Bonfiglioli

annual report 2024

Bonfiglioli

We engineer dreams

contents

the world of Bonfiglioli

a business universe made of people, values and history

a global family company

our DNA

Full speed ahead!

The famous motto of our founder **Clementino Bonfiglioli**, “Full speed ahead!”, still embodies the inspiration that guides us.

Thanks to the sheer determination of **Sonia Bonfiglioli** in keeping the enthusiasm alive and supporting a strong, united team, we face our daily challenges with innovation, passion and unwavering commitment.

a message from our Executive Chairwoman

Dear Stakeholders,

It is with great pleasure that I present to you the Bonfiglioli Group’s Annual Report 2024. This document not only represents a summary of our achievements, but also reflects on our journey of transformation and growth in an increasingly challenging and ever-changing global context.

In a landscape that demands resilience and strong adaptability, we have chosen to turn challenges into opportunities, redefining our structure to look beyond uncertainty. I am aware that a return to stable market demand will take time, but it is during periods of greater complexity that the opportunity arises to rethink processes, strategies, and operational models for greater effectiveness. With this mindset, we have embarked on a path aimed at consolidating our market presence through a proactive approach, organizational changes, and targeted investments.

We have been on our path towards digitalization for some time now. We are also moving towards the development of systems and future solutions, whether industrial or mobile. To this end, we have strengthened our expertise in electronics, thanks to an increasingly pronounced integration of Selcom into our organization.

One of the most significant organizational changes of 2024 is the consolidation of our business areas—Discrete Manufacturing & Process Industries and Motion & Robotics—into the new business unit Industry & Automation Solutions. This evolution is not merely an organizational change but a strategic step to optimize synergies, skills, and resources, enabling us to provide integrated and vertical solutions and respond more effectively to our customers’ needs.

Another notable moment from last year was my return to the leadership of the Group as CEO. This role, which I approach with great determination and a sense of responsibility, reflects my desire to be at the forefront of guiding the company through a period of transformation. The company is for me my “third child,” and it is a commitment I nurture with passion and the firm intention to ensure sustainable growth and lasting results.

Throughout the year, we have taken significant steps to strengthen our presence in strategic markets, such as India. We celebrated the groundbreaking ceremony for a new plant in Cheyyar and inaugurated the Bonfiglioli Technology Space in Chennai, an excellence hub that houses over 180 engineers dedicated to Research and Development and Information Technology. These projects testify to our commitment to innovation and the future with the intention of growing sustainably.

Sustainability is, indeed, a fundamental pillar of our operations, encompassing both the environment and people. In 2024, we reaffirmed our ISO 14001 and ISO 50001 certifications at 13 facilities, continued to work on reducing energy consumption from non-renewable sources, and increased usage of photovoltaic systems, for instance. Thanks to our Sustainability Roadmap, we continue to pursue ambitious goals, such as the elimination of landfill waste and the full transition to electricity from renewable sources by 2030.

At the same time, our commitment to people is manifested through initiatives aimed at promoting equity, well-being, and skills development. In 2024, we received the certification for gender equality UNI PDR 125:2022 and exceeded 90,000 training hours through the Bonfiglioli Academy, demonstrating our continuous investment in the development of our people. We are also proud of the Top Employers 2024 certification, a recognition that rewards our innovative HR policies and our focus on employee well-being.

Our commitment goes beyond the company boundaries: through social responsibility initiatives, we support educational, cultural, and local development projects, wherever we are present in the world, with special attention to young people and their education in STEM disciplines.

I am aware of the challenges that lie ahead: 2025 is also shaping up to be a complex year, and we will face it by continuing to invest in our people, technologies, and core markets, leveraging the values that have always guided us: excellence, innovation, and sustainability. Most importantly, our ability to adapt, evolve, and grow will be the driving force that will allow us to remain leaders in a rapidly transforming world.

Before concluding, I would like to express my gratitude to our customers, whose trust and collaboration are essential to our success, and to our partners, whose constant support is invaluable. But, above all, my deepest thanks go to our people, whose talent and daily dedication enable us to achieve important milestones. It is thanks to them that the Bonfiglioli Group continues to thrive and uphold the motto of our founder: “Forward, full speed ahead!”

Sonia Bonfiglioli
Executive Chairwoman

our mission

We have a relentless commitment to ***excellence****,* ***innovation*** *and* ***sustainability****. Our team creates, distributes and supports* ***power transmission and control solutions to keep the world moving****.*

our values

Our corporate strategy is based on four key pillars, which embody the values that have always guided us and enabled us to pursue our mission, day after day.

Challenge

We search for limits, then overcome them through innovative ideas, cutting-edge products, and unrivaled performance.

Respect

We explore different cultures, religions, and experiences to turn diversity into a resource and pursue sustainable economic growth in harmony with the environment.

Accountability

We put our heart into everything we do, to improve ourselves and set an example for others, because the efficiency of a team begins with that of the individuals in it.

Winning Together

We foster talent to generate and share the knowledge that leads to success.

our drivers

Each day, we achieve important goals thanks to three drivers: excellence, innovation and sustainability.

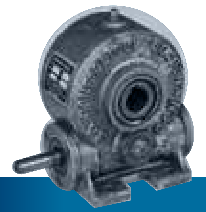
We constantly strive to ensure the highest possible quality, through innovative processes and cutting-edge products. In addition, our increasing focus on sustainability allows us to generate a positive impact on society and the environment that surrounds us.

excellence

innovation

sustainability

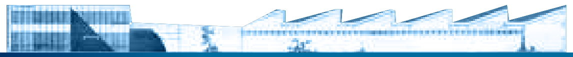
milestones



1956

Clementino founds the company Costruzioni Meccaniche Bonfiglioli

Start of works at the Lippo di Calderara plant, Bologna, Italy



1964

Tecnotrans Bonfiglioli SA is established in Barcelona, Spain. **Start of our international expansion**

1968

Acquisition of Trasmital

1977

Debut of the C, A and F series

1995

Opening of the plant in Chennai, India

1999

Launch of MOSAICO, our online product configurator

2000

Acquisition of Vectron

2001

Launch of the BEST program, our international distribution network

2002

Acquisition of Tecnoingranaggi

2003

Bonfiglioli Drives is established in Shanghai, China

Bonfiglioli expands into Slovakia

2005

Establishment of Bonfiglioli Turkey

2006

Establishment of Bonfiglioli Vietnam Ltd. in Ho Chi Minh City

2008

Creation of the Electromobility Competence Center

2009

Bonfiglioli Brazil is founded

Sonia Bonfiglioli takes control of the Group

2010

Inauguration of the plant in Mannur, India

2011

Inauguration of the plant in Rovereto, Italy

2013

Bonfiglioli South East Asia opens in Singapore

2015

Acquisition of O&K Antriebstechnik Gmbh

2017

Expansion of plants in Slovakia and Pune, India

New electromobility plant in Forlì

2018

New plant in Chennai, India

2019

- New and larger plant in Rovereto, Italy
- EVO, new plant in Calderara di Reno, Bologna, Italy

2020

Launch of the e-commerce portal in the US

Acquisition of Sampingranaggi and Samp Machinery assets Shanghai

2021

- E-commerce Italy portal launch
- **Bonfiglioli becomes a 1 Billion € Company**

Acquisition of Selcom Group

2023

New plant in Pune, India

global presence

An international network of production sites and commercial sites which are closely connected: the key to maintaining Bonfiglioli's high quality standards all over the world.

We recognize that in order to be successful long term, it is essential to be physically present in local markets; as such, our family has gradually expanded to include 17 production sites, 23 commercial sites, 550 distributors and about 5,000 professionals worldwide today.

Through our high-quality comprehensive solutions and personalized customer service, we can ensure continued leadership in our target markets.

HEADQUARTERS

PRODUCTION SITES

COMMERCIAL SITES

SELCOM GROUP

Australia

Brazil

China

France

Germany

United Kingdom

India

Italy

New Zealand

Singapore

Slovakia

Spain

South Africa

Turkey

USA

Vietnam

17
production sites

23
commercial sites

80
countries

550
distributors

~5,000
people

our business units

The company's leadership is based on a deep knowledge of the different needs demanded by the market. That's why each of our business areas has the specific know-how to support the growth of customers in each specific sector.

industry & automation solutions

Selcom group

mobility & wind industries

industry & automation solutions

Industry & Automation Solutions business unit meets the evolving needs of industrial processes and automation. With a focus on innovation and sustainability, we operate advanced Industry 4.0 facilities to serve over 20 industries. From material handling and logistics to food and beverage processing, metalworking, mining, recycling and sustainable energy technologies, our international teams deliver a personalized and exceptional customer experience. Our commitment is to provide dynamic solutions that address today's complex challenges while driving progress and creating enduring value for customers.

- MATERIALS HANDLING
- LOGISTICS & STOCKING SYSTEMS
- FOOD & BEVERAGE
- RECYCLING & ENVIRONMENTAL SUSTAINABILITY
- CONVEYING
- MINING
- CRANES & WINCHES
- AGGREGATES BUILDING & CONSTRUCTION
- BIOGAS
- SUGAR CANE
- TEXTILE
- MATERIAL WORKING
- PACKAGING & LABELLING

- one-stop shop automation partner
- expertise for customized solutions
- ensuring high dynamics and precision
- meet our customers' needs
- global distribution network
- improve application performance

Selcom Group

Selcom part of the Bonfiglioli Group since 2023, is a mechatronics services partner, designing and manufacturing customized high-tech electronic solutions.

E.M.S. electronic manufacturing services

O.D.M. original design manufacturing

- INDUSTRIAL & AUTOMATION
- HOME AND PROFESSIONAL APPLIANCE
- BIOMEDICAL & WELLNESS
- ELECTRIC MOBILITY & BATTERY MANAGEMENT SYSTEMS

- extensive r&d support
- manufacturing and development of custom solutions
- sourcing and assembly
- after sales product service and support
- testing and diagnostics

mobility & wind industries

The Mobility & Wind Industries Business Unit offers the widest range of gearboxes currently available on the market. Its portfolio includes drives for travel, slew, winch, and other possible applications. All our products are customizable to meet any need.

The Mobility & Wind Industries team is the ideal partner for the implementation of efficient, intelligent, and robust solutions dedicated to the most complex applications in construction, wind energy, logistics, agriculture, and the marine and offshore sector. For over 50 years we have been working with the world's leading OEMs.

mobile solutions

By co-engineering wheel, track, slew, winch, concrete mixer and other drives together with our customers, we can meet all market needs for mobile machinery applications. Bonfiglioli supplies final drives with the widest torque range on the market, from 1,000 to over 3 million Nm.

- EARTH MOVING
- ROAD CONSTRUCTION
- AGRICULTURE
- MINING
- MATERIALS HANDLING

- 40 over 50 years of experience
- localized production
- global network

electromobility solutions

Bonfiglioli leads the field in hybrid and electric technologies, providing more energy-efficient solutions, allowing our customers to reduce noise and harmful emissions.
Our pioneering developments have made us one of the leaders in sustainable technology and continue to drive us towards new horizons.
In 2018, Bonfiglioli opened a new eco-friendly production line for electromobility in Forlì, covering an area of about 10,000 square meters.

- easier installation
- reduced time to market
- vehicle modifications reduced thanks to EV knowledge
- >80% of weight and volume

- COMMERCIAL VEHICLES
- CONSTRUCTION
- AGRICULTURE
- MATERIALS HANDLING

wind solutions

With a 35% market share for the supply of wind turbine gearboxes to major global players, Bonfiglioli is the undisputed leader in the wind energy sector providing complete solutions including products sensorization and predictive maintenance. Products for wind turbines are assembled in six plants (Italy, Germany, India, China, Vietnam and Brazil) to better serve local markets and major global players.
Our Yaw and Pitch drives are continuously optimized to improve turbine performance for traditional onshore applications, but also for the latest offshore applications, without increasing their weight and size and thus offering the market more competitive products.

- SMALL WIND TURBINE UP TO 200 KW
- ONSHORE UP TO 6 MW
- OFFSHORE UP TO 15 MW

highlights 2024

2

celebrations and corporate culture

India

In India, we had the pleasure of celebrating two important milestones. In October, infact, the groundbreaking ceremony for the new factory in Cheyyar, Tamil Nadu, and the inauguration of the Bonfiglioli Technology Space in Chennai took place.

The new facility, covering an area of over 100,000 square meters, reinforcing Bonfiglioli's commitment to the Indian market and consolidating its position as one of the largest manufacturers of gearboxes in India. The facility will feature state-of-the-art machinery, create 150-200 job opportunities, and cater to the growing domestic demand for heavy-duty industrial gearboxes. Bonfiglioli's recent investment represents a strategic continuation of last year's investment in Pune, expanding its manufacturing capabilities for industrial gearboxes.

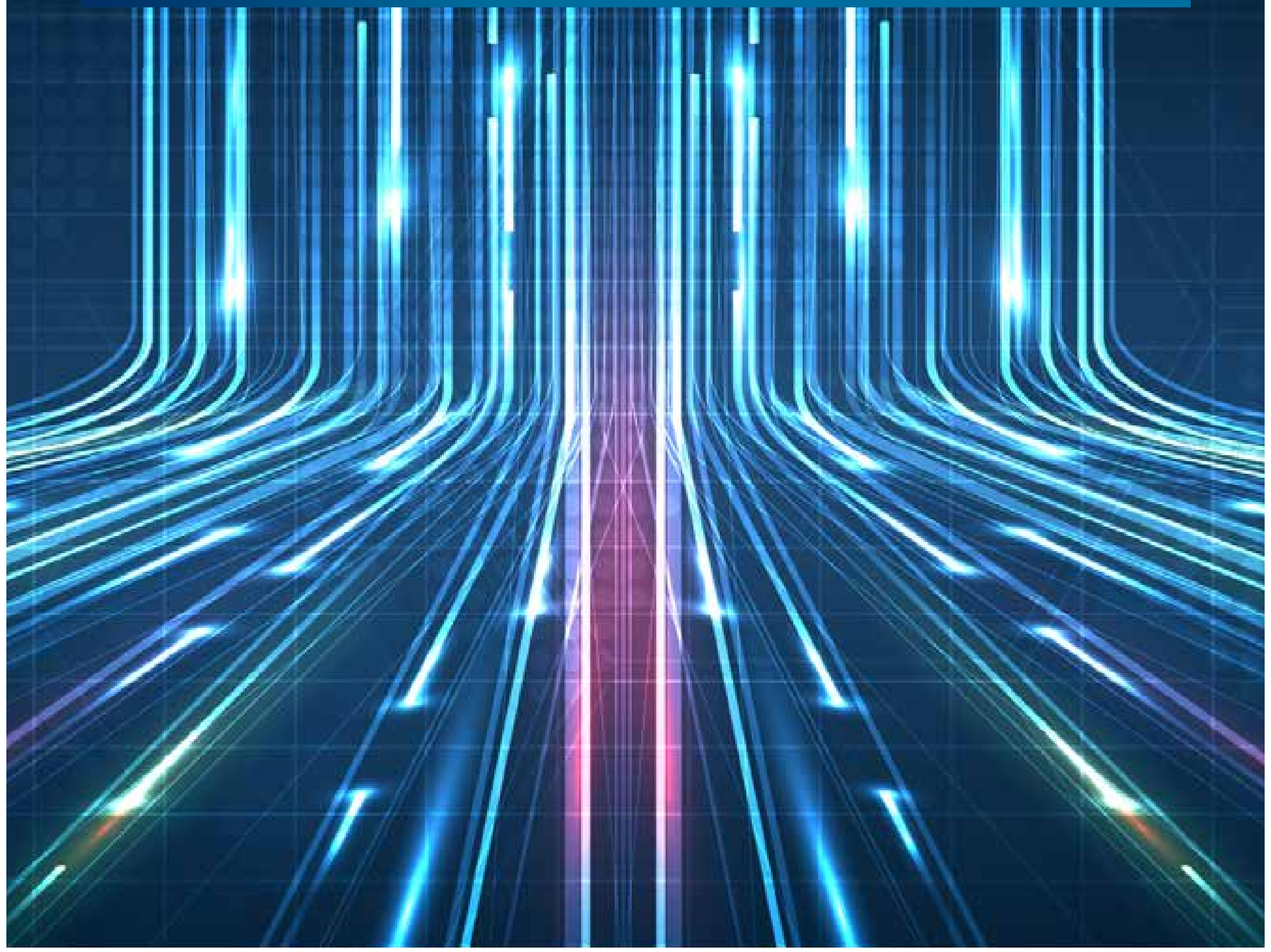
The new Technology Space marks another milestone for technological development in India. This cutting-edge facility houses approximately 180 engineers with diverse expertise who will focus on research, development, and technical support, integrating advanced technologies to create innovative solutions. The center also includes testing laboratories that will be used to simulate real field working conditions.

new business areas organization

For some time now, we have embarked on a journey towards a new business model that focuses not just on selling products, but on offering integrated and vertical solutions tailored to specific markets.

With the goal of enhancing our value proposition, we have decided to consolidate the two business areas, Discrete Manufacturing & Process Industries and Motion & Robotics, into the new Business Unit Industry & Automation.

This is not just a merger of two entities but also, and above all, a convergence of skills, resources, and ideas: by maximizing synergies, the company will be able to better address the evolving needs of the markets and seize all the opportunities.



top employers

Bonfiglioli certified as a Top Employer for 2024: a recognition of commitment to people

People are the key to the success and growth of the Bonfiglioli Group: a motivated and skilled team dedicated daily to achieving corporate objectives. We firmly believe in the value of each employee and are committed to creating a stimulating work environment where everyone can grow professionally and contribute to the company's excellence.

In confirmation of this commitment, Bonfiglioli started 2024 with a prestigious recognition: the Top Employers 2024 certification awarded by the Top Employers Institute. This title underscores the company's ongoing focus on ensuring employee well-being throughout their professional journey, through innovative human resource management and cutting-edge corporate policies.

Bonfiglioli joins 148 other Top Employers in Italy (2,299 worldwide), standing out for its dedication to enhancing human capital, developing internal skills, promoting personalized growth paths, and ensuring equal opportunities. This recognition rewards a journey marked by continuous investment in individuals, through targeted initiatives for employee well-being, such as corporate welfare services, ongoing training programs, and health and safety initiatives.

With this certification, Bonfiglioli reaffirms its leadership in managing and valuing its people, continuing on its path of excellence, innovation, and sustainable growth.

Top EMPLOYER ITALIA ITALY 2024
CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

What is the Top Employers certification?

The Top Employers Institute is a global independent organization that has been certifying companies offering the best working conditions for their employees since 1991. The certification process involves a thorough analysis of the company's HR practices across six macro-areas:

- *Human resource strategy*
- *Workplace environment*
- *Talent acquisition and development*
- *Learning and development*
- *Well-being and inclusion*
- *Company culture*

To achieve certification, companies must demonstrate a concrete commitment to providing excellent working conditions, investing in the well-being and professional growth of their employees.

gender equality certification

Bonfiglioli achieves gender equality certification: a concrete commitment to a fairer future

In 2024, we obtained the gender equality certification in accordance with UNI PDR 125:2022 standards, awarded by Certiquality. This prestigious recognition confirms the company's commitment to creating and promoting a fair, inclusive, and respectful work environment where everyone can express their talents without discrimination.

Achieving this certification is not just a milestone; it serves as an additional impetus to persist with determination on our path of growth and cultural transformation. Bonfiglioli firmly believes that diversity and inclusion are fundamental values for innovation and sustainable growth. Therefore, we continue to develop active policies to ensure equal opportunities at all levels of the organization, fostering an environment where talent and merit are the sole criteria for evaluation.

With this recognition, Bonfiglioli reinforces its position as a forward-thinking company in human resource management, contributing to a positive transformation of the workforce and society. Our commitment to gender equality remains a strategic priority and represents a crucial step in building a sustainable and inclusive future for all.

What is the UNI PDR 125:2022 certification?

The UNI PDR 125:2022 certification is a reference model recognized within Italy for measuring, reporting, and improving corporate policies related to gender equality. To achieve this certification, a company must demonstrate that it adopts concrete strategies in various areas, including:

- *Pay equity and career opportunity equity*
- *Work-life balance*
- *Inclusion and enhancement of diversity*
- *Equal access to training and professional development*
- *Presence of tools and policies against discrimination and gender stereotype.*

diversity & inclusion policy

Bonfiglioli and the diversity & inclusion policy and strategy: a concrete commitment to a fair and inclusive work environment

The Bonfiglioli Group has built its industrial history, in all the countries where it operates, with great attention to sustainability and social responsibility, offering its people equal opportunities for growth, training, integration, and innovation. No form of discrimination is tolerated, and diversity is embraced as a strength because it represents richness, freedom, and complementarity in knowledge and action.

These are the principles that underpin the Diversity & Inclusion Policy and Strategy, which translate into concrete actions through:

- Selection and hiring policies that ensure equal treatment of candidates and selected individuals (e.g., gender, ethnicity, religion, age).
- Career processes and pay equity based on gender equality, avoiding any discriminatory logic.
- Welfare and well-being initiatives aimed at caring for individuals, protecting parenthood, and promoting work-life balance.
- Activities to prevent any form of abuse—whether physical, verbal, or digital—in the workplace.

Additionally, the Strategic Diversity & Inclusion Plan 2024 and the Anti-Harassment Policy 2024 have been formalized and approved, reaffirming Bonfiglioli's commitment to creating a work environment where every talent has the opportunity to express themselves, contributing to the company's success and the building of a more equitable and inclusive society.

EcoVadis honors Bonfiglioli

with the silver medal for excellence in sustainability

The EcoVadis Silver Medal is a prestigious achievement that places us among the companies with the best performance in sustainability practices, highlighting our ongoing commitment to the environment, ethical practices, and social responsibility.

The audit focused on four areas:

- Environment
- Health and safety
- Ethics
- Sustainable sourcing

This recognition not only underscores the strength of the Group's commitment and initiatives but also reinforces its position as a reliable partner dedicated to generating economic, social, and environmental value. While this achievement is significant, it represents just a step in our sustainability journey: we remain dedicated to continuous improvement, aiming to reach increasingly ambitious goals for the future.

MomaFlex and SuperHuman

European research and innovation projects

MomaFlex

The MomaFlex project, co-funded by the European Union and implemented in collaboration with partners in Spain, Portugal, and Italy, aims to create an intelligent and flexible solution for automating material handling on production lines. The main objectives include increasing operational efficiency and reducing management costs, facilitating human-machine collaboration through safe and responsive cobots, and maximizing flexibility and integration with the existing work environment.

MomaFlex not only explores innovative technologies but also promotes a better work environment by reducing repetitive, low-value manual tasks. This frees operators to perform tasks that enhance their skills. The data collected from this initial experience with mobile robots at Bonfiglioli is crucial for evaluating the application of this technology in other production lines or facilities.

The MomaFlex project embodies Bonfiglioli's commitment to innovation and workplace safety, aligning with our initiatives to mitigate risks associated with manual handling and improve production processes.

SUPERHUMAN

SuperHuman

Bonfiglioli, in partnership with Alma Mater Studiorum and Art-ER, is one of the Italian organizations involved in the European SuperHuman project, which aims to develop an industrial exoskeleton to enhance the health and safety of workers in environments where strenuous activities occur, such as heavy load handling.

Exoskeletons represent a significant step in the evolution of human-machine interaction, assigning repetitive and strenuous tasks to machines while leaving intellectual, relational, and creative activities to humans. This technology fits into the vision of Factory 5.0, where the integration of humans and advanced technologies aims to improve work quality and worker well-being.

SuperHuman not only makes work safer and more sustainable but also promotes the inclusion of individuals for whom lifting heavy loads may pose a barrier to entering the workforce. The SuperHuman project is led by SUPSI (University of Applied Sciences and Arts of Southern Switzerland) and is funded with €1.7 million by KIC EIT Manufacturing. The goal is to develop an active or passive exoskeleton for lifting loads between 10 and 25 kilograms, aimed at workers in the industrial logistics and large distribution sectors to make tasks safer and more ergonomic by improving posture and reducing injury risks.

eit Manufacturing

Co-funded by the European Union

These two projects exemplify Bonfiglioli’s commitment to Factory 5.0, where technology not only supports productive efficiency but also promotes a healthier, safer, and more inclusive work environment for all. MomaFlex and SuperHuman fall under the **Technology Scouting and Innovation Funding** function, which is tasked with exploring emerging technologies and facilitating the adoption of innovative solutions throughout the Bonfiglioli organization.

Bonfiglioli Academy

In 2024, Bonfiglioli achieved a significant milestone in training and skills development, surpassing 90,000 hours of training, both online and in-person, across all Group locations. This accomplishment reflects the company's ongoing commitment to fostering a culture of continuous learning, which is essential for ensuring the updating of skills and professional growth for all employees.

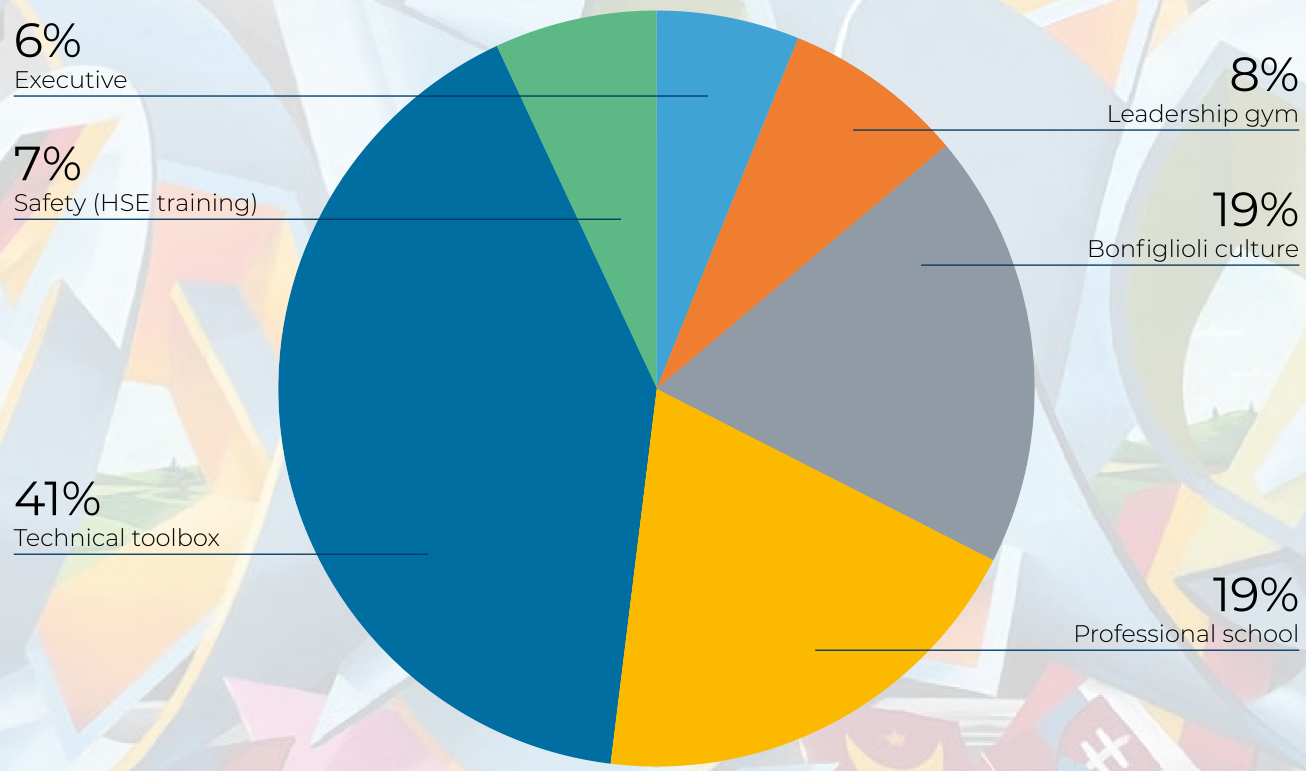
Through Bonfiglioli Academy, 13,530 e-learning courses were conducted, offering a wide range of opportunities to develop technical skills and soft skills.

Here are some of the special training projects for 2024:

- **The Sales Excellence Program**, featuring a 36-hour classroom training dedicated to sales personnel, which covered topics such as negotiation, pricing, intercultural management, and key account management.
- **The Safety Breaks in Italy**, which focused on combating gender-based violence. Local Anti-Violence Centers were invited to share their experiences and to educate all employees on this crucial issue.
- **The Managerial Training and Talent Management** program, designed to support people managers in the implementation of the new Talent Management process, featuring a training pathway in three modules covering topics such as team goal setting, behavior and potential assessment, and feedback interview management.

ACADEMY
Bonfiglioli

courses delivered in 2024 by category



WEConnect International

WEConnect International certification: a global community of women-owned businesses

Bonfiglioli is proud to have achieved WEConnect International certification, an important acknowledgment that recognizes and certifies the company as a women-owned business.

WEConnect International is a global network that connects women-owned businesses with qualified buyers and partners around the world, supporting female entrepreneurs in the competitive global landscape. WEConnect values the competencies of women-led companies, ensures compliance with buyer standards, and facilitates strategic connections that promote success.

CERTIFIED BY
WBENC/WEConnect INTERNATIONAL
WOMEN OWNED™
WWW.WOMENOWNEDLOGO.COM

Through the WECommunity, certified companies gain access to an exclusive platform where their profiles can be visible to over 200 buyer members of WEConnect International and more than 20,000 women-owned businesses.

Additionally, the certification provides preferential access to networking events, WEConnect International and its partners' conferences, as well as matchmaking opportunities exclusively for certified companies.

our solutions

3

technologies on display

technologies on display

The Group has had many opportunities to showcase its technologies both in Italy and abroad, the Headquarters has directly participated in the main industry trade fairs.

logistics and intralogistics
Logimat
Stuttgart, Germany - *19-Mar · 21-Mar*


BOOTH INDUSTRY & AUTOMATION SOLUTIONS


BOOTH MOBILITY & WIND INDUSTRIES

Industry & Automation solutions

A + SK + BMD + Axiavert | Mechatronics solutions

CP + MXN + DGM MPM | Rolling conveyor solutions

A + BSR + DGM MPM | Belt conveyor solutions

A + MX/BSR + DGM MPM | Predictive maintenance solution for post & parcel conveyor

Mobility & Wind Industries solutions

Serie 600F | Solution for forklifts

Serie EL | Steering drives

Blue Roll | Solution for Autonomous Mobile Robots (AMRs)

Selcom Group products

DC/DC converter for forklifts

Display for warehouse equipment

recycling and water treatment
IFAT
Munchen, Germany - *13-May · 17-May*

Serie R3 | Double planetary gearbox

EVOX CP + MXN + DGM MPM | Coaxial gearbox, high efficiency motor and on board inverter

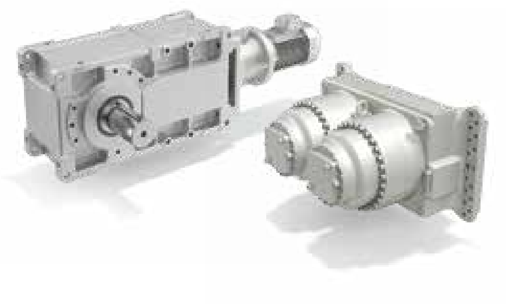
EVOX CP + MXN + DGM MPM | Coaxial gearbox, high efficiency motor and on board inverter

Serie W + M | Worm shaft gearmotor

300 + BX + Active Cube | Planetary gearmotor and premium inverter

Serie HD | Heavy duty bevel gearbox

Serie HDP | Heavy duty helical gearbox



industrial automation
SPS Italia
Parma, Italy - *28-May · 30-May*

A + BSR + DGM + Z sensor | Postal handling system and airport baggage handling system

EVOX CP + MXN + Axiavert | Roller conveyor

A + BMD + Axiavert | Flowpack

BMD + TQ + ANG | Palletizer

electromobility
IVT Expo
Kohln, Germany - *26-Jun · 27-Jun*

Serie 700CE | Electric track drive for mini-excavator

Serie 700TE | Electric swing drive for mini-excavator

Serie BPM | Pump motor for mini-excavator

DC/DC converter | Electric converter for mobile machinery

Display | Customised dispaly for mobile machinery

technologies on display

wind
Windenergy
Hamburg, Germany - *24-Sep · 27-Sep*

Service

TW + BN + W e Z sensor | Yaw drive

On-Shore

700TW + MMD | Yaw drive - Wind turbines up to 8 MW + Axiavert + BME edge motion controller

700TW + MMD | Pitch drive - Wind turbines up to 8 MW

Off-Shore

700TW + BE + DGM + Z sensor | Yaw drive - Wind turbines up to 18 MW

Serie BMD | Pitch synchronous servomotor - Wind turbines up to 18 MW



metal working
Euroblech
Hannover, Germany - *22-Oct · 25-Oct*

F + BX + Active Cube | Metal sheet handling system

HDO + BX | Dish ends and flanging machine

A + BMD + ANG | Metal sheet handling system

305 + BSR + DGM | Roller table/servopress

BMD + MP + AxiaVert | Laser cutting system

Serie 300 | Bending machine



industrial automation
SPS Nuremberg
Nuremberg, Germany - *12-Nov · 14-Nov*

EVOX CP + MXN + Axiavert | Roller conveyor

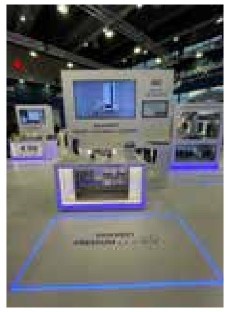
A + BMD + Axiavert | Flowpack

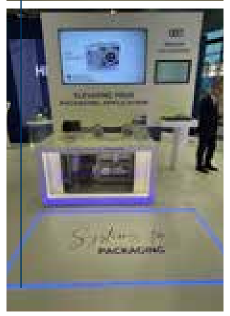
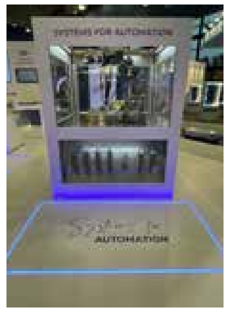
BMD + TQ + ANG | Palletizer

DGM + BSR | Systems for packaging

A + DGM | Systems for smart conveyors

IoT solutions

construction, mining
Bauma China
Shanghai, China - *26-Nov · 29-Nov*

Serie 700T | Slew drive for large excavators and mining shovels

Serie F | Track drive for large excavators and mining shovels

Serie 700CE | Electric track drive for mini/midi-excavator

Serie 700TE | Electric swing drive for mini/midi-excavator

Serie 700TD | Electric track drive for compact track loaders and skid steer loader

Serie BPM | Pump motor for mini/midi-excavator, compact track loaders and skid steer loader

Serie 600WE | Electric wheel drive for aerial work platform

Serie 600Y | Pneumatic tyre roller

Serie HDO | Heavy duty bevel gearbox for conveyor





ESG

4

the pillars of our sustainable approach

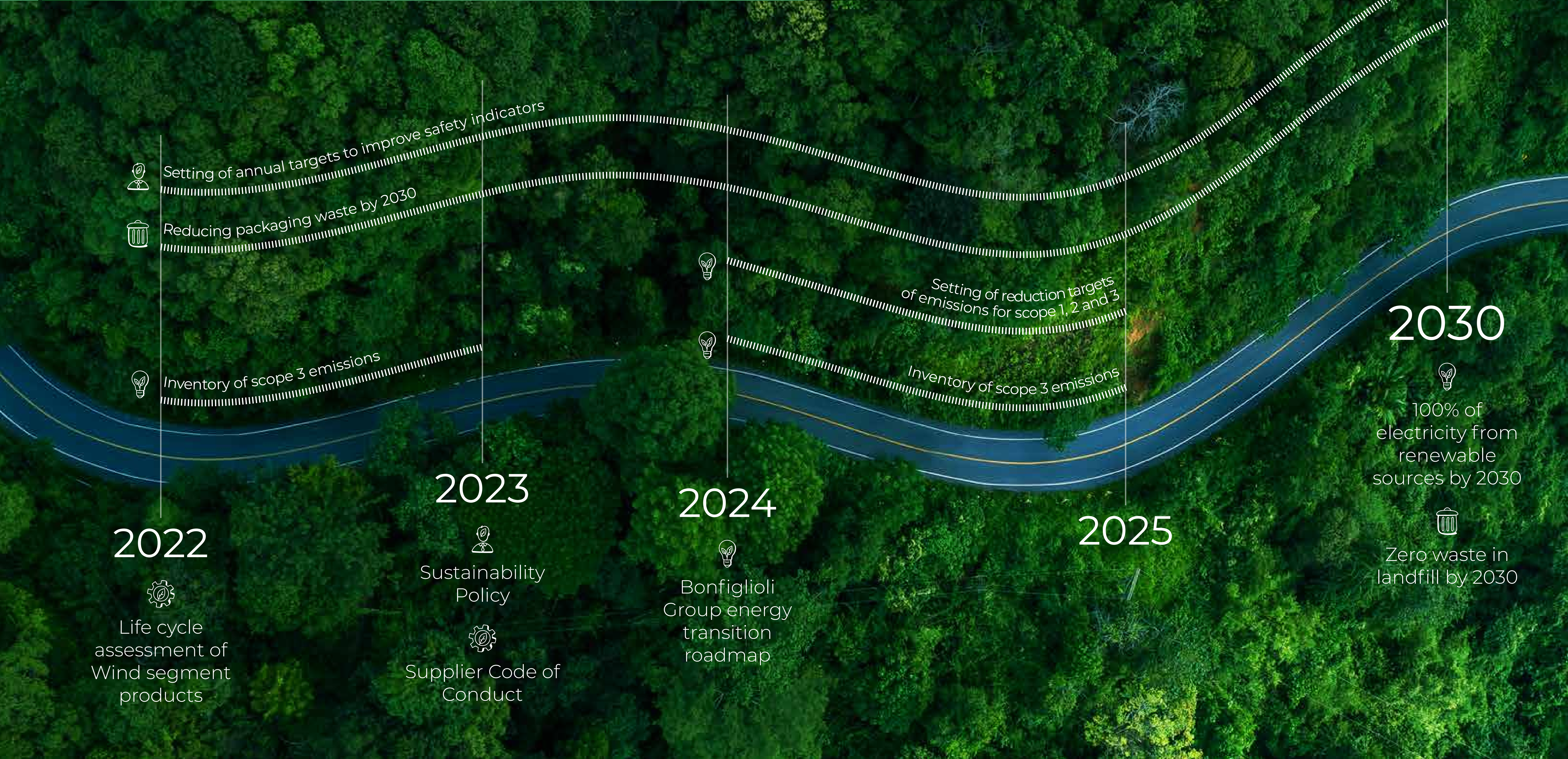
For detailed information, please see our 2024 Sustainability Report.

sustainability policy

Our commitment to developing a sustainable business model led to the creation of our **Sustainability Policy**, a real company manifesto that outlines a clear set of carefully defined objectives in line with the ESG pillars: Environmental, Social & Governance.

sustainability roadmap

Ambitious targets without a concrete plan risk remaining mere desires and dreams. This is why we developed our Sustainability Roadmap: an action plan that will guide us, step by step, towards the sustainable, fair future that we hope to build between now and 2030.



our commitment to the environment

3.968.406 kWh

Energy consumption from renewable sources

-16%

Direct consumption from non-renewable sources (2024 vs 2021)

96%

of total waste sent for recovery

ISO 14001:2015

ISO 50001:2018

certifications

environmental and energy management systems

For Bonfiglioli, sustainability is not just a goal, but a fundamental part of the company's identity. To ensure high standards and effective governance in environmental matters, the company has chosen to adopt various Management Systems, including ISO 14001 certification for environmental management and ISO 50001 certification for energy management.

In 2024, the Pune site (India) successfully passed the ISO 14001 certification audit, bringing the total number of certified sites within the group to 15—clearly demonstrating the ongoing commitment to improve environmental performance and promoting increasingly higher energy efficiency.

responsible sustainability

Our focus on people goes beyond the walls of our company and extends to the local communities in which we operate. **Social responsibility** is something that's especially close to our hearts, and every year we invest significant resources into improving the environment and well-being of the people around us.

We support initiatives and projects all over the world, united by three key pillars:

- young people
- development in the local area
- stem disciplines

India

We provide young people in difficult situations with a safe, comfortable environment in which to live and be educated.

a better future for our young people

United Kingdom

Circus Starr, a show of solidarity.

North West Youth Alliance Curzon Ashton, soccer team dedicated to promoting diversity and inclusivity

Italy

MUS-E Musique Europe, a European multicultural project.

CREO CAMBIO CRESCO

Vietnam

We support the school in **Ho Chi Minh City** which provides free education to young students from situations of significant economic hardship

Spain

TRABAJOS SOLIDARIOS and **OPTEAM**, special centers which provide employment opportunities for people with disabilities.

OPTEAM

Trabajos Solidarios

Slovakia

Night Run, the traditional nocturnal running event for charity.

"Kockáči", an initiative developed by young people which offers free online tutoring to fellow students.

Germany

Schmetterling Neuss, Association that provides economic and social support to families with children suffering from severe illnesses

Neussner Tafel e.V. – Krefelder Tafel e. V.
Local organizations for food collection for people in need.

other initiatives

Brazil

We coordinated fundraising activities among our employees for the communities affected by the flood that struck Rio Grande do Sul in April 2024.

we support culture and health

Bonfiglioli supports

the Associazione Italiana Epilessia

ASSOCIAZIONE ITALIANA EPILESSIA

Plastic Free

2 clean-up events that were attended by employees and their families.

Bicipolitana project

We have contributed to promoting the use of bicycles for home-to-school commutes and, more generally, for sustainable mobility through the Bicipolitana project, which connects major residential areas with production, educational, and functional hubs in the metropolitan area through a network of cycling paths.

BICIPOLITANA
RETE CICLABILE METROPOLITANA BOLOGNESE

a bridge between school and life

Clementino Bonfiglioli prize

awarded to students who show interest in the disciplines of robotics and industrial automation, power transmission systems, control systems or mechatronics.

MALPIGHI LA.B

Laboratory for computer science, robotics and 3D design, open to all students in Bologna.

Ragazze Digitali ER

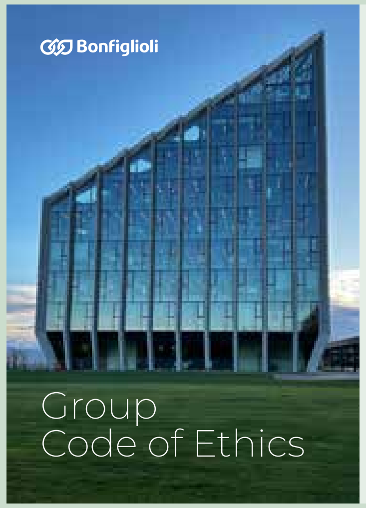
A summer camp to introduce girls of high school age to STEM disciplines.

governance

Ethical principles of transparency, legality, and responsibility

Governance is a fundamental pillar of bonfiglioli's corporate culture, as it guides strategic decisions, daily operations, and interactions with all stakeholders. In an ever-evolving business environment, the company is committed to maintaining high standards of transparency, legality, and responsibility.

Code of ethics

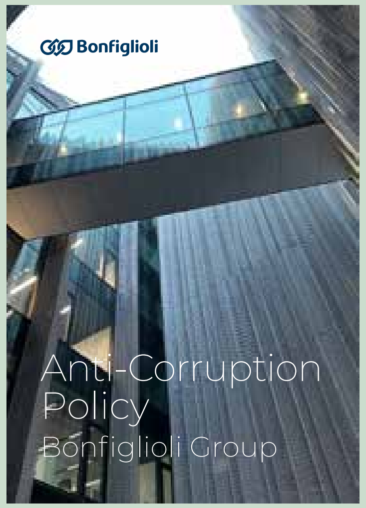


The Bonfiglioli Code of Ethics encompasses the values that have guided the company's activities for nearly seventy years. It serves as a benchmark for all employees, promoting fair and transparent relationships with partners, customers, suppliers, and institutions.

This self-discipline document establishes social, moral, and environmental standards that safeguard corporate integrity. It certifies Bonfiglioli's commitment to all stakeholders, ensuring ethical and responsible behavior in every interaction.

Bonfiglioli is dedicated to ensuring that all its employees are aware of and adopt the Code of Ethics, thereby strengthening a solid and cohesive corporate culture.

Anti-corruption policy



Supplier code of conduct

Integrity line & whistleblowing portal

financial data

5

the group as of 31.12.2024

the group as of 31.12.2024

Bonfiglioli S.p.A.

- 100% — BONFIGLIOLI RIDUTTORI S.P.A. UNIPERSONALE — ITALY
- 99.88% — BONFIGLIOLI SWISS S.A. — SWITZERLAND
  - 100% — BONFIGLIOLI TRANSMISSIONS S.A.S. — FRANCE
  - 100% — BONFIGLIOLI U.K. LTD. — UNITED KINGDOM
  - 95% — TECNOTRANS BONFIGLIOLI S.A. — SPAIN
  - 85% — O&K ANTRIEBSTECHNIK GMBH — GERMANY
  - 85% — BONFIGLIOLI DEUTSCHLAND GMBH — GERMANY
  - 100% — BONFIGLIOLI SLOVAKIA S.R.O. — SLOVAKIA
  - 100% — BONFIGLIOLI POWER TRANSMISSIONS & AUTOMATION TECHNOLOGIES JSC — TURKEY
  - 100% — BONFIGLIOLI POWER TRANSMISSIONS PTY LTD. — SOUTH AFRICA
  - 75% — BONFIGLIOLI SOUTH AFRICA PTY LTD. — SOUTH AFRICA
  - 100% — BONFIGLIOLI SOUTH EAST ASIA PTE LTD. — SINGAPORE
  - 100% — BONFIGLIOLI VIETNAM LTD. — VIETNAM
  - 100% — BONFIGLIOLI TRANSMISSION (AUST.) PTY LTD. — AUSTRALIA
  - 99.99% — BONFIGLIOLI DRIVE SOLUTIONS PVT LTD. — INDIA
  - 99.99% — BONFIGLIOLI TECHNOLOGY SPACE PVT LTD. — INDIA
  - 100% — BONFIGLIOLI REDUTORES DO BRASIL INDUSTRIA E COMERCIO LTDA — BRAZIL
  - 100% — BONFIGLIOLI CANADA INC. — CANADA
  - 100% — BONFIGLIOLI USA INC. — USA
- 15% — O&K ANTRIEBSTECHNIK GMBH — GERMANY
- 15% — BONFIGLIOLI DEUTSCHLAND GMBH — GERMANY
- 100% — BONFIGLIOLI DRIVES (SHANGHAI) CO. LTD. — CHINA
  - 100% — BONFIGLIOLI TRADING (SHANGHAI) CO. LTD. — CHINA
- 100% — BONFIGLIOLI TRANSMISSIONS PVT LTD. — INDIA
- 100% — SELCOM GROUP S.P.A. UNIPERSONALE — ITALY
  - 100% — SELCOM ELECTRONICS (SHANGHAI) CO. LTD. — CHINA

EMEA
APAC
AME

organization chart

EXECUTIVE CHAIRWOMAN

- RESEARCH & DEVELOPMENT
- REAL ESTATE, PROPERTY & FACILITY MANAGEMENT
- INFORMATION TECHNOLOGY & DIGITAL
- HUMAN CAPITAL
- LEGAL & CORPORATE AFFAIRS

- ADMINISTRATION, FINANCE & CONTROLLING & STRATEGIC PURCHASING
- QUALITY, HSE & AFTER SALES SERVICES
- STRATEGIC PLANNING, M&A & COMMUNICATION

- INDUSTRY & AUTOMATION SOLUTIONS
- SELCOM GROUP
- MOBILITY & WIND INDUSTRIES

- AMER
- EMEA
- INDIA
- CHINA
- SEA

board of directors

Bonfiglioli S.p.A.

Sonia Bonfiglioli > Chairwoman
Massimo Sarti > Executive director
Luciano Bonfiglioli > Non-Executive director
Tommaso Tomba > Independent director
Roberto Tunioli > Independent director
Roberto Carlo Testore > Independent director
Giampiero Bergami > Independent director

statutory auditors

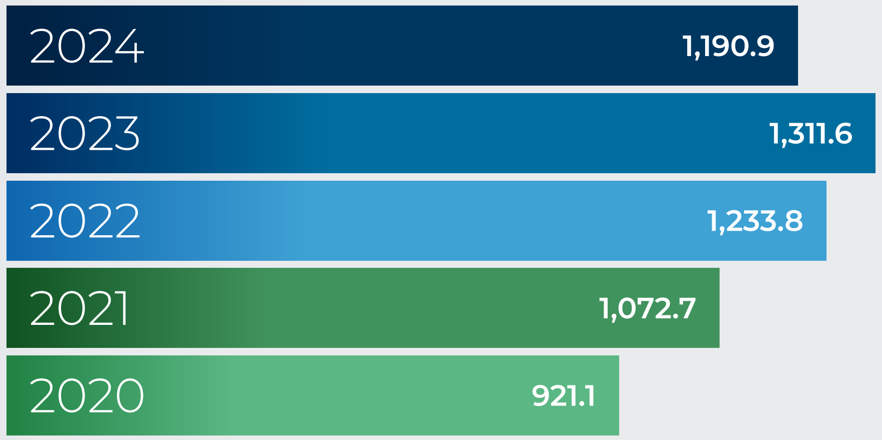
Alessandro Gualtieri > Chairman
Monica Marisaldi > Statutory auditor
Biones Ferrari > Statutory auditor

indipendent auditor

EY S.p.A.

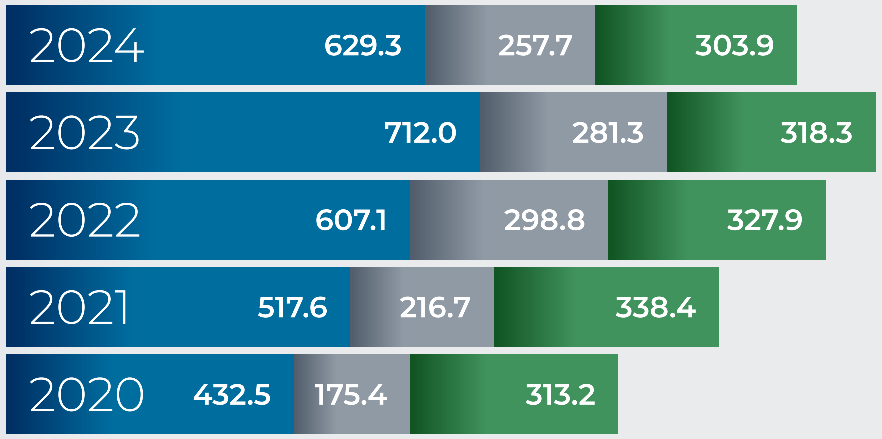
financial highlights

group turnover
(euro/million)

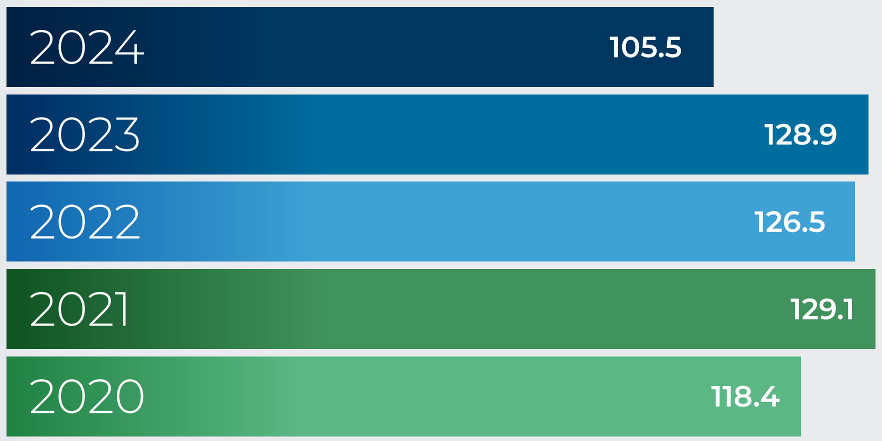


turnover by geographical area
(euro/million)

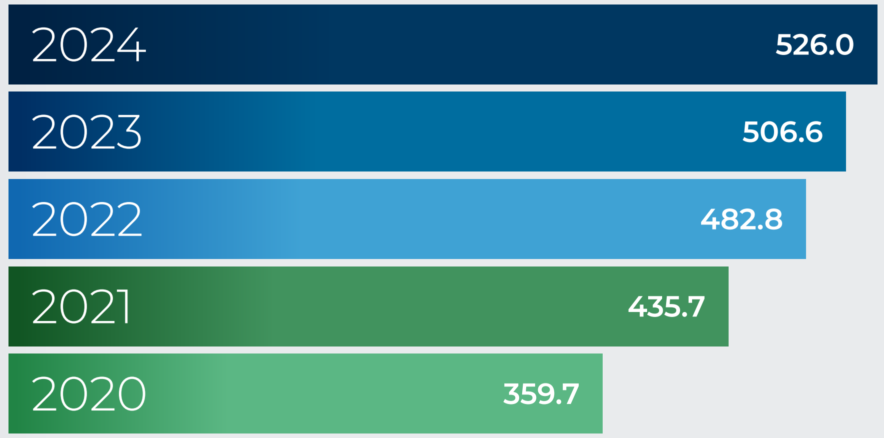
EMEA
AME
APAC



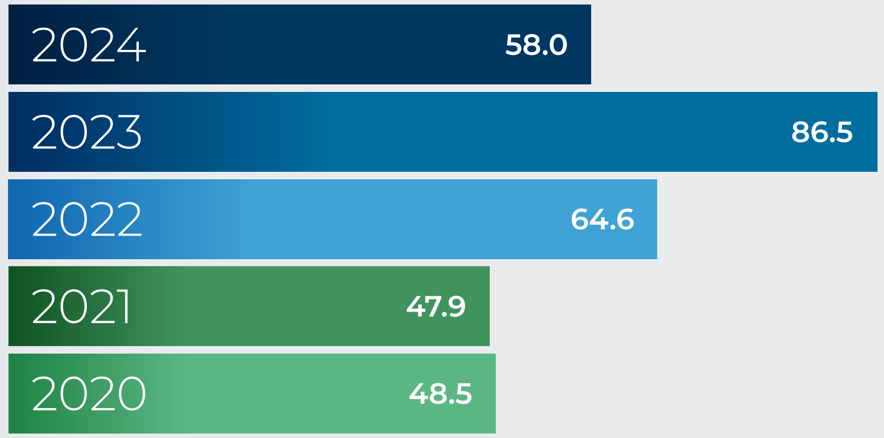
EBITDA
(euro/million)



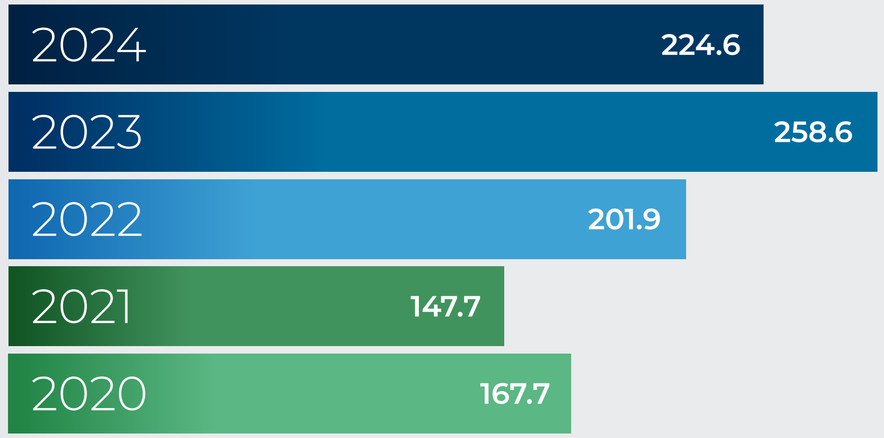
group shareholders' equity
(euro/million)



net capital expenditure
(euro/million)

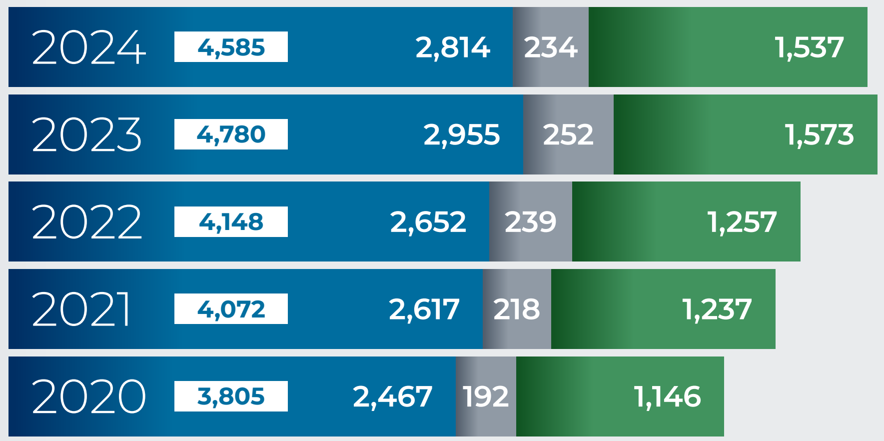


net cash position (NCP)
(euro/million)



number of employees

EMEA
AME
APAC



management report

6

This section has been translated into english solely for the convenience of international readers.

foreword

This Management Report accompanies the Consolidated Financial Statements of Bonfiglioli Group as of December 31, 2024 consisting of the financial statements and related illustrative notes and drafted in accordance with the International Accounting Standards (IAS and IFRS) issued or revised by the International Accounting Standard Board (IASB) and approved by the European Union. IFRS also includes all revised International Accounting Standards ("IAS") and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

Unless otherwise indicated, data are shown in Euro/millions.

The Bonfiglioli Group reassessed the functional currency of the Turkish subsidiary, Bonfiglioli Power Transmissions & Automation Technologies Jsc, and, based on an analysis conducted in accordance with IAS 21, identified the Euro as the subsidiary's functional currency.

economic situation

In its January 2025 update to its forecasts and projections, the International Monetary Fund (IMF) describes a generally stable global economy, with varying dynamics across different geographic regions. While global disinflation continues, persistent pockets of elevated inflation in service prices remain in many economies – notably in the United States and the Euro Area – with levels still above pre-Covid averages. At the same time, geopolitical conditions remain unstable, due both to the ongoing conflict in Ukraine and tensions in the Middle East. Additional concerns arise from uncertainties surrounding current US policies, particularly the potential introduction of tariffs, which could further escalate geopolitical tensions, discourage investment, reduce market efficiency, trigger new supply chain disruptions, and push inflation higher once more.

Global growth, estimated by the IMF at 3.2% in 2024, was weighed down by weaker-than-expected performance in certain Asian and European economies in the final quarter. In China, growth is projected at 4.8% year-on-year – below expectations, owing to a faster-than-expected slowdown in domestic demand and continued instability in the property sector. India's growth, at 6.5% year-on-year, has also underperformed expectations as a result of a sharper-than-forecast slowdown in industrial activity. Within the Euro Area, the growth estimate is 0.8% year-on-year (Germany at -0.2%), reflecting continued weakness in manufacturing exports, only partially offset by increased domestic demand. The United States stands in contrast, with an expanding economy recording 2.8% annual growth, driven by robust domestic consumption.

Looking ahead, global growth is projected at 3.3% for 2025 and 2026. The IMF describes this forecast as "subdued", at a rate below the historical annual average (2000–2019) of 3.7%, and exposed to the risks arising from the international geopolitical context, with further slowdowns possible if new tariffs are introduced by the new US President.

Trends among advanced economies are diverging. In the United States – where strong domestic demand and a less restrictive monetary policy stance prevail – growth of 2.7% is forecast for 2025 and 2.1% in 2026. In the Euro Area, by contrast, growth is expected to reach only 1.0% in 2025, due to the manufacturing slowdown at the end of 2024. An increase to 1.4% is projected for 2026, supported by expectations of further strengthening of domestic demand and lower borrowing costs. Europe faces headwinds from the German economic crisis, with a GDP contraction of 0.2% in 2024 and a modest recovery forecast at just 0.3% for 2025. The extended energy crisis is also weighing on the region, with gas prices remaining five times higher than in the United States. Italian growth has also stalled, recorded at just 0.6% in 2024 and at risk of remaining below 1% in both 2025 and 2026. By contrast, France and Spain are expected to perform better at 1.1% and 3.1% respectively in 2024, with continued growth, though slightly lower, forecast for 2025 and 2026. In 2024, the European mechanical engineering sector experienced a significant contraction. According to Federmeccanica, production fell by 5.9% in the first nine months of the year compared to the same period in 2023. Output declined by 7.3% in Germany, 3.8% in France, and 0.5% in Spain. In Italy, mechanical engineering production dropped 4.2% in 2024, with a 5.6% contraction in the final quarter, dragging down the entire industrial sector, which posted a 2.5% decrease. The industrial sector's challenges have been driven in large part by steep declines in mechanical engineering and mechatronics, with the automotive industry at the center of this downturn. The outlook for the European mechanical engineering sector in 2025 points to a potential recovery, supported by favorable monetary policy and rising domestic demand. However, structural challenges – including cost pressures and intensifying international competition – require strategic interventions from institutions and companies to ensure sustainable medium- to long-term growth.

Among the "emerging" economies, China is expected to maintain steady growth of 4.5% for both 2025 and 2026, while India is projected to sustain growth of 6.5% over the next two years.

In the short term, the divergence among major economies could widen, with the United States likely to outpace the European economy – characterized by high energy costs – and China, which remains weighed down by the property sector. In this context of heightened uncertainty, policies should focus on mitigating short-term risks while advancing efforts to improve medium-term growth prospects.

To stimulate growth, the EU must establish a favorable business environment by reducing excessive regulatory burdens, enabling companies to expand, create quality jobs, attract investment, and secure financing for a sustainable transition in line with the reaffirmed objectives of the European Green Deal. The EU's recent "Competitiveness Compass", drawing on the Draghi report, "Future of European Competitiveness", sets out a roadmap based on three pillars:

i) Closing the innovation gap

ii) Establishing a coordinated path for decarbonization and competitiveness

iii) Reducing dependency while enhancing security

Supporting these strategic aims, on February 26 the European Commission adopted the first Omnibus Package for regulatory simplification, focusing on sustainability and targeting streamlined legislative frameworks and investment programs to advance a sustainable transition.

consolidation area

The consolidation area at 31 December 2024 includes twenty-four subsidiaries in addition to the Parent Company. With regard to the changes in the consolidation area during 2024, the following are noted, as further detailed in the Notes to the Financial Statements:

- the merger by of "Bonfiglioli Vectron GmbH" into "Bonfiglioli Deutschland GmbH";
- the establishment of a company in India called "Bonfiglioli Technology Space Pvt Ltd".

analysis of 2024 results

The Consolidated Income Statement reclassified by destination and the Consolidated Statement of Financial Position reclassified according to Capital employed and Funds with respect to the Group's last three years of operations are shown below.
The layouts presented hereunder show figures in millions of Euro and in percentage, as well as the main economic-financial indicators.

RECLASSIFIED INCOME STATEMENT	VALUES 2024	2023	2022	% OF TURNOVER 2024	2023	2022
TURNOVER	**1,190.9**	**1,311.6**	**1,233.8**	**100.0%**	**100.0%**	**100.0%**
COST OF SALES	(972.5)	(1,058.9)	(976.6)	(81.7)%	(80.7)%	(79.2)%
GROSS MARGIN	**218.4**	**252.7**	**257.2**	**18.3%**	**19.3%**	**20.8%**
STRUCTURE AND OPERATING EXPENSES	(172.1)	(180.3)	(183.2)	(14.5)%	(13.7)%	(14.8)%
EBIT	**46.3**	**72.4**	**74.0**	**3.9%**	**5.5%**	**6.0%**
Financial income and expenses	(14.8)	(15.2)	(7.5)	(1.2)%	(1.2)%	(0.6)%
Exchange rate differences	(2.3)	(0.0)	(0.4)	(0.2)%	(0.0)%	(0.0)%
Dividends, other income and charges from securities valuation	0.3	(1.5)	0.2	0.0%	(0.1)%	0.0%
EBT	**29.5**	**55.7**	**66.2**	**2.5%**	**4.2%**	**5.4%**
Current Taxes	(13.9)	(17.3)	(15.3)	(1.2)%	(1.3)%	(1.2)%
Deferred Taxes	4.2	1.0	4.7	0.4%	0.1%	0.4%
CONSOLIDATED NET INCOME	**19.9**	**39.4**	**55.5**	**1.7%**	**3.0%**	**4.5%**
Minority	(0.0)	(0.0)	(0.0)	(0.0)%	(0.0)%	(0.0)%
NET GROUP INCOME	**19.9**	**39.4**	**55.5**	**1.7%**	**3.0%**	**4.5%**
PAYROLL COSTS	**(233.9)**	**(236.6)**	**(211.0)**	**(19.6)%**	**(18.0)%**	**(17.1)%**
DEPRECIATION/AMORTIZATION	**(58.2)**	**(54.5)**	**(47.4)**	**(4.9)%**	**(4.2)%**	**(3.8)%**
PROVISIONS FOR DOUBTFUL RECEIVABLES AND RESERVES	**(1.1)**	**(2.1)**	**(5.1)**	**(0.1)%**	**(0.2)%**	**(0.4)%**
EBITDA	**105.5**	**128.9**	**126.5**	**8.9%**	**9.8%**	**10.3%**

STATEMENT OF FINANCIAL POSITION	VALUES 2024	2023	2022	ROTATION (*) 2024	2023	2022
Net working capital	366.5	393.2	364.2	111	108	106
Fixed assets	420.2	417.2	359.7	127	115	105
Other invested capital	(35.6)	(44.7)	(38.5)	(11)	(12)	(11)
Minority	(0.6)	(0.6)	(0.5)	(0)	(0)	(0)
CAPITAL EMPLOYED	**750.6**	**765.2**	**684.8**	**227**	**210**	**200**
Group Shareholders' Equity	526.0	506.6	482.8	159	139	141
Net Cash Position (NCP)	224.6	258.6	201.9	68	71	59
FUNDS	**750.6**	**765.2**	**684.8**	**227**	**210**	**200**

(*) average days of rotation on turnover (base 360)

TURNOVER BY GEOGRAPHICAL AREA	VALUES 2024	2023	2022	% OF TURNOVER 2024	2023	2022
EMEA	629.3	712.0	607.1	52.9%	54.3%	49.2%
AME	257.7	281.3	298.8	21.6%	21.4%	24.2%
APAC	303.9	318.3	327.9	25.5%	24.3%	26.6%
TOTAL TURNOVER	**1,190.9**	**1,311.6**	**1,233.8**	**100.0%**	**100.0%**	**100.0%**

INDICATORS	2024	2023	2022	DESCRIPTION
ECONOMIC				
Net ROE	3.8%	7.8%	11.5%	(Net profit/Shareholders' equity)
ROI	6.2%	9.5%	10.8%	(EBIT/Capital employed)
ROS	3.9%	5.5%	6.0%	(EBIT/Turnover)
EBITDA/Net financial charges	7.1	8.5	16.8	
EQUITY AND STRUCTURE				
Primary structural balance ratio	1.3	1.2	1.3	(Shareholders' equity/Fixed assets)
Financial indebtedness ratio	0.4	0.5	0.4	(NCP/Shareholders' equity)
NCP/EBITDA ratio	2.1	2.0	1.6	(NCP/EBITDA)
Shareholders' equity tangibility ratio	0.9	0.9	0.9	(Equity-Intangible assets/Equity)
OTHER				
Average number of employees	4,790	4,777	4,128	Annual average
Turnover per employee	249	275	299	Data EURO THOUSAND

The following events are significant for the financial year 2024.
In July 2024, Sonia Bonfiglioli assumed leadership of the Group in the role of Executive Chairwoman. The new Bonfiglioli Management System was also established, designed to guide Group strategy and steer the strategic process across the organization, supporting a long-term vision and commitment to business excellence and providing cohesive leadership through strong contributions from the central team, while at the same time fostering collaboration throughout the Group.
As further detailed in the Human Capital section, in 2024 the "Discrete Manufacturing & Process Industries" and "Motion & Robotics" business units were integrated into a single Business Unit named "Industry & Automation Solutions". This new organization was created to further strengthen proximity to the market and to meet the increasing demand for customer-oriented solutions. Together with the other business units and corporate functions, the new structure aims to enhance synergies and promote greater collaboration, as we believe in the strength of being a Group.
Bonfiglioli is fully committed to ensuring the highest standards of quality and performance in all its products and solutions, consistently pursuing excellence to deliver outstanding results for both customers and partners. With a view to continuous improvement and innovation – and to better respond to a market increasingly oriented towards complete solutions – a new Indian company was established under the name "Bonfiglioli Technology Space Pvt Ltd". The company, which is spin-off from the existing Indian company, will focus on the design and development of products, systems, and complete solutions, integrating mechanical, hydraulic, electrical, and electronic technologies, and leveraging the potential of digital technologies to enhance solution performance and deliver added value to our customers and markets.

In 2024, Bonfiglioli Academy was also inaugurated at the Chennai Institute of Technology, marking a new milestone in the Group's path of advanced technological innovation. The collaboration with the institute brings together academic expertise and industrial leadership, delivering tangible results. The Group is confident this partnership will redefine research and development and create an environment where theoretical knowledge meets practical application.
Bonfiglioli has once again achieved Top Employer Country Italy status for 2025, with a 10% overall improvement in the ratings of its Italian locations compared to the previous year.
The Group's commitment to Sustainability continues. As stated by the Group's Chairwoman Sonia Bonfiglioli: "Sustainability is not just about the future but about the choices we make in the present". Ambitious targets, without a concrete plan, risk just being aspirations. This is why the Group has developed the Sustainability Roadmap: an action plan that will guide us, step by step, towards the sustainable, fair future that we hope to build between now and 2030.

With respect to Group performance in 2024, consolidated turnover recorded a 9.2% contraction compared to the previous year, reflecting the sector slowdown mentioned above. This contraction was most pronounced in the EMEA region (-11.6%), and more contained in AME (-8.4%) and APAC (-4.5%).
The Consolidated Income Statement shows a Gross operating profit (EBITDA) of 105.5 M€ or 8.9 % of turnover. Results benefited from the release of the residual provision relating to the Selcom Group PPA, amounting to 6.4 M€, as a result of the performance recorded during the year.
The analysis of the various components shows that:
- cost of sales for 2024 came to 81.7% of turnover. The decline in margins compared to 2023 (-1.0%) was mainly attributable to the sales mix, with an increased proportion of turnover from "Selcom" products, which are characterized by a lower overall margin relative to the Group's other businesses.
- structure and operating expenses declined from 180.3 M€ to 172.1 M€, with their percentage impact on turnover rising slightly from 13.7% to 14.5%;
- personnel costs fell from 236.6 M€ to 233.9 M€, with a percentage impact on turnover increasing from 18.0% to 19.6%;
- amortization, depreciation, impairment and other provisions increased in absolute value compared to the previous year (59.3 M€ compared to 56.5 M€ in 2023) increasing as a of percentage of turnover from 4.4% to 5.0%;
- net financial charges in absolute value decreased by 0.4 M€ compared to 2023 (14.8 M€ compared to 15.2 M€ last year) remaining constant in terms of percentage of turnover (1.2%);
- foreign exchange effects resulted in 2.3 M€ in exchange losses, mainly due to the significantly negative performance of the Brazilian real, for which no hedging was put in place because the high costs would have made those policies ineffective;
- the item "Taxes", includes the write-down of approximately 3.8 M€ of withholdings on foreign income made on a prudential basis by the Parent Company.

The Group's Net Working Capital decreased in absolute value from 393.2 M€ to 366.5 M€, with a slight increase in the rotation on turnover (111 average days of rotation compared to 108 in 2023).
The net cash position (NCP) saw a reduction in absolute debt from 258.6 M€ in December 2023 to 224.6 M€ in December 2024. The leverage, i.e. the ratio of NCP to EBITDA, was 2.1 at the end of the year in line with the previous year.

Net investments amounted to 58.0 M€ (of which 2.5 M€ related to rights of use), as follows:

VALUES IN M€	2024	2023	2022
Land and buildings	16.2	48.2	15.0
Plant and machinery	24.4	24.1	18.2
Equipment	12.1	13.3	13.8
Other assets	5.8	8.9	4.5
Assets under construction	(3.6)	(9.7)	10.8
Tangible assets	**54.9**	**84.8**	**62.3**
Development costs	-	-	7.2
Licenses, trademarks, patents	3.0	2.0	2.0
Others (including assets under construction)	0.1	(0.3)	(6.9)
Intangible assets	**3.1**	**1.7**	**2.3**
Total Investments	**58.0**	**86.5**	**64.6**

The Group's main investments for 2024 are described below:
- the changes in land and buildings (+16.2 M€) primarily related to the Parent Company for 12 M€, of which 10.3 M€ related to the acquisition of an industrial property located in the province of Bologna, already partially used by the subsidiary Bonfiglioli Riduttori Spa since the 2021 acquisition of the "Sampingranaggi" business unit, with the remainder relating to upgrades to existing plants. These were accompanied by the investments in the right of use of property totaling 4 M€ of which 2.5 M€ relating to the rights of use of land and buildings in India;
- the investments in plant, machinery and equipment mainly concerned the upgrading of the Italian plants of the company Bonfiglioli Riduttori S.p.A. (13.2 M€). Additional investments were made in India (5.3 M€), Vietnam (4.6 M€), China (3.8 M€), Slovakia (2.9 M€), Selcom Group S.p.A. (2.3 M€), and O&K (1.9 M€);
- investments in other assets mainly consisted of leased cars and forklifts, hardware and office furniture of the various Group companies;
- tangible assets under construction, gross of the completion of the projects in progress at the end of 2023, mainly related to advances to suppliers for machinery and equipment manufactured by the various Group factories;
- investments in software, trademarks and patents mainly related to the purchase of enterprise software and know-how by the Parent Company;
- investments in other intangible assets, before completion of those under construction at the end of 2023, primarily related to advances to suppliers mainly paid by the Parent Company for software development.

alternative performance measures

In order to ensure a better understanding and assessment of the Group's performance, some alternative performance measures (APMs) have been used in the preceding paragraphs that are not defined as accounting measures under IFRS (non-GAAP measures). These indicators also represent the tools that help the directors to identify operational performance and make decisions about investments, resource allocation, and other operational decisions.
For a correct interpretation of these APMs, the following is noted:

(i) These indicators are calculated exclusively using the historical data of the Group and are not indicative of the future performance of the Group itself.
(ii) the APMs are not required by IFRS and, while they are derived from consolidated financial statements, they are not audited;
(iii) the APMs should not be considered as a substitute for IFRS indicators;
(iv) these APMs must be read together with the Group's financial information taken from these consolidated financial statements;
(v) the definitions of the indicators used by the Group and not deriving from the accounting standards of reference may not be the same as those adopted by other Groups and therefore comparable with them.
(vi) the APIs used by the Group are drawn up with continuity and uniformity of definition and representation for all the periods for which financial information is included in these financial statements.

The following is the description of the main indicators employed, where not already illustrated in the Consolidated Financial Statements:

- Net cash position (net financial debt): offers a better assessment of the Group's overall level of indebtedness.
- Net working capital, fixed assets and other net uses: offer a better assessment of the ability to meet short-term trade commitments and the consistency between the commitment structure and that of the sources of financing.

risk management

Following there is an analysis of the main risks the Group is exposed to, meaning the risks related to events capable of producing negative effects on the pursuit of the company's objectives and that could therefore restrict the creation of value.

country risk

The economic and financial standing of the Group, as well as its assets and liabilities, are influenced by a number of factors that make up the macro-economic picture in the various countries the Group operates in: increase or decrease in GDP, consumer and business confidence, currency and interest rate fluctuations, cost of raw materials, and inflation, among others.

risks connected with the market sectors served

The Group operates in a variety of applications sectors. The wide range of markets served and applications supplied has always provided refuge from economic slumps by allowing the Group to balance the product offering of sectors in decline with those in growth and vice versa. The Group is still exposed to financial and systemic crises, such as the world economic crisis of 2008/2009, the global health crisis related to the COVID-19 pandemic or the escalation of international geopolitical tensions.

risks connected with financial resource requirements

Group performance depends among other things on its ability to meet the needs arising from maturing debts and scheduled investments through cash flows coming from operations, available liquidity, the renewal or refinancing of bank loans, and, if necessary, recourse to other sources of funds. In order to keep the Net Cash Position under constant check and to monitor the business's short-term capacity to meet its commitments, short-term and mid-term cash flow estimates were drawn up in order to make the most appropriate decisions.

credit risk

Credit risk is represented by the Group's exposure to potential losses that may result from the customers' failure to meet their obligations.
Customer credit risk is constantly monitored with the use of information and customer assessment procedures, and this type of risk has historically been very low. Also following the pandemic, the Group redoubled the efforts of both commercial and administrative staff, to monitor the performance of collections and to avert declines in financial income.

risks connected with exchange and interest rate fluctuations

As it operates in many markets around the world, the Group is naturally exposed to exchange rate fluctuations, linked mainly to the geographical distribution of production and sales that generate import/export flows in currencies different from those of the production countries. In particular, the Group is exposed through its exports from the Eurozone to the areas of the US Dollar, GB Pound, Australian Dollar, Chinese Yuan and other minor currencies. With reference to incoming flows, risks concern imports from Japan in Yen and, for those companies based in India, Vietnam, Singapore, Brazil and South Africa, by imports of goods from countries having strong currencies (EUR and USD).
The risk of interest rate fluctuations derives from medium/long term debts at variable interest rates.
In keeping with its risk management policies, the Group tries to hedge risks deriving from exchange and interest rate

fluctuations through the purchase of derivative financial instruments similar in duration to the risk to be covered. The Group works via a management procedure for hedging foreign exchange and interest rates in line with the evolution of these risks.

risks connected with the use of derivative financial instruments

The Group uses financial instruments hedging the interest rate and exchange rate risks to minimize operational import-export risks and to stabilize expected financial flows for interest on medium/long terms debt. The companies in the Group do not use speculative derivative financial instruments.

risk connected to employment relations

In the various countries that the Group operates in, employees are protected by laws and by collective labour contracts that provide them with guarantees through local and national representatives. Employees are entitled to be consulted on specific matters, including the downsizing or closure of departments or reductions in the workforce. These laws and collective labour contracts applicable to the Group could affect the flexibility with which it redefines or strategically repositions its activities.

risks connected with competition

The macroeconomic recession of recent years has had the effect of making consumption less predictable in almost all sectors that the Group's products are used in (manufacturing and construction in particular), thereby changing the overall value of the available market and increasing competition. The success of the Group is therefore also dependent on its ability to maintain and increase its market share, perhaps expanding into new sectors and emerging countries.

human capital

During 2024, Bonfiglioli Group continued to invest in human capital with the aim of supporting business development and the continuous adaptation of professional expertise to changing market conditions. As of December 2024, the Group's operating staff totaled 5,096 people (of which 4,585 employees and 511 temporary workers). The largest geographic presence was in the EMEA region (56%), followed by APAC (39%) and AME (5%).
Throughout the year, Bonfiglioli Group advanced its transformation from a product sales-oriented business model to one focused on offering integrated systems and solutions, with a corresponding evolution in its organizational model. Until the end of 2023, the Group's organizational structure comprised three Business Units, each focused on its own target markets, expertise, and technologies. During 2024, the "Discrete Manufacturing & Process Industries" and "Motion & Robotics" Business Units were consolidated into a single Business Unit called "Industry & Automation Solutions". The aim of this transformation was to combine resources and expertise, creating a synergistic entity capable of proactively responding to market challenges and further accelerating the shift towards the sale of integrated solutions.
From July 2024, Sonia Bonfiglioli, in her role as Executive Chairwoman, assumed leadership of the Bonfiglioli Group and introduced a new Management System designed to guide the Group's strategy.
Innovation is essential to compete effectively in today's complex landscape and investing in technological research is vital to meeting ever-growing customer expectations. To this end, a new company, Bonfiglioli Technology Space Private Limited, was established in India. The Bonfiglioli Technology Space was created, within the main technology hubs of Chennai and Pune, strategic locations that enable the attraction and retention of top talent. The facility will initially accommodate around 200 engineers and is designed to foster knowledge sharing, promote a culture of innovation and creativity, and cultivate a collaborative work environment capable of driving the innovation process.
Throughout the year, the Group continued to invest in human capital development through a series of targeted initiatives and projects aimed at enhancing employee experience and strengthening the contribution of Human Capital policies to professional growth across the organization.
With a view to reaffirming the importance of non-discrimination and equal opportunity in professional development, the Gender Equality and Anti-Discrimination Committee approved the D&I Policy in June 2024, which reasserts the values of pay equity and gender parity, in line with international standards and principles. The Group's commitment in this regard is also reaffirmed by the signing of the Protocol for the protection of women and against all forms of discrimination with the principal trade unions, as well as the achievement of UNI PDR 125:2022 for the three Italian companies.
In 2024, confirming the Group's commitment to providing a high-quality, safe, inclusive, and collaborative employee experience, the Top Employer Country Italy certification was renewed for 2025, with a 10% improvement in the overall rating of Italian locations compared to the previous year.
The Human Resources function continued to invest in process digitalization, integrating performance appraisal into the e-ngenious management system. This tool is aimed at evaluating both staff performance and potential, facilitating the identification of high potentials, succession plan updates, and the implementation of individual development plans. In 2024, the Talent Workbook was also created and shared with all Group employees, providing human resources and leaders with a tool to manage the Group's talent transparently and fairly.
In 2024, Bonfiglioli launched the International Trainee Program globally, an international development track dedicated to young graduates in STEM disciplines. The objective is to develop highly specialized professionals, who also possess cross-functional skills in different business processes and an international mindset. The program, lasting approximately 36 months, comprises four short-term six-month assignments in different roles and countries, followed by a 12-month experience to consolidate the skills acquired prior to entering their assigned role.
For this initial intake, Bonfiglioli selected six young talents, both among its employees and from external candidates, creating a tailored educational and professional path for each. Throughout the entire program, participants are supported by mentors selected from among the company's senior leaders, who will guide them in their professional and managerial development.
Bonfiglioli Academy, the corporate university, continued its activities, involving 100% of employees in Italy. The development of training programs continued, with the increase in the number of customized courses aimed at disseminating and preserving the corporate know-how.

In 2024, in collaboration with the Bologna Metropolitana Anti-Violence Centers, the Group involved all Italian employees in a one-hour training session on the topic of gender-based violence, focusing on recognition and prevention.
In terms of collaboration with schools, in 2024 the partnership with ABB also continued and, via the STEMMA platform, more than 3,500 students from about 250 classes across Italy were able to attend robotics (basic and advanced) and big data courses designed by Bonfiglioli.
The Bonfiglioli Group continues its commitment to fostering participatory industrial relations and supporting business development, which, in 2024, led to around 52 meetings between the company and its social partners, engaging all the committees envisaged by the supplementary contract with 12 bilateral meetings. A sustainable mobility agreement was signed for the EVO production site, aimed at facilitating home-to-work travel and activating a shuttle bus service with TPER and local municipalities. Bonfiglioli's ongoing commitment to promoting an inclusive and sustainable work environment led to the Group being recognized with the "Social Impact and Inclusion Special Award" at the 2024 Innovation HR Awards from Networking Circle. This award reflects the vision of a more equitable and participatory future for everyone who is part of the Bonfiglioli family. Lastly, in December 2024, Bonfiglioli Group was awarded first place in the industrial relations category at the HR Innovation 2024 of the Italian Association for Personnel Management for its project developed across industrial relations, diversity, and inclusion.

legal & governance

In 2024, training on Legislative Decree 231/2001 was delivered to a large number of employees from the Group's Italian companies. Participants had the opportunity to explore critical topics such as Legislative Decree 231/2001 and relevant categories of offenses, with a particular focus on those most pertinent to their roles. Key instruments adopted by the Group were also addressed, including the Organization, Management and Control Model, the Code of Ethics, the Anti-Corruption Policy, and the Whistleblowing Policy, with special attention to control procedures and guiding principles. Training on the same subjects is being developed for all foreign Group companies, involving key roles such as Country Managers, Finance Managers, and other employees with positions of responsibility. The objective is to strengthen the legal compliance approach at a global level and ensure a consistent dissemination of Bonfiglioli Group values and policies in all operations.

anti-corruption training

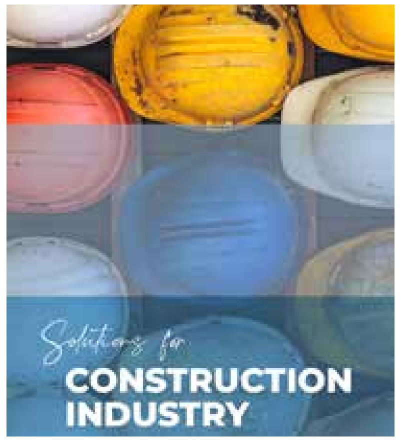
E-learning training has been made available on the Bonfiglioli Academy platform, which new hires must complete within three months of onboarding.
The e-learning covers the Group 231 Model, Anti-Corruption, and Code of Ethics, with an emphasis on offenses related to relations with public administration entities, private sector corruption, and corporate offences.
Bonfiglioli is organizing additional e-learning training sessions focusing on the Code of Ethics, Anti-Corruption, and Whistleblowing, which will also be accessible to employees of foreign Group companies, including key and high-risk roles.
Training is delivered to 100% of roles identified as high risk under the Protocol of the 231 Model. In addition, in-person training is scheduled for the current year for the members of management and executive bodies.

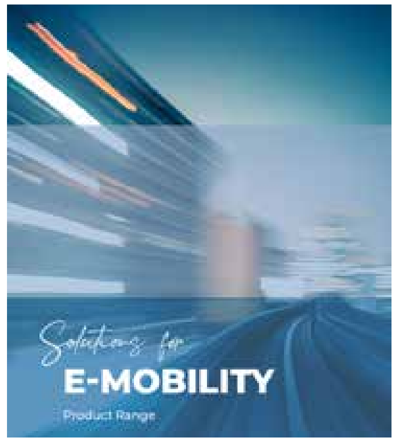
231/2001 compliance training

Training is provided during onboarding (within three months of hiring). Training is available via the Bonfiglioli Academy platform for the full duration of the employment relationship. In addition to e-learning, in 2024 training was delivered in-person (particularly following regulatory or Model updates) to both white-collar and blue-collar staff. The topics covered were Bonfiglioli's Organizational Model, Supervisory Body and disciplinary system, relations with public administration entities, private sector corruption and corporate offenses, IT offenses, crimes against industry and commerce, organized crime, and other offenses relevant to the company. For 2024, particular attention was also given within the 231 training to the Group Code of Ethics, Anti-Corruption, and Whistleblowing. Training involved top management, and white collar and blue collar staff.

whistleblowing training

Training was conducted in 2024 in both in-person and online formats. The participants were top management, and white collar and blue collar staff at all the Italian and European Group companies where the Whistleblowing channel is active.





research and development

Expenditures in 2024 in the area of Research and Development totalled around 23.8 M€ at Group level.
A breakdown of the main development projects is given below.
In 2024, R&D activities in the construction sector continued, focusing on validation of the new travel drive for 20-ton excavators, with installation of 8 gearboxes on 4 machines.
In the earth moving vehicles sector, the setting up was completed of the project for the streamlining and optimization the range of 7T drives intended for rotation systems for track and wheeled excavators.
Regarding angled-plate axial-piston hydraulic engines with continuously variable displacement, used on compact tracked loaders, customer interest in this technology has spread to smaller loader models. Accordingly, in 2024 the

TH45 model was developed – a smaller engine for machines with reduced weight and power.
In the agricultural sector, 2024 R&D activities were aimed at optimizing performance and innovating technical solutions for agricultural machinery.
In the Electromobility sector, development over the past year focused on compact electric motors for small and medium excavators, designated BPM200.
Regarding electric motors for the electrification of large mobile machines – such as the BPM240 and BPM300 models, with peak power ratings ranging from 40 kW to 210 kW – both air- and oil-cooled versions were developed.
Development activities around electric vehicle solutions also focused on both the methodological aspects of systems engineering – particularly requirements collection and tracking – and the identification of functional safety requirements applicable to drives for use on industrial machinery in construction, mining, forestry, and agriculture.
Newly developed electrification and automation solutions for propulsion and auxiliary/appliance drive systems for agricultural and gardening equipment were also brought to market.
In the marine sector, the main focus in 2024 remained on product development for winches and their market introduction.
In the renewables sector, 2024 saw the renewal of the full range of planetary drives for wind turbines. This included the development of compact solutions with higher thermal power density and reduced lubricant usage, aimed at lowering the environmental impact of the products and improving their lifecycle.
In the wind generator market, there has been increased demand for higher-efficiency motors, leading to the development and testing of various sizes of IE2 efficiency-class asynchronous motors.
Lastly, Bonfiglioli commenced production and field supply of the company's electric motor with inverter for control of the rotation of the turret in an offshore turbine. This solution enables the reduction of the cables within the turret and the use of a dedicated inverter for each motor, providing improved signal control and load sharing across all the gearboxes.
IoT technology underwent further bench testing in preparation for possible field deployment. In particular, Bonfiglioli's proprietary vibration sensors have been validated and implemented in both gearboxes and electric motors. Torque sensors are currently undergoing validation and calibration to support reliable signal reading. The gearbox, equipped with sensors, underwent endurance testing simulating operational conditions within a wind turbine, and the resulting data was used to refine sensor performance and reliability, as well as to conduct analyses on the residual service life of both the motor and gearbox. Data can be transferred via an edge computer to a platform capable of processing information, identifying malfunctions, preventing unexpected failures, and optimizing maintenance services.
In 2024, in the "Heavy Duty" area, numerous real-time gearbox monitoring projects were developed, extending applications in biogas and heavy industry. The objective was to provide customers with insights for implementing preventive maintenance plans to keep technical resources in optimal condition and prevent faults and breakdowns.
In industrial automation, final validations were completed for the latest sizes of the new in-line gear units (CP Series), enabling expansion of the range up to a nominal output torque value of 600 Nm. These gear units have been designed with a modular architecture and are suitable for large-scale automatic assembly.
Within the same sector, prototyping and validation were concluded for three sizes of a new series of high-efficiency right-angle gear units, designed for market segments where worm drive technology is not able to meet the growing demands for efficiency and energy savings.
Design and prototyping also continued for wheel gearmotors for Automated Guided Vehicle (AGV) and mobile robot applications, to create a compact drive range in which the low-voltage motor and precision reducer are highly integrated and can incorporate additional functions such as brake and encoder.
Following completion of development of the EVOX range of electric motors for industrial vehicles – IE3 class, with outputs from 0.12 to 30 kW – certification extensions for all frame sizes were finalized.
During 2024, with regard to electronic drive systems, hardware and software module upgrades were completed to address component shortages. These activities, concluded in 2024, included both hardware and software updates, such as porting software from obsolete to new components.
By the end of 2024, development of the new Axia inverter family in sizes 1–4 was completed, and these will be available for sale starting in January 2025. Naturally, this process also included completion of safety certification for both the VERT and MOVE (servodrive) versions, as well as both the single-drive and dual-drive versions.

In 2024, Bonfiglioli's IoT platform underwent further consolidation of its functions, building on the updates introduced in 2023 while integrating new technology solutions to improve system robustness and scalability. Optimizing the Azure-based microservices infrastructure and adopting advanced edge computing techniques further reduced total latency by 10% compared to the previous year, resulting in significantly increased real-time processing capacity.
At the same time, cooperation with research centers and industrial partners – begun in previous years – led to additional improvements in artificial intelligence algorithms for processing large volumes of data. This evolution has enabled an increase in the number of interconnected devices and enhanced the adaptability of the platform to various industrial applications.
Field testing activities intensified both in Italy and abroad, involving an increasing number of pilot sites in the material handling, waste treatment, and energy sectors. This enabled further refinement of the system's data acquisition and predictive analytics, opening new opportunities for large-scale rollouts. On the hardware side, the range of "designed by Bonfiglioli" smart devices was updated to ensure improved integration with advanced automation systems and optimized support for emerging industrial communication protocols.
With regard to condition monitoring, 2024 saw Bonfiglioli deepen its research into the analysis of key physical parameters, such as electric motor torque and speed. New machine learning models, developed with research centers, improved measurement precision and reduced false positives.
In the area of predictive maintenance, the 2024 IoT platform integrated new condition indicators for geared motors, incorporating even more detailed parameterization on bearing wear and more precise lubricant status monitoring.
Collaboration with the Bi-Rex Competence Center was fully operational in 2024, with increased funding for projects and participation by a growing number of industrial partners.
Looking ahead to 2025, Bonfiglioli aims to consolidate the technologies introduced to date, expand the IoT offering with new sensor solutions and AI-based software modules, and promote the adoption of standardized protocols and architectures for a flexible, interconnected industrial ecosystem.

The most significant developments carried out in 2024 by the "Selcom" Research and Develop included:

- "Industrial & Automation" sector:
  - Auxiliary power supply converter for forklifts: for a major customer in the industrial handling sector, a new device was developed to convert the input voltage from lithium-ion batteries and provide a different output voltage, also enabling the parallel installation of multiple DC/DC conversion modules.
  - Fieldbus master board: an application has been designed for optimized management of multiple real-time communication channels via an ethernet-based fieldbus. The application uses a carrier board hosting a System On Module (SoM) with a high-end microprocessor.
  - Predictive diagnostics sensor: for predictive diagnostics applications on Group motors, support was provided for industrialization of the sensors at electronic board, mechanical, and certification levels based on the target markets.
  - Level sensor: For a leading packaging customer, a redesigned board was developed based on magnetoresistive sensors and a state-of-the-art microcontroller, to measure and control fluid fill levels inside automatic machines.
- Biomedical sector: development continued on a diagnostic device to measure blood parameters via electrical quantities. The first prototype "master" board was produced, acquiring readings from various sensors, with control and communication logic developed in firmware. The first prototypes of the board were produced and related tests initiated.
- "E-mobility & BMS" sector:
  - For applications in the Group's e-mobility market, prototypes of a low-voltage Battery Management System (BMS) inverter were created for industrial applications with battery power supply.
  - Validation was completed for the first prototype of a low-voltage Battery Management System (BMS) with telemetry for e-mobility applications, featuring innovative intelligence.
- "Home & Professional Appliances" sector: a control board for dishwashers was developed and prototyped, featuring command management for multiple peripherals, including sensors, small motors, and solenoid valves. Given the strict project requirements for low power consumption and reduced dimensions, special attention was paid to mechanical design, component selection, and board industrialization.

digital & it (information technology)

Below is a summary of the key initiatives in 2024:

- Migration project to the new SAP S/4HANA ERP: from March 2024, the Amazon Web Services based infrastructure for test and development environments was set up to complete migration to SAP S/4HANA. Both installation of the S4 landscape and analysis of Bonfiglioli's SAP ECC customizations were conducted by Bonfiglioli personnel working closely with an external consulting firm engaged to implement the support project for the migration.
  In September and December, two dry runs were conducted to simulate the conversion, which was scheduled for the second weekend of January 2025. The migration was completed with minimal disruption to ordinary business operations, with residual issues being resolved in the following weeks;
- Supply Chain Transformation Project: within the project, a careful software selection was carried out for potential DDMRP solutions (a planning technique aimed at improving service levels and optimizing inventory), and pilot implementation of the selected software began.
- Migration of Bonfiglioli Turkey to the Euro currency and activation of secondary currency corresponding to the Turkish lira.
- Agile project for development of an advanced product & system selector: in the third quarter of 2024, an Agile project was launched and completed with the goal of creating an advanced web tool to correctly size drive systems, consisting of comprising gearbox, motor, and inverter, for different applications and load curves.
- Awareness campaign for the workforce on the individual use of GenAI and its implementation for improved process efficiency.

quality, safety, health and environment

Throughout 2024, work was undertaken to communicate and build awareness around the new Group Sustainability Policy, which integrates quality, safety, environmental, and energy principles and objectives with broader sustainability goals.
In addition to the renewal of the Group-wide ISO 9001:2015 certification, the ISO 45001:2018 and ISO 14001:2015 certification was extended to the Pune plant in India, and Energy Management System certification renewal per ISO 50001:2018 was completed for the main Italian sites.
Again in relation to sustainability, the Group compiled an inventory of Scope 3 emissions, supplementing the existing Scope 1 and Scope 2 inventories, and completed the Energy Transition Roadmap project for the latter two emission types. A comprehensive decarbonization plan is being finalized for all three Scopes, and Bonfiglioli Riduttori S.p.A. was awarded a "Silver" rating in the ECOVADIS scoring.
Several key projects were also completed, including:

- Enterprise Risk Management: development of a model supporting key decision-making processes for identification, analysis, and management of strategic corporate risks.
- Lessons learned portal: a platform to share effective solutions implemented to resolve issues within the Bonfiglioli Group.

In the area of safety, ongoing prevention activities in recent years have gradually reduced the accident frequency index, reaching its lowest recorded value in 2024.
In relation to Product Quality, Bonfiglioli continued to provide support to local units for managing critical claims, including root cause analysis and implementation of required corrective actions. Bonfiglioli also actively supported customer qualification and surveillance audits, ensuring effective coordination across functions, working closely with R&D, and providing support during release and approval phases.
On supplier quality, collaboration with Sourcing continued in 2024 to develop global suppliers, primarily in the APAC region.
Throughout the year, the Global Supplier Quality team also supported Group production plants with activities relating to management of the supplier base both for development and the resolution of critical quality issues.
Integration of the Selcom Group also continued, both in terms of development activities and the management of non-conformities, together with joint auditing, primarily focused on mapping "mechanical" component suppliers.
During 2024, Group-level planning of corporate process audits also continued, mainly focusing on new plant certification using the PPAP process.

business outlook

As of February 2025, Group turnover and order intake were in line with expectations for 2025. As previously stated, uncertainty surrounding the outcomes of conflicts in Ukraine and the Middle East, along with risks associated with the current US policy agenda, will undoubtedly influence macroeconomic performance in 2025. The Group continues its commitment to achieving the value creation targets set in the 2025 budget, whose forecasts are currently confirmed, performance expected remain substantially stable respect to the results achieved in 2024.
For information on the significant events after the year end, see the specific section in the Notes to the Financial Statements.

further information

own shares

The Parent Company does not hold and has never held own shares, nor does it hold stakes or shares in controlling companies.

Calderara di Reno (Bologna), March 27, 2025
for The Board of Directors

The Chairwoman
Sonia Bonfiglioli

consolidated financial statements

7

as of 31.12.2024

This section has been translated into english solely for the convenience of international readers.

Bonfiglioli S.p.A. and subsidiaries consolidated financial statements as of 31.12.2024

(euro thousand)

consolidated statement of financial position

ASSETS	NOTES	31.12.2024	31.12.2023	CHANGES
NON-CURRENT ASSETS				
Property, plant, machinery and other tangible assets	1	383,427	378,163	5,264
Development costs	2	5,043	5,763	(720)
Other Intangible Assets	2	31,405	33,221	(1,816)
Share investments	3	364	83	281
Non current financial derivatives	4	256	1,249	(993)
Other non current financial assets	5	2,005	1,687	318
Deferred Tax assets	6	40,704	37,058	3,646
Other non current receivables and assets	10	9,198	16,691	(7,493)
TOTAL NON-CURRENT ASSETS		**472,402**	**473,915**	**(1,513)**
CURRENT ASSETS				
Inventory	7	399,927	430,590	(30,663)
Trade receivables	8	250,394	265,888	(15,494)
Current financial derivatives	4	765	1,213	(448)
Current Tax receivables	9	4,498	6,104	(1,606)
Other current receivables and assets	10	25,554	23,303	2,251
Cash and cash equivalents	11	96,164	86,377	9,787
TOTAL CURRENT ASSETS		**777,302**	**813,475**	**(36,173)**
TOTAL ASSETS		**1,249,704**	**1,287,390**	**(37,686)**

EQUITY AND LIABILITIES	NOTES	31.12.2024	31.12.2023	CHANGES
GROUP EQUITY				
Share Capital	12	50,000	50,000	-
Reserves	12	156,301	146,124	10,177
Retained earnings (losses) carried forward	12	299,827	271,097	28,730
Group Income (Loss)	12	19,867	39,378	(19,511)
TOTAL GROUP EQUITY		**525,995**	**506,599**	**19,396**
TOTAL MINORITY INTERESTS		563	561	2
TOTAL EQUITY		**526,558**	**507,160**	**19,398**
NON CURRENT LIABILITIES				
Non current borrowings	13	237,999	242,142	(4,143)
Non current financial derivatives	4	54	-	54
Non current provisions	14	9,451	12,439	(2,988)
Non current employee benefit obligations	15	16,225	15,887	338
Deferred Tax liabilities	6	8,604	9,530	(926)
Other non current payables and liabilities	17	7,299	8,015	(716)
TOTAL NON CURRENT LIABILITIES		**279,632**	**288,013**	**(8,381)**
CURRENT LIABILITIES				
Current borrowings	13	84,736	104,533	(19,797)
Current financial derivatives	4	225	270	(45)
Current provisions	14	11,430	19,580	(8,150)
Current employee benefit obligations	15	1,272	1,046	226
Trade payables	16	283,836	303,261	(19,425)
Corporate Tax payable	9	216	588	(372)
Other current payables and liabilities	17	61,799	62,939	(1,140)
TOTAL CURRENT LIABILITIES		**443,514**	**492,217**	**(48,703)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,249,704**	**1,287,390**	**(37,686)**

consolidated financial statements as of 31.12.2024

Bonfiglioli S.p.A. and subsidiaries consolidated financial statements as of 31.12.2024

(euro thousand)

consolidated income statement

	Notes	31.12.2024	31.12.2023	CHANGES
Revenues from sales and services	18	1,190,872	1,311,634	(120,762)
Material costs	19	(736,893)	(815,925)	79,032
Payroll costs	20	(233,897)	(236,568)	2,671
Services, leases and rentals	21	(145,492)	(164,757)	19,265
Other operating income	22	37,356	41,144	(3,788)
Other operating costs	23	(6,407)	(6,590)	183
GROSS OPERATING PROFIT (EBITDA)		**105,539**	**128,938**	**(23,399)**
Depreciation and impairment	24	(58,152)	(54,491)	(3,661)
Bad debt Provision		(367)	(247)	(120)
Other risks provisions		(756)	(1,810)	1,054
OPERATING PROFIT (EBIT)		**46,264**	**72,390**	**(26,126)**
Financial income and (costs)	25	(14,771)	(15,175)	404
Foreign exchange gain and (losses)	26	(2,250)	(48)	(2,202)
Investments' income and (costs)	27	285	(1,473)	1,758
PROFIT BEFORE TAXES		**29,528**	**55,694**	**(26,166)**
Taxes	28	(9,659)	(16,301)	6,642
CONSOLIDATED INCOME (LOSS)		**19,869**	**39,393**	**(19,524)**
Minority		(2)	(15)	13
GROUP' INCOME (LOSS)		**19,867**	**39,378**	**(19,511)**

consolidated statement of comprehensive income

	31.12.2024	31.12.2023	CHANGES
CONSOLIDATED INCOME (LOSS)	**19,869**	**39,393**	**(19,524)**
Actuarial gains (losses) on employee benefit obligations	(501)	(1,897)	1,396
Tax effect	166	524	(358)
Items that will not be reclassified to income statement	**(335)**	**(1,373)**	**1,038**
Foreign exchange currency conversion reserve variation	7,781	(14,318)	22,099
Reserve for hedging derivatives variation	(1,551)	(1,949)	398
Tax effect	372	467	(95)
Items that may be reclassified to income statement	**6,602**	**(15,800)**	**22,402**
CONSOLIDATED COMPREHENSIVE INCOME	**26,136**	**22,220**	**3,916**
Minority	(2)	(15)	13
GROUP' INCOME (LOSS)	**26,134**	**22,205**	**3,929**

consolidated financial statements as of 31.12.2024

consolidated cash flow as of 31.12.2024

(euro thousand)

		31.12.2024	31.12.2023
A.	**Opening Cash and Cash equivalents**	**86,377**	**82,969**
B.	**OPERATING ACTIVITIES**		
	Group Income (Loss)	19,867	39,378
	Minority	2	15
	Depreciation and impairment	58,152	54,491
	Bad debt Provision	367	247
	Other risks provisions	756	1,810
	Interests	14,771	15,175
	Gain/losses Hyperinflation Turkey	-	792
	Business combination effect	(6,429)	(6,000)
	Current and deferred Taxes	9,659	16,301
	Cash flow before operative capital employed variation	**97,145**	**122,209**
	Trade Receivables variation	17,612	59,293
	Inventory variation	34,082	2,499
	Trade Payables variation	(22,411)	(63,259)
	Derivatives FMV variation	272	149
	Risk Provision variation	(5,465)	(6,839)
	Employee benefit obligations variation	217	(279)
	Current and deferred Tax variation	(4,009)	(6,780)
	Current taxes paid	(8,988)	(12,168)
	Other assets and liabilities variation	4,464	13,972
	Interests paid	(16,581)	(16,249)
B.	**Cash flow originating from (used for) operating activities**	**96,338**	**92,548**

		31.12.2024	31.12.2023
C.	**INVESTING ACTIVITIES**		
	CAPEX Tangible	(54,871)	(84,795)
	CAPEX Intangible	(3,137)	(1,727)
	Share investments	(281)	-
	Business combinations net of acquired cash and cash equivalents	-	4,079
C.	**Cash flow originating from (used for) investing activities**	**(58,289)**	**(82,443)**
D.	**FINANCING ACTIVITIES**		
	Third-party funding		
	Borrowings variation	(32,990)	1,646
	New Loans	51,316	44,005
	Loans extinction	(42,399)	(43,193)
	New bonds	-	-
	Own funds		
	Dividends paid	(6,000)	(6,000)
	Other variations (derivatives/DBO/others)	(727)	-
D.	**Cash flow originating from (used for) financing activities**	**(30,800)**	**(3,542)**
E.	**CASH FLOW FOR THE YEAR (B+C+D)**	**7,249**	**6,563**
F.	**Exchange rate variation on Opening Cash and Cash equivalents**	**2,538**	**(3,155)**
G.	**Closing Cash and Cash equivalents (A+E+F)**	**96,164**	**86,377**

consolidated statement of changes in equity

(euro thousand)

	SHARE CAPITAL	REVALUATION RESERVE	LEGAL RESERVE	HEDGING RESERVE	IAS19 RESERVE	RESERVE FTA	CURRENCY CONVERSION RESERVE	OTHER RESERVES	RETAINED EARNINGS (LOSS)	NET INCOME (LOSSES)	GROUP EQUITY	MINORITY NET INCOME (LOSS)	MINORITY RESERVES	MINORITY INTERESTS	CONSOLIDATED EQUITY
Closing at 31.12.2022	**50,000**	**39,151**	**10,000**	**2,766**	**2,479**	**(8,819)**	**(14,402)**	**108,691**	**237,479**	**55,495**	**482,840**	**47**	**499**	**546**	**483,386**
Previous year result allocation								22,921	32,574	(55,495)	-	(47)	47	-	-
Dividends' distribution											-			-	-
IFRS9 Derivatives Reserve variation				(1,482)							(1,482)			-	(1,482)
IAS19 Reserve variation					(1,373)						(1,373)			-	(1,373)
Currency Conversion Reserve variation							(14,318)				(14,318)			-	(14,318)
Minority acquisition				607	(104)				(503)		-			-	-
Turkey Hyperinflation									1,547		1,547			-	1,547
Others				(1)	8						7			-	7
Income (Loss) for the year										39,378	39,378	15		15	39,393
Closing at 31.12.2023	**50,000**	**39,151**	**10,000**	**1,890**	**1,010**	**(8,819)**	**(28,720)**	**131,612**	**271,097**	**39,378**	**506,599**	**15**	**546**	**561**	**507,160**
Previous year result allocation								335	39,043	(39,378)	-	(15)	15	-	-
Dividends' distribution									(6,000)		(6,000)			-	(6,000)
IFRS9 Derivatives Reserve variation				(1,179)							(1,179)			-	(1,179)
IAS19 Reserve variation					(335)						(335)			-	(335)
Currency Conversion Reserve variation							7,781				7,781			-	7,781
Buyback Tax India IFRS3									(600)		(600)			-	(600)
Turkey Functional currency Euro							3,586		(3,586)		-			-	-
Others				1	(12)				(127)		(138)			-	(138)
Income (Loss) for the year										19,867	19,867	2		2	19,869
Closing at 31.12.2024	**50,000**	**39,151**	**10,000**	**712**	**663**	**(8,819)**	**(17,353)**	**131,947**	**299,827**	**19,867**	**525,995**	**2**	**561**	**563**	**526,558**

illustrative notes

8 to consolidated financial statements as of 31.12.2024

This section has been translated into english solely for the convenience of international readers.

foreword

Bonfiglioli S.p.A. (hereinafter also referred to as the "Company" or "Bonfiglioli") is a family owned joint stock company based in Via Cav. Clementino Bonfiglioli 1, Calderara di Reno (Bologna), Italy. The Bonfiglioli Group (hereinafter also referred to as the "Group") consists of 25 companies (including the Parent Company) spread across the world, and through its worldwide network, it can support customers in any part of the globe. We design, manufacture, and distribute effective and tailor-made solutions for all types of industrial automation, mobile machinery, and wind energy applications. Our ranges are based on a wide variety of products, including gearmotors, drive systems, planetary drives and inverters. Bonfiglioli's solutions affect all aspects of everyday life, from the food we eat to the roads we drive on, the clothes we wear and the lights in our homes. Our solutions keep the world in motion and our payoff is: "We engineer dreams".
The consolidated financial statements of Bonfiglioli Group as of December 31, 2024 have been prepared with European Regulation no. 1606/2002, in compliance with the International Financial Reporting Standards (IFRS) in force on December 31, 2024, issued by the International Accounting Standard Board (IASB) and adopted by European Community Regulations. IFRS also includes all revised International Accounting Standards ("IAS") and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC).
In addition to these Notes, the consolidated financial statements include the following documents:
- Statement of Financial Position
- Income Statement
- Comprehensive Income Statement
- Cash flow statement
- Statement of Changes in Equity
The Notes include the reconciliation statement between the Parent Company's equity and net result of the financial year and the same items of the consolidated financial statements. In order to disclose further information regarding the change of the Group's Net Cash Position, the consolidated cash flow statement has also been additionally annexed to these Notes (Annex A) on a voluntary basis.
As regards the nature of the activities conducted by the Group and related performance, please refer to the Management Report.
All figures in the financial statements and accompanying notes are state in Euro thousand (K€), unless otherwise indicated.

form and contents of the consolidated financial statements

The consolidated financial statements include the financial statements of the companies in Bonfiglioli Group, i.e. Bonfiglioli S.p.A., the Parent Company, and the Italian and foreign subsidiaries in which the Company directly or indirectly holds a controlling interest pursuant to IFRS 10.
The financial statements of the Group Companies utilized for the line-by-line consolidation were approved by the shareholders' meetings of the individual companies concerned, suitably modified wherever necessary to unify them with the accounting principles adopted by the Group, which comply with the financial principles imposed by law. If the relative financial statements had not yet been approved by the respective shareholders' meetings when the consolidated financial statements were drawn up, the draft financial statements prepared for approval by the respective Boards of Directors were utilized.
If the financial year of companies closes on a date other than December, 31, interim financial statements are drawn up as of December 31, utilizing the Group accounting principles.
The companies included in the consolidation area as of December 31, 2024 are the Parent Company and its subsidiaries:

NAME	Country	Currency	Share Capital	Shareholding 31.12.2024	Shareholding 31.12.2023
Bonfiglioli S.p.A.	Italy	€	50,000,000	Parent Company	
Bonfiglioli Riduttori S.p.A. Unipersonale	Italy	€	50,000,000	100%	100%
Selcom Group S.p.A. Unipersonale	Italy	€	10,000,000	100%	100%
Bonfiglioli Swiss S.A.	Switzerland	€	27,105,831	99.88%	99.88%
Bonfiglioli U.K. Ltd (*)	Great Britain	GBP	200,000	100%	100%
Bonfiglioli Deutschland GmbH (*)	Germany	€	3,000,000	100%	100%
O&K Antriebstechnik GmbH (*)	Germany	€	1,000,000	100%	100%
Bonfiglioli Transmissions S.A.S. (*)	France	€	1,900,000	100%	100%
Bonfiglioli Slovakia s.r.o. (*)	Slovakia	€	14,937,264	100%	100%
Tecnotrans Bonfiglioli S.A. (*)	Spain	€	2,175,000	95%	95%
Bonfiglioli Power Transmissions & Automation Technologies Jsc (*)	Turkey	TRY	95,000,000	100%	100%
Bonfiglioli U.S.A. Inc. (*)	U.S.A.	USD	4,000,000	100%	100%
Bonfiglioli Canada Inc. (*)	Canada	CAD	2,000,000	100%	100%
Bonfiglioli Redutores do Brasil Ltda (*)	Brazil	BRL	55,000,000	100%	100%
Bonfiglioli Power Transmissions Pty Ltd (*)	South Africa	ZAR	64,000	100%	100%
Bonfiglioli South Africa Pty Ltd (**)	South Africa	ZAR	8,000,000	75%	75%
Bonfiglioli Transmissions Pvt Ltd	India	INR	1,253,305,560	100%	100%
Bonfiglioli Drive Solutions Pvt Ltd (*)	India	INR	830,000,000	100%	100%
Bonfiglioli Drives (Shanghai) Co. Ltd	China	USD	30,000,000	100%	100%
Bonfiglioli Trading (Shanghai) Co. Ltd (^)	China	CNY	1,500,000	100%	100%
Selcom Electronics (Shanghai) Co., Ltd (§)	China	USD	3,700,000	100%	100%
Bonfiglioli Vietnam Ltd (*)	Vietnam	USD	17,000,000	100%	100%
Bonfiglioli South East Asia Pte Ltd (*)	Singapore	SGD	4,150,000	100%	100%
Bonfiglioli Transmission (Aust) Pty Ltd (*)	Australia	AUD	13,500,000	100%	100%
Bonfiglioli Technology Space Pvt Ltd (*)	India	INR	100,000	100%	-

(*) Subsidiary indirectly controlled through Bonfiglioli Swiss S.A.
(**) Subsidiary indirectly controlled through Bonfiglioli Power Transmissions Pty Ltd
(^) Subsidiary indirectly controlled through Bonfiglioli Drives (Shanghai) Co. Ltd
(§) Subsidiary indirectly controlled through Selcom Group S.p.A.

With reference to the changes made during the year, we draw your attention to the following events:
- in March 2024, the paid share capital increase in the Indian company Bonfiglioli Drive Solutions Pvt Ltd was finalized for a total of 168.3 MINR (equivalent to approximately 1.9 M€), bringing the company's share capital to the current 830 MINR (approximately 9.2 M€);
- in March 2024, as permitted by recent legislative amendments, the conversion of Bonfiglioli Swiss S.A.'s share capital from Swiss Francs (CHF) to Euro was completed. This operation will simplify local formalities by adopting the Euro as the sole currency for all corporate acts, with CHF still required solely for tax formalities;
- In May 2024, the Indian subsidiary Bonfiglioli Transmissions Pvt Ltd completed a share buy-back transaction. The transaction, carried out at market values for a total of 720 MINR (about 8 M€), led to a capital reduction of about 58 MINR (0.7 M€) and a reduction of reserves for the remainder;
- Effective from 1 July 2024, the merger by incorporation of Bonfiglioli Vectron GmbH into Bonfiglioli Deutschland GmbH was finalized. The operation was carried out with accounting and tax effects backdated to January 1, 2024.
- Effective from October 1, 2024, a business branch composed mainly of the "Design Center" and "IT Global Digital Services" functions was sold by the Indian company Bonfiglioli Transmissions Pvt Ltd to the newly established Indian company Bonfiglioli Technology Space Pvt Ltd. The new entity will operate as a service provider for the Group and will focus on the design and development of products, systems, and complete solutions, integrating mechanical, hydraulic, electrical, and electronic technologies, as well as leveraging the potential of digital technologies to enhance solution performance and deliver added value to our customers and markets.

consolidation area changes

With respect to the consolidated financial statements for the year ended December 31, 2023, no consolidation area changes occurred except as noted above.

drafting principles

The consolidated financial statements provide comparative information with respect to the previous year.
The general principle adopted in the preparation of these consolidated financial statements is that of historical cost, except for those items which, according to IFRS, are compulsorily recognized at fair value, as indicated in the valuation criteria of the individual items.
With reference to the financial statements, the following choices have been made:
- The Statement of financial position separately outlines assets and liabilities according to the liquidity criterion (current and non current). Current assets and liabilities are those intended to be realized or extinguished during the 12 months following the end of the financial year.
- The Income Statement shows costs and revenues based on their nature.
- The Statement of Comprehensive Income ("Other Comprehensive Income" or OCI) is presented in a separate statement.
- The Cash Flow Statement is presented using the "indirect method".

Where allowed, it was considered appropriate to omit items with zero balance for the periods presented.
The Statement of financial position provides a separate indication of equity and minority interests.

change in accounting principles and notes

The valuation and measurement criteria are based on the IFRS principles in force on December 31, 2024 and approved by the European Union. The following main changes in accounting policies occurred with reference to the 2024 financial year. Several other amendments and interpretations apply for the first time in 2024, but have no impact on the Group's consolidated financial statements except for the amendment made to IAS 7/IFRS 7. The Group has not adopted any other principles, interpretations or modifications published but not yet in force.

IAS 21 - The Effects of Changes in Foreign Exchange Rates
The Group reassessed the functional currency of the Turkish subsidiary, Bonfiglioli Power Transmissions & Automation Technologies Jsc, and, based on an analysis conducted in accordance with IAS 21, identified the Euro as the subsidiary's functional currency. Management's review of the past three years confirmed the Euro as the primary currency, representing, on average, over 85% of sales and more than 95% of material costs. The change in functional currency was applied prospectively from 1 January 2024.
The impacts of this conversion are summarized below:

STATEMENT OF FINANCIAL POSITION	TRY	EURO
ASSETS	**31.10.2024**	**31.10.2024**
NON CURRENT ASSETS		
Property, plant, machinery and other tangible assets	18,759,029	552,874
Other intangible assets	452,170	13,327
Deferred Tax assets variation	6,406,405	188,812
Other non current receivables and assets	313,626	9,243
TOTAL NON CURRENT ASSETS	**25,931,230**	**764,257**
CURRENT ASSETS		
Inventory	165,312,028	4,872,149
Trade receivables	154,754,214	4,560,985
Current Tax receivables	1,510,877	44,529
Other current receivables and assets	14,482,226	426,827
Cash and cash equivalents	7,894,150	232,660
TOTAL CURRENT ASSETS	**343,953,494**	**10,137,150**
TOTAL ASSETS	**369,884,725**	**10,901,407**

STATEMENT OF FINANCIAL POSITION	TRY	EURO
EQUITY AND LIABILITIES	**31.10.2024**	**31.10.2024**
SHAREHOLDERS' EQUITY		
Share capital	95,000,000	2,799,882
Reserves	80,349,893	2,368,108
Retained earnings (losses) carried forward	(65,902,641)	(1,942,312)
Income (loss) for the year	4,239,761	124,956
TOTAL EQUITY	**113,687,013**	**3,350,634**
NON CURRENT LIABILITIES		
Non current borrowings	11,035,879	325,254
Non current provisions	485,567	14,311
Non current employee benefit obligations	1,749,550	51,564
TOTAL NON CURRENT LIABILITIES	**13,270,996**	**391,129**
CURRENT LIABILITIES		
Current borrowings	-	-
Current provisions	1,900,971	56,026
Current tax payables	228,534,625	6,735,474
Trade payables	3,742,868	110,311
Other current payables and liabilities	8,748,251	257,832
TOTAL CURRENT LIABILITIES	**242,926,716**	**7,159,644**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**369,884,725**	**10,901,407**

INCOME STATEMENT	TRY	EURO
	31.10.2024	**31.10.2024**
Revenues from sales and services	474,092,942	13,972,677
Material costs	(363,574,514)	(10,715,429)
Payroll costs	(46,835,594)	(1,380,359)
Services, leases and rentals	(36,943,127)	(1,088,804)
Other operating income	1,965,428	57,926
Other operating costs	(1,551,000)	(45,712)
GROSS OPERATING PROFIT (EBITDA)	**27,154,136**	**800,299**
Depreciation and impairment	(9,034,792)	(266,277)
Bad debt Provision	(210,038)	(6,190)
Other risks provisions	(15,837)	(467)
OPERATING PROFIT (EBIT)	**17,893,468**	**527,364**
Financial income and (costs)	(2,348,863)	(69,227)
Foreign exchange gain and (losses)	(7,561,976)	(222,870)
Investments' income and (costs)	-	-
PROFIT BEFORE TAXES	**7,982,630**	**235,268**
Taxes	(3,742,868)	(110,311)
NET INCOME (LOSSES)	**4,239,761**	**124,956**

In the consolidated financial statements as at 31 December 2024, no retrospective adjustment is required, because as stipulated in paragraph 37 of IAS 21, The Effects of Changes in Foreign Exchange Rates, the effect of a change in functional currency is accounted for prospectively. In other words, an entity translates all items into the new functional currency using the exchange rate at the date of the change. The resulting amounts for non-monetary items are treated as their historical cost. In addition, exchange differences arising from the translation of a foreign operation that were previously recognized in other comprehensive income, in accordance with paragraphs 32 and 39(c) of IAS 21, are not reclassified from equity to profit or loss until the disposal of the operation.

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The Group resolved to change the method for measuring inventory from 1 July 2024. The switch from the FIFO method to the weighted average cost method (WAC) was adopted in response to current inflationary conditions and macroeconomic instability. This change enables a more accurate depiction of inventory value, better reflecting replacement costs and mitigating the impact of price fluctuations.
The following is a summary of the resulting impacts:

	30.06.2024	31.12.2023	01.01.2023
Delta WAC vs. FIFO	691	(138)	697
Total Stock at FIFO	417,769	430,590	393,980
Percentage	**0.17%**	**(0.03)%**	**0.18%**

Accounting standards, amendments and interpretations effective from January 1, 2024 and adopted by the Group

The Group has applied the following new standards and amendments for the first time, with effect from January 1, 2024:

Amendments to IAS 1: Financial Statement Presentation: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

On 23 January 2020, the IASB issued an amendment to IAS 1 intended to clarify one of the criteria for classifying a liability as non-current under IAS 1, namely that the entity must have the right to defer settlement of the liability for at least twelve months after the reporting date. Specifically, the amendment:
• clarifies that the right to defer settlement must exist as at the reporting date;
• specifies that classification is not affected by management's intentions or expectations regarding whether it will exercise this right;
• explains how financing conditions affect classification; and
• clarifies the classification requirements for liabilities that may be settled by issuing an entity's own equity instruments.
In addition, on October 31, 2022, the IASB published the amendments concerning non-current liabilities with covenants. Only covenants that an entity is required to comply with as at the reporting date will affect the classification of a liability as current or non-current.
These amendments had no impact on the Group's classification of liabilities.

Amendments to IFRS 16: Lease Liabilities in a Sale and Leaseback

On September 22, 2022, the IASB issued an amendment to this standard that specifies how a seller-lessee should apply the measurement requirements to the lease liability that arises in the sale and leaseback transaction, to ensure that the seller-lessee does not recognize any amount of the gain or loss relating to the right of use it retains. The amendment aims to improve the requirements for sale and leaseback transactions in IFRS 16, but does not change the accounting for leases not related to sale and leaseback transactions.
This amendment had no impact on the Group's financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Reverse Factoring Arrangements

On 25 May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures, clarifying the characteristics of reverse factoring arrangements and requiring enhanced disclosures

regarding such arrangements. The disclosure requirements included in the amendments are intended to help users of financial statements understand the effects on an entity's liabilities, cash flows and exposure to liquidity risk of reverse factoring arrangements.
Following the implementation of these amendments, the Group has provided additional disclosures relating to its reverse factoring arrangements.

New accounting standards and amendments endorsed by the EU but not yet early adopted by the Company
A description is given below of the standards and interpretations that had already been issued as of the date of preparation of these financial statements but will come into effect after December 31, 2024. The Group intends to adopt these standards and interpretations, where applicable, when they come into effect. These standards and amendments are not expected to have a material impact on the Group.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability
On 15 August 2023, the IASB issued amendments to IAS 21 specifying how an entity should assess whether a currency is exchangeable and how to determine a spot exchange rate when exchangeability is lacking.
A currency is deemed exchangeable into another currency when the entity can obtain the other currency within a period that allows for a normal administrative delay and via a market or exchange mechanism where a transaction gives rise to enforceable rights and obligations.
If a currency is not exchangeable into another currency, the entity is required to estimate the spot exchange rate at the measurement date. The objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would occur as at that date between market participants under prevailing economic conditions. The amendments specify that an entity may use an observable exchange rate without adjustments or other estimation techniques.
When an entity estimates a spot exchange rate because a currency lacks exchangeability, it must provide information to enable users of its financial statements to understand how the lack of exchangeability affects, or might affect, the entity's financial performance, financial position and cash flows.
The amendments will be effective for the financial years beginning on or after January 1, 2025. Early application is permitted and, if adopted, must be disclosed.

Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments
On 30 May 2024, the IASB issued amendments regarding the classification and measurement of financial instruments. The amendments clarify that a financial liability is derecognized on the "settlement date," i.e., when the obligation is extinguished, cancelled, expires or otherwise meets the criteria for derecognition. The amendments also introduce an accounting policy option to derecognize financial liabilities settled via an electronic payment system before the settlement date, provided certain conditions are met. Additional clarification is provided regarding the assessment of contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG) features and other contingent features. The amendments also clarify the accounting for non-recourse financial assets and contractually linked instruments.
The amendment to IFRS 7 introduces additional disclosure requirements for financial assets and liabilities with contractual terms linked to potential events (including those linked to ESG factors) and for equity instruments measured at fair value through other comprehensive income.
These amendments are effective for annual periods beginning on or after 1 January 2026. Entities may early adopt the amendments related to classification of financial assets and the corresponding disclosures and apply the other amendments at a later date.
The new requirements are to be applied retrospectively, with an adjustment to the opening balance of retained earnings. There is no requirement to restate prior periods. An entity is required to provide disclosures about financial assets that change category as a result of the amendments.

Improvements to IFRS
On 18 July 2024, the IASB issued the Annual Improvements to IFRS Standards – Volume 11, which addresses necessary but non-urgent clarifications and amendments to IFRS.

- **IFRS 1 First-time Adoption of International Financial Reporting Standards.**
  Hedge Accounting by a First-time Adopter
  Paragraphs B5 and B6 of IFRS 1 have been amended to include cross-references to the qualifying criteria for hedge accounting in paragraph 6.4.1 (a)-(c) of IFRS 9. These amendments resolve potential inconsistencies between the wording of IFRS 1 and the requirements for hedge accounting under IFRS 9. The Group will apply these amendments for reporting periods beginning on or after 1 January 2026. Early adoption is permitted.

- **IFRS 7 Financial Instruments: Disclosures.**
  Gain or Loss on Derecognition
  The amendments update the wording relating to unobservable inputs (paragraph B38 of IFRS 7) and include a cross-reference to paragraphs 72 and 73 of IFRS 13 Fair Value Measurement.
  The Group will apply these amendments for reporting periods beginning on or after 1 January 2026. Early adoption is permitted.

- **Implementation Guidance for IFRS 7 Financial Instruments: Disclosures.**
  Introduction
  The amendment to paragraph IG1 of the implementation guidance for IFRS 7 clarifies that the guidance does not necessarily illustrate all IFRS 7 requirements nor create additional provisions.
  Disclosure on the deferred difference between fair value and transaction price
  The guidance at paragraph IG14 of the implementation guidance for IFRS 7 has been amended to align its wording with paragraph 28 of IFRS 7 and the concepts and terminology in IFRS 9 and IFRS 13.
  Credit risk disclosure
  The amendment to paragraph IG20B of the implementation guidance for IFRS 7 simplifies the explanation of which aspects of IFRS requirements are not illustrated in the example.

- **IFRS 9 Financial Instruments**
  Derecognition of Lessee's Lease Liabilities
  The amendment to paragraph 2.1 of IFRS 9 clarifies that, when a lessee determines that a lease liability is extinguished in accordance with IFRS 9, the lessee must apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss. However, this amendment does not address how a lessee differentiates between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9.
  The Group will apply these amendments for reporting periods beginning on or after 1 January 2026. Early adoption is permitted.
  Transaction Price
  The amendment to paragraph 5.1.3 of IFRS 9 replaces the reference to "transaction price as defined in IFRS 15 Revenue from Contracts with Customers" with "the amount determined by applying IFRS 15". The use of the term "transaction price" in relation to IFRS 15 was potentially a source of confusion and was therefore removed. The term has also been deleted from Appendix A of IFRS 9.
  The Group will apply these amendments for reporting periods beginning on or after 1 January 2026. Early adoption is permitted.

- **IFRS 10 Consolidated Financial Statements**
  Determination of a "De facto Agent"
  The amendment to paragraph B74 of IFRS 10 clarifies that the relationship described is only an example of various possible relationships between the investor and other parties who may act as de facto agents of the investor. The amendments are intended to eliminate the inconsistency with the requirement in paragraph B73, which states that

explanatory notes to the consolidated financial statements as at 31.12.2024

the entity must exercise judgment in determining whether other parties are acting as de facto agents.
The Group will apply these amendments for reporting periods beginning on or after 1 January 2026. Early adoption is permitted.

• IAS 7 Statement of Cash Flows
Cost Method
Paragraph 37 has been amended by replacing "the equity method or the cost method" with "the equity method or at cost", following the earlier removal of the definition of "cost method".
The Group will apply these amendments for reporting periods beginning on or after 1 January 2026. Early adoption is permitted.

Amendments to IFRS 9 and IFRS 7: Nature-linked Electricity Contracts
On 18 December 2024, the IASB issued amendments to IFRS 9 and IFRS 7 regarding nature-linked electricity contracts. These amendments clarify the application of own use requirements and permit hedge accounting where such contracts are used as hedging instruments.
Additional disclosure requirements have been introduced to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.
Clarifications regarding the requirements for own use contracts are to be applied retrospectively, while the guidance permitting hedge accounting is to be applied prospectively to hedging relationships designated on or after the date of initial application.
These amendments are effective for annual periods beginning on or after 1 January 2026. Early adoption is permitted and, if applied, must be disclosed.

IFRS 18 Presentation and Disclosure in Financial Statements
On 9 April 2024, the IASB issued IFRS 18, replacing IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the income statement, including specified totals and subtotals. Entities are also required to classify all income and expenses within the income statement into one of five categories: operating, investing, financing, income taxes, and discontinued operations, with the first three being new categories.
IFRS 18 also introduces disclosures on management-defined performance measures, subtotals of income and expenses, and a new framework for the aggregation and disaggregation of financial information based on primary financial statement (PFS) roles and the notes.
Limited-scope amendments have also been made to IAS 7 Statement of Cash Flows, which include changes to the starting point for indirect method cash flow determination (from "profit or loss" to "operating result") and removal of the option for classification of cash flows from dividends and interest. Consequential amendments have also been made to various other standards.
IFRS 18 and the related amendments are effective for reporting periods beginning on or after 1 January 2027. Early application is permitted and must be disclosed. IFRS 18 will be applied retrospectively.
The Group is currently assessing the full impact of the amendments on its primary financial statements and the accompanying notes.

IFRS 19 Subsidiaries without Public Accountability: Disclosures
On 9 May 2024, the IASB issued IFRS 19, which permits eligible entities to apply reduced disclosure requirements while continuing to apply the recognition, measurement and presentation requirements of other IFRS standards. To be eligible at the reporting date, an entity must be a subsidiary as defined by IFRS 10, must not have public accountability, and must have a parent (ultimate or intermediate) that prepares publicly available IFRS-compliant consolidated financial statements.
IFRS 19 is effective for periods beginning on or after 1 January 2027, with early application permitted.
Since the Group has public accountability, it is not eligible to apply IFRS 19.

consolidation procedure

In preparing the financial statements for the consolidated companies the line-by-line consolidation method was used, consisting in recording all the items under assets and liabilities and in the Income Statement in their entirety.
Consolidated companies are those over which the Group has control, which is obtained when the Group is exposed or entitled to variable returns deriving from its relationship with the investee entity, and at the same time has the ability to affect such returns by exercising its power over that entity.
The results achieved by the consolidated company following initial consolidation were entered in a specific item of consolidated equity denominated "Profits and losses carried forward".
Any profits and losses that have yet to be realized in relation to third parties deriving from transactions between Group companies were eliminated, as well as the items that give rise to payables, receivables, costs and revenues.
The dividends distributed by the Companies within the Group were cancelled.
The portions of shareholders' equity and profit due to minority shareholders of the consolidated subsidiaries were deducted from the Group portions and recorded separately under specific items of consolidated equity and in the income statement.

The financial statements of foreign companies were converted to Euro, applying the year-end exchange rate for all assets and liabilities and the average exchange rate calculated over the full 12 months for items in the income statement. The items of equity existing at the date of initial consolidation are converted at the exchange rates effective at that date, while subsequent changes are converted at the historic exchange rates effective at the date of the relative transactions. Conversion differences arising both from the conversion of equity items at the year-end rates with respect to the historic rates, and existing between the average exchange rates and year-end exchange rates for the income statement, are recorded in a specific item of consolidated equity denominated "Currency conversion reserve".
The exchange rates utilized for companies operating outside the Euro area are as follows

COMPANY	Currency	ER 31.12.2024	2024 ER average	ER 31.12.2023	2023 ER average
Bonfiglioli Transmission (Aust) Pty Ltd	AUD	1.6772	1.63971	1.6263	1.6288
Bonfiglioli Redutores Do Brasil Ltda	BRL	6.4253	5.82828	5.3618	5.401
Bonfiglioli Canada Inc.	CAD	1.4948	1.48211	1.4642	1.4595
Bonfiglioli Drives (Shanghai) Co. Ltd	CNY	7.5833	7.78747	7.8509	7.66
Bonfiglioli Trading (Shanghai) Co. Ltd	CNY	7.5833	7.78747	7.8509	7.66
Selcom Electronics (Shanghai) Co., Ltd	CNY	7.5833	7.78747	7.8509	7.66
Bonfiglioli Transmissions Pvt Ltd	INR	88.9335	90.55625	91.9045	89.3001
Bonfiglioli Drive Solutions Pvt Ltd	INR	88.9335	90.55625	91.9045	89.3001
Bonfiglioli Technology Space Pvt Ltd	INR	88.9335	90.55625	-	-
Bonfiglioli U.K. Ltd	GBP	0.82918	0.84662	0.86905	0.86979
Bonfiglioli South East Asia Pte Ltd	SGD	1.4164	1.44581	1.4591	1.4523
Bonfiglioli USA Inc.	USD	1.0389	1.08238	1.105	1.0813
Bonfiglioli Power Transmissions Pty Ltd	ZAR	19.6188	19.82973	20.3477	19.9551
Bonfiglioli Power Transmissions & Automation Technologies JSC (*)	EUR/TRY	-	-	32.6531	32.6531
Bonfiglioli Vietnam Ltd	VND	26,478.00000	27,113.49000	26,808.0	25,770.68627

(*) As already stated, the Turkish company has adopted the Euro as its functional currency from January 1, 2024.

There are no companies consolidated using the Net Equity Method.

valuation criteria

The consolidated financial statements have been prepared in accordance with the general criterion of providing a true and fair view of the Group's assets and liabilities, financial position, results of operations and cash flows, in compliance with the general principles of going concern, accrual basis of accounting, consistency of presentation, materiality and aggregation, prohibition of offsetting and comparability of information.
Specifically, the valuation criteria adopted in the preparation of the financial statements are as specified below.

property, plant, machinery and other tangible assets

Property, plant, machinery and other tangible assets are recognized at cost, net of the related depreciation and any impairment losses, in accordance with IAS 16 and IAS 36. Land and buildings are assets that can be separated and treated separately for accounting purposes, even when acquired together.
Acquisition costs mainly include the purchase price (including import duties and non-recoverable Taxes, after deduction of any discounts) or production costs and all costs directly attributable to bringing the goods to the place and in the conditions necessary for their operation.
Where the conditions are met and it is possible to make a reliable estimate, the costs of dismantling and removing an asset and restoring the site where it is located must be capitalized together with the related asset and depreciated over the residual life of the asset. The related obligation to dismantle, remove and restore items of tangible assets shall be recognized as a provision in accordance with IAS 37.
Subsequent costs for improvements and repairs are included in the book value of the asset or recognized as separate assets only when they meet their definition and it is probable that the future economic benefits associated with the item will flow into the company and when the cost can be measured reliably, with appropriate review and adjustment to the useful life of the asset. Otherwise, these costs must be recognized in the income statement in the period in which they are incurred.
Depreciation is calculated using the straight-line method over the estimated residual useful life of the asset, on a daily basis (pro rata temporis).
The technical useful life of tangible assets on the basis of which the depreciation process is determined are included in the following ranges:

CATEGORIES	USEFUL LIFE
Land	Indefinite
Buildings	10-50 years
Plant and Machinery	4-10 years
Industrial and commercial equipment	3-10 years
Other assets	3-10 years
Assets in progress and advances	No depreciation
Rights to use on tangible assets	Based on the duration of the contract
Leasehold improvements	Useful life of the asset and the duration of the contract, whichever is shorter

The depreciation of an asset starts when it is available for use, i.e. when it is in the place and conditions necessary for its operation. Depreciation of an asset ceases on the date the asset is eliminated or on the date the asset is classified as held for sale, whichever is earlier. Therefore, depreciation does not cease when the asset becomes inactive or is retired from active use unless the asset is fully depreciated or written down.

right of use (leased assets)

IFRS 16 makes no distinction for the lessee between operating and financial leases and therefore, it applies to all leases except for contracts that, on the date of effect, have a duration of 12 months or less and do not contain purchase options (short-term leases) and whose underlying asset is of low value (low-value lease).
The following are excluded from the scope of IFRS 16:
- Lease agreements to explore for or use minerals, oil, natural gas and similar non-regenerative resources.
- Lease of biological assets within the scope of IAS 41.
- Service concession agreements under IFRIC 12.
- Intellectual property licenses granted by a lessor under IFRS 15.
- Rights held by lessees under licensing agreements under IAS 38 for items such as films, video recordings, plays, manuscripts, patents and copyrights.

A lease is defined as a contract, or part of a contract, which gives the lessee control and the right to use an asset for a period in exchange for remuneration. Control is transmitted where the customer has both the right to direct the use of the identified goods and to obtain substantially all the financial benefits from such use.
However, if a supplier has a substantial right of substitution during the period of use a customer does not have control over the identified asset. A supplier's right of substitution is considered substantial only if the supplier has the practical ability to replace the asset during the period of use and is the party that will benefit financially from the substitution.
IFRS 16 requires lessees to account separately for the various elements of the contract: a lease contract and a service contract. Lessors must allocate the consideration in accordance with IFRS 15.
At the beginning of the lease, the lessee must account for the right to use the asset against the related financial liability as an asset. The right to use is measured at cost and consists of the initial lease liability plus any payment made to the lessor in advance or at the date of signature (net of any lease incentives received), in addition to the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The lessee recognizes the restoration costs as a provision in accordance with IAS 37. Initial direct costs are defined as incremental costs for obtaining a lease that would not have been incurred if the lease had not been obtained.
The lease liability is initially measured at the current value of the lease payments during the term of the contract that are not paid at the date of signature. The discounted rate used by the lessee is the interest rate implicit in the lease if this can be easily determined. If this rate cannot be easily determined, the lessee must use its own incremental borrowing rate. The incremental borrowing rate is the interest rate that a lessee would have to pay to borrow – on a similar term and with a similar security – the funds necessary to obtain an asset of similar value to the right to use in a similar economic environment.
After the commencement of the lease, the lessee measures the asset at cost, net of accumulated depreciation and any impairment losses, in accordance with IAS 16 and IAS 36.
The right to use the asset is amortized for the shortest period between the duration of the lease and the useful life of the right to use the asset, unless there is a transfer of ownership or an option to purchase that the lessee is reasonably certain to exercise at the end of the lease period. In this case, the lessee's amortization period corresponds to the estimated remaining useful life of the underlying asset.
The lessee must remeasure the cayying amount of the lease liability to reflect any changes in the lease or fixed lease payments that are substantially revised. Redetermination of the lease liability takes place if the cash flow changes with respect to the original terms and conditions of the lease. Amendments that were not part of the original terms and conditions of the lease are amendments to the lease.
Any remeasurement of the lease liability shall entail a corresponding adjustment of the right to use the asset. If the book value is already reduced to zero, the residual adjustment is recognized in the income statement.
If the lease change increases the scope of the lease by adding the right to use multiple underlying assets and the increase in the lease fee is commensurate, the change is accounted for as a separate lease.

development costs

An intangible asset arising from the development (or the development phase of an internal project) shall be recognized as an intangible asset if, in addition to meeting the general requirements for recognition and initial measurement of an intangible asset, the entity can demonstrate the following:
- The intention to complete the intangible asset and to use or sell it.
- The technical feasibility of completing the intangible asset so that it is available for use or sale.
- Its ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the production of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- The availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset.
- Its ability to reliably measure the expenses attributable to the intangible asset during its development.

Research expenses (or expenses for the research phases of an internal project) cannot be capitalized as Intangible Assets and must be entered in the Income Statement when they are incurred.
In accordance with IAS 38, development costs are capitalized in the relevant item and subject to amortization only when the development phase is completed and the developed project begins to generate economic benefits. Until that date, they are classified as assets under construction even if generated internally, in which case they are also suspended and entered in the income statement as increases in assets for internal works, or through the expenditure of external costs.

business combinations and goodwill

Pursuant to IFRS 3, business combinations are accounted for using the purchase accounting method. The acquirer must identify the date of acquisition, i.e. the date on which it actually gains control of the acquiree. The value of the company being aggregated is the sum of the fair value of assets and liabilities acquired, including contingent liabilities. This value is compared with the book value of the consolidated investments. Any positive difference between the acquisition cost of the equity investment and the fair value of the acquired company is recognized as goodwill where the conditions for recognition as an asset are met. If the difference is negative, it is recorded in the income statement. Changes in the interests held in a subsidiary that do not result in the loss of control are accounted for in equity.
In accordance with IFRS 3, the allocation of any goodwill arising from acquisitions of Cash Generating Units (CGUs) should be determined on the basis of an assessment of the individual CGUs or groups of CGUs that should benefit from business combination synergies. These CGUs should represent the lowest level at which goodwill is monitored for internal management purposes and should not be greater than an operating segment as defined in IFRS 8. Please note that IFRS 8 - Operating Segments is not applicable to the Bonfiglioli Group.

intangible assets

Intangible assets are non-monetary items without physical substance that are clearly identifiable and capable of generating future economic benefits. These items are recognized at cost.
An intangible asset shall be considered to have an indefinite useful life when, based on an analysis of all relevant factors, there is no foreseeable limit to the period during which the asset is expected to generate net financial flows for the entity.
In accordance with IAS 38 and IAS 36, an intangible asset with a defined useful life is measured at cost net of the related amortization provision and any impairment losses, and amortized on a straight-line basis over its useful life on a daily basis (pro rata temporis). Amortization starts when the asset is in the place and in the necessary conditions for its operation and ceases on the date the asset is eliminated or on the date the asset is classified as held for sale, whichever is earlier.

Amortization of an intangible asset with a defined useful life does not cease when the intangible asset is no longer used, unless that asset has been fully amortized, written down or classified as held for sale.
An intangible asset with an indefinite useful life is measured at cost net of any accumulated impairment losses and is not amortized.
The useful lives of intangible assets, on the basis of which the amortization process is determined, are included in the following ranges:

CATEGORIES	USEFUL LIFE
Development costs	5 years or life cycle of the developed products
Goodwill and other indefinite useful life intangible assets	Indefinite
Patents and rights to use intellectual property	3-20 years
Concessions, licenses, trademarks and similar rights	3-20 years
Customer List	15-20 years
Assets in progress and advances	No depreciation
Other intangible assets	Specific by case

impairment

In accordance with IAS 36, goodwill, intangible assets with an indefinite useful life and ongoing development costs are subject to systematic impairment testing at least annually. Tangible assets and other intangible assets with a defined useful life are subject to impairment tests if indicators of impairment emerge.
Impairments are the difference between the book value and the recoverable amount of an asset. The recoverable amount is the greater of the fair value of an asset or CGU, less costs of sale, and its value in use. The value in use is the sum of the cash flows expected from the use of an asset or their sum in the case of multiple CGUs. For the cash flow approach, the unlevered discounted cash flows method is used and the discount rate is determined for each group of assets according to the WACC (weighted average cost of capital) method. If the recoverable amount is lower than the book value, the loss in value is recorded in the income statement, unless it is restored in the event of subsequent revaluation, within the limits of the initially recorded value. Restoration is not allowed for impairment losses accounted for with regard to Goodwill.

share investments

In accordance with IFRS 9, share investments are measured at cost adjusted for impairment, which is considered representative of their fair value. Share investments are subject to impairment testing when indicators of impairment have been identified. If the aforementioned loss in value is no longer considered lasting following positive performance of the company, the value of the investment is restored up to the purchase or subscription cost.

financial derivatives

Derivatives are financial instruments and are classified under current and non-current assets (positive fair value) or liabilities (negative fair value) depending on their contractual maturity. Non-current amounts with a maturity of more than five years must be entered separately.
In accordance with IFRS 9, derivatives, including embedded derivatives that are separated from the main contract, are initially accounted for at fair value.
Derivatives are classified as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge – verified periodically – is high.
When hedging derivatives hedge the risk of changes in the fair value of the hedged instruments (fair value hedge), they are entered at fair value through profit or loss. For consistency, the hedged instruments are adjusted through profit or loss to reflect the changes in fair value associated with the hedged risk.
When derivatives hedge the risk of changes in the cash flows of the hedged instruments (cash flow hedges), the hedged risk is the volatility in future cash flows that will affect the income statement. To the extent that the hedge is effective, changes in the fair value of the derivative are in this case deferred to a “Hedging Reserve (OCI)” in equity and reverted to the income statement in the period in which the hedged transaction affects the income statement.
The ineffective part of the change in fair value, as well as the entire change in fair value of derivatives that are not designated as hedging derivatives or that do not meet the requirements of IFRS 9, is accounted for directly in the income statement.

financial assets

In accordance with IFRS 9, financial assets are classified as current assets, except where the contractual maturity at the reporting date exceeds 12 months, in which case they are classified as non-current assets and are initially recognized at fair value plus ancillary charges. Non-current financial assets include long-term financial receivables and other long-term securities, other long-term investments, callback capital and non-callback capital.
At the time of first recognition, according to the cases and characteristics of the contractual cash flows of financial assets, financial assets are classified based on subsequent measurement methods, i.e. amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL).
For the purposes of subsequent measurement, financial assets are classified into four categories: (i) Financial assets at amortized cost (debt instruments), (ii) Financial assets at fair value through profit or loss with reclassification of cumulative gains and losses (debt instruments), (iii) Financial assets at fair value through profit or loss without reclassification of cumulative profits and losses at disposal (equity instruments) and (iv) Financial assets at fair value through profit or loss.
Financial assets measured at amortized cost, which represent the main category for the Group, are subsequently measured at amortized cost using the effective interest method, net of any value adjustments. They are classified as current assets, except where the contractual maturity at the reporting date exceeds 12 months, in which case they are classified as non-current assets.
If in subsequent periods the conditions that led to an impairment loss cease to exist, the book value of the asset in question shall be restored to the net book value that the asset would have had in the absence of an impairment loss, using the amortized cost method.
Financial assets are removed from the financial statements when the right to receive liquidity has ceased, the Group has transferred to a third party the right to receive cash flows from the asset or has assumed the contractual obligation to pay them in full and without delay and (1) has substantially transferred all the risks and rewards of ownership of the financial asset, or (2) has not transferred or substantially retained all the risks and benefits of the asset, but has transferred control of it. In cases where the Group has transferred the rights to receive cash flows from an asset or has entered into an agreement under which it retains the contractual rights to receive cash flows from the financial asset but assumes a contractual obligation to pay cash flows to one or more beneficiaries (pass-through), it shall assess

whether and to what extent it has retained the risks and benefits inherent in their possession.
For financial assets at amortized cost, gains and losses are recognized in the income statement when the asset is derecognized, modified or revalued. In the case of assets recognized as FVOCI at the time of derecognition, the cumulative change in fair value recognized in the OCI is reclassified to the income statement, while for investments in equity securities the profits and losses obtained on these financial assets are never reverted to the income statement.
Dividends are recognized as financial income in the income statement when the right to payment has been resolved, except when the Group benefits from such income as recovery of part of the cost of the financial asset, in which case such profits are recognized in the OCI.

deferred taxes

In accordance with IAS 12, deferred Tax assets and liabilities are calculated on all temporary differences arising between the Tax base of an asset or liability and the related book value.
Deferred Tax assets are recognized only if it is probable that in subsequent financial years sufficient Taxable profit will be generated for the realization of these deferred Tax assets. The book value of deferred Tax assets is reviewed at each financial statement date and reduced to the extent that it is no longer probable that sufficient Taxable amounts will be available in the future to allow all or part of this receivable to be used. Unrecognized deferred Tax assets are reviewed at each financial statement date and are recognized to the extent that it becomes probable that Taxable income will be sufficient to allow the recovery of such deferred Tax assets.
Deferred Tax assets and liabilities are calculated using the Tax rates that, on the date of closure of the financial statements, are expected to be applied in the years in which the related temporary differences will be reversed.

inventories

Inventories are valued, in accordance with IAS 2, taking into account the general principle of the lower between purchasing cost and market value. As already mentioned, from 2024, the Group changed the method for measuring inventory from FIFO to Weighted Average Cost (WAC). In particular, with regard to cost:

- Raw materials are measured using the weighted average cost method (WAC);
- Work in progress is valued according to the stage of completion reached on the basis of the cost of materials, labor, industrial depreciation and indirect production costs.
- Semi-finished and finished products are valued weighted average cost (WAC) based on the cost of materials, labor, industrial depreciation and other production costs.
- Obsolete or slow-moving materials and products are valued according to their estimated useful life or future market value by means of an entry under impairment provisions.

With regard to the market value, the net realizable value is estimated taking into account the market price in the ordinary course of business, from which completion costs and sales costs are deducted.
Infra-group profits present within the inventories of the consolidated companies have been eliminated.

trade receivables

Trade receivables arise when an entity supplies goods or provides services to its customers. Trade receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. Receivables arising from transactions with parties other than customers or not arising from the supply of goods or services fall within the definition of Other receivables and assets.
Trade receivables are recognized when all revenue recognition requirements are met in accordance with IFRS 15 and included below in the "Revenue Recognition" section.
In accordance with IFRS 9, trade receivables are initially recognized at fair value, which is the value of the receivable arising from the agreement between the seller and the buyer net of any trade discounts. They are classified as current assets, except where the contractual maturity at the reporting date exceeds 12 months, in which case they are classified as non-current assets with a separate entry for receivables due after five years.
Trade receivables are subsequently measured at amortized cost using the effective interest method, net of any provisions for impairment losses. Trade receivables are not discounted if the effect of discounting is insignificant or if the receivables are due within the short term.
A specific provision for bad debts has been established to cover possible insolvency risks. The amount of the doubtful items is verified periodically and – in any case – at the end of each year, taking into account both the insolvencies that have already occurred or are considered probable and general economic, industry and country risk conditions, thus applying the concept of "Expected Credit Loss" or "ECL" envisaged by IFRS9.

current taxes (receivables or payables)

These represent the amounts of income Tax receivable from, or payable to, the Tax authorities in accordance with the annual Tax return filed or to be filed at the end of the reporting period, recognized in accordance with IAS 12.

cash and cash equivalents

In accordance with IAS 7, cash and cash equivalents are cash balances and short-term cash investments (maturity not exceeding three months) that are highly liquid, readily convertible into cash and subject to negligible risk of changes in value.

other receivables and assets

Other receivables and assets mainly include Tax receivables other than those relating to income Tax, security or guarantee deposits, receivables from employees and social security institutions, refunds to be received and accruals and deferrals. They are classified as current assets, except where the contractual maturity at the reporting date exceeds 12 months, in which case they are classified as non-current assets. Receivables must be shown net of any provisions for bad debts, and non-current amounts due beyond five years must be indicated separately.
Other receivables and assets are initially recorded at fair value and subsequently recorded at amortized cost using the effective interest method, net of any value adjustments.
If in subsequent periods the conditions that led to an impairment loss cease to exist, the book value of the asset in question shall be restored to the net book value that the asset would have had in the absence of an impairment loss, using the amortized cost method. Other receivables and assets are not discounted if the effect of the discount is insignificant or if they are expected to be realized within 12 months.

borrowings

Loans consist of contractual obligations to deliver cash or other financial assets to another entity. Loans are classified as current unless the company has an unconditional right to defer settlement of the obligation for at least 12 months after the financial statement date. The portion of long-term loans due within 12 months is considered current. Non-current amounts due beyond five years must be entered separately.
In accordance with IFRS 9, loans are initially recognized at fair value, net of transaction costs directly attributable to the issuance of the financial liability. After the initial valuation, financial payables must be valued at amortized cost using the effective interest method. The amortized cost is calculated net of adjusted transaction costs over the life of the liability so that the book value at maturity is the amount to be repaid at maturity.
The financial liability is settled when the underlying obligation is discharged or cancelled by the counterparty. If a financial liability is settled, it must be recognized and the entity must enter in the Income Statement any difference arising between the book value of the settled financial liability and the consideration paid.
An exchange between an existing borrower and a debt instrument lender with substantially different terms must be accounted for as the repayment of the original financial liabilities and recognition of new liabilities. Similarly, a material change in the term of an existing financial liability or part of it must be accounted for as repayment of the original financial liability and recognition of the new financial liability.
The terms are substantially different if the discounted current value of the cash flows under the new terms, including any commissions paid, is at least 10% different from the discounted current value of the remaining cash flows of the original financial liability.
If it is a repayment, any costs or commissions incurred are recognized though profit or loss as part of the profit or loss on repayment. Otherwise, they adjust the book value of the liability and are amortized based on the residual maturity of the modified liability.
In accordance with the amendments to IAS 7 (statement of cash flows) and IFRS 7 (financial instruments: disclosures), to improve the transparency of supplier financing agreements (reverse factoring) and their impact on liabilities, cash flows, and liquidity risk exposure, the trade payables arising from reverse factoring arrangements, where the Group has benefited from extended payment terms granted by the financial institution, have been reclassified among financial liabilities.

reserves for risks and charges

Reserves for risks and charges consider the provisions allocated to cover losses, or payables of a given nature and certain or probable existence, for which however the exact amount or date of outflow was not known at year-end. In accordance with IAS 37, the allocations reflect the best possible estimation of the relative amounts based on available information. Provisions must be classified according to their maturity as current or non-current liabilities.

employee benefit obligations

In accordance with IAS 19R, the accounting treatment of employee benefits varies depending on whether they relate to defined contribution plans or defined benefit plans.
Defined contribution plans
Defined contribution plans are post-employment benefit plans under which the company makes payments to an insurance company or pension fund and will have no legal or implied obligation to make further contributions if, at vesting, the fund does not hold sufficient assets to pay all employee benefits relating to service in the current or prior financial years. In other words, the company does not maintain actuarial risk (that the benefits will be lower than expected) or investment risk (that the assets invested will be insufficient to meet the expected benefits) with respect to the plan. These contributions are accounted for as a cost in the relevant period and the related liability must be classified under Other payables and liabilities.
Defined benefit plans
Defined benefit plans are formalized post-employment benefit programs that constitute a future obligation for the company, which bears the actuarial and investment risks related to the plan. Such plans must be recorded in this section, net of any plan assets, and classified at maturity as current or non-current liabilities. Non-current amounts due beyond five years must be entered separately.
Accounting for defined benefit plans requires that the following steps be undertaken separately for each plan:

- determine the current value of the Defined Benefit Obligation (DBO) and the current cost of the service using the projected unit credit method;
- use actuarial techniques (using mutually compatible demographic and financial assumptions) to make a reliable estimate of the amount of benefits obtained in exchange for services in current and previous financial years;
- Measure the fair value of any plan assets.
- determine the total amount of actuarial profits and losses and recognizing them in equity in a specific reserve;
- determine the effect of any changes to the plan when they occur.

trade payables

Trade payables are those arising from the normal business of the company and refer to invoices already received, as well as those to be received, net of any credit notes received or to be received (for returns and billing adjustments).
Trade payables are generally classified as current liabilities because they are assumed to be extinguished in the normal course of operations within 12 months of the financial statement date. Trade payables due beyond 12 months are recognized as non-current liabilities.
In accordance with IFRS 9, trade payables are initially recognized at fair value, which is the value of the consideration payable as determined by the agreement between the company and the supplier. In determining fair value on initial recognition, the amount of any trade discounts and volume reductions must be taken into account.

explanatory notes to the consolidated financial statements as at 31.12.2024

Trade payables are subsequently measured at amortized cost using the effective interest method. Trade payables are not discounted if the effect of discounting is insignificant, or if the payables are short-term. The same cancellation rules described for the Loans item are adopted.
In accordance with the amendments to IAS 7 (statement of cash flows) and IFRS 7 (financial instruments: disclosures), the required information has been provided in a dedicated section to improve transparency on supplier financing arrangements (reverse factoring) and their effects on liabilities, cash flows, and liquidity risk exposure.

other payables and liabilities

Other payables and liabilities mainly include Tax receivables other than those relating to income Tax, security or guarantee deposits, payables to employees and social security institutions, refunds to be received and accruals and deferrals. They are classified as current liabilities, except where the contractual term at the reporting date exceeds 12 months, in which case they are classified as non-current liabilities. Non current amounts due beyond five years must be detailed separately.
Other payables and liabilities are initially recorded at fair value and subsequently recorded at amortized cost using the effective interest method. Other payables and liabilities are not discounted if the effect of discounting is insignificant, or if their settlement is expected to occur in the short term.
Other long-term employee benefits, other than post-employment benefits, are accounted for under this item and recognized in accordance with IAS 19R.

revenue recognition

In accordance with IFRS 15, revenues from contracts with customers are recognized on the basis of the following 5 steps: (i) identification of the contract with the customer; (ii) identification of the contractual commitments (performance obligations) to be transferred to the customer in exchange for the consideration; (iii) identification of the consideration of the contract; (iv) allocation of the consideration to the individual performance obligations; (v) recognition of the revenue when the related performance is satisfied. Revenues from the sale of goods and services are recognized in the income statement "at a point in time," when the Group has fulfilled its obligations under the contract with customers and has transferred the risks and benefits of ownership of the goods to the buyer, for an amount that reflects the consideration to which the company expects to be entitled in exchange for the transfer of control of goods or services to the customer net of directly related returns, discounts, premiums, rebates and Taxes.
Sales are recorded at the fair value of the consideration agreed to for the sale of goods or services when the following conditions are met:

- the substantial transfer of the risks and benefits associated with ownership of the goods has taken place, which generally occurs at the time of shipment or at the time of receipt;
- the value of revenues is reliably determined;
- it is likely that the economic benefits from sale will be enjoyed by the company;
- the costs incurred or to be incurred are reliably determined.

Other revenues and income are recognized on an accruals basis.

cost recognition

Costs are recorded when they relate to goods and services acquired or consumed during the financial year or by systematic allocation or when their future usefulness cannot be identified.

entries posted in foreign currency

Transactions in foreign currency are converted into Euro at the exchange rates on the transaction dates. Exchange rate gains and losses incurred at the time of collection of receivables and settlement of payables in foreign currency are recorded in the income statement under financial income and costs.
Receivables and payables existing at year-end expressed in currencies other than Euro were converted at the exchange rates effective at year-end.

determination of fair value for financial instruments

IFRS 13 defines the following three levels of fair value that the measurement of financial instruments recognized in the balance sheet relate to:

- Level 1: quotations recorded on an active market.
- Level 2: Inputs other than quoted prices referred to in the previous point that can be observed directly (prices) or indirectly (derived from prices) on the market.
- Level 3: inputs that are not based on observable market data.

The following are the assets and liabilities that are measured at fair value by hierarchical level of fair value measurement:

DESCRIPTION	31.12.2024			31.12.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Share investments	-	-	364	-	-	83
Non current positive derivatives	-	256	-	-	1,249	-
Current positive derivatives	-	765	-	-	1,213	-
Non current negative derivatives	-	(54)	-	-	-	-
Current negative derivatives	-	(225)	-	-	(270)	-
Non current borrowings	-	-	(461)	-	-	(438)
Current borrowings	-	-	-	-	-	-
Other current liabilities (Purchase of share investments)	-	-	-	-	-	-
Total	**-**	**742**	**(97)**	**-**	**2,192**	**(355)**

use of significant estimates and assumptions

The preparation of the financial statements and related notes in application of IFRS requires Management to make estimates and assumptions that have an effect on the values of revenues, costs, assets and liabilities in the financial statements and on the disclosure of potential assets and liabilities at the date of the financial statements. Estimates are based on valuations and past experience as well as on assumptions that are valued on a case-by-case basis according to the specific circumstances. The final results may therefore differ from these estimates. Estimates and assumptions are reviewed periodically and the effects of each change are immediately reflected in the income statement. In applying the accounting standards and, more generally, in preparing the economic and financial reporting, the Group has taken into account any impacts arising from environmental issues and climate change, and has not identified any significant impacts, including in relation to the significant estimates and assumptions. Below are the main items of the financial statements affected by the use of accounting estimates and the cases that involve a component of judgement by the management.

impairment of non-financial assets

An impairment occurs when the book value of an asset or a cash generating unit exceeds its recoverable amount, which is the higher of its fair value minus sales costs and its value in use. The book value of non-current assets is subject to annual or periodic review whenever circumstances or events require more frequent verification. The recoverable amount of a non‑current asset is based on estimates and assumptions used to determine cash flows and the discount rate applied.

taxes

Deferred Tax assets are recognized to the extent that it is probable that in the future there will be a Taxed profit that will allow them to be used. Relevant estimation by the management is required to determine the amount of Tax assets that can be recognized on the basis of future Taxable profits, the timing of their occurrence and the Tax planning strategy. The consolidated financial statements include deferred Tax assets related to the recognition of previous tax losses and deferred tax deductible income components, for an amount whose recovery in future years is considered probable by the management.
In the presence of uncertain Tax treatments, the Group determines the probability of their acceptance by the Tax authorities. If acceptance is considered probable, the Tax values take into account the uncertain Tax treatment. If acceptance is considered unlikely, the Group calculates the effect of this uncertainty using the most probable amount or expected value method.

reserves for risks and charges

Provisions for risks and charges are calculated using valuations and estimates based on historical experience and assumptions that are deemed to be reasonable and realistic in light of the related circumstances.

actuarial assumptions used in the valuation of defined benefit plans

The cost of defined benefit pension plans and other post-employment benefits and the current value of the defined benefit obligation are determined using actuarial valuations. Actuarial valuation requires the elaboration of various assumptions that may differ from the effective future developments including: the determination of the discount rate, future wage increases, mortality rates and future pension increases. Due to the complexity of the assessment and its long-term nature, these estimates are extremely sensitive to changes in assumptions. All assumptions are reviewed annually.

capital management

For the purposes of managing the Group's capital, it has been defined that this includes the issued share capital, the share premium reserve, and all other capital reserves attributable to the shareholders of the parent company. The main objective of capital management is to maximize the value for shareholders. The Group manages the capital structure and makes adjustments according to the economic conditions and the requirements of the financial covenants. The Group controls equity using some equity and structural indicators, for an analysis of which we refer you to the Management Report.

explanatory notes to the consolidated financial statements as at 31.12.2024

comments on the single items of the financial statements

STATEMENT OF FINANCIAL POSITION

1. property, plant, machinery and other tangible assets

Regarding the changes during the previous financial year, the column "Change in consolidation area" includes the balances as of January 1, 2023 for assets pertaining to the Selcom Group.
The column "Other changes" mainly includes reclassifications connected with the completion of assets under construction at year-end, the transfer of ownership of assets that were in right of use at the end of the previous year, as well as exchange differences.
During the year, the Group made investments mainly related to the purchase or right of use of land and buildings (16 M€), the purchase or right of use of plant, machinery and equipment (36.5 M€) mainly related to the Group's production plants.
For a detailed analysis of the investments made during the year we refer you to the Management Report.

DESCRIPTION	31.12.2022	CONSO. AREA CHANGES	INCREASES	DECREASES	OTHER CHANGES	31.12.2023	INCREASES	DECREASES	OTHER CHANGES	31.12.2024
HISTORICAL COST										
- Land and buildings	198,201	2,442	27,249	(476)	8,907	236,323	12,332	(103)	4,425	252,977
- Right to use land and buildings	47,468	5,956	10,250	(4,024)	(835)	58,815	3,851	(4,875)	(1,549)	56,242
- Plant and machinery	279,669	31,683	21,044	(6,354)	4,064	330,106	17,889	(1,796)	13,459	359,658
- Right to use plant and machinery	410	11,534	78	(5)	(4,357)	7,660	29	(10)	(4,117)	3,562
- Industrial and commercial equipment	151,207	5,803	12,918	(6,062)	(832)	163,034	11,096	(4,908)	2,006	171,228
- Other tangible assets	33,673	1,271	6,124	(1,357)	551	40,262	2,004	(1,013)	520	41,773
- Right to use other tangible assets	7,948	330	2,421	(1,095)	31	9,635	3,449	(1,846)	26	11,264
- Assets in progress and advances	27,406	77	7,224	(165)	(17,161)	17,381	6,065	(75)	(9,520)	13,851
Total (A)	**745,982**	**59,096**	**87,308**	**(19,538)**	**(9,632)**	**863,216**	**56,715**	**(14,626)**	**5,250**	**910,555**
ACCUMULATED AMORTIZATION										
- Land and buildings	59,820	282	5,360	(476)	(670)	64,316	6,304	(12)	756	71,364
- Right to use land and buildings	13,688	2,352	4,908	(3,629)	(244)	17,075	4,493	(3,793)	(415)	17,360
- Plant and machinery	205,708	19,743	19,044	(5,095)	(1,805)	237,595	21,439	(1,510)	3,350	260,874
- Right to use plant and machinery	264	2,868	916	(3)	(1,227)	2,818	546	(3)	(1,897)	1,464
- Industrial and commercial equipment	119,926	4,657	13,123	(5,656)	(1,123)	130,927	13,730	(4,687)	591	140,561
- Other tangible assets	24,178	744	3,103	(1,317)	173	26,881	3,588	(960)	3	29,512
- Right to use other tangible assets	4,186	251	2,010	(1,038)	32	5,441	2,350	(1,815)	17	5,993
Total (B)	**427,770**	**30,897**	**48,464**	**(17,214)**	**(4,864)**	**485,053**	**52,450**	**(12,780)**	**2,405**	**527,128**
NET VALUES										
- Land and buildings	138,381	2,160	21,889	-	9,577	172,007	6,028	(91)	3,669	181,613
- Right to use land and buildings	33,780	3,604	5,342	(395)	(591)	41,740	(642)	(1,082)	(1,134)	38,882
- Plant and machinery	73,961	11,940	2,000	(1,259)	5,869	92,511	(3,550)	(286)	10,109	98,784
- Right to use plant and machinery	146	8,666	(838)	(2)	(3,130)	4,842	(517)	(7)	(2,220)	2,098
- Industrial and commercial equipment	31,281	1,146	(205)	(406)	291	32,107	(2,634)	(221)	1,415	30,667
- Other tangible assets	9,495	527	3,021	(40)	378	13,381	(1,584)	(53)	517	12,261
- Right to use other tangible assets	3,762	79	411	(57)	(1)	4,194	1,099	(31)	9	5,271
- Assets in progress and advances	27,406	77	7,224	(165)	(17,161)	17,381	6,065	(75)	(9,520)	13,851
Total (A-B)	**318,212**	**28,199**	**38,844**	**(2,324)**	**(4,768)**	**378,163**	**4,265**	**(1,846)**	**2,845**	**383,427**

2. development costs and other intangible assets

DEVELOPMENT COSTS	31.12.2022	CONSO. AREA CHANGES	INCREASES	DECREASES	OTHER CHANGES	31.12.2023	INCREASES	DECREASES	OTHER CHANGES	31.12.2024
HISTORIC COST (A)	7,204	-	-	-	-	7,204	-	-	-	7,204
ACCUMULATED AMORTIZATION (B)	721	-	720	-	-	1,441	720	-	-	2,161
NET VALUES (A-B)	**6,483**	**-**	**(720)**	**-**	**-**	**5,763**	**(720)**	**-**	**-**	**5,043**

OTHER INTANGIBLE ASSETS	31.12.2022	CONSO. AREA CHANGES	INCREASES	DECREASES	OTHER CHANGES	31.12.2023	INCREASES	DECREASES	OTHER CHANGES	31.12.2024
HISTORIC COST										
- Patents and right to use intellectual properties	51,169	7,292	1,263	(1,235)	420	59,603	2,738	(898)	(209)	61,234
- Concessions, licenses, trademarks and similar rights	16,885	-	49	-	-	16,934	65	-	-	16,999
- Customer/Supplier List	17,657	-	-	-	-	17,657	150	-	-	17,807
- Other intangible assets	92	-	-	-	-	92	-	-	-	92
- Assets in progress and advances	685	-	237	(25)	(662)	235	201	-	(219)	217
Total (A)	**86,488**	**7,292**	**1,549**	**(1,260)**	**(242)**	**94,521**	**3,154**	**(898)**	**(428)**	**96,349**
ACCUMULATED AMORTIZATION										
- Patents and right to use intellectual properties	38,907	5,248	3,599	(1,234)	(314)	46,901	3,257	(882)	(456)	48,820
- Concessions, licenses, trademarks and similar rights	6,423	-	824	-	(1)	7,246	841	-	-	8,087
- Customer/Supplier List	6,181	-	883	-	-	7,064	883	-	-	7,947
- Other intangible assets	89	-	1	-	-	89	1	-	-	90
Total (B)	**51,600**	**5,248**	**5,307**	**(1,234)**	**(315)**	**61,300**	**4,982**	**(882)**	**(456)**	**64,944**
NET VALUES										
- Patents and right to use intellectual properties	12,262	2,044	(2,336)	(1)	734	12,702	(519)	(16)	247	12,414
- Concessions, licenses, trademarks and similar rights	10,462	-	(775)	-	1	9,688	(776)	-	-	8,912
- Customer/Supplier List	11,476	-	(883)	-	-	10,593	(733)	-	-	9,860
- Other intangible assets	3	-	(1)	-	-	3	(1)	-	-	2
- Assets in progress and advances	685	-	237	(25)	(662)	235	201	-	(219)	217
Total (A-B)	**34,888**	**2,044**	**(3,758)**	**(26)**	**73**	**33,221**	**(1,828)**	**(16)**	**28**	**31,405**

Intangible assets do not include assets with an indefinite useful life.
Regarding the changes during the previous financial year, the column “Consolidation area changes” includes the balances as of January 1, 2023 for assets pertaining to the Selcom Group.
The column “Other changes” mainly includes reclassifications related to the completion of assets in progress at year-end and exchange differences.
For an analysis of the investments made during the year we refer you to the Management Report.

development costs

These include the costs incurred by Bonfiglioli Vectron GmbH and capitalized in 2022 upon completion of the development activities for the AxiaVert range, Bonfiglioli’s new high-performance modular drive (inverter and servo drive). The costs pertaining to the project (7.2 M€) have been accounted amortized over 10 years, equal to the estimated life cycle of the products developed. The company identified the cash generating unit (CGU) in the business under development and used the related business plan prepared according to the product maturity cycle to define the expected cash flows. The WACC discount rate used of 7.85% was specially calculated for the company by a certified external professional and reflects the current market valuation of the money and risks specific to the asset in question. The impairment test carried out during the year did not reveal the need to make any write-downs.

IFRS 3 business combination

In December 2015, the Group completed the acquisition of 55% of the German company O&K Antriebstechnik GmbH. As required by IFRS 3, based on the total purchase cost and in relation to the fair value of the assets acquired, a total net gain of 30.4 M€ was determined, given by the difference between the acquisition price, already inclusive of the price relating to the exercise of the option on the remaining 45% acquired during 2018 at 17 M€, and the equity of the acquired Company. This capital gain, for a total of 45.8 M€ including deferred Tax liabilities of 15.4 M€, was entirely allocated to the following intangible assets with a finite useful life (20 years):

- Technology, recorded under intellectual property rights, for 12.1 M€ (net book value as of December 31, 2024 of 6.6 M€)
- Trademark for 16 M€ (net book value as of December 31, 2024 of 8.8 M€)
- Customer list for 17.7 M€ (net book value as of December 31, 2024 of 9.7 M€).

The useful life was reviewed during IFRS Adoption and on an annual basis without highlighting the need to make changes to the rates that, where necessary, must be made with prospective application, nor were any impairment indicators identified.

3. share investments

DESCRIPTION	31.12.2022	INCREASES	DECREASES	31.12.2023	INCREASES	DECREASES	31.12.2024
Share investments in other companies	83	-	-	83	281	-	364
Total	**83**	**-**	**-**	**83**	**281**	**-**	**364**

The increase for the year of 281 K€ relates to the Parent Company's purchase of a minority stake (10%) in the company Fieldrobotics S.r.l., an innovative start-up registered in the dedicated section of the Companies Register, operating in research and development of innovative products and services and, in particular, automatic or semi-automatic robotic systems such as drones or terrestrial rovers.
With regard to the remaining amount, this consists of 10 K€, for a 50% stake held by the subsidiary O&K in Grumento, owner of the leased building and listed among the rights to use in accordance with IFRS 16, and the remainder for consortium and minority share investments (BEST Hellas SA).

4. financial derivatives

DESCRIPTION	31.12.2024	31.12.2023	CHANGE
Non current positive derivatives	256	1,249	(993)
Current positive derivatives	765	1,213	(448)
Total (A)	**1,021**	**2,462**	**(1,441)**
Non current negative derivatives	54	-	54
Current negative derivatives	225	270	(45)
Total (B)	**279**	**270**	**9**
Total (A-B)	**742**	**2,192**	**(1,450)**

Financial derivative assets refer to the total balance of positive fair value of derivatives connected with purchase/sale of forward currency and Interest Rate Swaps in place at the end of the financial year. The item can be broken down as follows:

	NOTIONAL	31.12.2024	NOTIONAL	31.12.2023
USD sales	USD 766,531	1	USD 3,130,855	7
GBP sales	GBP 815,000	5	GBP 350,000	3
AUD sales	AUD 2,964,652	60	AUD 138,000	1
CNY sales	-	-	CNY 11,500,000	9
EUR sales	-	-	EUR 2,950,000	5
EUR purchase	EUR 931,630	75	EUR 8,553,298	183
JPY purchase	-	-	JPY 605,584,247	98
CNY purchase	CNY 13,700,000	5	CNY 11,500,000	11
USD purchase	USD 900,000	60	USD 900,000	4
IRS Selcom Group S.p.A.	EUR 5,657,262	137	EUR 9,215,503	393
IRS Bonfiglioli S.p.A.	EUR 26,240,000	678	EUR 38,540,000	1,748
Total		**1,021**		**2,462**

Financial derivative liabilities refer to the total balance of negative fair value of derivatives connected with purchase/sale of forward currency in place at the end of the financial year. The item can be broken down as follows:

	NOTIONAL	31.12.2024	NOTIONAL	31.12.2023
USD sales	USD 7,672,728	81	USD 469,674	-
GBP sales	GBP 525,000	10	GBP 525,000	3
AUD sales	-	-	AUD 3,022,932	39
CNY sales	CNY 16,600,000	28	-	-
JPY sales	-	-	JPY 398,753,292	8
EUR sales	EUR 3,553,729	55	EUR 5,871,761	118
EUR purchase	EUR 912,062	2	EUR 6,847,786	16
JPY purchase	JPY 154,718,716	27	-	-
USD purchase	-	-	USD 2,500,000	86
IRS Bonfiglioli S.p.A.	EUR 10,000,000	76	-	-
Total		**279**		**270**

5. other financial assets

DESCRIPTION	31.12.2024	31.12.2023	CHANGE
Other non current financial assets	2,005	1,687	318
Other current financial assets	-	-	-
Total	**2,005**	**1,687**	**318**

These are dividends accrued by the subsidiary O&K Antriebstechnik GmbH from the investee company Grumento which, in accordance with the contract governing the transaction, will be paid at the end of the lease of the building and subsequent sale of the building.

6. deferred taxes

DESCRIPTION	31.12.2024	31.12.2023	CHANGE
Deferred Tax assets (A)	40,704	37,058	3,646
Deferred Tax liabilities (B)	8,604	9,530	(926)
Total (A-B)	**32,100**	**27,528**	**4,572**

Details of the changes are outlined below:

	Deferred Tax assets		Deferred Tax liabilities	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Opening balance	37,058	34,257	(9,530)	(10,326)
Variation of the year	3,108	(373)	926	1,027
Taxes recognized in "OCI"	538	873	-	118
Consolidation Area changes	-	2,301	-	(349)
Closing balance	**40,704**	**37,058**	**(8,604)**	**(9,530)**

The items relating to deferred Tax assets and liabilities reflect the taxes on temporary differences between the book values of consolidated assets and liabilities and their values recognized for Tax purposes. Deferred Tax assets mainly relate to Taxed funds and unrealized intra-group profits, while deferred Tax liabilities mainly relate to the capitalization of development costs and the deduction of amortization and depreciation at a higher rate than what is allowed in the financial statements. Deferred Tax assets on carried forward losses have been recorded only when it can be demonstrated that they are recoverable in the future. Deferred Tax assets and liabilities have been recognized using the Tax rates that are expected to be applied in the years in which the related temporary differences will be reversed. Regarding the changes during the previous year, the "Consolidation Area changes" include the balances as of January 1, 2023 related to the Selcom Group.

Details are given below of the assets and liabilities to which the temporary differences relate to:

	31.12.2024			31.12.2023		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and machinery	2,187	(3,892)	(1,705)	1,873	(3,584)	(1,711)
Intangible assets	2,017	(10,161)	(8,144)	2,403	(11,169)	(8,766)
Share investments	-	-	-	33	-	33
Inventory	14,603	-	14,603	15,669	(28)	15,641
Trade receivables	613	-	613	586	-	586
Provisions for risks	4,557	-	4,557	5,525	-	5,525
Employee benefit obligations	1,720	(152)	1,568	1,869	(164)	1,705
Payables to employees	3,979	-	3,979	3,989	-	3,989
Trade payables	528	-	528	453	-	453
Other reserves Equity	328	(774)	(446)	310	(1,298)	(988)
Losses carried forward	16,081	-	16,081	10,317	-	10,317
Other	1,041	(575)	466	1,283	(539)	744
Reclassification for reporting	(6,950)	6,950	-	(7,252)	7,252	-
Total	**40,704**	**(8,604)**	**32,100**	**37,058**	**(9,530)**	**27,528**

A detailed summary is provided of the "Tax loss carryforwards" item which companies have recognized by evaluating the existence of the conditions for future recoverability based on updated strategic plans.
Please note that:

- Bonfiglioli Deutschland Gmbh has recognized deferred Tax assets on losses only up to the amount of the deferred Tax liabilities. As a result, there are deferred Tax assets of 2.9 M€ related to 18.3 M€ of losses that have not been provisioned and can be carried forward indefinitely;
- O&K Antriebstechnik GmbH has recognized deferred Tax assets based on current expectations of future recoverability. As a result, there are deferred Tax assets of 4.6 M€ related to 26.8 M€ of losses that have not been provisioned;
- Selcom Group S.p.A. has not recognized any deferred Tax assets on carried forward losses. As a result, there are deferred Tax assets of 7.5 M€ related to 31.3 M€ of losses that have not been provisioned and can be carried forward indefinitely.

COMPANY	Total losses carried forward	Losses carried forward relevant for deferred tax	Residual losses	Deferred tax assets booked on losses	Deferred tax assets not booked
Bonfiglioli S.p.A.	41,581	41,581	-	9,980	-
Selcom Group S.p.A.	31,339	-	31,339	-	7,521
Bonfiglioli Deutschland GmbH	23,741	5,373	18,368	866	2,962
O&K Antriebstechnik GmbH	33,770	6,972	26,798	1,180	4,564
Tecnotrans Bonfiglioli S.A.	1,942	1,942	-	485	-
Bonfiglioli Power Transmissions & Automation Technologies Jsc	18	18	-	5	-
Bonfiglioli Canada Inc.	722	722	-	190	-
Bonfiglioli Redutores do Brasil Ltda	5,914	5,914	-	1,824	-
Bonfiglioli Drive Solutions Pvt Ltd	290	290	-	51	-
Bonfiglioli Drives (Shanghai) Co. Ltd	2,102	2,102	-	540	-
Bonfiglioli South East Asia Pte Ltd	236	236	-	41	-
Bonfiglioli U.K. Ltd	28	28	-	7	-
Bonfiglioli Slovakia s.r.o.	1,307	1,307	-	314	-
Bonfiglioli Transmission (Aust) Pty Ltd	2,060	2,060	-	600	-
Total	**145,050**	**68,545**	**76,505**	**16,081**	**15,047**

The Turkish branch benefits from an incentive connected to cash injections carried out in 2020 and in 2023, in the form of a deduction calculated on the basis of a notional interest on cash payments. On the basis of future recoverability assumptions, the Turkish branch has recognized deferred Tax assets only on the portion of the benefit accrued as of December 31, 2024, as detailed below.

COMPANY	Total estimated benefit as of 31.12.2024	Benefit deductible as of 31.12.2024	Remaining benefit	Recognized deferred Tax assets	Deferred Tax assets not booked
Bonfiglioli Power Transmissions & Automation Technologies Jsc	3,918	1,184	2,734	296	684

7. inventory

DESCRIPTION	31.12.2024	31.12.2023	CHANGE
Raw materials, supplies and consumables	74,781	82,212	(7,431)
Work in progress and semi finished goods	157,761	161,405	(3,644)
Finished goods and goods for resale	163,727	181,995	(18,268)
Advances	3,658	4,978	(1,320)
Total	**399,927**	**430,590**	**(30,663)**

The net realisable value is estimated taking into account the market price in the ordinary course of business, from which completion costs and sales costs are deducted.
The foregoing amounts are net of the obsolete stocks provision, made up as follows:

OBSOLESCENSE RESERVE	31.12.2024	31.12.2023	CHANGE
Raw materials, supplies and consumables	9,489	9,716	(227)
Work in progress and semi finished goods	19,950	16,311	3,639
Finished goods and goods for resale	14,922	13,143	1,779
Total	**44,361**	**39,170**	**5,191**

Changes in the obsolescence reserve are shown below:

	31.12.2024	31.12.2023
Opening balance	39,170	33,705
Increases	6,656	4,782
Decreases	(1,999)	(3,713)
Consolidation area changes	-	5,318
Other changes	534	(922)
Closing balance	**44,361**	**39,170**

The movements for the year relate to changes made necessary by the application of the Group's procedure, based on the inventory turnover classes.
Regarding the movements during the previous year, the "Consolidation Area changes" include the balances as of January 1, 2023 for the Selcom Group.

8. trade receivables

DESCRIPTION	31.12.2024	31.12.2023	CHANGE
Trade receivables	268,930	285,405	(16,475)
Bad debt reserve	(11,318)	(11,979)	661
Advances from customers	(7,218)	(7,538)	320
Total	**250,394**	**265,888**	**(15,494)**

Changes in bad debt reserve are shown below:

	31.12.2024	31.12.2023
Opening balance	11,979	12,175
Increases	367	247
Decreases	(1,088)	(796)
Consolidation Area changes	-	474
Other changes	60	(121)
Closing balance	**11,318**	**11,979**

Decreases for the year consist of 0.6 M€ for the use of the reserve to close old receivables considered unrecoverable and 0.5 M€ for the release of the reserve in line with forecast collections for specific positions.
Regarding the movements during the previous year, the "Consolidation Area changes" include the balances as of January 1, 2023 for the Selcom Group.
With regard to the assumptions used to determine the reserves, please refer to the section on valuation criteria.

Breakdown of trade receivables by geographical area:

	31.12.2024	31.12.2023	2024%	2023%
EMEA (Europe – Middle East – Africa)	135,455	149,941	54.1%	56.4%
AME (America)	38,236	43,277	15.3%	16.3%
APAC (Asia – Pacific)	76,703	72,670	30.6%	27.3%
Total	**250,394**	**265,888**	**100.0%**	**100.0%**

The higher level of trade receivables in the EMEA area is consistent with the revenue trends.

9. current taxes

DESCRIPTION	31.12.2024	31.12.2023	CHANGE
Current Tax receivables (A)	4,498	6,104	(1,606)
Current Tax payables (B)	(216)	(588)	372
Total (A-B)	**4,282**	**5,516**	**(1,234)**

These represent the amounts of income Tax receivable from or payable to the Tax authorities in accordance with the annual Tax return filed or to be filed at the end of the reporting period.

10. other receivables and assets

DESCRIPTION	31.12.2024	31.12.2023	CHANGE
Tax receivables	7,805	13,683	(5,878)
Other receivables	1,393	3,008	(1,615)
Other non current receivables and assets (A)	**9,198**	**16,691**	**(7,493)**
Tax receivables	20,870	20,235	635
Other receivables	2,886	1,011	1,875
Prepaid expenses and accrued income	1,798	2,057	(259)
Other current receivables and assets (B)	**25,554**	**23,303**	**2,251**
Total (A+B)	**34,752**	**39,994**	**(5,242)**

explanatory notes to the consolidated financial statements as at 31.12.2024

A breakdown of the Tax receivables is provided below:

TAX RECEIVABLES	31.12.2024	31.12.2023
Direct Taxes	3,676	2,863
Direct Taxes to be refunded	55	293
Indirect Taxes	1,782	8,876
Indirect Taxes to be refunded	31	-
Other Taxes to be refunded	2,261	1,651
Total non current Tax receivables (A)	**7,805**	**13,683**
Direct Taxes	9,734	9,571
Direct Taxes to be refunded	220	-
Indirect Taxes	6,831	8,034
Indirect Taxes to be refunded	3,542	2,242
Other Taxes	371	170
Other Taxes to be refunded	172	218
Total current Tax receivables (B)	**20,870**	**20,235**
Total Tax receivables (A+B)	**28,675**	**33,918**

Medium- to long-term direct tax receivables relate to the tax receivable due to the Italian companies for investments in capital goods which are expected to be used in three to five years and tax receivables from R&D activities which are expected to be used in two years.
Medium-long term indirect Tax and other Tax receivables whose use has been estimated beyond the financial year but within five years relate mainly to the Brazilian subsidiary, for which the Group is continuing with the formalities for the use of the receivable due from the local authorities.
There are no tax receivables with a duration of more than five years.

Other receivables are broken down as follows:

OTHER RECEIVABLES	31.12.2024	31.12.2023
Guarantee deposits	1,393	1,376
Public grants to be received	-	1,632
Total other non current receivables (A)	**1,393**	**3,008**
Guarantee deposits	264	213
Receivables from employees	124	122
Receivables from social security institutions	198	86
Refunds to be received	33	3
Public grants to be received	1,632	-
Other receivables	635	587
Total other current receivables (B)	**2,886**	**1,011**
Total other receivables (A+B)	**4,279**	**4,019**

Public grants to be received refer to the subsidiary Bonfiglioli Riduttori S.p.A., which in compliance with IAS 20 recorded the receivable for grants from APIAE (a Trentino regional authority) supporting the project for the "Creation of an IoT (Internet of Things) industrial platform" in compliance with the official grant notification received in 2020. There are no unfulfilled conditions or risks related to these grants. The grant will be collected during 2025.
There are no other receivables with a duration of more than five years.

The item Prepaid expenses and accrued income is broken down as follows:

PREPAID EXPENSES AND ACCRUED INCOME	31.12.2024	31.12.2023
Interest	365	898
Insurance	668	395
Rentals and maintenance	383	462
Advertising costs	188	-
Other	194	302
Total prepaid expenses and accrued income	**1,798**	**2,057**

11. cash and cash equivalents

DESCRIPTION	31.12.2024	31.12.2023	CHANGE
Banks and postal accounts	96,139	86,346	9,793
Cash on hand	25	31	(6)
Total	**96,164**	**86,377**	**9,787**

For a complete assessment of the Group's Net Cash Position, calculated as the sum of Financial Payables and Bank Payables net of non current financial assets and Cash and Cash equivalents, please refer to the detailed section on financial payables and to the cash flow statement.

12. shareholders' equity

At December 31, 2024, the overall share capital of € 50,000,000 was represented by 50,000,000 ordinary shares with face value of €1 each.
The top shareholder of Bonfiglioli S.p.A. is the company BON-FI S.r.l.

RECONCILIATION STATEMENT BETWEEN SHAREHOLDERS' EQUITY AND THE RESULT FOR THE YEAR ENDED DECEMBER 31, 2024 OF THE PARENT COMPANY BONFIGLIOLI S.P.A.

	Result for the year	Shareholders' equity
Bonfiglioli S.p.A. Separate financial statements	**1,012**	**388,307**
Accounting of the shareholders' equity and the results of consolidated and associated share investments to replace book value in the financial statements of the Parent Company, net of infra-group dividends	13,244	153,849
Shareholders' equity and profit attributable to minority interests	(2)	(563)
Elimination of infragroup profits on stock	4,827	(14,150)
Reversal of extraordinary infragroup transactions (contributions/disposals)	245	(1,448)
Others	541	-
Consolidated financial statements	**19,867**	**525,995**

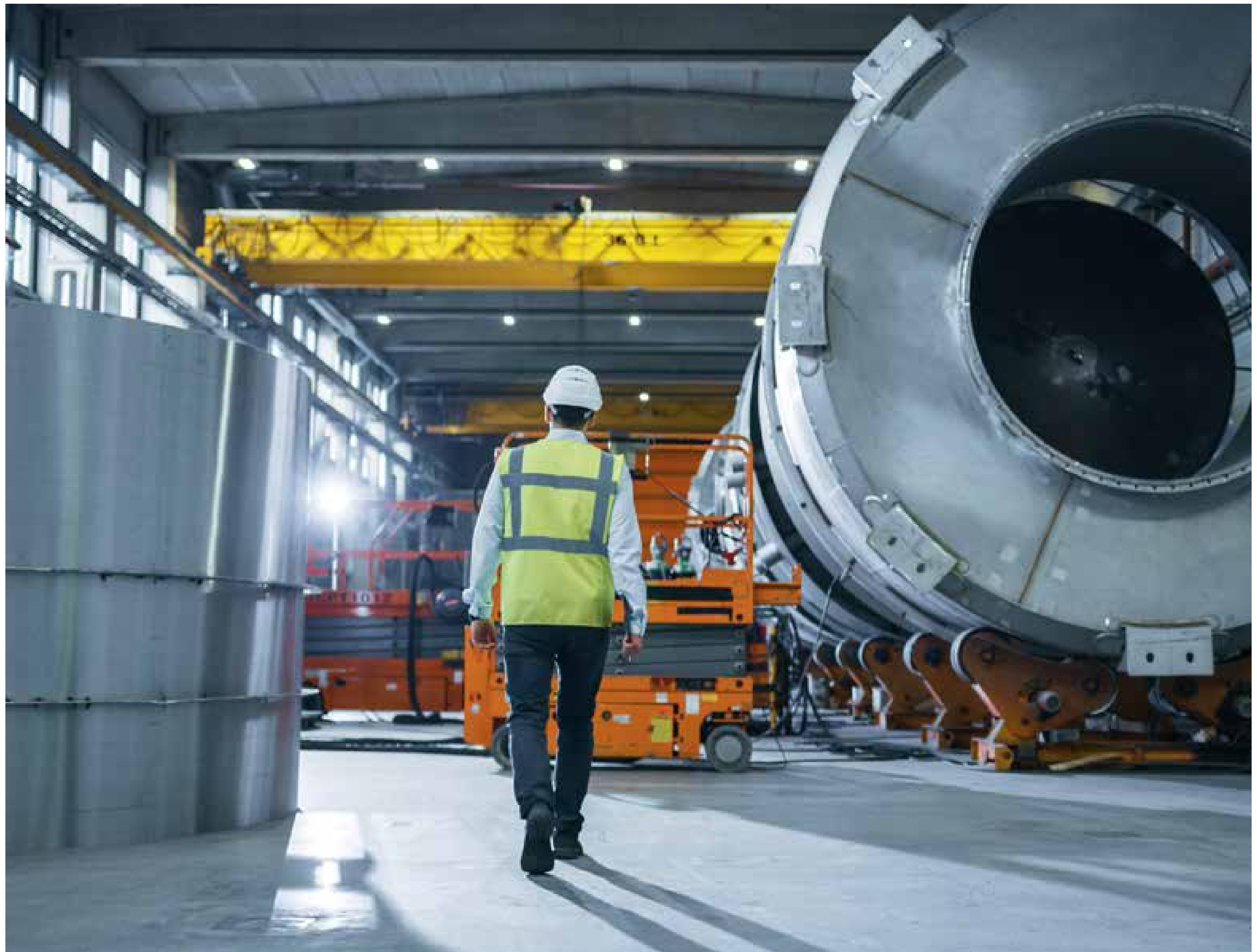
13. net cash position and borrowings

Details of the composition and changes in the Net Cash Position are provided below.

DESCRIPTION	31.12.2024	31.12.2023	CHANGE
Banks and postal accounts	96,139	86,346	9,793
Cash on hand	25	31	(6)
Cash and cash equivalents	**96,164**	**86,377**	**9,787**
Financial receivables from other companies	2,005	1,687	318
Other non current financial assets	**2,005**	**1,687**	**318**
Bonds	-	(250)	250
Payables to banks – Bank overdraft	(25,310)	(54,218)	28,908
Payables to banks	(42,491)	(42,408)	(83)
Lease liabilities (IFRS 16)	(15,192)	(7,467)	(7,725)
Payables to other financial institutions	(1,743)	(190)	(1,553)
Current borrowings	**(84,736)**	**(104,533)**	**19,797**
Bonds	(77,335)	(77,019)	(316)
Payables to banks	(139,372)	(130,346)	(9,026)
Lease liabilities (IFRS 16)	(13,438)	(24,436)	10,998
Payables to other financial institutions	(7,854)	(10,341)	2,487
Non current borrowings	**(237,999)**	**(242,142)**	**4,143**
Net Cash Position (NCP)	**(224,566)**	**(258,611)**	**34,045**

Details of the contents and main changes in borrowings are provided below:

DESCRIPTION	31.12.2024	31.12.2023	CHANGE
Current bonds	-	250	(250)
Non current bonds	77,335	77,019	316
Bonds	**77,335**	**77,269**	**66**
Current payables to banks	67,801	96,626	(28,825)
Non current payables to banks	139,372	130,346	9,026
Payables to banks	**207,173**	**226,972**	**(19,799)**
Current lease liabilities (IFRS 16)	15,192	7,467	7,725
Non current lease liabilities (IFRS 16)	13,438	24,436	(10,998)
IFRS 16 Payables	**28,630**	**31,903**	**(3,273)**
Current payables to other financial institutions	1,743	190	1,553
Non current payables to other financial institutions	7,854	10,341	(2,487)
Payables to other financial institutions	**9,597**	**10,531**	**(934)**
Total borrowings	**322,735**	**346,675**	**(23,940)**



The change in the consolidation area resulted in an increase in the Group debt in 2023 of approximately 47 M€, in addition to the price paid for the acquisition of the Selcom Group.

Details of the contents and main changes in borrowings are provided below:

	31.12.2023	INCREASES	DECREASES	OTHER CHANGES	31.12.2024	DUE WITHIN 12 MONTHS	OVER 12 MONTHS WITHIN 5 YEARS	BEYOND 5 YEARS
Parent Company	77,269	-	-	66	77,335	-	21,246	56,089
Bonds	**77,269**	**-**	**-**	**66**	**77,335**	**-**	**21,246**	**56,089**
Parent Company	143,641	48,273	(30,923)	86	161,077	33,625	100,222	27,230
Bonfiglioli Slovakia sro	1,073	-	(433)	-	640	432	208	-
Bonfiglioli Vietnam Ltd.	6,412	3,043	(2,773)	120	6,802	2,154	4,648	-
Tecnotrans Bonfiglioli SA	231	-	(231)	-	-	-	-	-
Bonfiglioli Canada Inc.	14	-	-	(14)	-	-	-	-
Selcom Group S.p.A.	21,383	-	(8,039)	-	13,344	6,280	7,064	-
Medium/long-term borrowings	**172,754**	**51,316**	**(42,399)**	**192**	**181,863**	**42,491**	**112,142**	**27,230**
Overdrafts	**54,218**	**17,664**	**(46,373)**	**(199)**	**25,310**	**25,310**	**-**	**-**
Parent Company	1,098	765	(711)	-	1,152	498	654	-
Bonfiglioli Riduttori S.p.A.	3,822	574	(1,606)	-	2,790	759	1,659	372
O&K Antriebstechnik GmbH	11,417	264	(1,121)	-	10,560	10,396	164	-
Bonfiglioli Transmissions Pvt Ltd	1,082	82	(419)	(8)	737	421	316	-
Bonfiglioli Vectron GmbH (merged into Bonfiglioli Deutschland in 2024)	5,238	-	-	(5,238)	-	-	-	-
Bonfiglioli Deutschland GmbH	262	337	(836)	5,238	5,001	834	2,788	1,379
Bonfiglioli U.K. Ltd	1,731	537	(238)	119	2,149	252	945	952
Bonfiglioli Drives (Shanghai) Co. Ltd	544	593	(607)	14	544	332	212	-
Bonfiglioli Transmission (Aust) Pty Ltd	2,353	173	(235)	(100)	2,191	241	1,105	845
Selcom Group S.p.A.	909	185	(832)	-	262	148	114	-
Selcom Electronics (Shanghai) Co., Ltd	1,290	102	(1,223)	5	174	98	76	-
Bonfiglioli Technology Space Pvt Ltd	-	825	(39)	14	800	152	648	-
Other subsidiaries	2,157	1,412	(1,235)	(64)	2,270	1,061	1,166	43
Lease liabilities (IFRS 16)	**31,903**	**5,849**	**(9,102)**	**(20)**	**28,630**	**15,192**	**9,847**	**3,591**
Parent Company	667	-	(183)	-	484	184	-	300
Bonfiglioli Power Transmissions Pty Ltd	139	55	(37)	4	161	-	161	-
Bonfiglioli Swiss S.A.	9,700	-	(764)	-	8,936	1,552	6,530	854
Bonfiglioli Transmission (Aust) Pty Ltd	25	-	(8)	(1)	16	7	9	-
Payables to other financial institutions	**10,531**	**55**	**(992)**	**3**	**9,597**	**1,743**	**6,700**	**1,154**
Total	**346,675**	**74,884**	**(98,866)**	**42**	**322,735**	**84,736**	**149,935**	**88,064**

Details of the contents and main changes in borrowings are provided below:

Bonds:

- Bond issued by the Parent Company on September 8, 2005, the maturity of which was extended in 2024 to December 31, 2036. This bond, initially issued for a total of 3.8 M€, was recognized at the end of 2024 for 2.6 M€. The remaining debt as of December 31, 2024 is due for 691 K€ beyond the next, year but within five years, and for the remaining 1.9 M€ beyond five years;
- 125 MUSD shelf facility signed on January 16, 2019 by Bonfiglioli and Pricoa Capital Group through which the Bonfiglioli Group will have the right to issue private placements in the next three years that will be underwritten by Pricoa Capital Group. In 2019, a 25 M€ bond was issued with a 12-year term, of which 7 years are a grace period and 5 years are linear amortization with semi-annual installments, recognized in the financial statements at amortized cost as of December 31, 2024 for a total of 24.7 M€, of which 15 M€ matures beyond the next year, but within five years and the remaining 9.7 M€ beyond five years. In 2022, the shelf facility was renewed for a further three years and increased to a total of 150 MUSD; in addition, a 50 M€ bond was privately placed with a 15-year term, including 6 years of grace period and 9 years of linear amortization with semi-annual installments, of which 5.5 M€ matures beyond the next year, but within five years and the remaining 44.5 M€ beyond five years. In the early months of 2025, the Company renewed its agreement with PRICOA for another three years.

Payables to banks:

- In 2024, the Parent Company entered into two new medium-term loan agreements for 20 M€ each, with BPER Banca and BNL. These two loans will mature on March 31, 2030 and December 20, 2031 respectively, and are both recognized in the financial statements as of December 31, 2024 for their full amount as they are still in their grace

period. For the BPER loan, 2.5 M€ will mature in 2025, 13.5 M€ beyond the next year, but within five years, and the remaining 4 M€ beyond five years. For the BNL loan, 13.3 M€ will mature beyond the next year, but within five years, and the remaining 6.7 M€ beyond five years.
- Also in 2024, the Parent Company entered into an additional 20 M€ loan agreement with BNL, with an availability period until June 30, 2025, which as of December 31, 2024 had not yet been utilized.
- Regarding the 2020 Pool Loan, recognized in the financial statements at amortized cost for a total of 47.7 M€, in 2024, following the approval of Law No. 100/2023 (Flood Decree), the installment due on June 30, 2023, amounting to 8.3 M€, was re-credited; this will be debited on December 31, 2027, resulting in a 6-month extension of the total loan duration. In 2025, 15 M€ will mature, and the remaining 32.7 M€ will mature beyond the next year but within five years.
- In 2024, the subsidiary Bonfiglioli Vietnam entered into a new medium/long-term loan agreement with BNP for an amount of 3 M€, which was added to previous loans in place for a total value as of December 31, 2024 of 6.8 M€, of which 2.1 M€ will mature in 2025 and the remaining 4.7 M€ will mature beyond the next year but within five years.

The remaining 87 M€ of bank borrowings related to contracts already in place as of December 31, 2023, whose repayment, according to the contractual amortization plans, will see 22.9 M€ due in 2025, 47.9 M€ due beyond the next year, but within five years, and 16.5 M€ due beyond five years.

Payables to other financial institutions:
- for the Parent Company, medium/long-term loans received from the Ministry of Industry under Law 46 amounted to 0.2 M€, maturing in 2025, and 0.3 M€ received from SIMEST as an equity investment in the Swiss subsidiary, with repayment in a single installment on May 31, 2030;
- for Bonfiglioli Swiss, the loan received from SIMEST in 2023 remains valid, amounting to 8.9 M€ with maturity on May 31, 2030. Of this, 1.5 M€ matures in 2025, 6.5 M€ beyond the next year, but within five years, and 0.9 M€ beyond five years.

In 2024, the Group did not carry out any early repayments of medium/long-term loans; all amounts repaid were in respect of installments due.

Approximately 60% of the Group's medium/long-term debt is at a fixed rate, while the remaining portion benefited in 2024 from lower market rates and from the effectiveness of the currency risk hedges in place. In addition, the new loan agreements signed during the year have more favorable terms compared to those repaid in 2024. The combination of these factors resulted in an average medium/long-term interest rate of 3.49% for the Group in 2024, compared to 4.16% in 2023.
Medium/long-term lines of credit used by the Parent Company have standard covenants linked to the Group Net Cash Position, Interest and EBITDA. These covenants were fully met as of December 31, 2024 and expectations are that they will continue to be met in the coming years.

14. provisions for risks and charges

DESCRIPTION	31.12.2024	31.12.2023	CHANGE
Non current provisions	9,451	12,439	(2,988)
Current provisions	11,430	19,580	(8,150)
Total	**20,881**	**32,019**	**(11,138)**

The breakdown of changes during the financial year is given below:

DESCRIPTION	31.12.2023	INCREASES	DECREASES	OTHER CHANGES	31.12.2024
Warranty Reserve	19,441	669	(2,835)	204	17,479
Sales Agents' Indemnity Reserve	1,932	110	-	-	2,042
Tax assessment reserve	1,160	338	(1,116)	20	402
Other reserves	9,486	96	(2,197)	(6,427)	958
Total	**32,019**	**1,213**	**(6,148)**	**(6,203)**	**20,881**

Provisions for risks and charges include, in addition to the warranty reserve set aside in accordance with Group policies, the Sales agents' indemnity reserve set aside in accordance with the Italian agency contract, as well as the estimate of liabilities that could arise from existing Tax disputes. The item Other reserves includes a provision to cover expected charges for liabilities related to restoration costs and other potential liabilities identified by several Group companies. The change for the year classified under other movements includes the release to the income statement of the residual PPA relating to the Selcom Group of 6.4 M€, recognized during 2023 in accordance with IFRS 3.

15. employee benefit obligations

DESCRIPTION	31.12.2024	31.12.2023	CHANGE
Non current employee benefit obligations	16,225	15,887	338
Current employee benefit obligations	1,272	1,046	226
Total	**17,497**	**16,933**	**564**

This item includes the "employee severance indemnity" of Italian companies and defined benefit plans following the termination of employment of all German subsidiaries and the Vietnamese, French and Turkish subsidiaries.
The amounts due beyond 5 years are 11.8 M€.

Details of the changes are outlined below:

	31.12.2024	31.12.2023
Opening balance	16,933	14,062
Service costs	741	597
Interest	555	613
Settlements	(1,135)	(1,394)
Actuarial changes	404	1,298
Consolidation area changes	-	1,785
Exchange rate differences	(1)	(28)
Closing balance	**17,497**	**16,933**

Regarding the movements during the previous year, the "Consolidation Area changes" include the balances as of January 1, 2023 for the Selcom Group.

The actuarial assumptions for the calculation of pension plans are detailed in the following table (it should be noted that for Vietnam and Turkey no actuarial valuation of these items has been carried out because the amounts are very small, approximately 140 K€ in all):

2024	ITALY	FRANCE	GERMANY
Discount rates	3.16%	3.17%	3.38%
Salary increase rates	2.90%	4.08%	4.02%
Inflation rates	1.90%	2.10%	2.10%

2023	ITALY	FRANCE	GERMANY
Discount rates	3.37%	3.38%	3.46%
Salary increase rates	3.30%	4.00%	2.25%
Inflation rates	2.30%	2.10%	-

By uniformly varying the discount rate by +/- 50 b.p., the consolidated liability at December 31, 2024 would have been approximately 0.9 M€ lower or 1.0 M€ higher.

16. trade payables

DESCRIPTION	31.12.2024	31.12.2023	CHANGE
Trade payables	285,440	304,020	(18,580)
Advances to suppliers	(1,604)	(759)	(845)
Total	**283,836**	**303,261**	**(19,425)**

Breakdown of trade payables by geographical area:

	31.12.2024	31.12.2023	2024%	2023%
EMEA (Europe - Middle East - Africa)	193,529	223,186	68.2%	73.6%
AME (America)	3,241	3,823	1.1%	1.3%
APAC (Asia - Pacific)	87,066	76,252	30.7%	25.1%
Total	**283,836**	**303,261**	**100.0%**	**100.0%**

In accordance with IAS7/IFRS7, the following information is provided with regard to the reverse factoring programs:

	31.12.2024	31.12.2023	2024%	2023%
Trade payables	283,836	303,261	100%	100%
Trade payables under reverse factoring	30,185	37,446	10.63%	12.35%
Trade payables reclassified as bank debt (*)	911	8,818	0.32%	2.91%

(*) the reclassification was not made for 2023

With regard to the Group's trade payables, only the Italian companies have implemented reverse factoring programs.
As of December 31, 2024, the amount of payables to suppliers included in reverse factoring programs amounted to 30.2 M€, down from 37.4 M€ in 2023.
As of December 31, 2024, Selcom Group S.p.A. was the only Group company to have used the extended payment terms granted by the financial institution and to have reclassified trade payables as payables to financial institutions for an amount of 0.9 M€. In 2023, if the new IAS 7 accounting standard had already been in effect, the trade payables to be reclassified as payables to financial institutions would have amounted to 8.8 M€.
For Bonfiglioli Riduttori S.p.A. and Bonfiglioli S.p.A., the implementation of reverse factoring programs allowed negotiations with participating suppliers on improved commercial payment terms, enabling an extension, based on the case and type of supply, in a range between 30 and 50 days.
For Selcom Group S.p.A., however, there was no extension to commercial payment terms. With the implementation of reverse factoring programs, the company only gained access to the option of postponing payment by utilizing the financial extension.

17. other payables and liabilities

DESCRIPTION	31.12.2024	31.12.2023	CHANGE
Payables to social security institutions	114	525	(411)
Payables to employees	2,039	4,499	(2,460)
Accrued expenses and deferred income	5,146	2,991	2,155
Other non current payables and liabilities (A)	**7,299**	**8,015**	**(716)**
Tax payables	11,951	11,886	65
Payables to social security institutions	12,976	13,372	(396)
Payables to employees	32,690	31,502	1,188
Other payables	657	1,886	(1,229)
Accrued expenses and deferred income	3,525	4,293	(768)
Other current payables and liabilities (B)	**61,799**	**62,939**	**(1,140)**
Total (A+B)	**69,098**	**70,954**	**(1,856)**

A breakdown is given below:

TAX PAYABLES	31.12.2024	31.12.2023
Direct Taxes	7,603	6,740
Indirect Taxes	3,918	4,589
Other Taxes	430	557
Total Tax payables	**11,951**	**11,886**

OTHER PAYABLES	31.12.2024	31.12.2023
Payables to directors	276	1,513
Other payables	381	373
Total other payables	**657**	**1,886**

ACCRUED EXPENSES AND DEFERRED INCOME	31.12.2024	31.12.2023
Interest	2,003	2,411
Deferred income from public contributions	6,374	4,575
Others	294	298
Total accrued expenses and deferred income	**8,671**	**7,284**

With regard to deferred income from public contributions, these are:

- 5.4 M€ of the deferred tax receivable on instrumental assets recognized by the company "Bonfiglioli Riduttori S.p.A." entered in the income statement in line with the depreciation of the related assets. The current portion amounts to 1.1 M€;
- 0.5 M€ of the deferred tax receivable on instrumental assets recognized by the company "Selcom Group S.p.A.". The current portion amounts to 0.1 M€;
- 0.2 M€ of the deferred contribution granted to the company "Bonfiglioli Slovakia s.r.o." equal to 25% of the purchase cost of a machine, which is recorded in the income statement in line with the depreciation quotas of the same (six years). The current portion amounts to 0.1 M€;
- 0.2 M€ of the deferred tax receivable on instrumental assets respectively recognized for 0.1 M€ by the companies "Selcom Electronics (Shanghai) Co.Ltd." and "Bonfiglioli Drives (Shanghai) Co. Ltd";
- 0.1 M€ for deferred income on customs duty refunds recognized by the Indian companies, consisting of 0.1 M€ for "Bonfiglioli Drive Solutions Pvt Ltd" and 40 K€ for "Bonfiglioli Transmissions Pvt Ltd";
- the remaining amount of 0.2 M€ relates to the grant due to the Parent Company for charges related to construction work in future years.

income statement

18. revenues from sales and services

Revenues from sales and services were achieved in the following geographical areas:

DESCRIPTION	2024	2023	CHANGE	2024%	2023%
EMEA (Europe - Middle East - Africa)	629,282	712,006	(82,724)	52.9%	54.3%
AME (America)	257,679	281,288	(23,609)	21.6%	21.4%
APAC (Asia - Pacific)	303,911	318,340	(14,429)	25.5%	24.3%
Total	**1,190,872**	**1,311,634**	**(120,762)**	**100.0%**	**100.0%**

With regard to the Group performance in 2024, consolidated turnover decreased by 9.2% compared to the previous year, as a result of the sector slowdown, mainly in Europe. For more details on the Group performance, we refer you to the Management Report.

19. material costs

DESCRIPTION	2024	2023	CHANGE
Purchases from third parties	704,467	810,031	(105,564)
Delta stock	32,426	5,894	26,532
Total	**736,893**	**815,925**	**(79,032)**

20. payroll costs

DESCRIPTION	2024	2023	CHANGE
Wages and salaries	178,503	180,889	(2,386)
Social contributions	46,470	47,013	(543)
Defined benefit and contribution plans costs	7,194	6,938	256
Other personnel costs	1,730	1,728	2
Total	**233,897**	**236,568**	**(2,671)**

The number of employees in the workforce during the financial year was as follows (spot and average data):

	31.12.2024	31.12.2023	2024 AVERAGE	2023 AVERAGE
Managers	242	248	247	242
White collars	2,223	2,256	2,361	2,230
Blue collars	2,120	2,276	2,181	2,305
Temporary workers	511	471	520	522
Total	**5,096**	**5,251**	**5,310**	**5,299**

21. services, leases and rentals

DESCRIPTION	2024	2023	CHANGE
Subcontracting and external operation	28,792	37,587	(8,795)
Transport and porterage	31,793	36,738	(4,945)
Maintenance and utilities	37,513	38,020	(507)
Travel, fairs and advertising	8,001	9,309	(1,308)
Consultancies	12,173	13,213	(1,040)
Services to employees	7,237	7,422	(185)
Fees for directors, statutory auditors and independent auditors	3,189	4,106	(917)
Insurance	3,103	3,321	(218)
Others	13,691	15,041	(1,350)
Total	**145,492**	**164,757**	**(19,265)**

The overall reduction in costs was linked to the savings measures adopted by the Group in response to the decrease in turnover and to insourcing initiatives carried out during the year.

explanatory notes to the consolidated financial statements as at 31.12.2024

22. other operating income

DESCRIPTION	2024	2023	CHANGE
Sales to vendor and other minor sales	6,829	12,112	(5,283)
Transport and packaging refunds	5,412	5,626	(214)
Claims to vendor	1,265	1,387	(122)
Capital gains and contingent assets	13,678	10,597	3,081
Received grants and contributions	5,599	6,284	(685)
Reserve reversal	1,924	3,688	(1,764)
Insurances and other refunds	279	340	(61)
Others	2,370	1,110	1,260
Total	**37,356**	**41,144**	**(3,788)**

The item "Capital gains and contingent assets" includes the positive differential arising from the Selcom PPA in the amount of 6.4 M€, as already mentioned in the sections above.

23. other operating costs

DESCRIPTION	2024	2023	CHANGE
Other Tax & levy	4,238	3,551	687
Purchase of low value items	848	876	(28)
Association fees	579	569	10
Donations	283	781	(498)
Capital losses and contingent liabilities	342	628	(286)
Others	117	185	(68)
Total	**6,407**	**6,590**	**(183)**

24. depreciation, amortization and impairment

DESCRIPTION	2024	2023	CHANGE
Amortization of intangible assets	5,699	6,001	(302)
Impairment of intangible assets	3	26	(23)
Depreciation of tangible assets	44,988	40,597	4,391
Depreciation of rights to use tangible assets	7,389	7,834	(445)
Impairment of tangible assets	73	33	40
Impairment of rights to use tangible assets	-	-	-
Total	**58,152**	**54,491**	**3,661**

25. financial income and costs

DESCRIPTION	2024	2023	CHANGE
Financial income	1,935	2,293	(358)
Financial costs	(16,706)	(17,468)	762
Total	**(14,771)**	**(15,175)**	**404**

A breakdown is given below:

FINANCIAL INCOME	2024	2023	CHANGE
Bank interest income	1,483	1,936	(453)
Commercial and other interest	452	357	95
Total	**1,935**	**2,293**	**(358)**

FINANCIAL COSTS	2024	2023	CHANGE
Bank interest expenses	3,866	4,094	(228)
Interest on bonds	1,741	1,714	27
Interest payable on borrowings	8,897	9,111	(214)
Interest from lease liabilities (IFRS 16)	1,155	1,152	3
Interest on employee benefits	767	640	127
Others	280	757	(477)
Total	**16,706**	**17,468**	**(762)**

26. foreign exchange gain and losses

DESCRIPTION	2024	2023	CHANGE
Foreign exchange gains	12,170	17,731	(5,561)
Foreign exchange losses	(14,420)	(17,779)	3,359
Total	**(2,250)**	**(48)**	**(2,202)**

27. investments' income and costs

The investments' income relates to the profits of the company Grumento posted for reasons of transparency by "O&K Antriebstechnik GmbH" (319 K€) and dividends received from the investee company BEST Hellas (21 K€). This item also includes expenses arising from the adjustment of the payable to the minority shareholders BEE in South Africa (55 K€).

28. taxes

DESCRIPTION	2024	2023	CHANGE
Current Taxes	10,222	11,138	(916)
Deferred Tax assets	(3,403)	660	(4,063)
Deferred Tax liabilities	(813)	(1,656)	843
Non-deductible withholdings and prior year Taxes	3,653	6,159	(2,506)
Total	**9,659**	**16,301**	**(6,642)**

The item "non-deductible withholdings and prior year taxes" mainly includes withholdings incurred on the dividend distribution made by the Indian company and the write-down of withholdings on foreign income, made on a prudential basis by the Parent Company, net of adjustments for lower taxes recognized in the 2023 return.

The reconciliation of the theoretical tax rate with the effective tax rate is provided below:

DESCRIPTION	2024	2023
Theoretical income taxes	**11,590**	**20,587**
Theoretical tax rate	**37.50%**	**32.36%**
Fiscal effect on temporary differences	(571)	250
Fiscal effect on permanent differences on tax incentives and subsidies	(3,685)	(5,127)
Fiscal effect on other permanent differences	2,499	(3,101)
Fiscal effect on tax losses offset	(120)	(1,431)
Other fiscal effects	509	(41)
Current Taxes	**10,222**	**11,138**
Deferred (tax assets) and tax liabilities	(4,216)	(996)
Prior year direct taxes and non-deductible withholding taxes	3,653	6,159
Total taxes for the year	**9,659**	**16,301**
Profit before tax	**29,528**	**55,694**
Effective tax rate	**32.71%**	**29.27%**

international tax reform – pillar two model rules

In accordance with OECD guidance, many jurisdictions in which the Group operates have implemented the Pillar Two rules, although with different effective dates.
The following table summarizes the status of implementation of the rules in the countries where the Group operates, updated as of the date of preparation of these Notes to the Financial Statements:

Status of implementation of the Pillar Two rules in countries where the Bonfiglioli Group operates		
COUNTRY	DATE OF LATEST UPDATE	EFFECTIVE DATE
Australia	10.12.2024	IIR + QDMTT: 01.01.2024 UTPR: 01.01.2025
Brazil	18.12.2024	QDMTT: 01.01.2025
Canada	12.08.2024	IIR + QDMTT: 01.01.2024 UTPR: 01.01.2025
China	N/A	N/A
France	21.12.2023	IIR + QDMTT: 01.01.2024 UTPR: 01.01.2025
Germany	15.12.2023	IIR + QDMTT: 01.01.2024 UTPR: 01.01.2025
India	N/A	N/A
Italy	19.12.2023	IIR + QDMTT: 01.01.2024 UTPR: 01.01.2025
New Zealand	27.03.2024	IIR + UTPR: 01.01.2025
Singapore	27.11.2024	IIR + QDMTT: 01.01.2025
Slovakia	08.12.2023	QDMTT: 01.01.2024 IIR + UTPR: 01.01.2030
South Africa	24.12.2024	IIR + QDMTT: 01.01.2024
Spain	21.12.2024	IIR + QDMTT: 01.01.2024 UTPR: 01.01.2025
Switzerland	04.09.2024	QDMTT: 01.01.2024 IIR + UTPR: 01.01.2025
Turkey	02.08.2024	IIR + QDMTT: 01.01.2024 UTPR: 01.01.2025
Great Britain	22.11.2023	IIR + QDMTT: 01.01.2024 UTPR: 01.01.2025
USA	09.03.2023	N/A
Vietnam	29.11.2023	IIR + QDMTT: 01.01.2024

Key:
IIR = Income Inclusion Rule
UTPR = Undertaxed Payments Rule
QDMTT = Qualified Domestic Minimum Top-up Tax

To fulfill the disclosure requirements contained in paragraphs 88A to 88D of IAS 12, the Group has simulated the possible exposure to income taxes arising from the Pillar Two rules for the year 2024. The analysis carried out on the Group's 25 companies located in 17 different tax jurisdictions identified that the Group as a whole complies with the conditions set by the Transitional CbCR Safe Harbour (TCSH) measures established under the rules, and therefore no current tax liabilities has arisen for the year ended December 31, 2024.
Lastly, with regard to IAS 12, the Group applied the mandatory temporary exception to the requirement to recognize deferred Tax assets in accordance with the Pillar Two rules.

further information

commitments

DESCRIPTION	31.12.2024	31.12.2023	CHANGE
Guarantees provided	14,744	13,466	1,278
Guarantees received	(1,715)	(3,281)	1,566
Collateral	14,105	27,837	(13,732)
Total	**27,134**	**38,022**	**(10,888)**

Guarantees provided relate to sureties issued by credit institutions on contractual commitments or debts assumed by the Group, while guarantees received relate to sureties issued by credit institutions on third party commitments to the Group.
The collateral is on movable property provided by the Indian company Bonfiglioli Drive Solutions Pvt Ltd of 1.1 M€ and by the Slovakian company of 1.2 M€, in addition to real estate collateral provided by the Parent Company of 11.8 M€.

public contributions

Pursuant to and by effect of Italian Law no. 124 of August 4, 2017 "Annual Law on the Market and Competition," the information relating to subsidies, contributions, paid appointments and economic benefits of any kind received in 2024 from national administrations or equivalent national bodies is given below.

FUNDING BODY	RECIPIENT COMPANY	AMOUNT IN EURO	REASON
MISE (Ministry of Enterprise and Made in Italy) (Tax Code 80230390587)	Bonfiglioli Riduttori S.p.A.	384,143	Grants on technological innovation projects
Trentino Sviluppo (Tax Code 00123240228)	Bonfiglioli Riduttori S.p.A.	99,145	Contribution for the rental of space at the "Polo Meccatronica" in Rovereto ("De Minimis")
University of Rome Tor Vergata (Tax Code 80213750583)	Selcom Group S.p.A.	36,957	Grant for the Closer project - Interregional Innovation Investment Strand 1 (I3-2023-INV1)

Based on a systematic interpretation of the law, the benefits for all the companies (including but not limited to fiscal measures such as hyper-depreciation, super-depreciation, school bonus and tax credits for research and development and other facilities such as the Cassa Integrazione Guadagni - redundancy fund) are not considered as their advantages do not target a specific company.
In relation to the receipt of state aid which the Italian companies in the Group received during the financial year, for any matters not specifically reported in the above table, refer to the details in the National Register of State Aid.

remuneration paid to directors, statutory auditors and independent auditors

During the year, the following amounts were recognized as remuneration to Group Directors and auditing bodies:

DESCRIPTION	2024	2023
Directors	2,232	3,167
Statutory Auditors/Independent Auditors	957	939
Total	**3,189**	**4,106**

transactions with related parties

The Group has commercial relations with B.R.T. S.p.A., owned by the shareholders and directors of Bonfiglioli S.p.A. The company B.R.T. S.p.A. supplies spare parts for Bonfiglioli products in Italy and, partly, abroad. The business transactions relate to the sales of Bonfiglioli components and products carried out at normal market conditions.

risk management

The Group is exposed to financial risks associated with its operations:
- Sector risk, with particular reference to the market performance of the sectors relevant to the Group and the regulations in force in the different countries the Group operates in.
- Liquidity risk, with particular reference to the availability of financial resources and access to the credit market and financial instruments in general.
- Credit risk in relation to business relationships with customers.
- Market risk (mainly related to exchange and interest rates), as the Group operates internationally and is exposed to foreign exchange risk.

The Group is not exposed to significant concentrations of risk. As described in the Management Report, to which reference is made for a detailed analysis, the Group constantly monitors the financial risks it is exposed to in order to assess in advance the potential negative effects and to take appropriate action to mitigate them.

significant events after year end

In January 2025 the Group completed the migration project to the new version of the SAP S/4HANA ERP system. The migration has been completed and the post go-live optimization is underway.
There are no further significant events after the year to be reported.

Calderara di Reno (Bologna), March 27, 2025
for The Board of Directors

The Chairwoman
Sonia Bonfiglioli

annex A

consolidated cash flow statement of net financial position (in K€))

		2024	2023
A.	**Opening Net Cash Position**	**(258,611)**	**(201,922)**
B.	**OPERATING ACTIVITIES**		
	Group Income (Loss)	19,867	39,378
	Minority	2	15
	Depreciation and impairment	50,763	46,657
	Depreciation and impairment IFRS16	7,389	7,834
	Bad debt Provision	367	247
	Other risks provisions	756	1,810
	Monetary Differences from Turkey Hyperinflation	-	792
	Effect of business combinations	(6,429)	(6,000)
	Current and deferred Taxes	9,659	16,301
Cash flow before operative capital employed variation		**82,374**	**107,034**
	Net Working Capital variation	26,365	8,476
	Derivatives FMV variation	272	149
	Risk Provision variation	(5,465)	(6,839)
	Employee benefit obligations variation	217	(279)
	Current and deferred Taxes variation	(4,009)	(6,780)
	Current Taxes paid	(8,988)	(12,168)
	Other assets and liabilities variation	3,386	10,666
B.	**Cash flow originating from (used for) operating activities**	**94,152**	**100,259**
C.	**INVESTING ACTIVITIES**		
	CAPEX	(55,526)	(77,121)
	CAPEX IFRS16	(2,482)	(9,401)
	Share investments	(281)	-
	Business combinations including the effect of NCP Acquired	-	(54,956)
C.	**Cash flow originating from (used for) investing activities**	**(58,289)**	**(141,478)**
D.	**FINANCING ACTIVITIES**		
	Dividends paid	(6,000)	(6,000)
	Currency conversion reserve variation	7,781	(14,318)
	Exchange rate (gains) losses on CAPEX	(2,490)	3,976
	Exchange rate (gains) losses on CAPEX IFRS16	(382)	872
	Exchange rate (gains) losses on Share Investments	-	-
	Other variations	(727)	-
D.	**Cash flow originating from (used for) financing activities**	**(1,818)**	**(15,470)**
E.	**CASH FLOW FOR THE YEAR (B+C+D)**	**34,045**	**(56,689)**
F.	**Closing Net Cash Position (A+E)**	**(224,566)**	**(258,611)**

indipendent auditors' report

9

This section has been translated into english solely for the convenience of international readers.

Shape the future with confidence

Bonfiglioli S.p.A.

Consolidated financial statements as at December 31, 2024

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010

Shape the future with confidence

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010
(Translation from the original Italian text)

To the Shareholders of
Bonfiglioli S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Bonfiglioli Group (the Group), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union.

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 the Group in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance 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 with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Bonfiglioli S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing 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 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 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 have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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;
- we have obtained 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;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' 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 financial statements or, if such disclosures are inadequate, to consider this matter in forming 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;
- we have evaluated 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;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities 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.

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We have communicated 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 compliance with other legal and regulatory requirements

Opinion and statement pursuant to article 14, paragraph 2, subparagraph e), e-bis) and e-ter) of Legislative Decree n. 39 dated 27 January 2010

The Directors of Bonfiglioli S.p.A. are responsible for the preparation of the Report on Operations of Bonfiglioli Group as at December 31, 2024, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit 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 the compliance of the Report on Operations with the applicable laws and regulations;
- issue a statement on any material misstatements in the Report on Operations.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of Bonfiglioli Group as at December 31, 2024.

Furthermore, in our opinion, the Report on Operations complies with the applicable laws and regulations.

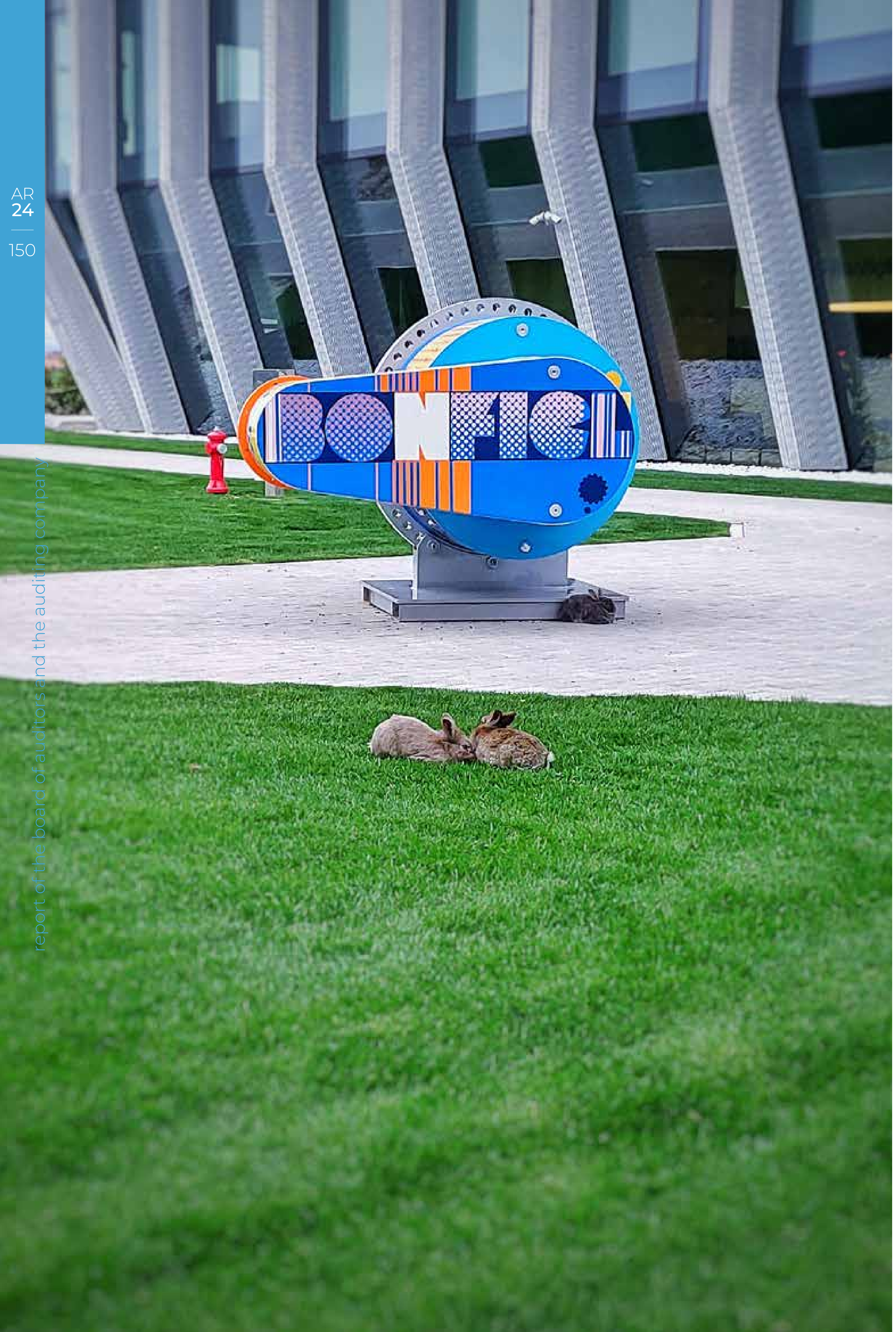
With reference to the statement required by art. 14, paragraph 2, subparagraph e-ter), of Legislative Decree n. 39, dated January 27, 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Bologna, April 11, 2025

EY S.p.A.
Signed by: Elisa Vicenzi, Auditor

This report has been translated into the English language solely for the convenience of international readers.

report of the board of auditors and the auditing company



We engineer dreams

Bonfiglioli

We have an unwavering dedication to excellence, innovation, and sustainability. Our Team creates, distributes, and supports Power Transmission and Control solutions to keep the world moving.

HEADQUARTERS

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