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Societa' : CARRARO FINANCE
Identificativo : 157278
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Regolamentata
Nome utilizzatore : CARRAROFINANCEN01 - SERGIO
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Oggetto : Interim consolidated Financial and audit
reports 31 October 2021 of Guarantor

Testo del comunicato

(GUARANTOR) CARRARO SpA Interim consolidated Financial and audit reports 31 October 2021

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 Registration Number and
 In the Company Register of Padua 00202040283
 REA no. 84033

INTERIM CONSOLIDATED FINANCIAL REPORT OF THE CARRARO GROUP AS AT 31 OCTOBER 2021

GENERAL INFORMATION

BOARD OF DIRECTORS

In office until approval of the 2023 financial statements

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)	Director
ALESSANDRO GIULIANI (1)	Director
(1) Appointments, Shareholders' Meeting of 29.06.2021	
(1) Appointment, Shareholders' Meeting of 16.09.2021, with effect from 30.09.2021	

BOARD OF STATUTORY AUDITORS

In office until approval of the 2023 financial statements
 (Appointments, Shareholders' Meeting of 16.09.2021, with effect from 30.09.2021)

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

INDEPENDENT AUDITORS

Deloitte & Touche S.p.A.

Interim Consolidated Financial Report as at 31 October 2021

CONSOLIDATED INCOME STATEMENT

<i>(amounts in Euro thousands)</i>	NOTES	31.10.2021	31.10.2020
A) REVENUES FROM SALES			
1) Products		511,113	366,496
2) Services		3,143	4,786
3) Other revenues		13,222	8,630
TOTAL REVENUES FROM SALES	1	527,478	379,912
B) OPERATING COSTS			
1) Purchases of goods and materials		341,267	231,580
2) Services		81,278	57,205
3) Use of third-party goods and services		143	85
4) Personnel costs		83,668	73,240
5) Amortisation, depreciation and impairment of assets		16,951	17,012
5.a) depreciation of property, plant and equipment		14,244	14,216
5.b) amortisation of intangible fixed assets		2,692	2,752
5.c) impairment of fixed assets		9	-4
5.d) impairment of receivables		6	48
6) Changes in inventories		-17,887	-2,164
7) Provision for risks and other liabilities		3,142	2,305
8) Other income and expenses		-7,058	-5,890
9) Internal construction		-356	-351
TOTAL OPERATING COSTS	2	501,148	373,022
OPERATING PROFIT/(LOSS)		26,330	6,890
C) GAINS/(LOSSES) ON FINANCIAL ASSETS			
10) Income and expenses from equity investments		-	-
11) Other financial income		1,099	974
12) Financial costs and expenses		-15,126	-11,265
13) Net gains/(losses) on foreign exchange		14	54
14) Value adjustments of financial assets		-	113
15) Income (charges) from hyperinflation		528	176
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	3	-13,485	-9,948
PROFIT/(LOSS) BEFORE TAXES		12,845	-3,058
15) Current and deferred income taxes	4	6,253	30
NET PROFIT/(LOSS)		6,592	-3,088
16) Minority interests		-617	-109
GROUP CONSOLIDATED PROFIT/(LOSS)		5,975	-3,197

CONSOLIDATED COMPREHENSIVE INTERIM INCOME STATEMENT

<i>(amounts in Euro thousands)</i>	31.10.2021	31.10.2020
NET PROFIT/(LOSS) FOR THE PERIOD	6,592	-3,088
Other income components that could be recognised in the income statement in subsequent periods:		
Change in cash-flow hedge reserve	221	-51
Translation exchange differences	144	604
Taxes on other comprehensive income components	-53	13
Total other income components that could be recognised in the income statement in subsequent periods:	312	566
Other income components that will not be recognised in the income statement in subsequent periods:		
Change in the provision for discounting employee benefits	22	-171
Taxes on other comprehensive income components	-8	22
Total other income components that will not be recognised in the income statement in subsequent periods:	14	-149
OTHER COMPREHENSIVE INCOME COMPONENTS, NET OF TAX EFFECTS	326	417
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6,918	-2,671
Total comprehensive income attributable to:		
Shareholders of the parent company	6,308	-2,774
Profit/(loss) pertaining to minorities	610	103
Total comprehensive income for the period	6,918	-2,671

Interim Consolidated Financial Report as at 31 October 2021

<i>(amounts in Euro thousands)</i>	NOTES	31.10.2021	31.12.2020
A) NON-CURRENT ASSETS			
1) Property, plant and equipment	6	158.539	152,871
2) Intangible fixed assets	7	45.553	46,996
3) Real estate investments	8	755	755
4) Equity investments in associated companies and joint ventures	9	-	-
5) Financial assets	10	5.441	7,223
5.1) <i>Loans and receivables</i>		5.261	5,385
5.2) <i>Other financial assets</i>		180	1,838
6) Deferred tax assets	11	18.284	19,318
7) Trade receivables and other receivables	12	4.029	4,274
7.1) <i>Trade receivables</i>		-	-
7.2) <i>Other receivables</i>		4.029	4,274
TOTAL NON-CURRENT ASSETS		232.601	231,437
B) CURRENT ASSETS			
1) Closing inventory	13	137.151	118,998
2) Trade receivables and other receivables	12	141.821	94,689
2.1) <i>Trade receivables</i>		99.370	61,501
2.2) <i>Other receivables</i>		42.451	33,188
3) Financial assets	10	2.065	3,090
3.1) <i>Loans and receivables</i>		1.216	1,794
3.2) <i>Other financial assets</i>		849	1,296
4) Cash and cash equivalents	14	303.346	347,263
4.1) <i>Cash</i>		83	77
4.2) <i>Bank current accounts and deposits</i>		303.263	347,186
4.3) <i>Other cash and cash equivalents</i>		-	-
TOTAL CURRENT ASSETS		584.383	564,040
TOTAL ASSETS		816.984	795,477

Interim Consolidated Financial Report as at 31 October 2021

<i>(amounts in Euro thousands)</i>	NOTES	31.10.2021	31.12.2020
A) SHAREHOLDERS' EQUITY	15		
1) Share Capital		41.453	41,453
2) Other Reserves		-18.495	5,993
3) Profits/(Losses) brought forward		-	-
4) Other IAS/IFRS reserves		125	-51
5) Provision for discounting employee benefits		138	125
6) Foreign currency translation reserve		15.129	9,619
7) Result for the period pertaining to the group		5.975	-3,271
GROUP SHAREHOLDERS' EQUITY		44.325	53,868
8) Minority interests		9.371	9,347
TOTAL SHAREHOLDERS' EQUITY		53.696	63,215
B) NON-CURRENT LIABILITIES			
1) Financial liabilities	16	463.864	474,477
1.1) Bonds		325.311	324,433
1.2) Loans		138.554	150,044
1.3) Other financial liabilities		-1	-
2) Trade payables and other payables	17	1.747	62
2.1) Trade payables		-	-
2.2) Other payables		1.747	62
3) Deferred tax liabilities	11	2.087	1,477
4) Provision for employee benefits/retirement		9.351	9,379
4.1) Provision for severance indemnity		9.305	7,728
4.2) Provision for retirement benefits		46	1,651
5) Provisions for risks and liabilities	20	3.081	3,024
5.1) Provision for warranties		2.328	2,311
5.2) Provision for legal claims		56	56
5.3) Provision for restructuring and reversion		-	-
5.4) Other provisions		697	657
TOTAL NON-CURRENT LIABILITIES		480.130	488,419
C) CURRENT LIABILITIES			
1) Financial liabilities	16	26.799	28,476
1.1) Bonds		-	-
1.2) Loans		24.249	23,800
1.3) Other financial liabilities		2.550	4,676
2) Trade payables and other payables	17	235.187	196,774
2.1) Trade payables		183.837	140,400
2.2) Other payables		51.350	56,374
3) Current taxes payables	18	5.763	2,784
4) Provisions for risks and liabilities	20	15.409	15,809
4.1) Provision for warranties		10.144	10,309
4.2) Provision for legal claims		296	314
4.3) Provision for restructuring and reversion		1.011	1,071
4.4) Other provisions		3.958	4,115
TOTAL CURRENT LIABILITIES		283.158	243,843
TOTAL LIABILITIES		763.288	732,262
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		816.984	795,477

Interim Consolidated Financial Report as at 31 October 2021

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				
Balance as at 01.01.2020	41,453	30,035	-15,613	-6,666	284	113	409	6,067	8,121	64,203	9,101	73,304
Total profit/loss for the year					-145	-37		605	-3,197	-2,774	103	-2,671
Transactions with shareholders:												
Dividend distribution												
Allocation of 2019 results			8,121						-8,121			
Own share purchase												
Hyperinflation effect (Carraro Argentina)			-8,111					7,862		-249		-249
Exchange impact "capital reserves"							-8,326	2,912		-5,414		-5,414
Change in consolidation scope												
Other changes												
Total transactions of the period			10				-8,326	10,774	-8,121	-5,663		-5,663
Balance as at 31.10.2020	41,453	30,035	-15,603	-6,666	139	76	-7,917	17,446	-3,197	55,766	9,204	64,970

(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				
Balance as at 01.01.2021	41,453	30,035	-17,376	-6,666	125	-51	-9,591	19,210	-3,271	53,868	9,347	63,215
Total profit/loss for the year					13	176		144	5,975	6,308	610	6,918
Transactions with shareholders:												
Allocation of 2020 results			-3,271						3,271		-586	-586
Own share purchase												
Dividend distribution			-18,000							-18,000		-18,000
Hyperinflation effect (Carraro Argentina)			-3,217					2,986		-231		-231
Exchange impact "capital reserves"							2,380			2,380		2,380
Change in consolidation scope												
Other changes												
Total transactions of the period			-24,488				2,380	2,986	3,271	-15,851	-586	-16,437
Balance as at 31.10.2021	41,453	30,035	-41,864	-6,666	138	125	-7,211	22,340	5,975	44,325	9,371	53,696

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(amounts in Euro thousands)</i>	NOTES	31.10.2021	31.10.2020
Group profit / loss for the period	15	5,975	-3,197
Third party profit / loss for the period		617	109
Taxes accruing in the period		6,253	30
Profit/(loss) before taxes		12,845	-3,058
Depreciation of property, plant and equipment	2	14,244	14,216
Amortisation of intangible assets	2	2,692	2,752
Impairment of intangible assets	2	9	-4
Provisions for risks	2	3,142	2,305
Provisions for employee benefits	2	4,072	3,689
Net gains/(losses) on foreign exchange	3	-14	-54
Income and expenses from equity investments		-	-
Value adjustments of financial assets		-	-113
Other non-monetary income and expenses		-	-
Cash flows before changes in Net Working Capital		36,990	19,733
Changes in inventory	13	-17,887	-2,164
Changes in trade receivables and other receivables	12	-37,257	-8,224
Changes in trade payables and other payables	17	41,960	-17,191
Change in other receivables/payables	13-17	-12,174	-7,678
Use of receivables/payables for deferred taxation	11	868	-61
Use of provisions for employee benefits		-4,142	-3,794
Changes in provision for risks	20	-3,515	-782
Change in other financial assets and liabilities		614	72
Tax payments	4	-2,475	-925
Cash flows from operating activities		2,982	-21,014
Investments in Property, Plant and Equipment and Property		-18,364	-10,216
Disinvestments and other movements in Fixed Assets		365	-4
Property investments	7	-	-60
Investments in Intangible Fixed Assets		-1,141	-440
Disinvestments and other Intangible Fixed Asset movements		-38	-116
Equity investments/divestments	9	-	-
Cash flows from investing activities		-19,178	-10,836
Change in financial assets	10	558	316
Change in financial liabilities	16	-11,027	291,670
Change in Share Capital	15	-	-
Share premium reserve contribution	15	-	-
Payment future capital increase account	15	-	-
Own share purchase	15	-	-
Paid dividends	15	-18,587	-
Other movements of shareholders' equity	15	118	-961
Cash flows from financing activities		-28,938	291,025
Total cash flows for the period		-45,134	259,175
Opening cash and cash equivalents		347,263	76,120
Exchange changes in cash and cash equivalents		1,217	-861
Closing cash and cash equivalents		303,346	334,434

EXPLANATORY AND SUPPLEMENTARY NOTES

1. Introduction

Preparation of the Interim Consolidated Financial Report as at 31 October 2021 of Carraro S.p.A. and subsidiaries (hereinafter also "Carraro Group"), for the period running from 1 January 2021 to 31 October 2021 is authorised by resolution taken by the Board of Directors on 26 January 2022.

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.

This interim consolidated financial report as at 31 October 2021 is presented in euros, as this is the currency in which most of the group's operations are conducted. The foreign companies are included in the interim consolidated financial report in accordance with the principles described in the notes that follow.

Amounts in these financial statements are given in thousand euros, while amounts in the notes are indicated in million euros.

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).

This interim consolidated financial report 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 2020.

In preparing this interim consolidated financial report as at 31 October 2021, the same accounting standards have been used as adopted in preparing the consolidated financial statements as at 31 December 2020, with the exception of that described in the paragraph below entitled "Accounting standards, amendments and interpretations effective as from 1 January 2021".

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

2. Structure and content of the interim consolidated financial report as at 31 October 2021

This interim consolidated financial report as at 31 October 2021 has been prepared in accordance with the revised International Accounting Standards (IAS/IFRS) ratified by the European Union and to this end the figures of financial statements of the consolidated subsidiary companies have been reclassified and adjusted appropriately.

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

- *EBITDA (understood as the sum of operating profit/(loss), amortisation, depreciation and impairment of fixed assets);*
- *NET FINANCIAL POSITION OF OPERATIONS: ESMA net debt determined in accordance with the provisions of paragraph 175 of the recommendations contained in the ESMA document no. 32-382-1138 of 2021, deducting, where applicable, non-current receivables and financial assets, and the effects of the application of IFRS 16.*

2.1 Format of the consolidated financial statements

With regard to the format of consolidated accounting schedules, the Company opted to present the following accounting statements.

Income Statement

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

Statement of Comprehensive Income

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

Statement of financial position

The consolidated 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 in accordance with the "indirect method", as permitted by IAS 7.

Accounting schedules of transactions with related parties

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

Interim Consolidated Financial Report as at 31 October 2021

2.2 Content of the interim consolidated financial report as at 31 October 2021

Basis of consolidation

The interim consolidated financial report as at 31 October 2021 of the Carraro Group includes the financial statements of Carraro S.p.A. and companies it directly or indirectly controls.

The definition of a subsidiary is in keeping with that given in the Carraro Group's annual financial statements as at 31 December 2020.

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

Name	Based in	Currency	Nominal value Share capital	Group stake
Parent company:				
Carraro S.p.A.	Campodarsego (Padua)	EUR	41,452,544	
Italian subsidiaries:				
Carraro Drive Tech Italia S.p.A.	Campodarsego (Padua)	EUR	5,000,000	100.00%
Siap S.p.A.	Maniago (Pordenone)	EUR	18,903,000	76.76%
Driveservice S.r.l.	Campodarsego (Padua)	EUR	30,000	100.00%
Carraro International S.E.	Campodarsego (Padua)	EUR	13,500,000	100.00%
Foreign subsidiaries:				
Carraro Technologies India Pvt. Ltd.	Pune (India)	INR	18,000,000	100.00%
Carraro Argentina S.A.	Haedo (Argentina)	ARS	57,930,828	99.95%
Carraro China Drive System	Tsingtao (China)	CNY	168,103,219	100.00%
Carraro India Ltd.	Pune (India)	INR	568,515,380	100.00%
Carraro North America Inc.	Norfolk (USA)	USD	1,000	100.00%
Mini Gears Inc	Virginia Beach (USA)	USD	8,910,000	100.00%
Carraro Finance SA	Luxembourg	EUR	4,280,000	100.00%

Associate companies are consolidated using the net equity method.
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	784,988	20.24%

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

Transfer of business unit from Carraro International to Carraro Finance

With effect from 1 February 2021, Carraro International SE transferred the business unit relating to its financial and treasury management activities for the benefit of the Group and including the two bonds issued (financial business unit) to the Luxembourg company Carraro Finance SA.

As from this date, Carraro Finance contributes to the financial management and carries out all treasury activities for the Group.

Liquidation of Carraro Drive Tech do Brasil Ltda:

On 30 July 2021, Carraro Drive Tech do Brasil Ltda repaid the shareholder Carraro International SE the amount of 1,303,164.60 euros as final repayment of the residual capital deriving from liquidation of the company. The liquidation was properly incorporated in the appropriate Brazilian governmental registers on 18 August 2021.

Delisting of Carraro SpA – Tender offer by Fly s.r.l.

On 28 March 2021, Fly s.r.l. launched a voluntary tender offer on 21,331,916 ordinary shares (the "Shares") of Carraro S.p.A. representing approximately 26.76% of the share capital of the Issuer, with the aim, in the event of a successful outcome of the tender offer, of delisting the Shares from the Italian Stock Exchange.

At the end of the acceptance period of the tender offer, as extended, and of the subsequent re-opening of the deadline, the legal requirements for exercise of the Purchase Right were met, with reference to the remaining Shares, equal to approximately 4.72% of the share capital of the Issuer (the "Residual Shares").

On 6 August 2021, the Tenderer exercised the Purchase Right, and at the same time fulfilled the Purchase Obligation, initiating a single procedure (the "Joint Procedure"), involving all of the Residual Shares. Again as from 6 August 2021, the CARRARO Shares were delisted from the electronic stock market. For further details on the tender offer transaction, reference should be made to the information published on the website of Carraro SpA: <https://www.carraro.com/it/investor-relations/opa-fly>

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

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

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

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

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

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

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

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

Currency	Average exchange 01.01.21 31.10.21	Exchange as at 31.10.21	Average exchange 01.01.20 31.10.20	Exchange as at 31.10.20
Indian rupee	87.9351	87.1830	83.8127	87.1115
US dollar	1.1927	1.1645	1.1304	1.1698
Chinese renminbi	7.7092	7.4488	7.8717	7.8158
Argentine peso	116.0381	116.0381	91.5826	91.5826
Brazilian real	6.3808	6.5698	5.8033	6.7607

3.2 Accounting standards and measurement criteria

IFRS accounting standards, amendments and interpretations adopted since 1 January 2021:

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

(published on 28 May 2020)

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

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

(published on 27 August 2020)

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

All amendments came into force on 1 January 2021.

The adoption of this amendment had no effect on the Group consolidated financial statements.

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

(published on 31 March 2021)

The document extends by one year the period of application of the amendment to IFRS 16, issued in 2020, relating to the accounting of the benefits granted to lessees due to Covid-19. The amendments will apply as from 1 April 2021, but early application is permitted.

The adoption of this amendment had no effect on the Group consolidated financial statements.

IFRS and IFRIC accounting standards, amendments and interpretations endorsed by the European Union, not yet mandatorily applicable and not adopted in advance by the Group as at 31 October 2021:

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

Amendments to IFRS 3 “Business Combinations”

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

Amendments to IAS 16 “Property, Plant and Equipment”

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

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

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

Annual Improvements 2018-2020:

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

All amendments will enter into force on 1 January 2022. At the moment, the directors are considering the possible impacts of these amendments on the Group consolidated financial statements.

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

IFRS 17 – Insurance Contracts

(published on 18 May 2017)

This standard is intended to replace IFRS 4 - Insurance Contracts. The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations arising from issued insurance

contracts. The IASB developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing a single principle-based framework to take account of all types of insurance contracts, including reinsurance contracts that an insurer holds.

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

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

The main features of the General Model are:

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

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

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

The standard is applicable as from 1 January 2023 but early application is allowed only for companies that have implemented IFRS 9 – Financial Instruments and IFRS 15 - Revenue from Contracts with Customers. The directors do not expect a significant effect in the consolidated financial statements of the Group from the adoption of this standard.

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

(published on 23 January 2020)

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

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

(published on 12 February 2021)

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

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

(published on 7 May 2021)

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

Discretionary assessments and significant accounting estimates

Estimates and assumptions

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

In this regard, the estimates made as at 31 October 2021 reflect the considerations made by the directors concerning possible developments linked to the national and international scenario marked by the spread of Covid-19 and the consequent restrictive measures for its containment, implemented by the public authorities of the countries affected.

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.

Intra-group transactions

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

Information on related party transactions, in accordance with IAS 24, 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 31 October 2021 to the highest operating decision-making level.

For operational purposes, the Group manages and controls its business on the basis of the type of products supplied. The Carraro Group as at 31.10.2021 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 "other segments" 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, with comparisons for 31 October 2021 and 31 October 2020.

a) economic data

31.10.2021 (amounts in Euro thousands)	Drive Tech	Agritalia	Eliminations and items not allocated	Consolidated Total
Revenues from sales	438,003	110,646	-21,171	527,478
Sales to third parties	418,097	107,506	1,869	527,472
Related sales	-	-	6	6
Sales between divisions	19,906	3,140	-23,046	-
Operating costs	408,229	108,521	-15,602	501,148
Purchases of goods and materials	284,546	75,832	-19,111	341,267
Services	67,200	10,970	3,108	81,278
Use of third-party goods and services	14,358	2	-14,217	143
Personnel costs	56,565	12,776	14,327	83,668
Amortisation, depreciation and impairment of assets	13,880	1,559	1,512	16,951
Changes in inventories	-27,949	11,463	-1,401	-17,887
Provisions for risks	1,970	872	300	3,142
Other income and expenses	-1,985	-4,953	-120	-7,058
Internal construction	-356	-	-	-356
Operating profit/(loss)	29,774	2,125	-5,569	26,330

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31.10.2020 (amounts in Euro thousands)	Drive Tech	Agritalia	Eliminations and items not allocated	Consolidated Total
Revenues from sales	305,557	91,992	-17,637	379,912
Sales to third parties	289,264	88,371	2,267	379,902
Related sales	-	-	10	10
Sales between divisions	16,293	3,621	-19,914	-
Operating costs	290,628	92,567	-10,173	373,022
Purchases of goods and materials	186,346	61,548	-16,314	231,580
Services	46,945	9,051	1,209	57,205
Use of third-party goods and services	9,968	-	-9,883	85
Personnel costs	49,144	11,642	12,454	73,240
Amortisation, depreciation and impairment of assets	13,789	1,648	1,575	17,012
Changes in inventories	-13,404	11,152	88	-2,164
Provisions for risks	1,405	900	-	2,305
Other income and expenses	-3,207	-3,374	691	-5,890
Internal construction	-358	-	7	-351
Operating profit/(loss)	14,929	-575	-7,464	6,890

b) other information

31.10.2021	Drive Tech	Agritalia	Eliminations and items not allocated	Consolidated Total
Investments in fixed assets (Euro/000)	16,125	1,828	1,552	19,505
Workforce as at 31/10	3,037	355	193	3,585

31.10.2020	Drive Tech	Agritalia	Eliminations and items not allocated	Consolidated Total
Investments in fixed assets (Euro/000)	16,675	551	-6,570	10,656
Workforce as at 31/10	2,875	341	178	3,394

4.2 Geographic segments

The Group's industrial operations are located in various areas of the world: Italy, Asia (India and China), North and South America.

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) activity

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

(amounts in Euro thousands)	31.10.2021		31.12.2020	
	CURRENT ASSETS	NON-CURRENT ASSETS	CURRENT ASSETS	NON-CURRENT ASSETS
Italy	320.497	360.105	485.939	383.548
Other EU countries	247.980	85.675	-	-
Asia (India, China)	124.168	50.424	114.512	47.362
North America	929	2	234	1
South America	13.643	2.509	10.481	2.963
Eliminations and items not allocated	-122.834	-266.114	-47.126	-202.437
Total	584.383	232.601	564.040	231.437

b) investments

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

<i>(amounts in Euro thousands)</i>	31.10.2021	31.10.2020
Italy	13,660	18,138
Other E.U. countries (Germany, Poland)	634	-
Asia	6,464	2,608
North America	-	2
South America	338	105
<i>Eliminations and items not allocated</i>	-1,591	-10,197
Total	19,505	10,656

5. Non-recurring transactions

At 31 October 2021, the following non-recurring transactions were present: costs relating to the closure of Carraro Drive Tech do Brasil of 0.792 million euros and restructuring costs relating to staff downsizing in Argentina of 0.071 million euros.

31.10.2021								
<i>(amounts in Euro thousands)</i>	PERSONNEL COSTS	CHANGE IN INVENTORIES	PROVISIONS FOR RISKS AND LIABILITIES	OTHER INCOME AND EXPENSES	BEFORE TAX	TAXES	NET	
Carraro Drive Tech do Brasil	304	304	-	436	1,044	-252	792	
Carraro Argentina S.A.	-	-	101	-	101	-30	71	
Total	304	304	101	436	1,145	-282	863	

6. Notes and comments

Revenues and costs

A) Revenues from sales (Note 1)

<i>(amounts in Euro thousands)</i>	31.10.2021	31.10.2020
SALES OF PRODUCTS	512,502	367,516
SALES RETURNS	-1,389	-1,020
<i>1) PRODUCTS</i>	511,113	366,496
WORK ON CONTRACT	1,320	1,509
OTHER SERVICES	553	627
<i>REVENUES FROM PROGRESS ON ORDERS</i>	1,270	2,650
<i>2) SERVICES</i>	3,143	4,786
OTHER GOODS	11,725	7,853
OTHER REVENUES	1,497	777
CUSTOMER DISCOUNTS	-	-
<i>3) OTHER REVENUES</i>	13,222	8,630
TOTAL REVENUES FROM SALES	527,478	379,912

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B) Operating costs (Note 2)

OPERATING COSTS (amounts in Euro thousands)	31.10.2021	31.10.2020
1) PURCHASES OF GOODS AND MATERIALS	341,267	231,580
2) SERVICES	81,278	57,205
3) USE OF THIRD-PARTY GOODS AND SERVICES	143	85
4) PERSONNEL COSTS	83,668	73,240
5) AMORTISATION, DEPRECIATION AND IMPAIRMENT OF ASSETS	16,951	17,012
6) CHANGES IN INVENTORIES	-17,887	-2,164
7) PROVISION FOR RISKS AND OTHER LIABILITIES	3,142	2,305
8) OTHER INCOME AND EXPENSES	-7,058	-5,890
9) INTERNAL CONSTRUCTION	-356	-351
Total	501,148	373,022

The EBITDA of the Carraro Group as at 31 October 2021 was equal to 43.275 million euros, up by 81.4% compared to 23.854 million euros as at 31 October 2020.

(amounts in Euro thousands)	31.10.2021	31.10.2020
EBITDA	43,275	23,854
ADJUSTED EBITDA	44,420	23,909

Adjusted EBITDA takes into account transactions not related to ordinary operations, which involved the restructuring activities of Carraro Argentina, and liquidation of the subsidiary Carraro Drive Tech do Brasil, summarised in the following table:

(amounts in Euro thousands)	31.10.2021	31.10.2020
OPERATING PROFIT/(LOSS)	26,330	6,890
Depreciation	14,244	14,216
Amortisation	2,692	2,752
Impairment of fixed assets	9	-4
EBITDA	43,275	23,854
Non-recurrent costs/(income)	1,145	55
of which:		
Personnel costs	304	-
Change in inventory	304	-
Provisions for risks and liabilities	101	116
Other income and expenses	436	-61
ADJUSTED EBITDA	44,420	23,909

C) Net income from financial assets (note 3)

GAINS/(LOSSES) ON FINANCIAL ASSETS (amounts in Euro thousands)	31.10.2021	31.10.2020
10) INCOME AND EXPENSES FROM EQUITY INVESTMENTS	-	-
11) OTHER FINANCIAL INCOME	1,099	974
12) FINANCIAL COSTS AND EXPENSES	-15,126	-11,265
13) NET GAINS/(LOSSES) ON FOREIGN EXCHANGE	14	54
14) VALUE ADJUSTMENTS OF FINANCIAL ASSETS	-	113
15) INCOME (CHARGES) FROM HYPERINFLATION	528	176
Total	-13,485	-9,948

Net financial expenses amounted to 14 million euros (2.7% of turnover), an increase of 36.3% compared with the 10.3 million euros of the previous period (2.7% of turnover).

The exchange differences as at 31 October 2021 were positive at 0.14 million euros (positive at 0.54 million euros as at 31 October 2020).

Income taxes (note 4)

INCOME TAXES <i>(amounts in Euro thousands)</i>	31.10.2021	31.10.2020
CURRENT TAXES	4,816	1,812
TAX CONSOLIDATION EXPENSE AND INCOME	1,710	692
TAXES FROM PREVIOUS YEARS	-1,067	-2,455
DEFERRED TAXES	794	-19
PROVISION FOR TAX RISKS RELATIVE TO DIRECT TAXES	-	-
15) CURRENT AND DEFERRED INCOME TAXES	6,253	30

Current taxes

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

Tax consolidation expense and income

The companies Carraro S.p.A., Carraro Drive Tech Italia S.p.A. Siap S.p.A., Carraro International S.E. and Driveservice S.r.l. adhere to 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.

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.

Property, plant and equipment (note 6)

These items present a net balance of 158,539 million euros compared with 152,871 million euros in the previous period. The breakdown by category is as follows:

Items (amounts in euros)	Land and buildings	Plant and machinery	Industrial equipment	Other assets	Investments in progress and deposits	Total
Historical cost	85,091	193,200	116,743	15,302	5,075	415,411
Provisions for amortisation and depreciations	-29,334	-133,258	-88,970	-10,980	2	-262,540
Net as at 31.12.2020	55,757	59,942	27,773	4,322	5,077	152,871
Historical cost	87,184	200,550	123,042	15,965	8,816	435,557
Provisions for amortisation and depreciations	-30,860	-140,425	-94,307	-11,426	-	-277,018
Net as at 31.10.2021	56,324	60,125	28,735	4,539	8,816	158,539

Intangible assets (Note 7)

These items present a net balance of 45,553 million euros compared with 49,996 million euros in the previous period. The breakdown is as follows:

Items (amounts in euros)	Goodwill	Development costs	Royalties and patents	Licences and Trademarks	Invest. in prog. and deposits	Other intangible fixed assets	Total
Historical cost	36,794	12,126	1,338	28,097	1,518	-	79,873
Provisions for amortisation and depreciations	-	-9,451	-1,181	-22,242	-3	-	-32,877
Net as at 31.12.2020	36,794	2,675	157	5,855	1,515	-	46,996
Historical cost	36,794	11,978	1,408	29,070	1,935	21	81,206
Provisions for amortisation and depreciations	-	-10,543	-1,235	-23,875	-	-	-35,653
Net as at 31.10.2021	36,794	1,435	173	5,195	1,935	21	45,553

Real estate investments (Note 8)

These show a net balance of 0.8 million euros, unchanged compared to 31 December 2020, and relate to civil property owned by Carraro S.p.A. and Siap S.p.A.

Equity investments (Note 9)

Equity investments in associated companies

The investment in Enertronica Santerno S.p.A., at the end of 2020, was fully written down to adjust it to the pro-rata shareholders' equity value, which is still lower than the fair value of the shares as at 31 October 2021 (1.06 euros per share).

Name	Registered office	Holding company	Share capital		Number of shares Stakes held Total	Profit (loss) 31.10.2021 (ctv. euros)	Consolidated Sh. Equity 31.12.2020 (ctv. euros)	Direct portion	Carrying amount of the investment 31.10.2021
			Currency	Amount					
Enertronica Santerno S.p.A.	Milan, Italy	Carraro S.p.A.	EUR	784,988	793,200	n.a.	(4,723,833)	10.10%	-
Enertronica Santerno S.p.A.	Milan, Italy	Carraro International SE	EUR	784,988	795,600	n.a.	(4,723,833)	10.14%	-

Financial assets (note 10)

<i>(amounts in Euro thousands)</i>	31.10.2021	31.12.2020
Loans to related parties	4,513	4,263
Loans to third parties	748	1,122
LOANS AND RECEIVABLES	5,261	5,385
Non-current financial assets at current value	-	1,630
Available for sale	61	61
Other financial assets	119	147
OTHER FINANCIAL ASSETS	180	1,838
NON-CURRENT FINANCIAL ASSETS	5,441	7,223
With related parties	558	1,031
With third parties	658	763
LOANS AND RECEIVABLES	1,216	1,794
Financial assets at current value	-	815
Fair value of derivatives	388	209
Other financial assets	461	272
OTHER FINANCIAL ASSETS	849	1,296
CURRENT FINANCIAL ASSETS	2,065	3,090

Non-current loans and receivables

Non-current receivables and loans include the medium/long-term portion (0.7 million euros) of the receivable from the Argentinian real estate companies to which the land and the building relating to the Carraro Argentina production plant were sold in two successive stages. Non-current related party loans and receivables refer to the medium/long-term portion of 4.51 million euros of the loan to Enertronica Santerno S.p.A.. (formerly Elettronica Santerno S.p.A.). Values of these receivables approximate their fair value.

Other non-current financial assets

These include minority shareholdings and guarantee deposits.

Current loans and receivables

These chiefly include 0.3 million euros relating to the short-term portion of the financial receivable from the Argentinian real estate companies to which the land and the building relating to the Carraro Argentina production plant were transferred in two successive stages.

Current related party receivables refer to the current portion of the loan to Elettronica Santerno S.p.A.

Other current financial assets

These include the cash flow hedge derivatives for 0.39 million euros. The amount refers to the fair value calculated as at 31.10.2021 on current instruments on currencies. 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 assets recognised as at 31 October 2021 was 16.2 million euros (17.8 million euros as at 31 December 2020).

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Trade receivables and other receivables (Note 12)

<i>(amounts in euros)</i>	31.10.2021	31.12.2020
NON-CURRENT TRADE RECEIVABLES	-	-
With third parties	4,029	4,274
OTHER NON-CURRENT RECEIVABLES	4,029	4,274
NON-CURRENT TRADE RECEIVABLES AND OTHER RECEIVABLES	4,029	4,274
With related parties	1,365	1,378
With third parties	98,005	60,123
CURRENT TRADE RECEIVABLES	99,370	61,501
With related parties	808	808
With third parties	41,643	32,380
OTHER CURRENT RECEIVABLES	42,451	33,188
CURRENT TRADE RECEIVABLES AND OTHER RECEIVABLES	141,821	94,689

Receivables from related parties refer to the receivable from Finaid S.p.A. arising from the previous tax consolidation. Carraro S.p.A. and all Italian-law subsidiaries are currently included in the tax consolidation area of the parent company Carraro S.p.A.

Closing inventory (note 13)

Items <i>(amounts in Euro thousands)</i>	31.10.2021	31.12.2020
Raw materials	87,330	87,470
Work in progress and semi-finished products	53,499	33,275
Finished products	16,325	15,748
Goods in transit	-	-
Total inventories	157,154	136,493
Provision for impairment of inventories	-20,003	-17,495
Total inventories	137,151	118,998

Cash and cash equivalents (Note 14)

<i>(amounts in Euro thousands)</i>	31.10.2021	31.12.2020
CASH	83	77
BANK CURRENT ACCOUNTS AND DEPOSITS	303,263	347,186
TOTAL	303,346	347,263

As at 31 October 2021, 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>	31.10.2021	31.12.2020
1) Share Capital	41,453	41,453
2) Other Reserves	-18,495	5,993
3) Profits/(Losses) brought forward	-	-
4) Other IAS/IFRS reserves	125	-51
5) Termination benefit discounting reserve	138	125
6) Foreign currency translation reserve	15,129	9,619
7) Result for the period pertaining to the group	5,975	-3,271
GROUP SHAREHOLDERS' EQUITY	44,325	53,868
8) Minority interests	9,371	9,347
TOTAL	53,696	63,215

The Shareholders' Meeting of Carraro S.p.A. of 29 June 2021, resolved to cover the loss for the 2020 financial year of Carraro S.p.A. amounting to 11,331,058.48 euros with the available reserve from adjustment of the value of tangible assets (FTA) and not to replenish the original value of the latter.

The Share Capital is set at 41,452,543.60 euros fully paid up, consisting of 79,716,430 ordinary shares with a nominal value of 0.52 euros each. The company has issued a single category of ordinary shares which do not give the right to a fixed dividend.

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

As at 31 October 2021, no new share buybacks had been carried out. The overall investment therefore amounts to 6.666 million euros.

The Shareholders' Meeting of Carraro S.p.A. of 04 October 2021 resolved to distribute a dividend of 18,000,384.71 euros, drawing 13,505,986 euros from retained earnings, 1,247,810 euros from the extraordinary reserve and 3,246,588.71 euros from the merger surplus reserve.

Other reserves

The item "Other reserves" of -18.495 million euros includes the reserves of Carraro S.p.A. relating to profits not distributed or carried forward and others as follows:

- 7.926 million euros relating to the share premium reserve;
- 6.661 million euros relating to the legal reserve;
- 0.092 million euros relating to the future capital increase reserve;
- 5.966 million euros relating to the merger surplus reserve;
- less 6.666 million euros for deduction of the reserve corresponding to treasury share purchase;
- 10.869 million euros relating to other IAS reserves;
- less 43.159 million euros arising from the reduction in the shareholders' equities of consolidated companies with respect to the corresponding carrying amounts of equity investments and consolidation adjustments.

Cash flow hedge reserve

This includes the values arising from application of the criterion prescribed for cash flow hedging of 0.12 million euros.

Provision for discounting employee benefits

This reserve, which is negative amounting to 0.138 million euros, includes Employee benefit actuarial gains/losses, as provided for by IAS 19 Revised.

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Foreign currency translation reserve

This reserve, of 15.129 million euros is used to record the exchange differences deriving from the conversion into euros of the financial statements of foreign subsidiaries.

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

<i>(amounts in Euro thousands)</i>	31.12.2020	Changes in the Statement of Comprehensive Income profit reserves	Changes in shareholders equity capital reserves	Changes in shareholders equity profit reserves	Changes by area	31.10.2021
Exchange reserve of the parent company's shareholders	9.619	144	2.380	2.986	-	15.129
Exchange reserve of minority interests	-	-	-	-	-	-
Translation reserve	9.619	144	2.380	2.986	-	15.129

Financial liabilities (note 16)

The classification of the financial liabilities as at 31.10.2021 and 31.12.2020 is indicated.

<i>(amounts in Euro thousands)</i>	31.10.2021	31.12.2020
NON-CURRENT BONDS	325,311	324,433
<i>MEDIUM/LONG-TERM LOANS</i>	137,359	149,114
<i>MEDIUM/LONG-TERM LEASE PAYABLES - IFRS 16</i>	1,195	930
MEDIUM/LONG-TERM LOANS	138,554	150,044
<i>OTHER NON-CURRENT FINANCIAL LIABILITIES</i>	-1	-
OTHER NON-CURRENT FINANCIAL LIABILITIES	-1	-
NON-CURRENT FINANCIAL LIABILITIES	463,864	474,477
BONDS	-	-
<i>MEDIUM-/LONG-TERM LOANS – short-term portion</i>	19,691	16,670
<i>LOANS TO OTHERS</i>	3,589	6,274
<i>LEASE PAYABLES FROM RIGHTS OF USE - IFRS 16</i>	969	856
CURRENT FINANCIAL LIABILITIES	24,249	23,800
<i>FAIR VALUE OF INTEREST RATE DERIVATIVES</i>	-	-
<i>FAIR VALUE OF EXCHANGE RATE DERIVATIVES</i>	36	97
<i>OTHER CURRENT FINANCIAL LIABILITIES</i>	2,514	4,579
OTHER CURRENT FINANCIAL LIABILITIES	2,550	4,676
CURRENT FINANCIAL LIABILITIES	26,799	28,476

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A breakdown of medium- and long-term financial debts (shown at nominal value), inclusive of the portion expiring before the end of the year, amounting to a total of 167.822 million euros, is presented below.

COMPANY	LENDER	Short-term portion as at 31.10.2021	Medium/ long-term portion as at 31.10.2021	EXPIRY	RATE	RATE TYPE	CUR- RENCY
<i>(amounts in Euro thousands)</i>							
CarraroIndia	HFDC	362	3,129	May-26	6.75%	variable	INR
CarraroIndia	Kotak Mahindra Bank Ltd.	860	1,080	Dec '23	7.35%	variable	INR
CarraroIndia	Idbi Bank	535	347	Jun '23	3.75%	variable	EURO
CarraroIndia	Federal bank	574	1,441	Mar '25	8.40%	variable	INR
CarraroIndia	Axis	990	1,374	Dec '24	8.25%	variable	INR
CarraroIndia	Icici	574	1,585	Jun-25	8.80%	variable	INR
CarraroIndia	Exim	1,149	3,166	Jul-25	9.00%	variable	INR
Carraro International Se	EIB	8,289	37,407	Jan-27	1.50%	fixed	EURO
SIAP	Banca di Cividale	403	204	Mar '23	1.31%	variable	EURO
SIAP	Banca di Cividale	418	5,225	Jan '35	0.85%	variable	EURO
SIAP	Banca di Cividale	81	1,866	Jan-34	0.85%	variable	EURO
SIAP	Banca Fucino	304	4,696	Jul-26	1.40%	variable	EURO
SIAP	Financial leasing	28	-		1.75%	variable	EURO
Carraro Drive Tech Italia S.p.A.	Banca Fucino	304	4,696	Jul-26	1.40%	variable	EURO
Carraro Drive Tech Italia S.p.A.	Financial leasing	426	517		1.4% - 1.98%	variable	EURO
Carraro S.p.A.	Cassa Depositi e Prestiti	2,188	32,813	Jun-26	1.08%	variable	EURO
Carraro S.p.A.	Banca Fucino	-	5,000	Aug-26	1.40%	variable	EURO
Carraro S.p.A.	Banca MPS	1,563	23,438	Jun-26	1.50%	variable	EURO
Carraro S.p.A.	Intesa San Paolo	625	9,375	Jun-26	1.06%	variable	EURO
Carraro S.p.A.	Financial leasing	18	-		1.6% - 1.9%	variable	EURO
TOTAL		19,691	137,359				

Interim Consolidated Financial Report as at 31 October 2021

The net financial position is broken down below:

Net financial position <i>(amounts in Euro thousands)</i>	31.10.2021	31.12.2020
Non-current bonds	-325,311	-324,433
Current bonds	-	-
Bonds:	-325,311	-324,433
Non-current loans payable	-138,554	-150,044
Current loans payable	-24,249	-23,800
Other non-current financial liabilities	1	-
Other current financial liabilities	-2,514	-4,579
Trade payables and other non-current payables (*)	-	-
Financial liabilities:	-165,316	-178,423
Current loans and receivables	1,216	1,794
Other current financial assets	461	1,087
Financial assets:	1,677	2,881
Cash	83	77
Bank current accounts and deposits	303,263	347,186
Cash and cash equivalents:	303,346	347,263
Net financial position (**)	-185,604	-152,712
Non-current loans and receivables	5,261	5,385
Other non-current financial assets	119	1,777
Non-current leases - IFRS 16	1,195	930
Current leases - IFRS 16	969	856
Trade payables and other non-current payables	-	-
Net financial position of operations	-178,060	-143,764
of which payables/(receivables):		
- non-current	-457,289	-466,385
- current	279,229	322,621

(*) 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 payables to suppliers due beyond 12 months, or other types of non-interest-bearing loans.

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

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

- Social security liabilities
- Amounts relating to reverse factoring for an amount of 2.6 million euros.

In January 2018, the Company issued a 3.5% fixed -rate senior unsecured bond of 180 million euros - maturing in 2025 - listed on the Luxembourg Stock Exchange and on the MOT.

The effect of the amortised cost on this item amounted to 2.187 million euros at 31 October 2021.

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 2.502 million euros at 31 October 2021.

The Carraro Group has access to medium- and long-term banking credit facilities totalling 39.62 million euros, of which 2.58 million euros drawn down. Medium- and long-term bank credit facilities amount to a total of 199.51 million euros, of which 157.16 million euros drawn down.

Fair Value

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

Trade payables and other payables (note 17)

<i>(amounts in Euro thousands)</i>	31.10.2021	31.12.2020
With third parties	1.747	62
OTHER NON-CURRENT PAYABLES	1.747	62
TRADE PAYABLES AND OTHER NON-CURRENT PAYABLES	1.747	62
With related parties	10	7
With third parties	183.827	140.393
CURRENT TRADE PAYABLES	183.837	140.400
With related parties	90	90
With third parties	51.260	56.284
OTHER CURRENT PAYABLES	51.350	56.374
TRADE PAYABLES AND OTHER CURRENT PAYABLES	235.187	196.774

Current taxes payables (note 18)

<i>(amounts in Euro thousands)</i>	31.10.2021	31.12.2020
Current taxes payables	5,763	2,784

Number of employees

The number of employees refers only to the fully consolidated companies and is divided into categories:

Employees	31.12.2020	Changes	31.10.2021
Executives	27	3	30
Clerical staff	711	3	714
Factory workers	2,045	-9	2,036
Temporary workers	672	133	805
Total	3,455	130	3,585

Provision for risks and liabilities (note 20)

The item can be broken down as follows:

<i>(amounts in Euro thousands)</i>	Opening situation	Increases	Decreases	Reclassification	Area change	Exchange-rate adjustments	Closing situation
Non-current portion							
1) WARRANTY	2,311	-	-	-	-	17	2,328
2) COSTS OF LEGAL CLAIMS	56	-	-	-	-	-	56
3) RENOVATION AND CONVERSION	-	-	-	-	-	-	-
4) OTHER PROVISIONS	657	59	-8	-	-	-11	697
TOTAL	3,024	59	-8	-	-	6	3,081
Current portion							
1) WARRANTY	10,309	2,848	-2,181	-887	-	55	10,144
2) COSTS OF LEGAL CLAIMS	314	14	-27	-	-	-5	296
3) RENOVATION AND CONVERSION	1,071	90	-106	-	-	-44	1,011
4) OTHER PROVISIONS	4,115	3,328	-3,503	-	-	18	3,958
TOTAL	15,809	6,280	-5,817	-887	-	24	15,409

From the product warranty reserve, 2.181 million euros was used for customer claims accepted and the reserve was increased by 2.848 million euros on the basis of the expected warranty costs which will be incurred in relation to the sales made.

The legal claims provision relates to personnel disputes.

The restructuring provision allocated as at 31 October 2021, concerning the reorganisation and restructuring of the Carraro Group, has been increased by 0.090 million euros and used for an amount of 0.106 million euros.

The item "Other provisions" includes amounts recognised in the individual companies for future expenses and liabilities. It should be noted that the increase in the period mainly relates to the provision for MBOs and performance bonuses.

7. Commitments and risks

No significant events occurred as worthy of note.

8. Transactions with related parties (note 21)

The main shareholders of Carraro SpA as at 31.10.2021, net of treasury shares, were as follows: Fly Srl with 89,01%, Finaid SpA with 6,09% and other shareholders for the remaining 4,90%.

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	Purchases of services	Other financial income
Other related parties:							
Finaid S.r.l.	-	835	90	6	-	-	-
Enertronica Santerno S.p.A.	5,071	1,338	10	-	1	2	107
TOTAL	5,071	2,173	100	6	1	2	107

10. Events subsequent to the reporting date of the interim consolidated financial report.

Nothing to report.

The Chairman



Enrico Carraro

REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Board of Directors of
Carraro S.p.A.

Introduction

We have reviewed the accompanying consolidated interim financial statements of Carraro S.p.A. and subsidiaries (the “Carraro Group”), which comprise the statement of financial position as of October 31, 2021 and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the ten-month period then ended, and a summary of significant accounting policies and other explanatory 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 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 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements of the Carraro Group as at October 31, 2021 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.

Other Matter

The consolidated interim financial statements for the period ended as of October 31, 2020 have not been audited or reviewed.

DELOITTE & TOUCHE S.p.A.



Cristiano Nacchi
Partner

Padua, Italy
February 1, 2022

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