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Societa' : CARRARO FINANCE
Identificativo : 167488
Informazione
Regolamentata
Nome utilizzatore : CARRAROFINANCEN02 - MARUSSO
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Oggetto : CARRARO FINANCE S.A. Interim
Financial Statement as at 30.06.2022

Testo del comunicato

CARRARO FINANCE S.A. Interim Financial Statement as at 30.06.2022

INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2022

Carraro Finance SA

11, Rue Beaumont
L-1219 Luxembourg
T +352 22 97 71
F +352 22 97 71 971

RCS Luxembourg B 248536
TVA LU 32561452
Tax Code 20202205519
carrarofinance.lu



INTERIM MANAGEMENT REPORT AS AT 30 JUNE 2022

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

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



INTERIM INCOME STATEMENT AS AT 30.06.2022

<i>(amounts in Euro)</i>	30.06.2022	%	30.06.2021	%	Change 30.06.2022- 30.06.21
REVENUES FROM SALES	523,603	100.00%	118,028	100.00%	405,575
Purchases of goods and materials (net of changes in inventories)	-775	-0.15%	-	-	-775
Services and Use of third-party goods and services	-533,145	-101.82%	-288,236	-244,21%	-244,909
Personnel costs	-287,500	-54.91%	-164,123	-139.05%	-123,377
Amortisation, depreciation and impairment of assets	-89,198	-17.04%	-31,736	-26.89%	-57,462
Provisions for risks	-	-	-	-	-
Other income and expenses	-172,384	-32.92%	-40,627	-34.42%	-131,757
Internal construction	-	-	-	-	-
OPERATING COSTS	-1,083,002	-206.84%	-524,772	-444.57%	-558,280
OPERATING PROFIT/(LOSS) (EBIT)	-559,399	-106.84%	-406,694	-344.57%	-152,705
Income and expenses from equity investments	-	-	-	-	-
Other financial income	5,113,196	976.54%	2,351,176	1,992.05%	2,762,020
Financial costs and expenses	-6,544,431	-1,249.88%	-5,381,198	-4,559.26%	-1,163,233
Net gains/(losses) on foreign exchange	-21	-	-51	-	30
Value adjustments of financial assets	-	-	-	-	-
GAINS/(LOSSES) ON FINANCIAL ASSETS	-1,431,256	-273.35%	-3,030,073	-2,567.25%	1,598,817
PROFIT/(LOSS) BEFORE TAXES	-1,990,655	-380.18%	-3,436,767	-2,911.82%	1,446,112
Current and deferred income taxes	-	-	-	-	-
NET PROFIT/(LOSS)	-1,990,655	-380.18%	-3,436,767	-2,911.82%	1,446,112
EBITDA*	-470,201	-89.80%	-374,958	-317.69%	-95,243

* for the reconciliation of the Alternative Performance Indicator please refer to the "Balance sheet and financial data" section and for its description, please refer to "Summary of the period up to 30 June 2022" section.

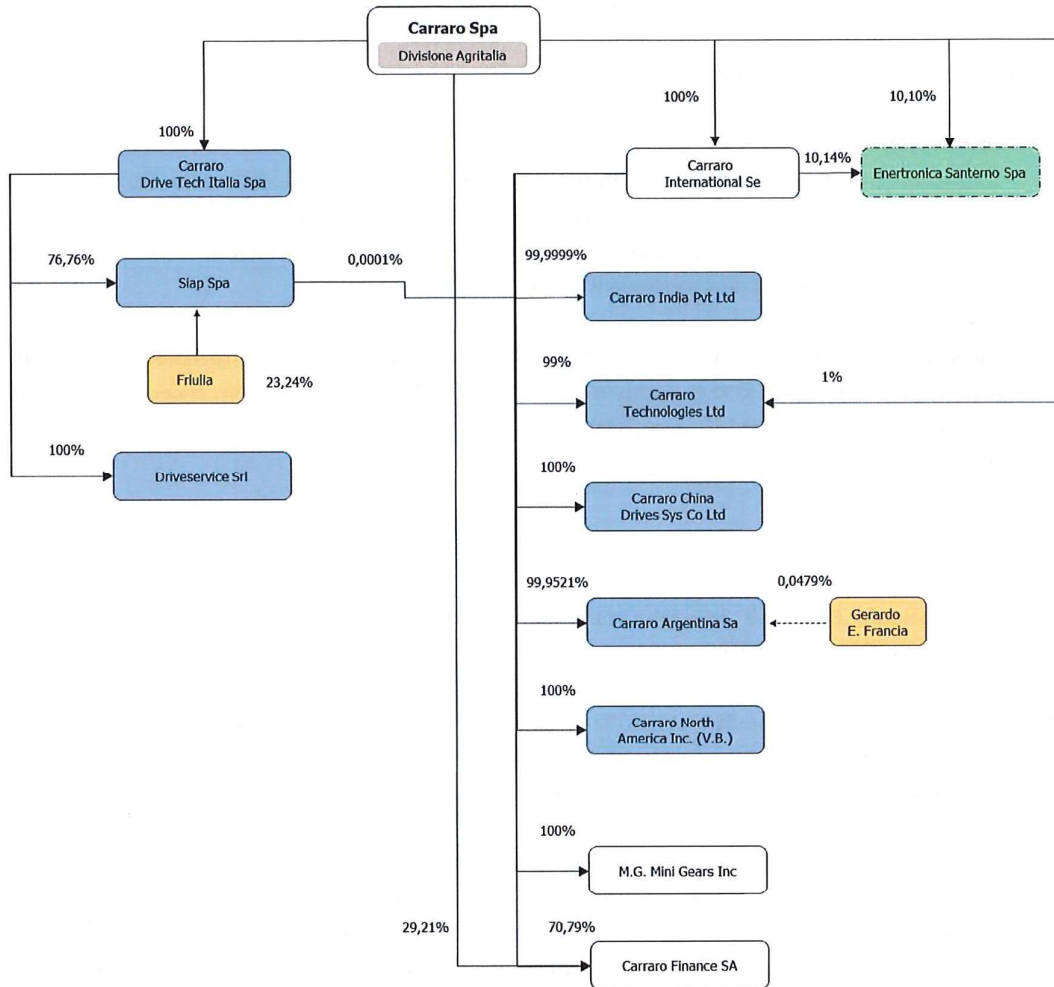


INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30.06.2022

<i>(amounts in Euro)</i>	30.06.2022	31.12.2021
Property, plant and equipment	392,139	408,469
Intangible fixed assets	146,988	154,953
Financial assets	90,000,000	85,009,553
Deferred tax assets	-	-
Trade receivables and other receivables	103,536	103,916
NON-CURRENT ASSETS	90,642,663	85,676,891
Trade receivables and other receivables	48,844	70,341
Financial assets	78,364,059	67,470,315
Cash and cash equivalents	164,620,413	182,101,790
CURRENT ASSETS	243,033,316	249,642,446
TOTAL ASSETS	333,675,979	335,319,337
Share Capital	4,280,000	4,280,000
Other Reserves	471,245	5,469,085
Profit/loss for the year	-1,990,655	-4,997,840
SHAREHOLDERS' EQUITY	2,760,590	4,751,245
Financial liabilities	326,158,644	325,708,837
NON-CURRENT LIABILITIES	326,158,644	325,708,837
Financial liabilities	4,258,782	4,264,770
Trade payables and other payables	497,963	594,485
Current tax payables	-	-
Provisions for risks and liabilities	-	-
CURRENT LIABILITIES	4,756,745	4,859,255
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	333,675,979	335,319,337



**CORPORATE STRUCTURE OF THE CARRARO GROUP
AS AT 30.06.2022**



Key :
 — Subsidiaries
 - - - - Associated companies

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

The Company belongs to the Carraro Group (the “Group”), a leading international group in transmission systems for off-highway vehicles and specialised tractors, with Headquarters Campodarsego (Padua, Italy). As at 30 June 2022 Carraro Finance was 70.79% owned by Carraro International S.E. and 29.21% owned by Carraro S.p.A.

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

– **Drive systems**

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

– **Tractors**

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

Summary of the period up to 30 June 2022

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

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

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

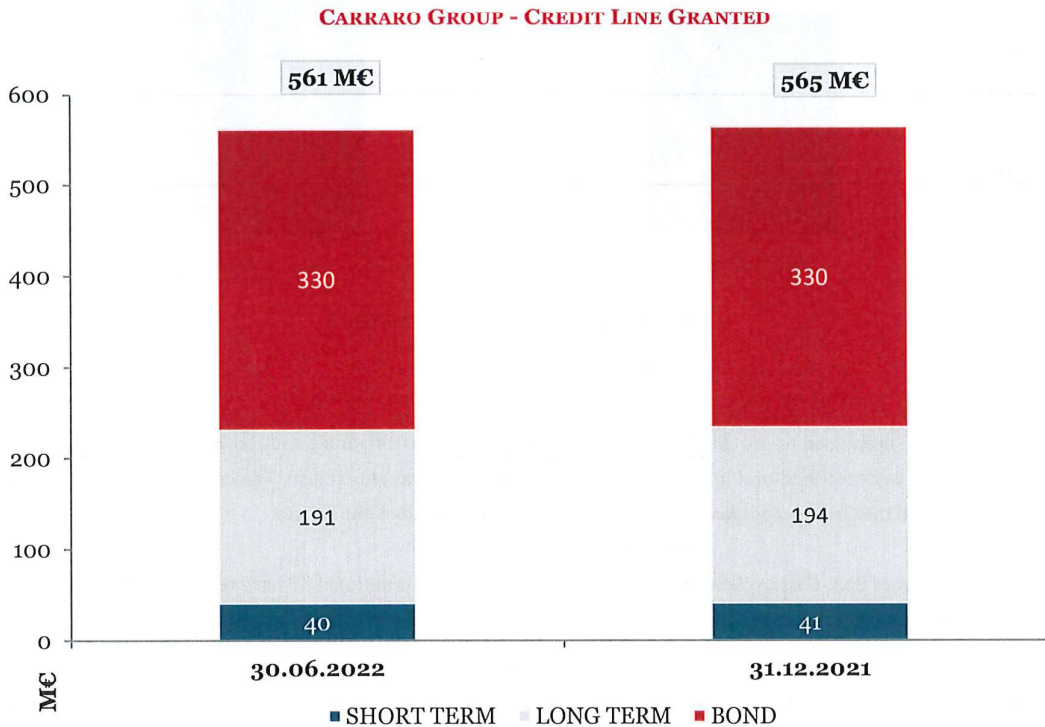
It should be noted that the comparatives data as of 30.06.2021 include all accounting events from the date of incorporation being 30 October 2020 to 30 June 2021, furthermore the comparatives figures take into account the transfer of the business unit from Carraro International S.E. to Carraro Finance S.A. occurred on 1 February 2021.



Performance

Carraro Finance provides financial, treasury and consulting services to Carraro Group's companies, in line with the approved policies and the strategic needs of the Carraro Group. The Company works to provide financial resources to the Carraro European Group's companies, whereas the Asian and South American companies source their funds mainly from the local markets, utilising the strategic consulting services provided by Carraro Finance S.A.. In addition, Carraro Finance coordinates the factoring activities of the Italian operating companies and the exchange rate risk hedging policies for all Group companies.

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

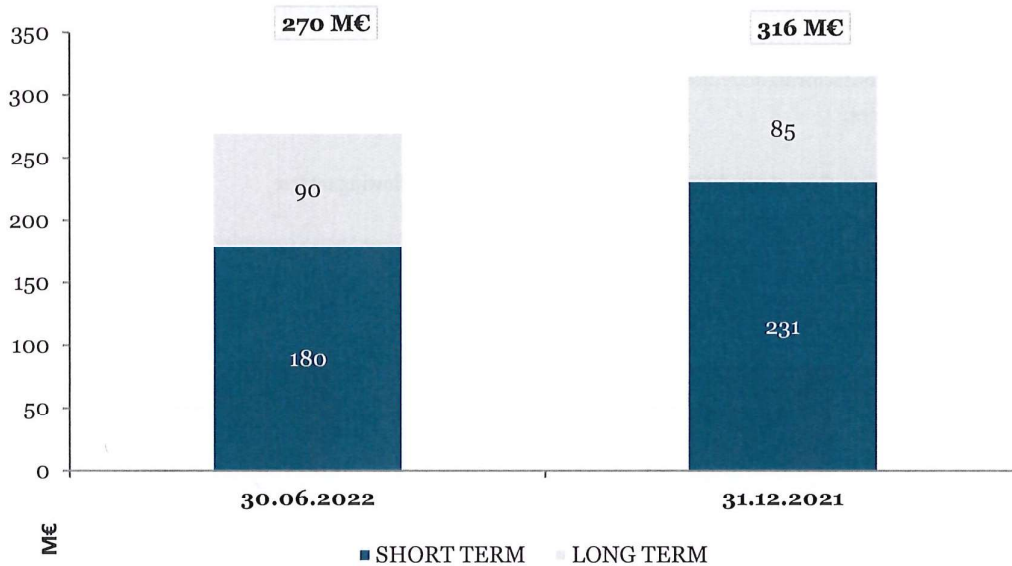


The credit lines granted amounted to 561 million euros as at 30 June 2022, of which 330 million euros related to two bonds issued and 231 million euros from the banking system.

The resources are used to fund the Group's European companies and marginally the Indian Company, their use is divided between short-term and long-term, the credit line granted are divided as follows:



CARRARO FINANCE SA
CREDIT LINES GRANTED TO THE GROUP AND ASSOCIATES



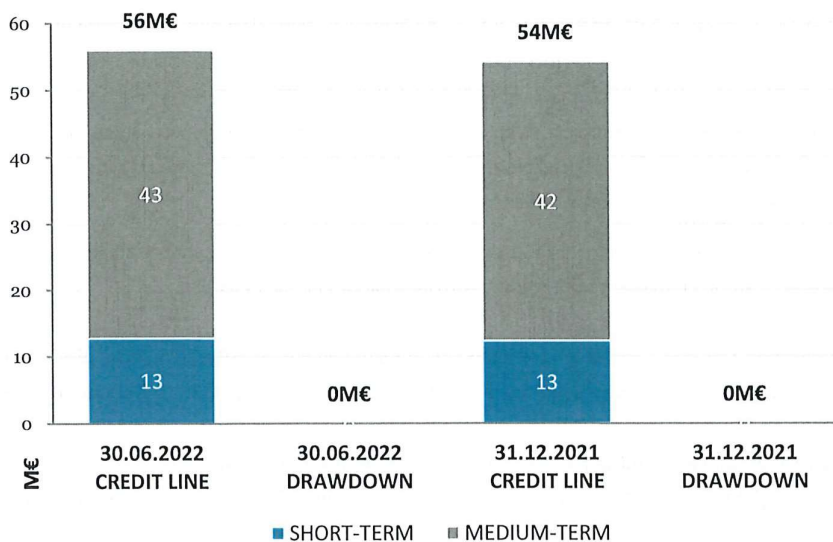
These funds have been used to provide loans to the European Group's companies and the Indian Company, of which 90 million euros were medium-and long-term and 180 million euros was short-term. The carrying value of loans (the drawn amounts to the Group's companies) is 165 million euros at the end of June 2022.

During 2022 Carraro SpA, Carraro Drive Tech Italia SpA and Carraro International SE have revised their financial needs and so Carraro Finance S.A. has revised the amount of the credit granted to them on the basis of their needs.

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

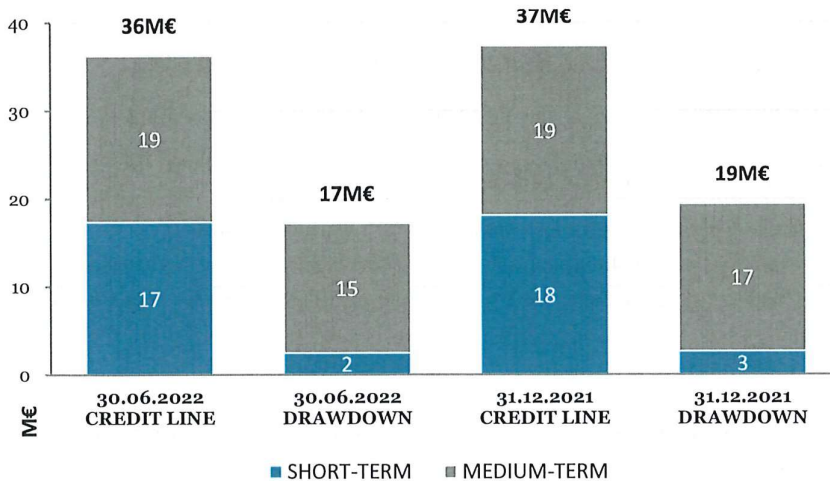


CARRARO CHINA - CREDIT LINES WITH BANKS



As at 30 June 2022, Carraro China had credit lines with local banks for a total of 56 million euros, of which none were used.

CARRARO INDIA - CREDIT LINES WITH BANKS



As at 30 June 2022, Carraro India had credit lines with local banks for a total of 36 million euros, of which 17 million were used.

SIGNIFICANT EVENTS DURING THE PERIOD

On February 2022, the Company announced its intention to issue a unsecured unrated and non-convertible bond for a total nominal amount ranging from a minimum of 100,000,000 euros to a maximum of 120,000,000 euros and guaranteed by Carraro S.p.A.. The potential bond issue was aimed at optimizing the financial structure of Carraro S.p.A. and its subsidiaries and to refinance the existing financial debt, including, in particular, the early repayment in full of the bond 180,000,000 euros 3.50 percent. Senior Unsecured Notes due 31 January 2025 and guaranteed by Carraro S.p.A. (ISIN XS1747134564), which would have had a positive effect on financial charges.

Due to the sudden and unexpected developments in the international geopolitical situation and of great uncertainty worldwide, there was no longer a sufficient basis for proceeding with the potential issue of a bond.

The ongoing military operation in Ukraine and the related sanctions targeted against the Russian Federation did not affect significantly the Company's business activity since there is not significant direct exposure to Ukraine, Russia or Belarus.

At a Group level, Carraro Group's management is monitoring the evolution of the war conflict between Ukraine and Russia, particularly due to the volatility related to the price of raw material, the financial markets and the energy sector.

SUBSEQUENT EVENTS

There are no event to report.

OVERVIEW OF THE COMPANY PERFORMANCE

Net financial position of operations

<i>(amounts in Euro)</i>	30.06.2022	31.12.2021	30.06.2021
Net financial position of operations *	2,852,719	4,968,335	6,323,199

* for the reconciliation of the Alternative Performance Indicator please refer to the "Financial Liabilities (note 16)" section and for its description, please refer to "Summary of the period up to 30 June 2022" section.

As at 30 June 2022 the net financial position of operations was positive for 2.853 million euros.

Net financial position from operations as at 30 June 2022 was positive at 2.853 million euros, worsening compared to 31 December 2021 (4.968 million euros) and 30 June 2021 (6.323 million euros) in line with the negative result of the period 2022.

Turnover

Carraro Finance SA derives its revenue from contracts with Carraro Group companies for financial consulting services. The Company's turnover increased by 77% (from 118,028 euros as at 30.06.2021 to 523,623 euros as at 30.06.2022) mainly due to a change in the calculation's scheme of the price applied to transactions with intra-group companies and a comparative period that considers one month less of revenues (as the assignment and transfer of the Finance Business Unit of Carraro International S.E. to Carraro Finance S.A. was exercised on 1 February 2021).

EBITDA

<i>(amounts in Euro)</i>	30.06.2022	30.06.2021
Operating Profit (Loss)*	-559,399	-406,694
Amortization tangible assets	81,234	31,736
Amortization intangible assets	7,964	-
Depreciation Fixed assets	-	-
EBITDA	-470,201	-374,958

* For details please refer to the Condensed Interim Income Statement.

EBITDA decreased by + 25% from 374,958 euros as at 30.06.2021 to 470,201 euros as at 30.06.2022. The negative variation is mainly due to a rising of the operational costs incurred in the first half-year 2022.

Amortization and depreciation of fixed assets

<i>(amounts in Euro)</i>	30.06.2022	% on Turnover	30.06.2021	% on Turnover	Change %
Amortization and depreciation	89,198	17.0%	31,736	26.9%	181,1%

GAINS/(LOSSES) ON FINANCIAL ASSETS

<i>(amounts in euro)</i>	30.06.2022	30.06.2021
10) INCOME/EXPENSES FROM EQUITY INVESTMENTS	-	-
A) FROM FINANCIAL ASSETS	3,823,681	1,711,758
B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS	3,293	1,103
C) FROM OTHER THAN THE ABOVE	-	-
D) INCOME OTHER THAN THE ABOVE	1,286,222	638,315
11) OTHER FINANCIAL INCOME	5,113,196	2,351,176
A) FROM FINANCIAL LIABILITIES	-5,953,704	-4,945,257
B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS	-2,986	-1,486
C) EXPENSES OTHER THAN THE ABOVE	-587,741	-434,455
12) FINANCIAL COSTS AND EXPENSES	-6,544,431	-5,381,198
OTHER NET EXCHANGE RATE DIFFERENCES	-21	-51
13) NET GAINS/(LOSSES) ON FOREIGN EXCHANGE	-21	-51
14) VALUE ADJUSTMENTS OF FINANCIAL ASSETS	-	-
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	-1,431,256	-3,030,073

The Company reported an improvement on its Net Losses on Financial Assets from 3.030 million euros as at 30.06.2021 to 1.431 million euros as at 30.06.2022 mainly due to a change in economic conditions applied to transactions with intra-group companies, in compliance with Arm's Length Principle.



Net profit/(loss)

As at 30 June 2022, the Company recorded a loss of 1.990 million euros.

<i>(amounts in Euro)</i>	Up to 30.06.2022	% of turnover	Up to 30.06.2021	% of turnover	Change %
EARNINGS BEFORE TAX	-1,990,655	-380.20%	-3,436,767	-2,911.80%	42.10%
Current and deferred income taxes	-	-	-	-	-
NET PROFIT/(LOSS)	-1,990,655	-380.20%	-3,436,767	2,911.80%	42.10%

The Loss in the period is mainly due to the cost of funding relating to the two financial instruments issued.

On January 2022, the Company published its intention to issues an unsecured unrated and non-convertible bond for a total nominal amount from a maximum of 120,000,000 euros, in order to optimize the financial structure of the Group and to refinance the existing financial debts; but at the right date of the issue, being on 24 February 2022, started the outbreak of the war between Ukraine and Russia, so the Management of the Company has decided not to proceed with the potential bond issue because there were no longer favourable market conditions.

In this scenario there were no condition to reduce the cost of funding, so the financial charges continue to counterbalance the result of the Company.

PERSONNEL

Workforce trend

<i>(Workforce):</i>	30.06.2022	31.12.2021	30.06.2021
Executive	1	1	1
Clerical Staff	3	3	2
Total	4	4	3

KEY RISKS AND UNCERTAINTIES TO WHICH CARRARO FINANCE IS EXPOSED

The main risks identified for Carraro Finance are listed below.

Strategic risks

Risks associated with the general economic conditions

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

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

The dynamics in the global economy and international trade in 2022 were characterised by instability in some areas of the world and related consequences on increasing cost of raw material and energy also due to the effects of global economic post pandemic recovery.

Risks related to the trends on the markets/industrial customers

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

Country risk

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

Financial risks

Risks associated with funding requirements

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

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

The cash flows envisaged for 2022 also include, besides the trend in working capital and operational investment management, the effects of the maturity of current liabilities and the short-term portion of medium-long term loans.

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

Risks of fluctuating interest rates

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

Credit risk

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



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

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

The effects of the spread of the Covid-19 pandemic did not have significant consequences on the overall operations of Carraro Group customers such as to jeopardize the continuity of cash flows from the sale of the Group's products.

Operational risks

Risks related to IT systems and cyber security

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

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

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

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

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

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

STANDARDS USED IN PREPARING THE FINANCIAL STATEMENTS

These financial statements are drawn up in compliance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. Furthermore, these financial statements are based on the assumption that the Company is a going concern.

OTHER INFORMATION

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

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

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

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

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



Sergio Marusso
Chief Executive Office

CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2022

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

INDEPENDENT AUDITORS	Deloitte Audit S.à r.l. Luxembourg
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CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS

<i>(amounts in Euro)</i>	NOTES	30.06.2022	30.06.2021
A) REVENUES FROM SALES			
1) Products		-	-
2) Services		523,603	118,028
3) Other revenues		-	-
TOTAL REVENUES FROM SALES	1	523,603	118,028
A bis) of which with related parties		523,604	118,028
B) OPERATING COSTS			
1) Purchases of goods and materials		775	-
2) Services		529,115	282,157
3) Use of third-party goods and services		4,030	6,079
4) Personnel costs		287,500	164,123
5) Amortisation, depreciation and impairment of assets		89,198	31,736
5.a) depreciation of property, plant and equipment		81,234	31,736
5.b) amortisation of intangible assets		7,964	-
6) Changes in inventories		-	-
7) Provision for risks and other liabilities		-	-
8) Other income and expenses		172,384	40,627
9) Internal Construction		-	-
TOTAL OPERATING COSTS	2	1,083,002	524,722
B-bis) of which with related parties		-	41,199
OPERATING PROFIT/(LOSS)		-559,399	-406,694
C) GAINS/(LOSSES) ON FINANCIAL ASSETS			
10) Income from equity investments		-	-
11) Other financial income		5,113,196	2,351,176
12) Financial costs and expenses		-6,544,431	-5,381,198
13) Net gains/(losses) on foreign exchange		-21	-51
14) Value adjustment of financial assets		-	-
NET GAINS/(LOSSES) ON FINANCIAL ASSETS	3	-1,431,256	-3,030,073
C-bis) of which with related parties		5,109,902	7,649,196
PROFIT/(LOSS) BEFORE TAXES		-1,990,655	-3,436,767
15) Current and deferred income taxes	4	-	-
NET PROFIT/(LOSS)		-1,990,655	-3,436,767



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

<i>(amounts in Euro)</i>	30.06.2022	30.06.2021
NET PROFIT/(LOSS) FOR THE PERIOD	-1,990,655	-3,436,767
Other income components that could be recognised in the income statement in subsequent periods:		
Total other income components that could be recognised in the income statement in subsequent periods:	-	-
Other income components that will not be recognised in the income statement in subsequent periods:		
Total other income components that will not be recognised in the income statement in subsequent periods:	-	-
OTHER COMPREHENSIVE INCOME COMPONENTS, NET OF TAX EFFECTS	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-1,990,655	-3,436,767



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

<i>(amounts in Euro)</i>	NOTES	30.06.2022	31.12.2021
A) NON-CURRENT ASSETS			
1) Property, plant and equipment	6	392,139	408,469
2) Intangible fixed assets	7	146,988	154,953
3) Real estate investments	8	-	-
4) Equity investments in associated companies	9	-	-
5) Financial assets	10	90,000,000	85,009,553
5.1) Loans and receivables		90,000,000	85,000,000
5.2) Other financial assets		-	9,553
5 bis) of which with related parties		90,000,000	85,000,000
6) Deferred tax assets	11	-	-
7) Trade receivables and other receivables	12	103,536	103,916
7.2) Other receivables		103,536	103,916
TOTAL NON-CURRENT ASSETS		90.642.663	85.676.891
B) CURRENT ASSETS			
1) Closing inventory	13	-	-
2) Trade receivables and other receivables	12	48,844	70,341
2.2) Other receivables		48,844	70,341
3) Financial assets	10	78,364,059	67,470,315
3.1) Loans and receivables		77,836,458	67,432,732
3.2) Other financial assets		527,601	37,583
3-bis) of which with related parties		77,836,458	67,432,733
4) Cash and cash equivalents	14	164,620,413	182,101,790
4.1) Petty cash		208	-
4.2) Bank current accounts and deposits		164,620,205	182,101,790
TOTAL CURRENT ASSETS		243,033,316	249,642,446
TOTAL ASSETS		333,675,979	335,319,337



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

<i>(amounts in Euro)</i>	NOTES	30.06.2022	31.12.2021
A) SHAREHOLDERS' EQUITY			
	15		
1) Share Capital		4,280,000	4,280,000
2) Other Reserves		5,469,085	5,469,085
3) Profits/(Losses) brought forward		-4,997,840	-
4) IAS/IFRS reserves		-	-
5) Provision for discounting employee benefits		-	-
6) Profit/(Loss) for the period		-1,990,655	-4,997,840
TOTAL SHAREHOLDERS' EQUITY		2.760.590	4.751.245
B) NON-CURRENT LIABILITIES			
1) Financial liabilities	16	326,158,644	325,708,837
1.1) Bonds		326,026,392	325,499,166
1.2) Loans, leasing and Right of Use		132,252	209,671
2) Trade payables and other payables	17	-	-
3) Deferred tax liabilities	11	-	-
4) Provision for employee benefits/retirement	19	-	-
5) Provisions for risks and liabilities	20	-	-
TOTAL NON-CURRENT LIABILITIES		326.158.644	325.708.837
C) CURRENT LIABILITIES			
1) Financial liabilities	16	4,258,782	4,264,770
1.2) Loans, leasing and Right of Use		153,421	150,613
1.3) Other		4,105,361	4,114,157
2) Trade payables and other payables	17	497,963	594,485
2.1) Trade payables		178,908	195,549
2.2) Other payables		319,055	398,936
2-bis) of which with related parties		225,554	326,438
3) Current taxes payables	18	-	-
TOTAL CURRENT LIABILITIES		4.756.745	4.859.255
TOTAL LIABILITIES		330,915,389	330,568,092
TOTAL SHAREHOLDER EQUITY AND LIABILITIES		333,675,979	335,319,337

CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>(amounts in Euro)</i>	Share Capital	Other Reserves	Retained Earnings (Accumulated losses)	Profit/(Loss) for the period	Total
Total Comprehensive income for the year				-3,436,767	-3,436,767
Memorandum of association – 30 October 2020	30.000	-		-	30.000
Contribution – 01 February 2021	3.000.000	4.219.085			7.219.085
Capital increase – 25 February 2021	1.250.000	1.250.000		-	2.500.000
Total transactions with Shareholders and other movements of the period:	4.280.000	5.469.085		-	9.749.085
Balance as at 30.06.2021	4.280.000	5.469.085	-	-3,436,767	6,312,318

<i>(amounts in Euro)</i>	Share Capital	Other Reserves	Retained Earnings (Accumulated losses)	Profit/(Loss) for the period	Total
Opening Balance as at 01.01.2022	4,280,000	5,469,085	-	-4,997,840	4,751,245
Total Comprehensive income for the year				-1,990,655	-1,990,655
Allocation result 2021	-	-	-4,997,840	4,997,840	-
Dividend distribution	-	-	-	-	-
Other movements	-	-	-	-	-
Total transactions with Shareholders and other movements of the period:	-	-	-4,997,840	4,997,840	-
Balance as at 30.06.2022	4.280.000	5.469.085	-4,997,840	-1,990,655	2,760,590



CONDENSED INTERIM STATEMENT OF CASH FLOWS

<i>(amounts in Euro)</i>	NOTES	30.06.2022	30.06.2021
Profit/(loss) for the year	5	-1,990,655	-3,436,767
Tax for the year	4	-	-
<i>Profit/(loss) before taxes</i>		-1,990,655	-3,436,767
Depreciation of property, plant and equipment	2	81,234	31,736
Amortisation of intangible fixed assets	2	7,964	-
Net gains/(losses) on foreign exchange	3	21	51
Financial Income	3	-5,113,196	-2,351,176
Financial cost	3	6,544,431	5,381,198
<i>Cash flows before changes in Net Working Capital</i>		-470,201	-375,127
Change in trade payables	17	-501,764	27,526
Change in other receivables/payables	13-17	-58,003	-18,247
Interest income received		6,839,102	1,088
Interest expenses paid		-5,965,486	-2,813,986
Change in other financial assets/liabilities		-130,468	252,626
<i>Cash flows from operating activities</i>		-286,820	-2,926,120
Investments in property, plant and equipment	6	-64,904	-477,726
Disinvestments and other movements in property, plant and equipment	6	-	29,424
Net liquidity acquired/sold through assignment and transfer		-	293,743,472
Change of financial activities	10	-17,129,653	-69,781,683
<i>Cash flows from investing activities</i>		-17,194,557	223,513,487
Share capital	15	-	1,280,000
Share premium reserve	15	-	1,250,000
<i>Cash flows from financing activities</i>		-	2,530,000
<i>Total cash flows for the period</i>		-17,481,377	223,117,367
<i>Opening cash and cash equivalents</i>		182,101,790	20,386
<i>Closing cash and cash equivalents</i>		164,620,413	223,137,753

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



EXPLANATORY AND SUPPLEMENTARY NOTES

1. Introduction

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

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

The Company was incorporated on 30 October 2020 by notarial deed no. 17154 of 30 October 2020 and with effect from 1 February 2021 the parent Company, Carraro International S.E., transferred the business unit relating to the finance and treasury functions for the benefit of the Carraro Group to Carraro Finance, including the 2 Bonds issued for which Carraro Finance chose Luxembourg as the member state of origin pursuant to the Transparency Directive.

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

It should be noted that the figures represented in condensed interim statement of profit and loss, condensed interim statement of comprehensive income, the condensed interim statement of cash flow as at 30 June 2022 included all the movements from 1 January 2022 to 30 June 2022 and the figures as at 30 June 2021 included all the movements from 30 October 2020 to 30 June 2021, and all the related notes.

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

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

Publication of the Condensed Interim Financial Statements of Carraro Finance S.A. for the period from 1 January 2022 to 30 June 2022, was authorised by Board of Directors resolution dated September 26, 2022.

Reporting criteria and accounting principles

These condensed interim financial statements of the Company as of June 30, 2022 and for the six month period then ended have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting. They should be read in conjunction with the annual financial statements of the Company and the notes thereto as of and for the year ended December 31, 2021 which were prepared in accordance with International Financial Reporting Standards as adopted in the European Union (“IFRS”) (the “annual financial statements”). As such, it does not include all the information required by the annual financial statements drawn up for the year ended on 31 December 2021.

In preparing the present condensed interim financial statements, the same accounting standards have been used as adopted in preparing the consolidated financial statements as at 31 December 2021, with the exception of that described in the paragraph below entitled “Accounting standards, amendments and interpretations effective as from 1 January 2022”.

Carraro Finance SA

11, Rue Beaumont
L-1219 Luxembourg
T +352 22 97 71
F +352 22 97 71 971

RCS Luxembourg B 248536
TVA LU 32561452
Tax Code 20202205519
carrarofinance.lu

The Condensed Interim Financial Statements were prepared assuming that the Company is a going concern.

2. Form and content of the Condensed Interim financial statements

This Condensed Interim financial statements were prepared in conformity with the International Financial Reporting Standards, as adopted by the EU.

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

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

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

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

2.1 Accounting standards and measurement criteria

Income Statement

Items on the Condensed interim income statement are classified by their nature.

Statement of Comprehensive Income

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

Statement of financial position

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

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

Statement of Changes in Shareholders’ Equity

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

Statement of Cash Flows

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

Accounting schedules of transactions with related parties

With reference to the reporting of related-party transactions in the condensed interim financial statements, balances of a significant amount are specifically indicated, to facilitate understanding of the assets and liabilities, financial position and results of the Company, in the table of section 9 below concerning related party transactions.

3. Accounting principles

3.1 Accounting standards and measurement criteria

IFRS accounting standards, amendments and interpretations adopted since 1 January 2022:

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.

The adoption of these amendments had no effect on the Condensed interim financial statements of the Company.

IFRS and IFRIC accounting standards, amendments and interpretations endorsed by the European Union, not yet mandatorily applicable and not adopted in advance by the Company as at 30 June 2022:

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.

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

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 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.

Transactions with related parties

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

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

Discretionary assessments, significant accounting estimates and key judgements

Estimates and assumptions

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

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

Fair value

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

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

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

With the exclusion of the Bonds for which a fixed rate is applied (please refer to note 16), the fair value of medium- and long-term financial assets and liabilities, taking account of the fact that these are almost exclusively for variable-rate funding and that the terms renegotiated with the banking counterparties are in line with the average levels for the market and the segment – even considering the residual volatility of the markets and the relative uncertainty in identifying “reference” conditions – as measured is not significantly different overall from the carrying amounts.

4 Business segment

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

4.1 Geographic areas

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

a) Revenues

Carraro Finance operates in different geographical markets: Other EU Countries, India, China and Americas. The following tables show the distribution of the Company’s revenue based on the location of the customers for the half year ended 30 June 2022.

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

(amounts in euro)

Geographical Area	30.06.2022	%	30.06.2021	%
Italy	411,710	78.63%	94,199	79.81%
India	87,071	16.63%	18,243	15.46%
China	24,822	4.74%	5,586	4.73%
Total	523,603	100.00%	118,028	100.00%

Carraro Finance SA

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F +352 22 97 71 971

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carrarofinance.lu



5. Non recurring transactions

There are not non-recurring transactions to report.

6. Detailed explanatory notes

Revenues and costs

A) Revenues from sales (note 1)

<i>(amounts in euro)</i>	30.06.2022	30.06.2021
1) PRODUCTS	-	-
2) SERVICES	523,603	118,028
3) OTHER REVENUES	-	-
TOTAL REVENUES FROM SALES	523,603	118,028

The revenue increased by + 77% (from 118,028 euros to 523,623 euros) compared with the previous FY as a result of:

- one month less of revenues as at 30.06.2021 compared to the same reference period 2022, as the assignment and transfer of the Finance Business Unit of Carraro International S.E. to Carraro Finance S.A. was exercised on 1 February 2021.
- a change in the calculation's scheme of the price applied to transactions with intra-group companies that increased the financial services charged to the Group companies.

B) Operating costs (note 2)

OPERATING COSTS

<i>(amounts in Euro)</i>	30.06.2022	30.06.2021
1) PURCHASES OF GOODS AND MATERIALS	775	-
A) EXTERNAL SERVICES FOR PRODUCTION	3,080	3,237
B) SUNDRY SUPPLIES	2,743	2,147
C) GENERAL OVERHEADS	520,819	276,773
D) COMMERCIAL COSTS	2,473	-
E) SALES EXPENSES	-	-
2) SERVICES	529,115	282,157
3) USE OF THIRD-PARTY GOODS AND SERVICES	4,030	6,079
A) WAGES AND SALARIES	239,427	140,530
B) SOCIAL SECURITY CONTRIBUTIONS	24,877	14,714
D) EMPLOYEE SEVERANCE INDEMNITY AND PENSIONS	-	-
E) OTHER COSTS	23,196	8,879
4) PERSONNEL COSTS	287,500	164,123
A) DEPREC. PROP., PLANT & EQUIPMENT	81,234	31,736
B) AMORT. INTANGIBLE ASSETS	7,964	-
C) IMPAIRMENT OF FIXED ASSETS	-	-
D) IMPAIRMENT OF RECEIVABLES	-	-
5) AMORTISATION, DEPRECIATION AND IMPAIRMENT OF ASSETS	89,198	31,736
6) CHANGES IN INVENTORIES	-	-
7) PROVISION FOR RISKS AND OTHER LIABILITIES	-	-
C) OTHER OPERATING EXPENSES	172,384	20,087
D) OTHER NON-ORDINARY OPERATING INCOME/EXPENSES	-	20,540
8) OTHER INCOME AND EXPENSES	172,384	40,627

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F +352 22 97 71 971

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The operating costs are increased compared with 30.06.2021 mainly due to:

- an increase of general overheads by + 93% from 276,773 euros as at 30.06.2021 to 520,819 euros as at 30.06.2022, by reason of the costs incurred in connection with the withdrawal of bond offering. Indeed, on February 24th, 2022, the Company announced its intention to issue an unsecured unrated and non-convertible bond for a total nominal amount ranging from a minimum of 100,000,000 euros to a maximum of 120,000,000 euros and guaranteed by Carraro S.p.A.; due to the sudden and unexpected developments in the international geopolitical situation and of great uncertainty worldwide, there was no longer a sufficient basis for proceeding with the potential issue of a bond.
- an increase of personnel costs by + 77% from 164,123 euros as at 30.06.2021 to 287,500 euros as at 30.06.2022 mainly due to new headcounts.

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

<i>(amounts in Euro)</i>	30.06.2022	30.06.2021
10) INCOME/EXPENSES FROM EQUITY INVESTMENTS	-	-
A) FROM FINANCIAL ASSETS	3,823,681	1,711,758
B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS	3,293	1,103
C) FROM OTHER THAN THE ABOVE	-	-
D) INCOME OTHER THAN THE ABOVE	1,286,222	638,315
11) OTHER FINANCIAL INCOME	5,113,196	2,351,176
A) FROM FINANCIAL LIABILITIES	-5,953,704	-4,945,257
B) FROM BANK CURRENT ACCOUNTS AND DEPOSITS	-2,986	-1,486
C) EXPENSES OTHER THAN THE ABOVE	-587,741	-434,455
12) FINANCIAL COSTS AND EXPENSES	-6,544,431	-5,381,198
OTHER NET EXCHANGE RATE DIFFERENCES	-21	-51
13) NET GAINS/(LOSSES) ON FOREIGN EXCHANGE	-21	-51
14) VALUE ADJUSTMENTS OF FINANCIAL ASSETS	-	-
NET GAINS/(LOSSES) ON FINANCIAL ASSETS AND LIABILITIES	-1,431,256	-3,030,073

The other financial income as at 30.06.2022 are mainly related to:

- Interests received from lending activities to intra-group companies for 3.824 million euros that increased by + 123% compared to 30.06.2021 (1.711 million euros) primarily as a result of the increasing average utilization of the intra-group facilities granted during the first half-year 2022 and of an improvement in the interest rate applied on the financial transactions.
- Commitment fees on the facilities granted to group entities for 1.286 million euros that increased by + 102% compared to 30.06.2021 (638,315 euros), as on average the commitment lines granted to group entities were higher during the first half 2022 compared with the first half of 2021.

The financial costs and expenses are related to:

- Accrued interest on financial instruments issued (ISIN IXS2215041513, ISIN XS1747134564) for 5.953 million euros that increased by +20% compared to 30.06.2021 (4.945 million euros).
- Fees paid mainly related to the two financial instruments issued that are absorbed along the bond amortization schedule in application of the amortised cost method of accounting for 587,741 euros that increased by +35% compared to 30.06.2021 (434.455 euros).

Both the increases are due to a comparative period that considers one month less of revenues and expenses (as the assignment and transfer of the Finance Business Unit of Carraro International S.E. to Carraro Finance S.A. was exercised on 1 February 2021).

Current and deferred income taxes (note 4)

There are no current and deferred income taxes to report.

Property, plant and equipment (note 6)

These items present a net balance of 392,139 euros as at 30.06.2022 compared with 408,469 euros as at 31.12.2021.

The breakdown is as follows:

Items	Land and buildings	Plant and machinery	Industrial equipment	Other assets	Advance for fixed asset in progress	Total
<i>(amounts in Euro)</i>						
Historical cost	445,400	-	-	42,197	14,000	501,597
Provisions for amortisation and depreciations	-88,915	-	-	-4,213	-	-93,128
Net as at 31.12.2021	356,485	-	-	37,984	14,000	408,469
Movements of the period						
Increases	-	-	-	8,028	56,875	64,904
Decreases	-	-	-	-	-	-
Capitalisation	-	-	-	-	-	-
Business unit transfer	-	-	-	-	-	-
Depreciation and amortisation	-76,390	-	-	-4,844	-	-81,234
Net as at 30.06.2022	280,096	-	-	41,168	70,875	392,139
Made up of:						
Historical cost	445,608	-	-	50,625	70,875	567,108
Provisions for amortisation and depreciations	-165,512	-	-	-9,457	-	-174,969

As at 30.06.2022, property, plant and equipment are distributed by category as follows:

- Land and buildings (leased assets): 280 thousand euros for rights of use (IFRS 16).
- Other assets for office equipment: 41 thousand euros.
- Advance for fixed asset in progress for office equipment: 71 thousand euros.

Intangible fixed assets (note 7)

These items present a net balance of 146,988 euros as at 30.06.2022 compared with 154,952 euros as at 31.12.2021. The breakdown is as follows:

Items (amounts in Euro)	Goodwill	Development cost	Royalties and patents	Licence and Trademark	Invest.in prog. and deposit	Other intangible assets	Total
Historical cost	-	-	-	223,469	-	-	223,469
Provision for amortisation and depreciations	-	-	-	-68,517	-	-	-68,517
Net as at 31.12.2021	-	-	-	154,952	-	-	154,952
Movements of the period							
Increases	-	-	-	-	-	-	-
Decreases	-	-	-	-	-	-	-
Capitalisation	-	-	-	-	-	-	-
Depreciation and amortisation	-	-	-	-7,964	-	-	-7,964
Net as at 30.06.2022	-	-	-	146,988	-	-	146,988
Made up of:							
Historical cost	-	-	-	223,469	-	-	223,469
Provisions for amortisation and depreciations	-	-	-	-76,481	-	-	-76,481

As at 30.06.2022, the intangible assets mainly relate to the accounting software implemented on July 2021 (SW SAP ERP Package ECC licenses, OS licences, AWS system).

Real estate investments (note 8)

The Company has no real estate investments.

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

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

Financial assets (note 10)

(amounts in Euro)	30.06.2022	31.12.2021
Non-current loan and receivable with related parties	90,000,000	85,000,000
LOANS AND RECEIVABLES	90,000,000	85,000,000
Other financial assets	-	9,553
OTHER FINANCIAL ASSETS	-	9,553
NON-CURRENT FINANCIAL ASSETS	90,000,000	85,009,553
Current Loans and Receivables with related parties	77,836,458	67,432,732
LOANS AND RECEIVABLES	77,836,458	67,432,732
Other financial assets	527,601	37,583
OTHER FINANCIAL ASSETS	527,601	37,583
CURRENT FINANCIAL ASSETS	78,364,059	67,470,315

Non-current loans and receivables

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

Carraro Finance SA

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L-1219 Luxembourg
T +352 22 97 71
F +352 22 97 71 971

RCS Luxembourg B 248536
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carrarofinance.lu



AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

	Credit Lines	CCY	Commitment as of 30.06.2022	Drawdown as of 30.06.2022	Final Maturity Date
Carraro SpA	MTL	EUR	54,000,000	54,000,000	31.12.2025
Carraro Drive Tech SpA	MTL	EUR	31,000,000	31,000,000	31.12.2025
Carraro India Pvt Ltd	MTL	EUR	5,000,000	5,000,000	31.07.2027
		EUR	90,000,000	90,000,000	

Current loans and receivables

Current related party loans and receivables mainly refer to the short-term portion of receivables held vis à vis the companies Carraro S.p.A., Carraro International S.E. and to the accrued interests on the non-current and current loans granted to affiliated undertakings.

AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

	Credit Lines	CCY	Commitment as of 30.06.2022	Drawdown as of 30.06.2022	Final Maturity Date
Carraro SpA	Revolving	EUR	70,000,000	41,340,000	31.12.2022
Carraro Drive Tech SpA	Revolving	EUR	80,000,000	22,800,000	31.12.2022
Carraro International SE	Revolving	EUR	30,000,000	10,575,000	31.12.2022
		EUR	180,000,000	74,715,000	

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

Deferred tax assets and liabilities (note 11)

The Company has no deferred tax assets or liabilities.

Trade receivables and other receivables (note 12)

<i>(amounts in euro)</i>	30.06.2022	31.12.2021
NON CURRENT TRADE RECEIVABLES	-	-
Other receivables	103,536	103,916
OTHER NON-CURRENT RECEIVABLES	103,536	103,916
NON-CURRENT TRADE RECEIVABLES AND OTHER RECEIVABLES	103,536	103,916
CURRENT TRADE RECEIVABLES	-	-
Other receivables	48,844	70,341
OTHER CURRENT RECEIVABLES	48,844	70,341
CURRENT TRADE RECEIVABLES AND OTHER RECEIVABLES	48,844	70,341

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

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

<i>(amounts in Euro)</i>	30.06.2022	31.12.2021
VAT credits	21,908	76,722
Receivables for current taxes	1,572	-6,156
Receivables from employees	-362	276
Other receivables	25,726	-501
OTHER CURRENT RECEIVABLES FROM THIRD PARTIES	48,844	70,341

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

<i>(amounts in Euro)</i>	30.06.2022	31.12.2021
NET CURRENT TRADE RECEIVABLES FROM THIRD PARTIES	-	-
NET CURRENT TRADE RECEIVABLES FROM RELATED PARTIES	-	-
Other current receivables from third parties	48,844	70,341
Provisions for Depreciation of other Receivables	-	-
NET CURRENT OTHER RECEIVABLES FROM THIRD PARTIES	48,844	70,341
NET CURRENT OTHER RECEIVABLES FROM RELATED PARTIES	-	-

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

<i>(amounts in euro)</i>	31.12.2021				TOTAL
	PAST DUE		NET YET DUE		
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year	
Trade Receivable	-	-	-	-	-
Other receivable	-	-	70,341	103,916	174,257
TOTAL	-	-	70,341	103,916	174,257

<i>(amounts in euro)</i>	30.06.2022				TOTAL
	PAST DUE		NET YET DUE		
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year	
Trade Receivable	-	-	-	-	-
Other receivable	-	-	48,844	103,536	152,380
TOTAL	-	-	48,844	103,536	152,380

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

Closing inventory (note 13)

The Company had no closing inventory.



Cash and cash equivalents (note 14)

<i>(amounts in Euro)</i>	30.06.2022	31.12.2021
Petty Cash	208	-
Bank current accounts and deposits	164.620.205	182.101.790
TOTAL	164.620.413	182.101.790

The cash equivalents includes bank accounts and short-term deposits highly liquid.

Shareholders' equity (note 15)

<i>(amounts in Euro)</i>	30.06.2022	31.12.2021
1) Share Capital	4,280,000	4,280,000
2) Other Reserves	5,469,085	5,469,085
3) Profits/(Losses) brought forward	-4,997,840	-
4) Other IAS/IFRS reserves	-	-
5) Provision for discounting employee benefits	-	-
7) Profit/(Loss) for the period	-1,990,655	-4,997,840
SHAREHOLDERS' EQUITY	2,760,590	4,751,245

Share capital

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

Other reserves

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

<i>Nature/description (amounts in Euro)</i>	30.06.2022	31.12.2021
Share premium reserve	5,469,085	5,469,085
Other reserves	5,469,085	5,469,085

Financial liabilities (note 16)

The classification of financial liabilities as at 30.06.2022 is shown below.

<i>(amounts in Euro)</i>	30.06.2022	31.12.2021
NON-CURRENT BONDS	326,026,392	325,499,166
MEDIUM/LONG-TERM LEASE PAYABLES - IFRS16	132,252	209,671
NON-CURRENT FINANCIAL LIABILITIES	326,158,644	325,708,837
LEASE PAYABLES FROM RIGHTS OF USE - IFRS16	153,421	150,613
OTHER CURRENT FINANCIAL LIABILITIES	4,105,361	4,114,157
CURRENT FINANCIAL LIABILITIES	4,258,782	4,264,770

As at 30 June 2022 the Company's financial parameters (covenants) present into own contracts and reference to Group's consolidated financial data has been met.

Non-current financial liabilities

The item is mainly represented the two Bonds issued: (i) 180,000,000 euros 3.50 percent. Senior Unsecured Notes due 31 January 2025 and guaranteed by Carraro S.p.A. (ISIN XS1747134564) (the “Bond 2018”); and (ii) 150,000,000 euros 3.75 percent. Senior Unsecured Notes due 25 September 2026 and guaranteed by Carraro S.p.A. (ISIN XS2215041513) (the “Bond 2020” and, together with Bond 2018, the “Bonds”). Consequently, the new name of the 2018 Bond is “Carraro Fin Tf Ge25 Call Eur” and the new name of the 2020 Bond is “Carraro Fin Tf 3,75% St26 Call Eur”. The financial instruments are currently listed on the Luxembourg stock exchange and in Italy on the Mercato Telematico delle Obbligazioni di Borsa Italiana (MOT) and the member state is Luxembourg.

The bonds are valued using the amortised cost method.

As at 30 June 2022, the effect of the amortised cost on these Bonds was as follows:

- ISIN XS1747134564 180 million euros: 1.778 million euros
- ISIN XS2215041513 150 million euros: 2.196 million euros

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

<i>(amounts in Euro)</i>	Notional	Amortised cost 30.06.2022	Carrying amount 30.06.2022	Fair Value (level 1) 30.06.2022
BOND 2018-2025 3.50%	180,000,000	-1,777,533	178,222,467	179,388,000
BOND 2020-2026 3.75%	150,000,000	-2,196,075	147,803,925	149,250,000
Total	330,000,000	-3,973,608	326,026,392	328,638,000

Current financial liabilities

The item mainly represents the interests payable for the two bonds issued by the Company.

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

<i>(amounts in Euro)</i>			
up to one year	from 1 to 5 years	more than 5 years	Total 30.06.2022
4,258,782	326,026,392	-	330,285,174

The Company has revolving credit facility for a total of 10 million euros, even if the credit line has ultimately not been drawn down as at 30 June 2022.



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

Financial liabilities					
<i>(amounts in Euro)</i>	31.12.2021	Cash Flow	Other changes	IFRS16 effect	30.06.2022
Gross non-current loans payable	330,209,671	-	-	-77,419	330,132,252
Gross current loans payable	150,614	-	-	2,807	153,421
Total loans, Leasing, Right of use liabilities	330,360,285	-	-	-74,612	330,285,673
Amortised cost	-4,500,834	-	527,226	-	-3,973,608
Other current financial liabilities	4,114,156	-5,965,486	5,965,486	-	4,105,361
Financial liabilities:	329,973,607	-5,965,486	6,483,917	-74,612	330,417,426

The net financial position is broken down below:

Net financial position		
<i>(amounts in Euro)</i>	30.06.2022	31.12.2021
Non-current bonds	-326,026,392	-325,499,166
Bonds:	-326,026,392	-325,499,166
Non-current loans payable	-132,252	-209,671
Current loans payable	-153,421	-150,613
Other current financial liabilities	-4,105,361	-4,114,157
Financial liabilities:	-4,391,034	-4,474,441
Current loans and receivables	77,836,458	67,432,732
Other current financial assets	527,601	37,583
Financial assets:	78,364,059	67,470,315
Cash	208	-
Bank current accounts and deposits	164,620,205	182,101,790
Cash and cash equivalents:	164,620,413	182,101,790
Net financial position*	-87,432,954	-80,401,502
Non-current loans and receivables	90,000,000	85,000,000
Other non-current financial assets	-	9,553
Non-current leases - IFRS 16	132,252	209,671
Current leases - IFRS 16	153,421	150,613
Net financial position of operations**	2,852,719	4,968,335
of which payables/(receivables):		
- non-current	-236,026,392	-240,489,613
- current	238,879,111	245,457,948

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

** For the description, please refer to "Summary of the period up to 30 June 2022" section.



Trade payables and other payables (note 17)

<i>(amounts in Euro)</i>	30.06.2022	31.12.2021
NON-CURRENT TRADE PAYABLES	-	-
OTHER NON-CURRENT PAYABLES	-	-
TRADE PAYABLES AND OTHER NON-CURRENT PAYABLES	-	-
FROM THIRD PARTIES	178,908	195,549
CURRENT TRADE PAYABLES	178,908	195,549
FROM RELATED PARTIES	225,554	326,438
FROM THIRD PARTIES	93,501	72,497
OTHER CURRENT PAYABLES	319,055	398,936
TRADE PAYABLES AND OTHER CURRENT PAYABLES	497,963	594,485

Other payables can be analysed as follows:

<i>(amounts in Euro)</i>	30.06.2022	31.12.2021
Amounts due to pensions agencies	9,738	6,885
Amounts due to employees	83,763	65,612
Board of Directors Fees (related parties)	225,554	326,438
Other payable	-	1
OTHER CURRENT PAYABLES	319,055	398,936

Current taxes payables (note 18)

As at 30 June 2022, the Company had no current tax payables.

Employee severance indemnities and retirement benefits (note 19)

The Company had no employee severance indemnities or retirement benefits.

Number of employees

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

Employees	31.12.2021	Changes for the period	30.06.2022
Executives	1	-	1
Clerical staff	3	-	3
Total	4	-	4

Provision for risks and liabilities (note 20)

The Company has no provisions for risks and charges.

7. Commitments and risks

There are no commitments and risks to report.

8. Financial derivatives

As at 30 June 2022 the Company did not hold any financial derivatives.



9. Transactions with related parties

As at June 30, 2022 Carraro Finance S.A. was 70.79% owned by Carraro International S.E. and 29.21% owned by Carraro S.p.A.. Carraro S.p.A. is the ultimate controlling entity.

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

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

Person	Office held	Term of office	Annual Remuneration Euros/000
Gomiero Enrico	Chairman	3-year mandate 2021-2023	60
Marusso Sergio	Chief Executive Officer	3-year mandate 2021-2023	40
Fabio Morvilli	Director	3-year mandate 2021-2023	40

TRANSACTIONS OF CARRARO FINANCE S.A. WITH CARRARO GROUP COMPANIES UP TO 30.06.2022

Detail of transactions with related parties

Other related parties: <i>(amounts in Euro)</i>	Financial receivables	Sales of services	Other financial income
Carraro SpA	96,851,805	72,170	2,968,075
Carraro Drive tech Italia S.p.A.	54,975,331	269,587	1,635,209
Carraro Driveservice S.r.l.	-	-	869
Carraro India Ltd.	5,096,446	87,071	9,375
Carraro International	10,843,736	25,636	496,374
Carraro China Drive System Co. Ltd.	24,822	24,822	-
SIAP S.p.A.	44,318	44,318	-
TOTAL	167,836,458	523,604	5,109,902

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

10. Events subsequent to the reporting date

There are no event to report.



Sergio Marusso
Chief Executive Officer

Directors' statement of responsibilities

1. The Directors of Carraro Finance S.A. hereby certify that the administrative and accounting procedures used to prepare the 2022 condensed interim financial statements are adequate, considering the profile of the Company, and that those procedures have been effectively applied.

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

3. We can also certify that:

3.1 The condensed interim financial statements:

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

b) correspond to the accounting records;

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

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

Date: 27 September, 2022



Sergio Marusso
Chief Executive Officer

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

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim financial statements of Carraro Finance S.A. comprising the condensed interim statement of financial position as at 30 June 2022, and the related condensed interim income statement, the condensed interim statement of comprehensive income, the condensed interim statement of changes in shareholders' equity and the condensed interim statement of cash flows for the period from 1 January 2022 to 30 June 2022 ("the interim financial information"). The Board of Directors is responsible for the preparation and fair presentation of this interim financial information in accordance with the International Accounting Standard IAS 34 "Interim Financial Statements", as adopted by the European Union ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

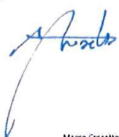
We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the company as at 30 June 2022 and of the results of its operations for the period from 31 December 2021 to 30 June 2022 in accordance with the IAS 34.

For Deloitte Audit, *Cabinet de révision agréé*



Marco Crosetto

Marco Crosetto, *Réviseur d'entreprises agréé*
Partner

September 27, 2022

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