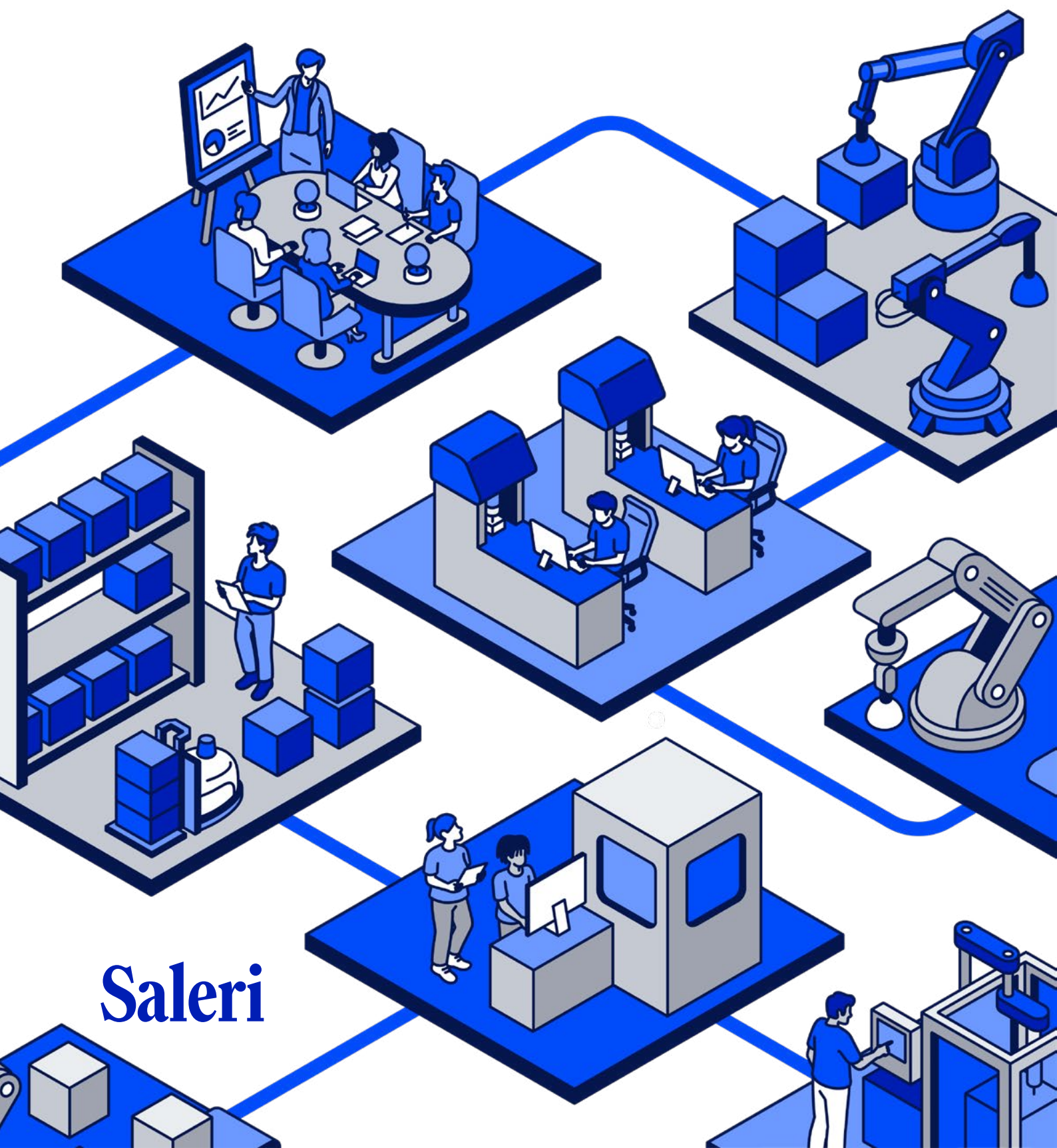


Financial Report

2024



Salari

Financial Report

2024

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Letter from the Chairman

Dear Stakeholders,

Once again, in my second year as Chairman, I have the privilege of sharing with you the results and key events that marked 2024 for our Group. The past year has been, as often happens, intense and filled with major challenges in one of the most complex and demanding markets on the global stage: the automotive sector.

The ongoing uncertainty surrounding the evolution of our industry is a factor we must necessarily consider. Nevertheless, the resilience of our organization - combined with the strength of our customers and suppliers - is allowing us to confidently navigate the ongoing technological transition.

Adding to this confidence is the renewed attention we have received from our territory. People and institutions have rediscovered their esteem and regard for the Saleri Group, seeing it as a company they want to work for - or work with - because of the stability, training, and opportunities for skill development offered.

It is also worth highlighting the strong and tangible signal from the banking sector: between the end of 2024 and the beginning of 2025, we secured the support of major Italian and international financial institutions, which have provided funding to support our investment plan, particularly focused on the transition to electric mobility.

Our heritage continues to support us through this profound industrial transformation within the automotive industry. Our products are an active part of this change, driving us to constantly improve processes and solutions to meet high quality standards, remain competitive with new players in the market, and meet ever-growing customer expectations.

Maintaining technological duality in our products - serving both traditional vehicles and next-generation (Hybrid and BEV) models - allows us to effectively meet the diverse needs of our customers, regardless of the technology they choose or are required to adopt.

In this evolving context, our goal remains unchanged: to be a credible and reliable partner for those who share our path. Collaborating with Saleri must continue to represent a guarantee of quality in every respect. The challenges of 2024 involved all our plants, from our international locations to the aftermarket division in Sesto Fiorentino - which delivered excellent results. I extend my heartfelt thanks to them all for their performance, which enabled the Group to achieve its targets.

One of the key moments of the past year was undoubtedly the renewal of our Board of Directors and the appointment of Nicola Cosciani Cunico as our new CEO, becoming part of the team that now leads our Group operationally. Together with the new board members, he has brought proven automotive expertise.

His appointment - made in agreement with the shareholders, whom I thank for their trust in this new project - has enabled our management structure to refocus on clear industrial objectives, streamlining processes and improving our performance, which in 2024 surpassed the previous year's.

This strategic shift marked a decisive turning point, placing four key goals - the “pillars” on which we intend to build our future - at the center of our efforts:

- › Customer satisfaction
- › Continuous innovation in our products and processes
- › Investment in our people
- › Ongoing pursuit of quality.

By putting industrial performance back at the center, we have breathed new life into an environment that needed fresh motivation, fully consistent with our natural and distinctive skills.

At the same time, as part of this renewal process, we are officially unveiling the **core values of our Group** for the first time. Born from our family’s entrepreneurial history, these values are now reinforced as a common heritage shared by our entire community:

SHARING – Growing together

We build authentic relationships. Rooted in respect, mutual listening, collaboration and co-creation, our growth is a collective journey. We move together in the same direction.

EVOLUTION – A daily choice

In an ever-changing landscape, evolution is a way of being. It shapes our approach to work and organization. We know how to adapt quickly and continue learning every day.

IDENTITY – A lever for the future

Our roots give us shape, not boundaries. We honour the essence of our territory: entrepreneurial spirit, strong work ethic, and a long-term vision. Here, we’ve learned the value of daily commitment, always looking ahead.

INNOVATION – Leading change

Our horizons are wide open. To us, innovation means setting a clear direction and building the path to get there. It’s a way - our way - to grow skills, technologies and solutions.

RELIABILITY – Presence that matters

Planning, quality, results. We are recognized in the market for being there when it counts, supporting clients and partners with timely and concrete solutions.

These values will be further detailed in this report and shared with our community. They are not mere statements, but practical guidelines - foundations that guide our decisions and the way we conduct our business. Now, more than ever, our goal is clear: to put people back at the heart of everything we do.

Aligned with this is our renewed sustainability strategy. The year 2025 will be a pivotal one, during which we will begin to redesign the Group’s ESG governance, strengthening ties with our international sites and harmonizing the principles that guide us. We are laying the groundwork for future reporting that voluntarily aligns with the new CSRD directive, through the adoption of the ESRS (European Sustainability Reporting Standards). This path includes the creation of our first double materiality matrix, with the active involvement of our supply chain through ESG-themed questionnaires. It is a significant step forward, reflecting our commitment to responsible action and long-term vision.

I would therefore like to sincerely thank everyone who, in various roles, has collaborated with Saleri over the past months. The active involvement and cooperation of every member of our community have been invaluable and highly rewarding.

A special thought goes to Massimo Colli, a member of our Board of Directors, who recently passed away. His contribution will remain a living part of our story.

In conclusion, I thank all our stakeholders for the trust and support you show us every day. Together, we look to the future with dedication and responsibility, guided by shared values, a strong sense of belonging, and renewed unity of purpose.

Lastly, with deep admiration, I would like to dedicate this year’s achievements to my father, hoping to make him proud of the renewed connection between our company and family by carrying forward our values and honouring the legacy of those before us.

Sincerely,

Francesco Italo Saleri
President of the Saleri Group

Letter from the CEO

Dear Shareholders, Dear Stakeholders,

I would like to start my review of the results for 2024 with a personal note.

I've had the privilege of being chosen by the shareholders to lead the Saleri Group into its future - that of a multinational company. After years of investment in the transition toward electric vehicles, we are now called upon to turn those investments into industrial reality. In doing so, we move in step with the voices of our partners - whether customers, suppliers, or local stakeholders - and operate within an automotive market undergoing profound changes and facing new complexities, of which we are fully aware.

It is truly inspiring to have your trust, to lead a team of skilled and passionate managers, and to be part of an environment that is once again placing real focus on industrial priorities - a crucial element in a world as unique and challenging as the automotive sector.

2024 was a positive year, marked by several important confirmations: the fundamentals of our company are solid, and over the past year, our management team - focused on new priorities and driven by a leadership approach that values participation and shared responsibility - succeeded in reaching its goals, even amid market uncertainty and volatility.

All personnel involved in production have likewise demonstrated their professionalism and competence, achieving strong results across various performance indicators. Together with the broader Saleri community, they embraced the new organizational proposals and evolving responsibilities. These changes were designed to strengthen the connective fabric that is essential to realizing Saleri Group's strategic vision.

Looking at the numbers for the year, I must highlight the steady growth in consolidated turnover, in terms of both volumes - up from 3.3 million units to 3.5 million units - and revenues - up from Euro 203.6 million to Euro 224.0 million.

The Saleri Group's profitability has also improved in terms of both EBITDA - up from Euro 23.1 million to Euro 30.6 million - and Net Profit - up from Euro 4.3 million to Euro 8.8 million.

The Net Financial Position stands at Euro 40.6 million with an NFP/EBITDA ratio of 1.3.

The positive performance achieved in 2024 marks the starting point of a path we are building through carefully planned and concretely executed actions, within a complex market and competitive environment.

At the beginning of this year, three major players in the financial sector chose to support our investment plan - a clear sign of the financial stability we have achieved - and to stand by us as we move forward with the structural transformation that defines our current phase. This journey is grounded in the principles of sustainability and in a strong focus on both the economic and social priorities of our broader community.

Our company's language is evolving, positively enriched by the cultures and managerial practices of our international branches. Industrial growth and

consolidation are progressing in our plants in Shanghai (China), Pune (India), and Monterrey (Mexico), increasingly integrating with the culture and well-established processes of our historic headquarters in Lumezzane.

Moreover, the Sesto Fiorentino site is proving to be increasingly central and a true source of added value, capable of driving and supporting significant growth in volumes and markets. It is effectively responding to the needs of our diverse and demanding customer base in the aftermarket sector.

In the field of production processes, our automation lines have continued to gain market traction, with an increasingly strong mandate to expand beyond their traditional role supporting the industrial development of the water pump market. They are now establishing a significant presence in new application segments, securing a key position as a reference player.

The evolutionary path is exactly what our target market demands: partners who are solid and experienced, able to face new challenges alongside them, mitigate risks, and add value. This is what drives us every day as we work to fulfill our role as reliable, ambitious, and innovative players.

This is how Saleri intends to embrace this role, countering market volatility with the strength of its technical and industrial assets, moving swiftly in innovation, planning growth across different geographies, investing in key skills, and creating a safe and motivating work environment.

I would like to conclude by thanking every single team member who has demonstrated through their commitment that they have embraced the values passed down by the Saleri family throughout this journey of growth. I also thank our suppliers who support us in the constant pursuit of excellence, our customers who motivate us with their trust, the financial institutions that walk alongside us through this transition, and everyone who contributes to making Saleri a community that creates positive values.

Sincerely,

Nicola Cosciani Cunico
CEO of the Saleri Group

Our Values

Sharing

Growing together

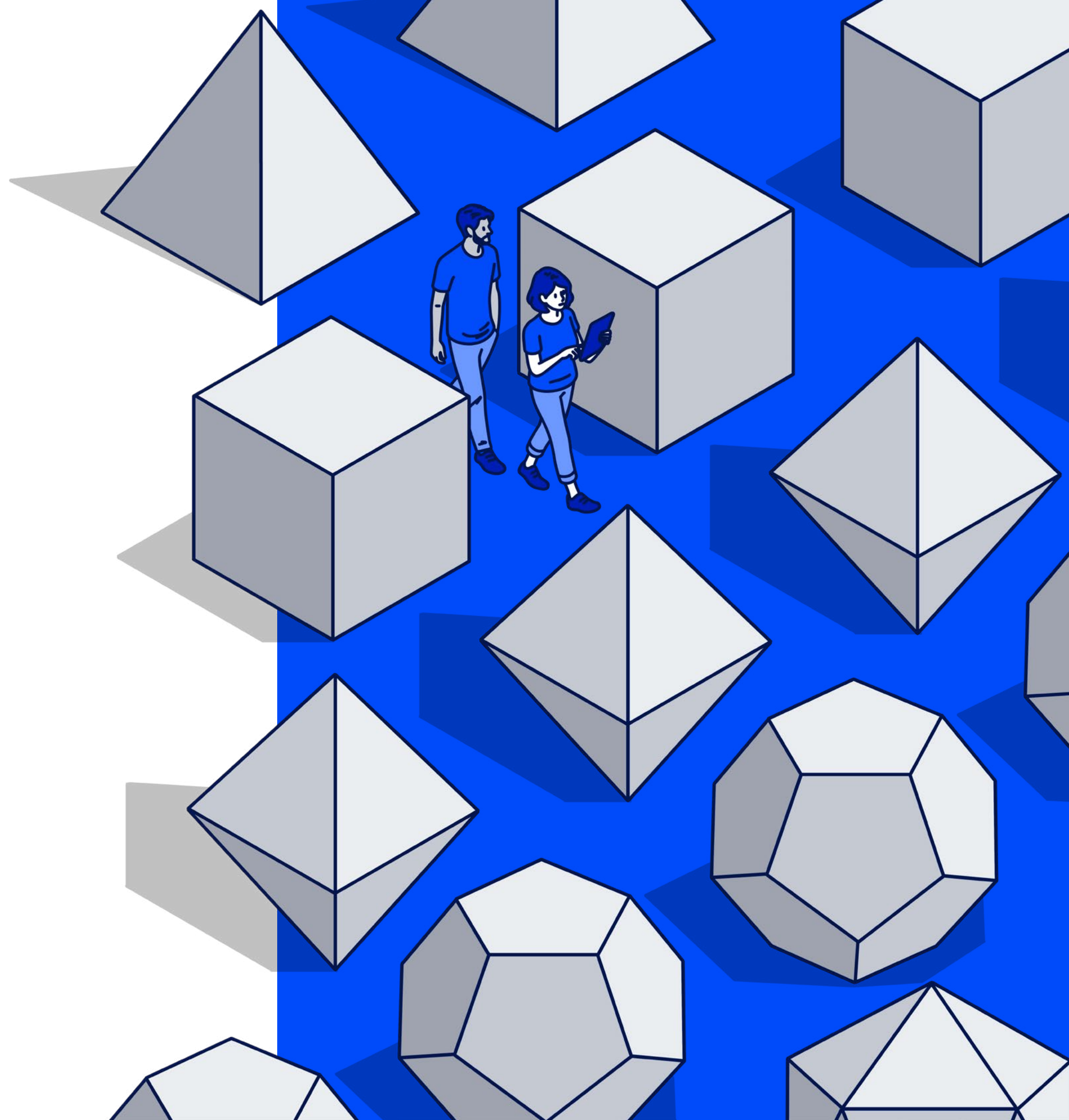


We build authentic relationships.
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and co-creation, our growth is a collective journey.
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Leading change

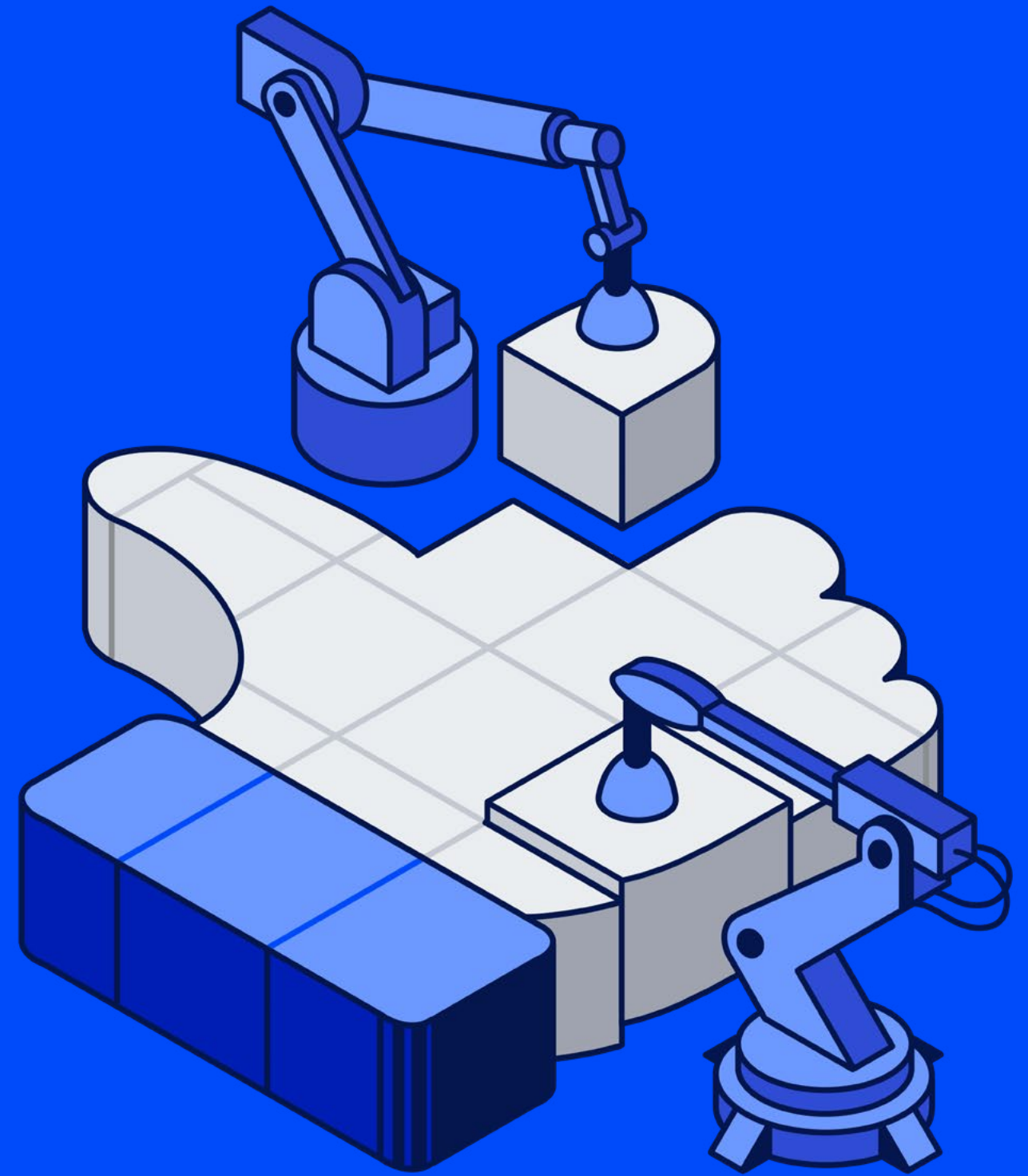
Our horizons are wide open.
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Reliability

Presence that matters

Planning, quality, results.
We are recognized in the market
for being there when it counts,
supporting clients and partners
with timely and concrete solutions.



We grow together, in a space where authenticity and respect are the foundation of every relationship. We evolve every day, driven by the ambition to learn and develop in a constantly changing landscape. At Saleri, reliability means standing by our clients when it matters. Rooted in our heritage, we look toward the future with the passion of those who embrace innovation as their guide.

The Saleri Group

The Saleri Group

Saleri is a leader in the design, development and manufacture of Thermal Management systems and cooling systems for the automotive industry.

Research and development, flexible technical solutions and continuous improvement of quality standards are the distinctive features of the Saleri method and represent the added value of every product.

The business has a long-standing relationship with the most prestigious car manufacturers and is capable of satisfying the growing demand for innovative temperature management solutions both for vehicles fitted with an internal combustion engine and for those with new generation electric engines.

Founded in 1942, Industrie Saleri Italo S.p.A. now heads a global organisation: the **Saleri Group**. The Group brings together businesses highly specialised in the design and production of solutions to support the transformation of the automotive industry, through three business lines.

Business lines

Original Equipment

The Group operates mainly as a Tier 1 supplier of Original Equipment for some of Europe’s leading car manufacturers, in the premium brands segment. The Thermal Management systems are co-designed with customers, at every stage of the process: from product conception, through prototyping and onto mass production.

Aftermarket

Drawing on its skills and positioning as an established manufacturer in the Original Equipment segment, the Saleri Group also produces and markets spare parts for cars in the Independent Aftermarket segment, especially water pumps, distribution kits and components and wheel bearings. The range is distributed on 50 markets worldwide and includes more than 8,000 different products.

Industrial Automation

The Group’s Industrial Automation division also works on the development of industry 4.0 projects, specialising in the design and realisation of industrial automation systems and lines for assembly and General Industry.

An Italian entrepreneurship story

Foundation in 1942

The history of the business began in 1942, in Lumezzane, where Italo Saleri and his wife Maria Cristina started to operate as a manufacturer of small mechanical parts.

1942

Premium water Pumps since 1970, the aftermarket

In 1970, focused on production of water pumps for the IAM segment, making the SIL brand a point of reference on the European market.

1970

International expansion in China

Saleri launched a process of internationalisation. In 2008, in China, it founded Saleri Shanghai Co. LTD, a manufacturing and distribution entity.

2008

Alongside customers in the electrification race, the EMP introduced in 2016

The advent of new generation engines that require higher energy management standards was accompanied by the development of the Electromechanical Pump (EMP) in 2016. Still a Saleri exclusive, the EMP provides optimal temperature control and emissions reductions without requiring increased power absorption.

2016

The birth of the Industrial Automation business line

In July 2019, the Saleri Group acquired ABL Automazione S.r.l., a Company that produces automated assembly systems. Thanks to this deal, Saleri acquired significant process know-how which would facilitate the swift, effective roll-out of the Saleri Method at its international plants.

Foundation of Saleri Mexico

Saleri Mexico S.A. de C.V. was founded in Monterrey, Nuevo León, in October 2019, in order to serve the American automotive market.

2019

Saleri Thermal Management Competence Center establishment

During 2022, a Saleri Innovation hub was born in Munich, dedicated to design and define system architectures for integrated coordination and management of the thermal dynamics of the vehicle (Thermal Management System).

2022

50s
60s

The business grew rapidly and, in the '50s and '60s, established itself in Italy as a supplier of components for the automotive market.

2000

Entry into the automotive OEM market

Saleri became a Tier 1 Original Equipment supplier of water pumps in 2000 when it created the OEM division to operate alongside the historic, well-established Aftermarket division.

Research and Development at the service of European premium carmakers, the 2000s

Through dedication and investment in Research and Development, Saleri established itself in the 2000s as a reference supplier of cooling systems for European premium carmakers.

2009
—2012

The first electric pump in 2009 Switchable Pump patent in 2012

In 2009, the Company developed its first electric pump, a flexible technology able to communicate with the vehicle and created in order to regulate the flow of refrigerant fluid extremely precisely. In 2012, Saleri patented the switchable pump which offers optimal regulation of temperature control in the engine compartment with the aim of reducing CO₂ and harmful emissions.

2018

Capital increase

Through a capital increase subscribed by the Saleri Family and QUAESTIO CAPITAL SGR S.P.A., as manager and on behalf of the Italian Fund (FIIA) Quaestio Italian Growth, the Saleri Group raised new capital that helped accelerate its plans for growth, enabling it to evaluate strategic acquisitions and expand its investment plans.

2021

Foundation of Saleri India

In early 2021, Saleri India Private Ltd. was established in Pune, Maharashtra, a manufacturing plant that will operate to support the Indian automotive market.

The birth of Saleri Aftermarket S.p.A.

In August 2021, Saleri announced and completed the acquisition of the Ruvile brand and the acquisition of C.D.C. S.r.l., a Florentine Company that sells and distributes spare parts for the Aftermarket segment. The two deals represent the ideal starting point for the new Saleri Aftermarket Business Unit; December 2021, saw the establishment of Saleri Aftermarket S.p.A., the group Company that brings together the historic SIL and Ruvile brands and the commercial activities of C.D.C.

2023
—2024

Start of ITTM Business for BEV Applications

With the start of its Integrated Thermal Management System (ITTM) business for BEV applications, Saleri strategically positions itself as a reliable partner in both TIER 1 and TIER 2 roles. The system enables efficient control of thermal dynamics, enhancing vehicle performance, safety, and environmental sustainability.

A global Group

The Group is well-placed to serve the global market and the main automobile hubs through a local-to-local production strategy.



Saleri Group's products and technologies

Products and solutions developed for the OEM market

Any system cooled by the circulation of a fluid requires the best Thermal Management solution. Over the years, Saleri has developed cooling and Thermal Management systems that guarantee ever more advanced solutions, in line with growing market demands in terms of performance and environmental protection.

Saleri supports the automotive industry transformation through a continuous effort in innovation. Our focus lies in delivering innovative solutions that effectively address the ever-evolving needs of the automotive industry.

Thermal Management is a key technology for electric mobility and plays a central role in the overall efficiency of the vehicle, especially in ensuring - under all conditions of use - the correct operating temperature of the batteries in order to maximise their autonomy and the entire life cycle.



ITMM – Integrated thermal management module

Saleri's Thermal Management Module (ITMM) offers a compact and seamless interconnection among electric vehicles' key components and heat users. By emphasizing high-level integration, this module drastically reduces weight, system volume, and cooling fluids, contributing to extended range and simplified vehicle installation processes and resulting in several significant benefits.



E-Pumps range

Saleri's E-Pumps range presents a new generation of electric pumps tailored for 12 V / 24 V applications on Light Vehicles. Covering a power range between 30 and 600 W, these pumps come with a customizable interface to meet the specific needs of different carmakers' Thermal Management systems. They can be used with water glycol, or alternative fluids, delivering performance and reliability.



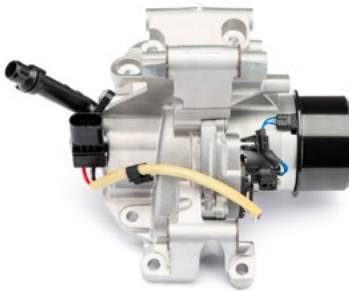
Mechanical water pumps

Operating as primary components, Saleri's Mechanical Water Pumps ensure optimal circulation of cooling fluids throughout the engine. These versatile, multi-purpose pumps are specially developed for existing engine cooling systems to achieve the optimal operating temperature of the combustion engine, vital for reducing CO₂ emissions.



Switchable water pumps

Saleri's Switchable Water Pumps correspond to several cooling system categories based on their operating principle. They offer optimal temperature control strategies to minimize CO₂ production.



Electromechanical pumps

Combining electrical and mechanical operation in a single product, dual-drive water Electromechanical Pumps offer remarkable adjustability in terms of performance, power, and rotor speed to ensure a wide range of use. Their key advantages include:

- › Immediate switching between mechanical and electrical modes.
- › Energy savings during the vehicle warm-up phase.
- › The option for zero flow when no cooling is needed.



Multi-port valves

Multi-port valves serve to flexibly switch heating and cooling circuits in a way to route available heat or cold to the right places.

**Products
for the Independent
Aftermarket**

Drawing on the Saleri Group's OEM-level quality, Saleri Aftermarket S.p.A. focuses exclusively on the aftermarket, providing a portfolio of more than 8,000 products across the SIL, Ruville, Autokit, Repkit, and Movis brands.



Timing belt kits with and without water pump

The solution involving the supply of a kit – with or without a water pump – minimises the risk of errors when identifying products necessary for repair/replacement, thus proposing a complete set of all distribution components.



Mechanical – switchable – electrical water pumps

With a catalogue of more than 1,000 different products, Saleri Aftermarket offers excellent coverage of the European car fleet. The water pumps are produced to the same technological standards as the OEM segment and their quality is equivalent to the original.



Timing chain kits

The timing chain kit is the set of several components used to transmit the movement of the crankshaft to the camshaft, keeping the opening and closing of the engine valves constant and synchronized.



Poly-v belt kits

The poly-V belt kit is the system that transmits the motion produced by the engine, via the poly-V belt to all the secondary organs such as the air conditioner, power steering, alternator and, in some cases, even the water pump.



Tensioners and overrunning pulleys

The tensioner can be fixed or movable and is a critical component in the distribution. It is intended to maintain tension on timing and auxiliary belts. Saleri Aftermarket tensioners ensure fit, form and function for each application. The overrunning pulley is a critical component of the service belt drive. Its proper functioning ensures the integrity and durability of the other components of the system, as well as the alternator itself.



Wheel bearing kits

Wheel bearings are a critically important part for ensuring safe driving, which is the reason why they must always be kept in perfect condition. Saleri Aftermarket wheel bearing kits come with all the nuts, bolts, pins, retainers, snap rings, and oil seals needed for quick and safe installation.



Crankshaft pulleys

The crankshaft pulley is a mechanical component whose job is to dampen all vibrations from other organs in the engine. The pulley is mounted directly to the crankshaft and transmits motion via the poly-V belt to all secondary organs such as the air conditioner, power steering, alternator and, in some cases, even the water pump.

Design, production and installation of industrial automation machines and lines for industry 4.0 and digitalisation.

The main applications are:

- › assembly lines and systems;
- › robotic systems with integrated systems for the servicing of machine tools, metal washers, testing and palletizing;
- › testing stations, tests and inspections;
- › robotic end-of-line palletizing cells;
- › integration of AGV/AMR vehicles into Turnkey solutions;
- › special systems, intended as custom solutions for diverse process requirements (fluid dosing, lubrication, gluing, integration of welding machines, etc.).



Our expertise: automated production and attention to detail

Saleri has established itself as a key supplier for the automotive industry thanks to long term partnerships in the design and development of cooling systems and more recently Thermal Management systems with the most prestigious brands in the of the European automotive industry, specifically of the premium segment.

Saleri offers a deeply integrated approach to product development. From the initial concept to mass production, our dedicated team is involved in every stage of the process, ensuring the delivery of the best solutions in all circumstances. With a focus on skill integration, sharing, flexibility, and transparency, Saleri can effectively serve customers’ specific needs.

Saleri has implemented a highly automated production system based on principles of **modularity** and **flexibility**. This enables it to produce with the highest levels of quality and reliability, handling a large number of variants and increasing volumes.

The production structure at the factories can be adapted to small and large production runs with regard to both auto-parts production and assembly of finished products.

The use of **advanced technology** together with the development of specific **know-how** permits the implementation of state-of-the art solutions and enables the optimisation of the manufacturing process while, also, guaranteeing the best use of resources, reducing waste and, consequently, maximising efficiency.

It is with this specific objective in mind that Saleri has long applied the **lean** philosophy to the design and development of its production lines. In 2020, the adoption of **Shop Floor Management** techniques led to the creation of the “Saleri Excellence Operation System” (SEOS): a management system designed to improve production performance, leverage on empowerment, know-how and dialogue and seek continuous improvement.

The Group has introduced the SEOS at Saleri plants around the world. Shopfloor Management will lay sustainable foundations for the long-term **Lean Transformation** process, in step with business growth.

Quality and Management Systems Policy

In our day-to-day commitment to generating products that make cars increasingly comfortable and sustainable, we are asked to satisfy the high standards of automotive industry, complying with strict and avant-garde requirements.

Customer satisfaction lies at the heart of our mission: we have invested significantly in fostering a responsive system capable of meeting even the most stringent specifications of our valued clients.

Certifications obtained by the Group over the years

We hold the following certifications, showing our commitment to quality, environmental responsibility, and occupational health and safety:

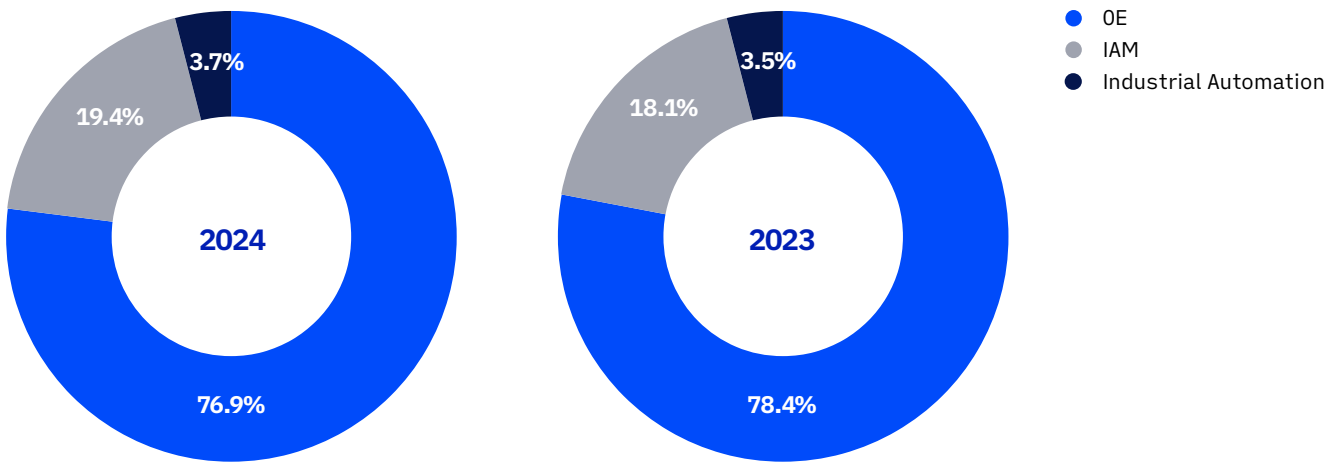
1993	Quality Management System Certification ISO 9001 (Italy)	2021	Quality Management System Certification ISO 9001 (ABL)
2004	Quality Management System Certification for the Automotive industry IATF 16949 (Italy)	2022	Occupational health and safety Management System Certification ISO 45001 (Italy)
2010	Quality Management System Certification ISO 9001 (Saleri AM)	2022	Quality Management System Certification ISO 9001 (Mexico)
2014	Quality Management System Certification ISO 9001 (China)	2022	Quality Management System Certification for the Automotive industry IATF 16949 (Mexico)
2015	Environment Management System Certification ISO 14001 (Italy)	2023	Occupational health and safety management system certification ISO 45001 (China)
2017	Occupational health and safety Management System Certification ISO 45001 (Saleri AM)	2024	Environment Management System Certification ISO 14001 (Mexico)
2019	Environment Management System Certification ISO 14001 (China)	2024	Quality Management System Certification ISO 9001 (India)
2019	Environment Management System Certification ISO 14001 (Saleri AM)	2024	Quality Management System Certification for the Automotive industry IATF 16949 (India)
2021	Quality Management System Certification for the Automotive industry IATF 16949 (China)		

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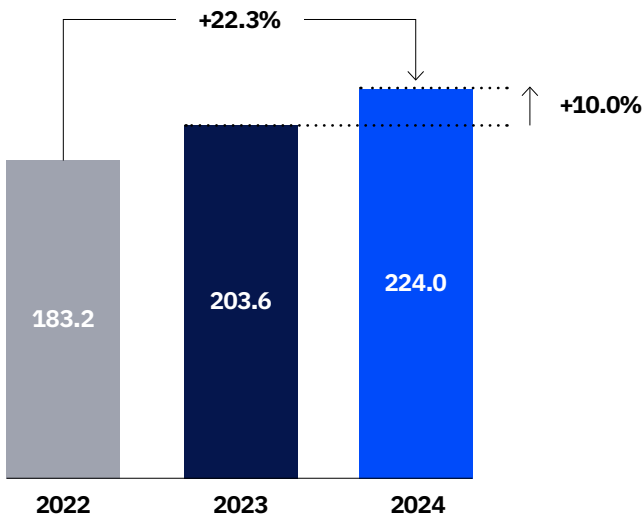
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The Group's Financial Highlights

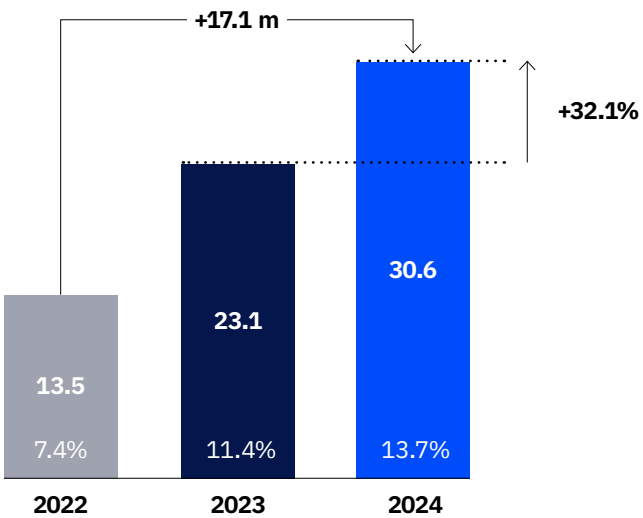
Revenue by Business Line



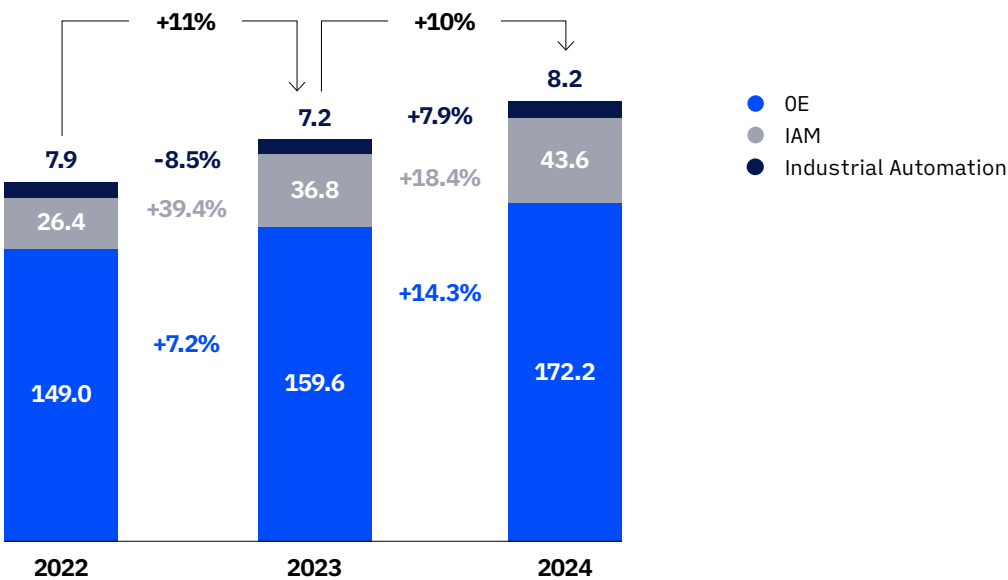
Revenue



EBITDA



Revenue by Business Line



Directors' Report

**Consolidated Financial Statements
and Separate Financial Statements
at 31 December 2024**

Foreword

Parent company Industrie Saleri Italo S.p.A. has prepared the Directors' Report as a single document to accompany both the Separate Financial Statements of Industrie Saleri Italo S.p.A. and the Consolidated Financial Statements of the Group, as permitted by Article 40(2 bis) of Legislative Decree no 127 of 09/04/91.

The 2024 Consolidated Financial Statements have been prepared in accordance with Italian Accounting Standards / OIC. It should be noted that the accounting and measurement criteria used when preparing the Financial Statements at 31 December 2024 take account of the changes introduced to Italian statutory reporting requirements by Legislative Decree 139/2015 which implemented Directive 2013/34/EU.

In order to make it easier to understand the economic and financial performance of the Saleri Group, we note the following with regard to the results reported in this Report:

› the Directors have identified certain Alternative Performance Indicators ("API"). These indicators also help the Directors to identify operating trends and make decisions regarding investments, the allocation of resources and other operational issues. The Income Statement, Balance Sheet and Statement of Cash Flows are presented in reclassified, Management Accounting format. This is in order to make it possible to perform a comparison with indicators for the sector or with the information issued periodically by the Group to its Stakeholders;

› compared to the Italian GAAP-based classification, as reflected in the Notes to the Financial Statements and in other schedules included in the Financial Statements, reclassification adjustments have been made in order to provide the most appropriate representation of the performance of the Saleri Group;

› when the Directors' Report was prepared, certain account balances were disclosed differently in order to bring them more into line with Management Accounting purposes; the corresponding prior year figures were also restated accordingly.

Alternative performance indicators

The APIs have been chosen and set out in the Directors' Report because the Directors believe that:

- › the Net Financial Position, together with other performance indicators such as Capex/Revenues, Net Financial Position/Equity permit a better assessment of the solidity of the balance sheet structure and the ability to repay debt;
- › Trade Working Capital, Fixed Assets and Net Invested Capital permit a better assessment of capacity to meet short-term commercial commitments through current assets and of the consistency between the structure of temporary applications and sources of funds;
- › EBITDA and EBIT, together with other profit indicators, can show changes in operating performance and provide useful information on the Group's capacity to sustain debt; these indicators are also widely used by analysts and directors to assess performance in the segment where the Saleri Group operates.

The following should be noted for a proper interpretation of the APIs:

- › the APIs are determined solely based on the historical information of the Saleri Group and are not indicative of the Group's future performance;
- › the APIs are not regulated by ITA GAAP or by IFRS;
- › the APIs must not be considered as replacing the indicators provided for by ITA GAAP. The APIs shall be read together with financial information obtained from the financial statements;
- › as the APIs are not defined by ITA GAAP, the methods used by the Group to calculate them might not be consistent with those adopted by other groups/ companies and they might not be suitable for comparison;
- › the APIs used by the Group and by the Company have been calculated on a consistent basis for all periods for which financial information is included in these Financial Statements.

Governance bodies and corporate information

Board of Directors

Francesco Italo Saleri
Chairman

Nicola Cosciani Cunico
CEO

Alberto Bartoli
Directors

Sergio Bona
Directors

Nicola Guidi
Directors

Simona Heidempergher
Directors

Alessandro Potestà
Directors

Maria Cristina Storchi
Directors

Johann Evangelist Wieland
Directors

Board of Statutory Auditors

Francesco Facchini
Chairman

Andrea Gabola
Statutory auditors

Roberta Lecchi
Statutory auditors

External auditor

Deloitte & Touche S.p.A.
Deloitte & Touche S.p.A. has been appointed as external auditor until the date of the Shareholders’ Meeting convened to approve the Financial Statements for the 2025 reporting period.

Registered office and corporate information

INDUSTRIE SALERI ITALO S.P.A.
Via Ruca, 406
25065 Lumezzane (BS)
Italy
Tel. +39 030 8250411
Share Capital Euro 23,922,413 wholly paid
Register of Companies and Tax Number
03066870175
VAT Number IT 01589150984 | REA BS-31760
www.saleri.com

Members of the Board of Directors

CHAIRMAN

Francesco Italo Saleri

Appointed Chairman of the Board of Directors of Industrie Saleri Italo S.p.A. in February 2023, he represents the fourth generation of the Saleri family to head the industrial group of the same name. Immediately after his studies, he started training in the business. From 2017 to 2012, he was in China to set up and then manage subsidiary Saleri Shanghai. On his return to Italy, he took on the role of Sales and Marketing Director for the OE and IAM market, where he stayed until 2017. In 2017, he took charge of Business & Subsidiaries Development, contributing towards the establishment of Saleri Mexico in 2019 and Saleri India in 2021. In 2021, he became Group Chief Procurement Officer, a role he left when appointed as Chairman.

CEO

Nicola Cosciani Cunico

Appointed Chief Executive Officer of Industrie Saleri Italo S.p.A. in May 2024. After graduating in Economics from the University of Bologna, Nicola acquired more than 30 years of valuable experience in various business environments. Most recently, he served as EVP of Global Operations at Westport Fuel Systems. Previously, he held the position of CEO in various FIAMM Group companies and roles of increasing responsibility within the ABB Group.

DIRECTOR

Alberto Bartoli

A qualified accountant with a degree in Business and Economics from the University of Parma, he joined Sabaf S.p.A. as CFO in 1994 before becoming a Director during the period 1997 – 2017 and taking on the role of Managing Director from 2012 until 2017. He then became Managing Director of Gefran S.p.A. from May 2017 until December 2019. Since April 2020, he has been Managing Director of the Finservice Group of Mantua. Alberto is also a Director of numerous manufacturing and service companies.

DIRECTOR

Sergio Bona

A graduate in Construction Engineering from the Polytechnic University of Milan. He is the Managing Director of real estate companies Sabim S.r.l. and Simpafin S.r.l.

DIRECTOR

Nicola Guidi

Graduated in Management Engineering from the Politecnico di Milano, he has four years of experience in the Private Equity sector. He is currently serving as Investment Manager at Quaestio Capital Management SGR S.p.A., which holds a 26.60% stake in Industrie Saleri Italo S.p.A.

DIRECTOR

Simona Heidempergher

A graduate in Economic and Social Disciplines from Luigi Bocconi Business University. She holds the position of Chief Investment Officer with the Merifin Europe SA Group, as well as sitting as an independent director on the Board of Directors of several listed companies.

DIRECTOR

Alessandro Potestà

A graduate in Business and Economics from the University of Turin. Between 2008 and 2011, he held management positions in the Investment and Corporate Development divisions of IFIL Group (now EXOR). Since 2015, he has been Senior Portfolio Manager with Quaestio Capital Management SGR S.p.A which holds a 26.6% stake. In 2024, he was appointed CEO of Quaestio Capital SGR S.p.A.

DIRECTOR

Johann Evangelist Wieland

A graduate in Economics and Social Sciences from the University of Regensburg in Germany, Johann has thirty years of experience within the BMW Group where he has held various international positions including Head of BMW owned Retail Stores in the United States and President and CEO of BMW Brilliance in China. He is currently a Corporate Strategy consultant for several multinational companies.

DIRECTOR

Maria Cristina Storchi

A graduate in Law from the University of Milan. An equity partner of Gatti Pavesi, Bianchi and Ludovici and, previously, an equity partner of White & Case, Latham & Watkins and Bonelli Erede. Maria Cristina is mentioned in the main Italian and international directories as an expert in corporate law, mergers and acquisitions, and restructuring. In April 2024, she was named as one of “Italy’s 50 most influential women” by Italian legal magazine “Legal Community”. She regularly collaborates as a lecturer with Academy, Euronext Group.

Group Structure

The Group Organisation Chart at 31 December 2024 is set out below

Industrie Saleri Italo S.p.A.

	The parent company is active in research, development and production for the OE and AM segments
100%	Saleri TMS Competence Center GmbH Munich, Germany Thermal Management Competence Center
95%	Saleri Shanghai Co.Ltd
51%*	Saleri Mexico S.A. de C.V
51%*	Saleri India Private Limited Companies engaged in production for the OE and AM segments
100%	Saleri Aftermarket S.p.A. Commercial and logistics services for the AM segment
100%	ABL Automazione S.r.l. Manufacturer of automated system solutions and custom assembly lines
* 49% Simest S.p.A.	

* Simest: A company from the CDP Group which sustains the growth of Italian companies abroad

SCOPE OF CONSOLIDATION

At 31 December 2024, the scope of consolidated included the following companies directly controlled by Industrie Saleri Italo S.p.A.. Unless otherwise stated, the companies are consolidated line-by-line.

Parent company

Name	Registered office	Interest held	Currency	Share capital
Industrie Saleri Italo S.p.A.	Via Ruca, 406 – Lumezzane (BS)	-	EURO	23,922,413

Directly controlled companies

Name	Registered office	Interest held	Currency	Share capital
ABL Automazione S.r.l.	Via Mandolossa, 102/B – Gussago (BS)	100%	EURO	750,000
Saleri Aftermarket S.p.A.	Via Ruca, 406 – Lumezzane (BS)	100%	EURO	50,000
Saleri México S.A. de C.V.	San Pedro Garza Garcia, Nuevo Leon México CP 66269 – Ave San Patricio #111	51%	MXN	98,233,500
Saleri Shanghai Co.Ltd	Taifeng road 188/b, Anting Town Jiading district 201.814 Shanghai China	95%	RMB	14,821,016
Saleri TMS Competence Center GmbH	Schleißheimer Straße, 373 München - Germany	100%	EURO	25,000

The scope of consolidation for the 2024 Consolidated Financial Statements has not changed compared to 2023.

Companies directly controlled at 31 December 2024 but excluded from the scope of consolidation

Subsidiaries excluded from the scope of consolidation are listed below:

Name	Registered office	Interest held	Currency	Share capital
C.D.C. Taiwan Inc.	1F, No. 63, LN. 118,St.Dongjid RD., Guishan Dist., Taoyuan City 33353, Taiwan (R.O.C.)	51%	TWD	32,000,000
Saleri India Private Limited	Chakan Industrial Area, Village Khalumbre, Tal-Khed, District Pune 410501, Maharashtra	51%	INR	305,900,000

List of Group business locations

Pursuant to Art. 2428 of the Italian Civil Code, we note that business is conducted in Italy at the registered office at Via Ruca 406, Lumezzane - Brescia, at the factory in Gussago – Brescia, Via Mandolossa, 102/B and at the factory in Sesto Fiorentino - Florence, Via Rodolfo Morandi, 3. The Group also operates in Shanghai (China), Monterrey (Mexico), Munich (Germany) and Pune (India).

SIGNIFICANT EVENTS
During the reporting period

JANUARY 2024	Business Acquisitions: Engagements and Projects in Saudi Arabia and North America The year 2024 opened with the acquisition of two important engagements: the supply of the ITMM (Integrated Thermal Management Module) module for CEER for the Saudi market, and the supply of the cooling system for the Ford Godzilla 7.3 engine on the North American market.
MARCH 2024	Saleri takes another step along the ESG road with the new Cerved and the Ecovadis silver medal Saleri received its second sustainability rating from Cerved Rating Agency, confirming and improving on the previous year’s result: ESG risk management capability – High; Rating BBB with a score of 67.0, up on prior year. Saleri received further confirmation for its ESG commitment and performance when EcoVadis awarded it a Silver Medal with a score of 66/100.
APRIL 2024	Business Acquisition: New Engagement for Electric in China Saleri obtains a strategic appointment to supply the 50W electric pump (EWP S50) for the MLB PHEV 1.5L SVW engine for Volkswagen on the Chinese market.
MAY 2024	Appointment of the new Board of Directors The Shareholders’ Meeting held on 27 May 2024 appointed the new, 9-member Board of Directors. The Board of Directors is as follows: Francesco Italo Saleri, as Chairman of the Board of Directors; Nicola Cosciani Cunico, as Chief Executive Officer; Sergio Bona, as a Director; Johann E. Wieland, as a Director; Maria Cristina Storchi, as a Director; Alessandro Potestà, as a Director; Alberto Bartoli, as a Director; Massimo Colli, as a Director; Simona Heidempergher, as a Director. Nicola Cosciani Cunico is the new Chief Executive Officer of the Saleri Group Following the Board of Directors’ Meeting that assigned formal executive powers, Nicola Cosciani Cunico took on the role of CEO of the Saleri Group. A significant change of leadership that will define the future path with the aim of refocusing on industrial performance. Priorities will be dictated by the Business Plan, which aims to improve and evolve Saleri products while facing up to the challenges of vehicle electrification and growth on a global scale.
JULY 2024	The Saleri’ Group’s new functional Organisation is made official Management responsibilities are focused defining Business Lines, Plant, Global Functions and Country Management. Business Line Executive Committees and Legal Entity Committees are introduced.
SEPTEMBER 2024	Saleri Aftermarket at Automechanika Frankfurt During Automechanika Frankfurt, the most important event for the independent aftermarket, Saleri Aftermarket welcomed hundreds of industry professionals interested in learning about the most recent technological innovations, the offering of the SIL and Ruville brands and the extensive product portfolio.
OCTOBER 2024	Introduction of Artificial Intelligence Saleri Research and Development launches a project to introduce Artificial Intelligence tools in product development processes, systems and validation processes.
NOVEMBER 2024	Project E0S Flow The new system for the generation of innovative / start up ideas is launched to enrich the portfolio of solutions for the applications of the future .

After the reporting period

FEBRUARY 2025	The Saleri Group focuses on electric vehicles with the support of institutional lenders Saleri has signed up to a new loan package amounting Euro 18.5 million (including a Euro 15.0 million loan with a SACE Futuro guarantee from UniCredit and Banco BPM and Euro 3.5 million from the Azimut Fund - already received in December 2024) to support its investment plan for the electric transition. The transaction will enable Saleri to reinforce its production and research and development capacity for Hybrid and BEV engines, while consolidating its leadership position in the Original Equipment segment.
MARCH 2025	Appointment of a new member of the Board of Directors Following the untimely and unexpected death of Dr. Massimo Colli, Nicola Guidi was appointed as a Director.
APRIL 2025	First Saleri Leadership Summit The Group’s top management met to discuss the Group’s future objectives and growth scenarios. An unprecedented event that saw the participation of 60 global leaders with the aim of boosting integration and building the next Strategic Plan together.
MAY 2025	New Organisational Model approved The implementation of the new model represents an important step towards achieving the Group’s strategic objectives.

OVERVIEW OF THE MACROECONOMIC ENVIRONMENT¹

The year 2024 was marked by a gradual stabilisation of the global economy and the outlook for the next two years is moderately positive, although growth will still be below the historical average. According to the updated estimates of the International Monetary Fund, global growth of 3.3% is expected in both 2025 and 2026, a figure still below the average of 3.7% recorded between 2000 and 2019. Inflation has been coming down gradually compared to the peaks recorded in recent years and is expected to fall to 4.2% in 2025 and 3.5% in 2026, with a faster return to central bank target levels in advanced economies than in emerging ones.

However, the international situation remains complex and uncertain: geopolitical tension, global trade friction, expectations of newly elected governments and political instability in several Asian and European countries have led to uncertainty over fiscal and structural policies. Any inappropriate management of monetary and fiscal policies could hamper the disinflation process, delaying the start of a phase of monetary easing and putting pressure on fiscal sustainability and financial stability. In this context, it will be essential to adopt well-balanced policy strategies, capable of supporting economic activity without compromising stability and accompanied by structural reforms and more effective international cooperation.

At a national level, growth trends are somewhat varied. The US economy recorded growth of 2.8% in 2024 with a slight deceleration to 2.7% expected in 2025, driven by strong domestic demand, dynamic labour markets and a restrictive stance on monetary policy- In 2026, growth is expected to return to its long-term potential.

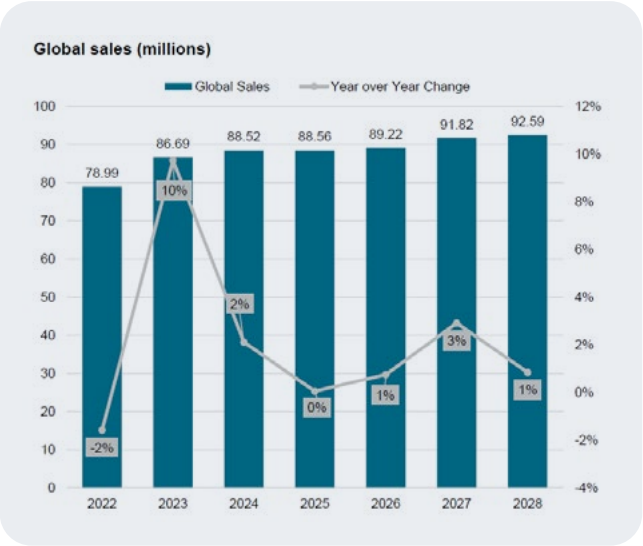
In the Eurozone, growth was 0.8% in 2024 and is expected to rise to 1.0% in 2025, slightly below previous forecasts because of weakness in the manufacturing sector and ongoing political uncertainty. An improvement to 1.4% is expected for 2026, sustained by a recovery in domestic demand accompanied by an improvement in confidence.

In emerging and developing economies, growth in 2025 and 2026 is expected to remain at 2024 levels. In China, after recording a level of 4.8% in 2024, growth is expected at 4.6% in 2025 and 4.5% in 2026, supported by fiscal measures that mitigate the effects of uncertainty related to international trade and difficulty in the real estate sector. In India, growth remains robust and stable at 6.5% throughout the three-year period 2024-2026, in line with the potential of the economy.

¹ Figures from IMF, WORLD ECONOMIC OUTLOOK UPDATE January 2025.

THE AUTOMOTIVE INDUSTRY

Light Vehicles - Sales volumes²



Globally, in 2024, new car sales totalled 88.52 million vehicles, up by 2% on prior year. As in 2023, the increase recorded in 2024 was helped by the easing of supply constraints despite certain problems with logistics and shipping (especially, intercontinental) and a decline in Q4/2024. Nonetheless, global sales volumes still remain around 1.5 million vehicles down on pre-pandemic levels (compared to 89.9 million units in 2019). The outlook for 2025 is in line with the sales volumes recorded in 2024.

Europe

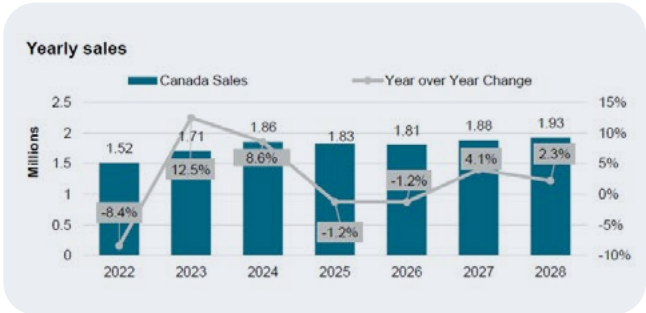


In Europe (Western and Central), sales increased by 1.7% in 2024 to reach 15.1 million vehicles.



² Figures per S&P Global, April 2025

NAR (USA+CAN+MEX)



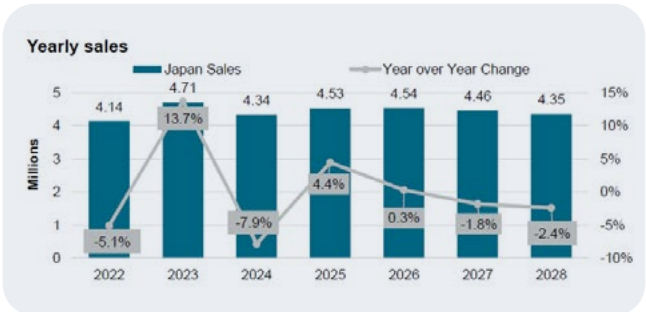
In North America, sales volumes in the USA increased by 2.8% compared to 2023 to reach 16.03 million vehicles sold; in Canada they increased by 8.6% to reach 1.86 million vehicles and in Mexico there was an 11.9% increase to a total of 1.53% vehicles sold.

LATAM



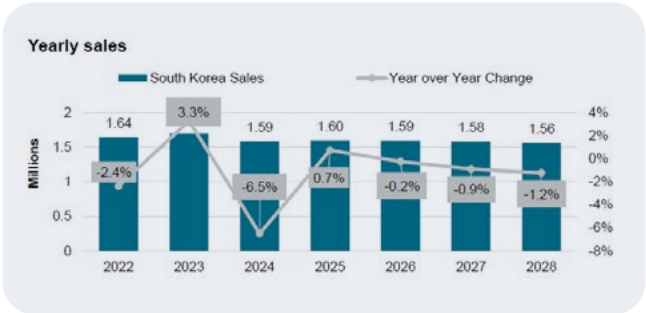
In South America, the 2024 numbers confirmed the region's growth trend, especially the Brazilian market whose volumes increased by 2.5% compared to prior year for a total of 2.47 million vehicles sold.

Japan



Japan, meanwhile, saw a significant decline in its domestic market with a 7.9% decrease compared to 2023 to end 2024 with a total of 4.34 million units sold compared to 4.71 million in 2023.

South Korea



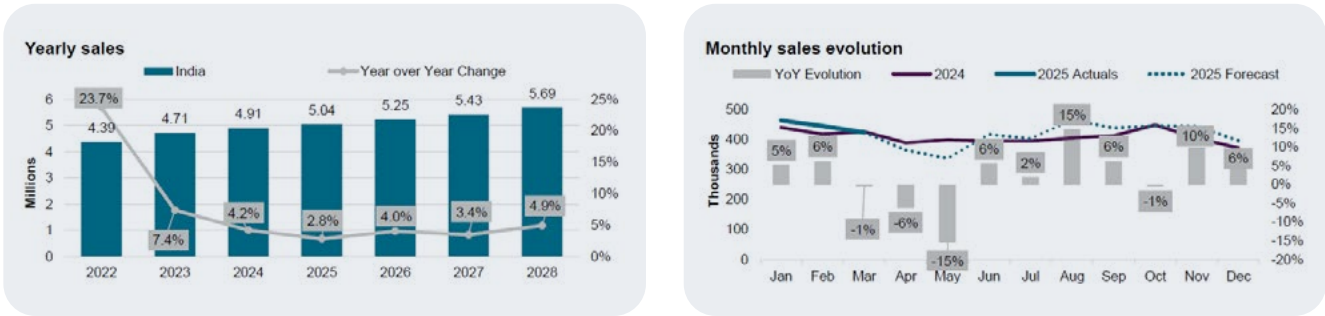
Another market that decline in 2024 was South Korea which recorded a 6.5% decrease compared to 2023 and a total of 1.59 million vehicles sold for the domestic market compared to 1.72 million in 2023.

China



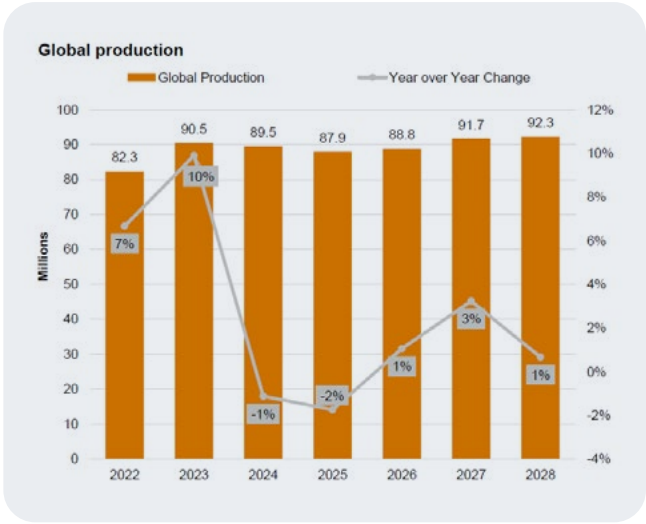
China has confirmed its position of leadership in terms of the number of vehicles sold with a total of 25.9 million units in 2024 although it recorded only a modest increase of 1.8% compared to 2023. The positive trend continues for both BEV and PHEV cars. There is a particular focus on the growth for REEVs (range extended electric vehicles) as a new frontier of electric vehicles equipped with a combustion engine as a range extender.

India



In India, car sales grew by 4.2% in 2024 to reach 4.91 million units sold. The market confirmed itself as a rapidly developing region in terms of domestic demand but with an eye on export prospects in the coming years. Once again, in 2024, India confirmed its path of infrastructure growth, representing one of the world's leading markets for medium and heavy commercial vehicles, as well as for off-road and agriculture vehicles.

Light Vehicles – Engine production volumes 2024³



During 2024, there was a decline in global vehicle production marked by a reduction in the stocks of vehicles accumulated in 2023. Overall, more than 89.5% passenger cars were produced during the year, a decrease of 1% compared to prior year. After a positive H1 in terms of production volumes, there was a decline concentrated especially between September and December 2024. The production outlook for 2025 remains below the final 2024 figures, also because of the significant geopolitical uncertainties that remain.

³ Figures per S&P Global, April 2025

Europe



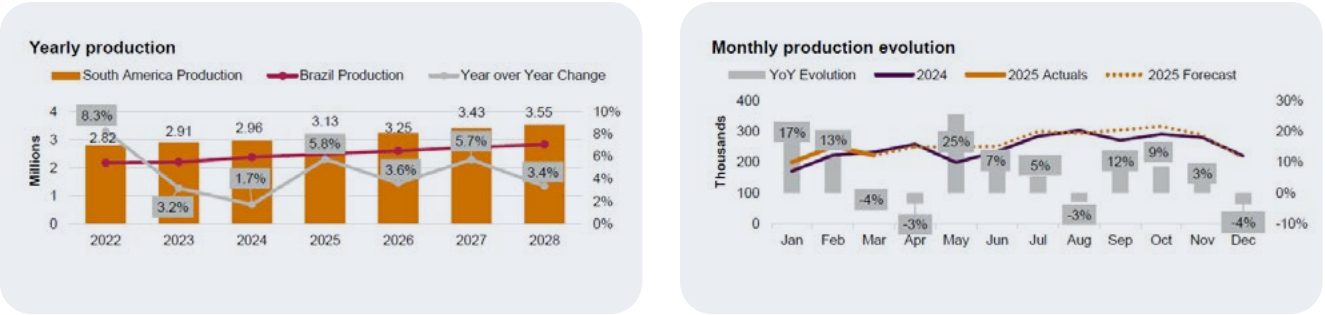
In Europe, production volumes fell by 6.1% compared to 2023 to stand at 15.7 million units. Geopolitical risks make a further contraction seem likely in 2025, also because of the decisions on duties and tariffs under discussion since the end of 2024.

NAR (USA+CAN+MEX)



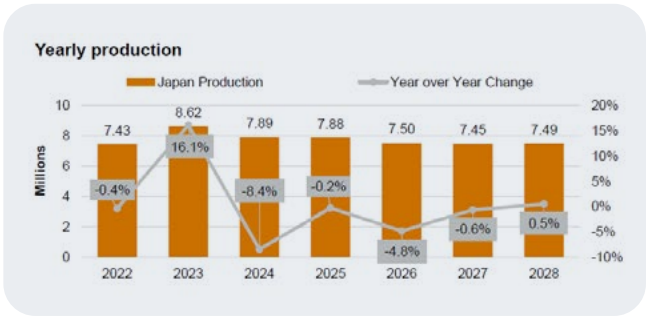
In North America, production volumes in 2024 decreased by 1.5% compared to 2023 to end the year with 15.45 million units produced. In this case, too, political tension and the imminent change of administration with the arrival of Trump 47 conditioned the last few months of 2024 and will clearly impact the early part of 2025.

LATAM



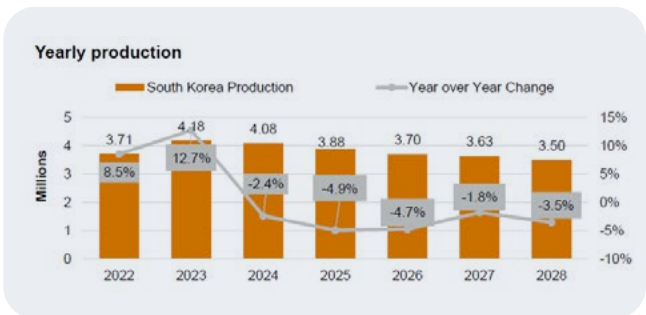
South America closed 2024 with a positive 1.7% production growth, reaching a total of 2.96 million vehicles produced, of which around 2.5 million owned by Brazil.

Japan



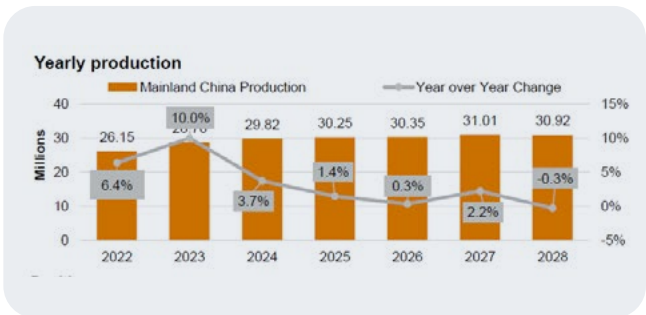
Japan again confirmed itself as a major production and export region, albeit with a final figure of 7.89 million units produced in 2024, down by 8.4% compared to 2023.

South Korea



There was a similar trend for South Korea with a 2.4% decrease compared to 2023 and 4.08 million cars produced. The link with the USA has a direct impact on South Korea with the same uncertainties dictated by the change of American administration.

China



In this case, too, China has confirmed its production leadership of the global motor vehicle market. It recorded 3.7% growth in 2024 compared to 2023 and a total of around 30 million vehicles produced, equal to 33.5% of the global volume.

India



In India, production volumes reached 5.65 million units in 2024, an increase of 3.8% compared to prior year. The problems in satisfying domestic demand remain – it is still growing but is not yet adequately satisfied by local production and this again confirms the interest of international players in the Indian market.

Thermal Management and the development of temperature management systems

In the current automotive market environment, the trend towards sustainable, efficient mobility is driving significant change in vehicle design and engineering. With growing interest in low-emission technologies and increasing adoption of electric vehicles, Thermal Management is playing a crucial role in the design and operation of both traditional and electric cars.

Thermal Management refers to vehicle temperature control and regulation, directly influencing the efficiency, performance and lifespan of key components such as the engine, battery and electronic systems. Moreover, in electric vehicles, Thermal Management is key to the thermal management of high-capacity batteries and electric motors, helping to maintain optimal performance and extend battery life. In traditional internal combustion engine vehicles, Thermal Management is essential in ensuring that the engine operates in its optimal temperature range, improving fuel efficiency and reducing harmful emissions.

In this context, Saleri stands out for its consolidated technical expertise in the development of advanced Thermal Management solutions, ready to meet the growing needs of the automotive market. Saleri's ability to design and deliver bespoke thermal management systems for a wide range of vehicles (including internal combustion, hybrid and all-electric vehicles) places it at the heart of innovation in the industry.

Saleri develops customised thermal management solutions that satisfy customer needs by offering a wide range of applications. One of the keys to Saleri's success is diversification through product and applications.



Saleri can now offer its products to the wider mobility market:

- › **Cars with a petrol or diesel combustion engine**
- › **Hybrid cars (i.e. with dual electric and combustion engines)**
- › **Battery electric vehicles**
- › **2,3 or 4-wheel combustion and electric vehicles**
- › **Commercial and off-road vehicles with an internal combustion engine and for hybrid and electric models**
- › **Very high performance and performance vehicles with internal combustion engines, hybrid or battery-electric**
- › **Charging stations (Power Electronics)**
- › **Alternative mobility / recreationals (i.e. snow, water, race)**
- › **Industrial & Marine applications**
- › **Power generation & energy storage**

Through the OE business line, the Company has historically offered thermal management solutions primarily for on-road light vehicle applications. The demands of new mobility have meant that Saleri's orderbook and commercial offering have diversified and expanded. In addition to the carmaker market, Saleri now offers thermal management solutions for motorcycles and 2 and 3-wheeled vehicles, providing electric applications for new mobility which are especially popular on Asian markets. Saleri Thermal Management Saleri systems are also present in electric buses and other off-road electric vehicles used to handle and transport goods at airports and ports. An efficient thermal management system is also essential inside charging stations, a market that Saleri has not neglected.

Carmakers like BMW, Mercedes Benz, Ford, General Motors, Hyundai-Kia, Renault-Nissan-Mitsubishi, Stellantis, Volkswagen Group, Mahindra, Tata, and Tesla typically offer a range of models that represent the various types and styles of vehicles demanded by consumers. The various models are based on a common platform with common components and powertrain variants. Saleri is currently present in the world's leading automotive platforms.

Customer relationships include a two-to-three year development stage, several years of mass production and up to 15 years of spare parts supply after mass production has ended.

Tier-1 suppliers sell their products directly to OEMs. Tier-2 suppliers produce smaller components or sub-systems for Tier-1 suppliers. Depending on the complexity of the value chain, additional suppliers are involved – Tier-3, Tier-4 and so on – up to raw material suppliers. In general, sub-system complexity tends to increase at the higher levels of integration in the value chain (i.e. closer to the OEM). Suppliers can provide the same product to different OEMs in a different Tier position. For example, a pump could be sold directly to an OEM with in-house production of Thermal Management systems and, at the same time, to a Tier-1 Thermal Management supplier.

Saleri is now a Tier-1 supplier for most of its thermal management systems although it sells some of its products as a Tier-2 supplier.

In the automotive field, in its most recent history, Saleri has managed to consolidate its presence in the plug-in hybrid vehicles sector where dual engines (internal combustion and electric) have meant that the Content per Vehicle achievable by Saleri products has increased, meeting the separate cooling requirements of the combustion engine and the electric motor. "Content per Vehicle" refers to the set of products and services offered for a single vehicle, including both major components and more minor ones. For example, "Content per Vehicle" for a plug-in hybrid vehicle includes thermal components for the thermal management systems of both the internal combustion engine and the electric motor, along with other related technologies.

The company's presence in all areas of new and traditional mobility offers a privileged perspective on trends in the sector, also through the substantial order book with work in place until 2035.

From this perspective, Saleri's strategy has been to be as flexible as possible in its offering to the market and in relation to the various applications, with business models like Tier-1 and Tier-2, geographical diversification with a presence in the world's main automotive hubs, while remaining total focused on its thermal management experience. This diversification and this focus made Saleri flexible and ready to adopt to whatever circumstances emerge.

Key points

Products and solutions offered in all fields of Thermal management

Saleri is committed to maintaining a diverse range of thermal management products and solutions that can adapt to the changing needs of the automotive market. This includes the development of modular technologies that allow for easy customisation for different vehicle types and applications, as well as the ability to adapt the offering swiftly in response to emerging industry trends.

Collaborative approach with customers

Saleri actively cooperates with its customers, working closely together to understand their specific needs and offer tailor-made solutions that meet their demands through active participation in product development processes and constant feedback.

Investment in Research and Development

Saleri invests heavily in the research and development of new thermal management technologies and solutions. This ongoing commitment to innovation allows the company to stay on top of the latest developments in the automotive industry and develop cutting-edge products that meet customers' future needs.

Geographical and Segmental Diversification

Over the years, Saleri has diversified its geographical presence in order to expand on new markets while seeking out opportunities to collaborate with companies outside the automotive industry to expand its skills and capabilities.

Orderbook trend

In the OE segment, the Product Development and Launch Cycle is typical of contract businesses. All projects entering the mass production phase are subject to orders scheduled based on customer planning.

As at 31 December 2024, the orderbook – covering the period from 2025 to 2029 – amounted to more than Euro 1 billion, an average amount of Euro 206 million a year. The total order backlog amounts to Euro 1.6 billion.

The incidence of Hybrid and BEV vehicles on orders per year increases from 76% in 2025 to 89% in 2029. This rise in the incidence of cooling and Thermal Management systems for electric vehicles testifies to the Group's success in following its strategy of technological and product focusing and specialisation.

The Aftermarket market

In 2023, the EU's passenger car fleet grew by 1.4% compared to 2022, with more than 248 million cars on the roads. The total car fleet increased in almost all EU countries with the highest growth recorded in Croatia (+4.3%). The average age of cars on the roads in Europe is gradually increasing. EU cars were an average of 12.5 years of age (at the end of 2023), up by 0.2 years compared the 2022 figure. Greece has the oldest car fleet with vehicles 17.5 years old while the newest cars are found in Luxembourg (8 years).

The European car fleet on the roads is broken down as follows: 50.0% petrol, 39.5% diesel, 1.8% battery electric, 2.1% plug-in hybrid, 3.2% hybrid and 3.5% other fuel (CNG, LNG, LPG and others). Plug-in hybrid electric vehicles have become the third most popular choice for new car buyers and electric cars (battery electric and plug-in hybrid) account for 3.9% of the total vehicles on EU roads. In the EU, battery electric vehicles represent more than 2% of the total car fleet in just ten countries (ACEA data, Vehicles on European Roads, January 2025).

The Italian Aftermarket market, understood as the IAM supply chain i.e. manufacturers of components for the IAM distribution world, recorded more modest growth of +2.4% in 2024 compared to +11.6% in 2023. This is due to a slowdown in the final part of the year; the most significant increase occurred in the second quarter (+6.3%), Smaller increases were also recorded in the first quarter (+2.3%) and in the fourth quarter (+1.1%) while there was a slight decrease in the third quarter (-0.3%).

Analysis of the single product families show increases for all five categories monitored by ANFIA. In detail, undercar components recorded a 1.99% increase against +28.3% in 2023; bodywork and electrical/electronic components recorded the best performances (+8.46% and + 6.34%, respectively).

In 2024, the Italian car market totalled around 1.56 million new vehicle registrations, 0.5% less than in 2023 and 18.7% less than pre-pandemic 2019 levels; the used car market, excluding mini-transfers to dealers, ended 2024 up 6.5% on 2023 al 2023. The average age of vehicles in circulation in Italy at the end of 2022 was 12 years and 10 months with 25% of cars in Euro 0-3 classes and at least 14 years old (source Barometro Aftermarket ANFIA, February 2025).

THE GROUP’S OPERATING PERFORMANCE

Consolidated results

Conto Economico Gruppo Saleri	December 2024		December 2023		Δ 2024 – 2023	
	€ million	% of Revenues	€ million	% of Revenues	€ million	% of Revenues
Revenues	224.0	100.0%	203.6	100.0%	+20.4	+10.0%
Increase in Non-Current Assets due to internal works	6.7	3.0%	7.7	3.8%	-1.0	-13.2%
Consumption of direct materials	(131.6)	-58.8%	(125.4)	-61.6%	-6.2	+4.9%
Contribution margin	99.0	44.2%	85.9	42.2%	+13.2	+15.3%
Operating costs	(30.5)	-13.6%	(26.5)	-13.0%	-4.1	+15.4%
Labour costs	(38.0)	-16.9%	(36.3)	-17.8%	-1.7	+4.6%
EBITDA	30.6	13.6%	23.1	11.4%	+7.4	+32.0%
Depreciation, amortisation & provisions	(13.2)	-5.9%	(10.3)	-5.1%	-2.9	+28.4%
Net Operating Profit / EBIT	17.3	7.7%	12.9	6.3%	+4.5	+35.0%
Financial income (expenses)	(6.7)	-3.0%	(4.9)	-2.4%	-1.8	+36.4%
Extraordinary income (expenses)	(0.6)	-0.3%	(1.9)	-0.9%	+1.3	-69.1%
Profit before taxation	10.1	4.5%	6.1	3.0%	+4.0	+65.3%
Taxation	(2.3)	-1.0%	(2.4)	-1.2%	+0.1	-5.2%
Net profit before non-controlling interests	7.9	3.5%	3.7	1.8%	+4.1	n.s
Profit pertaining to non-controlling interests	0.9	0.4%	0.6	0.3%	-0.4	+63.7%
Net Profit	8.8	3.9%	4.3	2.1%	+4.5	n.s.

The Group’s consolidated income statement for 2024 shows revenues of Euro 224.0 million compared to Euro 203.6 million in 2023 , an increase of 10.0%.

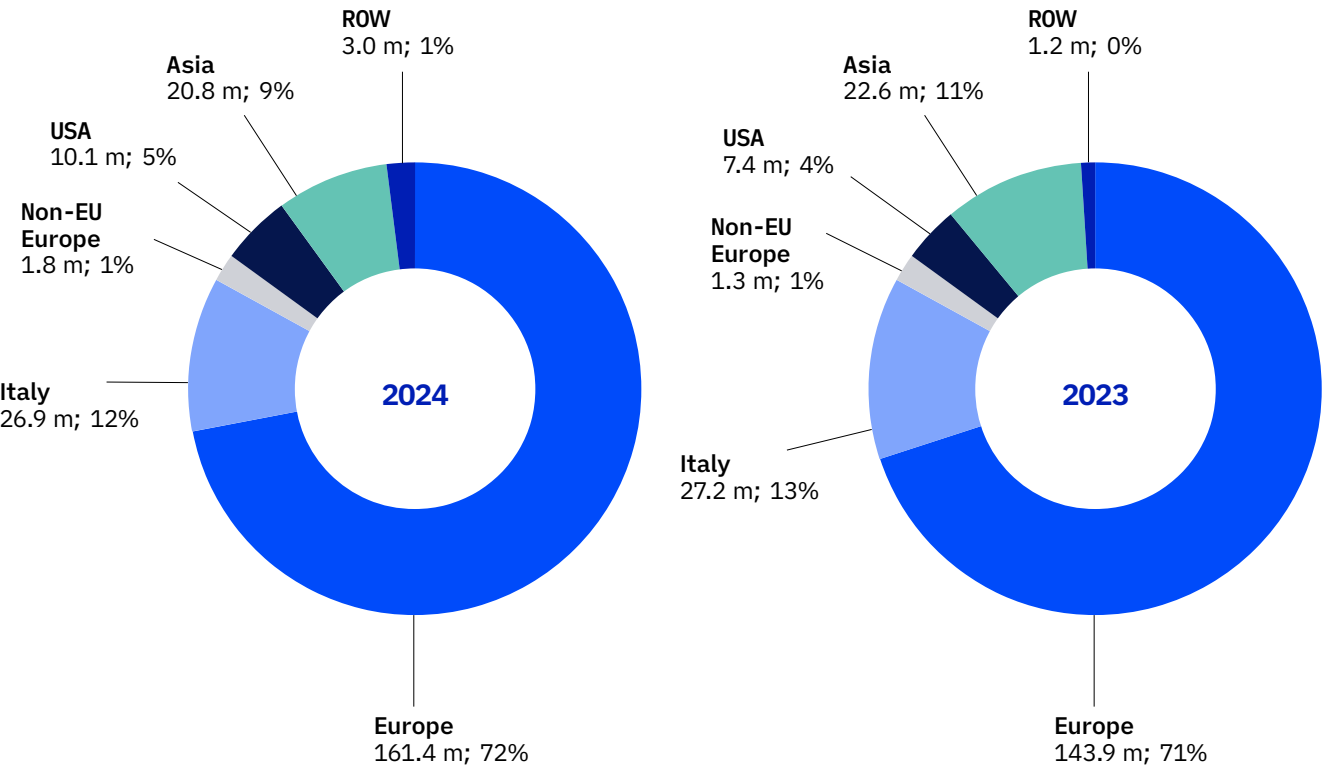
The Original Equipment business segment, which accounts for 76.9% of consolidated revenues, ended 2024 with a 7.9% increase compared to 2023. This result reflects the positive impact of the strategy of geographical localisation adopted by the Group, as well as the fact that the technological solutions developed are meeting customer demands.

The Aftermarket segment recorded revenues of Euro 6.8 million, representing an 18.4% increase on 2023 (against Italian market growth of 2.4%). This confirms the effectiveness of the full integration of the Aftermarket business line in 2023, the quality of the strategic design with a resulting increase in volumes and the value generated by the brands marketed.

The Automation segment represents 3.7% of Group revenues and has recorded 14.3% growth towards third parties, outperforming the market as a whole. The growth achieved conforms the effectiveness of the strategy of growth on new sectors where ABL portrays itself as a custom solutions provider.

The following table contains a breakdown of revenues by geographical area, both in absolute terms and as a percentage of the total:

Geographical Area	FY 2024	%	FY 2023	%
EU (excl. Italy)	161.4 m	72.1%	143.9 m	70.7%
Italy	26.9 m	12.0%	27.2 m	13.3%
Non-EU Europe	1.8 m	0.8%	1.3 m	0.7%
North America	10.1 m	4.5%	7.4 m	3.6%
Asia	20.8 m	9.3%	22.6 m	11.1%
ROW	3.0 m	1.2%	1.2 m	0.6%
TOTAL	224.0 m	100.0%	203.6 m	100.0%



“**Increases in non-current assets due to internal works**” amounts to Euro 6.7 million (Euro 7.7 million in 2023) and includes:

- › Euro 2.3 million of capitalised costs incurred by the Automation Business Line – ABL Automazione (Euro 2.9 million in 2023) for the realisation of automatic and semi-automatic production lines for new productions by the Group for electric vehicles;
- › Euro 4.4 million of capitalised research and development costs (Euro 4.8 million in 2023); this item reflects the Group’s strong commitment to the development of new technological solutions and new products, primarily oriented towards vehicle electrification.

In 2024, **raw material costs** increased in absolute terms due to the higher volume of sales but decreased as a percentage of revenues from 61.6% in 2023 to 58.8% in 2024. In the Aftermarket segment, compared to 2023, exchange rate stability has had a positive effect on contribution margin and this, combined with the completion of the global procurement platform and a more favourable sales mix, has improved target margins.

Operating costs amount to Euro 30.5 million - against Euro 26.5 million in 2023 - and include Euro 1.2 million of capitalised costs (Euro 1.4 million in prior year). After these capitalised costs, operating costs represent 13.1% of revenues, Euro 4.3 million higher than in prior year (Euro 25.1 million and 12.3%) mainly because of the combined effect of the increase in volumes, the increase in sea freight rates and the need to make several emergency air shipments because of the Suez Canal crisis; other factors have included an increase in costs for external tests for the validation of new products and consultancy costs (mainly for development), as partially offset by measures to contain costs in other areas, including: lower costs for governance bodies, lower rental costs and lower costs for trade fair participation.

Labour costs amount to Euro 38.0 million and have increased compared to Euro 36.3 million in 2023. Labour costs decreased as a percentage of revenues compared to prior year: 16.9% against 17.8% in 2023. This decrease has been achieved despite the recruitment of personnel to complete the organisation of foreign subsidiaries and subsidiary Saleri Aftermarket S.p.A. and the impact of increases under the National Collective Labour Agreement at the Italian production facilities. The caption includes Euro 3.1 million of costs for personnel deployed on development activities which were capitalised (amount down on prior year).

Consolidated **EBITDA** for the year ended 31 December 2024 amounts to Euro 30.6 million, up by 32.0% on the 2023 figure of Euro 23.1 million. As a percentage of revenues, EBITDA margin has improved from 11.4% in 2023 to 13.6% in 2024. This result is thanks to the effective implementation of the strategy launched by the Group with a view to achieving sustainable profit growth and, especially, to

diversification of the revenue mix with a higher incidence of the Aftermarket business line which was consolidated midway through 2021.

“**Depreciation, Amortisation and Provisions**” amounts to Euro 13.2 million, Euro 2.9 million more than in 2023 mainly because of higher allocations to provisions for risks and charges.

“**Financial expenses**” for 2024 amount to Euro 6.7 million compared to Euro 4.9 million in 2023. The increase mainly reflects the use of short-term sources of finance pending decisions regarding new medium/long-term loans that arrived towards the end of the year and, to a lesser extent, interest paid in respect of supplier payment extensions.

“**Extraordinary income (expenses)**” shows net expenses of Euro 0.6 million for 2024, against net expenses of Euro 0.9 million in 2023. The net expense is mainly due to losses on disposals of non-current assets and foreign taxes.

A **net profit** (before non-controlling interests) of Euro 7.9 million is reported for 2024 (3.5% of revenues), representing an increase of Euro 4.1 million compared to the 2023 figure. This is thanks to the positive impact of higher sales revenues and savings on operating costs.

Consolidated balance sheet

The Saleri Group’s reclassified consolidated balance sheet at 31 December 2024 may be analysed as follows:

Saleri Group Balance Sheet	December 2024	December 2023	Δ 2024 – 2023
	€ Million	€ Million	€ Million
Tangible Assets	65.9	67.1	(1.2)
Intangible Assets	24.1	21.4	2.7
Other Assets	10.0	10.7	(0.7)
Non - Current Assets	100.0	99.2	0.7
Trade Receivables	19.3	23.7	(4.4)
Trade Payables	(53.4)	(54.9)	1.5
Inventory	40.3	34.6	5.7
Trade Working Capital	6.2	3.4	2.8
Other Current Assets / Liabilities	5.5	1.9	3.6
Deferred Tax Provision	(4.0)	(4.1)	0.1
Employee Severance Indemnity / TFR Provision	(2.4)	(2.4)	0.0
Other Provisions	(5.4)	(2.8)	(2.5)
Net Invested Capital	100.0	95.2	4.8
Non - Current Financial Liabilities	40.8	48.0	(7.2)
Current Financial Liabilities	15.1	7.4	7.7
Cash and Cash Equivalents	(15.3)	(11.5)	(3.8)
Net Financial Position	40.6	44.0	(3.4)
Shareholders’ Equity – Group	59.2	50.0	9.2
Shareholders’ Equity – Non -controlling Interests	0.2	1.2	(1.0)
Consolidated Shareholders’ Equity	59.4	51.2	8.1
Sources of Finance	100.0	95.2	4.8

Tangible Assets amount to Euro 65.9 million and have recorded a net decrease of Euro 1.2 million compared to 31 December 2023. The decrease is the result of capex/ additions of Euro 6.5 million (including Euro 2.2 million of capitalised internal costs), depreciation for the period of Euro 6.6 million and disposals of assets with a net carrying amount of Euro 1.1 million. The capex mainly relates to the establishment of new production lines in Italy and China.

Intangible assets totalled Euro 24.1 million at 31 December 2024 compared to Euro 21.4 million at 31 December 2023. The overall increase of Euro 2.7 million includes: additions of Euro 5.4 million (including the capitalisation of research and development costs), amortisation of Euro 2.6 million and disposals of Euro 0.1 million.

Other Non-Current Assets total Euro 10.0 million at 31 December 2024 (Euro 10.7 million at 31 December 2023). The net decrease of Euro 0.7 million compared to prior year includes Euro 0.5 million relating to derivatives for interest rate risk hedging purposes.

At 31 December 2024, **Trade Working Capital** amounts to Euro 6.2 million, Euro 2.8 million more than at 31 December 2023.

Trade receivables amount to Euro 19.3 million and have decreased by Euro 4.4 million compared to 31 December 2023.

At 31 December 2024, **Trade payables** amount to Euro 53.4 million against Euro 54.9 million at 31 December 2023. The slight decrease of Euro 1.5 million s due to the lower level of activity towards the end of the year.

Inventory amounts to Euro 40.3 million at 31 December 2024 against Euro 34.6 million at 31 December 2023 and has increased by Euro 5.7 million because of higher safety margins on maritime routes and certain temporary circumstances for the start of new projects.

Other Current Assets and Liabilities shows net assets of Euro 5.5 million, a Euro 3.6 million increase compared to 31 December 2023. The balance mainly includes tax payables and receivables as well as sundry receivables from customers and payables to employees and to social security and pensions institutions.

Other Provisions have increased by Euro 2.5 million due to allocations made for future risks and charges.

At 31 December 2024, **Net Invested Capital** amounts to Euro 100.0 million compared to Euro 95.2 million at 31 December 2023 and has increased by Euro 4.8 million.

At 31 December 2024, the **Net Financial Position** shows net debt of Euro 40.6 million (net debt of Euro 44.0 million at 31 December 2023), an improvement of 7.6%. It comprises net cash and cash equivalents of Euro 0.2 million and non-current financial liabilities of Euro 40.8 million. The Euro 3.4 million decrease in net financial indebtedness is mainly due to the following:

- › a Euro 2.8 million increase in net working capital, further absorbed by a Euro 1.2 million increase in other current items;
- › absorption of cash of Euro 0.9 million due to net investing activities;
- › the reduction of non-current financial liabilities in compliance with contractual maturity dates;
- › cash generated by operating activities.

At 31 December 2024, **Consolidated Shareholders' Equity** amounts to Euro 59.4 million (of which Euro 0.2 million pertaining to Non-Controlling Interests). The increase of Euro 8.1 million compared to 31 December 2023 is due to the Group's results for the year but also includes Euro 0.5 million due to the decrease in the cash flow hedge reserve in relation to derivative instruments arranged to hedge the interest rate risk regarding Medium/Long-term loans.

The Parent Company did not distribute any dividends during the reporting period.

As a result of the above, the Net Financial Indebtedness / Consolidated Equity ratio has decreased from 0.9x in 2023 to 0.7x in 2024.

The Net Financial Position/EBITDA ratio has improved from 1.9x in 2023 to 1.3x in 2024

Consolidated statement of cash flows

Saleri Group statement of cash flows	December 2024	December 2023
EBITDA	30.6	23.1
Change in Trade Receivables	4.4	1.0
Change in Trade Payables	(1.5)	15.8
Change in Inventory	(5.7)	0.6
Change in Trade Working Capital	(2.8)	17.4
Change in Other Assets and Liabilities	(5.2)	(2.7)
Taxes paid	(2.3)	(2.4)
Cash flows from operating activities (A)	20.3	35.4
Net Investment in Tangible and Intangible Assets	(11.9)	(13.4)
Disposal of Investments	1.3	(0.9)
Net Financial Investments	0.6	1.4
Cash flows from investing activities (B)	(9.9)	(12.8)
Other changes due to non-recurring events	(0.6)	(1.9)
Free Cash Flow	9.8	20.8
Net Change in Equity	0.3	(1.2)
Net Change in Third Party Sources of Finance/Debt	0.5	(14.2)
Net financial expenses paid	(6.7)	(4.9)
Cash flows from financing activities (C)	(5.9)	(20.3)
Net Cash Flow (A+B+C)	3.8	0.4
Cash and cash equivalents at start of period	11.5	11.0
Cash and cash equivalents at end of period	15.3	11.5

At 31 December 2024, cash and cash equivalents totalled Euro 15.3 million.

Cash generated by operating activities totals Euro 20.3 million and reflects the result for the year and the change in net working capital; it compares with Euro 35.4 million of cash generated in 2023. Cash flow absorbed by investing activities amounts to negative Euro 9.9 million, mainly due to investment in new projects. Cash flow absorbed by financing activities totals negative Euro 5.9 million, mainly because of interest expenses paid to lenders.

Net cash flow for the reporting period amounts to Euro 3.8 million.

PERFORMANCE OF THE GROUP COMPANIES

Industrie Saleri Italo S.p.A.

Founded in 1942 and based in Lumezzane (BS), Industrie Saleri Italo S.p.A.’s activities include the study, design, development, processing, assembly and sale of cooling systems for the automobile industry, as an OE (*Original Equipment*) manufacturer and for the Aftermarket.

Industrie Saleri Italo S.p.A. Income Statement	December 2024		December 2023		Δ 2024 - 2023	
	€ million	% of Revenues	€ million	% of Revenues	€ million	% of Revenues
Revenues	148,8	100,0%	136,7	100,0%	+12,0	+8,8%
Incr. in Non Curr Assets (Capitalisation of. Development Costs)	4,4	3,0%	4,8	3,5%	-0,4	-7,6%
Consumption of direct materials	(87,7)	-58,9%	(84,4)	-61,7%	-3,3	+3,9%
Contribution margin	65,5	44,0%	57,1	41,8%	+8,3	+14,6%
Operating costs	(15,9)	-10,7%	(13,3)	-9,7%	-2,6	+19,7%
Labour costs	(26,2)	-17,6%	(25,7)	-18,8%	-0,5	+2,1%
EBITDA	23,3	15,7%	18,2	13,3%	+5,2	+28,6%
Depreciation, amortisation & provisions	(11,3)	-7,6%	(8,9)	-6,5%	-2.4	+27,1%
Net Operating Profit / EBIT	12,0	8,1%	9,3	6,8%	+2,8	+30,0%
Financial income (expenses)	(2,2)	-1,5%	(2,5)	-1,8%	+0,2	-8,6%
Extraordinary income (expenses)	(0,6)	-0,4%	(1,5)	-1,1%	+0,8	-57,9%
Profit before taxation	9,2	6,2%	5,3	3,9%	+3,8	+71,6%
Taxation	(0,9)	-0,6%	(2,0)	-1,4%	+1,0	-52,5%
Net Profit	8,2	5,5%	3,4	2,5%	+4,9	n.s.
Effect of finance lease method	0,4	0,2%	(1,0)	-0,8%	+1,4	n.s.
Net Profit - ITA GAAP	8,6	5,8%	2,3	1,7%	+6,3	n.s.

The year 2024 ended with **Net Revenues** of Euro 148.8 million, an 8.8% increase compared to Euro 136.7 million in 2023. Consumption of direct materials increased by Euro 3.3 million from Euro 84.4 million in 2023 to Euro 87.7 million in 2024; these costs fell as a percentage of revenues (61.7% in 2023 and 58.9% in 2024). The percentage decrease mainly refers to the repositioning of the prices of some products, the reduced impact of energy costs and careful monitoring of direct purchase costs. **Operating Costs**, amounting to Euro 15.9 million, have increased by Euro 2.6 million compared to 2023 (Euro 13.3 million). The increase includes Euro 1.9 million because of higher logistics costs such as the outsourcing of logistics and warehousing activities and the need to arrange emergency air shipments because of the longer time needed for sea shipments because of the Suez

Canal crisis; other factors have included a Euro 0.7 million increase in costs for external tests for the validation of new products and consultancy costs (mainly for development) of Euro 0.7 million, as partially offset by measures to contain costs in other areas, including: lower costs for governance bodies (Euro 0.3 million), lower rental costs (Euro 0.1 million) and lower costs for trade fair participation (Euro 0.1 million). **Labour costs** increased by Euro 0.5 million, mainly because of inflation (full-year impact of application of salary increases provided for by National Collective Labour Agreement / CCNL) and also includes allocations for bonuses.

Setting aside the extraordinary factors described above, the constant pursuit of innovative technological solutions to increase operating efficiency (production and non-production) has made it possible to improvement the deployment of resources, in terms of both personnel and operating costs.

EBITDA for 2024 amounts to Euro 23.3 million (15.7% of revenues) compared to Euro 18.2 million (13.3% of revenues) in 2023: the improvement in Contribution Margin in absolute terms and as a percentage of revenues was partially offset by an increase in other operating costs. Depreciation, amortisation and impairment adjustments to tangible and intangible assets amount to Euro 11.3 million compared to Euro 8.9 million in 2023; the change mainly regards an increase in allocations to provisions for risks.

Net Financial Expenses amount to Euro 2.2 million compared to net financial expenses of Euro 2.5 million in 2023. They include:

- › Financial expenses of Euro 4.7 million at 31 December 2024 (Euro 4.0 million in 2023); the increase reflects greater use of short-term borrowing to meet funding requirements;
- › Income from investments which amount to Euro 2.4 million in 2024 against Euro 1.5 million in 2023.

Extraordinary Expenses amount to Euro 0.6 million and have decreased compared to Euro 1.5 million in 2023. These non-recurring expenses include expenses incurred for internal reorganisation, gains/losses on asset disposals and out-of-period income and expenses. The decrease is mainly due to the presence in 2023 of expenses incurred to settle disputes and claims regarding the fire that occurred in 2018.

Taxes for 2024 amount to Euro 0.9 million compared to net taxes of Euro 2.0 million in 2023. They include changes of Euro 0.2 million in deferred tax assets and liabilities and the current tax expense of Euro 0.7 million. Taxes for 2024 also include expenses of Euro 0.2 million.

The Company reports a **Net Profit** of Euro 8.6 million for 2024 compared to a net profit of Euro 2.3 million for 2023.

Industrie Saleri Italo S.p.A. Balance Sheet	December 2024	December 2023	Δ 2024 - 2023
	€ Million	€ Million	€ Million
Tangible Assets	58.5	60.9	(2.5)
Intangible Assets	21.2	18.0	3.3
Other Assets	39.1	40.1	(0.9)
Non-Current Assets	118.9	119.0	(0.1)
Trade Receivables	22.3	26.5	(4.2)
Trade Payables	(45.1)	(47.0)	1.9
Inventory	23.4	18.9	4.5
Trade Working Capital	0.6	(1.7)	2.2
Other Current Assets / Liabilities	5.7	0.9	4.8
Deferred Tax Provision	(3.8)	(4.0)	0.2
Employee Severance Indemnity / TFR Provision	(1.0)	(1.1)	0.1
Other Provisions	(5.2)	(2.4)	(2.8)
Net Invested Capital	115.2	110.8	4.4
Non-Current Financial Liabilities	39.5	45.2	(5.8)
Current Financial Liabilities	10.0	4.9	5.2
Cash and Cash Equivalents	(9.2)	(6.4)	(2.8)
Net Financial Position	40.2	43.7	(3.4)
Shareholders' Equity - ITA GAAP	70.1	61.0	9.2
Effect of finance lease method	4.8	6.2	(1.4)
Shareholders' Equity	74.9	67.2	7.8
Sources of Finance	115.2	110.8	4.4

At 31 December 2024, **Non-Current Assets** amount to Euro 118.9 million and have decreased by Euro 0.1 million compared to 31 December 2023. They include:

- › Tangible assets of Euro 58.5 million; during the year, there were additions of Euro 4.2 million, as countered by depreciation for the year (Euro 5.7 million) and by decreases due to disposals (net carrying amount of Euro 1.0 million);
- › Intangible assets of Euro 21.2 million which includes additions of Euro 5.3 million (of which Euro 4.4 million due to capitalisation of internal costs), amortisation of Euro 1.8 million and decreases due to disposals of Euro 0.2 million mainly for development costs charged back to third parties or Group companies;
- › “Other non-current assets” includes investments in subsidiaries which total Euro 33.5 million, the same as at 31 December 2023. The caption also includes the amount reported for derivative instruments (assets) and Deferred Tax Assets (utilised in the amount of Euro 0.5 million during the reporting period).

Trade Working Capital amounts to Euro 0.6 million and has increased by Euro 2.2 million compared to prior year, mainly in relation to Inventory which has increased by Euro 4.5 million and to trade payables which have decreased by Euro 1.9 million; this caption includes payables to suppliers as well as trade payables to subsidiaries. The impact of these changes is partially offset by the Euro 4.2 million decrease in trade receivables (which includes receivables from customers with a strong credit rating and trade receivables from subsidiaries so the credit risk is very low).

“**Other Current Assets / Liabilities**” has increased by Euro 4.8 million mainly because receivables for invoices to be issued in future reporting periods under sales contracts with customers, as well as to a Euro 1.2 million change in tax receivables and payables, an increase in prepaid expenses with a duration of more than a year and the settlement of various non-trade receivables of around Euro 1.0 million.

Other Provisions have increased by Euro 2.8 million because of allocations to provisions for risks and charges.

At 31 December 2024, **Net Financial Indebtedness** stands at Euro 40.2 million. It includes cash and cash equivalents of Euro 9.2 million, short-term debt of Euro 10.0 million and medium/long-term debt of Euro 39.5 million.

At 31 December 2024, **Shareholders' Equity** amounts to Euro 74.9 million compared to Euro 67.2 million at 31 December 2023. The increase of Euro 7.8 million is mainly due to the result for the year, as partially absorbed by a decrease of Euro 0.5 million due to remeasurement of derivative instruments.

Industrie Saleri Italo S.p.A. Statement of Cash Flows	December 2024	December 2023
EBITDA	23.3	18.2
Change in Trade Receivables	4.2	(1.3)
Change in Trade Payables	(1.9)	12.4
Change in Inventory	(4.5)	(2.1)
Change in Trade Working Capital	(2.2)	9.0
Change in Other Assets and Liabilities	(4.8)	(3.0)
Taxes paid	(0.5)	(0.4)
Cash flows from operating activities (A)	15.8	23.8
Net Investment in Tangible and Intangible Assets	(9.5)	(9.7)
Disposal of Investments	1.2	0.9
Net Financial Investments	1.7	1.2
Cash flows from investing activities (B)	(6.6)	(7.6)
Other changes due to non-recurring events	(0.6)	(1.5)
Free Cash Flow	(7.2)	(9.1)
Net Change in Equity	(0.5)	(0.7)
Net Change in Third Party Sources of Finance	(0.6)	(11.8)
Net financial expenses paid	(4.7)	(4.0)
Cash flows from financing activities (C)	(5.7)	(16.5)
Net cash flow (A+B+C)	2.8	(1.8)
Cash and cash equivalents at start of period	6.4	8.2
Cash and cash equivalents at end of period	9.2	6.4

At 31 December 2024, cash and cash equivalents amounted to Euro 9.2 million.

Cash generated by operating activities totals Euro 15.8 million and reflects the result for the year and the change in net working capital; it compares with Euro 23.8 million of cash generated in 2023. Cash flow absorbed by investing activities amounts to negative Euro 6.6 million, mainly due to investment in new projects. Cash flow absorbed by financing activities totals negative Euro 5.7 million, mainly as a result of the reduction in medium/long-term debt.

Net cash flow generated during the period totalled Euro 2.8 million.

Treasury shares

There were no movements on treasury shares in 2024.

Saleri Shanghai Co. LTD (China)

The Saleri Group operates on the Asian market through subsidiary Saleri Shanghai Co. Ltd (95% owned) which manufactures and distributes water pumps.

The investment in Saleri Shanghai is an important part of the Group’s development strategy. It also satisfies the need of the automotive components market to service key customers locally and reinforces the Group’s position on the global market for cooling systems for the automotive

industry. The subsidiary also satisfies a good part of the Group’s aftermarket requirements, enabling it to maintain a strong competitive position.

The company is based in Shanghai and was incorporated in 2008.

In 2024, Net Revenues amounted to Euro 31.1 million (+7.9% compared to Euro 28.8 million in 2023) while a Net Profit of Euro 2.5 million (8.1% of revenues) was reported, slightly less than in prior year (-Euro 0.3 million). The result was affected by the sales mix which included sales in less profitable market segments, thus slightly diluting contribution margin; careful management of fixed costs and fixed labour costs helped recover some profitability and the end result was slightly up on prior year.

In Balance Sheet terms, Net Invested Capital mainly consists of production lines (Euro 6.5 million) and Net Working Capital (Euro 3.9 million), as increased by other current assets of Euro 0.8 million. The sources of finance include Equity (Euro 11.3 million) and the net financial position, comprising net cash of Euro 0.1 million.

Saleri Mexico S.A. de C.V. (Mexico)

The Saleri Group operates on the North American market through subsidiary Saleri Mexico S.A. de C.V. (51% owned) which manufactures and distributes water pumps.

The company was incorporated in 2019 and is based in Monterrey. Its launch formed part of the Group’s growth strategy and was intended to satisfy the needs of the local market for automotive components.

In 2024, the company recorded Net Revenues of Euro 8.1 million and a net loss of Euro 2.2 million (-27.6% of revenues). In Balance Sheet terms, net invested capital mainly consists of production lines and improvements to the factory (Euro 2.4 million) plus tax receivables (Euro 1.7 million), as more than countered by negative net working capital of Euro 6.2 million. The sources of finance include equity (negative by Euro 1.8 million) and the net financial position, comprising net cash of Euro 0.8 million.

ABL Automazione S.r.l.

ABL Automazione S.r.l. became a part of the Saleri Group with effect from 31 July 2019 (100% investment held). The investment forms part of a broader strategy to acquire a high value added process that would have been difficult to recreate in-house and was carried out in order to acquire process know-how regarding one of the key phases of the production model of the business.

ABL Automazione’s core business is the design and production of industrial automation plant and equipment. Its business consists of the production of automated assembly lines for manufacturing segments such as automotive (75% of revenue), Oil&Gas (assembly of hydraulic components) and earth moving equipment. The main standards required are the efficiency, flexibility and quality of the production systems. The company has always developed the market by drawing on its experience in the

field of industrial automation with the aim of proposing itself as a uniquely qualified supplier of automated assembly lines and equipment. The company is based in Gussago in the province of Brescia.

In 2024, the company recorded net revenues of Euro 10.8 million compared to Euro 11.6 million in 2023 and reported a net loss of Euro 0.48 million compared to a net profit of Euro 0.38 million in 2023.

In balance sheet terms, net invested capital mainly the comprises the share cancellation deficit that emerged in 2020 following the reverse merger of former parent company Hold.Co 1 S.r.l. (Euro 1.1 million), as well as deferred tax assets of Euro 0.5 million and net working capital (Euro 4.0 million), mainly represented by contract work in progress and trade receivables. Invested capital also includes other current liabilities of Euro 2.1 million and provisions of Euro 1.3 million. The company’s sources of finance include loans of Euro 0.6 million, short-term borrowing of Euro 1.0 million and cash and cash equivalents of Euro 0.03 million. Equity amounts to Euro 1.3 million and consists of capital paid in by the Parent Company totalling Euro 1.1 million.

Saleri Aftermarket S.p.A.

In 2021, the Saleri Group acquired 100% of this company which sells and markets automotive components in the Aftermarket sector.

The investment in Saleri Aftermarket represents an important part of the strategy to regain market share in this sector, together with the acquisition of the Ruville brand.

The company has its operational headquarters in Sesto Fiorentino in the province of Florence.

In 2024, Saleri Aftermarket S.p.A. reported net revenues of Euro 40.4 million (+15.9% compared to Euro 34.9 million in 2023) and a net profit of Euro 3.0 million (7.5% of revenues) against the net profit of Euro 1.7 million reported for 2023. The improved result for the year is primarily thanks to higher volumes and a better mix of sales channels, as well as to optimisation of procurement and a favourable forex effect especially for purchases in USD and CNY. To a lesser extent, overheads and operating costs recorded smaller percentage increases than revenues.

In Balance Sheet terms, net invested capital mainly consists of net working capital (Euro 6.1 million) and non-current assets of Euro 1.9 million, including equipment for the storage of goods and the investment in C.D.C. Taiwan. Working capital is partially offset by provisions of Euro 0.4 million and other current liabilities of Euro 1.8 million.

Sources of finance include equity (Euro 6.0 million) and the net financial position which includes long-term loans (Euro 0.6 million), short-term borrowing (Euro 2.2 million) and cash and cash equivalents (Euro 3.0 million).

RESEARCH AND DEVELOPMENT

Main ongoing research projects

The Saleri Group’s product concept activities are carried out by a multi-disciplinary technical-scientific team responsible for research, design and prototyping of new product technologies with the aim of anticipating customer requirements and related development issues. The main research projects are described below:

High voltage electric pump

Study into a high voltage, high power intensity electric cooling pump. The aim of the research is to create and electric motor actuated by a rotating magnetic field using alternative materials to those currently used. The research will evolve towards the study and implementation of a power control and management body capable of controlling the actuator and communicating with the vehicle control units.

Axial Flow Submersible Motor

Research and development of an innovative design for an electric cooling pump based on an axial magnetic flux layout and modular reduction of components, in order to enable operation when immersed in working fluid.

Integrated Multi-way Pump and Valve

The architecture of Original Equipment Thermal Management Systems requires a high level of integration i.e. the combination of different fluid management organs for heat transportation and distribution.

This research focuses on the development of a multi-effect hydraulic pump, with an integrated distribution valve and control logic system. The goal is to create a modular product that can be integrated into systems of different design and power, which can also interface with the numerous thermal elements typically present on board the car.

Hybrid thermal management system for Batteries

The battery packs of new generation vehicles are controlled by special charge and temperature management systems that balance their operation. Current systems (active) provide for the recycling of fluids for the evacuation of thermal energy from the battery cells to radiators or other exchangers. The aim of this research project is to find a solution that integrates active systems with solutions that can passively (i.e. without using any energy) store thermal energy and release it gradually as required.

DISCLOSURES ON THE ENVIRONMENT AND PERSONNEL

Since 2019, the company has voluntarily prepared a consolidated Non-Financial Statement pursuant to Article 4 of Legislative Decree 254/2016 and in accordance with GRI international standards.

Environment and workplace safety

The Group has not been involved in any circumstances causing damage to the environment. In 2024, there were no serious workplace injuries or cases of professional illness. On a consolidated level, there were three minor injuries with a prognosis of not more than 40 days for recovery. We note that the figure does not include injuries on the way to and from work.

Human resources

A detailed analysis of the Saleri Group workforce is provided below (reporting date figures).

Human Capital	2023	2024
Number of employees	660	688
Breakdown by gender		
Men	411	458
% of total	62%	67%
Women	249	230
% of total	38%	33%
Breakdown by type of contract		
Permanent	579	644
% of total	88%	93.6%
Fixed term	81	44
% of total	12%	6.4%
Breakdown by type of employment		
Workers with part-time contracts	40	40
% of total	6%	5.8%
Workers with full-time contracts	620	648
% of total	94%	94.2%

At the end of 2024, the Saleri Group had 688 employees (headcount at 31/12/2024), an increase of 28 compared to 660 employees at 31 December 2023.

In terms of the types of contract used, 644 employees are hired under permanent contracts (93.6%) while 44 have fixed-term contracts (6.4%). Part-time employees (40 in total) represent 5.8% of the total number of employees in 2024.

Relations with subsidiaries and associated companies

Intra-Group relations, whether commercial or financial, take place on an arm’s length basis.

In 2024, there were no atypical and/or unusual transactions or transactions not forming part of ordinary business activities or such as to significantly influence the Company’s income statement, balance sheet and financial position.

The following tables show the amounts relating to transactions with Group companies. Amounts are stated in thousands of Euro:

Table 1 – Intra-Group Income Statement Relations

Company	Revenues for goods and services	Costs for goods and services	Interest income and (expenses)	of which non-consolidated		
				Revenues for goods and services	Costs for goods and services	Interest income and (expenses)
Industrie Saleri Italo S.p.A.	10,834,807	1,243,558	121,501	1,227,075	210,439	73,320
Immobiliare Industriale S.r.l.						
Saleri Shanghai Co. Ltd	6,956,319	2,574,641		7,239		
Saleri Mexico S.A. de C.V.	3,573	5,133,261				
Saleri India Pvt Ltd	4,646,350	1,339,186	-73,320	4,646,350	1,339,186	-73,320
Saleri Aftermarket S.p.A.	334,620	13,130,331	-47,807	104,519	4,435,911	
Saleri TMS Competence Center GM	601,627		-373			
ABL Automazione S.r.l.	2,988,146	134,823		2,353		
CDC Taiwan Inc.	474,124			474,124		
TOTAL	26,839,567	23,555,799	0	6,461,661	5,985,536	-

Table 2 – Intra-Group Financial Relations

Company	Receivables	Payables	Of which non-consolidated Receivables	Of which non-consolidated Payables
Industrie Saleri Italo S.p.A.	20,798,178	3,141,333	4,954,793	3,735
El.Fra Holding S.r.l.				
Immobiliare Industriale S.r.l.				
Saleri Shanghai Co. Ltd	5,795,300	4,471,142	312,318	
Saleri Mexico S.A. de C.V.	25,859	8,368,232		
Saleri India Pvt Ltd	3,735	7,734,617	3,735	6,816,533
Saleri Aftermarket S.p.A.	2,480,942	6,640,571	2,049,909	
Saleri TMS Competence Center GM	99,065	35,494		
ABL Automazione S.r.l.	1,438,341	275,581	417,581	
CDC Taiwan Inc.				
TOTAL	30,641,420	30,666,970	7,738,352	6,820,267

MAIN RISKS AND UNCERTAINTIES

Risks regarding the performance of the automotive industry

The global regulatory framework that governs the automotive industry is greatly affected by the growing tension relating to the climate-environmental issue. There are two facets to this issue: both in terms of legal and political uncertainty and in terms of physical risks related to climate change and geopolitical instability which greatly impact the supply chain.

From a political perspective, the impact of concentrating national decision-making power in a super-national body led, during 2024, to the emergence of “resistance” of varying degrees in the political world to the consolidation and expansion of European and global policies.

From an economic point of view, the European Green Deal, launched in 2019, set the goal of making Europe the first climate-neutral continent by 2050. However, this plan also introduced stringent measures to reduce greenhouse gas emissions, promote renewable energy and improve energy efficiency. For the automotive industry (but not only) this has meant the adoption of stricter vehicle emissions standards, structural interventions to ensure overall CO2 reductions and access to incentives for the production of electric and hybrid 1 cars.

In Italy, Legislative Decree no. 125/2024 implemented the CSRD, Corporate, Sustainability Reporting Directive (published in the Official Gazette 10.09.2024) which introduced a series of new obligations for medium/large companies including the adoption of new standard for Non-Financial Reporting, the European Sustainability Reporting Standards (ESRS) developed by the European Financial Reporting Advisory Group (EFRAG).

However, in February 2025. major political uncertainty across the Atlantic and the concerns of the economic and business community led the European Commission to present the Omnibus package, aimed at simplifying sustainability reporting and reducing the burden of red tape for businesses; it has excluded many companies from the obligations included in the CSRD and effectively postponed its full implementation for two years.

The Omnibus package constitutes and attempt to balance sustainability and economic competitiveness. However, it is crucial that the automotive industry continues to invest in clean technologies and pursue decarbonisation goals to ensure a sustainable future for all.

Risks regarding geopolitical situations

Given the growing geopolitical tension in Europe, the Middle East and India, existing situations will have to be carefully monitored.

The Saleri Group does not own any strategic assets in the territories directly involved in the conflicts and it has limited commercial activity with these regions. Therefore, the Group does not expect any direct impact on its ability to generate income.

Nevertheless, the Group is paying close attention to the possible impact current geopolitical situations could have on its procurement costs and options.

Risks related to the supply chain

As a result of its customer proximity strategy, the Saleri Group aims to operates through its own plants in the world’s leading automotive hubs.

As a result of the crisis in global logistics chains which may have negative effects on shipping times and costs (e.g. tariffs, import restrictions), the Group is exposed to the risk of unforeseeable economic impacts on procurement costs. In order to mitigate this risk, while developing new production plants in Mexico and India, the Group is also developing a proximity strategy for the entire supply chain in order to make each plant independent.

Product liability risk

Even though Saleri products do not come directly under the category of “safety”-related products, the sectors in which the Group operates are particularly demanding in terms of performance levels and product quality. Any defects could result in product liability towards end customers or a market recall campaign resulting in additional costs. Therefore, the Group has implemented quality control procedures as required by with industry certifications and has arranged appropriate international insurance cover.

Risks regarding the loss of key skills

Any business operating in the Automotive industry must equip itself with a full array of skills and specialisations that represent a valuable asset to be protected and cultivated to avoid risking the impoverishment of human capital.

With the new organisational model implemented in the third quarter of 2024, the Group is seeking to improve efficiency, flexibility and the ability to adapt to changes in the market and/or the external environment, as well as to optimise resources, foster more effective communication between the various departments, encourage innovation and improve employee satisfaction. Indeed, one of the purposes of the new organisational model is to capitalise on managerial know-how to mitigate the risk of losing skills. In essence, the new organisational model aims to make the business more competitive, reactive and able to support and develop growth in different parts of the world.

Risks regarding failure to protect product exclusivity on the markets where the Group operates

The Group’s Worldwide activities leave it exposed to the risk of infringement of the Industrial Property of its Products. Although most of the Saleri Group’s products and design solutions are patented, there is a concrete risk that competitors may infringe this patent protection and/or that the markets where such patents are infringed might have different interpretations of patent protection. Therefore, the

Group has activated a series of structured safeguards and processes to manage innovation and protect intellectual property. Moreover, the Group regularly monitors the patent strategies adopted – or that should be adopted – based on cost/opportunity analysis..

Revenue concentration risk

In order to reduce the risk of saturation of the segments/ markets in which it operates, the Group has long since launched a strategy of diversification towards other geographical areas and is gradually expanding its product range, also turning its attention to sectors adjacent to the historical passenger car sector. This is confirmed by the fact that we are starting to register more orders from new customers, specifically from non-European customers, which enables us to increase the spread of turnover over a greater number of customers.

The Saleri Group’s products are destined mainly for the Premium automotive segment which consists of a limited number of leading customers. Customer relations founded on long-term partnerships with products that follow the entire life cycle of the “engine platforms” or vehicles and have once again become stable and geared towards joint development.

These relationships represent a strong link given the high level of engineering in the production process, the development time required (time to market in excess of 2 years) and the high initial investments for design and process development. Compared to other industries or segments of the same industry, the Group has a good picture of future revenues.

The leading customers in the OE segment (BMW, Audi, Daimler, GM) have excellent credit ratings, as do Independent Aftermarket segment customers which belong to large international groups.

The risk is constantly monitored through preliminary customer assessment and checks on compliance with agreed terms of payment. Analysis of trade receivable balances does not show any variation in credit quality; therefore, no significant changes to commercial credit protection policy have been implemented.

Interest rate risk

The Group has bank loans and borrowing facilities mainly with Euribor-linked interest rates. Given the interest rate volatility seen in recent years, the Group has entered into hedging transactions by stipulating Interest Rate Swaps with a notional value of Euro 21 million. These instruments have zero profit and loss effect as they are interest rate hedging transactions on medium/long-term loan agreements

Exchange rate risk

The Consolidated Financial Statements of the Saleri Group and the Separate Financial Statements of parent company Industrie Saleri Italo S.p.A. are prepared in Euro. The presence of international manufacturing entities leaves the

Group exposed to the risk of exchange rate fluctuation.

In addition to the Euro, the currencies the Group companies mainly operate in are the US Dollar, the Chinese Yuan and the Indian Rupee. Although the incidence of transactions in currencies other than the Euro is fairly limited (during the reporting period, non-Euro transactions represented around 14% of the total and mainly took place in Chinese Yuan), the Group arranged hedging contracts for the USD and CNY in 2024 in order to avoid the risk of any negative effects.

Risk of volatile commodity prices

Aluminium alloys represent a significant portion of the Group’s purchase costs. The selling prices of the Saleri Group’s products are negotiated and agreed with customers in specific nomination letters. In major transactions, there is a percentage adjustment to the selling price in case of raw material price fluctuation. Such adjustments are made monthly, quarterly or annually depending on the contractual agreement. This means that the Group can pass on to the customer during the year much of any price fluctuation and is not, therefore, exposed to the risk of raw material price volatility.

Liquidity risk

The liquidity risk is usually defined as the risk that a business might be unable to fulfil its payment commitments because of difficulty in raising funds (funding liquidity risk) or in liquidating assets on the market (asset liquidity risk). This leads to a negative impact on the result for the year if the entity is forced to incur additional costs to meet its commitments or, in extreme cases, finds itself in a situation of insolvency that puts at risk its ability to operate as a going concern. In order to minimise the liquidity risk, the Group’s Finance and Administration Management follows a prudent approach, constantly monitoring:

- › the maintenance of an appropriate level of cash by systematically checking that short-term cash inflows (receipts from customers and any other receipts) are capable of covering its cash outflows (short-term borrowing, supplier payments and other outgoings);
- › the availability of appropriate sources of funds and credit facilities to ensure that commitments are covered in terms of cost and duration. With a view to the continuous improvement of financial planning processes, we note that the Group has adopted management and control tools that ensure the risk is constantly monitored and, thus, mitigated.

In particular:

- › there is a plan to ensure the Group companies follow “best practices” on working capital management, helping to improve turnover ratios while, in the medium-term, helping to reduce inventory;
- › the sales invoicing cycle and customer collections process has been improved through appropriate monitoring;

- › additional short-term cash flow control and forecasting systems have been implemented to cope with the business generated by the Group.;
- › all the Group’s treasury monitoring and management activities have been insourced..

Cyber Security Risk

The Group has an Information Security Management System (ISMS) based on continuous risk assessment, protection of sensitive data and incident response plans. In the area of TISAX, it guarantees security along the entire supply chain while, for NIS2 compliance, it implements advanced technical and organisational measures such as continuous monitoring, business continuity plans, analysis of emerging threats and mandatory reporting of incidents. Security governance is reinforced by management accountability, continuous staff training and cooperation with the relevant authorities.

Ethical risks

The Saleri Group conducts its business in full compliance with the law and market rules. It applies the strict ethical and moral principles contained in its Code of Ethics and asks that they be shared and promoted by its supply chain through the signing of its business terms and conditions (GT&C). Parent company Industrie Saleri Italo S.p.A. and subsidiary ABL Automazione S.r.l. have duly adopted the Organisation and Management Model in terms of Legislative Decree no 231/2001, reorganising their activities and internal procedures in order to prevent the commission of offences under said Decree. The subsequent adoption of the Code of Ethics, internal procedures to ensure compliance with the Code and the controls implemented promote a healthy, safe and efficient working environment for employees.

Personal data protection/privacy risk

Since the GDPR (General Data Protection Regulation) came into force on 25 May 2018, the companies affected have implemented the internal procedures necessary to comply with the requirements of the new EU regulation. In more detail, in its capacity as Controller, Industrie Saleri Italo S.p.A. has designated Third Party Processors and the DPO (Data Protection Officer), a figure which must be appointed in cases where the processing is performed by a public authority or by a public body, except for judicial authorities, by parties whose main activities consist of processing operation that require the regular, systematic monitoring of data subjects on a large-scale, by persons whose activities consist of the large-scale processing of particular categories of personal data (sensitive data) or of data relating to criminal convictions or offences.

INTERNAL CONTROL SYSTEM AND ORGANISATIONAL MODEL

During the reporting period, in compliance with Legislative Decree no 83 of 17 June 2022, the Company again continued to implement its organisational, administrative and accounting structures with a view to creating a business management model that makes it possible to assess in advance the income statement, equity and cash effects of management decisions in order to safeguard the company assets.

On 14 May 2025, the Parent Company Board of Directors will examine the new update of the Management, Organisation and Control Model pursuant to Legislative Decree 231/01 and the Group Code of Ethics.

BUSINESS OUTLOOK

Despite the significant deterioration in the outlook for the automotive market in recent months and an international and geopolitical context still characterised by uncertainty and volatility, the Group believes that, in 2025, it will be able to generate higher revenues than in 2024 albeit with lower margins.

The lower margins are due to lower prices, in line with the gradual reduction agreements signed in the past with some customers and to a sales mix impacted by the start of the supply of less profitable products (*E-mobility*).

Forecasts for the year 2025 are based on the following evidence and assumptions:

- › The Group’s automotive revenues to date (week 18) show a positive sales projection (in excess of +7% on 2024) and in line with the 2025 Budget.
- › Group management continues to maintain strict control over costs in view of the critical issues arising from the geopolitical situation and the worsening prospects of the automotive market.

Even though the Group does not operate in the territories affected by the conflict, the above forecasts are also based on the assumption that the geopolitical crisis that led to the Russia-Ukraine conflict will not have any further repercussions on the macroeconomic situation, in particular in Europe.

Consolidated Financial Statements at 31/12/2024

General information about the Company

GENERAL DETAILS	
Name	INDUSTRIE SALERI ITALO S.P.A.
Registered Office	VIA RUCA 406 25065 LUMEZZANE BS
Share Capital	23.922.413,12
Is share capital wholly paid?	yes
Chamber of Commerce code	Brescia
VAT number	01589150984
Tax number	03066870175
Business database / REA number	BS-317605
Legal form	Società per azioni (Joint stock company)
Main business segment (ATECO)	293209 Manufacture of other parts and accessories for cars and their engines
Is company in liquidation?	no
Does company have a single shareholder?	no
Is company subject to management and coordination by another entity?	no
Name of company or entity that provides management and coordination	
Does company belong to a group?	yes
Name of holding company	El.fra Holding S.r.l.
Country of holding company	Italy
Register of cooperatives number	

ASSETS	31/12/2024	31/12/2023
A) DUE FROM SHAREHOLDERS FOR UNPAID CAPITAL	0	0
B) NON-CURRENT ASSETS		
I - Intangible assets:		
1) start-up and expansion costs	212,875	280,517
2) research, development and advertising costs	8,147,573	5,286,360
3) patents and intellectual property rights	889,603	1,617,988
4) concessions, licences, trademarks and similar rights	1,774,126	1,895,381
5) goodwill	0	0
5-bis) consolidation difference	1,945,041	2,358,960
6) assets in progress and payments on account	8,738,210	7,967,294
7) other	2,421,383	2,033,392
TOTAL	24,128,811	21,439,892
II - Immobilizzazioni materiali:		
1) Land and buildings	17,043,595	17,501,077
2) Plant and machinery	35,973,710	37,120,910
3) Industrial and commercial equipment	6,651,395	8,137,968
4) Other tangible assets	868,747	748,774
5) Assets under construction and payments on account	5,344,646	3,556,680
TOTAL	65,882,093	67,065,409
III - Non-current financial assets:		
1) investments in:	2,057,361	2,058,962
a) non-consolidated subsidiaries	2,056,829	2,058,430
b) associated companies	0	0
c) parent companies	0	0
d) entities controlled by parent companies		
d-bis) other entities	532	532
receivables:	11,646	13,367
a) due from non-consolidated subsidiaries	0	0
due within a year	0	0
due after more than a year	0	0
b) due from associated companies	0	0
due within a year	0	0
due after more than a year	0	0
c) due from parent companies	0	0
due within a year	0	0
due after more than a year	0	0
d) due from entities controlled by parent companies	0	0
due within a year	0	0
due after more than a year	0	0

ASSETS	31/12/2024	31/12/2023
e) due from others	11,646	13,367
due within a year	0	0
due after more than a year	11,646	13,367
3) other securities	6,341	6,341
4) derivative instruments	246,100	722,934
TOTAL	2,321,448	2,801,604
TOTAL NON-CURRENT ASSETS (B)	92,332,352	91,306,905
C) CURRENT ASSETS		
I - Inventory:		
1) raw, ancillary and consumable materials	15,785,501	11,972,508
2) work in progress and semi-finished goods	6,723,420	5,686,551
3) contract work in progress	2,770,348	2,932,525
4) finished goods	14,347,780	13,829,864
5) payments on account	680,811	213,674
TOTAL	40,308,860	34,635,122
II - Receivables:		
1) trade accounts	24,907,237	27,736,151
due within a year	24,907,237	27,736,151
due after more than a year	0	0
2) due from non-consolidated subsidiaries	4,954,793	5,557,747
due within a year	4,954,793	5,557,747
due after more than a year	0	0
3) due from associated companies	0	0
due within a year	0	0
due after more than a year	0	0
4) due from parent companies	0	0
due within a year	0	0
due after more than a year	0	0
5) due from entities controlled by parent companies	2,777,594	0
due within a year	2,777,594	0
due after more than a year	0	0
5-bis) tax receivables	1,520,308	2,136,611
due within a year	1,472,546	2,041,479
due after more than a year	47,762	95,132
5-ter) deferred tax assets	7,645,764	7,908,209
5-quater) due from others	4,139,592	2,477,557
due within a year	3,152,936	1,718,188
due after more than a year	986,656	759,369
TOTAL	45,945,288	45,816,275

ASSETS	31/12/2024	31/12/2023
III - Current financial assets:		
1) investments in non-consolidated subsidiaries	0	0
2) investments in associated companies	0	0
3) investments in parent companies	0	0
3-bis) investments in entities controlled by parent companies	0	0
4) other investments	13,606	13,606
5) derivatives	0	0
6) other securities	0	0
TOTAL	13,606	13,606
IV - Cash and cash equivalents:		
1) bank and post office accounts	16,548,358	11,469,817
2) cheques	0	0
3) cash and cash equivalents on hand	550	735
TOTAL	16,548,358	11,470,552
TOTAL CURRENT ASSETS (C)	102,816,662	91,935,555
D) PREPAID EXPENSES AND ACCRUED INCOME	5,470,942	6,493,961
TOTAL ASSETS	200,619,956	189,736,421

LIABILITIES AND SHAREHOLDERS' EQUITY	31/12/2024	31/12/2023
A) SHAREHOLDERS' EQUITY		
I – Share capital	23,922,413	23,922,413
II – Share premium reserve	7,696,219	7,696,219
III – Revaluation reserves	4,353,789	4,353,789
IV – Legal reserve	1,461,013	1,344,000
V – Statutory reserves	0	0
VI – Other reserves:	6,043,457	5,380,132
consolidation reserve	4,072,381	4,070,876
extraordinary reserve	857,395	857,395
merger surplus	0	0
merger deficit	0	0
reserve for translation of financial statements in foreign currency	749,629	87,809
other reserves	364,052	364,052
VII - Cash flow hedge reserve	246,100	722,934
VIII - Retained earnings (Accumulated losses)	6,952,686	2,581,999
IX - Profit (Loss) for the year	9,134,656	4,308,361
X - Negative reserve for treasury shares held	(285,014)	(285,014)
TOTAL SHAREHOLDERS' EQUITY - GROUP	59,525,319	50,024,833
Capital and reserves pertaining to non-controlling interests	1,128,112	1,782,810
Profit (Loss) for year pertaining to non-controlling interests	(936,407)	(571,852)
TOTAL SHAREHOLDERS' EQUITY - NON-CONTROLLING INTERESTS	191,705	1,210,958
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY	59,717,024	51,235,791
B) PROVISIONS FOR RISKS AND CHARGES		
1) retirement benefits and similar obligations	0	0
2) taxation, including deferred tax	3,959,963	4,062,037
2-bis) consolidation provision for future risks and charges	0	0
3) derivatives	0	0
4) other	5,387,028	2,845,515
TOTAL	9,346,991	6,907,552
C) EMPLOYEE SEVERANCE INDEMNITY ("TFR") PROVISION	2,352,730	2,370,988
D) PAYABLES		
1) bonds	7,997,528	7,701,337
due within a year	1,744,777	15,400
due after more than a year	6,252,751	7,685,937
2) convertible bonds	0	0
due within a year	0	0
due after more than a year	0	0
3) shareholder loans payable	0	0
due within a year	0	0
due after more than a year	0	0

LIABILITIES AND SHAREHOLDERS' EQUITY	31/12/2024	31/12/2023
4) bank borrowing	41,681,882	46,402,497
due within a year	20,409,064	16,758,146
due after more than a year	21,272,818	29,644,351
5) payables to other lenders	8,507,971	2,368,055
due within a year	7,925,143	1,540,516
due after more than a year	582,828	827,539
6) payments on account	3,030,979	3,201,414
due within a year	3,030,979	3,201,414
due after more than a year	0	0
7) trade payables	53,416,421	54,948,819
due within a year	53,416,421	54,948,819
due after more than a year	0	0
8) credit instruments	0	0
due within a year	0	0
due after more than a year	0	0
9) payables to non-consolidated subsidiaries	3,735	64,764
due within a year	3,735	64,764
due after more than a year	0	0
10) payables to associated companies	0	0
due within a year	0	0
due after more than a year	0	0
11) payables to parent companies	0	0
due within a year	0	0
due after more than a year	0	0
11-bis) payables to entities controlled by parent companies	0	0
due within a year	0	0
due after more than a year	0	0
12) tax payables	3,401,807	1,999,008
due within a year	3,401,807	1,999,008
due after more than a year	0	0
13) payables to social security and pensions institutions	1,836,188	1,864,532
due within a year	1,836,188	1,864,532
due after more than a year	0	0
14) other payables	7,579,744	8,614,333
due within a year	7,559,064	8,510,083
due after more than a year	20,680	104,250
TOTAL	127,456,255	127,164,759
E) ACCRUED EXPENSES AND DEFERRED INCOME I	1,746,956	2,057,331
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	200,619,956	189,736,421

INCOME STATEMENT	31/12/2024	31/12/2023
A) VALUE OF PRODUCTION		
1) revenue from sales and services	220,421,143	204,969,102
2) change in inventory of work in progress, semi-finished and finished goods	336,810	1,718,588
3) change in contract work in progress	(162,177)	(1,315,721)
4) increase in non-current assets due to internal works	6,667,186	7,681,406
5) other revenue and income	5,442,411	3,249,695
operating grant income	114,905	325,359
other	5,327,506	2,924,336
TOTAL	232,705,373	216,303,070
B) COST OF PRODUCTION		
6) raw, ancillary and consumable materials and goods for resale	125,646,996	114,912,958
7) services	39,890,005	36,843,346
8) use of third party assets - lease and rental costs	4,380,244	4,259,777
9) personnel:	36,738,378	36,006,154
a) wages and salaries	27,699,325	26,751,748
b) social contributions	7,466,274	7,815,678
c) employee severance indemnity ("TFR")	1,336,957	1,293,374
d) retirement benefits and similar obligations	0	0
e) other personnel costs	235,822	145,354
10) depreciation, amortisation and writedowns:	9,333,078	8,583,396
a) amortisation of intangible assets	2,573,163	2,491,672
b) depreciation of tangible assets	6,612,361	5,928,440
c) other writedowns of non-current assets	0	0
d) writedowns of current receivables and cash and cash equivalents	147,554	163,284
11) change in inventory of raw, ancillary and consumable materials and goods for resale	(5,239,474)	1,257,361
12) provisions for risks	0	0
13) other provisions	3,881,686	1,712,464
14) sundry operating expenses	1,295,598	1,701,509
TOTAL	215,926,511	205,276,965
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A-B)	16,778,862	11,026,105
C) FINANCIAL INCOME AND EXPENSES		
15) income from investments	865	700
from non-consolidated subsidiaries	0	0
from associated companies	0	0
from parent companies	0	0
from entities controlled by parent companies	0	0
other	865	700

INCOME STATEMENT	31/12/2024	31/12/2023
16) other financial income:		
a) from receivables classed as non-current assets	0	0
from non-consolidated subsidiaries	0	0
from associated companies	0	0
from parent companies	0	0
from entities controlled by parent companies	0	0
other	0	0
b) from securities classed as non-current assets other than equity investments	0	0
c) from securities classed as current assets other than equity investments	0	0
d) income other than the above	784,881	995,968
from non-consolidated subsidiaries	73,320	38,870
from associated companies	0	0
from parent companies	0	0
from entities controlled by parent companies	0	0
other	711,561	957,098
TOTAL	784,881	995,968
17) interest and other financial expenses	6,459,868	5,655,015
to non-consolidated subsidiaries	0	0
to associated companies	0	0
to parent companies	0	0
to entities controlled by parent companies	0	0
other	6,459,868	5,655,015
17-bis) exchange gains and losses	(997,447)	(230,749)
exchange gains	1,879,188	1,722,859
exchange losses	2,876,635	1,953,608
TOTAL (15 + 16 - 17 + - 17 BIS)	(6,671,569)	(4,889,096)
D) ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS		
18) revaluations:	0	0
a) of investments	0	0
b) of non-current financial assets other than equity investments	0	0
c) of securities classed as current assets other than equity investments	0	0
d) of derivatives	0	0
19) writedowns:	1,601	24,039
a) of investments	1,601	24,039
b) of non-current financial assets other than equity investments	0	0
c) of securities classed as current assets other than equity investments	0	0
d) of derivatives	0	0
TOTAL ADJUSTMENTS (18 - 19)	(1,601)	(24,039)

INCOME STATEMENT	31/12/2024	31/12/2023
ROFIT BEFORE TAXATION (A - B +- C +- D)	10,105,692	6,112,970
20) taxes on income for the year	(1,907,443)	(2,376,461)
a) current tax	(1,142,995)	(1,796,007)
b) prior year taxes	184,726	(99)
c) (i) deferred tax and utilisation of deferred tax assets	(2,151,775)	(2,915,343)
c) (ii) deferred tax income and use of deferred tax provisions	1,832,219	2,158,703
d) income and expenses from tax consolidation	(629,618)	176,285
21) PROFIT (LOSS) FOR THE YEAR	8,198,249	3,736,509
PROFIT (LOSS) FOR YEAR - NON-CONTROLLING INTERESTS	(936,407)	(571,852)
PROFIT (LOSS) FOR YEAR - GROUP	9,134,656	4,308,361

Statement of cash flows, indirect method

STATEMENT OF CASH FLOWS, INDIRECT METHOD	31/12/2024	31/12/2023
A. CASH FLOWS FROM OPERATING ACTIVITIES		
PROFIT (LOSS) FOR THE YEAR	8,198,249	3,736,509
Taxes on Income	1,907,443	2,376,461
Interest expenses/(income)	6,671,569	4,889,096
(Dividends)	0	0
(Gains)/Losses on asset disposals	(841,375)	(156,253)
1. Profit (Loss) for the year before taxes on income, dividends and gains/losses on disposals	15,935,886	10,845,813
Adjustments for non-cash items with no impact on net working capital		
Allocations to provisions	7,070,760	4,559,181
Depreciation/Amortisation of non-current assets	9,185,521	8,420,111
Impairment writedowns	1,601	24,039
Adjustments to Value of Fin Assets and Liabilities	0	0
Other adjustments for non-cash items	(650,790)	(535,528)
Total adjustments for non-cash items with no impact on net working capital	15,607,092	12,467,803
2. Cash Flows before changes in NWC	31,542,979	23,313,616
Changes in net working capital		
Decrease / (Increase) in Inventory	(5,506,066)	275,130
Decrease / (Increase) in Trade Receivables	2,681,359	(3,334,354)
(Decrease) / Increase in Trade Payables	(1,532,398)	15,921,528
Decrease / (Increase) in Prepaid Exp & Acc Income	1,023,019	(506,646)
(Decrease) / Increase in Acc Exp & Def Inc	(310,375)	233,347
Other decreases/(Other increases) in net working capital	(1,761,892)	(455,182)
CHANGE IN NET WORKING CAPITAL	(5,406,353)	12,133,823
3. Cash Flows after changes in NWC	26,136,625	35,447,439
Interest received / (paid)	(6,671,569)	(4,889,096)
Taxes on income (paid)	(272,782)	0
Dividends received		
(Use of provisions)	(3,212,406)	(3,964,155)
Other receipts/(payments)		
TOTAL OTHER ADJUSTMENTS	(11,511,973)	(8,853,251)
4. Cash Flows after other adjustments	14,624,653	26,594,188
CASH FLOWS FROM OPERATING ACTIVITIES		
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Capex on non-current assets		
– Tangible assets		
(Additions)	(6,798,783)	(8,736,846)
Disposals	1,958,479	441,589

STATEMENT OF CASH FLOWS, INDIRECT METHOD	31/12/2024	31/12/2023
– Intangible assets		
(Additions)	(5.224.914)	(4.504.127)
Disposals	140.885	626.270
– Financial assets		
(Additions)	0	1
Disposals	0	0
– Current financial assets		
(Additions)	0	0
Disposals	0	0
(Acquisition of business units net of cash and cash equivalents)	0	0
Sale of business units net of cash and cash equivalents		
CASH FLOWS FROM INVESTING ACTIVITIES	(9.924.332)	(12.173.113)
C.CASH FLOWS FROM FINANCING ACTIVITIES		
Debt		
– Increase (Decrease) in ST bank borrowing	6.867.691	(1.907.140)
– Loans arranged	3.500.000	8.000.000
– (Loans repaid)	(9.989.656)	(20.066.231)
Equity		
– Paid share capital increase	0	0
– (Share capital refunds)		
– Sale (Purchase) of treasury shares	0	0
– (Dividends and advances on dividends paid)	0	0
CASH FLOWS FROM FINANCING ACTIVITIES	378.035	(13.973.371)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	5.078.356	447.704
– Forex effect on cash and cash equivalents		
Cash and cash equivalents at start of period		
Bank and post office accounts	11.469.817	11.020.700
Cheques		
Cash and cash equivalents on hand	735	2.148
Total cash and cash equivalents at start of period	11.470.552	11.022.848
Of which not freely available		
Cash and cash equivalents at end of period		
Bank and post office accounts	16.548.358	11.469.817
Cheques		
Cash and cash equivalents on hand	550	735
TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD	16.548.908	11.470.552

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2024

General information

The Consolidated Financial Statements at 31 December 2024, as prepared in accordance with Articles 25 et seq. of Legislative Decree 127/1991, reflect the line-by-line consolidation of the financial statements of Industrie Saleri Italo S.p.A. and its subsidiaries, as described in more detail in the “Scope of Consolidation” note.

They comprise the Balance Sheet, the Income Statement, the Statement of Cash Flows and the Notes – prepared in accordance with Article 38 of the aforementioned Legislative Decree – which constitute an integral part of the Consolidated Financial Statements.

The Consolidated Financial Statements are presented with prior year comparative figures. It should be noted that, where necessary, the prior year figures have been reclassified in order to produce a consistent comparison between the two periods but without altering the result for the period.

The Balance Sheet, Income Statement and Statement of Cash Flows amounts at 31/12/2023 reflect the amounts included in the prior year Consolidated Financial Statements, as approved by the Shareholders’ General Meeting.

Unless otherwise stated, the amounts reported in these Notes are stated in Euro, given that the Euro is the currency in which the majority of the Group’s transactions are carried out.

Foreword

The year 2024 was characterised by the continuation of certain macroeconomic events that began during the previous year such as the Russia-Ukraine conflict, the Israel-Palestine conflict and international geopolitical tensions.

In its recent reports, the International Monetary Fund has often underlined the fact that global growth could be moderate because of factors such as persistent inflation, instability on energy markets and uncertainty over monetary policy in many economies.

The automotive industry is particularly affected by these factors. Consequently, as in prior year, the Company has taken all necessary measures to counteract the effects of market tensions and reductions in customer volumes, especially in the last few months of the year. These actions, combined with (i) the portfolio of contracts awarded to the company by customers for the next 5 years and (ii) significant internal reorganisation measures with a view to increasing efficiency and adapting the structure to the

international dimension of the Group, are key to the future prospects of the business. Considering the above-mentioned factors, the Directors believe that there is no significant uncertainty over the company’s ability to continue to operate as a going concern.

Moreover, it should be noted that, during the year, in compliance with Legislative Decree no 83 of 17 June 2022, the Company again continued to implement its organisational, administrative and accounting structures with a view to creating a business management model that makes it possible to assess in advance the income statement, equity and cash effects of management decisions in order to safeguard the company assets.

For further details, reference should be made to the Directors’ Report.

Consolidated reporting date

The Consolidated Financial Statements have been prepared as at and for the year ended 31 December 2024, the same reporting date as for the reporting packages of all of the companies included in the scope of consolidation. Reporting packages prepared in accordance with Italian Accounting Standards (“OIC”) and approved by the Boards of Directors of the consolidated entities were used to prepare the Consolidated Financial Statements at 31 December 2024.

The Group’s business activities

The Group headed by parent company Industrie Saleri Italo S.p.A., a company founded in 1942, is mainly involved in the design, manufacture and sale of engine cooling systems for the automobile industry and operates in both the original equipment and the aftermarket segments.

The Group’s ability to provide a leading customer base in the automotive industry with a wide range of technologically advanced solutions has enabled the business to grow strongly in recent years. Long-term production contracts have consistently been acquired, guaranteeing a healthy workload for the years ahead.

Through subsidiary ABL Automazione S.r.l., the Group also carries out the design and realisation of industrial automation systems, specifically, automated equipment for hi-tech robotised assembly destined for the Automotive and Oil&Gas industries.

Reporting principles

The Consolidated Financial Statements have been prepared in accordance with Legislative Decree no 127/1991 which implemented in Italy EEC VII Directive on Consolidated

reporting. Their preparation also took account of the financial reporting provisions of the Italian Civil Code, as amended by Legislative Decree no 6 of 17 January 2003 as subsequently amended, concerning the “Organic reform of corporate legislation” where applicable to Consolidated financial statements.

The Notes are intended to illustrate, analyse and, in some cases, interpret the amounts reported in the financial statements and contain the disclosures required by Article 38 and by other provisions of Legislative Decree no 127/1991. Such additional information considered necessary to present a true and fair view of the situation has been provided even if not specifically required by law.

Where statutory reporting requirements demand particular information on items and events not present or non-existent, rather than indicating their non-applicability to these Financial Statements, we have chosen to make no mention thereof in order to avoid increasing unnecessarily the information provided in these Notes.

The Group Statement of Cash Flows has been attached in order to complete the financial information provided by the Consolidated Financial Statements.

The Consolidated Financial Statements are also accompanied by a report of the Board of Director’s on the Group’s operating activities, in terms of Article 40 of Legislative Decree 127/91.

The scope of consolidation, the consolidation principles, the main accounting policies and details of each of the captions reported in the Consolidated Financial Statements are presented below.

The Financial Statements have been prepared in Euro. Roundings have been allocated as follows:

- › Roundings of Balance Sheet assets and liabilities have been allocated to Shareholders’ equity line item “VII Other reserves”, even where said line item has a zero balance;
- › Positive roundings of Income Statement items have been allocated to caption “A5 Other revenues and income”;
- › Negative roundings of Income Statement items have been allocated to caption “B14 Sundry operating expenses”.

Consolidation criteria

The financial statements of companies included in the scope of consolidation that are used for consolidation purposes are those prepared as at 31 December 2024 by the respective Boards of Directors. Such financial statements have been adjusted, where necessary, to render them consistent with Group accounting principles which are in line with consolidated statutory reporting requirements, as interpreted by the accounting standards issued by Italian Accounting Standards Board (“OIC”) and by the IASB (International Accounting Standards Board).

All of the subsidiaries included in the scope of consolidation are consolidated on a line-by-line basis, as follows:

- a) assets, liabilities, revenues and costs are included in full, irrespective of the percentage investment held, while the portion of Shareholders’ Equity and result for the period pertaining to non-controlling interests are disclosed separately;
- b) the carrying amount of investments on consolidated companies is eliminated against the corresponding portion of Equity while the assets and liabilities, revenues and costs are included on a line-by-line basis; the difference emerging, at the acquisition date, from the elimination of the carrying amount of an entity included in the scope of consolidation against the corresponding portion of Shareholders’ Equity at present value is allocated, where possible, to the assets and liabilities of the entity in question. Any residual amount is treated as follows:
 - › if positive, it is recorded under “Consolidation differences” under “Intangible assets” and amortised on a straight-line basis over its expected useful life (not more than 20 years);
 - › if negative, it is recorded under Shareholders’ Equity as a “Consolidation reserve” or, where unfavourable results are forecast, under a caption called “Consolidation provision for risks and charges”;
- c) all receivables and payables and transactions between consolidated entities are eliminated;
- d) significant gains realised between consolidated entities and profits included in intangible assets coming from consolidated entities have been eliminated;
- e) profits and losses from trade or financial transactions between Group companies, net of related deferred tax and/or deferred tax income, are eliminated; an exception to this rule regards positive intercompany margins realised and relating to assets recorded in inventory at the reporting date – margins not eliminated in terms of Article 31(2)d), referred to by Article 31 (3);
- f) any provisions made by foreign subsidiaries included in the scope of consolidation in order to take advantage of tax benefits otherwise not available have been eliminated from the Consolidated Financial Statements, net of the related tax effects, based on the tax rate in force at the date of preparation of the Consolidated Financial Statements;

- g) income and expenses resulting from transactions between the same entities are eliminated;
- h) profits included in tangible and intangible assets and resulting from purchases of goods and services produced within the Group on an arm’s length basis are eliminated. The portion of intra-Group revenues relating to such goods and services is reclassified, net of the related “Internal profits”, under the caption “Increases in non-current assets due to internal works”;
- i) i) assets and liabilities expressed in currencies other than the Euro are translated at the reporting date exchange rate; revenues and costs are translated at average rates for the period. The exchange rates used are those officially published. Exchange differences arising from the comparison between opening equity translated at the spot rates at the end of prior period and the difference between the result for the period, translated at average rates, and those obtained from the translation at reporting date rates are allocated directly to Consolidated Shareholders’ Equity under the caption “Reserve for translation of financial statements prepared in foreign currency”. In detail:
- for balance sheet items, equity items and current assets:
 - › the Euro / Renminbi reporting date exchange rate is Euro 1: Renminbi 7.5833;
 - › the Euro / Peso reporting date exchange rate is Euro 1: Pesos 21.5504;
 - for income statement items:
 - › the average Euro / Renminbi exchange rate for the reporting period is Euro 1: Renminbi 7.7875.
 - › the average Euro / Peso exchange rate for the reporting period is Euro 1: Pesos 19.8314.

Scope of consolidation

The scope of consolidation at 31 December 2024 includes all of the Italian and foreign entities shown in the following table, in which the Company holds a majority of voting rights and, in any cases, the entities over which it exercises dominant influence.

The financial statements of the Companies in the scope of consolidation have been included on a line-by-line basis.

The companies not included in the scope of consolidation and those in which the percentage interest held is lower than 20% and which constitute non-current assets are valued under the cost method.

For consolidation purposes, the financial statements used are those of the individual companies, as approved or under approval by the respective General Meetings, as reclassified and adjusted to bring them into line with the accounting principles and measurement criteria adopted by the Group.

The scope of consolidation has not changed compared to 31 December 2023.

The companies included in the scope of consolidation on a line-by-line basis are listed below:

Parent company			
Name	Head office	Share capital	
Industrie Saleri Italo S.p.A.	Via Ruca, 406 – Lumezzane (BS)	Euro 23,922,413.12	
Direct Subsidiaries			
Name	Head office	Share capital	Interest held
ABL Automazione S.r.l.	Via Mandolossa, 102/B – Gussago (BS)	Euro 750,000	100%
Saleri Aftermarket S.p.A.	Via Ruca, 406 – Lumezzane (BS)	Euro 100,000	100%
Saleri México S.A. de C.V.	Avenida Aero Industrial Lote 13, Apodaca, C.P. 66629, Nuevo León, México	MXN 98,233,500	51%
Saleri Shanghai Co.Ltd	Taifeng road 188/b,Anting Town Jiading district 201.814 Shanghai China	RMB 14,821,016	95%
Saleri TMS Competence Center GmbH	Landesberger Strasse 155 D-80687 Munich - Germany	Euro 25,000	100%

The subsidiaries excluded from the scope of consolidation are listed below:

Name	Head office	Shareholder	Share capital	Interest held
C.D.C. Taiwan Inc.	1F, No. 63, LN. 118,St.Dongjid RD., Guishan Dist., Taoyuan City 33353, Taiwan (R.O.C.)	Saleri Aftermarket S.p.A.	TWD 32,000,000	51%
Saleri India Private Ltd	Chakan Industrial Area, Village Khalumbre, Tal-Khed, District Pune 410501, Maharashtra	Industrie Saleri Italo S.p.A.	INR 305,900,000	51%

Reasons for exclusion

Pursuant to Article 28(2)(a) of Legislative Decree 127/91, we note that the following companies have been excluded from the scope of consolidation as their financial statements are immaterial in relation to the provision of a true and fair representation of the Group’s balance sheet and financial position:

- › **C.D.C. Taiwan Inc.** – the financial statements of this 51% owned company are currently immaterial to the Group;
- › **Saleri India Private Ltd.** – on 12 February 2021, the Parent Company acquired an investment in Saleri India Private Limited, a company incorporated on 4 December 2020. The Company has not yet begun to operate to a significant extent.

Accounting policies and measurement criteria

The accounting policies and valuation criteria adopted by the Company in preparing the attached Financial Statements are those required by the applicable legislation (Article 2423(2) of the Italian Civil Code), as well as by the accounting standards issued by the OIC – Italian Accounting Standards Board – and, where they are lacking, those issued by the IASB (*International Accounting Standards Board*).

The Financial Statements have been prepared clearly and provide a true and fair representation of the Group’s balance sheet and financial situation and its result for the reporting period.

Further information is provided in the notes on each caption.

The criteria used when preparing the Financial Statements at 31 December 2024 are those used in the separate financial statements of the parent company which prepares the consolidated financial statements. They are consistent with those used when preparing the prior year Consolidation Financial Statements, especially with regard to valuations and the consistent application of the same principles.

The amounts reported in the Financial Statements have been measured using the general prudence and accrual principles, on a going concern basis and taking account of the economic function of each asset and liability considered.

Prudence

Application of the prudence principle involved the separate measurement of each component item of the individual asset or liability captions, in order to avoid offsetting of losses that should be recognised and profits that should not as they have not been realised.

Accruals

In accordance with the accrual principle, the effect of transactions and other events has been accounted for and allocated to the period to which such transactions and events refer and not to those in which the related cash movements (collections and payments) take place.

Going concern issue

As described in more detail in the “Foreword” paragraph, the Group has prepared the 2024 Consolidated Financial Statements on a going concern basis.

Consistent application of accounting policies and valuation methods is essential to ensure the comparability of the financial statements from one reporting period to another.

Details of the most significant accounting policies and measurement criteria applied during the reporting period are provided below.

Intangible assets

Intangible assets are recorded at purchase or production cost, including related expenses, and amortised on a straight-line basis.

Start-up and expansion costs are reported under the relevant caption and amortised over their useful life which cannot exceed five years.

Software licences are amortised on a straight-line basis over three years.

Management/ERP software is amortised on a straight-line basis over five years.

Trademarks are amortised on a straight-line basis over 18 years.

Development costs are expensed in the Income Statement for the period in which they are incurred. This is except for expenses relating to projects designed to realise new products whose sale on a commercial basis – with margins sufficient to enable recovery of the expenses incurred – is realistically foreseeable. Development costs whose useful life cannot be reliably estimated are amortised over not more than five years. Development costs with a clear link to projects with an estimated useful life of 10 years are amortised over that period at a rate of 10% per annum. Until amortisation has been completed, dividends may only be distributed if there are sufficient residual available reserves to cover the development costs not yet amortised.

Leasehold improvements made during the period are amortised over the residual period of the related lease/rental agreement.

The consolidation difference emerges upon preparation of the Consolidated Financial Statements when the carrying amount of investments is eliminated for the first time against the corresponding portion of equity of the subsidiaries. Any excess that cannot be allocated to individual asses of the entities included in the consolidation is recorded under the caption “Goodwill”, where requirements are met. This caption is amortised over a period of ten years as this period is felt best to represent its useful life and not to exceed the period of utilisation of the asset, taking account of the extent of the benefits expected and the synergies resulting from the business acquired.

Other items included in intangible assets but not specifically mentioned here are recorded in the Financial Statements at purchase cost and amortised on a straight-line basis over their estimated useful lives which cannot exceed five years.

Where required by the Italian Civil Code, the above items have been recognised with the agreement of the Board of Statutory Auditors.

Intangible assets whose fair value at the reporting date is permanently impaired compared to the amortised cost determined as above are adjusted to bring them into line with their fair value; the amount and reasons for any impairment adjustments made to intangible assets are disclosed, with specific reference to their involvement in the future generation of profits, their estimated useful life and, insofar as relevant, their market value. Details of differences with adjustments made in prior periods are also shown and their impact on the results for the period is highlighted.

During the reporting period, there were no conditions requiring impairment adjustments to be made to intangible assets.

Tangible assets

Tangible assets are recorded at purchase or production cost, adjusted for certain assets in application of specific monetary revaluation laws, as reported on a specific schedule. Cost includes related expenses and direct and indirect expenses insofar as reasonably attributable to the asset until the time the assets become available for use.

Tangible assets are systematically depreciated every year on a straight-line basis using rates determined based on the residual useful lives of the assets.

The depreciation rates used are unchanged compared to prior year and are in line with those established by the Finance Ministry Decree of 31/12/1988, as follows:

Asset Category	Rate
Land and buildings	
Industrial buildings	3.00%
Plant and machinery	
General plant and machinery	5.00-10.00%
Specific plant and machinery	5.00-10.00%
Industrial and commercial equipment	
Equipment	12.50-25.00%
Prototype Equipment	50.00%
Other tangible assets	
Office furniture and equipment	12.00%
Electronic office equipment	20.00%
Motor vehicles	25.00%
Internal means of transport	20.00%
Assets costing not more than Euro 516.46	100.00%

Ordinary maintenance expenses are charged in full to the Income Statement. Incremental maintenance expenses are allocated to the relevant tangible asset and depreciated over the remaining useful life of that asset.

Tangible assets under construction are valued at cost including direct and indirect related expenses and disclosed under the asset caption reserved for them.

Tangible assets purchased under finance leases with a final purchase option are recognised as assets in the period in which the final purchase option is exercised.

Any assets subject to sale and purchase with a final return obligation are recorded in the Balance Sheet of the seller.

Tangible assets whose fair value at the reporting date is permanently impaired compared to the depreciated cost determined as above are adjusted to bring them into line with their fair value; the amount and reasons for any impairment adjustments made to tangible assets are disclosed, with specific reference to their involvement in the future generation of profits, their estimated useful life and, insofar as relevant, their market value. Details of differences with adjustments made in prior periods are also shown and

their impact on the results for the period is highlighted.

During the reporting period, no indicators of impairment of any of the tangible assets included on the Balance Sheet were identified.

Non-current financial assets
Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies classified as non-current assets are measured at purchase and/or subscription cost. Cost is adjusted for impairment if the subsidiaries/associated companies have incurred losses and sufficient profits to absorb said losses are not foreseeable in the immediate future.

Investments recorded under non-current financial assets represent a permanent, strategic investment by the Company. Investments that are not considered long-term are classified as current assets.

Other non-current investments and securities

Securities constituting short-term investments have been measured at the lower of purchase or subscription cost and fair value.

Inventory, securities and current financial assets

Inventory, securities and current financial assets are recorded at the lower of purchase cost – including direct related expenses – and estimated realisable amount, based on market trends.

- The cost calculation methods adopted are as follows:
- › for raw and ancillary materials, purchase cost is determined applying the weighted average cost method;
 - › for finished goods and work in progress, production cost includes the purchase cost of raw materials and components determined as above plus the portion of direct and indirect production costs (“general production costs”) reasonably attributable to them, also taking account of the percentage of completion of the production phase they have reached;
 - › for contract work-in-progress, in addition to purchase cost of raw materials and components determined as above, production cost also includes the portion of direct and indirect production costs that may reasonably be attributed to these items; cost is measured using the percentage of completion method;
 - › for some items such as prototypes and equipment (“tooling”), purchase cost is determined using the specific cost method.

Estimated realisable amount, based on market trends, is determined based on the current prices-costs and prices-revenues of inventory at the reporting date. If estimated realisable amount is lower than purchase or production cost, the inventory is written down accordingly by means of an allocation to the inventory provision.

The value of obsolete and slow moving inventory has been written down based on their possible future utilisation or realisation by means of an allocation to the inventory obsolescence provision.

Receivables

Receivables are classified as non-current assets or as current assets based on their destination/origin in relation to ordinary activities. They are reported at estimated realisable amount, after the provision for bad debts calculated in relation to the risk of bad debts resulting from a specific analysis of each balance and taking account of historical bad debt trends and the country risk; the amount recorded in the bad debt provision is considered reasonable in relation to expected bad debts. Where necessary, this amount is obtained by means of direct adjustment to specific receivables on a detailed basis.

Receivables due after more than 12 months are recorded using the amortised cost method, taking account of the time factor. The amortised cost method is not applied when the effective interest rate is not significantly different than the market interest rate or when the effects of application of the amortised cost method are immaterial compared to the method already adopted.

Receivables include invoices issued and invoices not yet issued but referring to transactions relating to the reporting period.

Receivables denominated in foreign currency are initially recognised at the spot exchange rate in force at the transaction date. At the reporting date, foreign currency receivables are restated at the reporting date spot rate. When realised, exchange gains and losses are recorded in the Income Statement. Any unrealised net exchange gain resulting from translation of foreign currency receivables is allocated to a non-distributable reserve until realised.

Receivables are derecognised from the Balance Sheet when the right to receive cash flows is extinguished and substantially all of the risks and rewards of title to the asset have been transferred or if the receivable is definitively considered non-recoverable after all necessary recovery procedures have been completed.

Any receivables from customers involved in insolvency proceedings or in a state of proven economic distress which render enforcement measures pointless are written off in full or to the extent that information obtained or the procedures in progress lead to the conclusion that they will prove uncollectable.

Current financial assets

This caption includes bonds and investments which the Directors have decided will not be held as long-term investments by the Company. They are carried at the lower of specific cost and fair value, as determined – for listed securities – based on the listed price at the reporting date of 31 December 2024.

Investments and securities are adjusted to bring them into line with their lower fair value on an individual basis, for each type of investment and not for the entire segment. When the reasons for an impairment adjustment cease to apply, the adjustment is reversed up to a maximum of the cost of the asset.

Cash and cash equivalents

This caption contains all cash and cash equivalents held by the Group, whether on hand or in bank accounts. They are reported at nominal amount.

Prepaid expenses and accrued income, accrued expenses and deferred income

Prepaid expenses and accrued income include income relating to the period but collectible in future periods and expenses incurred before the reporting date but relating to future periods. Accrued expenses and deferred income include expenses relating to the period but payable in future periods and income already received by the reporting date but relating to future periods.

They do not depend on the payment or collection date of the related expenses or income which are common to two or more reporting periods and are allocated based on time. The amount is determined by spreading the income or the expense (generally arising under contracts for a fixed period of time) in order to allocate the relevant portion to the reporting period and to defer or accrue the remaining portion.

Provisions for risks and charges

Provisions for risks and charges have been created to cover losses or liabilities of a determinate nature, which are certain or probable, but whose amount or due date could not be determined at the reporting date.

Provisions for risks and charges also include the provision for “taxation, including deferred tax” which includes amounts relating to probable tax liabilities whose amount or due date is uncertain and which originate from tax assessments not yet finalised or ongoing tax disputes or similar circumstances. The provision “for taxation, including deferred tax” includes deferred tax liabilities determined based on taxable temporary differences.

These provisions were calculated in accordance with the prudence and accrual principles. No general provisions for risks without any economic justification have been created.

Allocations to provisions for risks and charges are recorded under the appropriate Income Statement cost headings (B, C or D) if possible. Whenever it is not possible to make a connection between the amount provided and one of the captions under the aforementioned categories, allocations to provisions for risks and charges are recorded under Income Statement captions B12 and B13.

Employee severance indemnity (“TFR”) provision

The employee severance indemnity provision represents the Parent Company’s effective commitment towards each employee, as determined in accordance with current legislation in each country and for the Italian companies, in particular, in accordance with the terms of Article 2120 of the Italian Civil Code, national collective labour agreements and supplementary local agreements. Therefore, the “Employee severance indemnity provision” includes indemnities accruing in favour of employees at the reporting date, net of advances paid and after deducting partial advances maturing and paid. For the Italian companies, following supplementary pension reform in 2006, amounts accruing from 1 January 2007 onwards may be maintained in the company or allocated to a supplementary pension fund, as the employee chooses.

This liability is subject to index-based revaluation. Advance payments are treated separately and deducted from the provision to show the net liability. The portion of the provision relating to the reporting period is allocated to the Income Statement.

As required by rules on the *Trattamento di Fine Rapporto* contained in Law no 296 of 27 December 2006 and in subsequent Implementing Decrees issued in the first few months of 2007 (Pension Reform), the liability reported represents the actual amount payable to employees at 31 December 2006, as revalued based on indexes and updated for amounts accruing in the first half of 2007 and not paid into supplementary pension funds. The balance also includes the TFR entitlement of persons hired in the second half of 2024 who have not yet stated their choice as to the destination of the TFR accruing, given the fact that this choice may be made within six months of the date of employment.

Payables

Payables falling due within a year are stated at nominal amount and include, where applicable, interest accruing and due at the reporting date.

Payables falling due after more than a year are recorded using the amortised cost method, taking account of the time factor. The amortised cost method is not applied when the effective interest rate is not significantly different than the market interest rate or when the effects of application of the amortised cost method are immaterial compared to the method already adopted.

Payables include invoices received and invoices yet to be received but for services relating to the reporting period.

Payables are derecognised from the Balance Sheet when the specific contractual obligation is extinguished.

Payables for employee holidays accruing and for deferred remuneration, including amounts due to social security and pensions institutions, are recorded based on the amount that would have been payable if the employment relationship had ended on the reporting date.

Derivative instruments

Derivative instruments are arranged solely in order to hedge underlying interest rate, exchange rate, price and credit risks. The instruments meet the requirements to be considered as simple hedges and are, therefore, measured using the simplified method. Derivatives are classified as hedging instruments only when, at the start of the hedge, there is a close, documented relationship between the characteristics of the item hedged and those of the hedging instrument and that hedging relationship is formally documented.

A derivative instrument used to hedge the cash flows or the fair value of an asset follows the classification of the hedged asset, in current assets or non-current assets; a derivative instrument used to hedge the cash flows or the fair value of a liability, a binding commitment or a highly probable planned transaction is classified in current assets, as is a non-hedging financial instrument. If they have a negative fair value, these instruments are recorded as liabilities under provisions for risks.

When derivatives hedge the risk of the future cash flows from the hedged instrument (*cash flow hedges*), the effective portion of the gains or losses on the derivative instrument is suspended in Equity. The ineffective portion of the gains and losses of a hedge are recorded in the Income Statement. When the related transaction is realised, accumulated gains and losses – until then recorded in equity – are recorded in the Income Statement (as adjustments to the Income Statement items affected by the hedged flows). The Group has decided to apply hedge accounting for the hedging of changes in cash flows of financial liabilities as a result of interest rate fluctuation.

Therefore, changes in the fair value of derivative hedging instruments are recorded:

- › in the Income Statement in captions D18 or D19 in case of a hedge of the fair value of an asset or liability reported in the financial statements or of changes in the fair value of the hedged items (if the change in the fair value of the hedged item is greater in absolute terms than the change in fair value of the hedging instrument, the difference is recorded in the Income Statement caption affected by the hedged item);
- › in a specific Equity reserve (caption AVII “Cash flow hedge reserve”) in case of a cash flow hedge in such a way as to counterbalance the hedged cash flows (the ineffective portion, as well as the change in the time value of options and forward contracts, is classified in captions D18 and D19.

Translation of amounts denominated in foreign currency

Receivables and payables originally expressed in foreign currency are translated into Euro at the historical rates on the date they arose. Exchange differences realised upon settlement of payables and collection of receivables in foreign currency are recorded in the Income Statement.

Foreign currency receivables outstanding at the reporting date have been translated into Euro at the reporting date exchange rate. Exchange gains and losses arising in this way have been recorded in the Income Statement under caption C.17-bis "Exchange gains/losses ", while allocating an amount equal to any net gain arising to a non-distributable equity reserve until the time of realisation.

Revenue, income, costs and expenses

Revenue and expenses are recorded in the Income Statement on an accrual basis, while recognising prepaid expenses and accrued income, accrued expenses and deferred income, in accordance with the prudence principle.

Revenue and income, costs and expenses are recorded net of returns, discounts, allowances and bonuses, as well as any taxes directly related to the sale of products and the provision of services.

Revenue from the sale of products is recognised upon change of ownership which normally coincides with shipment or delivery. Revenue for services is recognised when the services have been rendered.

Revenue from contract work in progress is recognised based on percentage of completion of works.

Income and expenses relating to sale and purchase transactions with a future return obligation, including the difference between forward price and spot price, are recognised on an accrual basis.

Gains on finance lease transactions are allocated over the period of the finance lease agreement.

Financial income and revenue from services are recognised on an accrual basis.

Extraordinary or non-recurring income and expenses are recorded under the Income Statement captions deemed appropriate based on the type of transaction. Any residual amounts are recorded under “Other revenues and income” and “Other operating expenses”.

During the reporting period, the Group carried out the necessary work for analysis and implementation of the new Italian Accounting Standard OIC 34. In particular, it has applied the standard prospectively as specifically provided for by paragraph 45 of the standard.

Analysis of the contracts signed during the reporting period led to the conclusion that no adjustments are necessary to the amounts reported under “Revenues”.

Taxes on income

Current taxes, deferred taxes and deferred tax income are calculated applying tax rules in the countries where the consolidated companies are based.

Current taxes are determined based on a realistic estimate of the expense payable in application of current tax legislation; the related liability is stated net of payments on account, withholding taxes suffered and tax credits under the caption “Tax payables”; any net receivable is recorded under “Tax receivables”.

Deferred taxes are calculated in the financial statements

of the individual consolidated entities based on temporary differences between the amount attributed to assets and liabilities for statutory reporting purposes and the amount attributed to the same assets and liabilities for tax purposes; they are also recorded in the consolidated financial statements in relation to differences generated by consolidation adjustments. Deferred tax assets, including the benefit of tax loss carry-forwards, are recognised under the relevant current assets caption. The tax benefit of tax loss carry-forwards is recognised when it is reasonably certain that it will be realised.

Once again in 2024, the consolidated taxation arrangement elected for by Industrie Saleri Italo S.p.A. together with subsidiaries ABL Automazione S.r.l. and Saleri Aftermarket S.p.A. was in operation.

The related rules, as contained in Articles 117-129 of Legislative Decree 917/86, as subsequently amended and integrated, involve the determination for corporate income tax (IRES) purposes of an overall amount of taxable income consisting of the sum of the income and/or losses of the parent company and the participating subsidiaries. This leads to a single tax payment or to a single tax receivable that may be collected or carried forward by the parent company. The parent company also carries forward any consolidated tax loss.

Finance leases

In accordance with Italian Accounting Standard OIC 17, the “finance lease method” has been used to account for leases in the consolidated financial statements, broadly in line with the rules laid down by IAS 17/IFRS 16 International Accounting Standards.

Therefore, the related tangible assets have been capitalised and are reported net of accumulated depreciation. The outstanding principal payable is reported as a liability. Interest expense and depreciation have been recorded in the Income Statement in place of the finance lease instalments.

Use of estimates

Preparation of the Consolidated Financial Statements requires the use of estimates and assumptions that affect the value of assets and liabilities at the reporting date. Inevitably, the actual results that will subsequently materialise may differ from these estimates.

In particular, estimates are used to determine the useful life of tangible assets and to record the related depreciation, to make provisions for bad debts and for inventory obsolescence, to make writedowns, to provide for employee benefits and to provide for taxation and other contingencies. Estimates and assumptions are revised periodically and the effects of every change are reflected in the Income Statement for the period in which the estimate is revised.

Changes to accounting policies and measurement criteria

In accordance with the principle of Consistency established by Italian Accounting Standard OIC 11, in these Financial Statements, no changes have been made to accounting policies and valuation criteria compared to prior year.

Exceptions in terms of article 2423(4) of the Italian Civil Code

No exceptions in terms of Article 2423(4) of the Italian Civil Code were made when preparing the Consolidated Financial Statements.

Comparability of account balances

The amounts reported in these Consolidated Financial Statements are all suitable for comparison in terms of Article 2423-ter of the Italian Civil Code.

NOTES TO THE BALANCE SHEET

Non-current assets

Intangible assets

Movements	Start-up and expansion costs	Development costs	Patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Goodwill	Assets in progress and payments on account	Other	Total
Historical cost	472,878	8,446,891	4,856,295	2,184,756	4,139,181	7,967,294	8,010,089	36,077,384
Previous revaluations	0	0	0	0	0	0	0	0
Accumulated amortisation	(192,360)	(3,160,532)	(3,238,306)	(289,375)	(1,780,221)	0	(5,976,696)	(14,637,491)
Previous writedowns	0	0	0	0	0	0	0	0
Opening amount	280,517	5,286,360	1,617,989	1,895,381	2,358,960	7,967,294	2,033,393	21,439,894
Additions during the year	0	(181,917)	69,823	0	0	4,453,679	701,412	5,042,997
Change in scope of consolidation (cost)	0	0	0	0	0	0	0	0
Change in scope of consolidation (Accumulated amortization)	0	0	0	0	0	0	0	0
Reclassifications	0	3,803,339	45,000	0	0	(3,661,576)	5,900	192,662
Movements to other caption during period	0	0	0	0	0	0	0	0
Disposals (historical cost)	0	(43,463)	0	0	0	(94,520)	(2,508,754)	(2,646,737)
Disposals (Accum. Amort' n)	0	0	0	0	0	0	2,505,852	2,505,852
Revaluations during year	0	0	0	0	0	0	0	0
Amortisation for the year	(34,271)	(716,746)	(842,842)	(121,256)	(413,918)	0	(444,131)	(2,573,164)
Writedowns for the year	0	0	0	0	0	0	0	0
Other changes - cost	(46,587)	0	282	0	0	73,333	59,070	86,098
Other changes - Accumulated amortisation	13,216	0	(648)	0	0	0	68,642	81,210
Total changes	(67,642)	2,861,213	(728,385)	(121,256)	(413,918)	770,916	387,991	2,688,918
Historical cost	426,291	12,024,850	4,971,400	2,184,756	4,139,181	8,738,210	6,267,717	38,752,404
Previous revaluations	0	0	0	0	0	0	0	0
Accumulated amortisation	(213,416)	(3,877,278)	(4,081,796)	(410,631)	(2,194,139)	0	(3,846,332)	(14,623,593)
Previous writedowns	0	0	0	0	0	0	0	0
Closing amount	212,875	8,147,572	889,603	1,774,125	1,945,042	8,738,210	2,421,384	24,128,812

Intangible assets represent expenses that produce long-term benefits. They amount to Euro 24,128,812 (Euro 21,439,894 at 31 December 2023) and are stated net of accumulated amortisation (Euro 14,623,592).

The amounts are after consolidation adjustments for intercompany transactions.

The captions “other changes in cost” and “other changes in accumulated amortisation” include the forex difference relating to movements of Saleri Shanghai and Saleri México in 2024 compared to the prior reporting date balance translated at the corresponding balance sheet exchange rate.

Start-up and expansion costs

The amount of Euro 212,875 (Euro 280,517 at 31 December 2023) is net of accumulated amortisation of Euro 213,416 and refers to expansion costs of subsidiary Saleri México S.A. de C.V.. The balance also includes deferred expenses (historical cost of Euro 110,920, now fully amortised) relating to the spin-off operation in 2015 whereby subsidiary Immobiliare Industriale S.r.l. was established.

Development costs

The amount of Euro 8,147,572 (Euro 5,286,360 at 31 December 2023), net of accumulated amortisation of Euro 3,877,278, relates to development costs incurred by the parent company and by subsidiary ABL Automazione S.r.l in relation to research and development work for technological innovation.

The following table contains the disclosures required by Article 2427(3) in relation to development costs.

Description	Opening amount	Change in scope of consolidation	Increases	Decreases	Other changes	Closing amount
Development costs	5,286,360	0	3,621,422	760,209	0	8,147,572
TOTAL	5,286,360	0	3,621,422	760,209	0	8,147,572

Amortisation for the reporting period amounts to Euro 716,746.

The balance and the main changes during the reporting period are detailed below:

Industrie Saleri Italo S.p.A.

During the reporting period, the Parent Company carried out research and development activities into technological innovation. Further details are provided in the Directors’ Report.

Based on a careful analysis of available information on external development costs and on the number of hours spent on development projects already assigned (i.e. projects for which a final contract has been signed), the Parent Company capitalised Euro 4,433,679 of costs relating to projects for which the development phase has not yet been completed; these costs are recorded under the caption “Intangible assets in progress”.

Costs capitalised up to 2019 whose useful life could not be reliably estimated are amortised over not more than five years; this period is normally shorter than the mass production period of the related items.

Development costs with a clear connection to projects with an estimated useful life of 10 years are amortised over that period at 10% per annum.

During the reporting period, upon completion of the development phase, certain projects with a value of Euro 3,803,339 were reclassified from “Intangible assets in progress and payments on account”.

ABL Automazione S.r.l.

Development costs remained unchanged compared to prior year, except for the amortisation charge for the year (Euro 54,038).

Capitalised costs are amortised over five years.

Patents and intellectual property rights

The net balance amounts to Euro 889,603 (Euro 1,617,989 at 31 December 2023), net of accumulated amortisation of Euro 4,081,796, and refers almost entirely to Software.

Increases during the reporting period of Euro 114,823 refer partly to the purchase of new software by subsidiaries ABL Automazione S.r.l., Saleri Aftermarket S.p.A. and Saleri Shanghai Co. Ltd. and partly to the reclassification of Euro 45,000 by Industrie Saleri S.p.A. of costs relating to software development projects whose development phase was completed during the year.

The balance includes negative consolidation adjustments of Euro 366.

Concessions, licences, trademarks and similar rights

The net balance amounts to Euro 1,774,125 (Euro 1,895,381 at 31 December 2023) after accumulated amortisation of Euro 410,631 and almost entirely refers to trademarks purchased by the Parent Company.

The balance did not change during the reporting period, except for the amortisation charge of Euro 121,256.

Goodwill

Goodwill of Euro 1,945,042 (Euro 2,358,960 at 31 December 2023) is net of accumulated amortisation of Euro 2,194,139 and arose upon the elimination of the carrying amount of the investment in ABL Automazione S.r.l. against the corresponding portion of Equity at the acquisition date. The difference is not attributable to any individual assets of the entity and is being amortised over ten years. Said period is felt best to reflect its useful life and does not exceed the period in which the asset will be used, taking account of the expected benefits and synergies expected from the business acquired.

The balance did not undergo any changes during the reporting period, except for the annual amortisation charge of Euro 413,918.

For the purposes of approval of the 2024 Financial Statements, goodwill was tested for impairment, using the forecast information contained in the Business Plan 2025-2028. The test was performed in relation to the cash generating unit (“CGU”) to which the Goodwill had been allocated i.e. the Company as a whole.

The test was performed by comparing the carrying amount of the Goodwill with the value in use of the CGU, i.e. its Enterprise Value, equal to the sum of discounted operating cash flows.

In particular, it was determined using the discounted cash flow (DCF) method, in its unlevered version, applied to the cash flows resulting from the 2025-2028 industrial plan prepared by the management of the investee company and approved on April 23, 2024. These cash flows were projected beyond the explicit forecast horizon of the plan using the perpetual growth method (so-called Terminal Value), with a growth rate (“g rate”) corresponding to the expected inflation rate over the duration of the plan.

The cash flows used are the operating ones forecasted in the plan, net of related taxes, and include investments in fixed capital and cash movements in working capital. They do not include cash flows related to financial management, extraordinary events, or dividend payments.

The resulting cash flows were discounted using a discount rate (WACC) of 12.66%, determined by applying the Capital Asset Pricing Model (CAPM). The WACC (Weighted Average Cost of Capital) represents the average weighted cost of capital and reflects a weighted average of the cost of equity and debt, based on their respective proportions.

In determining the WACC, the following elements were considered:

- › risk-free rate, determined using the six-month average return on risk-free financial instruments;
- › market premium, determined using data from external providers;
- › industry beta;
- › cost of debt;
- › debt/equity ratio, assumed to be in line with the industry average.

The test conducted did not show any impairment; on the contrary, it indicated a positive margin (so-called headroom).

It is nevertheless specified that the assumptions regarding future performance and the corresponding data derived from the 2025-2028 financial plan used for the impairment test are, by their predictive nature, subject to an inherent degree of uncertainty. Therefore, it cannot be excluded that actual future results differing from estimates may require future revisions of the plan’s assumptions by the investee company’s management.

Intangible assets in progress and payments on account

This balance amounts to Euro 8,738,210 (Euro 7,967,294 at 31 December 2023) and consists almost entirely of internal and external development costs incurred by the Parent

Company in relation to projects not yet completed.

The costs now recorded under this caption will be reclassified to the relevant asset category as described above – once their suitability for capitalisation has been confirmed – and they will be amortised from the date of completion of the development phase, considering the estimated residual useful life of the project to which they refer; movements on the balance during the reporting period were as follows:

- › increases of Euro 4,453,679 due to capitalisation of costs related to projects not yet completed;
- › decreases of 3,661,576 due to reclassification of costs related to projects whose development phase has been completed;
- › decreases of 94,520 due to adjustments to projects in progress;
- › increases of Euro 73,333 in relation to consolidation adjustments.

Other intangible assets

This caption amounts to Euro 2,421,385 (Euro 2,033,393 at 31 December 2023) after accumulated amortisation of Euro 3,846,332. The balance and the main changes during the reporting period are detailed below:

Industrie Saleri Italo S.p.A.

The balance, amounting to Euro 1,911,605 (Euro 1,572,578 at 31 December 2023), entirely refers to leasehold improvements. Additions for the year of Euro 593,910 (including Euro 5,900 reclassified from “Intangible assets in progress and payments on account”) refer to improvements to the new, leased production facility.

During the year, the company disposed of improvements made to a leased property in Lumezzane with a net carrying amount of Euro 150 (historical cost Euro 1,861,261)

Amortisation for the reporting period totalled Euro 254,734.

ABL Automazione S.r.l.

The balance, amounting to Euro 244,277 (Euro 268,313 at 31 December 2023), consists entirely of leasehold improvements.

The decrease of Euro 24,036 is entirely due to amortisation for the year.

Saleri México S.A. de C.V.

The balance, amounting to Euro 108,772 (Euro 95,245 at 31 December 2023), is stated net of accumulated amortisation of Euro 32,529 and entirely refers to leasehold improvements. There were additions of Euro 39,019 during the reporting period while the annual amortisation charge was Euro 10,383.

Saleri Shanghai Co. Ltd.

The balance, amounting to Euro 15,413 (Euro 37,978 at 31 December 2023), decreased during the year due to the disposal of certain items with a net carrying amount of Euro 10,354. Amortisation for the year totalled Euro 38,498.

Tangible assets

Movements	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Assets under construction and payments on account	Total
Historical cost	20,333,142	89,933,925	32,465,004	6,473,474	3,556,680	152,762,225
Previous revaluations	6,502,686	0	0	0	0	6,502,686
Accumulated depreciation	(7,774,263)	(52,813,014)	(24,327,036)	(5,724,700)	0	(90,639,013)
Previous writedowns	(1,560,488)	0	0	0	0	(1,560,488)
Opening amount	17,501,077	37,120,911	8,137,968	748,774	3,556,680	67,065,410
Additions during the year	214,287	643,968	830,717	524,297	4,596,164	6,809,433
Change in scope of consolidation (cost)	0	(10,650)	0	0	0	(10,650)
Change in scope of consolidation (Accum. Depre’n)	0	0	0	0	0	0
Reclassifications	15,099	2,145,950	73,289	55,620	(2,481,744)	(191,787)
Movements to other caption during period	0	0	0	0	0	0
Disposals (historical cost)	(4,444)	(1,095,110)	(1,254,061)	(532,785)	(359,200)	(3,245,601)
Disposals (Accum. Depr’n)	1,322	557,243	1,082,894	487,037	0	2,128,496
Revaluations during year	0	0	0	0	0	0
Amortisation for the year	(683,559)	(3,268,701)	(2,253,275)	(406,823)	0	(6,612,357)
Writedowns for the year	0	0	0	0	0	0
Other changes - cost	0	(124,445)	116,960	(8,902)	32,746	16,359
Other changes - accumulated dep'n	(187)	4,544	(83,096)	1,529	0	(77,210)
Total changes	(457,483)	(1,147,202)	(1,486,572)	119,973	1,787,966	(1,183,318)
Historical cost	20,558,084	91,493,637	32,231,909	6,511,703	5,344,646	156,139,979
Previous revaluations	6,502,686	0	0	0	0	6,502,686
Accumulated depreciation	(8,456,687)	(55,519,928)	(25,580,513)	(5,642,956)	0	(95,200,084)
Previous writedowns	(1,560,488)	0	0	0	0	(1,560,488)
Closing amount	17,043,594	35,973,709	6,651,396	868,747	5,344,646	65,882,092

Tangible assets include land, buildings, plant and machinery, industrial and commercial equipment, tangible assets under construction and other tangible assets. They amount to Euro 65,882,092 (Euro 67,065,410 at 31 December 2023) after accumulated depreciation (Euro 95,211,803).

The captions “other changes in cost” and “other changes in accumulated amortisation” include the forex difference relating to movements of Saleri Shanghai Co. Ltd and Saleri México during the reporting period compared to the prior reporting date balance translated at the corresponding balance sheet exchange rate.

In 2018, the Group identified potential indicators of impairment of certain tangible assets. Therefore, in accordance with Italian Accounting Standard OIC 9, it made further writedowns in terms of Articles 2426(1) and (3) of the Italian Civil Code and created an impairment provision totalling Euro 1,560,488. These impairment adjustments have been maintained unchanged in subsequent years as there have been no new factors requiring changes to the conclusions reached at the time.

Amounts are stated net of consolidation adjustments regarding intercompany transactions.

In accordance with the law, the following table shows the tangible assets reported in the Consolidated Financial Statements of the Group at 31 December 2024 that have been subject to monetary revaluations and exceptions to statutory valuation methods.

Description	Revaluation under Decree Law no.185/2007	Total Revaluations
Land and Buildings	6,502,686	6,502,686
TOTAL	6,502,686	6,502,686

Land and Buildings

This caption amounts to Euro 17,043,594 (Euro 17,501,077 at 31 December 2023) and is stated net of accumulated depreciation of Euro 8,456,687 (Euro 7,774,263 at 31 December 2023). The balance refers almost entirely to the Parent Company.

Increases of Euro 229,386 during the reporting period refer to capex by the Parent Company on the production facility in Lumezzane (historical cost of Euro 15,099) and to the purchase by subsidiary Saleri Shanghai Co. Ltd of a building to carry out laboratory tests (historical cost of Euro 214,287).

As stated above, the Parent Company has not made any impairment provisions on top of the amount provided in 2018 as it believes the existing provision reflects the effective impairment of land and buildings.

In compliance with Italian Accounting Standard OIC 16, the value of the land on which the buildings are situated has been reported separately.

Plant and machinery

This balance, amounting to Euro 35,973,709 (against Euro 37,120,910 at 31 December 2023), is stated net of accumulated depreciation of Euro 55,531,647 (Euro 52,824,733 at 31 December 2023). It includes plant and machinery of Euro 8,727,841 (Euro 9,704,606 at 31 December 2023) held under finance leases and reported in accordance with International Accounting Standards and negative consolidation adjustments of Euro 1,508,256 (Euro 2,042,387 at 31 December 2023).

The balance and the main changes thereon are detailed below:

Industrie Saleri Italo S.p.A.

The balance amounts to Euro 23,144,089 (Euro 25,339,414 at 31 December 2023) after accumulated depreciation of Euro 27,745,333 (Euro 26,203,106 at 31 December 2023)

- The net decrease of Euro 2,195,325 compared to prior year is due to the combined effect of:
- › increases due to purchases of new machinery - Euro 129,032;
 - › reclassifications from Assets under construction - Euro 244,588;
 - › decreases due to disposals of plant and machinery with a net carrying amount of Euro 469,475;
 - › decreases due to depreciation for the year of Euro 2,099,470.

ABL Automazione S.r.l.

Plant and machinery amounts to Euro 34,450 (Euro 40,727 at 31 December 2023) net of accumulated depreciation of Euro 306,757 (Euro 300,479 at 31 December 2023).

The balance did not undergo any changes during the period except for the annual depreciation charge of Euro 6,278.

Saleri Aftermarket S.p.A.

Plant and machinery amounts to Euro 69,715 (Euro 15,683 at 31 December 2023) net of accumulated depreciation of Euro 323,279 (Euro 315,099 at 31 December 2023).

The balance recorded increases of Euro 62,212 during the year due to purchases of new plant and equipment for the warehouse and a decrease of Euro 8,180 due to depreciation.

Saleri México S.A. de C.V.

Plant and machinery amounts to Euro 1,237,553 (Euro 1,633,667 at 31 December 2023) net of accumulated depreciation of Euro 620,936 (Euro 499,358 at 31 December 2023).

The balance did not undergo any changes during the period except for the annual depreciation charge.

Saleri Shanghai Co. Ltd.

Plant and machinery amounts to Euro 4,565,872 (Euro 2,057,473 at 31 December 2023) net of accumulated depreciation of Euro 2,213,954 (Euro 1,604,399 at 31 December 2023).

During the reporting period, the balance increased by Euro 2,967,873 (of which Euro 1,901,362 reclassified from “Assets under construction and payments on account”) for capex incurred to keep plant and machinery constantly up-to-date and fully efficient, as well as for new workstations to cope with the contracts acquired by the Company. The decrease due to depreciation amounted to Euro 533,728.

Industrial and Commercial Equipment

This caption amounts to Euro 6,651,396 (Euro 8,137,968 at 31 December 2023) and is stated net of accumulated depreciation of Euro 25,580,513 (Euro 24,327,036 at 31 December 2023).

The balance includes consolidation adjustments of Euro 174,832 (Euro 329,548 at 31 December 2023).

The balance and the main changes during the period may be detailed as follows:

Industrie Saleri Italo S.p.A.

The balance amounts to Euro 5,337,779 (Euro 6,702,816 at 31 December 2023) after accumulated depreciation of Euro 23,268,104.

Additions for the period amount to Euro 664,553, including Euro 73,289 reclassified from “Assets under Construction and Payments on Account”. These additions mainly refer to purchases of new equipment needed to carry out the contracts acquired by the Company. The costs incurred have been sustained as part of the plan of capex necessary to install the additional production capacity needed to cope with the new, long-term production contracts acquired by the Original Equipment division.

- Decreases during the reporting period are due to the following:
- › a decrease of Euro 153,003 (historical cost Euro 1,234,940) as a result of the disposal and retirement of equipment no longer used in the production cycle;
 - › depreciation of Euro 1,876,587.

ABL Automazione S.r.l.

Industrial and commercial equipment amounts to Euro 1,636 (Euro 6,212 at 31 December 2023) net of accumulated depreciation of Euro 50,970 (Euro 46,395 at 31 December 2023).

The balance did not undergo any changes during the period except for the annual depreciation charge of Euro 4,575.

Saleri Aftermarket S.p.A.

Andustrial and commercial equipment amounts to Euro 138,700 (Euro 155,560 at 31 December 2023) net of accumulated depreciation of Euro 130,305 (Euro 113,345 at 31 December 2023).

The balance did not undergo any changes during the period except for the annual depreciation charge of Euro 16,960.

Saleri México S.A. de C.V.

Industrial and commercial equipment with a historical cost of Euro 29,061 was fully depreciated at the reporting date.

Depreciation for the year amounted to Euro 3,725; the balance did not undergo any other changes.

Saleri Shanghai Co. Ltd.

The balance amounts to Euro 1,030,120 (Euro 960,586 at 31 December 2023) after accumulated depreciation of Euro 2,280,858 (Euro 1,997,924 at 31 December 2023).

Increases during the reporting period totalled Euro 250,336 due to purchases of new equipment needed to carry out the contracts acquired by the Company. The costs incurred have been sustained as part of the plan of capex necessary to install the additional production capacity needed to cope with the new, long-term production contracts acquired by the Original Equipment division.

Decreases during the reporting period amounted to Euro 214,876 and related to disposals and retirements of equipment with a net carrying amount of Euro 18,165 (historical cost Euro 19,121) and depreciation for the year.

Other tangible assets

This caption amounts to Euro 868,747 (Euro 748,774 at 31 December 2023) and is stated net of accumulated depreciation of Euro 5,642,956 (Euro 5,724,700 at 31 December 2023). It includes cars held under finance leases and consolidation adjustments of Euro 22,259 (negative consolidation adjustments of Euro 8,050 at 31 December 2023).

The balance and the main changes during the period may be detailed as follows:

Industrie Saleri Italo S.p.A.

The balance amounts to Euro 353,647 (Euro 359,801 at 31 December 2023) after accumulated depreciation of Euro 4,481,688 and refers to:

- › Furniture and fittings of Euro 102,316 (Euro 151,703 at 31 December 2023); additions for the period totalled Euro 4,925, mainly for new office furnishings;
- › Electronic office equipment of Euro 250,992 (Euro 191,587 at 31 December 2023); additions for the period totalled Euro 151,335, including Euro 55,620 reclassified from “Assets under construction and payments on account”, mainly for purchases of hardware and to update and replace electronic devices currently in use; during the period, also as a result of the renewal process, certain electronic equipment with a net carrying amount of Euro 75 was disposed of (original historical cost Euro 328,160);
- › Cars and vehicles of Euro 340 (Euro 16,511 at 31 December 2023); there were no additions during the reporting period while there was a decrease of Euro 13,626 due to the sale of a company car with a historical cost of Euro 18,974.

ABL Automazione S.r.l.

The balance amounts to Euro 89,534 (Euro 79,769 at 31 December 2023) after accumulated depreciation of Euro 365,134 (Euro 311,653 at 31 December 2023).

The balance underwent the following changes during the reporting period:

- › Increase of Euro 23,854 in Electronic office equipment due to the purchase of new hardware;
- › Increase of Euro 14,453 in Cars following the purchase of a car;
- › Decrease of Euro 28,542 due to depreciation for the year.

Saleri Aftermarket S.p.A.

The balance amounts to Euro 66,672 (Euro 56,669 at 31 December 2023) after accumulated depreciation of Euro 282,078 and refers to:

- › Furniture and fittings of Euro 7,429 (Euro 6,460 at 31 December 2023); there were additions of Euro 2,850 during the period, mainly because of the purchase of office furniture;
- › Electronic office equipment of Euro 59,243 (Euro 50,209 at 31 December 2023); additions for the reporting period of Euro 26,334 mainly related to the purchase of terminals for the new warehouse and of PCs to update and replace electronic devices currently in use.

Saleri México S.A. de C.V.

The balance amounts to Euro 57,759 (Euro 88,530 at 31 December 2023) after accumulated depreciation of Euro 103,960 (Euro 81,283 at 31 December 2023).

Additions for the reporting period of Euro 13,763 mainly relate to the purchase of new hardware and office furniture. Depreciation for the reporting period amounts to Euro 36,012.

Saleri Shanghai Co. Ltd.

The balance amounts to Euro 185,500 (Euro 137,604 at 31 December 2023) after accumulated depreciation of Euro 336,032 (Euro 168,033 at 31 December 2023).

During the period, there were additions of Euro 243,105 for purchases of electronic equipment (mainly hardware) to update and replace equipment currently in use.

Saleri TMS Competence Center GmbH

The balance amounts to Euro 15,190 (Euro 19,750 at 31 December 2023) after accumulated depreciation of Euro 16,510 (Euro 11,095 at 31 December 2023) and refers to electronic equipment which recorded additions of Euro 426 during the reporting period.

Assets under construction and payments on account

Assets under construction and payments on account total Euro 5,344,646 (Euro 3,556,680 at 31 December 2023). The total includes negative consolidation adjustments of Euro 501,086 (Euro 197,541 at 31 December 2023).

The balance and the main changes during the period may be detailed as follows:

Industrie Saleri Italo S.p.A.

The balance amounts to Euro 4,060,992 (Euro 1,341,340 at 31 December 2023) and refers to payments made on account during the period towards additions to tangible assets.

During the period, Euro 580,383 was reclassified to the relevant tangible asset categories following the completion of the related capex.

Increases for the period totalling Euro 3,659,235 regard payments made on account in relation to new production lines and equipment to cope with the new long-term production contracts acquired by the Original Equipment Division, especially in relation to new products to serve the hybrid/electric market.

Saleri México S.A. de C.V.

The balance amounts to Euro 739,668 (Euro 474,017 at 31 December 2023) and refers to payments made on account in relation to the realisation of new production lines and equipment to cope with new long-term production contracts acquired by the Original Equipment Division. During the period, the balance increased by Euro 326,600 as a result of payments made on account towards the realisation of new production lines.

Saleri Shanghai Co. Ltd.

The balance amounts to Euro 479,974 (Euro 2,287,580 thousand at 31 December 2023) and refers to payments made on account in relation to the realisation of new production lines and equipment to cope with new long-term production contracts acquired by the Original Equipment Division.

During the period, Euro 1,901,362 was reclassified to Plant and machinery following the completion of certain capex.

Non-current financial assets

Total financial assets	Euro
Historical cost	3,567,507
Previous revaluations	0
Previous writedowns	(765,902)
Opening amount	2,801,604
Acquisitions during the period	0
Increases due to change in scope of consolidation	0
Decreases due to change in scope of consolidation	0
Reclassifications from another caption	0
Reclassifications to another caption	0
Disposals	(1,182)
Revaluations during the period	0
Writedowns during the period	(478,435)
Other changes	(539)
Closing amount	2,321,448

Investments

Investments in	Subsidiaries	Associated companies	Parent companies	Other entities	Total
Historical cost	2,082,470	0	0	532	2,083,002
Previous revaluations	0	0	0	0	0
Previous writedowns	(24,039)	0	0	0	(24,039)
Opening amount	2,058,430	0	0	532	2,058,962
Acquisitions during the period	0	0	0	0	0
Increases due to change in scope of consolidation	0	0	0	0	0
Decreases due to change in scope of consolidation	0	0	0	0	0
Reclassifications from another caption	0	0	0	0	0
Reclassifications to another caption	0	0	0	0	0
Disposals	0	0	0	0	0
Revaluations during the period	0	0	0	0	0
Writedowns during the period	(1,601)	0	0	0	(1,601)
Other changes	0	0	0	0	0
Closing amount	2,056,829	0	0	532	2,057,361

Investments in subsidiaries

“Investments in subsidiaries” refers to the following investments not included in the scope of consolidation:

Name	Location	Share capital Euro
C.D.C. Taiwan Inc.	1F, No. 63, LN. 118,St.Dongjid RD., Guishan Dist., Taoyuan City 33353, Taiwan (R.O.C.)	939,612
Saleri India Private Ltd	Chakan Industrial Area, Village Khalumbre, Tal-Khed, District Pune 410501, Maharashtra	3,439,649

The following table presents a comparison between Book Equity pertaining to the Group and the carrying amount of the investments:

Name	% Interest	Equity	Profit (Loss) for prior year	Share of equity	Carrying amount	Difference
C.D.C. Taiwan Inc.	51.00%	368,587	(1,145)	187,980	187,980	(0)
Saleri India Private Ltd	51.00%	(37,607)	(897,143)	(19,180)	1,868,850	(1,888,030)
TOTAL				168,800	2,056,830	(1,888,030)

For subsidiary Saleri India Private Ltd, we note that:

- › the financial information shown refers to the financial statements at 31 December 2024;
- › the carrying amount almost entirely consists of capital injected by the Parent Company in prior years to cover the subsidiary’s liquidity requirements while the remainder includes ancillary costs incurred to acquire the investment and commence its activities.

For the purposes of approval of the 2024 Financial Statements, the above carrying amount of the investment was tested for impairment. The test was performed in relation to the cash generating unit (“CGU”) i.e. the subsidiary as a whole.

The test was performed by comparing the carrying amount of the investment with the value in use of the CGU, i.e. its Equity Value, equal to the sum of discounted operating cash flows minus the net financial position of the subsidiary at 31 December 2024.

The test performed did not detect any impairment but, rather, showed headroom.

For C.D.C. Taiwan Inc., the financial information shown refers to the financial statements at 31 December 2024 and the carrying amount of the investment is in line with the corresponding portion of Equity.

Receivables from others

This balance wholly relating to subsidiary Saleri México S.A. de C.V, regards an amount reclassified from another non-current receivables caption.

Other securities

Other Securities	Total
Historical cost	19,962
Previous revaluations	0
Previous writedowns	(13,621)
Opening amount	6,341
Acquisitions during the period	0
Reclassifications from another caption	0
Reclassifications to another caption	0
Disposals during the period	0
Revaluations during the period	0
Writedowns during the period	0
Other changes	0
Closing amount	6,341

The balance did not change during the reporting period.

Derivative instruments

Derivative instruments	Total
Historical cost	722,934
Previous revaluations	0
Previous writedowns	0
Opening amount	722,934
Acquisitions during the period	0
Reclassifications from another caption	0
Reclassifications to another caption	0
Disposals during the period	0
Revaluations during the period	0
Writedowns during the period	(476,834)
Other changes	0
Closing amount	246,100

This caption includes the reporting date measurement of the positive fair value of the derivative instruments in place at that date. These derivatives have been arranged to hedge the interest rate risk in relation to medium/long-term loans at 31 December 2024..

Current assets

Inventory

Description	Opening amount	Change during period	Closing amount
Raw, ancillary and cons. materials	11,972,508	3,813,993	15,786,501
WIP	5,686,551	1,036,869	6,723,420
Contract WIP	2,932,525	(162,177)	2,770,348
Finished goods and products	13,829,864	517,916	14,347,780
Payments on account	213,674	467,137	680,811
TOTAL	34,635,122	5,673,739	40,308,861

At 31 December 2024, inventory totalled Euro 40,308,861 (Euro 34,635,122 at 31 December 2023) and referred to parent company Industrie Saleri Italo S.p.A. (56%), to subsidiary Saleri Aftermarket S.p.A. (26%), to subsidiary ABL Automazione S.r.l. (Euro 8%), to subsidiary Saleri Shanghai Co. Ltd (6%) and to subsidiary Saleri México S.A. de C.V. (3%).

The increase in inventory is mainly due to the launch by the Parent Company of a new product with growing volumes, for which a temporary safety stock had to be built up because of instability regarding supply periods. Shipping issues caused by the Suez Canal crisis continue to be a problem and have led the Group companies to build up enough stock to cover their production/sales requirements.

The amounts are stated net of consolidation adjustments for intercompany transactions.

The increase in “Finished goods” refers to the following changes:

- › a decrease of Euro 265,376 for the Parent Company;
- › an increase of Euro 1,485,318 for subsidiary Saleri Aftermarket S.p.A. which is mainly affected by logistics restrictions regarding the Suez Canal;
- › a decrease of Euro 459,744 for subsidiary Saleri Shanghai Co. Ltd;
- › a decrease of Euro 78,928 for subsidiary Saleri México S.A. de C.V.

The inventory balance reported above is stated net of the inventory provision totalling Euro 1,481,819 recorded to take account of obsolete and slow moving items and to show carrying amount at the lower of cost and realisable amount.

During 2024, the provision was increased by Euro 691,122 while there as a decrease of Euro 858,7940 due to the reversal of amounts previously allocated that were no longer required.

The following table shows movements on the inventory provision.

Inventory provision	Opening amount	Increase	Decrease	Closing amount
1. Raw, ancillary and consumable materials	(727,740)	(169,913)	138,266	(759,387)
2. WIP and semi-finished goods	(227,926)	(163,069)	58,579	(332,416)
3. Contract WIP	-	-	-	-
4. Finished goods and products	(693,824)	(358,140)	661,949	(390,016)
5. Payments on account	-	-	-	-
TOTAL	(1,649,490)	(691,122)	858,794	(1,481,819)

Receivables

There are no receivables relating to transactions that involve a forward return obligation for the purchaser.

Description	Opening amount	Change during period	Closing amount
Trade receivables	27,736,151	(2,828,914)	24,907,237
Receivables from non-consolidated subsidiaries	5,557,747	(602,954)	4,954,793
Receivables from associated companies	-	-	-
Receivables from parent companies	-	(0)	(0)
Receivables from entities controlled by parent companies	-	2,777,594	2,777,594
Tax receivables	2,136,611	(616,303)	1,520,308
Deferred tax assets	7,908,209	(262,446)	7,645,763
Receivables from others	2,477,557	1,662,036	4,139,593
TOTAL	45,816,275	129,013	45,945,288

The overall change in receivables is due to the combined effect of decreases in trade receivables, receivables from non-consolidated subsidiaries and tax receivables and is analysed in more detail in the relevant sections of this Note.

Breakdown by residual duration

Description	Amount at 31/12/2023	Due within a year	Due after more than a year	Of which due after more than 5 years
Trade receivables	24,907,237	24,907,237	-	-
Receivables from non-consolidated subsidiaries	4,954,793	4,954,793	-	-
Receivables from associated companies	-	-	-	-
Receivables from parent companies	(0)	(0)	-	-
Receivables from entities controlled by parent companies	2,777,594	2,777,594	-	-
Tax receivables	1,520,308	1,472,546	47,762	-
Deferred tax assets	7,645,763	-	-	-
Receivables from others	4,139,593	3,152,937	986,656	-
TOTAL	45,945,288	37,265,106	1,034,419	-

Trade receivables

At 31 December 2024, trade receivables amounted to Euro 24,907,237 (against Euro 27,736,151 at 31 December 2023) and referred to parent company Industrie Saleri Italo S.p.A. (50% of the total), subsidiary Saleri Shanghai Co. Ltd (25% of the total), subsidiary Saleri Aftermarket S.p.A. (11% of the total), subsidiary ABL Automazione S.r.l. (8% of the total) and subsidiary Saleri México S.A. a C.V. (remaining 6% of the total).

Trade receivables are stated net of a provision for bad debts of Euro 565,500 created to take account of collection issues. The provision is considered reasonable compared to expected losses on receivables, also in light of ongoing disputes and litigation.

Changes in the provision during the reporting period are shown below:

Descrizione	Opening amount	Change in scope of consolidation	Allocated	Utilised	Closing amount
Provision for bad debts	(417,945)	0	(161,732)	14,177	(565,500)

Receivables from non-consolidated subsidiaries

Receivables from non-consolidated subsidiaries amount to Euro 4,954,793 against Euro 5,557,747 at 31 December 2023. They include:

- › Euro 3,361,953 of trade receivables (including under Service and Royalty Agreements);
- › Euro 1,032,341 regarding a short-term loan made by the Parent Company to a subsidiary, including interest accruing as at 31 December 2024;
- › Sundry advances of Euro 5,304.

Receivables from parent companies

As at 31 December 2024, there were no receivables from the Parent Company.

Tax receivables

Description	Industrie Saleri Italo S.p.A.	Abl Automazione S.r.l.	Saleri Aftermarket S.p.A.	Saleri México S.A. de C.V.	Saleri Shanghai Co. Ltd	Saleri TMS Competence Center GmbH	Consolidated
W/holding taxes suffered	-	-	-	-	-	-	-
IRES receivables	525	-	10,703	-	-	-	11,228
IRAP receivables	-	23,471	-	-	-	-	23,471
VAT receivables	736,055	204,186	-	316,512	92,345	39,890	1,388,987
Other tax receivablesi	57,815	-	26,667	-	-	12,140	96,621
TOTAL	794,394	227,657	37,370	316,512	92,345	52,030	1,520,308

The balance of Euro 1,520,308 (Euro 2,136,611 at 31 December 2023) is analysed as follows:

Industrie Saleri Italo S.p.A.

“IRES Receivables”, amounting to Euro 525 (Euro 2,976 at 31 December 2023), include the IRES credit for 2024.
“VAT Receivables”, amounting to Euro 736,055 (Euro 610,014 at 31 December 2023), mainly refer to the VAT balance resulting from the December 2024 VAT return (Euro 622,046). The balance also includes foreign VAT receivables relating to EU countries where the Company has operated directly or for which a refund has been requested.

“Other tax receivables”, amounting to Euro 57,815 (Euro 268,536 at 31 December 2023), mainly refers to the tax credit for Ordinary Assets 2022 and R&I.

ABL Automazione S.r.l.

“IRAP Receivables”, amounting to Euro 23,471 (Euro 81 at 31 December 2023), refer to the IRAP credit for the period.
“VAT Receivables”, amounting to Euro 204,186 (Euro 514,682 at 31 December 2023), refer to the VAT balance per the December 2024 VAT return.

Saleri Aftermarket S.p.A.

“IRES Receivables”, amounting to Euro 10,703 (Euro 15,703 at 31 December 2023), refer to the IRES credit relating to previous periods.
“Other tax receivables” of Euro 26,667 (Euro 82,755 at 31 December 2023) mainly refer to the Industry 4.0 tax credit.

Saleri México S.A. de C.V., Saleri Shanghai Co. Ltd and Saleri TMS Competence Center GmbH

“VAT Receivables” of Euro 448,747 refer to the VAT receivable per the December 2024 tax return. They mainly relate to Saleri México S.A. de C.V.

Deferred tax assets

Deferred tax assets amount to Euro 7,645,764 (Euro 7,908,209 at 31 December 2023) and mainly comprise the amounts recognised in the financial statements of the parent company and the Italian subsidiaries in relation to temporary differences, in accordance with current tax legislation, as well as in relation to tax losses and to the carry forward of interest expenses deductible in future periods. These deferred tax assets were calculated using an IRES rate of 24%. The 31 December 2024 balance includes amounts recognised in relation to consolidation adjustments (Euro 1,028,012).
We highlight the recognition of deferred tax assets relating to losses of Euro 2,826,942; the losses in question regard the parent company (Euro 2,143,699), subsidiary ABL Automazione S.r.l. (Euro 387,408) and subsidiary Saleri Aftermarket S.p.A. (Euro 295,835).
The Directors concluded that it was reasonable to recognise these deductible temporary differences, also on the basis of the companies’ Business Plans 2025-2028 approved on April 24, 2024, as it was reasonably certain that there will be taxable income in the periods in which the temporary differences reverse.

Other receivables

The amount of Euro 4,139,592 at 31 December 2024 (Euro 2,477,557 at 31 December 2023) regards all of the Group companies and mainly comprises costs advanced and guarantee deposits paid.

Current financial assets

Investments in other entities

The amount of Euro 13,606 almost entirely relates to the parent company and refers to minority investments in other entities.

Cash and cash equivalents

This balance includes cash on hand of Euro 550 plus bank current account balances of Euro 16,548,358.

Description	Opening amount	Change during period	Closing amount
Bank and post office accounts	11,469,817	5,078,541	16,548,358
Cash and cash equivalents on hand	735	(1853)	550
TOTAL	11,470,552	5,078,356	16,548,908

The balance may be detailed as follows:

Description	Industrie Saleri Italo S.p.A.	ABL Automazione S.r.l.	Saleri Aftermarket S.p.A.	Saleri México S.A. de C.V.	Saleri Shanghai Co. Ltd	Saleri TMS Competence Center GmbH	Consolidated
Bank and post office accountsi	10,505,289	24,855	3,018,428	785,260	2,200,173	14,354	16,548,358
Cash and cash equivalents on hand	86	-	-	464	-	-	550
TOTAL	10,505,375	24,855	3,018,428	785,724	2,200,173	14,354	16,548,908

“Cash and cash equivalents” of Euro 86 relating to the parent company consists wholly of tax stamps. The Group’s Italian companies do not hold any cash and all payments are made electronically.

Once again in 2024, the cash management strategy applied by Group management ensured that the resources needed to finance ordinary activities were always available.

Prepaid expenses and accrued income

Description	Opening amount	Change during period	Closing amount
Prepaid expenses:			
Contributions to customers	5,651,412	(926,753)	4,724,659
Insurance policies	32,571	17,035	49,606
Other costs	809,978	(113,301)	696,677
TOTAL	6,493,961	(1,023,019)	5,470,942

This item, amounting to Euro 5,470,942 at 31 December 2024 (Euro 6,493,961 at 31 December 2023) mainly entirely refers to the prepaid expenses of parent company Industrie Saleri Italo S.p.A. and subsidiary Saleri Shanghai Co. Ltd.

Prepaid contributions to customers refers to contributions charged or for which a payment commitment has already been signed with the customer and which relate to future periods.

Other prepaid expenses mainly refer to maintenance contracts and subscription instalments.

Shareholders’ equity

Movements on Group Consolidated Shareholders’ Equity

	Opening amount	Allocation of prior year net profit (loss)		Other changes		Profit for year	Amount at 31/12/2024
		Allocation to dividends	Other allocations	Increases	Decreases	Reclassif.	
Share capital	23,922,413	-	-	-	-	-	23,922,413
Share premium reserve	7,696,219	-		-	-	-	7,696,219
Revaluation reserves	4,353,789	-	-		-	-	4,353,789
Legal reserve	1,344,000	-	117,013			-	1,461,013
Statutory reserves	-	-				-	-
Other reserves							
Consolidation reserve	4,070,876	-	-	1,505	-	-	4,072,381
Extraordinary reserve	857,395	-				-	857,395
Reserve for translation of foreign currency financial statements	87,808	-		661,821			749,629
Sundry other reserves	364,052	-				-	364,052
Total other reserves	5,380,131	-	-	663,326	-	-	6,043,457
Cash flow hedge reserve	722,934	-			(476,834)	-	246,100
Retained earnings (Accumulated losses)	2,581,998	-	4,191,349	179,339		-	6,952,686
Profit (Loss) for the year	4,308,361	-	(4,308,361)	-		-	9,134,655
Negative reserve for treasury shares held	(285,014)	-			-	-	(285,014)
Total shareholders ' equity - Group	50,024,831	-	1	842,665	(476,834)	-	9,134,655
Capital and reserves of non-controlling interests	1,782,810	-	(571,852)		(82,846)	-	1,128,112
Profit (Loss) for year pertaining to non-controlling interests	(571,852)	-	571,852	-	-	-	(936,407)
Total shareholders ' equity - non-controlling interests	1,210,958	-	-	-	(82,846)	-	(936,407)
Total consolidated shareholders ' equity	51,235,789	-	1	842,665	(559,680)	-	8,198,248

Share capital

Share Capital, wholly subscribed and paid at 31 December 2024, amounts to Euro 23,922,413 and is represented by 3,127,003 shares.

The balance has not changed compared to 31 December 2023.

Share premium reserve

This reserve was created in 2018 and amounts to Euro 7,696,219. The amount was paid in the form of a share premium by shareholder Quaestio Capital SGR S.p.A., as manager of and on behalf of the Quaestio Italian Growth Fund, following the share capital increase (“Aucap B”) approved by the Shareholders’ General Meeting of 5 April 2018. The reserve did not change during the reporting period.

Revaluation reserves

This balance refers to monetary revaluations carried out in application of the following revaluation laws:

- › Law no. 413/91 - Euro 84,651;
- › Decree Law no. 185/08 - Euro 4,269,138.

The reserves did not change during the reporting period.

Legal reserve

The item has a balance of Euro 1,461,013 at 31 December 2024 (Euro 1,344,000 at 31 December 2023). It increased by Euro 117,013 during the years as a result of allocation of the net profit for 2023, as per the resolution of the Shareholders’ Meeting held on 9 May 2024. Taking account of the Share Capital increases carried out in 2018 and in 2020, the reserve has not yet reached the limit provided for by Article 2430 of the Italian Civil Code.

Consolidation reserve

This caption shows a balance of Euro 4,072,381 at 31 December 2024, a slight increase compared to 31 December 2023 (Euro 4,070,876).

Extraordinary Reserve

This reserve amounts to Euro 857,395 at 31 December 2024 and did not change during the reporting period.

Reserve for translation of financial statements prepared in foreign currency

This caption shows a positive balance of Euro 749,629 at 31 December 2024 in relation to the translation of the foreign currency financial statements of subsidiaries Saleri Shanghai Co.Ltd and Saleri México S.A. a C.V..

Sundry other reserves

This item, amounting to Euro 364,052, did not change during the period.

Cash flow hedge reserve

This reserve has a balance of Euro 246,100 at 31 December 2024 (Euro 722,934 at 31 December 2023) and refers entirely to hedging contracts signed by the Parent Company in relation to the loan with a SACE guarantee arranged in 2020 for an initial amount of Euro 24,000,000, as described in more detail in the Note on Bank Borrowing.

As described in the introduction, the Group decided to apply hedge accounting in relation to the hedging of changes in cash flows for financial liabilities as a result of interest rate fluctuation. Therefore, this caption includes changes in the Fair Value of the effective portion of cash flow hedging instruments. The change over the period led to a Euro 476,834 decrease in the Reserve, net of the tax effect.

Retained earnings (Accumulated losses)

This caption showed retained earnings of Euro 6,952,686 at 31 December 2024 against retained earnings of Euro 2,581,999 at 31 December 2023. Movements during the reporting period were as follows:

- › an increase of Euro 4,191,349 due to allocation of the Group’s net profit for 2023;
- › a decrease of Euro 179,339 due to consolidation adjustments and alignment to Group accounting policies.

Negative reserve for treasury shares held

At 31 December 2024, this caption had a negative balance of Euro 285,014. It was created following the purchase – authorised by the Shareholders’ Meeting of 24 June 2019 – of 15,799 treasury shares at a total cost of Euro 285,014. The purchase price has been paid in full. There were no movements on the reserve during the reporting period.

Reconciliation between the net profit/(loss) and shareholders’ equity of the consolidating entity and the corresponding amounts per the consolidated financial statements

Amounts in thousands of Euro	2024		2023	
	Equity	of which Profit for year	Equity	of which Profit for year
Equity and result for the year of the Parent Company	69,088,428	8,604,389	60,960,873	2,340,246
Elimination of carrying amount of investments against pro-quota amount of equity	(19,169,483)	(2,246,743)	(20,978,185)	(1,357,865)
Pro-quota results of investee companies	3,752,490	3,752,490	3,443,668	3,443,668
Gains on disposals after depreciation allocated to non-current assets and to consolidation difference at the date of acquisition of the investee companies	1,945,041	(413,918)	2,358,960	(413,918)
Elimination of effects of transactions between consolidated companies	0	0	0	0
Alignment of accounting policies	(2,899,381)	(396,806)	(2,733,464)	(837,128)
Restatement of investments at equity	6,808,224	(164,757)	6,972,981	1,133,358
Equity and result for the year - Group	0	0	0	0
Equity and result for the year - non-controlling interests	59,525,320	9,134,655	50,024,832	4,308,360
Equity and result for the year - consolidated	191,704	(936,407)	1,210,957	(571,852)
Patrimonio netto e risultato d'esercizio consolidati	59,717,024	8,198,248	51,235,788	3,736,508

Provisions for risks and charges

Description	Provision for taxation, including deferred tax	Provision for derivative instruments	Other provisions	Total provisions for risks and charges
Opening amount	4,062,037	-	2,845,515	6,907,552
Changes during the year				
Change in scope of consolidation	-	-	-	-
Allocated	53,273	-	4,880,948	4,934,221
Utilised	(155,347)	-	(2,339,435)	(2,494,782)
Other changes	-	-	-	-
Total changes	(102,074)	-	2,541,513	2,439,439
Amount at 31/12/2024	3,959,963	-	5,387,028	9,346,991

The “Provision for taxation, including deferred tax”, amounting to Euro 3,959,963 (Euro 4,062,037 at 31 December 2023), includes taxes resulting from accounting for finance leases in accordance with the applicable accounting standards and the deferred taxes recorded by the parent company in relation to the revaluation of properties performed in 2008 pursuant to Decree Law no 185/08 which was not deductible for tax purposes. “Other provisions”, amounting to Euro 5,387,028 (Euro 2,845,515 at 31 December 2023) mainly relates to the Parent Company and includes:

- › Euro 2,324,797 of prudent provisions for sundry

litigation in progress or threatened which, at the date of approval of the financial statements, had not yet been settled;

- › Euro 1,600,000 of product warranty provisions. During the period, utilisation of the provision totalled Euro 1,600,000 while allocations totalled Euro 1,600,000; the provision is reasonable in relation to the estimated costs that the Group could be called upon to sustain to fulfil its contractual warranty commitments, taking account of historical costs, any complaints already received and specific agreements signed with customers;
- › Euro 1,238,603 of provisions for future variable remuneration expenses under agreements signed.

The residual amount of Euro 223,627 mainly relates to subsidiary Saleri Aftermarket S.p.A. for provisions for future variable remuneration expenses under specific agreements signed and to subsidiary ABL Automazione S.r.l. for completion costs relating to orders invoiced during the 2024 reporting period.

Employee severance indemnity (“TFR”) provision

The TFR provision has been calculated, for the parent company and subsidiaries ABL Automazione S.r.l. and Saleri Aftermarket S.p.A. in accordance with Article 2120 of the Italian Civil Code, taking account of legislative requirements and the specific provisions of employment contracts and professional agreements. It includes annual accruals and revaluations performed based on ISTAT coefficients.

It represents the effective liability accruing in favour of employees in accordance with the law and applicable labour agreements, considering all forms of continuous remuneration.

The provision represents the total of the individual indemnities accruing in favour of employees at the reporting date. It is stated net of payments made on account and amounts paid to social security and pensions institutions and pension funds, in accordance with current legislation. It represents the companies’ liability towards employees at the reporting date.

The following table provides details of the creation and utilisation of the provision (Art. 2427(4) of the Italian Civil Code).

Description	Employee Severance Indemnity - "TFR"
Opening amount	2,370,988
Changes during the year	
Change in scope of consolidation	-
Allocated	1,290,877
Utilised	(1,309,135)
Other changes	-
Total changes	(18,259)
Amount at 31/12/2024	2,352,730

The amount utilised during the period mainly refers to payments to treasury funds and to TFR paid to employees who left the Group.

Payables

There are no payables relating to transactions involving a future return obligation for the buyer.

Description	Opening amount	Change during period	Amount at 31/12/2024
Bonds	7,701,337	296,191	7,997,528
Convertible bonds	-	-	-
Shareholder loans payable	-	-	-
Bank borrowing	46,402,497	(4,720,615)	41,681,882
Payables to other lenders	2,368,055	6,139,916	8,507,971
Payments on account	3,201,414	(170,435)	3,030,979
Trade payables	54,948,819	(1,532,398)	53,416,421
Payables in form of credit instruments	-	-	-
Payables to non-consolidated subsidiaries	64,764	(61,029)	3,735
Payables to associated companies	-	-	-
Payables to parent companies	-	0	0
Payables to companies controlled by parent companies	-	(0)	(0)
Tax payables	1,999,008	1,402,799	3,401,807
Payables to social security and pensions institutions	1,864,532	(28,344)	1,836,188
Other payables	8,614,333	(1,034,589)	7,579,744
TOTAL	127,164,759	291,496	127,456,255

Breakdown by residual duration

Description	Amount at 31/12/2024	Due within a year	Due after more than a year	Of which due after more than five years
Bonds	7,997,528	1,744,777	6,252,751	-
Convertible bonds	-	-	-	-
Shareholder loans payable	-	-	-	-
Bank borrowing	41,681,882	19,153,168	21,272,818	-
Payables to other lenders	8,507,971	7,925,143	582,828	-
Payments on account	3,030,979	3,030,979	-	-
Trade payables	53,416,421	53,416,421	-	-
Payables in form of credit instruments	-	-	-	-
Payables to non-consolidated subsidiaries	3,735	3,735	-	-
Payables to associated companies	-	-	-	-
Payables to parent companies	0	0	-	-
Payables to companies controlled by parent companies	(0)	(0)	-	-
Tax payables	3,401,807	3,401,807	-	-
Payables to social security and pensions institutions	1,836,188	1,836,188	-	-
Other payables	7,579,744	7,559,064	20,680	-
TOTAL	127,456,255	98,071,282	28,129,077	-

Bonds

On 13 December 2023, the Parent Company issued bonds with a value of Euro 8,000,000, called the “Basket Bond”. This loan, subscribed by SPV Project 2206 S.r.l., a company whose sole corporate objective is to carry out securitisation transactions, consists of 80 bonds with a nominal value of Euro 100,000 each. The bond has a lifespan from 13 December 2023 until 25 July 2029 and will be refunded six-monthly from 25 January 2025. The bonds are subject to interest calculated at a fixed nominal rate of 6.3% per annum.

The amount of Euro 7,997,528 (amortised cost value) reported under the caption includes interest accruing at 31 December 2024.

The contract is subject to compliance with covenants measured based on the annual consolidated financial statements.

All of the covenants were respected as at 31 December 2024.

Bank Borrowing

Description	Amount at 31/12/2023	Amount at 31/12/2024	Change
a) Bank borrowing due within a year	16,758,146	20,409,064	3,650,918
Lines of credit	777,542	2,114,998	1,337,456
Current account overdrafts	1,759,562	1,049,532	(710,030)
Loans	9,842,130	11,724,008	1,881,878
Advances on receivables	4,378,912	5,520,526	1,141,614
Other payables	-	-	-
b) Bank borrowing due after more than a year	29,644,352	21,272,818	(8,371,534)
Loans	29,644,352	21,272,818	(8,371,534)
Advances on receivables	-	-	-
Other payables	-	-	-
TOTAL BANK BORROWING	46,402,498	41,681,882	(4,720,616)

The total amount of Euro 41,681,882 (against Euro 46,402,497 at 31 December 2023) is detailed as follows:

Industrie Saleri Italo S.p.A.

Description	Amount at 31/12/2023	Amount at 31/12/2024	Change
a) Bank borrowing due within a year	13,251,440	14,851,045	1,599,606
Lines of credit	0	0	0
Current account overdrafts	940,362	154,888	-785,474
Loans	8,845,060	10,885,943	2,040,883
Advances on receivables	3,466,018	3,810,214	344,196
Other payables			-
b) Bank borrowing due after more than a year	28,730,941	21,197,471	(7,533,470)
Loans	28,730,941	21,197,471	(7,533,470)
Advances on receivables			
Other payables			
TOTAL BANK BORROWING	41,982,381	36,048,516	(5,933,864)

Bank Borrowing amounts to Euro 36m048,516 and has decreased by Euro 5,933,864 compared to 31 December 2023. Bank borrowing due within a year amounts to Euro 14,851,045 and has increased by Euro 1,599,606 compared to 31 December 2023. Bank borrowing due after more than a year amounts to Euro 21,197,471 and has decreased by Euro 7,533,470 compared to 31 December 2023.

Loans payable at 31 December 2024 (both current and non-current) amount to Euro 32,083,414, against Euro 37.576.001 at 31 December 2023, and are analysed as follows (amounts at amortised cost):

No.	Type	Start of Repayment Period	No of Instalments	Frequency of Instalments	Maturity Date	Reference Interest Rate	Amount Disbursed	Due within a year	Due after more than a year	Total
1	Loan guaranteed by SACE	31/12/24	14	Quarterly	31/03/28	Euribor 3 mths	18,000,000	4,964,459	11,341,517	16,305,975
2	Loan guaranteed by SACE	31/12/22	16	Quarterly	30/09/26	Euribor 3 mths	24,000,000	5,962,529	4,489,708	10,452,237
3	Loan guaranteed by SACE	31/03/28	1	Bullet repayment	31/03/28	Euribor 3 mths	2,000,000	-9,813	1,963,072	1,953,259
4	M/L term loan	30/06/26	9	Six - monthly	30/06/30	Euribor 3 mths	3,500,000	-31,232	3,403,175	3,371942
TOTAL								10,885,943	21,197,471	32,083,414

The loan agreements listed above are subject to compliance with covenants measured based on the annual consolidated financial statements.

ABL Automazione S.r.l.

Description	Amount at 31/12/2023	Amount at 31/12/2024	Change
a) Bank borrowing due within a year	1,010,177	1,456,188	446,011
Lines of credit	0	0	0
Current account overdrafts	444,120	894,644	450,524
Loans	566,057	511,541	(54,516)
Advances on receivables	0	50,002	50,002
Other payables	0		
b) Bank borrowing due after more than a year	586,888	75,347	(511,541)
Loans	586,888	75,347	(511,541)
Advances on receivables			
Other payables			
TOTAL BANK BORROWING	1,597,065	1,531,535	(65,530)

Bank Borrowing amounts to Euro 1,531,535 and has decreased by Euro 65,530 compared to 31 December 2023. Bank borrowing due within a year amounts to Euro 1,456,188 and has increased by Euro 446,011 compared to 31 December 2023. Bank borrowing due after more than a year amounts to Euro 75,347 and has decreased by Euro 511,541 compared to 31 December 2023.

Loans payable at 31 December 2024 (both current and non-current) amount to Euro 586,888, against Euro 1,152,945 at 31 December 2023, and are analysed as follows (amounts at amortised cost):

No.	Type	Start of Repayment Period	No of Instalments	Frequency of Instalments	Maturity Date	Reference Interest Rate	Amount Disbursed	Due within a year	Due after more than a year	Total
1	Loan	05/06/20	60	Quarterly	05/06/25	Euribor 3 mths	500,000	64,152		64,152
2	Loan	30/09/22	61	Monthly	28/02/26	Euribor 3 mths	1,535,000	447,389	75,347	522,736
TOTAL								511,541	75,347	586,888

Saleri Aftermarket S.p.A.

Description	Amount at 31/12/2023	Amount at 31/12/2024	Change
a) Bank borrowing due within a year	1,863,145	2,137,667	274,522
Lines of credit	144,158	150,834	6,676
Current account overdrafts	375,080		(375,080)
Loans	431,013	326,523	(104,490)
Advances on receivables	912,894	1,660,310	747,416
Other payables			
b) Bank borrowing due after more than a year	326,523		(326,523)
Loans	326,523	0	(326,523)
Advances on receivables			
Other payables			
TOTAL BANK BORROWING	2,189,668	2,137,667	(52,001)

Bank Borrowing amounts to Euro 2,137,667 and has decreased by Euro 52,001 compared to 31 December 2023. Bank borrowing due within a year amounts to Euro 2,137,667 and has increased by Euro 274,522 compared to 31 December 2023. There is no bank borrowing due after more than a year.

Loans payable at 31 December 2024 (both current and non-current) amount to Euro 326,523, against Euro 757,536 at 31 December 2023, and are analysed as follows (amounts at amortised cost):

No.	Type	Start of Repayment Period	No of Instalments	Frequency of Instalments	Maturity Date	Reference Interest Rate	Amount Disbursed	Due within a year	Due after more than a year	Total
1	Unsecured Loan	05/07/20	21	Quarterly	05/07/25	Euribor 3 mths	1.500.000	326.523	0	326.523
TOTAL								326.523	0	326.523

Saleri Shanghai Co. Ltd

Bank borrowing totals Euro 1,964,164 and refers to credit facilities arranged during the reporting period.

Payables to Other Lenders

This caption amounts to Euro 8,507,971 (Euro 2,368,055 at 31 December 2023) and consists almost entirely of the payables towards factoring companies of the Parent Company and subsidiary Saleri Aftermarket S.p.A..

Payments on account

This item amounts to Euro 3,030,979 (Euro 3,201,414 at 31 December 2023) and refers mainly to the parent company and to subsidiary ABL Automazione S.r.l. as follows:

- › Euro 1,470,920 of payments on account from customers of ABL Automazione S.r.l. for the supply of machinery;
- › Euro 1,483,982 of payments on account from customers of the Parent Company which, in order to provide adequate support to their supply chain, have agreed to make significant advance payments towards future purchase; these payments on account are secured by guarantees on the machinery of the Parent Company;
- › Euro 12,803 of payments on account from customers of the Parent Company towards the supply of equipment (Tooling).

Trade payables

Trade payables amount to Euro 53,416,421 (Euro 54,948,819 at 31 December 2023). They include liabilities towards suppliers of goods and services, based on the normal payment terms applied or on specific extended payment terms agreed. They balance mainly refers to the parent company (78% of the total amount) and to subsidiaries Saleri Shanghai Co. Ltd., Saleri Aftermarket S.p.A. and ABL Automazione Srl (11%, 5% and 4% of the total, respectively).

Payables to non-consolidated subsidiaries

The amount of Euro 3,735 (against Euro 64,764 at 31 December 2023) includes trade payables to subsidiary Saleri India Private Ltd.

Tax Payables

Tax payables amount to Euro 3,401,807 against Euro 1,999,008 at 31 December 2023. They are detailed as follows:

Description	Opening amount	Change during period	Amount at 31/12/2024
IRES/IRAP payable	559,127	398,205	957,332
Taxes withheld at source from employees	1,281,131	686,799	1,967,930
Taxes withheld at source from freelance professionals	17,596	630	18,226
VAT payable	6,531	60,863	67,394
Other tax payables	134,623	256,303	390,926
TOTAL	1,999,008	1,402,799	3,401,807

The “IRES” and “IRAP” payables represent the respective liabilities for those taxes.

Payables for taxes withheld at source from employees and professionals/collaborators represent the deductions made at source by the Company which have been duly paid over to the authorities on their legal due dates.

Payables to Social Security and Pensions Institutions

Payables to Social Security and Pensions Institutions amount to Euro 1,836,189 against Euro 1,864,532 at 31 December 2023. They are detailed as follows:

Description	Opening amount	Change during period	Amount at 31/12/2024
Payables to INPS	1,178,459	(10,300)	1,168,159
Payables to INAIL	4,513	(2,086)	2,427
Payables to other social security and pensions institutions	681,560	(15,957)	665,603
TOTAL	1,864,532	(28,343)	1,836,189

Payables to social security and pensions institutions represent the contributions payable by the companies. They have been duly paid by the legal due date.

“Other payables to social security and pensions institutions” includes amounts relating to contributions allocated on payroll accruals.

Payables to Others

Payables to others amount to Euro 7,579,744 against Euro 8,614,333 at 31 December 2023. They are detailed as follows:

Description	Opening amount	Change during period	Amount at 31/12/2024
Payables to employees	4,175,415	314,026	4,489,441
Payables to directors and statutory auditors	125,312	144,495	269,807
Other	4,313,606	(1,493,110)	2,820,496
TOTAL	8,614,333	(1,034,589)	7,579,744

“Payables to employees” refers to salaries for the month of December and to other deferred remuneration accruing at the reporting date.

“Other payables” includes payables to treasury funds and supplementary pension funds for TFR entitlement accruing but not yet paid, compensation for damages payable to third parties but covered by insurance (Euro 1,000,000).

Accrued expenses and deferred income

Accrued expenses and deferred income amount to Euro 1,746,956 against Euro 2,057,331 at 31 December 2023. They almost entirely refer to the parent company’s deferred income for contributions from customers and for tax credits for assets relating to the 4.0 transformation processes.

Notes to the Income Statement

Reference should be made to the Directors’ Report for further analysis of changes compared to prior year and for comments on the effects on Income Statement items.

Value of production

Revenue from sales and services

Revenue from sales amounts to Euro 220,421,143 against Euro 204,969,102 in 2023. It mainly refers to revenue generated by the Parent Company and subsidiaries Saleri Shanghai Co. Ltd, Saleri Aftermarket S.p.A. and Saleri México S.A. de C.V..

Description	2023	Change	2024
Revenue from sales	204,969,102	15,452,041	220,421,143
TOTAL	204,969,102	15,452,041	220,421,143

Revenue from the sale of goods is stated after returns, discounts and bonuses agreed and granted to customers and warranty chargebacks. Revenue from sales also includes chargebacks such as contributions debited to customers for the development of new products and the construction of related equipment, as well as a small amount of incidental selling expenses (shipping and packaging).

The increase totalling Euro 15,452,041 in revenue from sales totalling (+7.5% approx..) mainly relates to the parent company and to subsidiaries Saleri Aftermarket S.p.A., Saleri Shanghai Co. Ltd and Saleri México S.A. de C.V..

Breakdown of revenue from sales and services by business category

Description	2024
Production and Sale of Water Pumps, Equipment and Prototypes	171,896,435
Contract work on Machinery and services and maintenance	7,801,681
Wholesale of Aftermarket products	40,723,027
TOTALE	220,421,143

Breakdown of sales by geographical area

Geographical Area	2023	Change	2024
Italy	30,265,493	7,181,863	37,447,356
Other countries	174,703,609	8,270,117,12	182,973,786
TOTAL	204,969,102	15,452,040	220,421,142

Increase in non-current assets due to internal works

The amount of Euro 6,667,186 refers to development costs and assets built in-house by the Group. The total is in line with prior year when it amounted to Euro 7,681,406.

Development costs capitalised in 2024 – entirely by the parent company – wholly refer to outsourcing costs and the cost of personnel directly deployed on development projects relating to customer contracts for which, at 31 December 2024, (i) the development phase had been completed and the amortisation process had begun or (ii) the award had been confirmed but mass production had not yet commenced. See the earlier Notes on Development Costs and Intangible Assets in Progress for further information.

It should also be noted that the balance includes consolidation adjustments of Euro 2,248,979.

Other revenue and income

Other revenue and income, amounting to Euro 5,442,411 (against Euro 3,249,695 in 2023), almost entirely consists of the other revenue of the parent company; it includes:

- › Euro 4,875,911 of royalties, intercompany services and chargebacks for seconded personnel;
- › Euro 1,529,937 of various chargebacks to customers (sharing of purchase cost of equipment, modification of tooling, project cancellation/postponement costs, reduction of volumes);
- › Euro 98,238 of tax credits and grants in favour of the Company;
- › Euro 1,065,849 of gains on fixed asset disposals;
- › Euro 455,260 of chargebacks to suppliers of costs incurred that are not attributable to the Company;
- › Euro 343,826 of out of period income, mainly relating to adjustments to estimates made during previous reporting periods.

Reference should be made to the Directors’ Report for a more detailed breakdown of Revenue from Sales and Value of Production, in general.

Cost of production

The following table contains details of cost of production for 2023 and 2024, as well as changes during the reporting period.

Description	2023	2024	Change	% Change
Raw, ancillary and consumable materials and goods for resale	114,912,958	125,646,996	10,734,038	9.34%
Services	36,843,346	39,890,005	3,046,659	8.27%
Use of third party assets - Lease and rental costs	4,259,777	4,380,244	120,467	2.83%
Personnel:				
a) wages and salaries	26,751,748	27,699,325	947,577	3.54%
b) social contributions	7,815,678	7,466,274	(349,404)	-4.47%
c) employee severance indemnity - TFR	1,293,374	1,336,957	43,583	3.37%
d) retirement benefits and similar obligations	-	-	-	0.00%
e) other personnel costs	145,354	235,822	90,468	62.24%
Depreciation, amortisation and writedowns:				
a) intangible assets	2,491,672	2,573,163	81,491	3.27%
b) tangible assets	5,928,440	6,612,361	683,921	11.54%
c) other writedowns of non-current assets	-	-	-	
d) writedowns of current receivabes	163,284	147,554	(15,730)	-9.63%
Changes in inventory of raw, ancillary and consumable materials and goods	1,257,361	(5,239,474)	(6,496,835)	-516.70%
Provisions for risks	-	-	-	
Other provisions	1,712,464	3,881,686	2,169,222	126.67%
Sundry operating expenses	1,701,509	1,295,598	(405,911)	-23.86%
Rounding			-	
TOTAL	205,276,965	215,926,511	10,649,546	

The following paragraphs contain details of the main cost categories and the most significant changes compared to prior year.

Costs for raw, ancillary and consumable materials and goods

Costs for raw, ancillary and consumable materials and goods are reported in the Income Statement net of adjustments for returns, discounts, bonuses and allowances. They total Euro 125,646,996 for 2024 against Euro 114,912,958 in 2023.

Purchase costs mainly relate to raw materials (aluminium) and pump components (bearings and shafts, thermostats, pulleys, plates, circuit boards, etc.), pumps and consumable materials.

Reference should be made to the Directors’ Report for further information on this cost category and on the change compared to prior year.

Costs for services

Description	Industrie Saleri Italo S.p.A.	ABL Automazione S.r.l.	Saleri TMS Competence Center GmbH	Saleri Aftermarket S.p.A.	Saleri México S.A. de C.V.	Saleri Shanghai Co. Ltd	Consolidated
Costs for Services	30,889,767	1,264,347	109,326	5,071,545	1,261,886	1,293,133	39,890,005
TOTAL	30,889,767	1,264,347	109,326	5,071,545	1,261,886	1,293,133	39,890,005

Costs for services amount to Euro 38,890,005 against Euro 36,843,346 in 2023. They mainly comprise the Parent Company’s costs for services (around 77% of the total), as detailed in the table below (amount net of intercompany adjustments):

Description	2023	2024	Change
Industrial services	16,532,338	16,595,887	63,549
Consulting	2,075,689	2,703,826	628,137
General expenses	7,134,301	6,495,770	(638,531)
Shipping/Freight	2,250,365	3,974,366	1,724,001
Other services	1,150,581	1,119,918	(30,663)
TOTAL COSTS FOR SERVICES	29,143,275	30,889,766	1,746,492

Industrial services mainly refer to outsourced services including die-casting and other casting, machining, other processing and treatments regarding certain stages of the production process..

Consulting costs include accounting, management and tax consulting but also sales and marketing advice and services in relation to patents, quality control and the environment.

General Expenses include costs for Utilities, Maintenance and other general costs relating to the Company’s activities. The overall increase of Euro 1,746,492 is mainly due to the increases in shipping/transport costs and in tax and accounting consultancy and staff search and recruitment costs.

Use of third party assets – Lease and rental costs

This item amounts to Euro 4,380,244 against Euro 4,259,777 in 2023. It is analysed as follows:

Description	Industrie Saleri Italo S.p.A.	ABL Automazione S.r.l.	Saleri TMS Competence Center GmbH	Saleri Aftermarket S.p.A.	Saleri México S.A. de C.V.	Saleri Shanghai Co. Ltd	Consolidated
Use of 3rd party assets - Lease and rental costs	2,344,403	314,720	66,389	569,515	425,378	659,839	4,380,244
TOTAL	2,344,403	314,720	66,389	569,515	425,378	659,839	4,380,244

The balance mainly includes hire and rental expenses.

Personnel costs

This item comprises all employee related expenses including merit based increases, promotions, seniority increases, accrued holiday pay and provisions required by law and collective labour agreements.

Personnel costs amount to Euro 36,738,379 against Euro 36,006,154 in 2023 and are analysed below:

Description	Industrie Saleri Italo S.p.A.	ABL Automazione S.r.l.	Saleri TMS Competence Center GmbH	Saleri Aftermarket S.p.A.	Saleri México S.A. de C.V.	Saleri Shanghai Co. Ltd	Consolidated
Personnel costs							
a) wages and salaries	19,537,883	2,610,902	323,081	1,716,894	705,290	2,805,275	27,699,325
b) social contributions	5,658,590	789,818	66,033	516,662	133,213	301,956	7,466,274
c) employee severance indemnity - TFR	1,035,166	193,634	-	108,158	-	-	1,336,957
d) retirement benefits and similar obligations	-	-			-	-	-
e) other personnel costs	64,022	-			-	171,801	235,822
TOTAL	26,295,661	3,594,354	389,115	2,341,715	838,503	3,279,031	36,738,379

Amortisation of intangible assets

Amortisation of intangible assets (Euro 1,227,878 against Euro 2,491,672 in 2023) has already been commented upon in the Note on intangible assets.

Depreciation of tangible assets

Depreciation of tangible assets (Euro 6,612,361 against Euro 5,928,440 in 2023) has already been commented upon in the Note on tangible assets. We note, however, that it has been calculated based on the useful life of tangible assets and their use in the production process.

Other writedowns of non-current assets

As already described in the note on Non-Current Assets, in 2024, the Group did not make any further writedowns of non-current assets as it believed the amount already provided in prior periods was sufficient.

Writedowns of current receivables

During the reporting period, writedowns of current receivables totalled Euro 147,554.

Other provisions

This item, amounting to Euro 3,881,686 (against Euro 1,712,464 in 2023), mainly relates to amounts allocated by the Parent Company to the product warranty provision and to the provision for future risks in respect of possible costs relating to complaints received from several suppliers of components, as determined based on the opinion of the Company’s lawyers.

Sundry operating expenses

Sundry operating expenses amount to Euro 1,295,598 against Euro 1,701,509 in 2023 and are detailed as follows:

Description	Industrie Saleri Italo S.p.A.	ABL Automazione S.r.l.	Saleri TMS Competence Center GmbH	Saleri Aftermarket S.p.A.	Saleri México S.A. de C.V.	Saleri Shanghai Co. Ltd	Consolidated
Sundry operating expenses	974,200	78,662	6,663	80,955	48,543	106,576	1,295,598
TOTAL	974,200	78,662	6,663	80,955	48,543	106,576	1,295,598

Financial income and expenses

Sundry income

The total of Euro 784,881 mainly comprises sundry income, detailed as follows:

- › income from non-consolidated subsidiaries:
Euro 73,320 relating entirely to interest expenses on loan agreements;
- › income from others:
the amount of Euro 711,561 mainly refers to the Parent Company and comprises sundry interest income.

Interest and other financial expenses

Interest and other financial expenses amount to Euro 6,459,868 against Euro 5,655,015 in 2023 and are analysed as follows:

Description	Amount
Bonds	512,399
Bank borrowing	5,471,478
Other	475,991
TOTAL	6,459,868

Exchange gains and losses

During the reporting period, there were net exchange losses of Euro 997,447 against net exchange losses of Euro 230,749 in 2023. The total mainly refers to the exchange differences of subsidiaries Saleri Shanghai Co.Ltd, Saleri México S.A. de C.V. and Saleri Aftermarket S.p.A..

Taxes on income – current, deferred and deferred tax income

Description	2023	Change	2024
Current taxes	(1,796,007)	653,012	(1,142,995)
Prior year taxes	(99)	184,825	184,726
Deferred Taxes and Utilisation of Deferred Tax Assets	(2,915,343)	763,568	(2,151,775)
Deferred Tax Income and Use of Deferred Tax Provisions	2,158,703	(326,484)	1,832,219
Income and expenses from tax consolidation	176,285	(805,903)	(629,618)
TOTAL	(2,376,461)	469,017	(1,907,444)

“Deferred Taxes and Utilisation of Deferred Tax Assets” and “Deferred Tax Income and Utilisation of Deferred Tax Liabilities” mainly refer to the parent company.

Other information

Off-balance sheet commitments, guarantees and contingent liabilities

Pursuant to Article 2427(9) of the Italian Civil Code, we disclose the following off-balance sheet commitments, guarantees and contingent liabilities:

Guarantees

Guarantees amount to Euro 2,078,031 and refer to sureties issued to subsidiaries Saleri India Private Co. Ltd. and Saleri Aftermarket S.p.A. in favour of lenders to them; the amount reported is in line with the exposure of the subsidiaries towards the beneficiaries of the guarantees.

It should be noted that the Parent Company has received significant advance payments totalling Euro 207,621 from several customers towards future sales. The amount of the advances is covered by securities for the same amount on machinery owned by the Parent Company.

Related party transactions

We note that the Group companies routinely enter into commercial and financial transactions with one another. As already highlighted in the “Consolidation Methods” paragraph, receivables and payables, revenue and expenses between companies in the scope of consolidation have been eliminated. All intercompany transactions have been entered into on an arm’s length basis.

The following table shows amounts relating to transactions with non-consolidated subsidiaries and other related parties.

The Parent Company has provided technical/ administrative, commercial and management services to the subsidiaries. It also charges royalties to the Group’s operational subsidiaries. Such transactions are governed by specific contracts.

Description	Parent companies	Non-consolidated subsidiaries	Other related parties
Revenue		1,341,186	
Costs		5,120,475	453,593
Financial income/expenses		73,320	
Financial receivables		1,032,341	-
Trade receivables		6,702,276	-
Financial payables		-	
Trade payables		3,735	685

Fees

As required by law, the following table contains details of the total fees of the Directors, the members of the Board of Statutory Auditors and the External Auditor for performance of their duties.

Description	Consolidated
Directors ' Fees	965,436
Board of Statutory Auditors ' Fees	115,120
External auditor ' s fees - Annual audit	137,077
External auditor ' s fees - Other services	34,303
TOTAL	1,251,936

Employment details

The following table shows the average number of employees – by employee category – of the companies consolidated line-by-line.

Description	2023	Change	2024
White collars - Managers	294	(17)	277
Blue collars - Intermediates	333	38	371
TOTAL	627	21	648

See the Directors’ Report for further information on personnel.

Summary of public finance in terms of art. 1 (125) to (129) of Law no. 124/2017

Article 1 (125) to (129) of Law no 124 of 4 August 2017 (Annual law for the market and competition) introduced new disclosure requirements on public finance received and approved.

These amounts are reported on a “cash basis”. During 2024, the Group did not receive any grants and contributions included in the definition governed by Law 124 of 4 August 2017.

Disclosures regarding derivative instruments in terms of Article 2427-bis of the Italian Civil Code

The following table presents the detailed information required by Article 2427-bis(1)(1) of the Italian Civil Code.

Description	Fair value at 31/12/2024	Fair value at 31/12/2023	Change through P&L	Change through Equity	Nature	Amount
Interest rate swap	246,100	772,934		(476,834)	Copertura	10,500,000
Options	0	-	0		Copertura	

Significant events after the reporting period

Pursuant to Article 2427 (22-quarter) of the Italian Civil Code, it should be noted that the many factors of uncertainty already mentioned in the foreword to these Notes, which have had a particular impact on the automotive industry, are still present at the beginning of 2025. The change of government in the United States and the economic policies introduced, especially in relation to international trade, have increased market volatility and affected macroeconomic estimates and forecasts.

IIn this macroeconomic context, at the date of this report, the Company is showing a positive sales trend, in line with the 2025 Budget. Its business model and investment strategies have also enjoyed support from the financial world and this led to the conclusion of a round of borrowing of Euro 15 million during the first few months of the year.

Now that the implementation phase of the new organisation has been completed, Group management continues to maintain tight control over costs given the presence of significant ongoing risks related to geopolitical events and restrictive economic policy.

Barring significant changes in the current macroeconomic and geopolitical environment, the Company expects revenue growth in the year ahead, albeit with a slight deterioration in margins, mainly in relation to agreements with customers for a reduction in volumes and the completion of the organisational structure for the consolidation of the Mexican and Indian companies and their respective markets.

Lumezzane (BS), 14 May 2025

THE BOARD OF DIRECTORS
Francesco Italo Saleri (Chairman)
Nicola Cosciani Cunico
Sergio Bona
Maria Cristina Storchi
Johann Evangelist Wieland
Alessandro Potestà
Alberto Bartoli
Simona Heidempergher
Nicola Guidi



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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
Industrie Saleri Italo S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Industrie Saleri Italo S.p.A. and its subsidiaries (the “Group”), which comprise the consolidated balance sheet as at December 31, 2024, the consolidated statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Industrie Saleri Italo S.p.A. (the “Company”) in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance the Italian law governing financial statements and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes

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our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions and statement pursuant to art. 14, paragraph 2, sub-paragraphs e), e-bis) and e-ter), of Legislative Decree 39/10

The Directors of Industrie Saleri Italo S.p.A. are responsible for the preparation of the report on operations of Industrie Saleri Italo Group as at December 31, 2024, including its consistency with the related consolidated financial statements and its compliance with the law.

- We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:
- express an opinion on the consistency of the report on operations with the consolidated financial statements;
 - express an opinion on compliance with the law of the report on operations;
 - make a statement about any material misstatement in the report on operations.

In our opinion, the report on operations is consistent with the consolidated financial statements of Industrie Saleri Italo Group as at December 31, 2024.

In addition, in our opinion, the report on operations is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Giampaolo Carrara
Partner

Brescia, Italy
June 5, 2025

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

Separate
Financial
Statements
at 31/12/2024

General information about the Company

GENERAL DETAILS	
Name	INDUSTRIE SALERI ITALO S.P.A.
Registered Office	VIA RUCA 406 25065 LUMEZZANE BS
Share Capital	23.922.413,12
Is share capital wholly paid?	yes
Chamber of Commerce code	Brescia
VAT number	01589150984
Tax number	03066870175
Business database / REA number	BS-317605
Legal form	Società per azioni (Joint stock company)
Main business segment (ATECO)	293209 Manufacture of other parts and accessories for cars and their engines
Is company in liquidation?	no
Does company have a single shareholder?	no
Is company subject to management and coordination by another entity?	no
Name of company or entity that provides management and coordination	
Does company belong to a group?	yes
Name of holding company	El.fra Holding S.r.l.
Country of holding company	Italy
Register of cooperatives number	

Balance sheet

BALANCE SHEET - ASSETS	31/12/2024	31/12/2023
A) DUE FROM SHAREHOLDERS FOR UNPAID CAPITAL		
B) NON-CURRENT ASSETS		
I - Intangible assets:		
1) Start-up and expansion costs		
2) Development costs	8,189,033	5,097,210
3) Patents and intellectual property rights	733,463	1,431,287
4) Concessions, licences, trademarks and similar rights	1,768,006	1,887,909
5) Goodwill		
6) Assets under construction and payments on account	8,644,877	7,968,169
7) Other	1,911,605	1,572,578
Total Intangible Assets	21,246,984	17,957,153
II - Tangible assets:		
1) Land and buildings	16,836,451	17,501,077
2) Plant and machinery	23,144,089	25,339,414
3) Industrial and commercial equipment	5,337,779	6,702,816
4) Other tangible assets	353,649	359,801
5) Assets under construction and payments on account	4,060,992	1,341,340
Total Tangible Assets	49,732,960	51,244,448
III - Financial assets:		
1) Investments in:		
a) subsidiaries	33,467,509	33,467,509
b) associated companies		
c) parent companies		
d) entities subject to control of parent companies		
d-bis) other entities	532	532
Total investments	33,468,041	33,468,041
2) Receivables:		
a) from subsidiaries		
b) from associated companies		
c) from parent companies		
d) from entities subject to control of parent companies		
d-bis) from others		
Total Receivables	0	0
3) Other Securities	6,340	6,340
4) Derivatives	246,100	722,934
Total Financial Assets	33,720,481	34,197,315
TOTAL NON-CURRENT ASSETS (B)	104,700,425	103,398,916

BALANCE SHEET - ASSETS	31/12/2024	31/12/2023
C) CURRENT ASSETS		
I - Inventory:		
1) Raw, ancillary and consumable materials	12,461,655	9,115,876
2) Work in progress and semi-finished goods	6,644,964	5,536,988
3) Contract work in progress		
4) Finished goods	3,744,666	4,010,042
5) Payments on account	537,737	209,926
Total Inventory	23,389,022	18,872,832
II - Receivables:		
1) Trade accounts		
due within a year	12,513,760	14,615,970
due after more than a year		
Total trade receivables	12,513,760	14,615,970
2) due from subsidiaries		
due within a year	21,998,178	20,144,738
due after more than a year		
Total receivables due from subsidiaries	21,998,178	20,144,738
3) due from associated companies		
due within a year		
due after more than a year		
Total receivables due from associated companies		
4) due from parent companies		
due within a year		
due after more than a year		
Total receivables due from parent companies		
5) due from entities controlled by parent companies		
due within a year		
due after more than a year		
Total receivables due from entities controlled by parent companies		
5-bis) Tax receivables		
due within a year	746,632	813,061
due after more than a year	47,762	68,465
Total tax receivables	794,394	881,526
5-ter) Deferred tax assets		
due within a year		
due after more than a year	5,415,653	5,885,859
Total deferred tax assets	5,415,653	5,885,859

BALANCE SHEET - ASSETS	31/12/2024	31/12/2023
5-quater) due from others		
due within a year	2,804,060	1,225,137
due after more than a year	405,860	219,710
Total receivables due from others	3,209,920	1,444,847
TOTAL RECEIVABLES	43,931,905	42,972,940
III - Current financial assets		
1) Investments in subsidiaries		
2) Investments in associated companies		
3) Investments in parent companies		
3-bis) Investments in entities controlled by parent companies		
4) Other investments	13,294	13,294
5) Derivatives		
6) Other securities		
Total current financial assets	13,294	13,294
IV - Cash and cash equivalents:		
1) Bank and post office accounts	10,505,289	6,413,260
2) Cheques		
3) Cash and cash equivalents on hand	86	86
Total IV	10,505,375	6,413,346
TOTAL CURRENT ASSETS	77,839,596	68,272,412
D) PREPAID EXPENSES AND ACCRUED INCOME	3,173,233	4,135,348
TOTAL ASSETS	185,713,254	175,806,676

BALANCE SHEET – LIABILITIES AND EQUITY	31/12/2024	31/12/2023
A) SHAREHOLDERS’ EQUITY		
I – Share capital	23,922,413	23,922,413
II – Share premium reserve	7,696,219	7,696,219
III – Revaluation reserve	27,061,472	27,061,472
IV – Legal reserve	1,461,013	1,344,000
V – Statutory reserves		
VI – Other reserves, disclosed separately	1,221,447	1,221,447
Extraordinary reserve	857,395	857,395
Additional paid-in capital		
Payments to cover losses		
Reserve for merger surplus		
Sundry other reserves	364,052	364,052
VII - Cash flow hedge reserve	246,100	722,934
VIII - Retained earnings (Accumulated losses)	(839,610)	(3,062,844)
IX - Profit (Loss) for the year	8,604,390	2,340,246
X - Negative reserve for treasury shares held	(285,014)	(285,014)
TOTAL SHAREHOLDERS’ EQUITY	69,088,430	60,960,873
B) PROVISIONS FOR RISKS AND CHARGES		
1) Retirement benefits and similar obligations		
2) Taxation, including deferred tax	1,573,853	1,589,363
3) Derivatives		
4) Other	5,163,401	2,363,206
TOTAL PROVISIONS FOR RISKS AND CHARGES	6,737,254	3,952,569
C) EMPLOYEE SEVERANCE INDEMNITY /TFR PROVISION	980,388	1,101,143
D) PAYABLES		
1) Bonds		
due within a year	1,744,777	15,400
due after more than a year	6,252,751	7,685,937
Total bonds	7,997,528	7,701,337
2) Convertible bonds		
due within a year		
due after more than a year		
Total convertible bonds		
3) Shareholder loans payable		
due within a year		
due after more than a year		
Total shareholder loans payable		
4) Bank borrowing		
due within a year	14,851,045	13,251,440
due after more than a year	21,197,471	28,730,941
Total bank borrowing	36,048,516	41,982,381

BALANCE SHEET – LIABILITIES AND EQUITY	31/12/2024	31/12/2023
5) Payables to other lenders		
due within a year	7,112,439	443,664
due after more than a year		
Total payables to other lenders	7,112,439	443,664
6) Payments on account		
due within a year	1,496,785	1,012,991
due after more than a year		
Total payments on account	1,496,785	1,012,991
7) Trade payables		
due within a year	41,929,855	43,996,089
due after more than a year		
Total trade payables	41,929,855	43,996,089
8) Credit instruments		
due within a year		
due after more than a year		
Total credit instruments		
9) Payables to subsidiaries		
due within a year	3,141,333	3,020,580
due after more than a year		
Total payables to subsidiaries	3,141,333	3,020,580
10) Payables to associated companies		
due within a year		
due after more than a year		
Total payables to associated companies		
11) Payables to parent companies		
due within a year		
due after more than a year		
Total payables to parent companies		
11-bis) Payables to entities controlled by parent companies		
due within a year		
due after more than a year		
Total payables to entities controlled by parent companies		
12) Tax payables		
due within a year	2,670,455	1,553,349
due after more than a year		
Total tax payables	2,670,455	1,553,349
13) Payables to social security and pensions institutions		
due within a year	1,459,937	1,518,433
due after more than a year		
Total payables to social security and pensions institutions	1,459,937	1,518,433

BALANCE SHEET – LIABILITIES AND EQUITY	31/12/2024	31/12/2023
14) Other payables		
due within a year	5,363,812	6,581,690
due after more than a year		
Total other payables	5,363,812	6,581,690
TOTAL PAYABLES	107,220,660	107,810,514
E) ACCRUED EXPENSES AND DEFERRED INCOME	1,686,522	1,981,577
TOTAL LIABILITIES AND EQUITY	185,713,254	175,806,676

INCOME STATEMENT	31/12/2024	31/12/2023
A) VALUE OF PRODUCTION		
1) revenue from sales and services	145,024,068	135,890,148
2) change in inventories of WIP, semi-finished and finished goods	842,599	1,954,514
3) change in contract work in progress		
4) increases in non-current assets due to capitalisation of internal works	4,418,208	4,783,973
5) other revenue and income		
Operating grant income	98,238	317,071
Other	8,311,413	5,832,600
Total other revenue and income	8,409,651	6,149,671
Total value of production	158,694,526	148,778,306
B) COST OF PRODUCTION		
6) raw, ancillary and consumable materials and goods	77,919,250	72,856,743
7) services	31,774,737	29,871,901
8) use of third party assets – lease and rental costs	2,775,006	4,701,917
9) personnel		
a) wages and salaries	19,537,883	19,067,334
b) social contributions	5,658,590	5,701,818
c) employee severance indemnity / TFR	1,035,166	1,019,604
d) retirement benefits and similar obligations		
e) other personnel costs	64,022	
Total personnel costs	26,295,661	25,788,756
10) depreciation, amortisation and writedowns		
a) amortisation of intangible assets	1,798,897	1,858,936
b) depreciation of tangible assets	4,782,201	4,469,332
c) other writedowns of non-current assets		
d) writedowns of current receivables and cash and cash equivalents	54,006	53,272
Total depreciation, amortisation and writedowns	6,635,104	6,381,540
11) changes in inventory of raw, ancillary and consumable materials and goods for resale	(3,345,779)	(141,256)
12) provisions for risks		
13) other provisions	3,771,051	1,600,000
14) sundry operating expenses	974,200	1,410,625
Total cost of production	146,799,230	142,470,226
Difference between value and cost of production (A - B)	11,895,296	6,308,080
C) FINANCIAL INCOME AND EXPENSES		
15) income from investments		
in subsidiaries	2,433,574	1,544,696
in associated companies		
in parent companies		
in entities controlled by parent companies		
Other		
Total income from investments	2,433,574	1,544,696

INCOME STATEMENT	31/12/2024	31/12/2023
16) other financial income		
a) from receivables classed as non-current assets		
from subsidiaries		
from associated companies		
from parent companies		
from entities controlled by parent companies		
from other entities		
b) from securities classed as non-current assets other than equity investments	865	700
c) from securities classed as current assets other than equity investments		
d) income other than the above		
from subsidiaries	121,501	124,976
from associated companies		
from parent companies		
from entities controlled by parent companies		
from other entities	664,176	812,077
Total income other than the above	785,677	937,053
Total other financial income	786,542	937,753
17) interest and other financial expenses		
to subsidiaries		
to associated companies		
to parent companies		
to entities controlled by parent companies		
Other	5,375,259	4,862,750
Total interest and other financial expenses	5,375,259	4,862,750
17-bis) exchange gains and losses	(63,533)	(20,021)
Total financial income and expenses (15 + 16 - 17 + - 17-bis)	(2,218,676)	(2,400,322)
D) ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS AND LIABILITIES		
18) Revaluations		
a) of equity investments		
b) of non-current financial assets other than equity investments		
c) of securities classed as current assets other than equity investments		
d) of derivatives		
19) Writedowns		
a) of equity investments		
b) of non-current financial assets other than equity investments		
c) of securities classed as current assets other than equity investments		
d) of derivatives		
Total writedowns		
TOTAL ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS		
Profit before taxation (A - B + - C + - D)	9,676,620	3,907,758

INCOME STATEMENT	31/12/2024	31/12/2023
20) Taxes on income for the year – current, deferred and deferred tax income		
a) Current taxes	679,885	734,107
b) Prior year taxes	(221,277)	
c) Deferred tax (income)	454,696	1,539,529
d) Income (Expenses) from participation in tax consolidation	(158,926)	706,124
Total taxes on income for the year – current, deferred and deferred tax income	1,072,230	1,567,512
Profit (Loss) for the year	8,604,390	2,340,246

Statement of cash flows, indirect method

STATEMENT OF CASH FLOWS, INDIRECT METHOD	31/12/2024	31/12/2023
A.CASH FLOWS FROM OPERATING ACTIVITIES		
PROFIT (LOSS) FOR THE YEAR	8,604,390	2,340,246
Taxes on income	1,072,230	1,567,512
Interest expenses/ (income)	3,418,675	3,945,018
(Dividends)	0	(1,544,696)
(Gains)/Losses on asset disposals	(841,362)	(156,253)
1. Profit (Loss) for the year before taxes on income, interest, dividends and gains/losses on disposal	12,253,933	6,151,827
Adjustments for non-cash items with no impact on net working capital		
Allocations to provisions	6,264,284	3,526,593
Depreciation/Amortisation of non-current assets	6,581,098	6,328,268
Impairment adjustments	0	0
Adjustments to value of financial assets and liabilities		
Other adjustments for non-cash items	1	
Total adjustments for non-cash items with no impact on net working capital	12,845,383	9,854,861
2. Cash flows before changes in NWC	25,099,316	16,006,688
Changes in net working capital		
Decrease / (Increase) in Inventory	(4,524,732)	(2,247,386)
Decrease / (Increase) in Trade Receivables	2,048,203	(5,914,885)
(Decrease) / Increase in Trade Payables	(2,066,232)	12,723,719
Decrease / (Increase) in Prepaid Expenses and Accrued Income	962,115	(430,861)
(Decrease) / Increase in Accrued Expenses and Deferred Income	(295,057)	157,595
Δ in Financial Receivables	0	0
Δ in Tax Receivables	(530,403)	1,064,769
Δ in Sundry Receivables	(1,765,073)	(3,128)
Decrease / (Increase) in Sundry Receivables	(2,295,476)	1,061,641
Δ in Other Payables	(2,466,771)	237,398
Δ in Tax Payables	1,389,888	670,587
Δ in Payables to Social Security and Pensions Institutions	(58,496)	59,709
(Decrease) / Increase in Sundry Payables	(1,135,379)	967,694
Other decreases/ (Other increases) in net working capital	(3,430,855)	2,029,335
CHANGE IN NET WORKING CAPITAL	(7,306,558)	6,317,517
3. Cash flows after changes in NWC	17,792,758	22,324,205
Interest received / (paid)	(4,652,249)	
Taxes on income (paid)	(272,782)	(3,945,018)
Dividends received	1,233,574	1,544,696
(Use of Provisions for Risks and Charges)	(2,366,375)	(2,311,001)
(Use of employee severance indemnity /TFR provision)	(1,155,921)	(1,156,046)
(Use of provisions)		
Other receipts/ (payments)		
TOTAL OTHER ADJUSTMENTS	(7,213,753)	(5,867,369)

STATEMENT OF CASH FLOWS, INDIRECT METHOD	31/12/2024	31/12/2023
4. Cash Flows after other adjustments	10,579,005	16,456,836
CASH FLOWS FROM OPERATING ACTIVITIES		
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Capex on non-current assets		
– Tangible assets		
(Additions)	(4,480,171)	(5,347,573)
Disposals	1,859,034	293,805
– Intangible assets		
(Additions)	(5,035,073)	(4,320,285)
Disposals	138,132	626,270
– Financial assets		
(Additions)		(1,050,000)
Disposals		
– Current financial assets		
(Additions)		
Disposals		
(Acquisition of business units net of cash and cash equivalents)		
Sale of business units net of cash and cash equivalents		
CASH FLOWS FROM INVESTING ACTIVITIES	(7,518,078)	(9,797,783)
C.CASH FLOWS FROM FINANCING ACTIVITIES		
Debt		
– Increase (Decrease) in short-term bank borrowing	3,023,689	(5,335,702)
– Loans arranged	3,500,000	8,000,000
– (Loans repaid)	(5,492,587)	(11,084,006)
Equity		
– Paid share capital increase		
– (Share capital refunds)		
– Sale (Purchase) of treasury shares		
– (Dividends and advances on dividends paid)		
CASH FLOWS FROM FINANCING ACTIVITIES	1,031,102	(8,419,708)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A ± B ± C)	4,092,029	(1,760,654)
– Forex effect on cash and cash equivalents		
Cash and cash equivalents at start of period		
Bank and post office accounts	6,413,260	8,173,883
Cheques		
Cash and cash equivalents on hand	86	118
Total cash and cash equivalents at start of period	6,413,346	8,174,001
Of which not freely available		

STATEMENT OF CASH FLOWS, INDIRECT METHOD	31/12/2024	31/12/2023
Cash and cash equivalents at end of period		
Bank and post office accounts	10,505,289	6,413,260
Cheques		
Cash and cash equivalents on hand	86	86
Total cash and cash equivalents at end of period	10,505,375	6,413,346
Of which not freely available		

NOTES TO THE FINANCIAL STATEMENTS,
OPENING SECTION

Dear Shareholders,

These financial statements, as submitted for your review and approval, report a net profit for the year of Euro 8,604,390.

As described in more detail in the “Structure and content of the financial statements” section, the financial statements provide a true and fair representation of the Company’s balance sheet and financial position and of its result for the year.

These Notes form an integral part of the Financial Statements at 31 December 2024. They have been prepared in accordance with Article 2427 of the Italian Civil Code and contain all of the information of use in providing an accurate interpretation of the Financial Statements.

Foreword

The year 2024 was characterised by the continuation of certain macroeconomic events that began during the previous year such as the Russia-Ukraine conflict, the Israel-Palestine conflict and international geopolitical tensions.

In its recent reports, the International Monetary Fund has often underlined the fact that global growth could be moderate because of factors such as persistent inflation, instability on energy markets and uncertainty over monetary policy in many economies.

The automotive industry is particularly affected by these factors. Consequently, as in prior year, the Company has taken all necessary measures to counteract the effects of market tensions and reductions in customer volumes, especially in the last few months of the year. These actions, combined with (i) the portfolio of contracts awarded to the company by customers for the next 5 years and (ii) significant internal reorganisation measures with a view to increasing efficiency and adapting the structure to the international dimension of the Group, are key to the future prospects of the business. Considering the above-mentioned factors, the Directors believe that there is no significant uncertainty over the company’s ability to continue to operate as a going concern.

Moreover, it should be noted that, during the year, in compliance with Legislative Decree no 83 of 17 June 2022, the Company again continued to implement its organisational, administrative and accounting structures with a view to creating a business management model that makes it possible to assess in advance the income statement, equity and cash effects of management decisions in order to safeguard the company assets.

For further details, reference should be made to the Directors’ Report.

Business activities

Industrie Saleri Italo S.p.A., a company founded in 1942, is active in the design, manufacture and sale of engine cooling systems for the automobile industry and operates in the original equipment (OEM) segment.

The Company’s ability to provide a leading customer base with a wide range of technologically advanced solutions and a continuous pursuit of innovation has enabled the business to grow strongly in recent years. Long-term production contracts have consistently been acquired, guaranteeing a healthy workload for the years ahead.

The Directors’ Report contains further information on the activities of the Company and its subsidiaries.

Structure and content
of the Financial Statements

The financial statements for the year ended 31 December 2024 comprise the Balance Sheet, the Income Statement, the Statement of Cash Flows and these Notes. They reflect the contents of the properly maintained accounting records and have been prepared in accordance with the requirements of Articles 2423 and 2423 - bis of the Italian Civil Code, as well as with the accounting standards and accounting recommendations issued by the Italian Accounting Standards Board (“Organismo Italiano di Contabilità” - O.I.C.).

The structure and content of the financial statements are consistent with the requirements of Articles 2424 and 2425 of the Italian Civil Code and with the terms of Article 2423-ter. Meanwhile the Notes are consistent with the requirements of Articles 2427 and 2427-bis and all other relevant provisions.

The entire document has been prepared in order to present a true and fair view of the Company’s balance sheet and financial position and of its result for the year. Where necessary, additional information has been provided in order to provide a full understanding.

Exceptions

There have been no exceptional circumstances requiring the use of exceptions in terms of Article 2423 (5) of the Italian Civil Code.

Comparability of amounts reported

The amounts reported in these financial statements are all suitable for comparison in terms of Article 2423-ter of the Italian Civil Code.

Principles followed when preparing
the Financial Statements

Pursuant to Article 2423-bis of the Italian Civil Code, the following principles were followed when preparing the financial statements:

- › Each amount was measured based on the prudence principle and on a going concern basis, while taking account of the substance of the transaction or the contract;
- › Only those gains or profits actually realised during the reporting period were included;
- › Income and expenses relating to the period were included, irrespective of their collection or payment date;
- › Risks and losses relating to the period were taken into account even if they came to light after the reporting date;
- › Different items included in the various financial statement captions were measured separately.

The Financial Statements, together with these Notes, have been prepared to the nearest Euro.

Financial Statements Format adopted
by the Company

We note the following with regard to the format of the Financial Statements:

- › The format of the Balance Sheet and Income Statement is as required, respectively by Article 2424 and 2425 of the Italian Civil Code. Line items indicated by Arab numerals and by small letters per Articles 2424 and 2425 of the Italian Civil Code but which are not reported had zero balances in both the current and the previous reporting period;
- › The Statement of Cash Flows, as introduced by Article 2425-ter of the Italian Civil Code, has been prepared using the indirect method and its format is consistent with that recommended by Italian Accounting Standard OIC 10 (revised in 2016).

The Notes to the Financial Statements contain mandatory tables and/or those important in providing a proper understanding of the information in the Financial Statements, as envisaged by the Italian Civil Code or prepared in accordance with specific legal requirements.

In accordance with Article 2423-ter of the Italian Civil Code, the prior year comparative amount is reported for each line item.

Reference should be made to the relevant section for information on the Company’s economic and financial performance and on its related party transactions.

Audit

The Financial Statements at 31 December 2024, as submitted for your approval, have been audited by Deloitte & Touche S.p.A. on the basis of the engagement conferred

upon them by the Shareholders’ General Meeting of 7 August 2023 until approval of the Financial Statements at 31 December 2025. Deloitte & Touche S.p.A.’s audit work regards the following:

- › Separate financial statements;
- › Consolidated financial statements;
- › Periodical checks to ensure accounting records are properly maintained;
- › Other certification activities.

The fees agreed for the audit of the Company’s Separate and Consolidated Financial Statements at 31 December 2024 amount to Euro 59,000, excluding VAT and any out of pocket expenses.

Accounting policies and measurement criteria
adopted

The accounting policies and measurement criteria required by Article 2426 of the Italian Civil Code were applied when preparing the Financial Statements.

The measurement criteria required by Article 2426 of the Italian Civil Code have been maintained unchanged compared to those adopted in prior year except for the caption “Revenue”; see that caption for more details about the introduction of the new Italian Accounting Standard OIC 34.

Intangible assets

Intangible assets are individually identifiable assets, controlled by the Company and generally consisting of legally protected rights or of assets capable of producing future economic benefits. These assets have been recorded at purchase or internal production cost, including direct related expenses.

The amounts are reported net of accumulated amortisation, calculated on a straight-line basis at the rates indicated below, while taking account of the remaining useful lives of the assets.

No dividends were distributed during the reporting period. Therefore, the Company complied with the requirements of Article 2426(5) of the Italian Civil Code (it is not possible to distribute dividends in excess of the amount of available reserves sufficient to cover the amount of unamortised costs).

If there are indicators of impairment, intangible assets undergo an impairment test as described below under “Impairment of assets”; any impairment writedowns – except those relating to start-up and expansion costs, development costs and goodwill - may be reversed subsequently if the reasons for the writedown cease to apply. During the reporting period, there were no circumstances requiring any impairment adjustments to be made to intangible assets while the reasons that had led to impairment adjustments to certain intangible assets now amortised in full ceased to apply.

Development costs: in cases where the useful life cannot be reliably estimated, these costs are amortised over a period

of not more than five years. Development costs with a clear link to projects with an estimated useful life of 10 years are amortised over that period at a rate of 10% per annum. Until they have been fully amortised, it is only possible to distribute dividends if there are sufficient available reserves to cover the amount of the unamortised costs.

Patents and intellectual property rights: costs incurred to obtain legal protected rights are capitalised. This includes user licences which are amortised over their expected useful lives which cannot, in any case, exceed the period fixed by law or by the contract.

Concessions, Licences, Trademarks and similar rights: trademarks are amortised over a period of 18 years

Assets in progress and payments on account: advances to suppliers towards the purchase of intangible assets are initially recognised on the date when the obligation to pay such amounts arises. Intangible assets in progress includes costs incurred to realise an asset; these costs continued to be classified as assets in progress until title to the right has been acquired or the project has been completed. At that point, the amounts are reclassified to the relevant intangible asset captions.

Other intangible assets: leasehold improvements are amortised over the shorter of the future useful life of the expenses incurred and the residual lease period, taking account of any renewal period if it depends on the lessee.

Tangible assets

Tangible assets are recognised at purchase cost, internal production cost or contribution value. Cost includes related expenses, as well as any direct expenses needed to make the asset available for use; it is stated net of any capital grant income.

Ordinary maintenance costs are expenses in full in the Income Statement in the period in which they are incurred.

Tangible assets are stated net of accumulated depreciation, as calculated on a straight-line basis at the rates indicated below which have been determined based on the remaining useful lives of the assets. The depreciation rates applied are as follows:

Asset category	Depreciation rate
Buildings	3%
Plant and machinery	5%
Industrial and commercial equipment	12.5%
Prototype equipment	50%
Other tangible assets:	
Furniture and fittings	12%
Electronic office equipment	20%
Cars and motorcycles	25%
Internal means of transport	20%

It should be recalled that, since 2019, the depreciation of new tangible assets has been calculated based on the effective number of days’ use.

If there are indicators of impairment, tangible assets undergo an impairment test as described below under “Impairment of assets”; any impairment writedowns may be reversed subsequently if the reasons for the writedown cease to apply.

Cost may be revalued in application of revaluation laws; in any case, revalued amount shall not exceed market value. No discretionary or voluntary revaluations have been performed and the valuations performed do not exceed the value in use or market value of the tangible asset in question, as determined on an objective basis.

Tangible assets destined for sale are classified under a specific current assets caption as the conditions set out by Italian Accounting Standard OIC no. 16 have been met.

Impairment of assets

Art. 2426 (1)(3) of the Italian Civil Code requires the adjustment of any non-current assets whose value has been impaired at the reporting date compared to its net carrying amount.

Italian Accounting Standard OIC 9 defines impairment as a reduction of value that renders the recoverable amount of an asset, as determined on a long-term basis, lower than its net carrying amount.

The recoverability of the amounts recorded is tested by comparing their net carrying amount with the greater of fair value less costs to sell and the value in use of the asset as OIC 9 defines recoverable amount as the greater of the fair value of an asset or a cash generating unit less costs to sell and its value in use.

Value in use is generally determined by discounting cash flows expected from use of the asset or the cash generating unit, taking account of the expected disposal value at the end of its useful life.

Cash generating units have been identified, in a manner consistent with the organisational and business structure, as assets that generate independent cash inflows due to continuing use.

Assets held under finance leases

Tangible assets held under finance leases are reported in accordance with Italian GAAP. This involves recording the lease instalments as period costs over the duration of the finance lease while recording a prepaid expense for advance instalments and recognising the asset at the amount of the final purchase option in the period when said option is exercised.

During the lease period, the final purchase option and the outstanding commitment for finance lease instalments are disclosed under Commitments. A later section of the Notes contains details of the effect of applying international accounting standards to account for finance leases in place at the reporting date and for those that have ended but which

still produce an effect under the finance lease accounting method.

Non-current financial assets

Non-current financial assets consisting of investments in subsidiaries and associated companies are measured at cost, inclusive of related expenses. Their carrying amount is determined based on acquisition or subscription price or on the value attributed to contributed assets.

Cost determined as above is adjusted for any impairment. If the reasons for any impairment adjustment cease to apply, the value of the investment is restored up to not more than the acquisition cost.

The amount so determined is not greater than the amount that would have been determined applying the criteria required by Article 2426(4) of the Italian Civil Code.

Investments not determined to form part of the Company’s long-term portfolio are classified under current financial assets.

Investments in other entities and/or associated companies have been recognised at acquisition cost, as adjusted for any impairment based on the losses reported by the investee companies; in such cases, they are reported at less than their acquisition cost.

Securities are reported using the amortised cost method, as required by Italian Accounting Standard OIC 20.

Any receivables classed as non-current financial assets are reported using the amortised cost method, taking account of the time factor and estimated realisable amount.

The amortised cost method is not applied when the effective interest rate is not significantly different to the market interest rate or when the effects of application of the method are insignificant compared to the method adopted.

Inventory, securities and current financial assets

Inventory, securities and current financial assets have been recorded at the lower of purchase cost –including direct related expenses – and estimated realisable value based on market trends.

The purchase cost of raw and ancillary materials is determined using the weighted average cost method.

For finished goods and WIP, production cost includes the purchase cost of raw materials and components – determined as above – and the portion of direct and indirect production costs (“general production costs”) that is reasonably attributable, also taking account of the state of completion of the relevant production phase.

The purchase cost of certain items e.g. prototypes and tooling is determined based on the specific cost method.

Estimated realisable value, as based on market trends, is determined based on the current purchase prices and selling prices of the inventory at the reporting date. If estimated realisable value is lower than purchase or production cost, the inventory is written down to that lower amount by means of a specific inventory provision.

The value of obsolete and slow moving items has been written down based on its prospects of future use or realisation by means of a specific inventory provision.

Receivables

Receivables due within a year are reported at estimated realisable amount by creating a specific provision for bad debts. Every year, an amount representing the risk of non-collection of the receivables reported in the Financial Statements is allocated to the provision, as determined based on general economic conditions, the business sector and the location of the debtor.

Receivables due after more than a year are recorded at the amortised cost method, taking account of the time factor. The amortised cost method is not applied when the effective interest rate is not significantly different to the market rate of interest or when the effects of application of the amortised cost method are insignificant compared to the method adopted.

Receivables include invoices issued and those yet to be issued for services relating to the reporting period.

Foreign currency receivables are initially recorded by applying the spot exchange rate at the transaction date. At the reporting date, foreign currency receivables are restated at the spot rate in force at that date. Realised exchange gains and losses are recorded in the Income Statement. Any unrealised net gain resulting from the translation of amounts denominated in foreign currency is allocated to a reserve not distributable until realisation.

Receivables are derecognised from the Balance Sheet when the right to receive cash flows is extinguished and substantially all of the risks and rewards of title to the asset have been transferred or if the receivable is definitively considered non-recoverable after all necessary recovery procedures have been completed.

Any receivables from customers involved in insolvency proceedings or in a state of proven economic distress which render enforcement measures pointless are written off in full or to the extent that information obtained or the procedures in progress lead to the conclusion that they will prove uncollectable.

Cash and cash equivalents

This caption contains tax stamps and the Company's bank current account balances. They are reported at nominal amount.

Prepaid expenses and accrued income, accrued expenses and deferred income

Prepaid expenses and accrued income include income relating to the period but collectible in future periods and costs incurred by the reporting date but relating to subsequent periods. Accrued expenses and deferred income include expenses relating to the period but payable to subsequent periods and income received by the reporting date but relating to subsequent periods.

They do not depend on the payment or collection date of the related expenses or income which are common to two or more reporting periods and are allocated based on time. The amount is determined by spreading the income or the expense (generally arising under contracts for a fixed period of time) in order to allocate the relevant portion to the reporting period and to defer or accrue the remaining portion.

Provisions for risks and charges

Provisions for risks and charges have been recorded to cover losses or liabilities of a determinate nature, which are certain or probably, but whose amount or due date could not be determined at the reporting date.

Provisions for risks and charges also include the provision for "taxation, including deferred tax" which includes amounts relating to probable tax liabilities whose amount or due date is uncertain and which originate from tax assessments not yet finalised or ongoing tax disputes or similar circumstances. The provision "for taxation, including deferred tax" includes deferred tax liabilities determined based on taxable temporary differences.

These provisions were calculated in accordance with the prudence and accrual principles. No general provisions for risks without any economic justification have been created.

Allocations to provisions for risks and charges are recorded under the appropriate Income Statement cost headings (B, C or D) if possible. Whenever it is not possible to make a connection between the amount provided and one of the captions under the aforementioned categories, allocations to provisions for risks and charges are recorded under Income Statement captions B12 and B13.

Employee Severance Indemnity / "TFR" provision

The employee severance indemnity provision represents the Company's effective liability towards each employee, as determined in accordance with current legislation in each country and for the Italian companies, in particular, in accordance with the terms of Article 2120 of the Italian Civil Code, national collective labour agreements and supplementary local agreements. Therefore, the "Employee severance indemnity provision" includes indemnities accruing in favour of employees at the reporting date, net of advances paid and after deducting partial advances maturing and paid. Following supplementary pension reform in 2006, amounts accruing from 1 January 2007 onwards may be maintained in the company or allocated to a supplementary pension fund, as the employee chooses.

This liability is subject to index-linked revaluation.

Advance payments are treated separately and deducted from the provision to show the net liability. The portion of the provision relating to the reporting period is allocated to the Income Statement.

As required by rules on the *Trattamento di Fine Rapporto* contained in Law no 296 of 27 December 2006 and in subsequent Implementing Decrees issued in the first few

months of 2007 (Pension Reform), the liability reported represents the actual amount payable to employees at 31 December 2006, as revalued based on indexes and updated for amounts accruing in the first half of 2007 and not paid into supplementary pension funds. The balance also includes the TFR entitlement of persons hired in the second half of 2022 who have not yet stated their choice as to the destination of the TFR accruing, given the fact that this choice may be made within six months of the date of employment.

Payables

Payables falling due within a year are stated at nominal amount and include, where applicable, interest accruing and due at the reporting date.

Payables falling due after more than a year are recorded using the amortised cost method, taking account of the time factor. The amortised cost method is not applied when the effective interest rate is not significantly different than the market interest rate or when the effects of application of the amortised cost method are immaterial compared to the method already adopted.

Foreign currency payables are initially recorded at the spot exchange rate in force on the transaction date.

Payables for employee holidays accruing and for deferred remuneration, including amounts due to social security and pensions institutions, are recorded based on the amount that would have been payable if the employment relationship had ended on the reporting date.

Payables are derecognised from the Balance Sheet when the specific contractual obligation is extinguished.

Derivative instruments

Derivative instruments are arranged solely in order to hedge underlying interest rate, exchange rate, price and credit risks. The instruments meet the requirements to be considered as simple hedges. Derivatives are classified as hedging instruments only when, at the start of the hedge, there is a close, documented relationship between the characteristics of the item hedged and those of the hedging instrument and that hedging relationship is formally documented.

A derivative instrument used to hedge the cash flows or the fair value of an asset follows the classification of the hedged asset, in current assets or non-current assets; a derivative instrument used to hedge the cash flows or the fair value of a liability, a binding commitment or a highly probable planned transaction is classified in current assets, as is a non-hedging financial instrument. If they have a negative fair value, these instruments are recorded as liabilities under provisions for risks.

When derivatives hedge the risk of the future cash flows from the hedged instrument (cash flow hedges), the effective portion of the gains or losses on the derivative instrument is suspended in Equity. The ineffective portion of the gains and losses of a hedge are recorded in the Income Statement.

When the related transaction is realised, accumulated gains and losses – until then recorded in equity – are recorded in the Income Statement (as adjustments to the Income Statement items affected by the hedged flows). The Company has decided to apply hedge accounting for the hedging of changes in cash flows of financial liabilities as a result of interest rate fluctuation.

Therefore, changes in the fair value of derivative hedging instruments are recorded:

- › in the Income Statement in captions D18 or D19 in case of a hedge of the fair value of an asset or liability reported in the financial statements or of changes in the fair value of the hedged items (if the change in the fair value of the hedged item is greater in absolute terms than the change in fair value of the hedging instrument, the difference is recorded in the Income Statement caption affected by the hedged item);
- › in a specific Equity reserve (caption AVII "Cash flow hedge reserve") in case of a cash flow hedge in such a way as to counterbalance the hedged cash flows (the ineffective portion, as well as the change in the time value of options and forward contracts, is classified in captions D18 and D19).

Translation of amounts denominated in foreign currency

Receivables and payables originally expressed in foreign currency are translated into Euro at the historical rates on the date they arose. Exchange differences realised upon settlement of payables and collection of receivables in foreign currency are recorded in the Income Statement.

Foreign currency receivables outstanding at the reporting date have been translated into Euro at the reporting date exchange rate. Exchange gains and losses arising in this way have been recorded in the Income Statement under caption C.17-bis "Exchange gains/losses", while allocating an amount equal to any net gain arising to a non-distributable equity reserve until the time of realisation.

Accounting for revenue, income, costs and expenses

Revenue and income are recorded net of returns, discounts and allowances, as well as any taxes directly related to the sale of products and the provision of services.

In more detail:

- › Revenue for services is recognised when the service has been provided and in accordance with the related contracts. Revenue relating to contract work in progress is recognised based on the percentage of completion of works;
- › Revenue from the sale of products is recognised upon change of ownership which normally coincides with shipment or delivery;
- › Costs are accounted for in accordance with the accrual principle;
- › Allocations to provisions for risks and charges are

recorded based on their nature, where possible, in the relevant Income Statement categories;

- › Financial income and expenses are recorded in accordance with the accrual principle;
- › Extraordinary or non-recurring income and expenses are recorded under the Income Statement captions deemed appropriate based on the type of transaction. Any residual amounts are recorded under “Other revenues and income” and “Other operating expenses”.

It should be noted that, during the reporting period, the Company carried out the necessary work for analysis and implementation of the new Italian Accounting Standard OIC 34. The Company has applied the standard prospectively as specifically provided for by paragraph 45 of the standard. The standard establishes a new revenue recognition model which applies to all contracts involving the recognition of revenues from the sale of goods and the provision of services, regardless of their income statement classification; this is except for revenues that fall within the scope of other OIC standards such as contract work in progress, business transfers, rental income and transactions not involving a sale and purchase.

The fundamental steps in account for revenues under the new standard are:

- › Identification of the elementary unit of accounting;
- › Valuation of the elementary accounting units;
- › Allocation of the total price to the elementary accounting units identified;
- › Recognition of revenues.

Analysis of the contracts signed during the reporting period led to the conclusion that no adjustments are necessary to the amounts reported under “Revenues”.

Dividends

Dividends are accounted for on an accrual basis when the right to collection emerges, in terms of Italian Accounting Standard OIC 21.

Taxes on income

Taxes on income are recorded based on an estimate of taxable income in compliance with tax laws and regulations in force at the reporting date, while taking account of applicable exemptions and tax credits due.

The Company has adhered, as consolidating entity, to the consolidated taxation arrangement in terms of Articles 117 to 129 of Presidential Decree 917/86. The Company determines a single tax base for the Group of companies participating in the tax consolidation. In this way, it benefits from the possibility of offsetting taxable income and tax losses in a single tax return. Each company participating in the tax consolidation transfers its taxable income or tax loss to the consolidating entity. The consolidating entity records a receivable from participating companies for IRES payable (the participating companies each record a liability towards

the consolidating entity). In contrast, in the case of companies that contribute tax losses, the consolidating entity records a payable equal to the IRES on the portion of the loss actually offset at Group level (the participating company records a receivable from the consolidating entity).

Where necessary, deferred tax assets and liabilities are recorded on temporary differences between the statutory result for the period and taxable income. Pursuant to Article 2427(1)(14) of the Italian Civil Code, the Notes include a table containing a description of the temporary differences that led to the recognition of deferred tax assets and liabilities. Said table states the tax rate applied, changes compared to prior year, amounts credited or debited to the Income Statement or to Equity, items excluded from the computation and the reasons for their exclusion.

NOTES TO THE FINANCIAL STATEMENTS, ASSETS

Notes to the balance sheet

Assets

Non-current assets

Intangible assets

Intangible assets represent expenses that produce long-term benefits. They amount to Euro 21,246,984 (Euro 17,957,153 at 31 December 2023) and are stated net of accumulated amortisation (Euro 10,842,829).

Details of intangible assets and movements thereon during the year are shown in the following table.

Asset category	Opening Amount	Increases	Decreases	Closing Amount
Start-up and expansion costs		0	0	
Development costs	5,097,210	3,807,422	715,599	8,189,033
Patents and intellectual property rights	1,431,287	54,300	752,124	733,463
Concessions, licences, trademarks and similar rights	1,887,909	0	119,903	1,768,006
Goodwill		0	0	
Assets in progress and payments on account	7,968,169	4,433,679	3,756,972	8,644,877
Other intangible assets	1,572,578	593,910	254,883	1,911,605
Rounding				
TOTAL	17,957,153	8,889,311	5,599,480	21,246,984

Movements on intangible assets

The following table shows movements on intangible assets (Article 2427(2) of the Italian Civil Code).

	Start-up and expansion costs	Development costs	Patents and intellectual property rights	Concession, licences, trademarks and similar rights	Goodwill	Assets in progress and payments on account	Other intangible assets	Total intangible assets
Opening amount								
Cost		8,176,701	4,414,187	2,151,198		7,968,169	6,151,944	28,862,199
Revaluations								0
Amortisation (Accumulated Amortisation)		3,079,491	2,982,900	263,289			4,579,366	10,905,046
Writedowns								0
Net carrying amount		5,097,210	1,431,287	1,887,909		7,968,169	1,572,578	17,957,153
Changes during the year								
Increases due to additions		4,083	9,300			4,433,679	588,010	5,035,073
Reclassifications (of net carrying amount)		3,803,339	45,000			(3,662,451)	5,900	191,787
Decreases due to disposals (of net carrying amount)		43,463				94,520	149	138,132
Revaluations performed during the year								0
Amortisation for the year		672,136	752,124	119,903			254,734	1,798,897
Writedowns performed during the year								0
Other changes								0
Total changes	0	3,091,823	(697,824)	(119,903)	0	676,708	339,027	3,289,831
Closing amount								
Cost		11,940,659	4,468,486	2,151,198		8,644,877	4,884,592	32,089,812
Revaluations								0
Amortisation (Accumulated Amortisation)		3,751,626	3,735,023	383,192			2,972,987	10,842,828
Writedowns								0
Net carrying amount		8,189,033	733,463	1,768,006		8,644,877	1,911,605	21,246,984

Development costs

During the reporting period, the Company carried out research and development activities into technological innovation. The Saleri Group’s research and development division includes the Product Concept Division, consisting of a multi-disciplinary technical-scientific team responsible for research, design and prototyping of new product technologies with the aim of anticipating customer requirements and intercepting possible new evolutions of the automative market and applications of OEM products.

Details of the research activities carried out are provided in the Directors’ Report.

With regard to development activities alone, in 2024, the Company incurred personnel costs totalling Euro 3,718,768 and external development costs of Euro 840,204. Based on a careful analysis of available information on external development costs and on the number of hours spent on development projects already assigned (i.e. projects for which a final contract has been signed), the Directors concluded that they could capitalise the lower amount of Euro 4,433,679 of costs relating to projects for which the development phase has not yet been completed; these costs are recorded under the caption “Intangible assets in progress”.

During the reporting period, upon completion of the development phase, certain projects with a value of Euro 3,803,339 were reclassified from “Intangible assets in progress and payments on account” and the amortisation process commenced.

The following table contains the disclosures required by Article 2427(3) in relation to development costs.

	Opening amount	Increases	Decreases	Closing amount
Development costs	5,097,210	3,807,422	715,599	8,189,033
TOTAL	5,097,210	3,807,422	715,599	8,189,033

Costs capitalised up to 2019 whose useful life could not be reliably estimated are amortised over not more than five years; this period is normally shorter than the mass production period of the related items.

Development costs with a clear connection to projects with an estimated useful life of 10 years are amortised over that period at 10% per annum.

As previously stated, the increases totalling Euro 3,803,339 reclassified from “Assets in progress and payments on account” include the amount of projects for which the development phase was completed during the year.

Decreases during the year of Euro 715,599 include Euro 672,136 of amortisation for the year and Euro 43,463 representing the residual value of development costs on projects completed during the year.

Patents and intellectual property rights

The net balance amounts to Euro 733,463 (Euro 1,431,287 at 31 December 2023) and refers entirely to Software.

Increases for the year of Euro 9,300 refers to purchases of new licences needed for technological implementations in the management of various business processes.

The amount of Euro 45,000 reclassified from “Assets in progress and payments on account” refers to the purchase of new licences relating to the implementation and extension of the SAP business management software.

Decreases amounting to Euro 752,124 refer entirely to amortisation for the period.

This category of intangible assets is amortised on a straight-line basis:

- › over 5 years for management software;
- › over 3 years for all other software.

Concessions, Licences, Trademarks and similar rights

The net balance amounts to Euro 1,768,006 (Euro 1,887,909 at 31 December 2023) and entirely refers to Trademarks purchased in 2021.

The decrease of Euro 119,904 entirely refers to amortisation for the period.

Intangible assets in progress and payments on account

This item amounts to Euro 8,644,877 (Euro 7,968,169 at 31 December 2023).

This caption refers almost entirely to internal and external development costs incurred in relation to development projects in progress. The costs now recorded under this caption will be reclassified to the relevant asset category as described above – once their suitability for capitalisation has been confirmed – and they will be amortised from the date of completion of the development phase, considering the estimated residual useful life of the project to which they refer; the balance increased by Euro 4,433,679 during the year. Development costs with a clear connection to projects with an estimated useful life of 10 years are amortised over that period at a rate of 10% per annum.

During the period, the development phase was completed for several projects so the related costs were reclassified to the appropriate captions as follows:

- › Costs totalling Euro 3,614,157 were reclassified to “Development costs”;
- › Costs totalling Euro 45,000 were reclassified to “Concessions, Licences and Trademarks”;
- › Costs totalling Euro 3,294 were reclassified to “Equipment”.

Decreases of Euro 94,520 for the reporting period mainly refer to chargebacks of development costs to customers.

Other intangible assets

The net balance amounts to Euro 1,911,605 (Euro 1,572,578 at 31 December 2023) after accumulated amortisation of Euro 2,972,987 and entirely refers to leasehold improvements.

Additions for the year of Euro 593,910 (including Euro 5,900 reclassified from “Intangible assets in progress and payments on account”) refer to improvements to the new, leased production facility.

Decreases of Euro 254,883 mainly refer to amortisation for the period (Euro 254,734) while the remaining amount regards the derecognition of leasehold improvements to a property the lease for which ended during the reporting period.

Tangible assets

Movements on tangible assets

Tangible assets include land, buildings, plant and machinery, industrial and commercial equipment, tangible assets under construction and other tangible assets. They amount to Euro 49,732,960 (Euro 51,244,448 at 31 December 2023) after accumulated depreciation (Euro 63,902,181).

The following table contains details of the items included in the net carrying amount of Tangible Assets in the Financial Statements (Art. 2427(2) of the Italian Civil Code).

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Assets under construction and payments on account	Total tangible assets
Opening amount						
Cost	20,290,654	51,542,520	29,176,271	5,088,301	1,341,340	107,439,086
Revaluations	6,502,686					6,502,686
Depreciation (Accumulated Depreciation)	7,731,775	26,203,106	22,473,455	4,728,500		61,136,836
Writedowns	1,560,488					1,560,488
Net carrying amount	17,501,077	25,339,414	6,702,816	359,801	1,341,340	51,244,448
Changes during year						
Increases due to additions		129,032	591,264	100,641	3,659,235	4,480,171
Reclassifications (of net carrying amount)	15,099	244,588	73,289	55,620	(580,383)	(191,787)
Decreases due to disposals (of net carrying amount)	3,122	469,475	153,003	32,872	359,200	1,017,672
Revaluations performed during the year						0
Depreciation for the year	676,603	2,099,470	1,876,587	129,542		4,782,202
Writedowns performed during the year						0
Other changes						0
Total changes	(664,626)	(2,195,325)	(1,365,037)	(6,154)	2,719,652	(1,511,490)
Closing amount						
Cost	20,301,309	50,889,422	28,605,882	4,835,338	4,060,992	108,692,943
Revaluations	6,502,686					6,502,686
Depreciation (Accumulated Depreciation)	8,407,056	27,745,333	23,268,103	4,481,689		63,902,181
Writedowns	1,560,488					1,560,488
Net carrying amount	16,836,451	23,144,089	5,337,779	353,649	4,060,992	49,732,960

In 2018, the Company identified potential indicators of impairment of certain tangible assets. Therefore, in accordance with Italian Accounting Standard OIC 9, it made further writedowns in terms of Articles 2426(1) and (3) of the Italian Civil Code and created an impairment provision totalling Euro 1,560,488. These impairment adjustments have been maintained unchanged in 2024 as there are no new factors requiring changes to the conclusions reached at the time.

Land and buildings

This caption amounts to Euro 16,836,451 (Euro 17,501,077 at 31 December 2023) and is stated net of accumulated depreciation of Euro 8,407,056.

The increases of Euro 15,099 refer to work carried out on the building in Lumezzane. Decreases for the year with a net carrying amount of Euro 3,122 (historical cost Euro 4,444) refer to the disposal of video surveillance equipment.

As stated above, the Company has not made any impairment provisions on top of the amount provided in 2018 as it believes the existing provision reflects the effective impairment of land and buildings.

Plant and machinery

The balance amounts to Euro 23,144,089 (Euro 25,339,414 at 31 December 2023) after accumulated depreciation of Euro 27,745,332.

Increases of Euro 373,620 were recorded during the reporting period, including Euro 244,588 reclassified from Assets under construction and payments on account and relating to payments previously made on account towards projects completed during the period.

The additions mainly refer to maintenance capex incurred to ensure machinery is kept updated and fully efficient, as well as to new workstations needed to handle the contracts acquired by the Company.

Decreases during the period with a net carrying amount of Euro 469,475 (historical cost Euro 1,026,719) refer to disposals and retirements of plant and machinery no longer in use in the production cycle.

Industrial and commercial equipment

The balance amounts to Euro 5,337,779 (Euro 6,702,816 at 31 December 2023) after accumulated depreciation of Euro 23,268,104.

Additions for the period amount to Euro 664,553, including Euro 73,289 reclassified from “Assets under Construction and Payments on Account”.

As in the case of “Plant and Machinery”, additions to “Industrial and Commercial Equipment” mainly refer to purchases of new equipment needed to carry out the contracts acquired by the Company. The costs incurred have been sustained as part of the plan of capex necessary to install the additional production capacity needed to cope with the new, long-term production contracts acquired by the Original Equipment division.

Decreases during the period with a net carrying amount of Euro 153,003 (historical cost Euro 1,234,940) refer to disposals and retirements of equipment no longer in use in the production cycle.

Other tangible assets

The following table contains a detailed breakdown of “Other tangible assets”. It shows movements on each of the component asset categories.

	Furniture and fittings	Electronic office equipment	Cars and other vehicles	Sundry other assets	Total other tangible assets
Historical cost	1,352,637	3,590,555	145,109		5,088,301
Prior year revaluations					0
Opening accumulated depreciation	1,200,934	3,398,968	128,598		4,728,500
Prior year writedowns					0
Opening amount	151,703	191,587	16,511		359,801
Increases – additions	4,925	95,716			100,641
Transfers to other captions					0
Transfers from other captions		55,620			55,620
Disposals/Decreases for year: Historical cost	(62,091)	(328,160)	(18,974)		(409,225)
Disposals / Decreases for year: accumulated depreciation	(42,920)	(328,085)	(5,348)		(376,353)
Revaluations during year					0
Depreciation for year	35,141	91,855	2,546		129,542
Writedowns during year					0
Other changes					0
Closing amount	102,316	250,992	339	0	353,647

The balance amounts to Euro 353,647 (Euro 359,801 at 31 December 2023) after accumulated depreciation of Euro 4,481,688 and refers to:

- › Furniture and fittings of Euro 102,316 (Euro 151,703 at 31 December 2023); additions for the period totalled Euro 4,925 mainly in respect of new office furnishings;
- › Electronic office equipment of Euro 250,992 (Euro 191,587 at 31 December 2023); increases for the period totalled Euro 151,335 – including Euro 55,620 reclassified from “Assets under construction and payments on account” - mainly for purchases of hardware and for the updating and replacement of electronic devices currently in use. During the period, also as a result of the renewal process, certain electronic equipment with a net carrying amount of Euro 75 was disposed of (original historical cost Euro 328,160);
- › Cars and vehicles of Euro 340 (Euro 16,511 at 31 December 2023); there were no additions during the reporting period while decreases totalled Euro 13,626 as a result of the sale of a car owned by the Company with a historical cost of Euro 18,974.

Assets under construction and payments on account

The balance amounts to Euro 4,060,992 (Euro 1,341,340 at 31 December 2023) and refers to payments made on account during the period towards additions to tangible assets.

During the period, Euro 580,383 was reclassified to the relevant tangible asset categories following the completion of the related capex.

Increases for the period totalling Euro 3,659,235 regard payments made on account in relation to new production lines and equipment to cope with the new long-term production contracts acquired by the Original Equipment Division.

Revalued tangible assets at the reporting date

As required by law, the following table contains details of the tangible assets reported in the Company’s Financial Statements at 31 December 2024 which have been the subject of monetary revaluations and exceptions to statutory measurement criteria.

Description	Revaluation under Decree Law no. 185/2008	Total revaluations
Land and buildings	6,502,686	6,502,686
TOTAL	6,502,686	6,502,686

The Company made use of the possibility offered by Decree Law no 185/2008 to revalue some of the tangible assets reported in its Financial Statements at 31/12/2008.

The revaluation was performed in 2008 and led, in the Financial Statements for that year, to an increase of Euro 6,502,686 in “Land and Buildings” and an increase in Shareholders’ Equity of Euro 4,460,842, as recorded under the caption “Revaluation reserves ex Decree Law no 185/2008” net of deferred tax of Euro 2,041,844. The revaluation was performed for statutory reporting purposes only without payment of any substitute tax.

Finance leases

The following table contains the disclosures required by Article 2427(22) of the Italian Civil Code on finance leases whereby the majority of the risks and rewards relating to the leased assets are transferred to the Company.

	Amount
Total amount of assets held under finance leases at the reporting date	8,720,860
Notional depreciation charge for the year	903,720
Notional adjustments and reversals for the year	
Present value of lease instalments not yet due at reporting date	592,630
Financial expenses for the year based on effective interest method	24,527

Financial assets

Movements on equity investments, other securities and derivatives

The investments classed as non-current financial assets represent long-term, strategic investments by the Company. At 31 December 2024, they amounted to Euro 33,468,041, unchanged compared to prior year.

The following table contains a breakdown of the net carrying amount of financial assets as reported in the Financial Statements (Art. 2427(2) of the Italian Civil Code).

	Investments in subsidiaries	Investments in associated companies	Investments in parent companies	Investments in entities controlled by parent companies	Investments in other entities	Total Investments	Other securities	Derivatives
Opening amount								
Cost	11,765,896				532	11,766,428	19,960	722,934
Revaluations	22,452,350					22,452,350		
Writedowns	750,737					750,737	13,620	
Net carrying amount	33,467,509				532	32,418,041	6,340	722,934
Changes during the year								
Increases due to acquisitions						0		
Reclassifications (of net carrying amount)						0		
Decreases due to disposals (of net carrying amount)						0		
Revaluations performed during year						0		
Writedowns performed during year						0		476,834
Other changes						0		
Total Changes	0				0	0	0	(476,834)
Closing amount								
Cost	11,765,896				532	11,766,428	19,960	246,100
Revaluations	22,452,350					22,452,350		
Writedowns	750,737					750,737	13,620	
Net carrying amount	33,467,509				532	33,468,041	6,340	246,100

“Investments in subsidiaries” totalling Euro 33,467,509 includes:

- › Subsidiary Saleri Shanghai Co. Ltd - Euro 24,515,600;
- › Subsidiary Saleri Aftermarket S.p.A. – Euro 2,849,540;
- › Subsidiary Saleri México SA de CV – Euro 2,122,322;
- › Subsidiary Saleri India Private Ltd – Euro 1,868,850;
- › Subsidiary ABL Automazione S.r.l. – Euro 2,068,717 (after impairment adjustment of Euro 750,737);
- › Subsidiary Saleri TMS Competence Center GmbH – Euro 42,480.

Saleri Shanghai Co. Ltd.

The Company owns 95% of the subsidiary.

The investment amounts to Euro 24,515,600 and did not change during the year.

In 2020, based on an independent expert appraisal which determined that the value of the investment at the date of measurement was Euro 24,500,000, the Company increased value of the investment in the subsidiary (Art. 110 of Decree Law 104/2020, converted as amended by Law no 126 of 2020) by Euro 22,452,350 with a contra-entry made to the relevant reserve in the Company’s Shareholders’ Equity.

For the purposes of approval of the 2024 Financial Statements, the above carrying amount of the investment was tested for impairment. The test was performed in relation to the cash generating unit (“CGU”) consisting of the subsidiary as a whole.

The test was performed by comparing the carrying amount of the investment with the value in use of the CGU, i.e. its Equity Value, equal to the sum of discounted operating cash flows minus the net financial position of the subsidiary at the date of measurement of 31 December 2024.

Specifically, this was determined using the unlevered discounted cash flow method, as applied to cash flows per the Business Plan 2025-2028 approved on April 23, 2024 - as prepared by management of the subsidiary – projected over the explicit period covered by the plan using the perpetual return method (“Terminal Value”) and using a growth rate (“g rate”) equal to the rate of inflation expected over the plan period.

The cash flows used are the operating cash flows forecast in the plan, net of related taxes; they include investments in fixed assets and cash movements on working capital while they do not include cash flows relating to financing activities, extraordinary events or the payment of dividends.

Cash flows determined as above were discounted using a discount rate (WACC) of 12.12%, as determined applying the Capital Asset Pricing Model.

The WACC (Weighted Average Cost of Capital) represents an average of the interest rate on equity and debt, as weighted for the relative proportions of debt and equity.

The following elements were considered when determining the WACC:

- › risk-free rate, determined using the six-month average return on risk-free financial assets;

- › market premium, determined using information from external providers;
 - › industry beta;
 - › cost of borrowing;
 - › debt/equity ratio, assumed equal to industry average.
- The test performed did not detect any impairment but, rather, it showed headroom.

In any case, it should be noted that, given their nature as forecasts, the assumptions regarding future performance and the resulting data taken from the Business Plan 2025-2028 and used to perform the impairment test are subject to an inherent degree of uncertainty. Therefore, we cannot exclude the possibility that actual future results may differ from the estimates and that this may require future adjustments by subsidiary management to the plan assumptions.

ABL Automazione S.r.l.

The Company owns 100% of the subsidiary.

At 31 December 2024, the investment amounted to Euro 2,068,717, after the impairment adjustment of Euro 750,737 recorded in 2020.

For the purposes of approval of the 2024 Financial Statements, the above carrying amount of the investment was tested for impairment. The test was performed in relation to the cash generating unit (“CGU”) consisting of the subsidiary as a whole.

The test was performed by comparing the carrying amount of the investment with the value in use of the CGU, i.e. its Equity Value, equal to the sum of discounted operating cash flows minus the net financial position of the subsidiary at the date of measurement of 31 December 2024.

Specifically, this was determined using the unlevered discounted cash flow method, as applied to cash flows per the new Five-Year Plan 2025-2028 - as prepared by management of the subsidiary – projected over the explicit period covered by the plan using the perpetual return method (“Terminal Value”) and using a growth rate (“g rate”) equal to the rate of inflation expected over the plan period.

The cash flows used were the operating cash flows forecast in the plan, net of related taxes; they include investments in fixed assets and cash movements on working capital while they do not include cash flows relating to financing activities, extraordinary events or the payment of dividends.

Cash flows determined as above were discounted using a discount rate (WACC) of 12.66%, as determined applying the Capital Asset Pricing Model.

The WACC (Weighted Average Cost of Capital) represents an average of the interest rate on equity and debt, as weighted for the relative proportions of debt and equity.

The following elements were considered when determining the WACC:

- › risk-free rate, determined using the six-month average return on risk-free financial assets;

- › market premium, determined using information from external providers;
 - › industry beta;
 - › cost of borrowing;
 - › debt/equity ratio, assumed equal to industry average.
- The test performed did not detect any impairment but, rather, it showed headroom.

In any case, it should be noted that, given their nature as forecasts, the assumptions regarding future performance and the resulting data taken from the Business Plan 2025-2028 approved on April 23, 2024 and used to perform the impairment test are subject to an inherent degree of uncertainty. Therefore, we cannot exclude the possibility that actual future results may differ from the estimates and that this may require future adjustments by subsidiary management to the plan assumptions.

Saleri TMS Competence Center GmbH

The Company owns 100% of the subsidiary.

The carrying amount of the investment is Euro 42,480 and it did not change during the reporting period.

The subsidiary’s sole activities regard the provision of support services to the Parent Company with R&I and the management of customers based in Germany.

Saleri México S.A. de C.V.

The Company owns 51.14% of the subsidiary.

The value of the investment is Euro 2,122,322 – unchanged on prior year - and this includes additional capital paid in during previous reporting periods.

The Company only commenced mass production and, consequently, began to invoice its first revenues in the second half of 2021.

For the purposes of approval of the 2024 Financial Statements, the above carrying amount of the investment was tested for impairment. The test was performed in relation to the cash generating unit (“CGU”) consisting of the subsidiary as a whole.

The test was performed by comparing the carrying amount of the investment with the value in use of the CGU, i.e. its Equity Value, equal to the sum of discounted operating cash flows minus the net financial position of the subsidiary at the date of measurement of 31 December 2024.

Specifically, this was determined using the unlevered discounted cash flow method, as applied to cash flows per the Business Plan 2025-2028 approved on April 23, 2024 - as prepared by management of the subsidiary – projected over the explicit period covered by the plan using the perpetual return method (“Terminal Value”) and using a growth rate (“g rate”) equal to the rate of inflation expected over the plan period.

The cash flows used were the operating cash flows forecast in the plan, net of related taxes; they include investments in fixed assets and cash movements on working capital while they do not include cash flows relating to financing activities, extraordinary events or the payment of dividends.

Cash flows determined as above were discounted using a discount rate (WACC) of 18.53%, as determined applying the Capital Asset Pricing Model.

The WACC (Weighted Average Cost of Capital) represents an average of the interest rate on equity and debt, as weighted for the relative proportions of debt and equity.

The following elements were considered when determining the WACC:

- › risk-free rate, determined using the six-month average return on risk-free financial assets;
- › market premium, determined using information from external providers;
- › industry beta;
- › cost of borrowing;
- › debt/equity ratio, assumed equal to industry average.

The test performed did not detect any impairment but, rather, it showed headroom.

In any case, it should be noted that, given their nature as forecasts, the assumptions regarding future performance and the resulting data taken from the Business Plan 2025-2028 and used to perform the impairment test are subject to an inherent degree of uncertainty. Therefore, we cannot exclude the possibility that actual future results may differ from the estimates and that this may require future adjustments by subsidiary management to the plan assumptions.

Saleri India Private Ltd.

The Company owns 51% of the subsidiary.

The carrying amount of the investment is Euro 1,868,850 (unchanged on 31 December 2023). This includes capital payments made during the previous reporting period and acquisition-related expenses.

At the reporting date, the subsidiary was still in its start-up phase. It commenced its operating activities in the last few months of 2021 when it hired its first employees. Mass production and billing of the first revenues only took place in 2022.

For the purposes of approval of the 2024 Financial Statements, the above carrying amount of the investment was tested for impairment. The test was performed in relation to the cash generating unit (“CGU”) consisting of the subsidiary as a whole.

The test was performed by comparing the carrying amount of the investment with the value in use of the CGU, i.e. its Equity Value, equal to the sum of discounted operating cash flows minus the net financial position of the subsidiary at the date of measurement of 31 December 2024

Specifically, this was determined using the unlevered discounted cash flow method, as applied to cash flows per the new Business Plan 2025-2028 approved on April 23, 2025 - as prepared by management of the subsidiary – projected over the explicit period covered by the plan using the perpetual return method (“Terminal Value”) and using a growth rate (“g rate”) equal to the rate of inflation expected over the plan period.

The cash flows used were the operating cash flows forecast in the plan, net of related taxes; they include investments in fixed assets and cash movements on working capital while they do not include cash flows relating to financing activities, extraordinary events or the payment of dividends.

Cash flows determined as above were discounted using a discount rate (WACC) of 14.62%, as determined applying the Capital Asset Pricing Model.

The WACC (Weighted Average Cost of Capital) represents an average of the interest rate on equity and debt, as weighted for the relative proportions of debt and equity.

The following elements were considered when determining the WACC:

- › risk-free rate, determined using the six-month average return on risk-free financial assets;
- › market premium, determined using information from external providers;
- › industry beta;
- › cost of borrowing;
- › debt/equity ratio, assumed equal to industry average.

The test performed did not detect any impairment but, rather, it showed headroom.

In any case, it should be noted that, given their nature as forecasts, the assumptions regarding future performance and the resulting data taken from the Business Plan 2025-2028 and used to perform the impairment test are subject to an inherent degree of uncertainty. Therefore, we cannot exclude the possibility that actual future results may differ from the estimates and that this may require future adjustments by subsidiary management to the plan assumptions.

Saleri Aftermarket S.p.A.

The Company owns 100% of the subsidiary.

The carrying amount of the investment is Euro 2,849,540 and it did not change during the reporting period.

The Company’s performance in 2024 confirms that it adopted the right strategy when it decided to concentrate the Aftermarket business in a single Group entity and acquire a brand well-known in the sector.

Details of non-current investments in subsidiaries

Investments in subsidiaries are recorded at purchase or subscription cost. If the carrying amount of an investment is greater than the corresponding portion of Equity held and this difference is considered permanent, an appropriate impairment adjustment is made.

Pursuant to Article 2427(5) of the Italian Civil Code, the following table contains details of the direct or indirect investments in subsidiaries, as included in Non-current financial assets.

Name	Location	Tax number (Italian companies)	Capital in euro	Profit (Loss) for last reporting period in Euro	Equity in Euro	Investment held in Euro	% investment held	Carrying amount
Saleri Shanghai Co.Ltd	China		1,877,480	2,463,615	11,608,294	11,027,880	95%	24,515,600
Saleri TMS Competence Center GmbH	Germany		25,000	26,359	110,121	110,121	100%	42,480
ABL Automazione S.r.l.	Gussago (BS)	03309390171	750,000.00 wholly paid	(484,242)	1,340,910	1,340,910	100%	2,068,717
Saleri México S.A. de C.V.	Mexico		5.231.670	(1,716,214)	(1,470,936)	(750,177)	51%	2,122,322
Saleri Aftermarket S.p.A.	Lumezzane (BS)	01779170487	100,000.00 wholly paid	2,997,876	5,973,569	5,973,569	100%	2,849,540
Saleri India Private Ltd	India		3,308,851	(897,143)	(37,607)	(19,180)	51%	1,868,850
TOTALE								33,467,509

The amounts shown in the table refer to the 2024 financial statements approved by the respective Boards of Directors of the companies.

Other Securities

The amount of Euro 6,340 did not change during the period.

Derivative instruments

The balance stands at Euro 246,100 (Euro 722,934 at 31 December 2023).

The caption includes the reporting date measurement of the positive fair value of the derivative instruments in place at that date. These derivatives have been arranged to hedge the interest rate risk in relation to medium/long-term loans at 31 December 2024.

Current assets

Inventory

In terms of Article 2427(4) of the Italian Civil Code, inventory is analysed as follows.

Item	Opening amount	Change during year	Closing amount
1. Raw, ancillary and consumable materials	9,115,876	3,345,779	12,461,655
2. WIP and semi-finished goods	5,536,988	1,107,976	6,644,964
3. Contract work in progress		0	
4. Finished goods	4,010,042	(265,376)	3,744,666
5. Payments on account	209,926	327,811	537,737
TOTAL	18,872,832	4,516,190	23,389,022

This balance represents the value of the physical inventory held at Company and third party warehouses at 31 December 2024 and goods in transit.

The increases in “Raw, ancillary and consumable materials” and “WIP and semi-finished goods” are mainly due to the launch of a new product with growing volumes, for which a temporary safety stock had to be built up because of instability regarding supply periods.

The amount of Euro 23,389,022 (Euro 18,872,832 at 31 December 2023) is stated net of the obsolescence provision of Euro 1,008,108 created following an analysis of obsolete/slow moving inventory and inventory with below cost selling prices.

In 2024, the provision was increased by Euro 417,791 while Euro 409,249 was utilised.

The following table shows movements on the inventory provision:

Inventory provision	Opening amount	Increases	Decreases	Closing amount
1. Raw, ancillary and consumable materials	(507,740)	(169,913)	138,266	(539,387)
2. WIP and semi-finished goods	(227,926)	(163,069)	58,579	(332,416)
3. Contract work in progress	–			–
4. Finished goods	(263,899)	(84,809)	212,404	(136,304)
5. Payments on account	–			–
TOTAL	(999,565)	(417,791)	409,249	(1,008,107)

Receivables classed as current assets

Changes in and maturity of receivables classed as current assets

The following table contains a breakdown of receivables classed as current assets, together with changes compared to prior year and the due date of the receivables (Art. 2427 (4) and (6) of the Italian Civil Code).

	Opening amount	Change during year	Closing amount	Amount due within a year	Amount due after more than a year	Of which due after more than five years
Trade receivables	14,615,970	(2,102,210)	12,513,760	12,513,760		
Receivables from subsidiaries	20,144,738	1,853,440	21,998,178	21,998,178		
Receivables from associated companies						
Receivables from parent companies		0				
Receivables from entities controlled by parent companies		0				
Tax receivables	881,526	(87,132)	794,394	746,632	47,762	
Deferred tax assets	5,885,859	(470,206)	5,415,653	5,415,653		
Receivables from others	1,444,847	1,765,073	3,209,920	2,804,060	405,860	
Total receivables classed as current assets	42,972,940	958,965	43,931,905	43,478,283	453,622	0

Breakdown of receivables classed as current assets by geographical area

Receivables classed as current assets may be broken down as follows in terms of the geographical business area of the debtors (Art. 2427 (6) of the Italian Civil Code):

	Europe	Italy	Rest of World	Total
Trade receivables	11,847,221	598,177	68,361	12,513,760
Receivables from subsidiaries	35,494	4,550,855	17,411,829	21,998,178
Receivables from associated companies				
Receivables from parent companies		0		
Receivables from entities controlled by parent companies		0		
Tax receivables		794,394		794,394
Deferred tax assets		5,415,653		5,415,653
Receivables from others	2,338,643	828,126	43,152	3,209,920
TOTAL	14,221,358	12,187,205	17,523,342	43,931,905

Trade receivables

The amount of Euro 12,513,761 (Euro 14,615,970 at 31 December 2023) entirely consists of trade receivables. The balance is stated net of the provision for bad debts of Euro 184,350 and fairly represents the estimated realisable amount.

The net decrease of Euro 2,102,209 is mainly due to increased use of financial instruments like non-recourse factoring and advances on invoices.

Provision for bad debts

Trade receivables are stated net of a provision for bad debts created to take account of collection issues. The provision amounts to Euro 184,350 and movements thereon during the year were as follows.

Description	Opening amount	Utilised	Allocated	Closing amount
Provision for bad debts	(130,344)		(54,006)	(184,350)

Receivables from subsidiaries

	31 December 2023	31 December 2024	Change
IMMOBILIARE INDUSTRIALE S.R.L.	(0)	0	0
SALERI SHANGHAI CO. LTD	5,789,807	4,182,067	(1,607,740)
SALERI TMS COMPETENCE CENTER GMBH	136,494	35,494	(101,000)
SALERI INDIA PVT LTD	3,772,877	4,954,793	1,181,916
ABL AUTOMAZIONE S.R.L.	201,756	243,997	42,241
SALERI MEXICO S.A. DE C.V.	6,758,526	8,274,969	1,516,443
SALERI AFTERMARKET S.P.A.	3,485,278	4,306,858	821,579
TOTAL	20,144,738	21,998,178	1,853,440

Receivables totalling Euro 4,182,067 from Saleri Shanghai Co. Ltd (Euro 5,789,807 at 31 December 2023) refer to:

- › Euro 4,161,621 of trade receivables (including under the Service Agreement and under the Royalties Agreement);
- › Euro 20,446 of receivables for consultancy services and insurance costs incurred by the Parent Company and charged back to the subsidiary;

Receivables totalling Euro 35,494 from Saleri TMS Competence Center GmbH (Euro 136,494 at 31 December 2023) refer to sundry advances.

Receivables totalling Euro 4,954,793 from Saleri India PVT LTD (Euro 3,772,877 at 31 December 2023) refer to:

- › Euro 3,361,953 of trade receivables (including under Service Agreements);

- › Euro 1,032,341 for a short-term loan granted to the subsidiary, including interest accruing as at 31.12.2024;
- › Euro 5,304 for sundry advances;

Receivables totalling Euro 243,997 from ABL Automazione S.r.l. (Euro 201,756 at 31 December 2023) refer to:

- › Euro 209,749 of trade receivables (including under Service Agreements);
- › Euro 26,882 due under the consolidated taxation agreement.

Receivables totalling Euro 8,274,969 from Saleri México S.A. de C.V. (Euro 6,758,526 at 31 December 2023) refer to:

- › Euro 8,141,358 of trade receivables (including under Service Agreements and under the Royalties Agreement);
- › Euro 68,042 of sundry advances;
- › Euro 31,363 due under contracts for the secondment of personnel;
- › Euro 34,205 of financial receivables.

Receivables totalling Euro 4,306,858 from Saleri Aftermarket S.p.A. (Euro 3,485,278 at 31 December 2023) refer to:

- › Euro 1,529,924.25 of trade receivables (including under Service Agreements and Royalties Agreements).
- › Euro 1,511,915 due under the consolidated taxation agreement;
- › Euro 57,063 of financial receivables;
- › Euro 1,200,000 of dividends approved during the year but not yet paid;
- › Euro 7,956 of sundry advances.

Receivables from parent companies

At 31 December 2024, there were no receivables from parent companies.

Tax receivables

	31 December 2023	31 December 2024	Change
Withholding taxes suffered	0	0	0
IRES receivables	2,976	525	(2,451)
IRAP receivables			0
VAT receivables	610,014	736,055	126,041
Other tax receivables	268,536	57,814	(210,722)
TOTAL	881,526	794,394	(87,132)

“IRES receivables”, amounting to Euro 525 (Euro 2,976 at 31 December 2023), represent the IRES receivable for 2024.

“VAT Receivables”, amounting to Euro 736,055 (Euro 610,014 at 31 December 2023), mainly refer to the VAT balance resulting from the December 2024 VAT return (Euro 622,046). The amount also includes a minor amount of foreign VAT receivables relating to EU countries where the Company has operated directly or for which a refund application has been made.

“Other tax receivables”, amounting to Euro 57,814 (Euro 268,536 at 31 December 2023), mainly relates to the tax credit for Ordinary Assets 2022 and R&I.

Deferred tax assets

Deferred tax assets amount to Euro 5,415,654 (Euro 5,885,859 at 31 December 2023).

The Directors concluded that it was appropriate to recognise the deferred tax assets – as described in more detail on the Note on deferred taxes – also on the basis of the contents of the Business Plan 2025-2028 approved by the Board of Directors of the Company, as it is reasonably certain that, in the periods in which temporary differences reverse, there will be taxable income of not less than the amount of the differences reversing.

Other receivables

Other receivables amounts to Euro 3,209,920 (Euro 1,444,847 at 31 December 2023). The amount of Euro 2,804,060 due within a year includes:

- › Euro 2,401,796 of advances to suppliers;
- › Euro 381,789 of DR balances with certain suppliers of goods and services;
- › Euro 20,476 of sundry receivables, after a provision for doubtful debts of Euro 102,932.

The amount of Euro 405,860 due after more than a year entirely consists of guarantee deposits paid, mainly in relation to lease and rental agreements.

Current financial assets

Investments in other entities

The balance of Euro 13,294 did not change during the period and refers to non-controlling interests in other entities.

Cash and cash equivalents

The balance detailed below represents cash and cash equivalents at the reporting date and changes during the reporting period (Art. 2427 (4) of the Italian Civil Code).

	Opening amount	Change during year	Closing amount
1. Bank and post office accounts	6,413,260	4,092,029	10,505,289
2. Cheques		0	
3. Cash and cash equivalents on hand	86	0	86
TOTAL	6,413,346	4,092,029	10,505,375

The increase in cash and cash equivalents over the period is due to the cash flow management strategy adopted by Company management. The balance has benefited from the use of financial instruments like non-recourse factoring and advances on invoices. It should also be noted that, in December, the Company signed a long-term loan agreement with a leading bank to borrow an amount of Euro 3,500,000.

“Cash and cash equivalents on hand” of Euro 86 (unchanged on 31 December 2023) entirely refers to Tax Stamps. Note that the Company does not hold any cash on hand and all payments are made electronically.

Prepaid expenses and accrued income

The balance and changes compared to prior year are analysed as follows (Article 2427(7) of the Italian Civil Code):

	Opening amount	Change during year	Closing amount
Accrued income	0	(0)	0
Prepaid expenses	4,135,348	(962,115)	3,173,233
Total prepaid expenses and accrued income	4,135,348	(962,115)	3,173,233

	Opening amount	Change during year	Closing amount
Prepaid expenses:	4,135,348	3,173,233	(962,115)
- lease instalments	78,651	44,652	(33,999)
- contributions to customers	3,507,631	2,633,597	(874,034)
- insurance premiums	1,983	2,947	965
- other	547,083	492,037	(55,046)
Accrued income	0	0	(0)
TOTAL	4,135,348	3,173,233	(962,115)

Prepaid lease instalments almost entirely refer to initial advance payments made at the outset of individual lease agreements and taken to the Income Statement in subsequent periods over the period of the lease.

Prepaid contributions to customers refers to contributions charged or for which a payment commitment has already been signed with the customer and which relate to future periods.

Other prepaid expenses mainly refer to maintenance contracts and subscription instalments.

NOTES TO THE FINANCIAL STATEMENTS,
LIABILITIES AND EQUITY

Shareholders’ Equity

Changes in Shareholders’ Equity

At 31 December 2024, Shareholders’ Equity amounted to Euro 69,088,431 and movements during the year then ended were as follows (Art. 2427(4) of the Italian Civil Code).

	Opening amount	Allocation of prior year net profit or loss		Other changes			Result for year	Closing amount
		Allocation to dividends	Other allocations	Increases	Decreases	Reclassifications (of carrying amount)		
Share capital	23,922,413	0						23,922,413
Share premium reserve	7,696,219	0						7,696,219
Revaluation reserves	27,061,472	0						27,061,472
Legal reserve	1,344,000	0	117,013					1,461,013
Statutory reserves								
Other reserves								
Extraordinary reserve	857,395	0						857,395
Reserve for exceptions in terms of Art 2423 of the Italian Civil Code								
Reserve for shares or quotas of parent company								
Reserve for revaluation of investments								
Payments for share capital increases								
Payments for future capital increases								
Additional paid-in capital		0						
Payments to cover losses								
Reserve for reduction of share capital								
Merger surplus reserve								
Reserve for unrealised exchange gains								
Reserve for earnings adjustments in progress								
Sundry other reserves	364,052	0						364,052
Total other reserves	1,221,447	0	0	0	0	0	0	1,221,447
Cash flow hedge reserve	722,934	0			476,834			246,100
Retained earnings (Accumulated losses)	(3,062,844)	0	2,223,234					(839,610)
Profit (Loss) for the year	2,340,246	0	(2,340,246)				8,604,390	8,604,390
Loss rescheduled during year								
Negative Reserve for Treasury Shares	(285,014)	0						(285,014)
Total Shareholders’ Equity	60,960,873	0	1	0	476,834	0	8,604,390	69,088,430

Availability and utilisation of Shareholders’ Equity

The following table contains further details of the reserves that make up Shareholders’ Equity. It shows their origin or nature, their possible utilisation and availability for distribution and their actual utilisation in prior years (Art. 2427(7) of the Italian Civil Code):

Legend for “Origin / nature” column: C = Capital reserve;
E = Earnings reserve

	Amount	Origin / nature	Possible utilisation	Amount available	Summary of utilisation in last three years	
					To cover losses	For other reasons
Share capital	23,922,413					
Share premium reserve	7,696,219	C	A, B, C	7,696,219		
Revaluation reserves	27,061,472	U	A, B, C	27,061,472		
Legal reserve	1,461,013	U	B	1,461,013		
Statutory reserves						
Other reserves						
Extraordinary reserve	857,395	U	A, B, C	857,395		
Reserve for exceptions in terms of Art 2423 of the Italian Civil Code						
Reserve for shares or quotas of parent company						
Reserve for revaluation of investments						
Payments for share capital increases						
Payments for future capital increases						
Additional paid-in capital						
Payments to cover losses						
Reserve for reduction of share capital						
Merger surplus reserve						
Reserve for unrealised exchange gains						
Reserve for earnings adjustments in progress						
Sundry other reserves	364,052	U	A, B	364,052		
Total other reserves	1,221,447	0	0	1,221,447	0	0
Cash flow hedge reserve	246,100					
Retained earnings (Accumulated losses)	(839,610)					
Negative reserve for treasury shares held	(285,014)					
TOTAL	60,484,040	0	0	37,440,151	0	0
Amount not distributable						
Residual amount distributable				37,440,151		

Legend: A: for share capital increase B: to cover losses C: for distribution to shareholders D: for other statutory requirements E: other

Origin, possible use and availability
for distribution of sundry other reserves

	Amount	Origin/nature	Possible utilisation
Reserves in terms of Art. 15 of Decree Law 429/1982	220,011	U	A, B
Other reserves	144,041	U	A, B
TOTAL	364,052		
Legend: A: for share capital increase B: to cover losses C: for distribution to shareholders D: for other statutory requirements E: other			

Share capital

Share Capital, wholly subscribed and paid at 31 December 2024, amounts to Euro 23,922,413 (unchanged on 31 December 2023) and is represented by 3,127,003 shares.

Share premium reserve

This reserve was created in 2018 and amounts to Euro 7,696,219. The amount was paid in the form of a share premium by shareholder Quaestio Capital SGR S.p.A., as manager of and on behalf of the Quaestio Italian Growth Fund, following the share capital increase (“Aucap B”) approved by the Shareholders’ General Meeting of 5 April 2018.

The reserve did not change during the reporting period.

Revaluation reserves

The balance of Euro 27,061,472 relates to revaluations carried out under the following revaluation laws:

- › Law no. 413/91 - Euro 84,651;
- › Decree Law no. 185/08 - Euro 212,842;
- › Law no. 232/2016 - Euro 4,311,629;
- › Law no. 126/2020 - Euro 22,452,350.

The reserves did not change during the reporting period.

Legal reserve

The item has a balance of Euro 1,461,013 at 31 December 2024 (Euro 1,344,000 at 31 December 2023). The increase for the year of Euro 117,013 is wholly attributable to the allocation of the net profit for 2023, as per the resolution of the General Meeting held on 9 May 2024.

Taking account of the Share Capital increases carried out in 2018 and in 2020, the reserve has not yet reached the limit provided for by Article 2430 of the Italian Civil Code.

Extraordinary reserve

This reserve amounts to Euro 857,395 at 31 December 2024 and did not change during the period.

Sundry other reserves

This caption amounts to Euro 364,052 and did not change during the reporting period.

Cash flow hedge reserve

This reserve has a balance of Euro 246,100 at 31 December 2024 (negative balance of Euro 722,934 at 31 December 2023) and refers entirely to the hedging contracts signed by the Company in relation to the loan with a SACE guarantee arranged in 2020 in the amount of Euro 24,000,000, as described in more detail in the Note on Bank Borrowing.

As described in the introduction, the Group decided to apply hedge accounting in relation to the hedging of changes in cash flows for financial liabilities as a result of interest rate fluctuation. Therefore, this caption includes changes in the Fair Value of the effective portion of cash flow hedging instruments.

Retained earnings (Accumulated losses)

This caption shows accumulated losses of Euro 839,610 against accumulated losses of Euro 3,062,844 at 31 December 2023.

The Euro 2,223,234 reduction in accumulated losses is due to allocation of the net profit for 2023, as per the resolution of the General Meeting held on 9 May 2024.

Negative reserve for treasury shares held

At 31 December 2024, this caption had a negative balance of Euro 285,014. It was created following the purchase – authorised by the General Meeting of 24 June 2019 – of 15,799 treasury shares at a total cost of Euro 285,014. The price has been paid in full.

Provisions for risks and charges

The following table contains a breakdown of Provisions for risks and charges and details of movements thereon during the year (Art. 2427 (4) of the Italian Civil Code).

	Provision for retirement benefits and similar obligations	Provision for taxation, including deferred tax	Derivatives	Other provisions	Total provisions for risks and charges
Opening amount		1,589,363		2,363,206	3,952,569
Changes during year					
Allocated during year	0	0	0	4,757,321	4,757,321
Utilised during year		15,510		1,957,126	1,972,636
Other changes					0
Total changes	0	(15,510)	0	2,800,195	2,784,685
Closing amount		1,573,853		5,163,401	6,737,254

The “Provision for taxation, including deferred tax”, amounting to Euro 1,573,853, relates to the deferred taxes provided in relation to the revaluation of properties performed in 2008 in terms of Decree Law no 185/08 which was not deductible for tax purposes. During the reporting period, deferred taxes relating to depreciation of the revalued property but not deductible for tax purposes were reversed. The section of these Notes on deferred taxes provides further information on the deferred tax provision.

“Other provisions”, amounting to Euro 5,163,401 (Euro 2,363,206 at 31 December 2023), refer to:

- › Euro 2,324,797 of prudent provisions made for sundry litigation in progress or threatened which, at the date of approval of the financial statements, had not yet been settled;
- › Euro 1,600,000 of product warranty provisions. During the period, utilisation of the provision totalled Euro 1,600,000 while increases totalled Euro 1,600,000; the provision is reasonable in relation to the estimated costs that the Company could be called upon to sustain to fulfil its contractual warranty commitments, taking account of historical costs, any complaints already received and specific agreements signed with customers;
- › Euro 1,238,603 of provisions for future expenses for variable remuneration/bonuses in relation to agreements that have been signed.

Employee severance indemnity (“TFR”) provision

The TFR provision has been calculated in accordance with Article 2120 of the Italian Civil Code, taking account of legislative requirements and the specific provisions of employment contracts and professional agreements. It includes annual accruals and revaluations performed based on ISTAT coefficients.

It represents the effective liability accruing in favour of employees in accordance with the law and applicable labour agreements, considering all forms of continuous remuneration.

The provision represents the total of the individual indemnities accruing in favour of employees at the reporting date. It is stated net of payments made on account and amounts paid to social security and pensions institutions and pension funds, in accordance with current legislation. It represents the Company’s liability towards employees at the reporting date.

The following table provides details of the creation and utilisation of the provision (Art. 2427(4) of the Italian Civil Code).

Description	Employee severance indemnity (“TFR”) provision
Opening amount	1,101,143
Changes during year	
Allocated during year	1,035,166
Utilised during year	1,155,921
Other changes	(0)
Total changes	(120,755)
Closing amount	980,388

The uses for the year mainly refer to severance payments (TFR) made to former employees and contributions to treasury funds.

Payables

Changes in and maturity of payables

The following table contains a breakdown of payables, changes in each line item and information by maturity date (Art. 2427(4) of the Italian Civil Code).

	Opening amount	Change during year	Closing amount	Amount due within a year	Amount due after more than a year	Of which due after more than 5 years
Bonds	7,701,337	296,191	7,997,528	1,744,777	6,252,751	
Convertible bonds		0				
Shareholder loans payable		0				
Bank borrowing	41,982,381	(5,933,865)	36,048,516	14,851,045	21,197,471	
Payables to other lenders	443,664	6,668,775	7,112,439	7,112,439		
Payments on account	1,012,991	483,794	1,496,785	1,496,785		
Trade payables	43,996,089	(2,066,234)	41,929,855	41,929,855		
Credit instruments		0				
Payables to subsidiaries	3,020,580	120,753	3,141,333	3,141,333		
Payables to associated companies		0				
Payables to parent companies		0				
Payables to entities controlled by parent companies		0				
Tax payables	1,553,349	1,117,106	2,670,455	2,670,455		
Payables to social security and pensions institutions	1,518,433	(58,496)	1,459,937	1,459,937		
Other payables	6,581,690	(1,217,878)	5,363,812	5,363,812		
	107,810,514	(589,854)	107,220,660	79,770,438	27,450,222	0

Bonds

The balance refers to the bond with a value of Euro 8,000,000 issued on 13 December 2023. The loan, called “Basket Bond”, was subscribed by SPV Project 2206 S.r.l., a company whose sole corporate objective is to carry out securitisation transactions; it consists of 80 bonds with a nominal value of Euro 100,000 each.

The bond has a lifespan from 13 December 2023 until 25 July 2029 and will be refunded six-monthly from 25 January 2025. The bonds are subject to interest calculated at a fixed nominal rate of 6.3% per annum.

The amount of Euro 7,997,528 (amortised cost value) reported under the caption includes interest accruing at 31 December 2024.

The contract is subject to covenants measured based on the annual consolidated financial statements.

It should be noted that all of the covenants were respected as at 31 December 2024.

Bank borrowing

Description	31 December 2023	31 December 2024	Change
a) Bank borrowing due within a year	13,251,440	14,851,045	1,599,605
Lines of credit	0	0	0
Current account overdrafts	940,362	154,888	(785,474)
Loans	8,845,060	10,885,943	2,040,883
Advances on receivables	3,466,018	3,810,214	344,196
Other payables			
b) Bank borrowing due after more than a year	28,730,941	21,197,471	(7,533,470)
Loans	28,730,941	21,197,471	(7,533,470)
Advances on receivables			0
Other payables			
Total bank borrowing	41,982,381	36,048,516	(5,933,865)

Bank Borrowing amounts to Euro 36,048,516 and has decreased by Euro 5,933,864 compared to 31 December 2023. Bank borrowing due within a year amounts to Euro 14,851,045 and has increased by Euro 1,599,605 compared to 31 December 2023. Bank borrowing due after more than a year amounts to Euro 21,197,471 and has decreased by Euro 7,533,469 compared to 31 December 2023.

Loans payable at 31 December 2024 (both current and non-current) amount to Euro 32,083,414, against Euro 37,576,001 at 31 December 2023, and are analysed as follows (amounts at amortised cost):

No.	Type	Start of Repayment Plan	No. of Instalments	Frequency	Maturity	Interest Rate Index	Principal	Due within a year	Due after more than a year	Total
1	Loan Guaranteed by SACE	31/12/24	14	Quarterly	31/03/28	Euribor 3 months	18,000,000	4,964,459	11,341,517	16,305,976
2	Loan Guaranteed by SACE	31/12/22	16	Quarterly	30/09/26	Euribor 3 months	24,000,000	5,962,529	4,489,708	10,452,237
3	Loan Guaranteed by SACE	31/03/28	1	Bullet repayment	31/03/28	Euribor 3 months	2,000,000	-9,813	1,963,072	1,953,259
4	M/L term loan	30/06/25	9	Six-monthly	30/06/30	Euribor 3 months	3,500,000	-31,232	3,403,175	3,371,942

The loans require compliance with covenants measured based on the annual consolidated financial statements.

It should be noted that, at 31 December 2024, all covenants were respected.

Reference should be made to the Directors’ Report for further, more detailed information about the availability of credit facilities to meet working capital funding requirements and any extraordinary liquidity requirements.

Payables to other lenders

This caption amounts to Euro 7,112,439 (Euro 443,664 at 31 December 2023) and mainly refers to payables to Factoring companies (Euro 7,089,557) while instalments payable to leasing companies account for the remainder of the balance.

The significant increase compared to December 31, 2023, is primarily attributable to the higher debt towards factoring companies, resulting from the increased use of credit lines for non-recourse assignments, due to the high revenue recorded in December.

Payments on account

This item amounts to Euro 1,496,785 (Euro 1,012,991 at 31 December 2023) and mainly refers to:

- › Euro 12,803 of payments on account received from customers towards sales of Tooling;
- › Euro 1,483,982 of payments on account from customers which, in order to provide adequate support to their supply chain, have agreed to make significant advance payments towards future purchases. These payments on account are secured by guarantees on machinery owned by the Company.

Trade payables

Trade payables amount to Euro 41,929,855 (Euro 43,996,089 at 31 December 2023). They include liabilities at 31 December 2024 towards suppliers of goods and services, based on the normal payment terms applied or on specific extended payment terms agreed.

Payables to subsidiaries

	31 December 2023	31 December 2024	Change
Saleri Shanghai Co. Ltd	2,124,383	1,927,247	(197,136)
Immobiliare Industriale S.r.l.			0
Saleri TMS Competence Center Gmbh	136,158	99,065	(37,093)
ABL Automazione S.r.l.	697,133	901,582	204,449
Saleri Mexico S.A. de C.V.	16,252	19,825	3,573
Saleri India Pvt Ltd	40,539	3,735	(36,804)
Saleri Aftermarket S.p.A.	6,115	189,879	183,764
Total payables to subsidiaries	3,020,580	3,141,333	120,753

Payables to Saleri Shanghai Co. Ltd, totalling Euro1,927,247 (Euro 2,124,383 at 31 December 2023), entirely consist of trade payables.

Payables to Saleri TMS Competence Center Gmbh, totalling Euro 99,065 (Euro 136,158 at 31 December 2023), entirely refer to the service agreement in place.

Payables to ABL Automazione S.r.l., totalling Euro 901,582 (Euro 697,133 at 31 December 2023), include trade payables of Euro 549,279 and Euro 352,303 of payables under the tax consolidation arrangement.

Payables to Saleri Mexico S.A. de C.V., totalling Euro 19,825 (Euro 16,252 at 31 December 2023), include trade payables of Euro 17,523 and financial payables for the remainder of the balance.

Payables to Saleri India PVT LTD, totalling Euro 3,735 (Euro 40,539 at 31 December 2023), entirely consist of trade payables.

Payables to Saleri Aftermarket S.p.A., totalling Euro 189,879 (Euro 6,115 at 31 December 2023), include trade payables of Euro 40,460 and Euro 149,418 of payables under the tax consolidation arrangement.

Tax payables

	31 December 2023	31 December 2024	Change
IRAP payable	205,064	327,125	122,061
IRES payable	254,895	515,643	260,748
Tax withheld at source from employees	1,075,974	1,808,115	732,141
Tax withheld at source from freelance professionals/ collaborators	17,416	17,965	549
Substitute tax payable		1,608	1,608
VAT payable			0
Other taxes payable	(0)	(0)	0
TOTAL	1,553,349	2,670,455	1,117,106

The “IRES” and “IRAP” payables represent the respective liabilities for those taxes.

Payables for taxes withheld at source from employees and professionals/collaborators represent the deductions made at source by the Company which have been duly paid over to the authorities on their legal due dates.

Payables to social security and pensions institutions

	31 December 2023	31 December 2024	Change
Payable to INPS	883,811	853,097	(30,714)
Payable to INAIL	3,183		(3,183)
Other payables to social security and pensions institutions	631,439	606,840	(24,599)
TOTAL	1,518,433	1,459,937	(58,496)

Payables to social security and pensions institutions represent the contributions payable by the companies. They have been duly paid by the legal due date.

“Other payables to social security and pensions institutions” include social security and pension contributions recorded in relation to accrued employee holiday pay.

Other payables

	31 December 2023	31 December 2024	Change
a) Other payables due within a year	6,581,690	5,363,812	(1,217,878)
Payables to employees	2,849,347	3,063,271	213,924
Payables to directors and statutory auditors	51,912	87,836	35,924
Other payables	3,680,431	2,212,705	(1,467,726)
b) Other payables due after more than a year			0
Total other payables	6,581,690	5,363,812	(1,217,878)

Payables to employees refer to December salaries and other deferred remuneration accruing at the reporting date.

Other payables includes payables to treasury funds and supplementary pension funds for TFR entitlement accruing but not yet paid (Euro 267,125), compensation for damages payable to third parties but covered by insurance (Euro 1,000,000) and the CR balance on several customer/trade receivable accounts (Euro 25,983).

Breakdown of payables by geographical area

The following table contains a breakdown of payables by the geographical area of business of the creditors.

	Europe	Italy	Rest of World	Total
Bonds		7,997,528		7,997,528
Convertible bonds				
Shareholder loans payable				
Bank borrowing		36,048,516		36,048,516
Payables to other lenders		7,112,439		7,112,439
Payments on account	632,580	0	864,205	1,496,785
Trade payables	11,823,560	26,191,556	3,914,739	41,929,855
Credit instruments				
Payables to subsidiaries	99,065	1,091,462	1,950,806	3,141,333
Payables to associated companies				
Payables to parent companies		0		
Payables to entities controlled by parent companies		0		
Tax payables		2,670,455		2,670,455
Payables to social security and pensions institutions		1,459,937		1,459,937
Other payables	744,817	4,568,066	50,929	5,363,812
Payables	13,300,023	87,139,959	6,780,679	107,220,660

Payables secured on company assets

The following table contains details of payables secured on company assets (Article 2427 (6) of the Italian Civil Code):

	Payables secured on company assets				Unsecured payables	Total
	Payables secured by mortgages	Payables secured by pledges	Payables secured by liens	Total secured payables		
Bonds				0	7,997,528	7,997,528
Convertible bonds						
Shareholder loans payable						
Bank borrowing				0	36,048,516	36,048,516
Payables to other lenders				0	7,112,439	7,112,439
Payments on account			207,621	207,621	1,289,164	1,496,785
Trade payables				0	41,929,855	41,929,855
Payables to subsidiaries						
Payables to associated companies				0	3,141,333	3,141,333
Payables to parent companies						
Payables to entities controlled by parent companies				0	0	
Tax payables				0	0	
Payables to social security and pensions institutions				0	2,670,455	2,670,455
Payables to subsidiaries				0	1,459,937	1,459,937
Other payables				0	5,363,812	5,363,812
Payables	0	0	207,621	207,621	107,013,039	107,220,660

Advances from customers of Euro 207,621 recorded under “Payments on account” are secured by guarantees/liens on machinery, as already described in the note on Payments on account.

Accrued expenses and deferred income

Details of this item and movements thereon during the year are provided below (Art. 2427(7) of the Italian Civil Code).

	Opening amount	Change	Closing amount
Accrued expenses	0	0	0
Deferred income	1,981,577	(295,055)	1,686,522
Total accrued expenses and deferred income	1,981,577	(295,055)	1,686,522

Deferred income refers to contributions from customers and to tax credits for assets functional to the 4.0 transformation processes.

NOTES TO THE FINANCIAL STATEMENTS,
INCOME STATEMENT

As stated in the Foreword, the results reported in the Income Statement are affected by the international geopolitical tensions that remain since prior year, given the ongoing Russia-Ukraine and Israel-Palestine conflicts, as well as by new elements of uncertainty caused towards the end of the reporting period by the change of government in the USA.

Reference should be made to the Directors’ Report for more detailed analysis of changes compared to prior year and for comments on the effects on Income Statement balances.

Value of production

The following table contains a breakdown of value of production and details of changes in the various component items compared to prior year:

	2023	2024	Change	% Chg.
Revenue from sales and services	135,890,148	145,024,068	9,133,920	7
Change in inventory of WIP, semi- finished and finished goods	1,954,514	842,599	(1,111,915)	(57)
Change in contract work in progress			0	0
Increase in non-current assets due to capitalisation of internal works	4,783,973	4,418,208	(365,765)	(8)
Other revenues and income	6,149,671	8,409,651	2,259,980	37
TOTAL	148,778,306	158,694,526	9,916,220	

Revenue from the sale of goods is stated after returns, discounts and bonuses agreed and granted to customers and warranty chargebacks. “Other revenues and income” mainly refers to intercompany charges for service agreements and secondment of personnel, insurance pay-outs, contributions debited to customers for the development of new products and the construction of related equipment, as well as a project cancellation charges and gains on the disposal of non-current assets.

Breakdown of revenue from sales and services
by business category

In accordance with Article 2427(10) of the Italian Civil Code, we provide a breakdown of revenue from sales and services by business category.

	2024
Manufacture and Sale of Water Pumps, Equipment and Prototypes	145,024,068
TOTAL	145,024,068

Breakdown of revenue from sales and services
by geographical area

In accordance with Article 2427(10) of the Italian Civil Code, we provide a breakdown of revenue from sales and services by geographical area.

	2024
Italy	6,327,609
Other countries	138,696,459
TOTAL	145,024,068

The breakdown of revenue by geographical area shows that the Company makes the vast majority of its sales on other EU and non-EU markets.

The focus on exports and the percentage of sales made in other countries, primarily to German car manufacturers, is substantially in line with prior year (96% vs 95%), albeit with a more diversified customer portfolio. The predominance of export sales will remain very high going forward in light of the long-term production contracts already acquired.

Increases in non-current assets due to
capitalisation of internal works

During the period, the Company capitalised development costs of Euro 4,418,208. The costs capitalised entirely refer to outsourcing costs and the cost of personnel directly employed in development projects relating to customer contracts for which, at 31 December 2024, (i) the development phase had been completed and the amortisation process had begun or (ii) the award had been confirmed but mass production had not yet commenced. See the earlier Notes on Development Costs and Intangible Assets in Progress for further information.

Other revenue and income

“Other revenue and income”, amounting to Euro 8,409,651 (against Euro 6,149,671 in 2023), includes:

- › Euro 4,875,911 of royalties, intercompany services and chargebacks for seconded personnel;
- › Euro 1,529,937 of various chargebacks to customers (sharing of purchase cost of equipment, modification of tooling, project cancellation or postponement costs or lower volumes);
- › Euro 98,238 of tax credits and grants in favour of the Company;
- › Euro 1,065,849 of gains on fixed asset disposals;
- › Euro 455,260 of chargebacks to suppliers of costs incurred that are not attributable to the Company;
- › Euro 343,826 of unaccrued prior year income, mainly regarding adjustments to estimates made in prior years.

Reference should be made to the Directors’ Report for further details on the breakdown of Revenue from Sales and, more generally, on Value of Production.

Cost of production

The following table contains a breakdown of “Cost of production” and details of changes compared to prior year.

	2023	2024	Change	% Chg.
Raw, ancillary and consumable materials and goods	72,856,743	77,919,250	5,062,507	7
Services	29,871,901	31,774,737	1,902,836	6
Use of third party assets – lease and rental costs	4,701,917	2,775,006	(1,926,911)	(41)
Personnel costs:				
a) wages and salaries	19,067,334	19,537,883	470,549	2
b) social contributions	5,701,818	5,658,590	(43,228)	(1)
c) employee severance indemnity / “TFR”	1,019,604	1,035,166	15,562	2
d) retirement benefits and similar obligations			0	0
e) other personnel costs		64,022	64,022	0
Depreciation, amortisation and writedowns:				
a) amortisation of intangible assets	1,858,936	1,798,897	(60,039)	(3)
b) depreciation of tangible assets	4,469,332	4,782,201	312,869	7
c) other writedowns of non-current assets			0	0
d) writedowns of current receivables	53,272	54,006	734	1
Changes in inventory of raw, ancillary and consumable materials and goods	(141,256)	(3,345,779)	(3,204,523)	2.269
Provisions for risks			0	0
Other provisions	1,600,000	3,771,051	2,171,051	136
Sundry operating expenses	1,410,625	974,200	(436,425)	(31)
Rounding				
TOTAL	142,470,226	146,799,230	4,329,004	

See the Directors’ Report for details of all cost categories and of changes compared to prior year.

Costs for raw, ancillary and consumable materials and goods for resale

These costs are reported in the Income Statement net of adjustments for returns, discounts, allowances and bonuses. They amount to Euro 77,919,250 for 2024 against Euro 72,856,743 in 2023.

Purchase costs mainly relate to raw materials (aluminium) and pump components and semi-finished products(bearings and shafts, thermostats, pulleys, plates, circuit boards, etc.) and consumable materials. The composition of the balance has not changed significantly compared to prior year while the increase in absolute terms is due to the higher volume of sales during the reporting period.

Costs for services

This caption amounts to Euro 31,774,737 against Euro 29,871,901 in 2023 and refers to a series of costs for services incurred for various reasons. The following table shows the main types of service:

	2023	2024	Change
Industrial services	16,575,268	16,639,680	64,412
Consulting	2,075,689	2,704,818	629,129
General Expenses	7,176,494	6,546,906	(629,588)
Shipping/Transport	2,250,365	3,974,581	1,724,216
Other services	1,794,085	1,908,751	114,667
Total Costs for Services	29,871,901	31,774,737	1,902,836

Industrial services mainly refer to outsourced services including die-casting and other casting, machining, other processing and treatments regarding certain stages of the production process. The total cost is in line with prior year.

Consulting costs include accounting, management, tax and legal consulting but also sales and marketing advice and services in relation to patents, quality control and the environment. The increase of Euro 629,129 compared to prior year is mainly attributable to financial and marketing consulting services.

General Expenses include costs for Utilities, Maintenance and other general costs relating to the Company’s activities. The overall decrease of Euro 629,588 is mainly due to reductions in costs for utilities (especially electricity) and in Directors’ fees.

Shipping/Transport costs have increased compared to prior year mainly in relation to purchases and fixed costs related to the outsourcing of certain logistics services. Meanwhile, shipping costs on sales to customers and the cost of shuttle services between the various production facilities have decreased compared to 2023.

Other services includes various services. The increase compared to prior year is mainly due to higher costs for business trips/travel and for staff search and recruitment services.

Use of third party assets – lease and rental costs

This item amounts to Euro 2,775,006 and has decreased significantly compared to the 31 December 2023 total of Euro 4,701,917. The decrease mainly relates to finance lease instalments and is due to the fact that several finance leases ended.

The items that make up the bulk of the total amount at 31 December 2024 are instalments for use of third party software (Euro 1,092,534), hires/rentals (Euro 857,536), lease instalments (Euro 446,660) and property rentals (Euro 367,607).

The reduction compared to prior year is mainly due to a decrease in finance lease costs (down by Euro 681,565) after several leases ended.

Personnel costs

This item, amounting to Euro 26,295,661 (against Euro 25,788,756 in 2023), comprises all employee related expenses including merit based increases, promotions, seniority increases, accrued holiday pay and provisions required by law and collective labour agreements. The total cost has increased by Euro 506,905 mainly because of increased use of temporary labour. See the later section of these Notes for details of the workforce in 2024.

Amortisation of intangible assets

Amortisation of intangible assets (Euro 1,798,897 against Euro 1,858,936 in 2023) has already been commented upon in the Note on intangible assets.

Depreciation of tangible assets

Depreciation of tangible assets (Euro 4,782,201 against Euro 4,469,332 in 2023) has already been commented upon in the Note on tangible assets. We note, however, that it has been calculated based on the useful life of tangible assets and their use in the production process. As recalled earlier, with effect from 2019, depreciation of new tangible assets has been calculated based on the actual number of days’ utilisation.

Other writedowns of non-current assets

As already described in the note on Non-Current Assets, in 2024, the Company did not make any further writedowns of non-current assets as it believed the amount provided in prior years was sufficient.

Writedowns of current receivables

During the year, writedowns of current receivables totalled Euro 54,006.

Other provisions

This item, amounting to Euro 3,771,051 (against Euro 1,600,000 in 2023), relates to amounts allocated to the product warranty provision (Euro 1,600,000) and amounts allocated to the provision for risks (Euro 2,171,051) in respect of possible costs relating to complaints received from several suppliers of components, as determined based on the opinion of the Company’s lawyers.

Sundry operating expenses

Sundry operating expenses, amounting to Euro 974,200, mainly refers to non-deductible foreign taxes, unaccrued prior year expenses and losses on the sale of fixed assets. The total has decreased by Euro 436,425 compared to prior year, mainly because of the reduction in unaccrued prior year expenses.

Income from investments in subsidiaries

The amount of Euro 2,433,574 refers to the dividends received from subsidiaries Saleri Shanghai Co. Ltd and Saleri Aftermarket S.p.A.

Sundry income from subsidiaries

The amount of Euro 121,501 refers to interest income on loans to subsidiaries or on extended payment periods granted, as follows:

- › Saleri Tms Competence Center GmbH - Euro 373;
- › Saleri India PVT LTD - Euro 73,320;
- › Saleri Aftermarket S.p.A. - Euro 47,807.

Breakdown of sundry income

The following table provides a breakdown of line item "C.16.d) Income other than the above ".

	Subsidiaries	Associated companies	Parent companies	Entities controlled by parent companies	Other	Total
Bank and post office interest					658,828	658,828
Other income					5,348	5,348
TOTAL					664,176	664,176

Breakdown of interest and other financial expenses by type of debt

Pursuant to Article 2427 (12) of the Italian Civil Code, the following table contains details of interest and other financial expenses relating to bonds, bank borrowing and other debt.

	Interest and other financial expenses
Bonds	512,399
Bank borrowing	4,566,911
Other	295,949
TOTAL	5,375,259

Interest and other financial expenses relating to bank borrowing regard both medium/long-term loans and short-term finance.

The amount of Euro 295,949 includes Euro 121,554 of interest expenses on extended payment periods obtained. The remaining interest and financial expenses on other debt almost entirely consists of customer discounts and financial expenses towards other lenders.

Taxes on income – current, deferred and deferred tax income

Taxes on income for the year

The following table contains a breakdown of “Taxes on income for the year”:

	2023	Change	% Chg.	2024
Current taxes	(734,107)	54,222	(7)	(679,885)
Prior year taxation		221,277	0	221,277
Deferred taxes and deferred tax income	(1,539,529)	1,084,833	(70)	(454,696)
Income (Expense) from participation in tax consolidation / fiscal transparency	706,124	(865,050)	(123)	(158,926)
TOTAL	(1,567,512)	495,282		(1,072,230)

Deferred taxation (Art. 2427(14) of the Italian Civil Code)

Deferred taxes have been calculated taking account of the amount of all temporary differences generated by applying tax laws and regulations and applying the tax rates in force when the differences emerged.

The following table contains details of the temporary differences that led to the recognition of deferred tax assets and liabilities. It shows the relevant amount, the tax rate applied, the tax effect, the amounts credited or debited to the income statement and the items excluded from the calculation; details are provided for current year and prior year. The table also shows the amount of deferred tax assets recognised in relation to tax losses for the year and for prior years.

“Prior Year” amounts refer to 31 December 2023.

	Prior year	Prior year	Change	Change	Current year	Current year
	IRES	IRAP	IRES	IRAP	IRES	IRAP
Deferred tax assets	Amount of temporary differences					
Interest expenses not deducted and GOI excess	2,570,306		2,286,368	0	4,856,674	
Allocation to provisions for risks and charges	1,600,000		0	0	1,600,000	
Allocation to inventory obsolescence provision	999,566		8,542	0	1,008,108	
Writedown of non-current assets	1,560,488		(0)	0	1,560,488	
Other changes in deferred tax assets	1,124,029		3,483,841	0	4,607,870	
Total deductible temporary differences	7,854,389	0	5,778,750	0	13,633,139	0
Tax losses	16,670,024		(7,737,943)	0	8,932,081	
IRES and IRAP rates	24.00%		0.00%	0.00%	24.00%	
Deferred tax assets	5,885,859		(470,204)	0	5,415,653	
Deferred taxes	Amount of temporary differences					
Depreciation of assets revalued under Decree Law no. 185/2008	5,696,640	5,696,640	(55,590)	(55,590)	5,641,050	5,641,050
Other changes in deferred taxes			0	0		
Total taxable temporary differences	5,696,640	5,696,640	(55,590)	(55,590)	5,641,050	5,641,050
IRES and IRAP rates	24%	4%	0%	0%	24%	4%
Deferred tax liabilities	1,367,194	222,169	(13,342)	(2,168)	1,353,852	220,001
Rounding						
Deferred tax assets (liabilities) net for IRES and IRAP	4,518,666	(222,169)	(456,865)	2,168	4,061,801	(220,001)
Total deferred tax assets (liabilities) net	4,296,495		(454,695)	0	3,841,800	
– allocated to Income Statement			(454,696)			
– allocated to Equity						

We highlight the recognition of deferred tax assets in relation to losses of Euro 2,143,700, all relating to prior years.

The Directors concluded that it was appropriate to recognise the deferred tax assets, as described in more detail in the above table, also on the basis of the contents of the aforementioned Business Plan 2025-2028, given the fact that it is reasonably certain that, in future periods, there will be taxable income of not less than the amount of the differences reversing.

Tax reconciliation - IRES

The following table contains a reconciliation between the tax expense reported in the Financial Statements and the theoretical tax expense, with the information required by Italian Accounting Standard OIC 25.

	Financial statements	Taxes
Profit before taxation (A - B + - C + - D)	9,676,620	
Theoretical tax expense %		
Temporary differences taxable in later periods:		
– gains on asset disposals in instalments		
– other		
Total	0	0
Temporary differences deductible in later periods:		
– allocation to provision for bad debts		
– allocation to provision for risks	2,171,051	
– writedown of non-current assets		
– swritedown of inventory	417,791	
– directors’ emoluments not paid	203,350	
– other allocations to provisions for risks	1,600,000	
Total	4,392,192	0
Reversal of prior year temporary differences:		
– utilisation of provision for bad debts		
– utilisation of provision for risks	1,600,000	
– revaluation of non-current assets		
– portion of gains in instalments		
– directors’ emoluments paid		
– portion of entertainment expenses	166,773	
– other items		
Total	1,766,773	0
Differences that will not reverse in later periods / Permanent differences:		
– IMU – local property tax	74,345	
– motor vehicle expenses	320,234	
– unaccrued prior year expenses	341,402	
– telephone expenses	20,919	
– fines and penalties	69,034	
– non-deductible costs	434,829	
– non-deductible D&A	416,263	
– writedown of investments		
– donations	21,450	
– other increases	955,204	
– super-depreciation	(1,566,744)	
– portion of interest expenses not deductible in prior year		

	Financial statements	Taxes
– exempt gains		
– other decreases	(3,620,316)	
Total	(2,533,379)	0
Taxable income for IRES	9,768,660	0
Increase in IRES –Current taxes		
Current IRES for the year		2,344,478

Tax reconciliation - IRAP

The following table contains a reconciliation between the tax expense reported in the Financial Statements and the theoretical tax expense, with the information required by Italian Accounting Standard OIC 25.

	Financial statements	Taxes
Taxable base for IRAP	42,016,014	0
Costs not deductible for IRAP purposes:		
– interest element of lease instalments	28,290	
– IMU – local property tax	74,345	
– costs for freelance / occasional personnel		
– directors ’ fees	1,026,689	
– inventory writedown		
– non-deductible costs and unaccrued prior year expenses	394,322	
– other items	125,263	
Revenue not considered for IRAP purposes		
– utilisation of provisions	1,974,364	
Total	41,690,558	0
Theoretical tax expense %		
Deductions:		
– INAIL		
– Social security /pension contributions		
– Expenses for apprentices, R&D personnel		
– other personnel related deductions	24,257,606	
Total	24,257,606	0
Temporary differences taxable in later periods:		
– other items		
Total	0	0
– Non-deductible amortisation of trademarks and goodwill		
– other items		
Total	0	0
Reversal of prior year temporary differences:		
– gains on disposal in instalments		
– entertainment expenses		
– other items		
Total	0	0

	Financial statements	Taxes
Additional deduction		
Taxable income for IRAP	17,432,952	
Current IRAP for the year		679,885

NOTES TO THE FINANCIAL STATEMENTS,
OTHER INFORMATION

Employment details

In accordance with Article 2427 (15) of the Italian Civil Code, the following table contains details of the Company’s employees at 31/12/2024.

	Average Number in 2023	Average Number in 2024
Senior managers	14	17
Managers	18	16
White collars	144	130
Blue collars	223	246
Other employees	5	
Total Employees	404	409

Fees, advances and loans granted to directors
and statutory auditors and commitments made on
their behalf

The following table contains details of the fees, advances and loans granted to the Directors and to members of the Board of Statutory Auditors, as well as details of commitments made on their behalf in the year ended 31 December 2024, as required by Article 2427(16) of the Italian Civil Code.

	Directors	Statutory Auditors
Fees	570,000	58,000
Advances		
Loans		
Commitments made on their behalf as a result of guarantees given		

Fees of the external auditor or audit firm

Pursuant to Article 2427(16 bis) of the Italian Civil Code, the following table contains details of fees for services rendered. Fees for compulsory audit services are shown separately from fees for other services.

	Amount
Audit of the annual financial statements	59,000
Other audit services	34,303
Tax advisory services	
Other non-audit services	
Total fees of the external auditor or audit firm	93,303

Categories of shares issued by the Company

As required by Article 2427(17) of the Italian Civil Code, the following table contains details of the shares that make up share capital. It shows the number and nominal amount of the shares subscribed during the year.

	Opening number of shares	Opening nominal amount of shares	Number of shares subscribed during the year	Nominal amount of shares subscribed during the year	Closing number of shares	Closing nominal amount of shares
Category A	2,279,550	13,065,263			2,279,550	13,065,263
Category B	831,648	4,766,598			831,648	4,766,598
Category C	6	6,000,000			6	6,000,000
Ordinary Shares	15,799	90,552			15,799	90,552
TOTAL	3,127,003	23,922,413	0	0	3,127,003	23,922,413

Off-balance sheet commitments, guarantees and contingent liabilities

Pursuant to Article 2427(9) of the Italian Civil Code, the following table shows the total amount of off-Balance Sheet commitments, guarantees and contingent liabilities. It shows the nature of the secured guarantees given, commitments regarding retirement benefits and similar obligations and commitments made towards subsidiaries, associated companies and entities controlled by parent companies.

	Amount
Commitments	592,630
retirement benefits and similar obligations	
towards subsidiaries	
towards associated companies	
towards parent companies	
towards entities controlled by parent companies	
Guarantees	2,078,031
of which secured	
Contingent liabilities	

The commitments shown in the table refer to finance lease agreements and represent the outstanding liability at the reporting date.

At 31 December 2024, guarantees referred to the following:

- › around Euro 2,007,541 of guarantees issued by the Company on behalf of subsidiaries Saleri India Private Co. Ltd and Saleri Aftermarket S.p.A. in favour of lenders to them. The amount shown is in line with the subsidiaries’ exposure to the beneficiaries of the guarantee;
- › Euro 70,490 of guarantees issued to third parties.

As already disclosed in the Note on “Payments on Account”, the Company has received Euro 207,621 of payments on account from several important customers against future purchases by them. These payments on account are secured by guarantees on machinery owned by the Company.

Related party transactions

Pursuant to Article 2427(22-bis) of the Italian Civil Code, we note that the following related party transactions took place during the year; all of them were conducted on an arm’s length basis:

	Parent companies	Subsidiaries	Associated companies	Other related parties	Parent companies
Revenue		10,834,807			
Costs		1,243,558			
Financial income / expense		937,119			
Financial receivables		2,323,610			
Trade receivables		19,674,568			
Financial payables		2,374			
Trade payables		3,138,959			

Significant events after the reporting period

Pursuant to Article 2427 (22-quarter) of the Italian Civil Code, it should be noted that the many factors of uncertainty already mentioned in the foreword to these Notes, which have had a particular impact on the automotive industry, are still present at the beginning of 2025. The change of government in the United States and the economic policies introduced, especially in relation to international trade, have increased market volatility and affected macroeconomic estimates and forecasts.

In this macroeconomic context, at the date of this report, the Company is showing a positive sales trend, in line with the 2025 Budget. Its business model and investment strategies have also enjoyed support from the financial world and this led to the conclusion of a round of borrowing of Euro 15 million during the first few months of the year.

Now that the implementation phase of the new organisation has been completed, Group management continues to maintain tight control over costs given the presence of significant ongoing risks related to geopolitical events and restrictive economic policy.

Barring significant changes in the current macroeconomic and geopolitical environment, the Company expects revenue growth in the year ahead, albeit with a slight deterioration in margins, mainly in relation to agreements with customers for a reduction in volumes and the completion of the organisational structure for the consolidation of the Mexican and Indian companies and their respective markets.

Summary of public finance in terms of art. 1 (125) to (129) of Law no. 124/2017

Article 1 (125) to (129) of Law no 124 of 4 August 2017 (Annual law for the market and competition) introduced new disclosure requirements on public finance received and approved.

These amounts are reported on a “cash basis”. During 2024, the Company did not receive any grants and contributions included in the definition governed by Law 124 of 4 August 2017.

Disclosures regarding derivative instruments in terms of Article 2427-bis of the Italian Civil Code

The following table presents the disclosures required by Article 2427-bis(1)(1) of the Italian Civil Code.

	Fair value 31/12/2024	Fair value 31/12/2023	Change through Income Statement	Change through equity	Nature	Amount
Interest rate swaps	246,100	722,934		(476,834)	Hedge	10,500,000
Options						

Significant effects of exchange rate fluctuation

In accordance with Article 2427(6-bis) of the Italian Civil Code, we note that there have been no significant exchange rate fluctuations between the reporting date and the date on which these Financial Statements were issued.

Equity investments involving unlimited liability

Pursuant to Article 2361(2) of the Italian Civil Code, we note that the Company does not hold any equity investments that involve unlimited liability.

Proposed allocation of profits or coverage of losses

Allocation of profit for the year

Dear Shareholders,

All matters not specifically commented upon in these Notes are clearly and accurately set out in the Financial Statements presented for your review. The Financial Statements have been prepared with as much detail as possible.

We assure you that the amounts reported in the Financial Statements presented for your review and approval were obtained from the properly maintained accounting records and invite you to approve the Financial Statements – comprising the Balance Sheet, Income Statement, Statement of Cash Flows and Notes – as well as the proposed allocation of the profit for the year, as follows:

	Amount
Profit (Loss) for the year	
Legal reserve	430,220
Retained earnings (Accumulated losses)	8,174,171
TOTAL	8,604,390

Lumezzane (BS), 14 May 2025

THE BOARD OF DIRECTORS
Francesco Italo Saleri (Chairman)
Nicola Cosciani Cunico
Sergio Bona
Maria Cristina Storchi
Johann Evangelist Wieland
Alessandro Potestà
Alberto Bartoli
Simona Heidempergher
Nicola Guidi

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions and statement pursuant to art. 14, paragraph 2, sub-paragraphs e), e-bis) and e-ter) of Legislative Decree 39/10

The Directors of Industrie Saleri Italo S.p.A. are responsible for the preparation of the report on operations of Industrie Saleri Italo S.p.A. as at December 31, 2024, including its consistency with the related financial statements and its compliance with the law.

- We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:
- express an opinion on the consistency of the report on operations with the financial statements;
 - express an opinion on compliance with the law of the report on operations;
 - make a statement about any material misstatement in the report on operations.

In our opinion, the report on operations is consistent with the financial statements of Industrie Saleri Italo S.p.A. as at December 31, 2024.

In addition, in our opinion, the report on operations is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Giampaolo Carrara
Partner

Brescia, Italy
June 5, 2025

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

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' GENERAL MEETING CONVENED TO APPROVE THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024, PREPARED IN TERMS OF ART. 2429 (2) OF THE ITALIAN CIVIL CODE

To the Shareholders of Industrie Saleri Italo S.p.A.

During the year ended 31 December 2024, we performed our work in accordance with legal requirements and the guidelines for Boards of Statutory Auditors of unlisted companies, issued by the Italian Accounting Profession (*"il Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili"*).

This report contains details of the work done and the results obtained.

The statutory financial statements of Industrie Saleri Italo S.p.A. at 31.12.2024, prepared in accordance with Italian statutory reporting requirements and reporting a net profit for the year of Euro 8,604,390, have been presented for your review and approval. The financial statements were approved by the Board of Directors on 14 May April 2025 and made available to the Board of Statutory Auditors. The Board of Statutory Auditors has received a letter from all of the Shareholders waiving the need for compliance with the deadline under Article 2429 of the Italian Civil Code for filing of the financial statements and the reports of the Board of Statutory Auditors and the External Auditors at the registered office, as well as waiving the right to make any complaints against parties obliged to respect that deadline i.e. the Board of Statutory Auditors and the External Auditors; said parties are warranted against all liability or consequences arising from failure to respect the said deadline.

As we were not appointed to perform the compulsory audit, the Board of Statutory Auditors' work on the financial statements involved the supervisory activities required by Rule 3.8 of the "Rule of conduct for statutory auditors of unlisted companies", consisting of an overall check to ensure that the financial statements have been properly prepared. Responsibility for testing that the financial statements reflect the accounting records lies with the entity appointed to perform the compulsory audit.

External auditors Deloitte & Touche have given us their audit report dated 5 June 2025 and containing a clean opinion.

The external auditors' report states that the financial statements at 31.12.2024 provide a true and fair view of the balance sheet and financial position of the Company and of its result and cash flows. The external auditors' report also states that the financial statements have been prepared in accordance with Italian statutory reporting requirements.

Supervisory activities in terms of Articles 2403 et seq. of the Italian Civil Code

We have supervised compliance with the law and the articles of association, respect for principles of good business management and, in particular, the adequacy of the organisational structure and the administrative accounting system and their proper functioning.

We attended Shareholders' General Meetings and Board of Directors' Meetings. Based on the information available, we have no issues to report. We obtained in good time from the Board of Directors – sometimes during the meetings held -information about the general operating performance and the outlook for the future. We also acquired information on the most significant transactions – in terms of size or nature – carried out by the company and, based on the information acquired, we have no particular comments to make.

We also gathered information on and supervised the adequacy of the organisational structure and on the administrative and accounting system and on their proper functioning, also by obtaining information from departmental managers. We have no comments to make in this regard.

Within the scope of our responsibility, we assessed and supervised the appropriateness of the administrative and operation of the administrative and accounting system, as well as its reliability in accurately reporting operations. This involved gathering information from the managers in charge of the various departments and reviewing Company documents. We have no particular comments to make in this regard.

We have received no complaints from the shareholders in terms of Article 2408 or Article 2409 of the Italian Civil Code..

We have not made any reports to the Board of Directors in terms of article 25-viii of Legislative Decree no 14 of 12 January 2019.

We have not received any reports from public creditors in terms of Article 25-ix of Legislative Decree no 14 of 12 January 2019.

During the reporting period, the Board of Statutory Auditors did not issue any opinions or observations required by law, except for its reasoned proposal for the award of the engagement for the audit of the financial statements.

During our supervisory activities, as described above, no further significant matters in need of mention in this Report came to light.

Observations regarding the financial statements

As stated in the external auditors' report *"the financial statements provide a true and fair view of the Company's balance sheet and financial position as at 31 December 2024 and of its result and cash flows for the year then ended; they have been prepared in accordance with Italian statutory reporting requirements"*.

As far as we are aware, when preparing the financial statements, the Directors did not deviate from statutory requirements in terms of Article 2423(5) of the Italian Civil Code.

Pursuant to Article 2426 (5) of the Italian Civil Code, we have given our approval for the capitalisation in the Balance Sheet of "development costs" with a total net carrying amount of Euro 8,189,033.

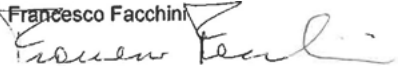
Observations and proposals regarding approval of the financial statements

Considering the results of our work and the opinion expressed in the external auditors' report, we do not identify any obstacles to the approval, by the Shareholders' General Meetings, of the financial statements for the year ended 31 December 2024, as prepared by the Directors.

The Board of Statutory Auditors agrees with the proposal for allocation of the result for the year made by the Directors in the Notes to the Financial Statements.

Milan, 5 June 2025

The Board of Statutory Auditors

Francesco Facchini

Roberta Leacchi

Andrea Gabola