up to 30.06.2023	% of turnover	Up to 30.06.2022	% of turnover	Change %
EARNINGS BEFORE TAX	-993,473	-160.66%	-1,990,655	-380.20%	149.91%
Current and deferred income taxes	-	-	-	-	-
NET PROFIT/(LOSS)	-993,473	-160.66%	-1,990,655	380.20%	149.91%

The Loss has improved compared to the previous period mainly as a consequence of the improvement in Net gains/(losses) on financial assets.



PERSONNEL

Workforce trend

<i>(Workforce):</i>	30.06.2023	31.12.2022	30.06.2022
Executive	1	1	1
Clerical Staff	3	4	3
Total	4	5	4

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 Carraro Group operates, which affect the financial results of Carraro Group's Companies, thus ensuring the repayment of funds provided by Carraro Finance.

Significant macro-economic events, such as the evolution of the geopolitical circumstance following the conflict in Ukraine a generalised and significant increase in the prices of raw materials, 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 2023 were characterised by instability in some areas of the world and related consequences on increasing cost of raw material and energy also due to the effects of global economic post pandemic recovery.

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

The cash flows envisaged for 2022 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.

Liquidity management, the funding needs and cash-flow are managed directly by the treasury department of the Group that work with the goal to manage at the best the resources available.

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 balance 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.

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 jeopardize the continuity of cash flows from the sale of the Group's products.

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.

Control and risk management systems in relation to the financial reporting process

The following set of procedures, organisational structure and related activities aimed at ensuring, a timely and accurate reporting of financial data:

- An adequate organizational structures that establish new procedures and set up a perception of control so that the flow of responsibilities and transactions is diversified among staff – as much as possible, as well through the control activities which include top-level reviews and segregation of duties.
- The Board of Directors oversight establishes the guidelines, evaluates management and supervisory activities, the budget and all other financial information and statements of the Company.
- A comprehensive process for the annual strategic and business planning process.
- An appropriate risk assessment, management, or mitigation of risk, including the use of control processes, information and communication systems; and processes for monitoring and reviewing their continuing effectiveness.

Environmental risks

The Company is not directly involved in this kind of risk, but the Group operates across 7 manufacturing sites in 4 different nations.

The manufacturing processes carried out at the Group's industrial sites are essentially mechanical processing of iron and steel and assembly of purchased components.

These processes have accessory materials such as packaging, lubricants, paints and solvents. The objective of limiting the impact of emissions into the environment has seen a significant improvement from 2008 onwards through an important investment in moving from solvent-based coatings to water-based paints that reduce atmospheric emissions.

Under the EH&S Management System, each site operates in compliance with local environmental regulations; as a result of relentless management engagement, most of the plants have acquired ISO 14001 Environmental Certification.

Particular attention has been paid to increasing the efficiency of processes in order to maximise energy savings.

Risks related to climate change

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

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

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

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

ACCOUNTING STANDARDS USED IN PREPARING THE FINANCIAL STATEMENTS

These financial statements are drawn up in compliance with the International Financial Reporting Standards (IFRS 34), 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 Financial Statements.


Sergio Marusso
Chief Executive Office

CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 30.06.2023

<u>BOARD OF DIRECTORS</u>	<u>ENRICO GOMIERO</u>	<u>Chairman</u>
<u>In office until approval of the 2023 financial statements</u>	<u>SERGIO MARUSSO</u>	<u>Chief Executive Officer</u>
	<u>FABIO MORVILLI</u>	<u>Director</u>

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



CONDESEND INTERIM INCOME STATEMENT AS AT 30.06.2023

<i>(amounts in Euro)</i>	NOTES	30.06.2023	30.06.2022
A) REVENUES FROM SALES			
1) Products		-	-
2) Services		618,361	523,603
3) Other revenues		-	-
TOTAL REVENUES FROM SALES	1	618,361	523,603
A bis) of which with related parties		618,361	523,603
B) OPERATING COSTS			
1) Purchases of goods and materials		1,798	775
2) Services		797,315	529,115
3) Use of third-party goods and services		2,100	4,030
4) Personnel costs		354,519	287,500
5) Amortisation, depreciation and impairment of assets		96,789	89,198
5.a) depreciation of property, plant and equipment		88,825	81,234
5.b) amortisation of intangible assets		7,964	7,964
6) Changes in inventories		-	-
7) Provision for risks and other liabilities		-	-
8) Other income and expenses		92,283	172,384
9) Internal Construction		-	-
TOTAL OPERATING COSTS	2	1,344,804	1,083,002
B-bis) of which with related parties		-	-
OPERATING PROFIT/(LOSS)		-726,443	-559,399
C) GAINS/(LOSSES) ON FINANCIAL ASSETS			
10) Income from equity investments		-	-
11) Other financial income		7,826,155	5,113,196
12) Financial costs and expenses		-8,093,185	-6,544,431
13) Net gains/(losses) on foreign exchange		-	-21
14) Value adjustment of financial assets		-	-
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	3	-267,030	-1,431,256
C-bis) of which with related parties		6,518,213	5,109,902
PROFIT/(LOSS) BEFORE TAXES		-993,473	-1,990,655
15) Current and deferred income taxes	4	-	-
NET PROFIT/(LOSS)		-993,473	-1,990,655



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

<i>(amounts in Euro)</i>	30.06.2023	30.06.2022
NET PROFIT/(LOSS) FOR THE PERIOD	-993,473	-1,990,655
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:	-	-
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:	-	-
OTHER COMPREHENSIVE INCOME COMPONENTS, NET OF TAX EFFECTS	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-993,473	-1,990,655



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30.06.2023

<i>(amounts in Euro)</i>	NOTES	30.06.2023	31.12.2022
A) NON-CURRENT ASSETS			
1) Property, plant and equipment	6	198,556	280,399
2) Intangible fixed assets	7	498,920	329,887
3) Real estate investments	8	-	-
4) Equity investments in associated Companies	9	-	-
5) Financial assets	10	154,024,436	90,048,343
5.1) Loans and advances		154,000,000	90,000,000
5.2) Other financial assets		24,436	48,343
5-bis) of which with related parties		154,000,000	90,000,000
6) Deferred tax assets	11	-	-
7) Trade receivables and other receivables	12	94,014	97,369
7.2) Other receivables		94,014	97,369
TOTAL NON-CURRENT ASSETS		154,815,926	90,755,998
B) CURRENT ASSETS			
1) Closing inventory	13	-	-
2) Trade receivables and other receivables	12	19,778	63,211
2.2) Other receivables		19,778	63,211
3) Financial assets	10	24,827,634	107,795,828
3.1) Loans and advances		24,597,101	107,344,773
3.2) Other financial assets		230,533	451,055
3-bis) of which with related parties		24,597,101	107,344,774
4) Cash and cash equivalents	14	185,482,190	166,982,643
4.1) Bank current accounts and deposits		185,482,190	166,982,643
TOTAL CURRENT ASSETS		210,329,602	274,841,682
TOTAL ASSETS		365,145,529	365,597,680

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30.06.2023

<i>(amounts in Euro)</i>	NOTES	30.06.2023	31.12.2022
A) SHAREHOLDERS' EQUITY			
	15		
1) Share Capital		4,280,000	4,280,000
2) Other Reserves		5,469,085	5,469,085
3) Profits/(Losses) brought forward		-8,391,296	-4,997,840
4) Cash Flow hedge reserves		-	-
5) Provision for discounting employee benefits		-	-
6) Profit/(Loss) for the period		-993,473	-3,393,456
TOTAL SHAREHOLDERS' EQUITY		364,316	1,357,789
B) NON-CURRENT LIABILITIES			
1) Financial liabilities	16	359,094,345	358,596,970
1.1) Bonds		327,157,381	326,608,188
1.2) Loans, leasing and Right of Use		31,936,964	31,988,782
2) Trade payables and other payables	17	-	-
3) Deferred tax liabilities	11	-	-
4) Provision for employee benefits/retirement	19	-	-
5) Provisions for risks and liabilities	20	-	-
TOTAL NON-CURRENT LIABILITIES		359,094,345	358,596,970
C) CURRENT LIABILITIES			
1) Financial liabilities	16	5,029,273	4,983,342
1.2) Loans, leasing and Right of Use		145,376	832,689
1.3) Other		4,883,897	4,150,653
1-bis) of which with related parties		736,001	663,524
2) Trade payables and other payables	17	657,595	659,579
2.1) Trade payables		445,481	292,094
2.2) Other payables		212,114	367,485
2-bis) of which with related parties		51,250	262,321
3) Current taxes payables	18	-	-
TOTAL CURRENT LIABILITIES		5,686,868	5,642,921
TOTAL LIABILITIES		364,781,213	364,239,891
TOTAL SHAREHOLDER EQUITY AND LIABILITIES		365,145,529	365,597,680



CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital	Other Reserves	Retained Earnings (Accumulated losses)	Profit/(Loss) for the period	Total
<i>(amounts in Euro)</i>					
Opening Balance as at 01.01.2022	4,280,000	5,469,085	-	-4,997,840	4,751,245
Total Comprehensive income for the year				-1,990,655	-1,990,655
Allocation result 2021	-	-	-4,997,840	4,997,840	-
Dividend distribution	-	-	-	-	-
Other movements	-	-	-	-	-
Total transactions with Shareholders and other movements of the period:	-	-	-4,997,840	4,997,840	-
Balance as at 30.06.2022	4,280,000	5,469,085	-4,997,840	-1,990,655	2,760,590

	Share Capital	Other Reserves	Retained Earnings (Accumulated losses)	Profit/(Loss) for the period	Total
<i>(amounts in Euro)</i>					
Opening Balance as at 01.01.2023	4,280,000	5,469,085	-4,997,840	-3,393,456	1,357,789
Total Comprehensive income for the year				-996,473	-993,473
Allocation result 2022	-	-	-3,393,456	3,393,456	-
Dividend distribution	-	-	-	-	-
Other movements	-	-	-	-	-
Total transactions with Shareholders and other movements of the period:	-	-	-3,393,456	3,393,456	-
Balance as at 30.06.2023	4,280,000	5,469,085	-8,391,296	-993,473	364,316

CONDENSED INTERIM STATEMENT OF CASH FLOWS

<i>(amounts in Euro)</i>	NOTES	30.06.2023	30.06.2022
Profit/(loss) for the year	5	-993,473	-1,990,655
Tax for the year	4	-	-
<i>Profit/(loss) before taxes</i>		-993,473	-1,990,655
Depreciation of property, plant and equipment	2	88,825	81,234
Amortisation of intangible fixed assets	2	7,964	7,964
Net gains/(losses) on foreign exchange	3	-	21
Financial Income	3	-7,826,155	-5,113,196
Financial cost	3	8,093,185	6,544,431
<i>Cash flows before changes in Net Working Capital</i>		-629,654	-470,201
Change in trade receivables	17	-123,045	-58,003
Change in other payables	13-17	-1,984	-501,764
Interest income received		4,492,704	6,839,102
Interest expenses paid		-6,616,244	-5,965,486
Change in other financial assets/liabilities		-	-130,468
<i>Cash flows from operating activities</i>		-2,878,222	-286,820
Investments in property, plant and equipment	6	-6,982	-64,904
Disinvestments and other movements in property, plant and equipment	6	-	-
Investment intangible fixed assets	7	-176,998	-
Disinvestment and other movements in intangible fixed assets		-	-
Net liquidity acquired/sold through assignment and transfer		-	-
Loans and advances granted to related parties	10	-55,909,000	-38,057,000
Repayments of loans and interests by related parties	10	77,470,749	20,927,092
<i>Cash flows from investing activities</i>		21,377,769	-17,194,811
Share capital	15	-	-
Share premium reserve	15	-	-
<i>Cash flows from financing activities</i>		-	-
<i>Total cash flows for the period</i>		18,499,547	-17,481,377
<i>Opening cash and cash equivalents</i>		166,982,643	182,101,790
<i>Closing cash and cash equivalents</i>		185,482,190	164,620,413

During 2022 the Company changed the presentation of certain items in the statement of cash flows to improve the presentation thereof. The presentation of the comparative figures has been changed accordingly.



EXPLANATORY AND SUPPLEMENTARY NOTES

1. Introduction

Carraro Finance S.A. (hereinafter also "Company" or "Carraro Finance"), is a Company incorporated under the Luxembourg law registered with the (R.C.S.) Luxembourg under no. B248536. The registered office of the Company is 11, rue de Beaumont L-1219 Luxembourg.

The Company is controlled by Carraro International S.E., belonging to the Carraro S.p.A (the "Group"). The Company is included in the consolidated financial statements of Carraro S.p.A.

The Company was incorporated on 30 October 2020 by notarial deed no. 17154 of 30 October 2020 and with effect from 1 February 2021 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.

The financial instruments are currently listed on the Luxembourg stock exchange and in Italy on the Mercato Telematico delle Obbligazioni di Borsa Italiana (MOT).

These 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 S.A. for the period from January 1, 2023 to June 30, 2023, was authorised by Board of Directors resolution dated September 11, 2023.

Reporting criteria and accounting principles

These condensed interim financial statements of the Company as of June 30, 2023 and for the six month period then ended have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. They should be read in conjunction with the annual financial statements of the Company and the notes thereto as of and for the year ended December 31, 2022 which were prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRS") (the "annual financial statements"). As such, it does not include all the information required by the annual financial statements drawn up for the year ended on December 31, 2022. In preparing the present condensed interim financial statements, the same accounting standards have been used as adopted in preparing the consolidated financial statements as at December 31, 2022, with the exception of that described in the paragraph below entitled "IFRS accounting standards, amendments and interpretations adopted since 1 January, 2023".



2. Form and content of the financial statements

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

- EBITDA: the sum of operating profit/(loss) of the income statement, amortisation (including any adjustments), depreciation and impairment of fixed assets. The Company’s management believes that EBITDA is a useful additional indicators that enables users to evaluate the Company’s operating performance.

- Net financial position of operations: ESMA Net Debt determined in accordance with the recommendations contained in the ESMA document n. 32-382-1138 dated March 4 2021, deducted, where applicable, non-current receivables and financial assets, in addition to the effects deriving from the first application of IFRS 16. The Company’s management believes Net financial position of operations is relevant to the enable users as it is a metric on the overall debt situation of a Company.

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

2.1 Accounting standards and measurement criteria

Income Statement

Items on the income statement are classified by their nature.

Statement of Comprehensive Income

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

Statement of financial position

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

Assets and Liabilities are presented in this financial statements according to their classification as “current” and “non-current”.

Statement of Changes in Shareholders’ Equity

The statement of changes in shareholders’ equity is presented in accordance with the 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 9 below concerning related party transactions.

3. Accounting principles

3.1 Accounting standards and measurement criteria

IFRS accounting standards, amendments and interpretations adopted since 1 January 2023:

On 18 May 2017, the IASB issued the following principle :

IFRS 17 – Insurance Contracts

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. There was no effect in the financial statements from the adoption of this standard.

On 7 May 2021, the IASB issued the following amendment called:

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

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 amendment have been applied since 1 January 2023, but There was no effect in the financial statements from the adoption of this standard.

On 12 February 2021, The IASB issued the following amendment called :

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

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 . There was no effect in the financial statements from the adoption of this standard.

IFRS standards, amendments and interpretations not yet endorsed by the European Union as at June 30, 2023:

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 2024. At the moment, the directors are considering the possible impacts of this amendment on the Group consolidated financial statements.

Amendments to IAS 16 “Lease Liability in a Sale and Leaseback”

(published on 22 September 2022)

The purpose of this amendment requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

The amendments will enter into force on 1 January 2024. At the moment, the directors are considering the possible impacts of this amendment on the Group consolidated financial statements.

Amendments to IAS 1 “Presentation of Financial Statements: Non-Current Liabilities with Covenants”

(published on 31 October 2022)

The purpose of the document is to clarify how to classify short-term and long-term payables and other liabilities. The amendments will enter into force on 1 January 2024. At the moment, the directors are considering the possible impacts of this amendment on the Group consolidated financial statements.

Amendments to IAS 12 “Income Taxes: International Tax Reform – Pillar Two Model Rules”

(published on 23 May 2023)

The document introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and Disclosure requirements for affected entities to help users of the financial statements better understand an entity’s exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date. The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023. At the moment, the directors are considering the possible impacts of this amendment on the Group consolidated financial statements.

Amendments to IAS 7 “Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements”

(published on 25 May 2023)

The document require a new disclosure requirements in IFRS Standards to enhance the transparency and, thus, the usefulness of the information provided by entities about supplier finance arrangements. At the moment, the directors are considering the possible impacts of this amendment on the Group consolidated financial statements.

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, significant accounting estimates and key judgements***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 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.



Fair value

IFRS 13 is the only reference source for fair value measurement and the related disclosures when this measurement is required or permitted by another standard. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard replaces and extends the disclosure required about fair value measurement in other standards, including IFRS 7 Financial instruments disclosures.

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

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

With the exclusion of the Bonds for which a fixed rate is applied (please refer to note 16), the fair value of medium- and long-term financial assets and 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.

4 Business segment

The primary business of the Company, is focused on financial consulting services provided to Carraro Group Companies; for this reason there is only one business segment.

4.1 Geographic areas

The activity carried out by Carraro Finance S.A. it is only financial and is located in Luxembourg. Further information are better report in the management report.



a) Revenues

Carraro Finance operates in different geographical markets: Italy, India, China and Luxembourg. The following tables show the distribution of the Company's revenue based on the location of the customers for the half year ended at June 30, 2023.

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

(amounts in euro)

Geographical Area	30.06.2023	%	30.06.2022	%
Italy	484,335	78.33%	411,710	78.63%
India	75,299	12.18%	87,071	16.63%
China	37,894	6.13%	24,822	4.74%
Luxembourg	20,833	3.37%	-	-
Total	618,361	100.00%	523,603	100.00%

5. Non recurring transactions

There are not non-recurring transactions to report.

6. Detailed explanatory notes

Revenues and costs

A) Revenues from sales (note 1)

<i>(amounts in euro)</i>	30.06.2023	30.06.2022
1) PRODUCTS	-	-
2) SERVICES	618,361	523,603
3) OTHER REVENUES	-	-
TOTAL REVENUES FROM SALES	618,361	523,603

The revenue increased by + 15% (from 523,603 euros to 618,361 euros) compared with the previous FY as a result of:

- a change in the calculation's scheme of the price applied to transactions with intra-group Companies that increased the financial services charged to the Group Companies.
- a new service provided to the Carraro R&D Lux Centre S.ar.l. related to accounting and administration support.



B) Operating costs (note 2)

<i>(amounts in Euro)</i>	30.06.2023	30.06.2022
1) PURCHASES OF GOODS AND MATERIALS	1,798	775
A) EXTERNAL SERVICES FOR PRODUCTION	3,380	3,080
B) SUNDRY SUPPLIES	3,053	2,743
C) GENERAL OVERHEADS	724,160	520,819
D) COMMERCIAL COSTS	66,722	2,473
E) SALES EXPENSES	-	-
2) SERVICES	797,315	529,115
3) USE OF THIRD-PARTY GOODS AND SERVICES	2,100	4,030
A) WAGES AND SALARIES	311,435	239,427
B) SOCIAL SECURITY CONTRIBUTIONS	25,005	24,877
D) EMPLOYEE SEVERANCE INDEMNITY AND PENSIONS	-	-
E) OTHER COSTS	18,079	23,196
4) PERSONNEL COSTS	354,519	287,500
A) DEPREC. PROP., PLANT & EQUIPMENT	88,825	81,234
B) AMORT. INTANGIBLE ASSETS	7,964	7,964
C) IMPAIRMENT OF FIXED ASSETS	-	-
D) IMPAIRMENT OF RECEIVABLES	-	-
5) AMORTISATION, DEPRECIATION AND IMPAIRMENT OF ASSETS	96,789	89,198
6) CHANGES IN INVENTORIES	-	-
7) PROVISION FOR RISKS AND OTHER LIABILITIES	-	-
C) OTHER OPERATING EXPENSES	92,283	172,384
D) OTHER NON-ORDINARY OPERATING INCOME/EXPENSES	-	-
8) OTHER INCOME AND EXPENSES	92,283	172,384
TOTAL OPERATING COSTS	1,344,804	1,083,002

The operating costs have increased compared with 30.06.2022 mainly due to:

- an increase of general overheads by + 35% from 520,819 euros as at 30.06.2022 to 724,160 euros as at 30.06.2023 mainly due an increase of the support by external professional.
- an increase of the personnel costs by 23% from 287,500 euros as at 30.06.2022 to 354,519 euros as at 30.06.2023 as a consequence of an higher average number of employees during the first half of 2023.



C) Net gains/(losses) on financial assets (note 3)

<i>(amounts in Euro)</i>	30.06.2023	30.06.2022
10) INCOME/EXPENSES FROM EQUITY INVESTMENTS	-	-
A) FROM FINANCIAL ASSETS	6,338,302	3,823,681
B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS	1,307,942	3,293
C) FROM OTHER THAN THE ABOVE	-	-
D) INCOME OTHER THAN THE ABOVE	179,911	1,286,222
11) OTHER FINANCIAL INCOME	7,826,155	5,113,196
A) FROM FINANCIAL LIABILITIES	-6,614,064	-5,953,704
B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS	-	-2,986
C) EXPENSES OTHER THAN THE ABOVE	-1,479,121	-587,741
12) FINANCIAL COSTS AND EXPENSES	-8,093,185	-6,544,431
OTHER NET EXCHANGE RATE DIFFERENCES	-	-21
13) NET GAINS/(LOSSES) ON FOREIGN EXCHANGE	-	-21
14) VALUE ADJUSTMENTS OF FINANCIAL ASSETS	-	-
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	-267,030	-1,431,256

The other financial income as at 30.06.2023 are mainly related to:

- Interests received from lending activities to intra-group Companies increased by + 66% from 3,824 million euros to 6,338 million euros due to an increase of the average utilization of the intra-group facilities and to a change of conditions applied to transactions with intra-group Companies, in compliance with Arm's Length Principle.
- Income on terms deposits increased from 0,3 million euros to 1.3 million euros mainly due the favourable market conditions during the first half 2023.
- Commitment fees on the facilities granted to group entities decreased from 1.286 million euros at 30.06.2022 to 0,18 million euros as at 30.06.2023 due to the reduction of the lines granted to group entities in the first half of 2023 compared with same period of 2022 and to a change of conditions applied to transactions with intra-group Companies, in compliance with Arm's Length Principle.

The financial costs and expenses are mainly related to:

- Accrued interest on financial instruments issued (ISIN IXS2215041513, ISIN XS1747134564) for 5,954 million euros, 30.06.2022 (5.954 million euros) and 660 thousand of interest for the bank loan EIB (of 32 million of euros).
- Fees paid mainly related to the two financial instruments issued that are absorbed along the bond amortization schedule in application of the amortised cost method of accounting for 1,479 million euros and 736 thousand euros to pay to Carraro SPA as guaranty.

Current and deferred income taxes (note 4)

There are no current and deferred income taxes to report.

Property, plant and equipment (note 6)

These items present a net balance of 198,556 euros as at 30.06.2023 compared with 208,339 euros as at 31.12.2022.

The breakdown is as follows:

Items	Land and buildings	Other assets	Advance for fixed asset in progress	Total
<i>(amounts in Euro)</i>				
Historical cost	445,608	96,115	-	541,723
Reclassification	-	-	-	-
Provisions for amortisation and depreciations	-241,902	-19,422	-	-261,324
Net as at 31.12.2022	203,706	76,693	-	280,339
Movements of the period				
Increases	-	6,982	-	6,982
Decreases	-	-	-	-
Reclassification	-	-	-	-
Depreciation and amortisation	-76,390	-12,435	-	-88,825
Net as at 30.06.2023	127,316	71,239	-	198,556
Made up of:				
Historical cost	445,608	103,097	-	548,705
Provisions for amortisation and depreciations	-318,291	-31,858	-	-350,149

As at 30 June 2023, property, plant and equipment are distributed by category as follows:

- Land and buildings (leased assets): 127 thousand euros for rights of use (IFRS 16);
- Other assets: vehicles for 28 thousand euros for the rights of use (IFRS 16) and 43 thousand euros for office equipment.

Intangible fixed assets (note 7)

These items present a net balance of 498,920 euros as at 30.06.2023, compared with 329,887 euros as at 31.12.2022.

The breakdown is as follows:

Items	Licence and Trademark	Invest.in prog. and deposit	Other intangible assets	Total
<i>(amounts in Euro)</i>				
Historical cost	223,469	189,535	-	413,004
Provision for amortisation and depreciations	-83,117	-	-	-83,117
Net as at 31.12.2022	140,352	189,535	-	329,887
Movements of the period				
Increases	-	176,998	-	176,998
Decreases	-	-	-	-
Capitalisation	-	-	-	-
Depreciation and amortisation	-7,964	-	-	-7,964
Net as at 30.06.2023	132,388	366,533	-	498,920
Made up of:				
Historical cost	223,469	366,533	-	590,002
Provisions for amortisation and depreciations	-91,082	-	-	-91,082

As at 30.06.2023, the intangible assets mainly relate to the accounting software implemented on July 2021 (SW SAP ERP Package ECC licenses, OS licences, AWS system).

As at 30.06.2023, the investments in progress for 366,533 euros are related to the cost sustained in relation to the new project of Payment & Collection Factory and Cash Pooling whose start of activity is expected during the last quarter of 2023.

Real estate investments (note 8)

The Company has no real estate investments.

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

On 18 January, 2023 The Company set-up a new Luxembourg Company under the name "Carraro Lux-Tech R&D Centre S.a.r.l.", having its registered office in the municipality of Mondrange L-3895 Luxembourg.

On 10 May, 2023 The Board of Directors resolved to sale the Carraro Lux-Tech R&D Centre S.a.r.l to Carraro S.p.A.

Financial assets (note 10)

<i>(amounts in Euro)</i>	30.06.2023	31.12.2022
Non-current loan and receivable with related parties	154,000,000	90,000,000
LOANS AND RECEIVABLES	154,000,000	90,000,000
Other financial assets	24,436	48,343
OTHER FINANCIAL ASSETS	24,436	48,343
NON-CURRENT FINANCIAL ASSETS	154,024,436	90,048,343
Current Loans and Receivables with related parties	24,597,101	107,344,773
LOANS AND RECEIVABLES	24,597,101	107,344,773
Other financial assets	230,533	451,055
OTHER FINANCIAL ASSETS	230,533	451,055
CURRENT FINANCIAL ASSETS	24,827,634	107,795,828

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., Carraro India Pvt Ltd, Carraro Drive Tech Italia S.p.A., SIAP and Carraro International S.E.

AMOUNTS OWED BY AFFILIATED UNDERTAKINGS as at 30.06.2023

	Credit Lines	CCY	Commitment as of 30.06.2023	Drawdown as of 30.06.2023	Final Maturity Date
Carraro SpA	MTL	EUR	54,000,000	54,000,000	31.12.2025
Carraro SpA	MTL	EUR	37,000,000	37,000,000	31.05.2028
Carraro Drive Tech Italia SpA	MTL	EUR	31,000,000	31,000,000	31.12.2025
Carraro Drive Tech SpA	MTL	EUR	12,000,000	12,000,000	31.05.2028
Carraro India Pvt Ltd	MTL	EUR	5,000,000	5,000,000	31.07.2027
Carraro International SE	MTL	EUR	5,000,000	5,000,000	31.05.2028
SIAP	MTL	EUR	10,000,000	10,000,000	31.05.2028
		EUR	154,000,000	154,000,000	

AMOUNTS OWED BY AFFILIATED UNDERTAKINGS as at 31.12.2022

	Credit Lines	CCY	Commitment as of 31.12.2022	Drawdown as of 31.12.2022	Final Maturity Date
Carraro SpA	MTL	EUR	54,000,000	54,000,000	31.12.2025
Carraro Drive Tech SpA	MTL	EUR	31,000,000	31,000,000	31.12.2025
Carraro India Pvt Ltd	MTL	EUR	5,000,000	5,000,000	31.07.2027
		EUR	90,000,000	90,000,000	

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 Drive Tech Italia S.p.A, Carraro International S.E., SIAP S.p.A and to the accrued interests on the non-current and current loans granted to affiliated undertakings.

AMOUNTS OWED BY AFFILIATED UNDERTAKINGS as at 30.06.2023

	Credit Lines	CCY	Commitment as of 30.06.2023	Drawdown as of 30.06.2023	Final Maturity Date
Carraro SpA	Revolving	EUR	63,000,000	8,060,000	31.12.2023
Carraro Drive Tech Italia SpA	Revolving	EUR	38,000,000	400,000	31.12.2023
Carraro International SE	Revolving	EUR	25,000,000	8,584,000	31.12.2023
SIAP	Revolving	EUR	15,000,000	500,000	31.12.2023
		EUR	141,000,000	17,544,000	

As a result of the assessment performed, we have determined that the expected credit losses on the balances are not significant and hence, no Expected Credit Loss ("ECL") has been recognized.

AMOUNTS OWED BY AFFILIATED UNDERTAKINGS as at 31.12.2022

	Credit Lines	CCY	Commitment as of 31.12.2022	Drawdown as of 31.12.2022	Final Maturity Date
Carraro SpA	Revolving	EUR	70,000,000	62,390,000	31.12.2023
Carraro Drive Tech SpA	Revolving	EUR	80,000,000	25,800,000	31.12.2023
Carraro International SE	Revolving	EUR	30,000,000	15,125,000	31.12.2023
		EUR	180,000,000	103,315,000	

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 euro)</i>	30.06.2023	31.12.2022
NON CURRENT TRADE RECEIVABLES	-	-
Other receivables	94,014	97,369
OTHER NON-CURRENT RECEIVABLES	94,014	97,369
NON-CURRENT TRADE RECEIVABLES AND OTHER RECEIVABLES	94,014	97,369
CURRENT TRADE RECEIVABLES	-	-
Other receivables	19,778	63,211
OTHER CURRENT RECEIVABLES	19,778	63,211
CURRENT TRADE RECEIVABLES AND OTHER RECEIVABLES	19,778	63,211

The non-current other receivables is mainly composed by the caution deposits for the rent office.

The other current receivables due from third parties can be broken down as follows:

<i>(amounts in Euro)</i>	30.06.2023	31.12.2022
VAT credits	-18,840	41,560
Receivables for current taxes	11,165	11,841
Receivables from employees	5	-352
Other receivables	27,448	10,162
OTHER CURRENT RECEIVABLES FROM THIRD PARTIES	19,778	63,211



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

<i>(amounts in Euro)</i>	30.06.2023	31.12.2022
NET CURRENT TRADE RECEIVABLES FROM THIRD PARTIES	-	-
NET CURRENT TRADE RECEIVABLES FROM RELATED PARTIES	-	-
Other current receivables from third parties	19,778	63,211
Provisions for Depreciation of other Receivables	-	-
NET CURRENT OTHER RECEIVABLES FROM THIRD PARTIES	19,778	63,211
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 euro)</i>	31.12.2022				TOTAL
	PAST DUE		NET YET DUE		
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year	
Trade Receivable	-	-	-	-	-
Other receivable	-	-	63,211	97,369	160,580
TOTAL	-	-	63,211	97,369	160,580

<i>(amounts in euro)</i>	30.06.2023				TOTAL
	PAST DUE		NET YET DUE		
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year	
Trade Receivable	-	-	-	-	-
Other receivable	-	-	19,778	94,014	113,792
TOTAL	-	-	19,778	94,014	113,792

As a result of the assessment performed, we have determined that the expected credit losses on the balances are not significant and hence, no Expected Credit Loss ("ECL") has been recognized.

Closing inventory (note 13)

The Company had no closing inventory.

Cash and cash equivalents (note 14)

<i>(amounts in Euro)</i>	30.06.2023	31.12.2022
Short-term deposits	110,000,000	83,500,050
Bank current accounts	75,482,190	83,482,591
TOTAL	185,482,190	166,982,643

The cash equivalents includes bank accounts and short-term deposits highly liquid. The balance is held with reputable banks with high credit rating.



Shareholders' equity (note 15)

<i>(amounts in Euro)</i>	30.06.2023	31.12.2022
1) Share Capital	4,280,000	4,280,000
2) Other Reserves	5,469,085	5,469,085
3) Profits/(Losses) brought forward	-8,391,296	-4,997,840
4) Profit/(Loss) for the period	-993,473	-3,393,456
SHAREHOLDERS' EQUITY	364,316	1,357,789

Share capital

The share capital is 4,280,000 euros fully paid up, consisting of 42,800 ordinary shares with a nominal value of 100 euros each. There was no change during the first six months of 2023.

The Shareholders' equity decrease from 1,357 million to 0,36 million due to the loss of the period. As advised by the Luxembourgish law art.480-2, the shareholders, during the shareholder meeting hold on 18 April, 2023, resolved to continue the business. Furthermore the shareholders resolved to act with an increase of the share capital that will be held by the end of year 2023.

Other reserves

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

<i>Nature/description (amounts in Euro)</i>	30.06.2023	31.12.2022
<i>Share premium reserve</i>	<i>5,469,085</i>	<i>5,469,085</i>
Other reserves	5,469,085	5,469,085

Financial liabilities (note 16)

The classification of financial liabilities as at 30.06.2023 is shown below.

<i>(amounts in Euro)</i>	30.06.2023	31.12.2022
NON-CURRENT BONDS	327,157,381	326,608,188
LOAN MEDIUM/LONG TERM	31,921,027	31,912,832
MEDIUM/LONG-TERM LEASE PAYABLES - IFRS16	15,937	75,950
NON-CURRENT FINANCIAL LIABILITIES	359,094,345	358,596,970
FINANCIAL PAYABLE WITH RELATED PARTIES	736,001	663,524
LEASE PAYABLES FROM RIGHTS OF USE - IFRS16	145,376	169,165
CURRENT FINANCIAL LIABILITIES	881,376	832,689
OTHER CURRENT FINANCIAL LIABILITIES	4,147,896	4,150,653
CURRENT FINANCIAL LIABILITIES	5,029,273	4,983,342

As at 30 June 2023 the Company's has respected the financial parameters (covenants) provided by financial agreements and bonds.

Non-current financial liabilities

The non-current bond is represented by the two Bonds issued: (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"). The name of the Bond issued on 2018 is "Carraro Fin Tf Ge25 Call Eur" and the name of the Bond issued on 2020 is "Carraro Fin Tf 3,75% St26 Call Eur".

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The financial instruments are currently listed on the Luxembourg stock exchange and in Italy on the Mercato Telematico delle Obbligazioni di Borsa Italiana (MOT) and the member state is Luxembourg.

The amortised cost method have been utilized for bonds' evaluation.

As at 30 June 2023, the effect of the amortised cost on these Bonds was as follows:

- ISIN XS1747134564 180 million euros: 1.129 million euros
- ISIN XS2215041513 150 million euros: 1.714 million euros

As required by paragraph 25 of the IFRS 7 accounting standard, the following table shows the fair value of the two aforementioned bonds compared with the respective book value:

<i>(amounts in Euro)</i>	Notional	Amortised cost 30.06.2023	Carrying amount 30.06.2023	Fair Value (level 1) 30.06.2023
BOND 2018-2025 3.50%	180,000,000	-1,128,932	178,871,068	176,511,600
BOND 2020-2026 3.75%	150,000,000	-1,713,687	148,286,313	147,525,000
Total	330,000,000	-2,842,619	327,157,381	324,036,600

The long medium loan of 31,921,027 euros is represented by a bank loan, guaranteed by Carraro S.p.A., entitled Carraro Group R&D and Digitalisation II received by EIB (European Investment Bank) on December 21, 2022 for the amount of 32,000,000 euros.

Terms and conditions of the reimbursement are ten semi-annual instalments, to be paid in the period between June 2025 (first date of reimbursement) and December 2029 (maturity date).

This loan is valued using the amortised cost method.

As at 30 June 2023, the effect of the amortised cost is as follows:

- Carraro Group R&D and Digitalisation II 32,000,000 euros: 78,973 euros

Current financial liabilities

This caption mainly represents the interests payable for the two bonds issued by the Company for 4,147,896 euros, and the guaranty to pay to Carraro SPA for 736,001 euros.

The Financial Liabilities (non current and current) are presented below, divided into short-term portion, medium-term portion and portion at more than 5 years.

<i>(amounts in Euro)</i>			
up to one year	from 1 to 5 years	more than 5 years	Total 30.06.2023
5,029,273	349,443,675	9,606,640	364,123,618

The Company has in its disposal revolving credit facility for a total amount of 50 million euros not drawn down at June 30, 2023.



As required by IAS 7 paragraph 44A, disclosures on the changes in financial liabilities are presented below, with indication of cash and non-cash movements:

Financial liabilities					
<i>(amounts in Euro)</i>	31.12.2022	Cash Flow	Other changes	IFRS16 effect	30.06.2023
Gross non-current loans payable	362,075,949	-	-	-60,013	362,015,936
Gross current loan payable	832,690	-	-	-23,789	808,902
Total loans, Leasing, Right of use liabilities	362,908,639			-83,801	362,824,838
Amortised cost	-3,478,980	-	557,388	-	-2,921,592
Other current financial liabilities	4,150,653	-4,150,653	4,883,897	-	4,883,897
Financial liabilities:	363,580,312	-4,150,653	5,441,285	-83,801	364,787,142

The net financial position is broken down below:

Net financial position		
<i>(amounts in Euro)</i>	30.06.2023	31.12.2022
Non-current bonds	-327,157,381	-326,608,188
Bonds:	-327,157,381	-326,608,188
Non-current loans payable	-31,936,964	-31,988,782
Current payable	-	-663,524
Current loans payable	-145,376	-169,165
Other current financial liabilities	-4,883,897	-4,150,653
Financial liabilities:	-36,966,237	-36,972,124
Current loans and receivables	24,597,101	107,344,773
Other current financial assets	230,533	451,055
Financial assets:	24,827,634	107,795,828
Bank current accounts and deposits	185,482,190	166,982,643
Cash and cash equivalents:	185,482,190	166,982,643
Net financial position*	-153,813,794	-88,801,841
Non-current loans and receivables	154,000,000	90,000,000
Other non-current financial assets	24,436	48,343
Non-current leases - IFRS 16	15,937	75,950
Current leases - IFRS 16	145,376	169,165
Net financial position of operations**	371,956	1,491,617
of which payables/(receivables):		
- non-current	-205,053,972	-268,472,677
- current	205,425,927	269,964,294

* Net financial debt draw-up in accordance with the framework provided for by Recommendation ESMA 32-382-1138 dated March 4, 2021

** For the description, please refer to "Summary of the period ending on 30 June 2023" section.

Trade payables and other payables (note 17)

<i>(amounts in Euro)</i>	30.06.2023	31.12.2022
NON-CURRENT TRADE PAYABLES	-	-
OTHER NON-CURRENT PAYABLES	-	-
TRADE PAYABLES AND OTHER NON-CURRENT PAYABLES	-	-
FROM THIRD PARTIES	445,481	292,094
CURRENT TRADE PAYABLES	445,481	292,094
FROM RELATED PARTIES	51,250	262,321
FROM THIRD PARTIES	160,864	105,164
OTHER CURRENT PAYABLES	212,114	367,485
TRADE PAYABLES AND OTHER CURRENT PAYABLES	657,595	659,579

Other payables can be analysed as follows:

<i>(amounts in Euro)</i>	30.06.2023	31.12.2022
Amounts due to pensions agencies	24,986	12,650
Amounts due to employees	130,402	88,616
Board of Directors Fees (related parties)	51,250	262,321
Tax payables	5,476	3,898
Other payables	-	-
OTHER CURRENT PAYABLES	212,114	367,485

Current taxes payables (note 18)

As at 30 June 2023, the Company had no current tax payable.

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	31.12.2022	Changes for the period	30.6.2023
Executives	1	-	1
Clerical staff	4	-1	3
Total	5	-1	4

Provision for risks and liabilities (note 20)

The Company has no provisions for risks and charges.

7. Commitments and risks

Beyond as indicated at the note 10, the company does not have any other commitments to report and no risk to report.

8. Financial derivatives

As at 30 June 2023 the Company did not hold any financial derivatives.



9. Transactions with related parties

As at June 30, 2023 Carraro Finance S.A. was 70.79% owned by Carraro International S.E. and 29.21% owned by Carraro S.p.A.. Carraro S.p.A. is the ultimate controlling entity.

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

REMUNERATION OF THE MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Person	Office held	Term of office	Annual Remuneration Euros/000
Gomiero Enrico	Chairman	3-year mandate 2021-2023	60
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 CARRARO GROUP COMPANIES UP TO 30.06.2023

Detail of transactions with related parties

Other related parties:

<i>(amounts in Euro)</i>	Financial receivables	Financial payables
Carraro SpA	102,658,474	736,000
Carraro Drive tech Italia S.p.A.	45,852,069	-
Carraro India Ltd.	5,170,280	-
Carraro International	14,132,782	-
Carraro China Drive System Co. Ltd.	37,894	-
SIAP S.p.A.	10,724,466	-
Carraro Lux Tech R&D	21,136	-
TOTAL	178,597,101	736,000



Detail of transactions with related parties

Other related parties:			
<i>(amounts in Euro)</i>	Financial costs	Sales of services	Other financial income
Carraro SpA	736,000	117,263	3,481,211
Carraro Drive tech Italia S.p.A.	-	295,344	2,156,725
Carraro India Ltd.	-	75,299	178,756
Carraro International	-	25,216	523,566
Carraro China Drive System Co. Ltd.	-	37,894	-
SIAP S.p.A.	-	82,689	177,954
Carraro Lux Tech R&D	-	20,833	-
TOTAL	736,000	618,361	6,518,212

The transactions with related parties fall within the ordinary operations of the Company, relationships of a financial or advisory nature and intended on an arm's length basis and are entered into in the interests of the individual Companies concerned are entered into in the interests of the individual Companies concerned.

The Company has received by Carraro S.p.A. a guarantee regarding its bonds issued and EIB loan as explained at (Note 16 paragraph Non-current liabilities).

As indicated in the note 9, on 25 May 2023 the sale of Carraro Lux Tech R&D to Carraro S.p.A. was finalized.

10. Events subsequent to the reporting date

There are no event to report.



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 Interim Financial Statement as at 30 June 2023 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: 11 September, 2023



Sergio Marusso
Chief Executive Officer