

Carraro S.p.A.

Interim Financial Report as at 30 June 2024

**CARRARO S.p.A.**

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

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

Tax Code/VAT No. 00202040283

Registration on the Company Register of Padua no. 84033

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE CARRARO GROUP AS AT 30 JUNE 2024

### GENERAL INFORMATION

**BOARD OF DIRECTORS**

In office until approval of the 2026 financial statements  
(appointments, Shareholders' Meeting of 24.04.2024)

**ENRICO CARRARO (1)**

Chairman

**TOMASO CARRARO (1)**

Deputy Chairman

**ANDREA CONCHETTO (1)**

Chief Executive Officer

**RICCARDO ARDUINI (1)**

Director

**VIRGINIA CARRARO (1)**

Director

**ENRICO GOMIERO (1)**

Chief Financial Officer

**ALESSANDRO GIULIANI (1)**

Director

(1) Appointments, Shareholders' Meeting of 24.04.2024

**BOARD OF STATUTORY AUDITORS**

In office until approval of the 2026 financial statements  
(appointments, Shareholders' Meeting of 24.04.2024)

**CARLO PESCE**

Chairman

**MARINA MANNA**

Regular Auditor

**GUARNIERI ANTONIO**

Regular Auditor

**BENETTIN SARAH**

Alternate Auditor

**ANDREOLA GABRIELE**

Alternate Auditor

**INDEPENDENT AUDITORS**

In office until approval of the 2026 financial statements  
(appointments, Shareholders' Meeting of 24.04.2024)

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

**CONSOLIDATED INCOME STATEMENT***(amounts in Euro thousands)*

	NOTES	30.06.2024	30.06.2023 (*)
<b>A) REVENUES FROM SALES</b>			
1) Products		383,919	397,502
2) Services		1,184	2,578
3) Other revenues		12,009	11,752
<b>TOTAL REVENUES FROM SALES</b>	<b>1</b>	<b>397,112</b>	<b>411,832</b>
<b>B) OPERATING COSTS</b>			
1) Purchases of goods and materials		255,126	272,725
2) Services		53,084	58,928
3) Use of third-party goods and services		-24	89
4) Personnel costs		58,946	54,867
5) Amortisation, depreciation and impairment of assets		13,985	13,319
6) Changes in inventories		-14,002	-13,854
7) Provision for risks and other liabilities		2,382	2,558
8) Other income and expenses		-2,222	-2,193
9) Internal construction		-233	-224
<b>TOTAL OPERATING COSTS</b>	<b>2</b>	<b>367,042</b>	<b>386,215</b>
<b>OPERATING PROFIT/(LOSS)</b>		<b>30,070</b>	<b>25,617</b>
<b>C) GAINS/(LOSSES) ON FINANCIAL ASSETS</b>			
10) Income and expenses from equity investments		-	-
11) Other financial income		2,752	1,898
12) Financial costs and expenses		-13,999	-11,644
13) Net gains/(losses) on foreign exchange		-32	143
14) Value adjustments of financial assets		-56	-
15) Income (charges) from hyperinflation		-	-
<b>NET GAINS/(LOSSES) ON FINANCIAL ASSETS</b>	<b>3</b>	<b>-11,335</b>	<b>-9,603</b>
<b>PROFIT/(LOSS) BEFORE TAXES</b>		<b>18,735</b>	<b>16,014</b>
15) Current and deferred income taxes	<b>4</b>	8,826	7,303
<b>NET OPERATING RESULT FROM CONTINUING OPERATIONS</b>		<b>9,909</b>	<b>8,711</b>
Net operating result from discontinued operations		171	-1,897
<b>NET PROFIT/(LOSS)</b>		<b>10,080</b>	<b>6,814</b>
16) Minority interests		-325	-217
<b>GROUP CONSOLIDATED PROFIT/(LOSS)</b>		<b>9,755</b>	<b>6,597</b>

(\*) The figures as at 30 June 2023 have been restated in accordance with IFRS 5.

**CONSOLIDATED COMPREHENSIVE INCOME STATEMENT**

<i>(amounts in Euro thousands)</i>	<b>30.06.2024</b>	<b>30.06.2023</b> (*)
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>	<b>10,080</b>	<b>6,814</b>
<b>Other income components that could be recognised in the income statement in subsequent periods:</b>		
Change in cash-flow hedge reserve	<b>8</b> 1,548	246
Translation exchange differences	<b>14</b> 332	-751
Taxes on other comprehensive income components	-373	-59
<b>Total other income components that could be recognised in the income statement in subsequent periods:</b>	<b>1,507</b>	<b>-564</b>
<b>Other income components that will not be recognised in the income statement in subsequent periods:</b>		
Change in the provision for discounting employee benefits	<b>18</b> 45	10
Taxes on other comprehensive income components	-22	-17
<b>Total other income components that will not be recognised in the income statement in subsequent periods:</b>	<b>23</b>	<b>-7</b>
<b>OTHER COMPREHENSIVE INCOME COMPONENTS, NET OF TAX EFFECTS</b>	<b>1,530</b>	<b>-571</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>11,610</b>	<b>6,243</b>
<b>Total comprehensive income attributable to:</b>		
Shareholders of the parent company	11,270	5,951
Profit/(loss) pertaining to minorities	340	292
<b>Total comprehensive income for the period</b>	<b>11,610</b>	<b>6,243</b>

(\*) The figures as at 30 June 2023 have been restated in accordance with IFRS 5.

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

	NOTES	30.06.2024	31.12.2023
<b>A) NON-CURRENT ASSETS</b>			
1) Property, plant and equipment	<b>5</b>	262,996	253,451
2) Intangible fixed assets	<b>6</b>	108,661	110,832
3) Real estate investments	<b>7</b>	833	833
4) Equity investments	<b>8</b>	4,188	4,273
5) Financial assets	<b>9</b>	279	304
5.1) Loans and receivables		-	-
5.2) Other financial assets		279	304
6) Deferred tax assets	<b>10</b>	20,899	22,199
7) Trade receivables and other receivables	<b>11</b>	5,565	5,436
7.1) Trade receivables		-	-
7.2) Other receivables		5,565	5,436
<b>TOTAL NON-CURRENT ASSETS</b>		<b>403,421</b>	<b>397,328</b>
<b>B) CURRENT ASSETS</b>			
1) Closing inventory	<b>12</b>	161,918	146,892
2) Trade receivables and other receivables	<b>11</b>	138,883	132,894
2.1) Trade receivables		94,985	89,219
2.2) Other receivables		43,898	43,675
3) Financial assets	<b>9</b>	1,122	1,029
3.1) Loans and receivables		-	-
3.2) Other financial assets		1,122	1,029
4) Cash and cash equivalents	<b>13</b>	205,669	200,476
4.1) Cash		128	133
4.2) Bank current accounts and deposits		205,541	200,343
4.3) Other cash and cash equivalents		-	-
<b>TOTAL CURRENT ASSETS</b>		<b>507,592</b>	<b>481,291</b>
<b>ASSETS ASSOCIATED WITH DISCONTINUED OPERATIONS</b>		<b>13,104</b>	<b>8,163</b>
<b>TOTAL ASSETS</b>		<b>924,117</b>	<b>886,782</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<i>(amounts in Euro thousands)</i>	NOTES	30.06.2024	31.12.2023
<b>A) SHAREHOLDERS' EQUITY</b>			
1) Share Capital	<b>14</b>	41,453	41,453
2) Other Reserves		38,449	27,993
3) Profits/(Losses) brought forward		-	-
4) Other IAS/IFRS reserves		-122	-1,277
5) Provision for discounting employee benefits		451	426
6) Foreign currency translation reserve		-2,017	-3,963
7) Result for the period pertaining to the group		9,755	19,086
<b>GROUP SHAREHOLDERS' EQUITY</b>		<b>87,969</b>	<b>83,718</b>
8) Minority interests		15,338	16,372
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>103,307</b>	<b>100,090</b>
<b>B) NON-CURRENT LIABILITIES</b>			
1) Financial liabilities	<b>15</b>	418,838	410,465
1.1) Bonds		266,758	266,319
1.2) Loans		152,081	144,140
1.3) Other financial liabilities		-1	6
2) Trade payables and other payables	<b>16</b>	10,066	9,831
2.1) Trade payables		-	-
2.2) Other payables		10,066	9,831
3) Deferred tax liabilities	<b>10</b>	24,247	24,613
4) Provision for employee benefits/retirement	<b>18</b>	7,887	8,300
4.1) Provision for severance indemnity		5,054	5,673
4.2) Provision for retirement benefits		2,833	2,627
5) Provisions for risks and liabilities	<b>19</b>	4,989	4,886
5.1) Provision for warranties		4,418	4,169
5.2) Provision for legal claims		-	-
5.3) Provision for restructuring and reconversion		-	-
5.4) Other provisions		571	717
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>466,027</b>	<b>458,095</b>
<b>C) CURRENT LIABILITIES</b>			
1) Financial liabilities	<b>15</b>	31,056	31,484
1.1) Bonds		-	-
1.2) Loans		27,281	26,128
1.3) Other financial liabilities		3,775	5,356
2) Trade payables and other payables	<b>16</b>	284,870	256,833
2.1) Trade payables		230,821	205,178
2.2) Other payables		54,049	51,655
3) Current tax payables	<b>17</b>	15,681	10,560
4) Provisions for risks and liabilities	<b>19</b>	15,267	22,328
4.1) Provision for warranties		9,662	9,195
4.2) Provision for legal claims		179	144
4.3) Provision for restructuring and reconversion		343	380
4.4) Other provisions		5,083	12,609
<b>TOTAL CURRENT LIABILITIES</b>		<b>346,874</b>	<b>321,205</b>
<b>LIABILITIES ASSOCIATED WITH DISCONTINUED OPERATIONS</b>		<b>7,909</b>	<b>7,392</b>
<b>TOTAL LIABILITIES</b>		<b>820,810</b>	<b>786,692</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>924,117</b>	<b>886,782</b>

## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(amounts in Euro thousands)	Share Capital	Other reserves			Provision for discounting employee benefits	Reserve cash-flow hedge	Foreign currency translation reserve		Profit/(Loss) for the period	Equity of Group	Minority interests	Total
		Capital reserves	Other reserves	Treasury stock acquired			On capital reserves	On profit reserves				
<b>Balance as at 01.01.2023</b>	<b>41,453</b>	<b>18,704</b>	<b>23,601</b>	<b>-6,666</b>	<b>513</b>	<b>-1,327</b>	<b>-612</b>	<b>-1,793</b>	<b>5,567</b>	<b>79,440</b>	<b>4,850</b>	<b>84,290</b>
<b>Comprehensive income for the period</b>					<b>5</b>	<b>99</b>		<b>-750</b>	<b>6,597</b>	<b>5,951</b>	<b>292</b>	<b>6,243</b>
<b>Transactions with shareholders:</b>												
Allocation of residual profit from previous years			5,567						-5,567	-		-
Dividend distribution			-10,000							-10,000		-10,000
Hyperinflation effect (Carraro Argentina)			-724					853		129		129
Exchange impact "capital reserves"			-							-		-
Change in consolidation scope			-	-	-	-	-1,847	-	-	-1,847	-	-1,847
<b>Total transactions of the period</b>	<b>-</b>	<b>-</b>	<b>773</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>773</b>	<b>10,113</b>	<b>10,886</b>
<b>Balance as at 30.06.2023</b>	<b>41,453</b>	<b>18,704</b>	<b>19,217</b>	<b>-6,666</b>	<b>518</b>	<b>-1,228</b>	<b>-2,459</b>	<b>-1,690</b>	<b>6,597</b>	<b>74,446</b>	<b>15,255</b>	<b>89,701</b>

(amounts in Euro thousands)	Share Capital	Other reserves			Provision for discounting employee benefits	Reserve cash-flow hedge	Foreign currency translation reserve		Profit/(Loss) for the period	Equity of Group	Minority interests	Total
		Capital reserves	Other reserves	Treasury stock acquired			On capital reserves	On profit reserves				
<b>Balance as at 01.01.2024</b>	<b>41,453</b>	<b>18,704</b>	<b>15,955</b>	<b>-6,666</b>	<b>426</b>	<b>-1,277</b>	<b>-3,084</b>	<b>-879</b>	<b>19,086</b>	<b>83,718</b>	<b>16,372</b>	<b>100,090</b>
<b>Comprehensive income for the period</b>					<b>25</b>	<b>1,155</b>		<b>335</b>	<b>9,755</b>	<b>11,270</b>	<b>340</b>	<b>11,610</b>
<b>Transactions with shareholders:</b>												
Allocation of residual profit from previous years			19,086						-19,086	-		-
Allocation of the dividend			-10,000							-10,000	-968	-10,968
Hyperinflation effect (Carraro Argentina)			964					581		1,545	-	1,545
Exchange impact "capital reserves"			-				1,030			1,030	-	1,030
Change in consolidation scope			406	-	-	-	-	-	-	406	-406	-
<b>Total transactions of the period</b>	<b>-</b>	<b>-</b>	<b>10,456</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,030</b>	<b>581</b>	<b>-19,086</b>	<b>-7,019</b>	<b>-1,374</b>	<b>-8,393</b>
<b>Balance as at 30.06.2024</b>	<b>41,453</b>	<b>18,704</b>	<b>26,411</b>	<b>-6,666</b>	<b>451</b>	<b>-122</b>	<b>-2,054</b>	<b>37</b>	<b>9,755</b>	<b>87,969</b>	<b>15,338</b>	<b>103,307</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

<i>(amounts in Euro thousands)</i>	NOTES	30.06.2024	30.06.2023 (*)
Group profit / loss for the period		9,755	6,597
Third party profit / loss for the period		325	217
Net operating result from discontinued operations		-171	1,897
Taxes accruing in the period	4	8,826	7,303
<b>Profit/(loss) before taxes</b>		<b>18,735</b>	<b>16,014</b>
Depreciation of property, plant and equipment	2	11,287	10,619
Amortisation of intangible fixed assets	2	2,651	2,754
Adjustment deprec. property, plant and equipment		-355	-98
Adjustment to amortisation of intangible assets		-92	-9
Impairment of intangible assets	2	-	-
Provisions for risks	2	2,382	2,558
Provisions for employee benefits	2	2,715	2,388
Net gains/(losses) on foreign exchange	3	32	-143
Financial income		-2,752	-1,898
Financial expenses		13,999	11,644
Value adjustments of financial assets	3	56	-
<b>Cash flows before changes in Net Working Capital</b>		<b>48,658</b>	<b>43,829</b>
Changes in inventory	13	-14,002	-13,854
Change in trade receivables	12	-5,065	-17,495
Change in trade payables	17	24,640	6,722
Change in other receivables/payables	13-17	2,832	2,079
Changes in receivables/payables for deferred taxation	11	390	64
Use of provisions for employee benefits	19	-3,182	-2,505
Use of risks provisions for risks and liabilities	20	-9,449	-2,713
Interest received		2,711	1,457
Interest paid		-12,676	-10,149
Change in other financial assets and liabilities		-1,027	1,061
Tax payments	4	-3,262	-2,041
Cash flows from operating activities (discontinued operations)		-2,780	-1,126
<b>Cash flows from operating activities</b>		<b>27,788</b>	<b>5,329</b>
Investments in property, plant and equipment	6	-19,517	-20,885
Disinvestments and other movements in property, plant and equipment	6	-91	493
Real estate investments	7	-	-
Investments in intangible fixed assets	7	-381	-566
Disinvestments and other movements in intangible fixed assets		-	-
Net liquidity acquired/sold through business combinations		-	-
Equity investments/divestments		-	-
Change in financial assets	10	9	584
Cash flows from investing activities (discontinued operations)		-1,358	-2,665
<b>Cash flows from investing activities</b>		<b>-21,338</b>	<b>-23,039</b>
Change in financial liabilities	16	8,215	-13,917
Change in share capital		-	-
Dividends paid		-10,968	-
Entrance of non-controlling interests	15	-	11,036
Other movements of shareholders' equity	15	1,246	1,786
Cash flows from financing activities (discontinued operations)		37	-
<b>Cash flows from financing activities</b>		<b>-1,470</b>	<b>-1,095</b>
<b>Total cash flows for the period</b>		<b>4,980</b>	<b>-18,805</b>
<b>Opening cash and cash equivalents</b>		<b>200,476</b>	<b>289,842</b>
Exchange changes in cash and cash equivalents		395	-2,024
Change in cash flows from discontinued operations - Cash and cash equivalents		-182	-580
<b>Closing cash and cash equivalents</b>		<b>205,669</b>	<b>268,433</b>

(\*) The figures as at 30 June 2023 have been restated in accordance with IFRS 5.

## EXPLANATORY AND SUPPLEMENTARY NOTES

### 1. Introduction

Publication of the Consolidated Interim Financial Report of Carraro S.p.A. and subsidiaries (hereinafter also the "Carraro Group" or "Group"), for the period from 1 January 2024 to 30 June 2024 is authorised by resolution taken by the Board of Directors on 26 September 2024.

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

Carraro S.p.A. is not subject to management and coordination activities under the terms of Article 2497 and following of the Italian Civil Code.

These condensed consolidated interim financial statements are presented in Euros, as this is the currency in which most of the Group's operations are conducted. The foreign companies are included in the condensed consolidated interim financial statements in accordance with the principles described in the notes that follow.

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

With reference to the effects related to the application of IFRS 5, please refer to the comments in section 2.2 Content of the Condensed Consolidated Interim Financial Statements.

Please refer to section 5.b Other extraordinary events for a reconciliation of the comparative values in the tables and those published in the previous year.

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

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

### Reporting criteria and accounting principles

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

The present condensed consolidated interim financial statement has been drawn up in abridged form in compliance with IAS 34 "Interim Financial Reporting". As such, it does not include all the information required by the consolidated annual financial statements; it must be read together with the consolidated annual financial statements drawn up for the year ended on 31 December 2023.

In preparing these consolidated financial statements, the same accounting standards have been used as adopted in preparing the financial statements as at 31 December 2023, with the exception of that described in the paragraph below entitled "Accounting standards, amendments and interpretations effective as from 1 January 2024".

The consolidated financial statements were prepared on a going-concern basis.

### 2. Structure and content of the condensed consolidated interim financial statements

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

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

- *EBITDA: understood as the sum of operating profit/loss, amortisation, depreciation (including any adjustments) and impairment of fixed assets. The directors consider EBITDA to be a useful, alternative performance indicator for understanding the Group's operating result;*

- *EBIT: understood as operating profit/loss in the income statement. The directors consider EBITDA to be a significant indicator for understanding the Group's operating result;*

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

- *NET FINANCIAL POSITION: ESMA Net Debt determined in accordance with the provisions of recommendations contained in the ESMA document no. 32-382-1138 of 2021, deducting, where applicable, non-current financial receivables and assets, in addition to the effects arising from the adoption of IFRS 16. The directors consider the net financial position to be a significant indicator for the purposes of representing the Group's overall debt situation.*



## 2.1 Format of the consolidated financial statements

With regard to the format of consolidated accounting schedules, the Group opted for the presentation of the following accounting statements.

### ***Income Statement***

Items on the consolidated income statement are classified by their nature.

The income statement separately indicates the effects of non-recurrent positive and negative income components relative to non-recurrent events or transactions, or transactions or events that are not repeated frequently in carrying out normal activities.

### ***Statement of Comprehensive Income***

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

### ***Statement of Financial Position***

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

Assets and Liabilities are illustrated in the Consolidated Financial Statements according to their classification as current and non-current.

### ***Statement of Changes in Shareholders' Equity***

The statement of changes in shareholders' equity is presented in accordance with the requirements of the international accounting standards, showing the comprehensive income for the period and all changes generated from transactions with shareholders.

### ***Statement of Cash Flows***

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

### ***Accounting schedules of transactions with related parties***

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

## 2.2 Content of the Condensed Consolidated Interim Financial Statements

### ***Basis of consolidation***

The Condensed Consolidated Interim Financial Statements of the Carraro Group include the financial statements of Carraro S.p.A. and companies it directly or indirectly controls.

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

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

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

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

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

Name	Based in	Currency	Nominal value Share capital	Group stake
<b>Parent company:</b>				
Carraro S.p.A.	Campodarsego (Padua)	EUR	41,452,544	
<b>Italian subsidiaries:</b>				
Carraro Drive Tech Italia S.p.A.	Campodarsego (Padua)	EUR	5,000,000	100.00%
Siap S.p.A.	Maniago (Pordenone)	EUR	29,115,183	83.61%
Driveservice S.r.l.	Campodarsego (Padua)	EUR	30,000	100.00%
Carraro International S.E.	Campodarsego (Padua)	EUR	13,500,000	100.00%
<b>Foreign subsidiaries:</b>				
Carraro Technologies India Pvt. Ltd.	Pune (India)	INR	18,000,000	100.00%
Carraro Argentina S.A.	Haedo (Argentina)	ARS	57,930,828	99.95%
Carraro China Drive System	Tsingtao (China)	CNY	114,778,969	100.00%
Carraro India Ltd.	Pune (India)	INR	568,515,380	100.00%
Carraro North America Inc.	Sandy Springs (USA)	USD	1,000	100.00%
Mini Gears Inc	Virginia Beach (USA)	USD	8,910,000	100.00%
Carraro Finance SA	Luxembourg	EUR	3,770,000	100.00%
Carraro Lux-Tech R&D Center S.à.r.l.	Luxembourg	EUR	3,100,000	100.00%

Associated companies and joint ventures are consolidated using the equity method as better defined in the following paragraph "Material standards and criteria - Investments in associated companies and joint ventures". A breakdown of the equity investments is given below:

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

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

#### *Carraro Argentina - Application of IFRS 5*

The Group has made the strategic decision to dispose of the equity investment held in the company Carraro Argentina S.A. was evaluated and, to this end, management is verifying the interest of potential buyers.

One of the main customers of the Argentine associate has expressed interest in acquiring 100% of the shares of Carraro Argentina S.A. At the time of preparation of these consolidated interim financial statements, agreements are still being finalised with a view to closing the deal by year-end.

In these Consolidated Financial Statements, the *Argentine business* (the activities of the associate Carraro Argentina SA) has been treated as discontinued operations in accordance with IFRS 5, taking into account the negotiations underway as well as its significance and the fact that it is also characterised by a higher risk profile than the remaining core activities; therefore:

- in the income statement of the consolidated interim financial statements 2024 and, for comparative purposes for the 2023 period, the items of revenue and income and of costs and expenses as of 1 January, as well as the adjustment of the carrying value to fair value less costs to sell, of the assets constituting the Discontinued Operations were reclassified to the item Net operating result from Discontinued Operations (0.171 million Euros in the financial year 2024, -1.9 million Euros in the financial year 2023);

- In the balance sheet for the year 2024, the assets and liabilities attributable to the *Argentine business* were reclassified under Assets and Liabilities associated with discontinued operations;

- In the statement of cash flows for the financial year 2024 and, for comparative purposes, for the financial year 2023, cash flows generated by assets constituting Discontinued Operations have been reclassified to special items.

For more information on the application of IFRS 5 and its effects on these consolidated financial statements, in addition to what is already mentioned in this section, please also refer to section 5.b other extraordinary events.

#### *Business unit transfer - Ineos Grenadier*

On 26 March 2024, the Company SIAP S.p.A. resolved in an extraordinary shareholders' meeting to increase the paid-in capital called up entirely by Carraro S.p.A. through the transfer, effective as of 1 April 2024, of the business unit consisting of the industrial, technical and commercial relationship with the Customer "Ineos Automotive Limited" and the organised legal relationships pertaining to the business "Ineos Grenadier".

### 3. Consolidation criteria and accounting standards

#### 3.1 Consolidation criteria

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

Foreign companies are consolidated using financial statement formats in line with the layout adopted by the parent company and compiled in accordance with common accounting standards, as applied for Carraro S.p.A.

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

The portions of shareholders' equity and the net profit/(loss) of these minority shareholders are shown in the Consolidated Statement of Financial Position and the Consolidated Income Statement.

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

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

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

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

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

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

Currency	Average exchange rate 01.01.2024 / 30.06.2024	Exchange rate as at 30.06.2024	Average exchange rate 01.01.2023 / 30.06.2023	Exchange rate as at 30.06.2023
Indian rupee	89.986	89.250	88.844	89.207
US dollar	1.081	1.071	1.081	1.087
Chinese renminbi	7.801	7.775	7.489	7.898
Argentine peso	975.391	975.391	278.502	278.502

#### 3.2 Discretionary valuations and significant accounting estimates

##### Estimates and assumptions

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

In this regard, the estimates made as at 30 June 2024 reflect the considerations made by the Directors concerning possible developments linked to the national and international scenario marked by events surrounding the conflict between Russia and Ukraine, the Israel-Palestine conflict, and the Red Sea crisis which has reduced journeys through the Suez Canal.

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

### 3.3 Material standards and criteria

#### ***IFRS accounting standards, amendments and interpretations adopted since 1 January 2024:***

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

(published on 23 January 2020)

##### **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. In addition, the amendments also improve the information that an entity must provide when its right to defer settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants).

The amendments will enter into force on 1 January 2024.

The adoption of these amendments had no material effect on the Group consolidated financial statements.

##### **Amendments to IFRS 16 “Leases: Lease Liability in a Sale and Leaseback”**

(published on 22 September 2022)

The document requires the seller-lessee to measure lease liabilities arising from a sale & 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.

These changes have been applied as of 1 January 2024.

The adoption of these amendments had no effect 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 requires an entity to provide additional information on reverse factoring agreements that enable users of financial statements to assess how supplier finance arrangements affect an entity’s liabilities and cash flows and to understand the effect of supplier finance arrangements on an entity’s exposure to liquidity risk. These changes have been applied as of 1 January 2024.

The adoption of these amendments had no effect on the Group consolidated financial statements.

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

##### **IFRS 18 Presentation and Disclosure in Financial Statements**

(issued on 9 April 2024 - will replace IAS 1 Presentation of Financial Statements)

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

In particular, the new standard:

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

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

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

##### **IFRS 19 Subsidiaries without Public Accountability: Disclosures**

(published on 4 May 2024)

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

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

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

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

## **Amendments to the Classification and Measurement of Financial Instruments-Amendments to IFRS 9 and IFRS 7**

(published on 30 May 2024)

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

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

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

The amendments will apply to financial statements for financial years beginning on or after 1 January 2026.

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

## **Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability.**

(published on 15 August 2023)

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

The amendment will apply from 1 January 2025, but early application is permitted.

The directors do not expect a significant effect in the consolidated financial statements of the Group from the adoption of this amendment.

## **Business Combinations and Goodwill**

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

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

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

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

When the goodwill represents part of a cash generating unit (or group of cash generating units) and part of the asset internal to that unit is transferred, the goodwill associated with the asset transferred is included in the carrying amount of the asset in order to determine the profit or loss generated by the transfer. Goodwill transferred in such cases is calculated on the basis of the values relating to the asset transferred and of the portion of the unit maintained in existence. When the transfer concerns a subsidiary, the difference between the selling price and the net assets plus the accumulated translation differences and goodwill is recognised in the income statement.

Acquisitions of additional equity interests after achieving control

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

Previously, in the absence of a specific Standard or Interpretation on the subject, in the case of acquisition of minority interests in companies already controlled, the Carraro Group had adopted the Parent Entity Extension Method, which involved recognition of the difference between the purchase price and the carrying amounts of assets and liabilities under the item Goodwill. In the case of sale of minority interests without loss of control, instead, the Group recognised the difference between the carrying amount of the assets and liabilities sold and the sales price in the income statement.

### Intra-group transactions

As regards related-party transactions, including intra-group transactions, said transactions cannot be qualified as atypical or unusual, and are part or the normal operations of Group companies. Said transactions take place at market conditions, considering the characteristics of the goods and services provided.

Information on related party transactions is provided in paragraph 8.

### 4. Reporting by business and geographic segment

Information on Operating Segments is given on the basis of the internal reporting provided as at 30 June 2024 to the highest operating decision-making level.

For operational purposes, the Group manages and controls its business on the basis of the type of products supplied. The Carraro Group as at 30.06.2024 was organised in the following Business Areas:

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

The item “Eliminations and unallocated items” brings together the Groups operations not allocated to the two operating segments, and comprises the central holding and management activities of the Carraro Group.

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

#### 4.1 Business segments

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

##### a) economic data

<b>30.06.2024</b> (amounts in Euro thousands)	<b>Drive Tech</b>	<b>Agritalia</b>	<b>Eliminations and items not allocated</b>	<b>Consolidated Total</b>
<b>Revenues from sales</b>	<b>347,692</b>	<b>66,712</b>	<b>-17,292</b>	<b>397,112</b>
Sales to third parties	307,942	64,749	24,421	397,112
Related sales	-	-	-	-
Sales between divisions	39,750	1,963	-41,713	-
<b>Operating costs</b>	<b>312,071</b>	<b>68,279</b>	<b>-13,308</b>	<b>367,042</b>
Purchases of goods and materials	209,845	60,591	-15,310	255,126
Services	46,443	5,574	1,067	53,084
Use of third-party goods and services	9,782	1	-9,807	-24
Personnel costs	40,484	8,568	9,894	58,946
Amortisation, depreciation and impairment of assets	10,887	1,257	1,841	13,985
Changes in inventories	-6,136	-7,629	-237	-14,002
Provisions for risks	1,725	460	197	2,382
Other income and expenses	-726	-543	-953	-2,222
Internal construction	-233	-	-	-233
<b>Operating profit/(loss)</b>	<b>35,621</b>	<b>-1,567</b>	<b>-3,984</b>	<b>30,070</b>

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<b>30.06.2023 (*)</b> <i>(amounts in Euro thousands)</i>	<b>Drive Tech</b>	<b>Agritalia</b>	<b>Eliminations and items not allocated</b>	<b>Consolidated Total</b>
<b>Revenues from sales</b>	<b>352,163</b>	<b>74,136</b>	<b>-14,467</b>	<b>411,832</b>
Sales to third parties	323,898	72,427	15,507	411,832
Related sales	-	-	-	-
Sales between divisions	28,265	1,709	-29,974	-
<b>Operating costs</b>	<b>320,671</b>	<b>77,748</b>	<b>-12,204</b>	<b>386,215</b>
Purchases of goods and materials	221,090	63,377	-11,742	272,725
Services	49,502	7,573	1,853	58,928
Use of third-party goods and services	11,935	7	-11,853	89
Personnel costs	37,131	8,870	8,866	54,867
Amortisation, depreciation and impairment of assets	10,243	1,025	2,051	13,319
Changes in inventories	-9,427	-2,964	-1,463	-13,854
Provisions for risks	1,715	645	198	2,558
Other income and expenses	-1,294	-785	-114	-2,193
Internal construction	-224	-	-	-224
<b>Operating profit/(loss)</b>	<b>31,492</b>	<b>-3,612</b>	<b>-2,263</b>	<b>25,617</b>

(\*) The figures as at 30 June 2023 have been restated in accordance with IFRS 5.

#### b) Other information

<b>30.06.2024</b>	<b>Drive Tech</b>	<b>Agritalia</b>	<b>Eliminations and items not allocated</b>	<b>Consolidated Total</b>
Investments in fixed assets <i>(Euro/000)</i>	17,755	1,014	1,129	<b>19,898</b>
Workforce as at 30/06	3,237	359	208	<b>3,804</b>
<b>30.06.2023</b>	<b>Drive Tech</b>	<b>Agritalia</b>	<b>Eliminations and items not allocated</b>	<b>Consolidated Total</b>
Investments in fixed assets <i>(Euro/000)</i>	19,095	1,471	885	<b>21,451</b>
Workforce as at 30/06	3,208	371	202	<b>3,781</b>

#### 4.2 Geographic segments

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

The Group's sales, deriving from the manufacturing carried out in the above areas are achieved equally with customers in Europe, Asia and the Americas.

#### a) Sales

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

<i>(amounts in Euro thousands)</i>	<b>30.06.2024</b>	<b>%</b>	<b>30.06.2023 (*)</b>	<b>%</b>
Asia (China, India)	119,468	30.08%	95,853	23.27%
Other EU countries	97,165	24.47%	106,210	25.79%
Italy	79,119	19.92%	88,691	21.54%
Other non-EU areas	62,227	15.67%	76,562	18.59%
North America	30,917	7.79%	32,018	7.77%
South America	8,216	2.07%	12,498	3.03%
<b>Total</b>	<b>397,112</b>	<b>100.0%</b>	<b>411,832</b>	<b>100.00%</b>
<b>of which:</b>				
<b>Total EU area</b>	<b>176,284</b>	<b>44.39%</b>	<b>194,901</b>	<b>47.33%</b>
<b>Total non-EU area</b>	<b>220,828</b>	<b>55.61%</b>	<b>216,931</b>	<b>52.67%</b>

(\*) The figures as at 30 June 2023 have been restated in accordance with IFRS 5.

**b) carrying amount of assets by area**

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

<i>(amounts in Euro thousands)</i>	30.06.2024			31.12.2023		
	CURRENT ASSETS	NON-CURRENT ASSETS	DISCONTINUED OPERATIONS	CURRENT ASSETS	NON-CURRENT ASSETS	DISCONTINUED OPERATIONS
Italy	278,702	495,741	-	306,257	482,952	-
Other EU countries	175,006	133,618	-	163,391	143,480	-
North America	124	1	-	128	1	-
South America	-	-	13,104	-	-	8,163
Asia (India, China)	159,333	61,462	-	124,448	58,086	-
<i>Eliminations and items not allocated</i>	-105,573	-287,401	-	- 112,933	- 287,191	-
<b>Total</b>	<b>507,592</b>	<b>403,421</b>	<b>13,104</b>	<b>481,291</b>	<b>397,328</b>	<b>8,163</b>

**c) investments by geographic segment**

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

<i>(amounts in Euro thousands)</i>	30.06.2024	30.06.2023
Italy	18,406	19,635
Non-EU countries	391	640
South America	13	77
Asia	2,631	3,211
<i>Eliminations and items not allocated</i>	-1,543	2,112
<b>Total</b>	<b>19,898</b>	<b>21,451</b>

**5. Non-recurring transactions and other extraordinary events****a) Non-recurring transactions:**

As at 30 June 2024, there were no non-recurring transactions.

**b) Other extraordinary events:*****Argentina - hyperinflationary economy: impacts of the application of IAS 29***

As at 1 July 2018, the Argentine economy is considered hyperinflationary on the basis of the criteria established by “IAS 29 - Financial reporting in hyperinflationary economies”. This is the result of the evaluation of a number of qualitative and quantitative elements, including the presence of a cumulative inflation rate higher than 100% over the previous three years.

For the purposes of preparing these consolidated financial statements, before the application of IFRS 5, and in accordance with the provisions of IAS 29, certain items in the balance sheets of the investee Carraro Argentina SA have been remeasured by applying the general consumer price index to the historical data, in order to reflect the changes in the purchasing power of the Argentine peso at the closing date of the financial statements.

The non-monetary balance sheet data of the financial statements of this company was measured by applying the inflation rates from their original acquisition date.

In particular, during the first half of 2024, the accounting effects of this remeasurement were recorded in the following manner:

- the measurement of non-monetary items, shareholders' equity items and income statement items recognised during the 2024 financial year, carried out to take account of the change in the reference price index, was recognised as a contra entry in a specific item of the income statement under financial income and expense (see item in the financial statements: C15 - Income (charges) from hyperinflation).



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

(specific values)	2024 Half-year
Jan-24	4,261.53
Feb-24	4,825.79
24 Mar	5,357.09
Apr '24	5,830.23
May '24	6,073.72
Jun-24	6,351.71

### Argentina - Application of IFRS 5

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

Below is a reconciliation table between the figures published in the 2023 Consolidated Interim Financial Statements and those now included in the statements for comparative purposes.

(amounts in Euro thousands)	30.06.2023 published	Application of IFRS 5	30.06.2023 restated
<b>A) REVENUES FROM SALES</b>			
1) Products	409,557	-12,055	397,502
2) Services	2,590	-12	2,578
3) Other revenues	12,813	-1,061	11,752
<b>TOTAL REVENUES FROM SALES</b>	<b>424,960</b>	<b>-13,128</b>	<b>411,832</b>
<b>B) OPERATING COSTS</b>			
1) Purchases of goods and materials	279,092	-6,367	272,725
2) Services	62,205	-3,277	58,928
3) Use of third-party goods and services	526	-437	89
4) Personnel costs	57,631	-2,764	54,867
5) Amortisation, depreciation and impairment of assets	13,672	-353	13,319
6) Changes in inventories	-14,912	1,058	-13,854
7) Provision for risks and other liabilities	2,785	-227	2,558
8) Other income and expenses	-2,358	165	-2,193
9) Internal construction	-224	-	-224
<b>TOTAL OPERATING COSTS</b>	<b>398,417</b>	<b>-12,202</b>	<b>386,215</b>
<b>OPERATING PROFIT/(LOSS)</b>	<b>26,543</b>	<b>-926</b>	<b>25,617</b>
<b>C) GAINS/(LOSSES) ON FINANCIAL ASSETS</b>			
10) Income and expenses from equity investments	-	-	-
11) Other financial income	1,927	-29	1,898
12) Financial costs and expenses	-11,759	115	-11,644
13) Net gains/(losses) on foreign exchange	-1,285	1,428	143
14) Value adjustments of financial assets	-	-	-
15) Income (charges) from hyperinflation	-941	941	-
<b>NET GAINS/(LOSSES) ON FINANCIAL ASSETS</b>	<b>-12,058</b>	<b>2,455</b>	<b>-9,603</b>
<b>PROFIT/(LOSS) BEFORE TAXES</b>	<b>14,485</b>	<b>1,529</b>	<b>16,014</b>
15) Current and deferred income taxes	7,671	-368	7,303
<b>NET OPERATING RESULT FROM CONTINUING OPERATIONS</b>	<b>6,814</b>	<b>1,897</b>	<b>8,711</b>
Net operating result from discontinued operations	-	-1,897	-1,897
<b>NET PROFIT/(LOSS)</b>	<b>6,814</b>	<b>-</b>	<b>6,814</b>
16) Minority interests	-217	-	-217
<b>GROUP CONSOLIDATED PROFIT/(LOSS)</b>	<b>6,597</b>	<b>-</b>	<b>6,597</b>

Below is a reconciliation table of the figures published in these Half-yearly Consolidated Financial Statements 2024 and the pro-forma figures of the Consolidated Financial Statements if the Argentine business had not been treated as Discontinued Operations, in order to better understand the effect of this business on the Group's results:

<i>(amounts in Euro thousands)</i>	<b>30.06.2024 published</b>	<b>Application of IFRS 5</b>	<b>Proforma 30.06.2024</b>
<b>A) REVENUES FROM SALES</b>			
1) Products	383,919	-9,105	393,024
2) Services	1,184	59	1,125
3) Other revenues	12,009	-1,018	13,027
<b>TOTAL REVENUES FROM SALES</b>	<b>397,112</b>	<b>-10,064</b>	<b>407,176</b>
<b>B) OPERATING COSTS</b>			
1) Purchases of goods and materials	255,126	-3,676	258,802
2) Services	53,084	-2,560	55,644
3) Use of third-party goods and services	-24	-512	488
4) Personnel costs	58,946	-2,753	61,699
5) Amortisation, depreciation and impairment of assets	13,985	-838	14,823
6) Changes in inventories	-14,002	2,204	-16,206
7) Provision for risks and other liabilities	2,382	-302	2,684
8) Other income and expenses	-2,222	194	-2,416
9) Internal construction	-233	-	-233
<b>TOTAL OPERATING COSTS</b>	<b>367,042</b>	<b>-8,243</b>	<b>375,285</b>
<b>OPERATING PROFIT/(LOSS)</b>	<b>30,070</b>	<b>-1,821</b>	<b>31,891</b>
<b>C) GAINS/(LOSSES) ON FINANCIAL ASSETS</b>			
10) Income and expenses from equity investments	-	-	-
11) Other financial income	2,752	-23	2,775
12) Financial costs and expenses	-13,999	223	-14,222
13) Net gains/(losses) on foreign exchange	-32	539	-571
14) Value adjustments of financial assets	-56	-	-56
15) Income (charges) from hyperinflation	-	626	-626
<b>NET GAINS/(LOSSES) ON FINANCIAL ASSETS</b>	<b>-11,335</b>	<b>1,365</b>	<b>-12,700</b>
<b>PROFIT/(LOSS) BEFORE TAXES</b>	<b>18,735</b>	<b>-456</b>	<b>19,191</b>
15) Current and deferred income taxes	8,826	-285	9,111
<b>NET OPERATING RESULT FROM CONTINUING OPERATIONS</b>	<b>9,909</b>	<b>-171</b>	<b>10,080</b>
Net operating result from discontinued operations	171	171	-
<b>NET PROFIT/(LOSS)</b>	<b>10,080</b>	<b>-</b>	<b>10,080</b>
16) Minority interests	-325	-	-325
<b>GROUP CONSOLIDATED PROFIT/(LOSS)</b>	<b>9,755</b>	<b>-</b>	<b>9,755</b>

## 6. Notes and comments

### Revenues and costs

#### A) Revenues from sales (Note 1)

##### Analysis by business segment and geographic area

For a more in-depth analysis of the operating performance for the year, please refer to what has already been reported in section 4 above, "Information on business segments and geographic areas" and the Report on Operations.

#### B) Operating costs (Note 2)

<i>(amounts in Euro thousands)</i>	<b>30.06.2024</b>	<b>30.06.2023 (*)</b>
1) PURCHASES OF GOODS AND MATERIALS	255,126	272,725
2) SERVICES	53,084	58,928
3) USE OF THIRD-PARTY GOODS AND SERVICES	-24	89
4) PERSONNEL COSTS	58,946	54,867
5) AMORTISATION, DEPRECIATION AND IMPAIRMENT OF ASSETS	13,985	13,319
6) CHANGES IN INVENTORIES	-14,002	-13,854
7) PROVISION FOR RISKS AND OTHER LIABILITIES	2,382	2,558
8) OTHER INCOME AND EXPENSES	-2,222	-2,193
9) INTERNAL CONSTRUCTION	-233	-224
<b>Total</b>	<b>367,042</b>	<b>386,215</b>

(\*) The figures as at 30 June 2023 have been restated in accordance with IFRS 5.

For a more in-depth analysis of the operating performance for the year, please refer to what has already been reported in section 4 above, "Information on business segments and geographic areas" and the Report on Operations.

#### C) Net income from financial assets (note 3)

<i>(amounts in Euro thousands)</i>	<b>30.06.2024</b>	<b>30.06.2023 (*)</b>
10) INCOME AND EXPENSES FROM EQUITY INVESTMENTS	-	-
11) OTHER FINANCIAL INCOME	2,752	1,898
12) FINANCIAL COSTS AND EXPENSES	-13,999	-11,644
13) NET GAINS/(LOSSES) ON FOREIGN EXCHANGE	-32	143
14) VALUE ADJUSTMENTS OF FINANCIAL ASSETS	-56	-
15) INCOME (CHARGES) FROM HYPERINFLATION	-	-
<b>Total</b>	<b>-11,335</b>	<b>-9,603</b>

(\*) The figures as at 30 June 2023 have been restated in accordance with IFRS 5.

Net financial expenses increased from 9.746 million Euros (-2.4% of turnover) to 11.247 million Euros (-2.8% of turnover) in the first half of 2024. The difference is mainly due to the higher cost of the new bond issue of November 2023 in the amount of 120,000,000 Euros, aimed at the early redemption of the previous issue of 180,000,000 Euros, which was settled early in the same period. Financial expenses were also affected by an increase in European interest rates (Euribor) between 0.50% and 0.60% compared to the first half of the previous year.

In addition, financial expenses also include fees paid on the bond issue that are absorbed during its term in application of the amortised cost method of accounting.

Exchange differences as at 30 June 2024 were negative, for 0.03 million Euros, up on the previous year (gains of 0.143 million Euros).

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

**Income taxes** (note 4)

<i>(amounts in Euro thousands)</i>	<b>30.06.2024</b>	<b>30.06.2023 (*)</b>
CURRENT TAXES	4,482	3,593
TAX CONSOLIDATION EXPENSE AND INCOME	3,833	3,909
TAXES FROM PREVIOUS YEARS	-	-
DEFERRED TAXES	511	-199
<b>Total</b>	<b>8,826</b>	<b>7,303</b>

(\*) The figures as at 30 June 2023 have been restated in accordance with IFRS 5.

**Current taxes**

Tax on the income of Italian companies is mainly calculated at 24%, for IRES (corporation tax), and at 3.90% for IRAP (regional business tax) on the respective taxable income for the period. Taxes for the foreign companies are calculated at the rates in force in the various countries.

**Tax consolidation expense and income**

The companies Carraro S.p.A., SIAP S.p.A., Carraro International SE, Driveservice S.r.l. and Carraro Drive Tech Italia S.p.A. adhere to the tax consolidation area of the parent company Carraro S.p.A. The option is valid for the three-year period starting from 1 January 2024 for the companies SIAP S.p.A., Carraro International SE and Driveservice S.r.l. and for the three-year period starting from 1 January 2022 for the company Carraro Drive Tech Italia S.p.A.

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

**Deferred taxes**

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

With effect from 1/1/2024, the Carraro Group, as a multinational Group which exceeds the revenue threshold of 750 million Euros in two of the four previous financial years, falls within the scope of the second-pillar income taxation provided for by Directive 2022/2523, adopted in Italy by Legislative Decree no. 209/2023, intended to guarantee a minimum global tax level of 15% to be determined on the basis of a complex calculation based on the accounting and tax data of some of the entities falling within the Group's perimeter.

Based on current data, Carraro S.p.A. assumes the role of "parent company" for the Carraro Group.

As required by the accounting standard IAS 12, the Carraro Group carried out an analysis, with the support of its tax advisors, in order to identify the scope of application and the potential impact of this new legislation in the jurisdictions in which the Group operates, also making use of the so-called "transitional safe harbours", applicable in the three-year period 2024-2026 (the so-called transitional period). Specifically, no supplementary tax is due if one of the following tests, carried out in each individual jurisdiction, is passed:

- *De minimis test*: passed where revenues in the jurisdiction are less than 10 million Euros and the aggregate earnings before tax is less than 1 million Euros;
- *Simplified effective tax rate test*: passed if the level of effective taxation is at least 15% for 2024, determined on the basis of the ratio of income taxes (understood as current and deferred taxes recognised in the reporting packages of the company in its jurisdiction) to the aggregate values of the individual company's earnings before tax;
- *Routine profit test*: passed if the aggregate value of the so-called "Substance-based income exclusion" ("SBIE") under the Pillar 2 rules is higher than the aggregate amount of earnings before tax. In the event that a pre-tax loss is present in a jurisdiction, the test is deemed to have been passed.

For the purpose of the assessment for the 2024 interim financial statements, the Group performed the above-mentioned tests using the information available for the 2023 financial year.

Based on this analysis, transitional safe harbours were found to exist in all jurisdictions. Therefore, on the basis of the information known or reasonably estimable, the Carraro Group's exposure to second-pillar income taxes at the end of the period is assessed to be insignificant.

Lastly, it should be noted that Group companies have not recognised any deferred tax effects arising from the entry into force of the Pillar 2 rules as of 1 January 2024.

**Research and development costs**

During the period, the financial commitment made by the group for R&D activities amounted to approximately 3.50% of turnover. These costs did not give rise to new capitalisations in accordance with the criteria of IAS 38.

**Property, plant and equipment** (note 6)

These present a net balance of 262.996 million Euros. The breakdown is as follows:

Items (amounts in Euro thousands)	Land and buildings	Plant and machinery	Industrial equipment	Other assets	Invest. in prog. and deposits	Total
Historical cost	114,059	261,346	144,041	17,714	12,049	549,209
Provisions for amortisation and depreciations	-35,365	-145,653	-102,475	-12,265	-	-295,758
<b>Net as at 01.01.2024</b>	<b>78,694</b>	<b>115,693</b>	<b>41,566</b>	<b>5,449</b>	<b>12,049</b>	<b>253,451</b>
<b>Changes in 2024:</b>						
Increases	690	8,468	3,790	1,217	5,352	19,517
Decreases	-	-21	-35	-44	-	-100
Depreciation and amortisation	-1,193	-5,508	-3,988	-598	-	-11,287
Write-downs	-	-44	-126	-29	-	-199
Hyperinflation Argentina	-	515	322	72	-	909
Other changes	700	2,663	883	-138	-2,689	1,419
Reclassification of discontinued operations	-	-417	-249	-48	-	-714
<b>Net as at 30.06.2024</b>	<b>78,891</b>	<b>121,349</b>	<b>42,163</b>	<b>5,881</b>	<b>14,712</b>	<b>262,996</b>
<b>Made up of:</b>						
Historical cost	115,147	273,287	148,630	18,706	14,712	570,482
Provisions for amortisation and depreciations	-36,256	-151,938	-106,467	-12,825	-	-307,486

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

**Intangible assets** (Note 7)

These present a net balance of 108.661 million Euros. The breakdown is as follows:

Items (amounts in Euro thousands)	Goodwill	Development costs	Royalties and patents	Licences and Trademarks	Invest. in prog. and deposits	Technology	Total
Historical cost	93,385	13,074	1,475	46,114	711	31,860	186,619
Provisions for amortisation and depreciations	-32,119	-12,335	-1,373	-29,764	-	-196	-75,787
<b>Net as at 01.01.2024</b>	<b>61,266</b>	<b>739</b>	<b>102</b>	<b>16,350</b>	<b>711</b>	<b>31,664</b>	<b>110,832</b>
<b>Changes in 2024:</b>							
Increases	-	-	-	358	208	-	566
Decreases	-	-	-	-	-	-	-
Depreciation and amortisation	-	-190	-25	-1,562	-	-874	-2,651
Write-downs	-	-	-	-	-	-	-
Hyperinflation Argentina	-	-	-	102	-	-	102
Other changes	-	-1	3	281	-488	86	-119
Reclassification of discontinued operations	-	-	-	-69	-	-	-69
<b>Net as at 30.06.2024</b>	<b>61,266</b>	<b>548</b>	<b>80</b>	<b>15,460</b>	<b>431</b>	<b>30,876</b>	<b>108,661</b>
<b>Made up of:</b>							
Historical cost	93,385	13,075	1,479	46,851	431	34,983	190,204
Provisions for amortisation and depreciations	-32,119	-12,527	-1,399	-31,391	-	-4,107	-81,543

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

## Goodwill and Impairment Tests

Goodwill is attributed to the *CGU* (cash generating unit) identified in the “Drive Tech” business area. This *CGU* is subjected to specific impairment testing at least once a year, in application of the provisions of IAS 36 as described in the explanatory notes to the consolidated financial statements as at 30.06.2024.

No trigger events occurred in the first half of 2024 requiring a new assessment of the impairment test as compared to what is disclosed in the consolidated financial statements as at 31 December 2023.

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

Business Area ( <i>CGU</i> )	31.12.2023	Changes	30.06.2024
Drive Tech	61,266	-	61,266
<b>Total</b>	<b>61,266</b>	<b>-</b>	<b>61,266</b>

## Investments in progress and deposits

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

## Licences and Trademarks

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

## Royalties and patents

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

## Technology

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

## Real estate investments (note 8)

These present a net balance of 0.8 million Euro and relate to civil property owned by Carraro S.p.A. and Siap S.p.A.

## Equity investments (Note 9)

### Equity investments in associate companies

Name	Registered office	Holding company	Share capital		Number of shares Stakes held Total	Profit (loss) 30.06.2024 (ctv. Euros)	Shareholders' equity Equity 31.12.2021 (ctv. Euros)	Direct portion	Carrying amount of the investment 30.06.2024
			Currency	Amount					
Enertronica Santerno S.p.A.	Milan, Italy	Carraro S.p.A.	EUR	785,036	1,588,800	n.a.	(19,834,390)	20.23%	-

(\*) Figures updated to 31 December 2022 and 31 December 2023 are not yet available. The most up-to-date financial information available has therefore been provided.

On 27 March 2024, the equity interest in Enertronica S.p.A., previously held by Carraro International SE, was transferred to Carraro S.p.A. Consequently, at the time of preparation of the consolidated interim report, Carraro S.p.A. is the only entity of the Carraro Group to hold an interest in Enertronica Santerno S.p.A. for a total of 20.23%. The investment was fully written down in previous years.

As a result of the company's financial situation, Enertronica Santerno S.p.A initiated a composition procedure in order to find a solution shared with its creditors and other stakeholders. During this process, the company reached several restructuring agreements with creditors during the course of 2023.

Compared to the situation on 31 December 2023, no new developments concerning the restructuring agreements have emerged as at 30 June 2024.

### Equity investments in joint ventures

The Carraro Group holds a shareholding in the joint venture Bhavani Synchrotec Private Limited, a company whose core business is the manufacture of synchronisers for the Group's internal needs and their subsequent marketing.

Under the JV agreement, Bhavani Industries India LLP will hold 49% and Siap S.p.A., 51%.

As at 30 June 2024, the payments made by Siap S.p.A. to the joint venture amounted to a total of 4,488,767 Euros, of which cash and an Intellectual Property (IP) contribution related to synchroniser projects.

The latest figures of the joint venture are summarised below:

Name	Registered office	Holding company	Share capital		Number of shares Stakes held	Profit (loss) 31.03.2024	Shareholders' equity 31.03.2024	Direct portion	Carrying amount of the investment 31.03.2024
			Currency	Amount					
Bhavani Synchrotec Private Limited	Sanand, Gujarat (India)	Siap S.p.A.	INR	800,000	7,844	-57	8,849	49.00%	4,788

Note 1: Amounts in thousands of Indian Rupees (INR) and in thousands of Euros (EUR).

### Financial assets (note 10)

<i>(amounts in Euro thousands)</i>	30.06.2024	31.12.2023
Loans to related parties	-	-
Loans to third parties	-	-
<b>LOANS AND RECEIVABLES</b>	-	-
Available for sale	61	61
Other financial assets	218	243
<b>OTHER FINANCIAL ASSETS</b>	<b>279</b>	<b>304</b>
<b>NON-CURRENT FINANCIAL ASSETS</b>	<b>279</b>	<b>304</b>
With related parties	-	-
With third parties	-	-
<b>LOANS AND RECEIVABLES</b>	-	-
Financial assets at current value	-	-
Fair value of derivatives	214	81
Other financial assets	908	948
<b>OTHER FINANCIAL ASSETS</b>	<b>1,122</b>	<b>1,029</b>
<b>CURRENT FINANCIAL ASSETS</b>	<b>1,122</b>	<b>1,029</b>

### Non-current loans and receivables

As at 30 June 2024, there were no non-current loans and receivables.

### Other current and non-current financial assets

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

### Current loans and receivables

As at 30 June 2024, there were no current loans and receivables.

### Fair value of derivatives

Include "cash flow hedge" derivatives for 0.21 million Euros. The amount refers to the fair value recognised as at 30/06/2024 of current instruments on currencies and goods. As described in detail in the section on derivative financial instruments (Paragraph 9), profits or losses deriving from hedging instruments are recognised in the statement of comprehensive income and accumulated in a specific shareholders' equity reserve for the efficient part, while the remaining (inefficient) portion is recognised in the income statement.

**Deferred tax assets and liabilities** (note 11)

The carrying amount of net deferred tax liabilities recognised as at 30 June 2024 came to 3,348 million Euros. (2,414 million Euros as at 31 December 2023).

Net deferred tax assets include the benefits associated with retained tax losses, insofar as it is likely that there will be suitable future taxable profits against which these losses can be used in a reasonably short period. Tax losses for which it was decided not to recognise deferred tax assets as at 30 June 2024 amounted to 30.3 million Euros (30.9 million Euros at December 2023), with a tax effect of 7.6 million Euros. (7.6 million Euros at December 2023).

No deferred tax assets on temporarily non-deductible interest charges were recognised for a taxable amount of 23.9 million Euros. (27 million Euros at December 2023) with a tax effect of 5.7 million Euros. (6.5 million Euros at December 2023).

The decision was also taken not to recognise deferred tax assets on other temporary differences for a taxable amount of 2.5 million Euros, with a tax effect of 0.9 million Euros.

The item "Amortisation and depreciation" includes deferred tax assets related to the capital gain resulting from a transaction carried out in 2014. Since this is a transaction between companies subject to common control, in accordance with the Assirevi document "OPI1" this capital gain has not been recognised for accounting purposes, having consequently given rise to the corresponding recognition of deferred tax assets, the value of which as at 30.06.2024 amounted to 5.9 million Euros.

Deferred tax liabilities also include the tax effect related to capital gains allocated to assets in the PPA carried out on 01.01.2022.

**Trade receivables and other receivables** (Note 12)

<i>(amounts in Euro thousands)</i>	<b>30.06.2024</b>	<b>31.12.2023</b>
<b>NON CURRENT TRADE RECEIVABLES</b>	-	-
With third parties	5,565	5,436
<b>OTHER NON-CURRENT RECEIVABLES</b>	<b>5,565</b>	<b>5,436</b>
<b>NON-CURRENT TRADE RECEIVABLES AND OTHER RECEIVABLES</b>	<b>5,565</b>	<b>5,436</b>
With related parties	-	-
With third parties	94,985	89,219
<b>CURRENT TRADE RECEIVABLES</b>	<b>94,985</b>	<b>89,219</b>
With related parties	808	808
With third parties	43,089	42,866
<b>OTHER CURRENT RECEIVABLES</b>	<b>43,898</b>	<b>43,675</b>
<b>CURRENT TRADE RECEIVABLES AND OTHER RECEIVABLES</b>	<b>138,883</b>	<b>132,894</b>

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

Other non-current receivables (5.57 million Euros) consist mainly of guarantee deposits, portions of costs accruing in subsequent periods and advance payments and tax receivables accrued in India.

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

**Closing inventory** (note 13)

<i>(amounts in Euro thousands)</i>	<b>30.06.2024</b>	<b>31.12.2023</b>
Raw materials	112,047	99,535
Work in progress and semi-finished products	50,608	45,231
Finished products	19,916	21,804
<b>Total inventories</b>	<b>182,571</b>	<b>166,570</b>
Provision for impairment of inventories	-20,653	-19,678
<b>Total inventories</b>	<b>161,918</b>	<b>146,892</b>

Inventories as at 30 June 2024 recorded a net balance of 161.9 million Euros, an increase compared with 146.9 million Euros as at 31 December 2023.



**Cash and cash equivalents** (Note 14)

<i>(amounts in Euro thousands)</i>	<b>30.06.2024</b>	<b>31.12.2023</b>
CASH	128	133
BANK CURRENT ACCOUNTS AND DEPOSITS	205,541	200,343
<b>TOTAL</b>	<b>205,669</b>	<b>200,476</b>

As at 30 June 2024, there were constrained cash and cash equivalents amounting to 0.02 million Euros which refer to guarantees provided in India to local public entities.

**Shareholders' equity** (note 15)

<i>(amounts in Euro thousands)</i>	<b>30.06.2024</b>	<b>31.12.2023</b>
1) Share Capital	41,453	41,453
2) Other Reserves	38,449	27,993
3) Profits/(Losses) brought forward	-	-
4) Cash flow hedge reserve	-122	-1,277
5) Provision for discounting employee benefits	451	426
6) Foreign currency translation reserve	-2,017	-3,963
7) Result for the period pertaining to the group	9,755	19,086
<b>GROUP SHAREHOLDERS' EQUITY</b>	<b>87,969</b>	<b>83,718</b>
8) Minority interests	15,338	16,372
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>103,307</b>	<b>100,090</b>

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

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

In the first half of 2024 no new treasury shares were purchased. The overall investment therefore amounts to 6.666 million Euros. This amount is recognised under item 2) Other Reserves.

**Financial liabilities** (note 16)

The classification of financial liabilities is shown below:

<i>(amounts in Euro thousands)</i>	<b>30.06.2024</b>	<b>31.12.2023</b>
<b>NON-CURRENT BONDS</b>	<b>266,758</b>	<b>266,319</b>
<i>MEDIUM/LONG-TERM LOANS</i>	157,087	142,273
<i>MEDIUM/LONG-TERM LEASE PAYABLES - IFRS 16</i>	1,994	<b>1,867</b>
<b>MEDIUM/LONG-TERM LOANS</b>	<b>152,081</b>	<b>144,140</b>
<i>OTHER NON-CURRENT FINANCIAL LIABILITIES</i>	-1	6
<b>OTHER NON-CURRENT FINANCIAL LIABILITIES</b>	<b>-1</b>	<b>6</b>
<b>NON-CURRENT FINANCIAL LIABILITIES</b>	<b>418,838</b>	<b>410,465</b>
<b>BONDS</b>	-	-
<i>MEDIUM-/LONG-TERM LOANS – short-term portion</i>	25,846	18,802
<i>LOANS TO OTHERS</i>	297	6,391
<i>LEASE PAYABLES FROM RIGHTS OF USE - IFRS 16</i>	1,138	<b>935</b>
<b>CURRENT FINANCIAL LIABILITIES</b>	<b>27,281</b>	<b>26,128</b>
<i>FAIR VALUE OF EXCHANGE RATE DERIVATIVES</i>	56	435
<i>FAIR VALUE OF DERIVATIVES ON COMMODITIES</i>	228	1,351
<i>OTHER CURRENT FINANCIAL LIABILITIES</i>	3,491	3,570
<b>OTHER CURRENT FINANCIAL LIABILITIES</b>	<b>3,775</b>	<b>5,356</b>
<b>CURRENT FINANCIAL LIABILITIES</b>	<b>31,056</b>	<b>31,484</b>

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

<b>Financial liabilities</b> (amounts in Euro thousands)	<b>31.12.2023</b>	<b>Cash Flow</b>	<b>Reclassification</b>	<b>Other changes</b>	<b>Change in IFRS 16</b>	<b>Exchange impact</b>	<b>30.06.2024</b>
Gross non-current loans payable	414,236	23,820	-16,274	-9	122	247	422,142
Gross current loans payable	26,154	-15,605	16,274	-	199	298	27,320
<b>Total loans payable</b>	<b>440,390</b>	<b>8,215</b>	<b>-</b>	<b>-9</b>	<b>321</b>	<b>545</b>	<b>449,462</b>
Amortised cost	-3,803	-	-	461	-	-	-3,342
Other non-current financial liabilities	6	-	-	-7	-	-	-1
Other current financial liabilities	3,570	-3,570	-	3,491	-	-	3,491
<b>Financial liabilities</b>	<b>440,163</b>	<b>4,645</b>	<b>-</b>	<b>3,936</b>	<b>321</b>	<b>545</b>	<b>449,610</b>

The net financial position is broken down below:

<b>Net financial position</b> (amounts in Euro thousands)	<b>30.06.2024</b>	<b>31.12.2023</b>
Non-current bonds	-266,758	-266,319
Current bonds	-	-
<b>Bonds:</b>	<b>-266,758</b>	<b>-266,319</b>
Non-current loans payable	-152,081	-144,140
Current loans payable	-27,281	-26,128
Other non-current financial liabilities	1	-6
Other current financial liabilities	-3,491	-3,570
Trade payables and other non-current payables *	-	-
<b>Financial liabilities:</b>	<b>-182,852</b>	<b>-173,844</b>
Current loans and receivables	-	-
Other current financial assets	908	948
<b>Financial assets:</b>	<b>908</b>	<b>948</b>
Cash	128	133
Bank current accounts and deposits	205,541	200,343
<b>Cash and cash equivalents:</b>	<b>205,669</b>	<b>200,476</b>
Reclassifications from discontinued operations	853	710
<b>Net financial position **</b>	<b>-242,180</b>	<b>-238,029</b>
Non-current loans and receivables	-	-
Other non-current financial assets	218	243
Non-current leases - IFRS 16	1,994	1,867
Current leases - IFRS 16	1,138	935
Reclassifications from discontinued operations	275	533
<b>Net financial position of operations ***</b>	<b>-238,555</b>	<b>-234,451</b>
of which payables/(receivables):		
- non-current	-416,626	-408,355
- current	176,943	172,661
- from discontinued operations	1,128	1,243

(\*) The item trade payables and other non-current payables does not contain non-interest-bearing payables with a significant implicit or explicit financing component, such as trade payables due in more than 12 months, or other types of non-interest-bearing loans.

(\*\*) Net financial debt drawn up in accordance with the framework provided for by ESMA Recommendation 32-382-1138 of 4.3.2021

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

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

In September 2020, the Company issued a 3.75% fixed-rate senior unsecured bond of 150 million Euros – maturing in 2026 – listed on the Luxembourg Stock Exchange and on the MOT.

The effect of the amortised cost on this item amounted to 1.21 million Euros as at 30 June 2024.

In November 2023, the Company issued a 7.75% fixed-rate senior unsecured bond of 120 million Euros – maturing in 2028 – listed on the Luxembourg Stock Exchange and on the MOT.

The effect of the amortised cost on this item amounted to 2.03 million Euros as at 30 June 2024.

As at 30 June 2024, the financial parameters (covenants) contractually specified on the consolidated data had been met.

The Carraro Group has access to medium- and long-term banking credit facilities totalling 108.4 million Euros, of which 0.3 million Euros drawn down. Medium- and long-term bank credit facilities amount to a total of 205.0 million Euros, of which 176.0 million Euros drawn down.

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

- Europe: 5 - 6%
- India: 9 - 10%
- China: 4 - 5%

### Fair Value

#### Financial liabilities on financial instruments not listed on regulated markets:

These financial liabilities are currently negotiated by the Company at variable rates. The fair value of these instruments is not appreciably different from their book values.

#### Financial liabilities on financial instruments listed on regulated markets:

Among its financial liabilities, the company has two bonds listed on regulated markets.

The fair value of these liabilities, issued at a fixed rate and listed on regulated markets, is shown in the table below:

<i>(amounts in Euro thousands)</i>	<b>Nominal Value</b>	<b>Amortised cost 30.06.2024</b>	<b>Carrying amount 30.06.2024</b>	<b>Fair Value (level 1) 30.06.2024</b>
BOND 2020-2026 3.75%	150,000	-1,209	148,790	148,320
BOND 2023-2028 7.75%	120,000	-2,033	117,967	127,164
<b>Total</b>	<b>270,000</b>	<b>-3,242</b>	<b>266,757</b>	<b>275,484</b>

### Trade payables and other payables (note 17)

<i>(amounts in Euro thousands)</i>	<b>30.06.2024</b>	<b>31.12.2023</b>
With third parties	10,066	9,831
<b>OTHER NON-CURRENT PAYABLES</b>	<b>10,066</b>	<b>9,831</b>
<b>TRADE PAYABLES AND OTHER NON-CURRENT PAYABLES</b>	<b>10,066</b>	<b>9,831</b>
With related parties	47	16
With third parties	230,774	205,162
<b>CURRENT TRADE PAYABLES</b>	<b>230,821</b>	<b>205,178</b>
With related parties	90	90
With third parties	53,959	51,565
<b>OTHER CURRENT PAYABLES</b>	<b>54,049</b>	<b>51,655</b>
<b>TRADE PAYABLES AND OTHER CURRENT PAYABLES</b>	<b>284,870</b>	<b>256,833</b>

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

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

**Current tax payables** (note 18)

<i>(amounts in Euro thousands)</i>	<b>30.06.2024</b>	<b>31.12.2023</b>
Current taxes payables	15,681	10,560

**Employee severance indemnities and retirement benefits** (note 19)

<i>(amounts in Euro thousands)</i>	<b>30.06.2024</b>	<b>31.12.2023</b>
<b>Opening severance indemnities in accordance with IAS 19</b>	<b>5,673</b>	<b>5,922</b>
Utilisation of employee severance indemnities	-586	-452
Interest cost	82	209
Actuarial gains/losses	-115	-6
<b>Closing severance indemnities in accordance with IAS 19</b>	<b>5,054</b>	<b>5,673</b>

**Pension/retirement funds**

Pension funds and similar for 2.8 million Euros refer to staff in Argentina, India and China. The actuarial recalculation, except for the structural differences of the relevant plans, follows the same criterion described for the aforementioned Italian termination benefit provisions. The accounting treatment of employee benefits recorded in the financial statements complies with IAS 19 Revised for defined-benefit plans.

<i>(amounts in Euro thousands)</i>	<b>Opening 31.12.2023</b>	<b>Increases</b>	<b>Decreases</b>	<b>Other changes</b>	<b>Closing 30.06.2024</b>
Pension funds and similar	<b>2,627</b>	38	-18	186	<b>2,833</b>

**Workforce**

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

<b>Employees</b>	<b>31.12.2023</b>	<b>Changes</b>	<b>30.06.2024</b>
Executives	33	-1	32
Clerical staff	784	2	786
Factory workers	2,234	-5	2,229
Temporary workers	808	-51	757
<b>Total</b>	<b>3,859</b>	<b>-55</b>	<b>3,804</b>

**Provision for risks and liabilities** (note 20)

The item can be broken down as follows:

<i>(amounts in Euro thousands)</i>	<b>Opening situation</b>	<b>Increases</b>	<b>Decreases</b>	<b>Reclassification</b>	<b>Discontinue d operations</b>	<b>Exchange- rate adjustments</b>	<b>Closing situation</b>
<b>Non-current portion</b>							
1) WARRANTY	4,169	-	-	215	-	34	4,418
2) COSTS OF LEGAL CLAIMS	-	-	-	-	-	-	-
3) RENOVATION AND CONVERSION	-	-	-	-	-	-	-
4) OTHER PROVISIONS	717	280	-93	-	-336	3	571
<b>TOTAL</b>	<b>4,886</b>	<b>280</b>	<b>-93</b>	<b>215</b>	<b>-336</b>	<b>37</b>	<b>4,989</b>
<b>Current portion</b>							
1) WARRANTY	9,195	2,300	-1,658	-215	12	28	9,662
2) COSTS OF LEGAL CLAIMS	144	69	-	-	-34	-	179
3) RENOVATION AND CONVERSION	380	-	-40	-	3	-	343
4) OTHER PROVISIONS	12,609	2,204	-9,814	-	40	44	5,083
<b>TOTAL</b>	<b>22,328</b>	<b>4,573</b>	<b>-11,512</b>	<b>-215</b>	<b>21</b>	<b>72</b>	<b>15,267</b>

From the product warranty reserve, 1.66 million Euros was used for customer claims accepted and the reserve was increased by 2.3 million Euros on the basis of the expected warranty costs which will be incurred in relation to the sales made.

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

The restructuring provision allocated as at 30 June 2024, concerning the reorganisation and restructuring of the Carraro Group, has been used for an amount of 0.04 million Euros.

The item "Other provisions" includes amounts recognised in the individual companies for future expenses and liabilities, including the performance bonus to employees, MBOs and the Long Term Incentive (LTI) fund.

## 7. Commitments and risks

As at 30 June 2024, no significant events to report had occurred.

## 8. Transactions with related parties (note 21)

The shareholders of the company Carraro S.p.A. as at 30.06.2024, net of treasury shares, were as follows: Finaid SpA for 48.33%, Enrico and Tomaso Carraro jointly for 10.13% and Julia Dora Koranyi Arduini for 37.05%.

Carraro S.p.A. and all Italian-law subsidiaries are included in the tax consolidation area of the parent company Carraro S.p.A. The charges/income deriving from the transfer of the IRES taxable base are booked under current taxes.

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

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

<i>(amounts in Euro thousands)</i>	Financial and equity transactions			Economic transactions			
	Financial assets	Trade receivables and other receivables	Trade payables and other payables	Sales revenues	Purchases of goods and materials	Other financial income	Adjustments to financial assets
Finaid S.p.A.	-	808	137	-	-	-	-
Enertronica Santerno S.p.A.	-	-	-	-	-	63	-
Bhavani Synchrotec Private Limited	-	-	-	-	62	-	-56
<b>TOTAL</b>	-	<b>808</b>	<b>137</b>	-	<b>62</b>	<b>63</b>	<b>-56</b>

## 9. FINANCIAL INSTRUMENTS

### 9.1 Derivative financial instruments on currencies

The following tables indicate all the key information relating to the portfolio of derivative financial instruments on currencies outstanding as at 30.06.2024. These are instruments designated to cover:

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

#### a) Notional values

<b>CONTRACT</b> <i>(amounts in Euro thousands)</i>	<b>Swaps (DCS) (1)</b>	<b>Swaps (DCS) (2)</b>	<b>Total notional values</b>
Carraro S.p.A.		749	749
Carraro Drive Tech Italia S.p.A.	32,586	7,202	39,788
Carraro India	-	4,981	4,981
SIAP S.p.A.	3,010	2,105	5,115
<b>GROUP TOTAL 30.06.2024</b>	<b>35,596</b>	<b>15,037</b>	<b>50,633</b>

(1) instruments hedging foreign currency sales and purchasing budget

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

**b) Reference currencies and expiry dates of contracts**

CONTRACT	Swaps (DCS) (1)		Swaps (DCS) (2)	
	Currencies	Expiry dates	Currencies	Expiry dates
Carraro S.p.A.	-	-	USD/EUR	Jul-24
Carraro Drive Tech Italia S.p.A.	USD/EUR CNY/EUR INR/EUR	Feb-25	USD/EUR	Jul-24
Carraro India	-	-	EUR/INR	Dec '24
SIAP S.p.A.	USD/EUR CNY/EUR	Feb-25	USD/EUR INR/EUR	Aug-24

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

**c) Fair value**

(amounts in Euro thousands)	Swaps (DCS) (1)	Swaps (DCS) (2)	Total
Carraro S.p.A.	-	1	1
Carraro Drive Tech Italia S.p.A.	205	6	211
Carraro India	-	-2	-2
SIAP S.p.A.	-55	2	-53
<b>GROUP TOTAL 30.06.2024</b>	<b>150</b>	<b>7</b>	<b>157</b>

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

**d) Details of fair values**

(amounts in Euro thousands)	30.06.2024		31.12.2023	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
<b>FAIR VALUE/CASH FLOW HEDGE</b>				
Exchange rate risk	214	-57	82	-434

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

(amounts in Euro thousands)	FV recognised in the income statement	FV recognised in net equity	Total
Carraro S.p.A.	1	-	1
Carraro Drive Tech Italia S.p.A.	8	203	211
Carraro India	-2	-	-2
SIAP S.p.A.	-34	-19	-53
<b>GROUP TOTAL 30.06.2024</b>	<b>-27</b>	<b>184</b>	<b>157</b>

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

The fair values as at 30.06.2024 of financial instruments on exchange rates were calculated using the forward exchange rate method.

The counterparties with which the contracts are stipulated are leading national and international banking institutions. The financial instruments on currencies are used, on a basis consistent with the financial risk management policy adopted by the Group, to hedge the risks deriving from exchange rate fluctuations and concern sales volumes compared with the budget exchange rate and the collections and payment of short and medium-term receivables and payables with respect to the historical value.

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

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

**9.2 Derivative financial instruments on interest rates**

There are no derivative contracts on interest rates outstanding as at 30.06.2024.

Any changes in fair value with reference to the type of fair value hedge are reflected in the income statement, net of the tax effect.

### 9.3 Derivative financial instruments on commodities

The following tables indicate all the key information relating to the portfolio of derivative financial instruments on goods outstanding as at 30.06.2024. These are instruments designated to hedge:

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

#### a) Notional values

<b>CONTRACT</b> <i>(amounts in Euro thousands)</i>	<b>Swap (1)</b>	<b>Total notional values</b>
Carraro S.p.A.	263	263
Carraro Drive Tech Italia S.p.A.	384	384
SIAP S.p.A.	1,777	1,777
<b>GROUP TOTAL 30.06.2024</b>	<b>2,424</b>	<b>2,424</b>

(1) instruments activated to hedge fluctuating commodity prices

#### b) Reference currencies and expiry dates of contracts

<b>CONTRACT</b>	<b>Swap (1)</b>	
	Commodities	Expiry dates
Carraro S.p.A.	PSV (Gas) PUN (Energy)	Dec-25
Carraro Drive Tech Italia S.p.A.	PSV (Gas) PUN (Energy)	Dec-25
SIAP S.p.A.	PSV (Gas) PUN (Energy)	Dec-25

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

#### c) Fair value

<i>(amounts in Euro thousands)</i>	<b>Swap (1)</b>	<b>Total</b>
Carraro S.p.A.	-21	-21
Carraro Drive Tech Italia S.p.A.	-27	-27
SIAP S.p.A.	-179	-179
<b>GROUP TOTAL 30.06.2024</b>	<b>-227</b>	<b>-227</b>

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

#### d) Details of fair values

<i>(amounts in Euro thousands)</i>	<b>30.06.2024</b>		<b>31.12.2023</b>	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
<b>FAIR VALUE/CASH FLOW HEDGE</b>				
Risk of fluctuating commodity prices	-	-228	-	-1,351

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

<i>(amounts in Euro thousands)</i>	<b>FV recognised in the income statement</b>
Carraro S.p.A.	-21
Carraro Drive Tech Italia S.p.A.	-27
SIAP S.p.A.	-179
<b>GROUP TOTAL 30.06.2024</b>	<b>-227</b>

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

The fair values as at 30.06.2024 of financial instruments on goods were calculated using the forward price method.

The counterparties with which the contracts are stipulated are leading national and international banking institutions.

Financial instruments on commodities are used, on a basis consistent with the financial risk management policy adopted by the Group, to hedge the risks arising from fluctuating commodity prices and refer to future gas and electricity consumption.

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For accounting purposes in relation to contracts hedging fluctuating commodity prices in effect at the end of the reporting period, it should be noted that for the transactions executed, especially Commodity Swaps on Goods, all the conditions provided for in IAS/IFRS applied, so hedge accounting was adopted.

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

#### Notional values and fair values

Below is a summary table of the assets and liabilities measured at fair value as at 30 June 2023, as required by IFRS 13:

<i>(amounts in Euro thousands)</i>	<b>Level 2 30.06.2024</b>	<b>Level 2 31.12.2023</b>
<b>Assets</b>		
Foreign exchange derivative assets	214	82
Commodity derivative assets	-	-
<b>Total Assets</b>	<b>214</b>	<b>82</b>
<b>Liabilities</b>		
Foreign exchange derivative liabilities	57	434
Commodity derivative liabilities	-	-
<b>Total Liabilities</b>	<b>57</b>	<b>434</b>

#### 10. Events subsequent to the reporting date

On 24 August 2024, Carraro India commenced the process of listing on the Mumbai Stock Exchange by filing the appropriate prospectus (DRHP) with the Securities and Exchange Board of India (SEBI) Capital Market Regulatory Authority. The process to list the Indian company is expected to be completed by the end of the year.


 The Chairman

Enrico Carraro





# **Carraro Group**

## **Directors' Report on Operations as at 30 June 2024**

## **The Carraro Group**

Carraro is an international group, leader in transmission systems for off-highway vehicles and in the production of specialised tractors, with Headquarters in Italy in Campodarsego (Padua).

Carraro S.p.A. is not subject to management and coordination activities under the terms of Article 2497 and following of the Italian Civil Code.

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

- **Drive systems**

Through the companies belonging to the Drivelines Business Area, which represents the majority of the Group, Carraro designs, manufactures and sells transmission systems (axles, transmissions and drives) mainly for agricultural and construction equipment and off-road vehicles, in addition to marketing a wide range of components and gears for very diverse sectors, from automotive to trucks to material handling to agricultural applications and construction equipment.

- **Tractors**

Through Divisione Agritalia, the Group designs and manufactures specialised tractors (for vineyards and orchards from 60 to 100 HP) for third-party brands, namely Antonio Carraro, Claas, John Deere, Massey Ferguson and Valtra; Agritalia also provides engineering services for the design of innovative tractor ranges.

## **Reference markets**

### **Agriculture**

The first part of 2024 saw a significant contraction in the sales volumes of new agricultural machinery worldwide in the various markets. The drop in demand is a direct consequence of the difficulty in accessing credit, linked to the persistence of high interest rates, and the reduction of incentives for the sector.

In the first part of 2024, the **European** market recorded a drop in sales compared to the previous year. Prices of agricultural commodities have progressively fallen, impacting the income of operators, who have also had to bear much higher costs for fertilisers, lubricants, fuel and irrigation due to the drought that has plagued large areas of the continent. The reduction of incentives by the European Union and the high cost of money – which has made investments more expensive – also contributed to the dynamic.

In **North America**, there was a decrease in sales compared to the previous year with a simultaneous increase in stock at dealers. In particular, the hobby and family farming sector contracted sharply, as did demand in the large plot segment and the harvesting machinery sector, albeit to a lesser extent.

The **Turkish** agricultural market is also slowing down, resulting in an increase of existing vehicle stock at both dealers and OEMs. After years of significant growth, registrations dropped in the first half of the year and are expected to fall significantly from as early as July due to the sudden introduction of new emission regulations and the continuing high cost of money.

**China** continues to see a slowdown in the sector, although there is a substantial shift in demand towards higher-powered vehicles, partly due to local subsidies. Sales of machines below 100hp dropped significantly in favour of power ratings above 200hp, the Carraro Group's leadership segment. In order to utilise the large production capacities installed, the local market is directing its activities more and more towards exports, consequently pushing the various Chinese OEMs towards a major technological improvement.

In both **Japan** and **South Korea** in 2024, sales dynamics are in line with the trend in other markets. Of note is the constant development of alliances between Japanese and Indian OEMs in order to expand their respective sales perimeters.

In **India**, the first part of 2024 saw slightly lower sales volumes than last year. The positive effects of both the MSP (Minimum Support Price) and the resilience of commodity prices only partially supported operators in the purchase of new agricultural machinery, and were partly cancelled out by the negative impact of the monsoon 2023 and above-normal temperatures on harvests in early 2024. Demand for 4-wheel drive vehicles continues to grow in the domestic market.

In **Latin America** and especially in Brazil, sales deteriorated compared to the previous year due to difficulties in accessing credit combined with too few incentives such as those under the SAFRA plan.

### **Construction equipment**

After an extremely positive three-year period in many areas, in the first half of 2024 the markets began to show signs of a more pronounced slowdown in the private construction sector, both residential and commercial. The decline in sectors related to large infrastructure works was less marked.

In **Europe**, the downturn in demand, which was not significant, varied depending on the specific segment, resulting in an increase in the availability of vehicles at distributors.

The **Turkish** construction market has been heavily affected by the country's economic crisis which has resulted in a significantly decrease in sales volumes on the domestic front. Local manufacturers are therefore also pushing into foreign markets through a more aggressive pricing policy.

In **North America**, performance was better than in other markets, thanks to the renewal of rental fleets. Again, stocks at distributors are growing due to the forecast decrease in the propensity to buy.

In **China**, for the first time, the number of vehicles sold for export exceeded the domestic market, resulting in a partial conversion of the local industry from heavy to light, and also to support the maintenance needs of the many infrastructures developed in recent years.

There was good demand for new vehicles in **India**, in line with 2023. The recent re-election of the outgoing government in the last elections should further energise and boost domestic infrastructure construction and thus have a positive effect on demand.

In **Latin America**, demand is recovering slightly after the sharp declines during 2023. However, volumes are still at rather low levels. Cost pressure is also strong due to the export of vehicles from China.

### **New Group activities**

The group's strong commitment to market diversification continues through the two very important initiatives related to the Maniago hub.

### **Automotive sector**

During the first half of 2024, the production ramp-up of the client Ineos for the Grenadier project continued, with the delivery of around 21,000 axles. The client confirmed its intention to strengthen its presence in the global market through a series of advertising initiatives in TV, print, social and streaming media.

It has also introduced a service that will allow limited editions of the Grenadier Station Wagon to be created and will enable customers to further customise the hand-finished 4X4 with personalised details and materials.

### **e-Trucks sector**

The half year ended with the consolidation of investments and volumes for the Scania project, which is now fully in series production. In parallel, investments were completed for Volvo gears, which are scheduled to start production in the second half of 2024, as well as a series of preparatory activities for the start of production of bevel gears for e-trucks during 2025.

### **Research and Development: innovation, new applications and value chain**

The Group's commitment to R&D continued, still focussed on developing innovative transmission systems and specialised tractors aimed at markets with a greater potential. In particular, investments in R&D in the first half of 2024 were equal to 3.50% of turnover, largely unchanged compared to 3.4% in June 2023 and in line with expectations.

Once again this period, an effort was made to standardise new suppliers, new processes and materials, in order to reduce the cost of components.

Activities to update products based on sales activities and customer requests were stable.

The development of new products, consistent with the strategic plan, was aimed at:

- introducing new solutions to expand the offer in the CWL, TBH, WEX and AWP segments;
- improving product margins;
- anticipating technological macro trends, such as the introduction of electric and hydrostatic transmissions to replace hydrokinetic ones.

### **Developments in the axles range and key transmission systems projects**

#### **Development of hydrostatic/electric drives**

The focus of Group R&D has been on the development of hydrostatic and electric drives to compete in the wheel loader, telescopic arm and wheeled excavator markets. This market segment offers ample opportunities for the addition of new technologies, thanks to a general trend of vehicle range renewal oriented towards better performance and greater environmental sustainability through electrified solutions.

#### **Development of electric agricultural transmissions**

Another key project is the development of electric agricultural transmissions with a power up to 75 hp. The solution developed in previous years has proven to meet the needs of important customers very well.

#### **Completion of the range of agricultural transmissions**

The Group has worked on the completion of the range of agricultural transmissions covering power categories up to 130 hp and the development of a continuously variable transmission (CVT) technology based on a hydrostatic/mechanical powersplit. The CVT project is gaining support from customers in the validation phase, with performance considered to be at the level of best-in-class products.

The T135 project went into production for the European market as planned and was also well received in the Turkish market, where a major customer has already issued production orders and is in negotiations to purchase a major engineering services package. This confirms the importance of the synergies between Drivotech and Agritalia in identifying business opportunities for agricultural axles, and the effectiveness of offering vehicle integration engineering services as a way to promote the sales of Carraro transmission systems.

#### Update of the axle range

The Group has worked on renewal of the axles range, with applications for combine harvesters, medium power tractors, specialised tractors for orchards and medium and small power tractors on the Indian market, with the latter particularly significant for expected sales volumes.

The results of the CTIS system are good and promising for future expansions of the range, enhancing the technology offering.

Portal axles, mainly used in the transition from 2WD tractors to 4WD tractors in India or other emerging markets, have also been developed.

In Construction Equipment, new standardised TBH axles were developed for important applications in the American and European markets, as well as new axles and transfer boxes for aerial platforms.

#### **Tractors**

In 2024, research activities focused on completing the development of the new models for open field applications (120 hp), achieving production approval with excellent results in terms of reliability and product quality.

For one of the Vehicles Business Area's most important clients, the specialised tractor range has seen some important updates with the start-of-production of a new "*Flat Floor*" cab and innovative features that improve operator comfort.

The project for tractors with continuously variable transmission continued with good results. The test prototypes showed that the product is technically well set up and promising for the future extension of the range.

The above-described projects are an unprecedented step forward in expanding Agritalia's tractor range, making it possible to offer technical solutions on a par with the reference premium markets of our customers.

At the same time, a strong emphasis has been placed on industrialisation and cost optimisation activities through revision of specifications and approval of new suppliers, technological changes to component production processes and component industrialisation.

## **Summary of the first half of the year**

*To better understand the figures relating to 2024, adjusted figures will be highlighted. Specifically, the adjusted figures will take into account transactions not connected to ordinary operations.*

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

*- EBITDA: understood as the sum of operating profit/loss, amortisation, depreciation (including any adjustments) and impairment of fixed assets. The directors consider EBITDA to be a useful, alternative performance indicator for understanding the Group’s operating result;*

*- EBIT: understood as operating profit/loss in the income statement. The directors consider EBITDA to be a significant indicator for understanding the Group’s operating result;*

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

*- NET FINANCIAL POSITION: ESMA Net Debt determined in accordance with the provisions of recommendations contained in the ESMA document no. 32-382-1138 of 2021, deducting, where applicable, non-current financial receivables and assets, in addition to the effects arising from the adoption of IFRS 16. The directors consider the net financial position to be a significant indicator for the purposes of representing the Group’s overall debt situation.*

The first half of 2024 closed with a drop in turnover of 3.57% compared to the same period in 2023. Sales were driven by the Asian markets, especially China, where the Carraro Group saw a significant improvement in some niches in the construction segment, against a slowdown in the traditional Western markets (North America and Europe), especially in the agricultural segment.

During the half year, the Group had to cope with some supply chain issues, such as material shortages and a general increase in transport costs due to the Red Sea crisis, which reduced transits through the Suez Canal. Despite this macroeconomic scenario, the effects were absorbed by the achievement of full potential in terms of margins. Profitability improved despite the decrease in sales volumes, thanks to the result of the industrial production efficiency actions implemented in previous years, as well as thanks to the diversification of target markets, particularly in the Drivelines business area.

In the first half of 2024, the Agritalia business area – which in the early months of last year had suffered from difficulties related to the production start-up of the new Stage V models – felt the effects of the efficiency actions implemented in the second half of 2023, more than offsetting the negative impacts on margins resulting from the supply-chain issues described above. The design of a new standard tractor model with more than 100 hp was also finalised during the first half of the year.

There was also an upward trend in profitability in the high-complexity gearing segment, which has benefitted from significant investments in previous periods.

In terms of financial management, the net financial position deteriorated slightly due to working capital dynamics linked to some delays in collections and the procurement difficulties explained above.

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

Turnover as at 30 June 2024 amounted to 397.112 million Euros, down (as mentioned above) by 3.57% compared to the same period of the previous year (411.832 million Euros).

With regard to the Drivelines Business Area, sales only decreased slightly (-1.10%) compared to last year, from 352.163 million Euros as at 30 June 2023 to 347.692 million Euros as at 30 June 2024, thanks to the diversification effect on the sales areas mentioned above, while the Agritalia Vehicles Business Area saw a drop in sales of 10.01%, from 74.136 million Euros as at 30 June 2023 to 66.712 million Euros as at 30 June 2024 due to the economic situation in the agricultural sector.

EBITDA as at 30 June 2024 amounted to 43.6 million Euros, 11.0% of turnover, increasing 12.03% compared to 30 June 2023, when this figure came to 38.9 million Euros, accounting for 9.4% of turnover. EBIT as at 30 June 2024 stood at 30.1 million Euros, 7.6% of turnover, an improvement of 17.4% compared to 25.6 million Euros, 6.22% of turnover, in the previous year.

The half year period closed with a profit of 9.8 million Euros, 2.5% of turnover, improving considerably on the same period of 2023 (6.6 million, 1.6%).

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

### **Carraro Social Responsibility**

During the first half of 2024, the Group continued its commitment to sustainable development-oriented management, integrating aspects of environmental, social and ethical responsibility into its business activities. These issues remain significant in the management of the business, against a changing backdrop requiring mitigation and adaptation measures.

### **SIGNIFICANT EVENTS DURING THE PERIOD**

On 26 March 2024, the Company SIAP S.p.A. resolved in an extraordinary shareholders' meeting to increase the paid-in capital fully paid up by Carraro S.p.A. through the conferment, effective as of 1 April 2024, of the business unit consisting of the industrial, technical and commercial relationship with the Customer "Ineos Automotive Limited" and the organised legal relationships pertaining to the business "Ineos Granadier".

### **SUBSEQUENT EVENTS**

On 24 August 2024, Carraro India commenced the process of listing on the Mumbai Stock Exchange by filing the appropriate prospectus (DRHP) with the Securities and Exchange Board of India (SEBI) Capital Market Regulatory Authority. The process to list the Indian company is expected to be completed by the end of the year.

### **EXPECTED BUSINESS OUTLOOK 2024**

The outlook for the remainder of the year for the Asian markets remains positive and in line with the trend of the first half-year, while for the Western markets (North America and Europe) expectations remain cautious. Margins are expected to develop in line with the first part of the year in relative terms.

### **TREASURY SHARES**

As at 30 June 2024, the company held 2,626,988 treasury shares for a total investment of 6.666 million Euros.

## ECONOMIC AND EQUITY DATA

### Turnover

The Group's turnover as at 30 June 2024 amounted to 397.112 million Euros, slightly down by 3.57% compared to the turnover for the same period in 2023, equal to 411.832 million Euros.

The following table breaks down turnover from third parties and related parties by geographical area:

<i>(amounts in Euro thousands)</i>	<b>30.06.2024</b>	<b>%</b>	<b>30.06.2023 (*)</b>	<b>%</b>	<b>Diff. 2024-23 %</b>
India	62,322	15.69%	63,975	15.53%	-2.58%
China	57,146	14.39%	31,878	7.74%	79.26%
France	37,402	9.42%	32,508	7.89%	15.05%
Germany	33,985	8.56%	45,308	11.00%	-24.99%
North America	30,917	7.79%	32,018	7.77%	-3.44%
Turkey	25,510	6.42%	33,755	8.20%	-24.43%
Switzerland	18,170	4.58%	16,611	4.03%	9.39%
United Kingdom	13,279	3.34%	20,466	4.97%	-35.12%
Sweden	11,082	2.79%	10,522	2.55%	5.32%
South America	8,216	2.07%	12,498	3.03%	-34.26%
Other EU areas	14,696	3.70%	17,872	4.34%	-17.77%
Other non-EU areas	5,268	1.33%	5,730	1.39%	-8.06%
<b>Total Abroad</b>	<b>317,993</b>	<b>80.08%</b>	<b>323,141</b>	<b>78.46%</b>	<b>-1.59%</b>
Italy	79,119	19.92%	88,691	21.54%	-10.79%
<b>Total</b>	<b>397,112</b>	<b>100.0%</b>	<b>411,832</b>	<b>100.00%</b>	<b>-3.57%</b>
of which:					
<b>Total EU area</b>	<b>176,284</b>	<b>44.39%</b>	<b>194,901</b>	<b>47.33%</b>	<b>-9.55%</b>
<b>Total non-EU area</b>	<b>220,828</b>	<b>55.61%</b>	<b>216,931</b>	<b>52.67%</b>	<b>1.80%</b>

(\*) The figures for the half year to June 2023 have been restated in accordance with IFRS 5. For further details, see section 5.b of the Notes "Other extraordinary events".

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

Continuing on from 2023, India was confirmed as the leading geographical area, after Italy, in terms of sales, followed by the Chinese market, which recorded a growth of 79.3% compared to the previous year, bucking the general trend in the country, thanks to sales in the construction sector (BHL and Aerial Work Platform). In Germany, the Group's historic market, turnover fell by 25% due to the decrease in sales of agricultural machinery but above all in the construction market (telescopic forklifts). As explained in the chapter on markets, North America shows a decrease due to lower demand.



### **EBITDA and EBIT**

EBITDA as at 30 June 2024 stood at 43,561 million Euros (10.97% of turnover), up 12.03% compared to the same ratio in the previous year (38,883 million Euros, 9.44% of turnover). EBIT as at 30 June 2024 amounted to 30,070 million Euros (7.57% of turnover), up 17.38% compared to 25,617 million Euros (6.22% of turnover) in 2023.

*(amounts in Euro thousands)*

	<b>30.06.24</b>	<b>% of turnover</b>	<b>30.06.23 (*)</b>	<b>% of turnover</b>	<b>Diff. %</b>
EBITDA	43,561	10.97%	38,883	9.44%	12.03
EBIT	30,070	7.57%	25,617	6.22%	17.38

(\*) The figures for the half year to June 2023 have been restated in accordance with IFRS 5. For further details, see section 5.b of the Notes "Other extraordinary events".

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

### **Amortisation, depreciation and impairment of fixed assets**

*(amounts in Euro thousands)*

	<b>30.06.24</b>	<b>% of turnover</b>	<b>30.06.23 (*)</b>	<b>% of turnover</b>	<b>Diff. %</b>
<b>Amortisation, depreciation and impairment of fixed assets</b>	<b>-13,985</b>	<b>-3.52%</b>	<b>-13,319</b>	<b>-3.23%</b>	<b>-4.9</b>

(\*) The figures for the half year to June 2023 have been restated in accordance with IFRS 5. For further details, see section 5.b of the Notes "Other extraordinary events".

Amortisation and depreciation for the half year period amounted to 13,985 million Euros (-3.52% of turnover), up slightly compared to 13,319 million Euros (-3.23% of turnover) in 2023, due to investments in previous periods.

### **Net financial expenses**

*(amounts in Euro thousands)*

	<b>30.06.24</b>	<b>% of turnover</b>	<b>30.06.23 (*)</b>	<b>% of turnover</b>	<b>Diff. %</b>
<b>Net financial expenses</b>	<b>-11,247</b>	<b>-2.8</b>	<b>-9,746</b>	<b>-2.4</b>	<b>-15.4</b>

(\*) The figures for the half year to June 2023 have been restated in accordance with IFRS 5. For further details, see section 5.b of the Notes "Other extraordinary events".

Net financial expenses increased from 9,746 million Euros (-2.4% of turnover) to 11,247 million Euros (-2.8% of turnover) in the first half of 2024. The difference is mainly due to the higher cost of the new bond issue of November 2023 in the amount of 120,000,000 Euros, aimed at the early redemption of the previous issue of 180,000,000 Euros, which was settled early in the same period. Financial expenses were also affected by an increase in European interest rates (Euribor) between 0.50% and 0.60% compared to the first half of the previous year.

In addition, financial expenses also include fees paid on the bond issue that are absorbed during its term in application of the amortised cost method of accounting.

### **Net profit/(loss)**

The first half of 2024 ended with a profit of €9.755 million (2.46% of turnover); as at 30 June 2023, the Carraro Group closed with a profit of 6.597 million Euros (1.6% of turnover).

(amounts in Euro thousands)

	<b>30.06.24</b>	<b>% of turnover</b>	<b>30.06.23 (*)</b>	<b>% of turnover</b>	<b>Diff. %</b>
<b>EARNINGS BEFORE TAX</b>	<b>18,735</b>	<b>4.72%</b>	<b>16,014</b>	<b>3.89%</b>	<b>16.99</b>
Current and deferred income taxes	-8,826	-2.22%	-7,303	-1.77%	20.85
Net operating result from discontinued operations	171	0.04%	-1,897	-0.46%	
Profit/(loss) pertaining to minorities	-325	-0.08%	-217	-0.05%	49.77
<b>NET GROUP PROFIT/(LOSS)</b>	<b>9,755</b>	<b>2.46%</b>	<b>6,597</b>	<b>1.60%</b>	<b>47.87</b>

(\*) The figures for the half year to June 2023 have been restated in accordance with IFRS 5. For further details, see section 5.b of the Notes "Other extraordinary events".

### **Investments**

(amounts in Euro thousands)

	<b>30.06.24</b>	<b>30.06.23</b>
<b>Investments</b>	<b>19,898</b>	<b>21,451</b>

Unlike the previous year, the first half of 2024 saw a slowdown in investments. Investments as at 30 June 2024 came to 19.898 million Euros, down compared to 21.451 million Euros as at 30 June 2023.

### **Net financial position of operations**

(amounts in Euro thousands)

	<b>30.06.24</b>	<b>31.12.23</b>	<b>30.06.23</b>
<b>Net financial position of operations</b>	<b>-238,555</b>	<b>-234,451</b>	<b>-222,963</b>

The consolidated net financial position of operations as at 30 June 2024 was negative at 238.555 million Euros, a deterioration compared to 31 December 2023 (negative 234.451 million Euros) and with 30 June 2023 (negative 222.963 million Euros). The change is due to the dynamics in working capital caused by some delays in collections and the procurement difficulties explained in the introduction.

### ANALYSIS OF NET WORKING CAPITAL AT 30.06.2024

<i>(amounts in Euro thousands)</i>	<b>30.06.24</b>	<b>31.12.23</b>	<b>30.06.23</b>
Trade Receivables*	94,985	89,219	98,264
Closing inventory**	161,918	146,892	174,545
Trade Payables***	-230,821	-205,178	-257,785
<b><i>Net Working Capital of operations</i></b>	<b>26,082</b>	<b>30,933</b>	<b>15,024</b>

\* for details of the item please refer to Note 12 of the Consolidated Interim Financial Statements

\*\* for details of the item please refer to Note 13 of the Consolidated Interim Financial Statements

\*\*\* for details of the item please refer to Note 17 of the Consolidated Interim Financial Statements.

### **OTHER INFORMATION**

The Group's perimeter includes 13 companies of which 6 are established and regulated in non-European Union countries, specifically in Argentina, China, India and the United States.

## REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Shareholders of  
Carraro S.p.A.

### Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Carraro S.p.A. and subsidiaries (the “Carraro Group”), which comprise the statement of financial position as of June 30, 2024 and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six-month period then ended, and the related explanatory and supplementary notes. The Directors are responsible for the preparation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### Scope of Review

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Carraro Group as at June 30, 2024 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Cristiano Nacchi**  
Partner

Padua, Italy  
September 27, 2024

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