



ANNUAL  
REPORT

 **Bonfiglioli**



**Bonfiglioli**

*We engineer dreams*



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Bonfiglioli world,  
a business universe  
made of people, values  
and history

# A global family company



BONFIGLIOLI  
RIDUTTORI

## “Avanti, Avanti a tutta forza! Forward, full speed ahead!!”

Is the famous motto of our founder Clementino Bonfiglioli which has been our former tagline, *Forever Forward*, and continues to guide our Group.

This approach has evolved and Sonia Bonfiglioli keeps to foster it.

It represents an open window into the future with the support of a passionate, closely-knit team that remains focused on a common goal on a global scale.

# Message from the Executive Chairwoman

Dear Stakeholders,

The Annual Report I present to you today is not just a balance sheet of numbers and operational results; it is a growth journey undertaken in one of the most complex global contexts in our recent history. In a year, 2025, marked by profound geopolitical uncertainties—from overseas trade policies to tensions in the Middle East—our company has demonstrated that resilience is not just about adaptation, but the ability to turn challenges into competitive opportunities.

Despite market volatility, the Group has reaffirmed the solidity of its business model. We closed the fiscal year with consolidated turnover of €1,172.9 million and EBITDA of €108.3 million, corresponding to 9.2% of sales. A particularly strong indicator comes from our financial structure: the Net Cash Position, which decreased from €224.6 million to €213.6 million, allows us to maintain a financial leverage of 2.0, ensuring the flexibility needed to support our future development plans.

Our technological commitment has focused on the intelligent integration of mechanics, electronics, and digital technology. We are accompanying our customers in the transition to electromobility, by developing state-of-the-art electric systems that ensure energy efficiency and emissions reduction. Thanks to condition monitoring and predictive maintenance solutions, we no longer provide just components; we offer digitized mechatronic ecosystems capable of transforming data into strategic value for our customers.

We continue to invest in our factories, where strategy transforms into real value. Through our Operational Excellence model, we promote a cultural transformation project aimed at spreading excellence across all Group locations. This journey introduces scalable and sustainable improvements designed to minimize waste, enhance productivity, and strengthen HSE (Health, Safety, and Environment) standards. By integrating technical tools and corporate culture, we create a lasting competitive advantage that prioritizes improving customer service and enhancing the skills of our people.

Our people remain the driving force of our journey. We have inaugurated the new Training Room at the EVO plant, a high-tech space designed to enhance technical skills and teamwork. Equipped with advanced digital and videoconferencing systems, the Training Room serves as a global hub, connecting our facilities worldwide and turning digital training into a tool for cohesion and shared innovation.

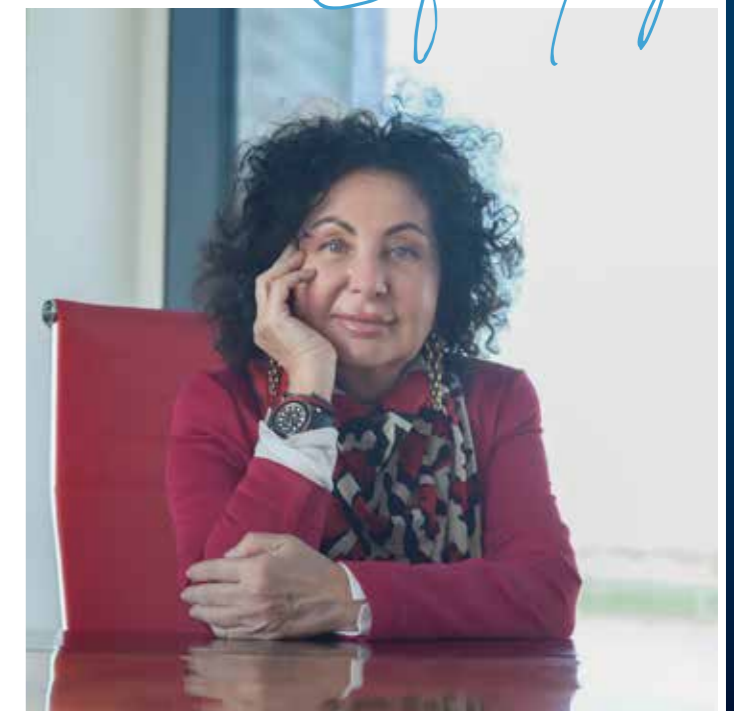
We are proud to have been certified as a Top Employer for the third consecutive year in Italy and to have achieved the same prestigious recognition in Slovakia, India, and the United States. These awards testify our commitment to providing an excellent working environment capable of recognizing talent and promoting the well-being of our people, wherever they are in the world.

At the same time, our Road 2030 is progressing with determination. A fundamental step for this year is to have obtained ISO 14064-1:2019 certification, a result that attests to the rigorous measurement of our greenhouse gas emissions. This is not just a formal requirement but a tangible proof of our commitment to scientific and measurable decarbonization.

The new year opens with a landscape that requires utmost caution. However, we face 2026 with a clear direction: we will continue to invest in technology to ensure world-class production excellence, the highest quality of our services, and constant proximity to our customers. Our responsibility is to create lasting value for our partners, our people, and the environment.

Thank you for the trust you continue to place in our Group.

**Forever Forward**  
**Sonia Bonfiglioli**



We engineer dreams

### Shared purpose

We exist to **engineer dreams**.  
To turn our customers' challenges into **concrete solutions**.  
Through our work, we make their dreams become **reality**.

### Mission

We have a relentless commitment to **excellence, innovation and sustainability**.  
Our team creates, distributes and services **world-class power transmission and drive solutions to keep the world in motion**.

## Values

### 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 values are the foundation; our drivers are the engine of our future.”**

### CUSTOMER CENTRICITY

Shaping our organization to deliver enduring customer value.

### OPERATIONAL EXCELLENCE

Leveraging continuous improvement to ensure world-class manufacturing.


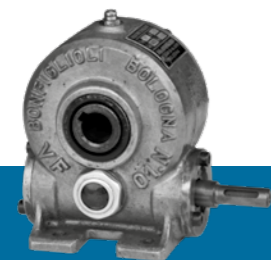



















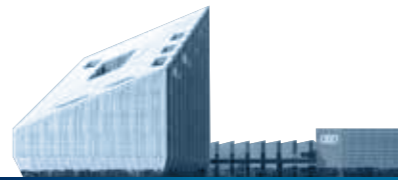

### ENGINEERING & INNOVATION

Focusing on technical expertise to tailor innovative solutions.

### STRONG CULTURE & COLLABORATION

Nurturing a global culture to drive sustainable growth together.

# Milestones

  <p><b>1956</b></p>	<p>Work starts on the factory at Lippo di Calderara, Bologna, Italy</p>  <p><b>1964</b></p>	<p>International expansion starts with Tecnotrans in Barcelona, Spain</p>  <p><b>1968</b></p>	 <p>Acquisition of Trasmital, Italy</p> <p><b>1977</b></p>	<p>Establishment of new plant in Chennai, India</p>  <p><b>1999</b></p>	 <p>Acquisition of Vectron, Germany</p> <p><b>2001</b></p>	 <p>Acquisition of Tecnoingranaggi, Italy</p>  <p><b>2003</b></p>	
<p><b>Clementino founds Costruzioni Meccaniche Bonfiglioli, Bologna, Italy</b></p>						<p>Bonfiglioli Drives is established in Shanghai, China</p>	
<p>Bonfiglioli Slovakia is established in Považská Bystrica</p>  <p><b>2005</b></p>	<p>Bonfiglioli Türkiye Jsc is established in Çiğli - Izmir, Türkiye</p>  <p><b>2006</b></p>	<p>Bonfiglioli Vietnam is established in Ho Chi Minh City</p>  <p><b>2008</b></p>	<p><b>Sonia Bonfiglioli takes control of the Group</b></p>  <p><b>2010</b></p>	<p>Establishment of new plant in Mannur, India</p>  <p><b>2011</b></p>	<p>Bonfiglioli South East Asia is established in Singapore</p>  <p><b>2013</b></p>	 <p>Acquisition of O&amp;K Antriebstechnik, Germany</p> <p><b>2015</b></p>	<p>Establishment of a new plant in Pune, India</p>  <p><b>2017</b></p>
		<p>Bonfiglioli Brazil is established in São Paulo</p>	<p>Establishment of new plant in Rovereto, Italy</p>		<p>Expansion in Slovakia</p>		
 <p>Expansion in Forlì, Italy, with a new Electromobility plant</p>  <p><b>2018</b></p>	<p><b>2019</b></p>	<p><b>2020</b></p>	 <p>Acquisition of Sampingranaggi assets, Italy</p> <p><b>2021</b></p>	 <p>Acquisition of Selcom Group, Italy</p> <p><b>2023</b></p>	 <p><b>2024</b></p>	<p>Seventieth anniversary of the Company</p>  <p><b>2026</b></p>	
<p>Expansion in Chennai, India</p>	<ul style="list-style-type: none"> <li>&gt; Expansion in Rovereto, Italy</li> <li>&gt; EVO, new plant in Calderara di Reno, Bologna, Italy</li> </ul>	<p>Launch of the e-commerce portal</p>	<p>&gt; <b>Bonfiglioli becomes a 1 Billion € Company</b></p>	<p>Expansion in Pune, India</p>	<ul style="list-style-type: none"> <li>&gt; New HQ Via Clementino Bonfiglioli, 1 Calderara di Reno, Bologna, Italy</li> <li>&gt; Bonfiglioli Technology Space is established in Chennai, India</li> </ul>		



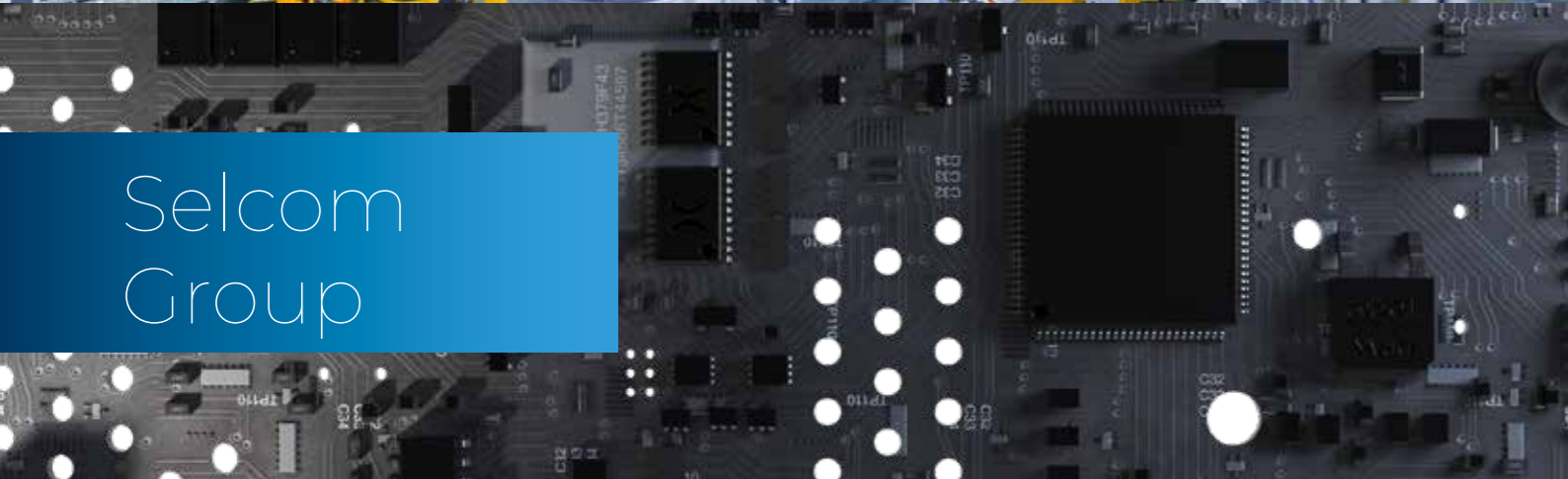
# Three Business Areas

Our leadership is built on a deep understanding of our customers' needs. Each business area combines specialized technical expertise with close customer relationships and a unique level of customer intimacy, enabling us to support growth across every specific sector.

Through continuous and proactive dialogue with our partners, we are able to anticipate their needs and deliver tailored solutions that address market challenges. This synergy between in-depth knowledge and strong relationships allows us to create lasting value and contribute to the success of our customers.



## Industry & Automation Solutions



## Selcom Group



## Mobility & Wind Industries

# Industry & Automation Solutions

The Industry & Automation Solutions business area meets the evolving needs of industrial processes and automation. With a focus on innovation and sustainability, we operate advanced Industry 5.0 facilities to serve over 20 industries. We provide dynamic solutions that address today's complex challenges while driving progress and creating enduring value for customers.



### main sectors

- |  |                            |  |                       |
|--|----------------------------|--|-----------------------|
|  | LOGISTICS & INTRALOGISTICS |  | WOOD PROCESSING       |
|  | FOOD & BEVERAGE            |  | TEXTILES              |
|  | PACKAGING                  |  | RECYCLING             |
|  | MINING                     |  | BIOGAS                |
|  | METAL PROCESSING           |  | WASTE WATER TREATMENT |

GLOBAL DISTRIBUTION NETWORK

MAINTENANCE & SERVICES

CO-ENGINEERING DEVELOPMENT

PROJECT COMMISSIONING

# Selcom Group

Selcom is a leading mechatronic service partner operating as both an ODM and an EMS provider. It specializes in the end-to-end design and manufacturing of custom high-tech electronic solutions, combining innovative engineering with world-class production capabilities.

Part of the Bonfiglioli's Group since March 2023.

**EMS**  
electronic  
manufacturing services

**ODM**  
original design  
manufacturing

main sectors

-  HOME & PROFESSIONAL APPLIANCES
-  INDUSTRIAL AUTOMATION
-  AUTOMOTIVE & ELECTRIC MOBILITY
-  BIOMEDICAL & WELLNESS
-  LIGHTING
-  BATTERY MANAGEMENT SYSTEM



EXTENSIVE  
R&D SUPPORT

MANUFACTURING AND  
DEVELOPMENT OF  
CUSTOM SOLUTIONS

TESTING AND  
DIAGNOSTICS

AFTER SALES  
PRODUCT  
SERVICE AND SUPPORT

SOURCING  
AND ASSEMBLY

# 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

Final drives with the widest torque range on the market, from 1000 to over 3 million Nm. Developed together with customers for efficient, intelligent, and robust applications.



## Supporting our customers in the transition to electric




We provide advanced hybrid and electric technologies for energy-efficient, low-noise, and low-emission solutions.

main sectors

-  CONSTRUCTION
-  MARINE AND OFFSHORE
-  MINING
-  AGRICULTURE
-  MINING
-  LOGISTICS & INTRALOGISTICS

## Wind solutions

Undisputed worldwide leadership, with a market share of over 30% in wind turbine drives.

-  SMALL WIND TURBINE  
UP TO 200 KW
-  ONSHORE  
UP TO 10 MW
-  OFFSHORE  
UP TO 21 MW



# 2



Highlights  
2025  
celebrations and  
corporate culture

# Top Employer

## A GLOBAL COMMITMENT TO TALENT DEVELOPMENT



People are the fundamental strategic resource for the growth and innovation of the Bonfiglioli Group. In line with this vision, in 2025 the Group achieved the Top Employer Country Italy certification for the third consecutive year, confirming a constant commitment to ensuring a high-quality, safe, inclusive, and collaborative employee experience.

The continuous improvement journey undertaken has led our Italian locations to register a 10% increase in the overall rating compared to the previous year, positioning the company in the top quartile of the best certified organizations. This result reflects the effectiveness of our HR policies, aimed at enhancing human capital, developing skills through the Bonfiglioli Academy, and promoting personalized growth paths.

For the first time in 2025, the global dimension of this commitment was marked by obtaining certification for the Group companies based in Slovakia, India, and the United States as well. The excellent scores achieved in these key markets demonstrate how Bonfiglioli's corporate culture has become a shared paradigm at the international level, capable of attracting and retaining the best talents wherever the Group operates.



# Operational Excellence

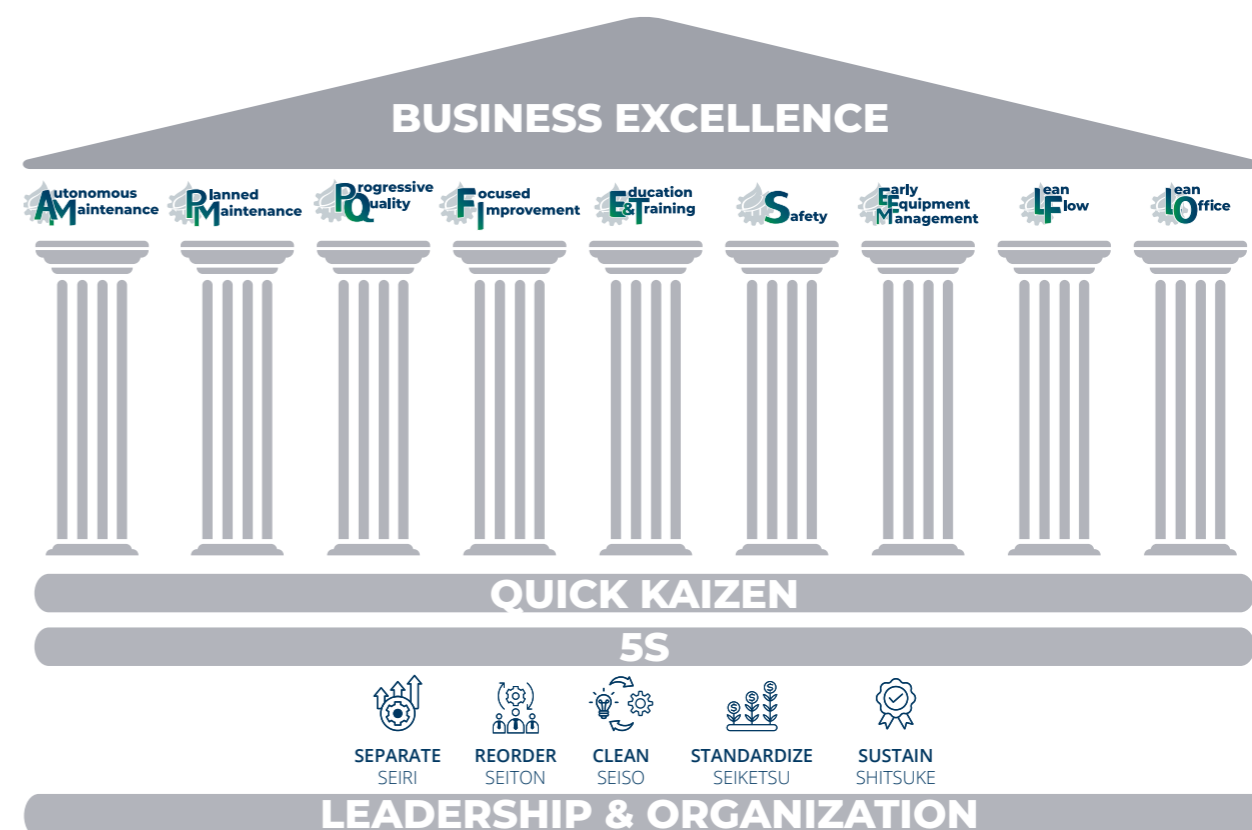
## A DEEP CULTURAL TRANSFORMATION

**Operational Excellence** at Bonfiglioli is not just a collection of technical processes, but a cultural transformation project aimed at promoting a true culture of excellence across all Group branches and plants. The action plan launched in 2025 introduces scalable and sustainable improvements structured to ensure waste reduction, increased productivity, enhanced customer service levels, and strengthening of HSE (Health, Safety, and Environment) standards.

The heartbeat of this transformation is the **Bonfiglioli Progression System (BPS)**, the operational model that integrates the best industrial practices of TPM (Total Productive Maintenance) and Lean Manufacturing, adapting them to the specific reality of the Group to drive excellence in operations. The BPS is conceived as a "Temple of Excellence" where technical tools and corporate culture merge to create a lasting competitive advantage based on enhancing the skills of our people.

Its foundations rest on the principles of Quick Kaizen, which promotes daily improvement initiatives, and the 5S methodology (separate, reorder, clean, standardize, sustain), which enables the creation and maintenance of organized, clean, and efficient work environments. On these foundations rise the nine thematic pillars that allow us to achieve excellence in operations, promoting collaboration and stimulating continuous improvement throughout the organization.

Collaboration has been at the center of the "Saturdays in the Factory" initiative, where employee and manager volunteers dedicated themselves to cleaning and maintaining machinery and improving factory spaces, coordinated by technical staff.





## Training Room DOJO, THE PLACE OF THE WAY

Bonfiglioli has inaugurated the new **Training Room** at the EVO plant in Calderara di Reno (Bologna): a space designed to support the continuous growth of skills and reinforce a collaborative, practical, and innovation-oriented work model.

Conceived as a true **corporate Dojo** — “the place of the way” where we cultivate respect, discipline, and continuous improvement — the facility is a dynamic environment dedicated to training in competencies, mindset, and teamwork. The space is equipped with electro-hydraulic training benches that use the same components as Bonfiglioli’s production lines, ensuring hands-on learning perfectly aligned with real operational scenarios.

Thanks to digital systems and videoconferencing capabilities, the space acts as a global hub, connecting various facilities around the world to overcome geographical distances and solidify a shared work methodology.

The Training Room also includes an area dedicated to safety, with a focus on our Golden Rules and the proper use of personal protective equipment (PPE).



## Excellence recognized by our partners

Bonfiglioli’s journey toward excellence is not only an internal goal, but a value recognized and celebrated by major global players. In 2025, the prestigious awards received testify to our ability to transform technical expertise into a concrete competitive advantage for our partners, confirming the strength of collaborations based on quality rigor and constant innovation.



Our relationship with **Caterpillar** continues to be a pillar of our operational strategy. The **Supplier Excellence Recognition** awarded to our plants in Italy (Forlì), the United States, China for the fourth consecutive year, and India for the third, is not just an award but proof of consistent and replicable quality on a global scale.

Similarly, our collaboration with the **SANY Group** is validated by the **Best Partner, Excellent Supplier, and Best Collaboration Award** conferred on Bonfiglioli China. These achievements confirm our technological and operational excellence in serving major players in the construction sector.



Our commitment to quality finds exceptional recognition in the Indian market, where **Ammann** awarded Bonfiglioli India the **Best Supplier for Quality Excellence**, recognizing our reliability and focus on quality.



Finally, during **Global Supplier Day 2025**, **Goldwind** awarded Bonfiglioli do Brasil as Best New Supplier 2024. This recognition clearly confirms the validity of our “global for local” strategy, rewarding our ability to support customers wherever they are, as evidenced by the supply of localized gearboxes for the new plant in Camaçari — the first Goldwind facility outside of China.



## Quality and international standards: APQP4Wind

At Bonfiglioli, quality is a fundamental principle that guides all activities, with particular attention to the renewable energy sector. The Group adheres to the international standard APQP4Wind to ensure high levels of quality in the wind sector, applying rigorous protocols across various facilities worldwide. This approach guarantees uniform and consistent production processes, supported by continuous investment in the training and certification of specialists, in order to maintain technical skills that are always up-to-date and aligned with market developments.

## Safety serving innovation

The integration of Selcom Group within Bonfiglioli has brought valuable assets in the form of high-profile skills and certifications, confirming the company's role as a strategic partner in industries characterized by high technical complexity. In 2025, all Selcom sites in Italy obtained ISO 45001:2023 certification, alongside the renewal of ISO 14001, reaffirming our commitment to safety, sustainability, and the "Zero Accidents" objective, supported by continuous training and structured risk management.

## Selcom Group's technological excellence

During 2025, Selcom also achieved AS/EN 9100:2018 certification, the international standard for quality management in the aerospace, space, and defense sectors. The AS/EN 9100 standard is based on ISO 9001 but adds specific requirements regarding safety, supplier management, defect prevention, and anti-counterfeiting measures. It serves as a global benchmark for organizations operating in these highly specialized sectors, facilitating access to new markets and entry into the OASIS database.

The certification attests to Selcom's ability to ensure the highest levels of quality, traceability, and control throughout all phases of design, production, and supply. This result further strengthens the positioning of the Business Unit in highly regulated and technologically advanced markets.

## Certified sustainability:



## COMMITMENT TO DECARBONIZATION

Bonfiglioli Riduttori has obtained its first UNI EN ISO 14064-1:2019 certification, the international standard that defines the requirements for quantifying and reporting greenhouse gas (GHG) emissions and removals. The certification covers the entire emissions inventory of the company, including direct emissions (Scope 1), indirect emissions from energy (Scope 2), and indirect emissions along the value chain (Scope 3).

The inclusion of Scope 3 — which considers emissions generated throughout the product lifecycle, from suppliers to distribution — provides an even more comprehensive view of the overall environmental impact and represents a key step in our continuous improvement journey toward sustainability performance.

This important milestone is fully aligned with Bonfiglioli's 2030 roadmap for decarbonization, which outlines strategic goals and initiatives aimed at significantly reducing the Group's footprint in the coming years. The certification represents not an end point but a solid foundation for tackling even more ambitious goals: from defining scientifically-based emission reduction targets (SBTi) to progressively decreasing the carbon footprint of our products and processes.

# The frontier of in vitro diagnostics: the AlmaValue project

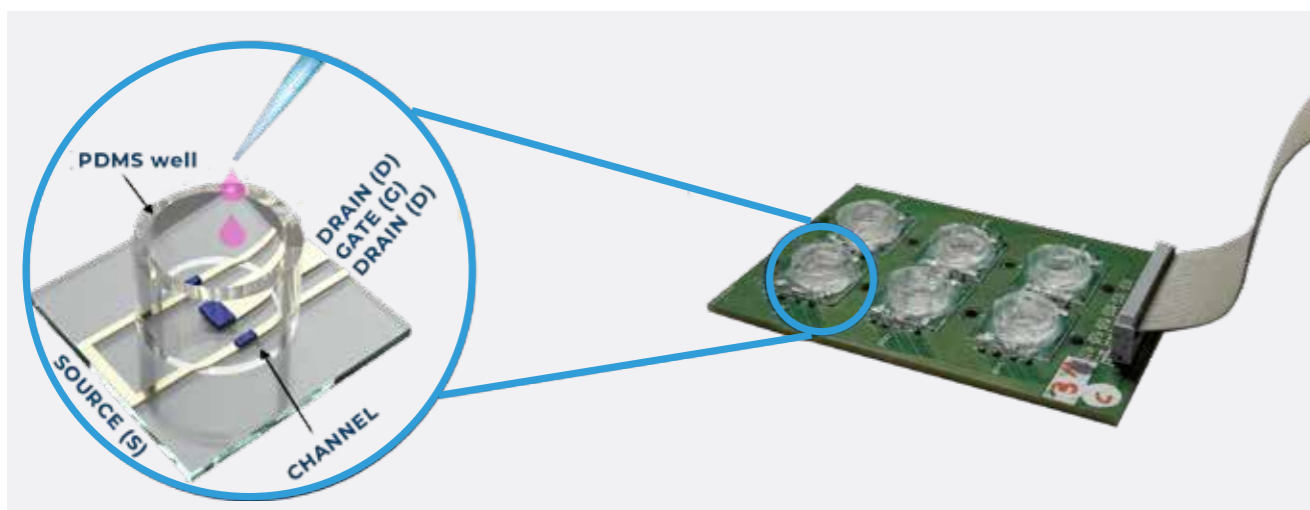


ALMA MATER STUDIORUM  
UNIVERSITÀ DI BOLOGNA

The in vitro diagnostics sector is evolving towards automated and high-precision systems, surpassing the limitations of traditional methods. In this context, Selcom contributes with the AlmaValue project, developed in collaboration with the University of Bologna, for the realization of an innovative sensor capable of detecting viruses and bacteria with high accuracy.

The collaboration sees Selcom alongside Alma Mater Studiorum – University of Bologna in the development of the Organic Electrochemical Transistor (OECT), a pioneering biosensitive sensor patented by the Bolognese university. This revolutionary technology utilizes low-current electrical signals to identify the presence of viruses and bacteria with unprecedented accuracy.

Selcom's role in this partnership is crucial for bridging innovation from the lab to the market, providing its expertise in electronic design to optimize the integration of the sensor into complex diagnostic systems.



# Strategic expansion of the Auckland facility



The ribbon-cutting ceremony for the new facility in New Zealand marks an important step forward in strengthening our presence in the country. This expansion not only increases the scale of our operations, but also represents a significant enhancement of service standards across the region, ensuring customers receive superior support and agile responses to specific local technical requirements.

Strategically located on Sistema Way in Auckland, the new facility features 1,200 sqm of warehouse space, including dedicated assembly and testing areas, along with 170 sqm of modern office space. This setup enables the entire customization process to be managed in-house, ensuring greater efficiency, faster turnaround times, and higher service quality.

This initiative demonstrates that customer proximity remains a fundamental pillar of the Group's global competitive excellence and a key element in addressing future challenges across individual markets.





# 3



Focus on  
Technologies



## NEW AXIA FAMILY

Previewed at the SPS in Nuremberg, the AxiaVert and AxiaAgile inverter series seamlessly integrate to provide an ideal system for a wide range of applications, covering performance from mid-level to top and including all safety features.

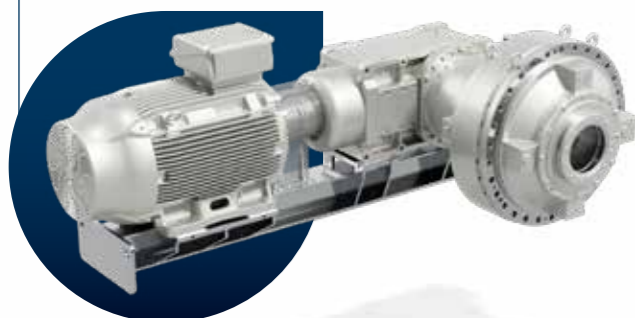
## COMPLETE SOLUTION FOR FORKLIFT TRUCKS

600 series high-efficiency, low-noise electric planetary gearbox, designed for forklifts, along with a DC/DC converter and a TFT touchscreen developed by Selcom.



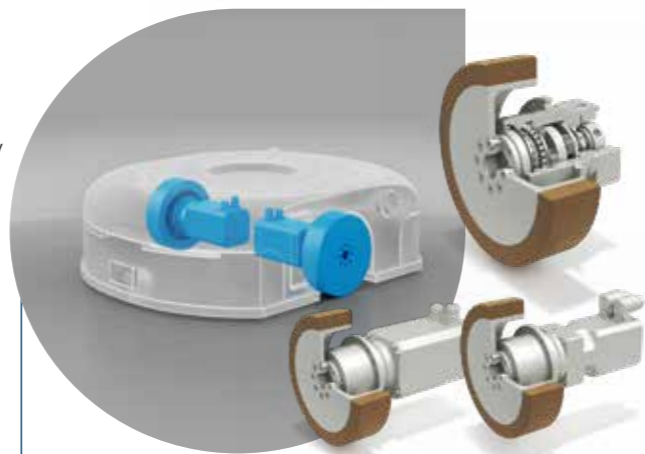
## 3/H SERIES

Designed for electrified mining equipment, this series stands out for its resistance, robustness, thermal capacity, and high performance, thanks to the integration of epicyclic gearboxes and orthogonal shafts for heavy-duty applications typical of the mining sector.



## EVOX CP

The latest range of Bonfiglioli's coaxial gearboxes. With a wide selection of versions and options, the EVOX CP can be tailored to meet any machine requirement.



## BLUEROLL PLATFORM

Designed for shuttles, AGVs, and AMRs, it offers precise traction with a compact and energy-efficient design, ensuring prolonged operational cycles.



## TRACK DRIVE GEARBOX

The 705XT track drive gearbox for compact tracked loaders offers high performance capable of withstanding high pressures and is equipped with fully variable displacement.

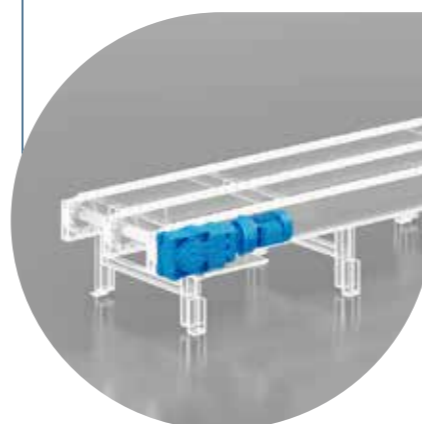


## GEARBOXES FOR EXCAVATORS

Slew and track drives F620 and FTU900, conceived for 300 and 400-ton excavators, respectively, manufactured in the O&K facility.

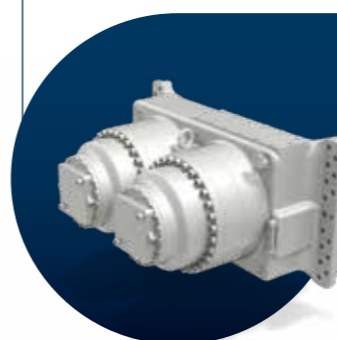
## SMART SOLUTION FOR BELT CONVEYOR

Integrated system with an orthogonal gearbox from the A series, paired with MXN motors and the sensor-equipped modular DGM inverter.



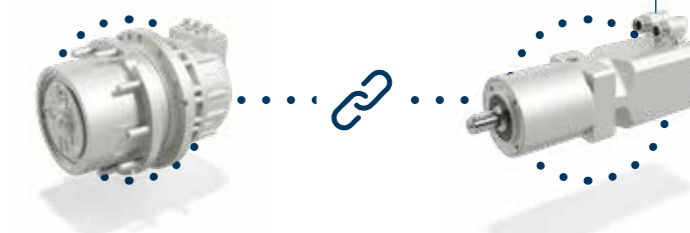
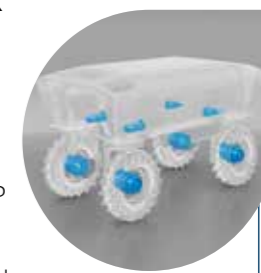
## DOUBLE PLANETARY GEARBOXES

In the recycling process, primary shredding is essential to prepare the material for downstream sorting or secondary shredding; our solution is the double planetary gearboxes from the R3 series.



## SOLUTION FOR AGRI-ROBOT

Includes a Series 600WE planetary drive, a precision planetary gearbox from the MP series, and a BMD brushless servomotor for steering control.



## SOLUTION FOR ANAEROBIC DIGESTER

The key solution for biogas plants integrates a Series 300 planetary gearbox, an EVOX BXN induction three-phase motor, and the smart AxiaAgile inverter.



## IOT PLATFORM

Bonfiglioli has developed an IoT platform to monitor products, collect real-time data on performance, energy consumption, and actual operating conditions, offer monitoring and predictive maintenance services.

# 4



## ESG: our sustainability pillars

For detailed information, please refer to the Sustainability Report 2025.



# Our environmental commitment

## Driving sustainable value

### Sustainability guides everything we do.

We measure and transparently report our results to continuously improve our sustainability performance and communicate keeping an open dialogue with our stakeholders.



**ENVIRONMENT**



**SOCIAL**



**GOVERNANCE**



**We drive sustainability** in our buildings and factories, extending to the development of compact products design that minimize the consumption of raw materials and production waste. **We power our facilities through photovoltaic plants and certified green sources**, while maximizing **waste recovery and circularity** to ensure a consistent reduction in landfill disposal.



**4,455,404 kWh**  
Energy production from photovoltaic sources (2025)



**96%**  
Of total waste sent for recovery (2025)



**-40%**  
Waste sent to landfill (2025 vs 2024)



**80%**  
Non-hazardous waste (2025)

# Social responsibility



Our global presence drives **our commitment to local communities**: we work to improve living conditions and protect environmental quality wherever we operate.

## YOUNG PEOPLE



We create inclusive opportunities, support education, social integration and well-being for youth in need.

## DEVELOPMENT IN THE LOCAL AREA



We invest in culture and sustainability to help local communities grow stronger, safer and connected.

## STEM DISCIPLINES



We bridge the gap between school and work by supporting stem education.

In 2025, the Group supported a wide range of initiatives in the key areas of **culture, education, social solidarity, and environmental protection**. Each year, our CSR Team evaluates the effectiveness of the activities planned for the Italian sites and sets priorities for the following year, focusing human and financial resources on the issues with the greatest impact on local communities.

### PLASTIC FREE ONLUS

We took part in two clean-up events, actively involving employees and their families.

### KOCKACI, SLOVAKIA

We support young volunteers who provide free tutoring to children and students from disadvantaged backgrounds, promoting financial literacy, digital skills development, and a broader interest in education.

### BOYS HOME AND GIRLS HOME, INDIA

We provide accommodation, healthcare, and education to vulnerable young people, ensuring a stable path from childhood through to university graduation.

### HO CHI MINH SCHOOL, VIETNAM

We support the school in providing educational resources to young students living in severe economic hardship, also through collaboration with local universities.

Discover other initiatives at: <https://www.bonfiglioli.com/international/en/sustainability>



# Group Governance

Everyday, **we operate according to the ethical principles of transparency, legality, fairness, responsibility, and integrity.**

Our Group Code of Ethics embodies the core values that guide all our activities. These values are upheld by robust governance tools, including our Supplier Code of Conduct, Anti-Corruption Policy, and Whistleblowing too.



GENERAL ETHICAL PRINCIPLES



ETHICAL PRINCIPLES IN RELATION TO STAFF



ETHICAL PRINCIPLES IN RELATION TO THIRD PARTIES



ETHICAL PRINCIPLES AND CORPORATE GOVERNANCE



# 5



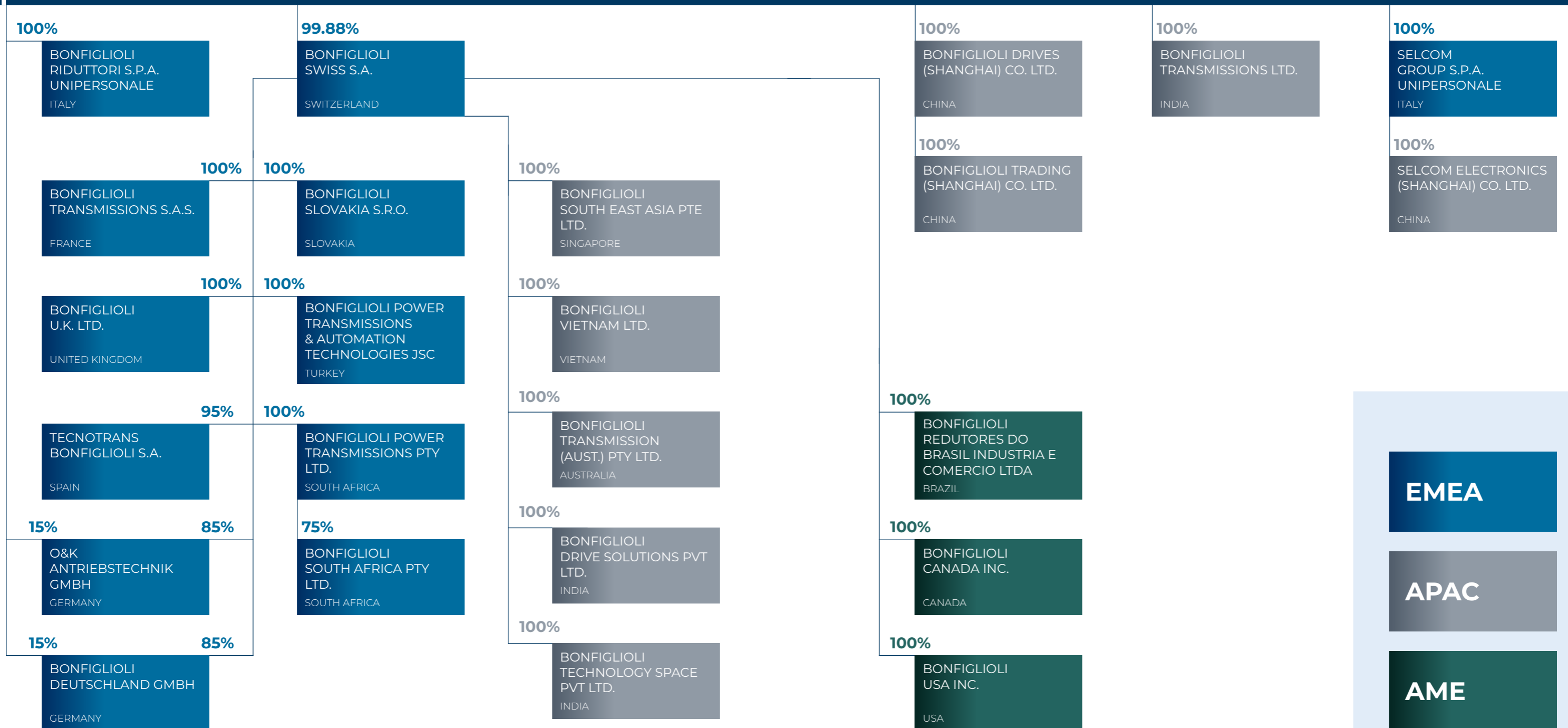
## Financial data

THE GROUP AS OF  
DECEMBER 31, 2025

# The Group as of December 31, 2025



Bonfiglioli S.p.A.

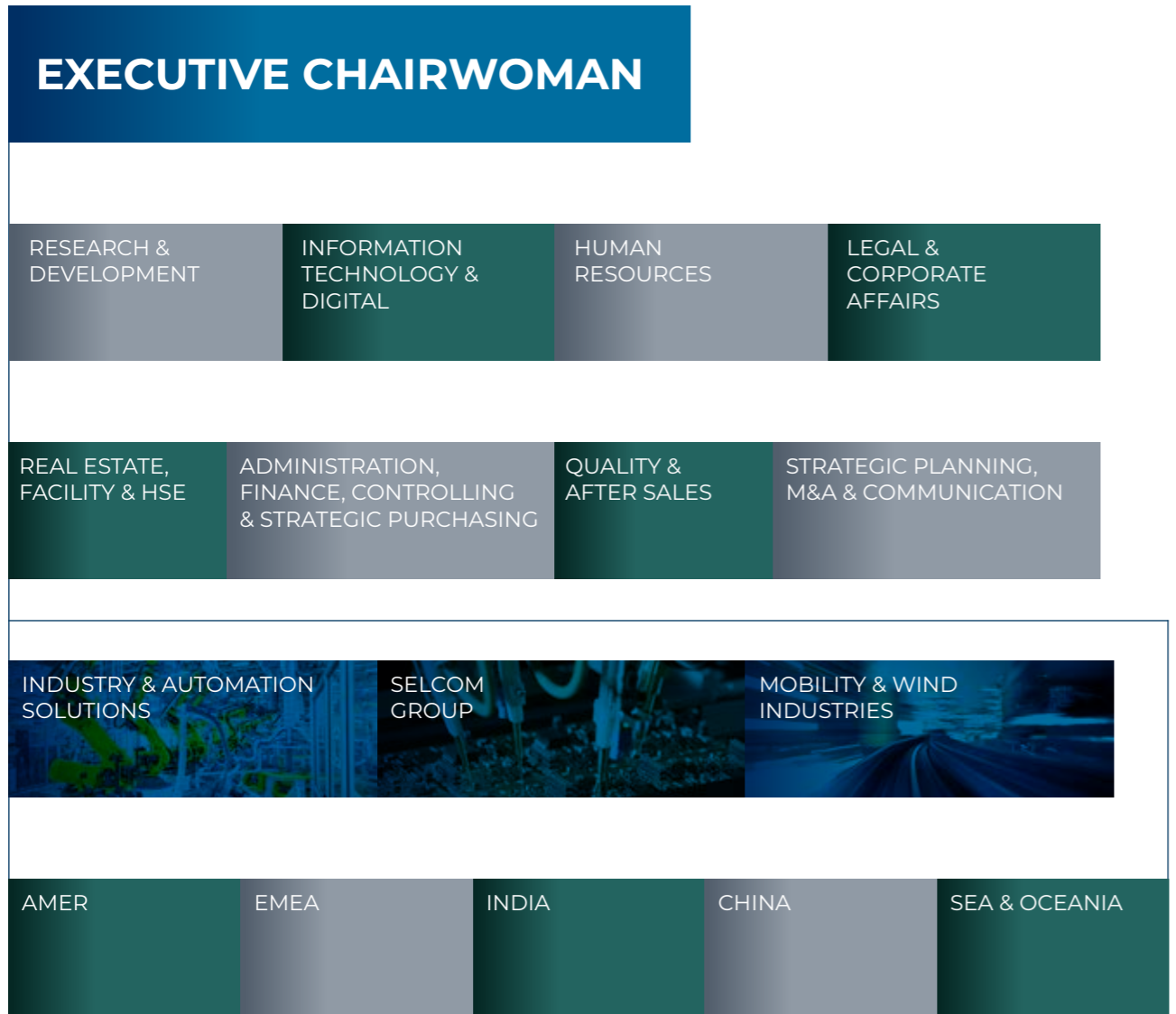


**EMEA**

**APAC**

**AME**

# Organizational chart



## Board of Directors

### Bonfiglioli S.p.A.

- Sonia Bonfiglioli** > Chairwoman
- Massimo Sarti** > Executive director
- Luciano Bonfiglioli** > Non-Executive director
- Giampiero Bergami** > Independent director
- Roberto Carlo Testore** > Independent director
- Federica Guidi** > Independent director
- Alexander John Ross III** > Independent director

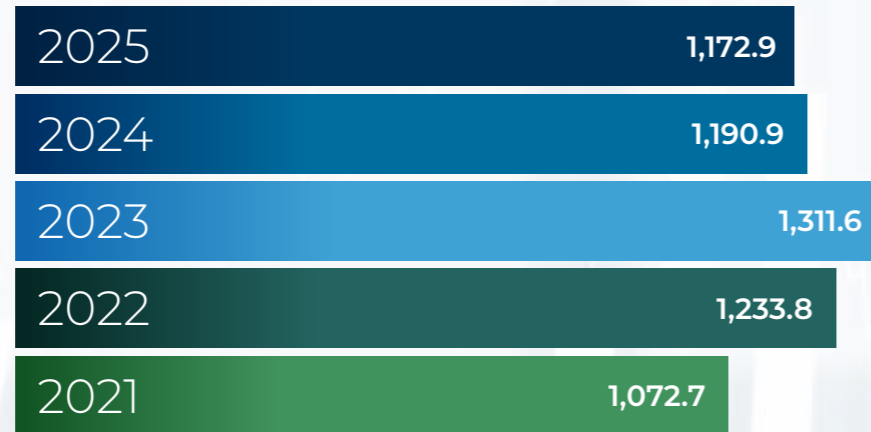
## Board of Statutory Auditors

- Alessandro Gualtieri** > Chairman
- Monica Marisaldi** > Statutory auditor
- Bioness Ferrari** > Statutory auditor

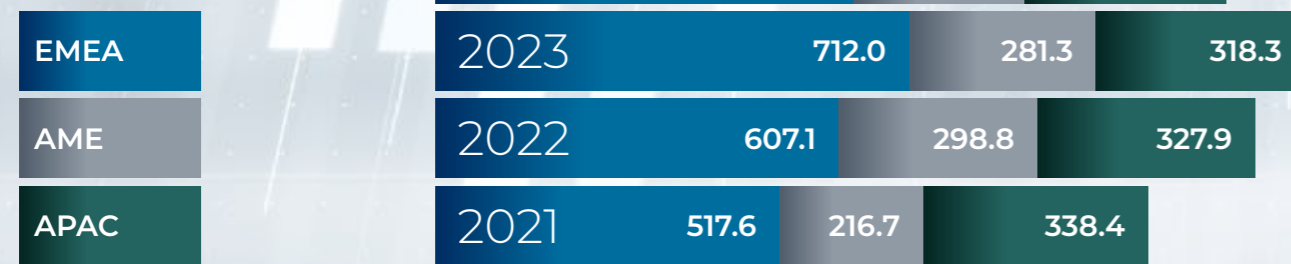
Independent auditors  
**EY S.p.A.**

# Financial highlights

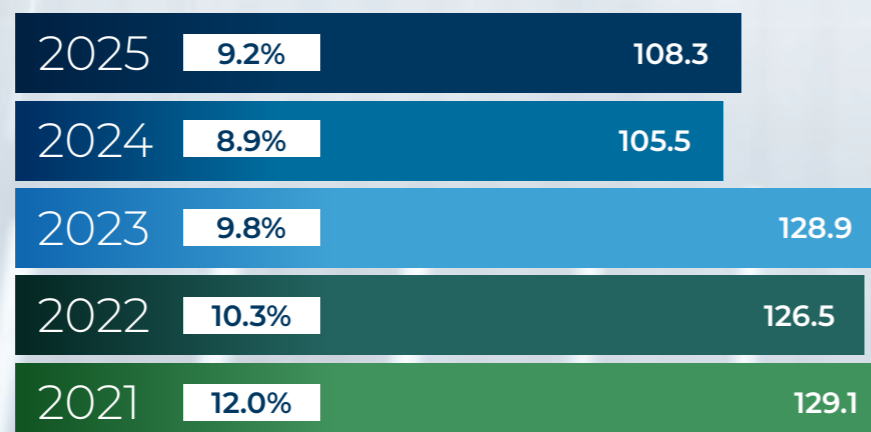
Group Turnover  
(Euro/million)



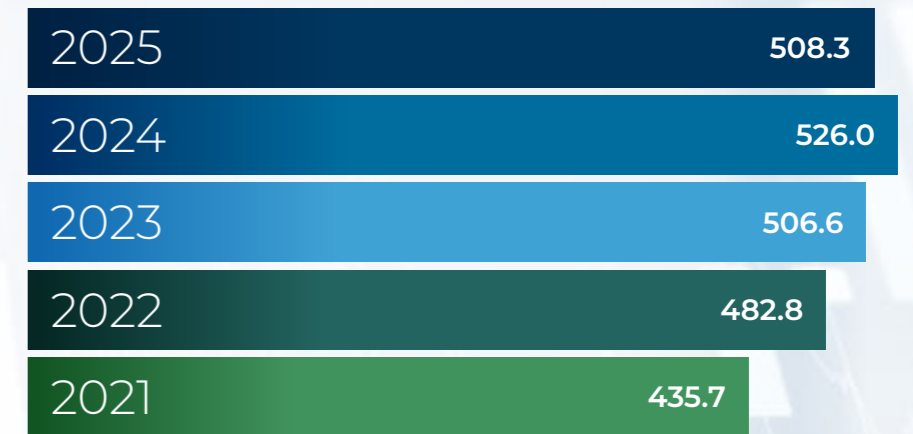
Turnover by geographical area  
(Euro/million)



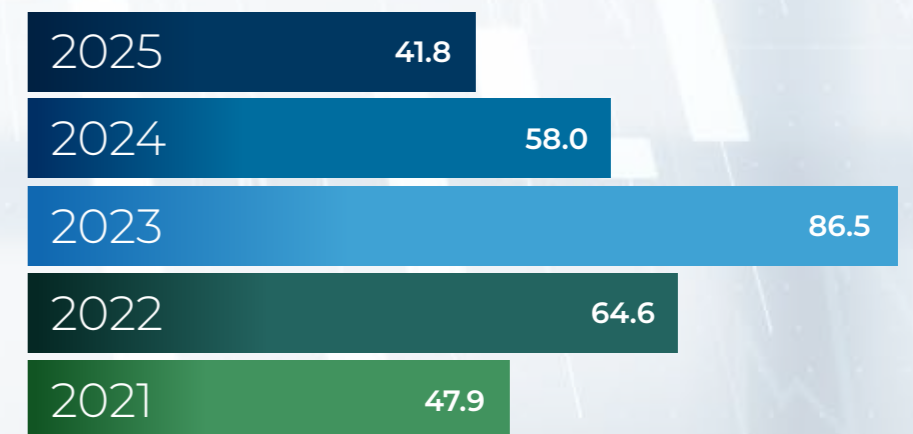
EBITDA  
(Euro/million - % on sales)



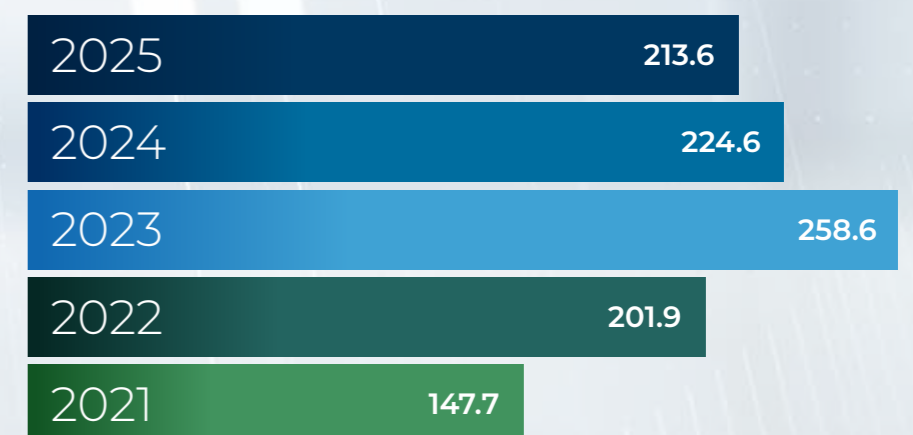
Group Shareholders' Equity  
(Euro/million)



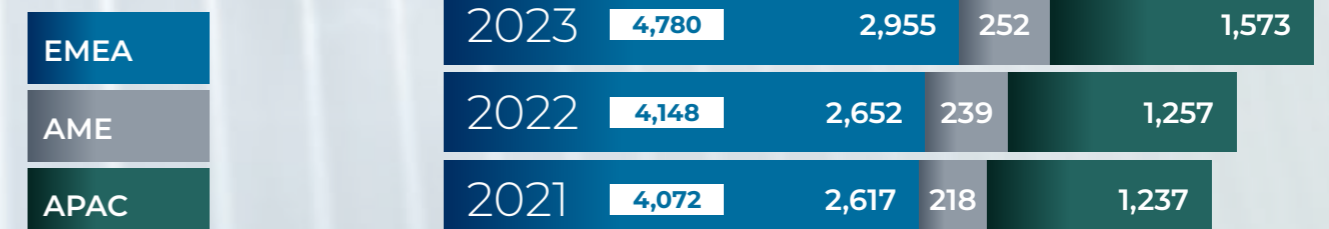
Net capital expenditure  
(Euro/million)



Net Cash Position (NCP)  
(Euro/million)



Number of employees



6



# Management report

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, 2025 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.

## Economic context

In its updated estimates and forecasts, issued in January 2026, the International Monetary Fund (IMF) describes a generally stable global economy, with the momentum in high-tech sectors set to slow, whilst continuing to partly offset the slowdown in other sectors. However, since the publication of the IMF report, several important events have occurred in rapid succession, which risk affecting the conclusions contained therein.

On February 20, 2026, the United States Supreme Court issued a ruling deeming the tariffs imposed by the Trump administration based on the International Emergency Economic Powers Act (IEEPA) illegitimate. On Tuesday, February 24, the new global tariffs announced by the US president came into force, following the ruling of the Supreme Court. However, the worst tariff for companies is uncertainty: the limited duration of the new tariffs and the fear that they may still rise is effectively slowing down purchases and investments. For example, a number of new 10% tariffs have come into force, but it has already been announced that the White House is working to raise these to 15%, without specifying when the increase will start. Furthermore, the procedures, timelines and prospects for obtaining refunds for payments already made in previous months remain unclear: the Supreme Court has referred the matter to the lower courts and to the US Court of International Trade, a federal court that deals with issues regarding tariffs.

In the meantime, the duties imposed pursuant to "Section 232", on which the Supreme Court has not intervened, remain unchanged. This category includes, for example, tariffs for steel and aluminum (50%).

Moreover, on February 28, 2026, a joint military operation was launched in Iran by the United States and Israel: so far, disruptions in trade and economic activity, soaring energy prices and volatility in financial markets have been observed. In this challenging macroeconomic climate, the analyses and growth forecasts currently available, based on the latest IMF report, are provided below.

Global growth, estimated by the IMF to be 3.3% in 2025, has been feeling the effects of a number of trends in the last quarter. Overall, global growth slowed in the second half of the year, with positive surprises in some countries offset by negative surprises in others. The boost provided by aerospace exports drove growth in France, whilst the decline in exports continued to have a negative impact on economic activity in Germany. The Japanese economy has contracted, despite the resilience of private and public consumption. China's growth has slowed due to weak domestic demand, particularly in the property sector, though this has been partly offset by resilient exports. In the United States, growth has accelerated thanks to an increase in investment and spending on technology.

Global growth is expected to remain stable at 3.3% in 2026 and 3.2% in 2027: rates similar to the estimated result of 3.3% in 2025. The headwinds arising from shifting trade policies will be offset by tailwinds stemming from increased investment in technology, including artificial intelligence, as well as fiscal and monetary support. Overall global inflation is expected to fall from an estimated 4.1% in 2025 to 3.8% in 2026 and further to 3.4% in 2027.

In the "advanced economies", growth is forecast to reach 1.8% in 2026 and 1.7% in 2027. In the United States, the economy is forecast to grow by 2.4% in 2026, supported by fiscal policy and a lower base rate, whilst the impact of increased trade barriers will gradually ease. Growth will remain solid at 2.0% in 2027, with a short-term fiscal boost from tax incentives for business investments under the "One Big Beautiful Bill Act" of 2025. The momentum driven by technology will slow down, but this will still serve to offset the decline in immigration and the slowdown in consumption to some degree.

In the Eurozone, growth is expected to remain stable at 1.3% in 2026 and 1.4% in 2027. The slightly faster growth in 2027 reflects the expected increases in public spending, particularly in Germany, alongside continued strong performance in Ireland and Spain. In general, the forecasts show a low growth rate that reflects the historical trend of recent years, unfortunately without prospects of revival in the short term. The impact of the planned increase in defense spending agreed by the EU is only expected to materialize in the coming years, in light of the commitments to gradually reach the target levels by 2035. Compared to other regions, the Eurozone benefits less from the recent technology-driven increase in investment. The lingering effects of rising energy prices after the Russian invasion of Ukraine will continue to weigh on the manufacturing sector, and will not be able to improve downstream of recent events in the Middle East.

In emerging markets and developing economies, growth is expected to remain just above 4.0% in 2026 and 2027. Growth for China in 2025 was revised upwards to 5.0%. This revision reflects the stimulus measures and additional bank loans for investment. Growth for 2026 was also revised upwards to 4.5%, reflecting lower US effective tariff rates on Chinese goods following the one-year trade truce agreed in November and stimulus measures that are expected to be implemented over two years. China's economic growth rate is expected to slow to 4.0% in 2027, as unfavorable structural factors take hold. In India, growth was revised upwards to 7.3% for 2025, reflecting better-than-expected results in the third quarter of the year and strong momentum in the fourth quarter. Growth is expected to slow to 6.4% in 2026 and 2027, with cyclical and temporary factors easing.

However, recent developments in US tariffs weigh heavily on the estimates for the European Union, China and India. The advantage that the European Union once had over countries that had previously been subject to higher tariffs has effectively disappeared, as the 10% tariff currently in effect now applies to everyone without exception, offering China and India lower tariffs than before. This level playing field exposes European products to higher competition, especially from the Chinese market. The problem had already arisen to some extent before, in light of the fact that Chinese goods, unable to find a market in the United States, ended up flooding the European market. According to the figures, China's manufacturing output is already equal to that of the European Union and the United States combined, accounting for 30% of global production, a figure that continues to rise. Added to this is a growing imbalance in bilateral trade, with the EU's trade deficit with China set to reach €360 billion by 2025.

Moreover, as anticipated, the International Monetary Fund's estimates, although initially based on solid global growth (forecast of 3.3% for 2026 before the escalation at the end of February 2026), are strongly influenced by the recent geopolitical instability in Iran and the Middle East. The joint U.S.-Israeli attack on Iran, which began on February 28, 2026, introduced significant new risks, making the economic landscape "highly volatile." The most sensitive point of the crisis remains the situation in the Strait of Hormuz, a crucial passage for global energy flows. In fact, both LNG (liquefied natural gas) exports from Qatar to Europe and a significant portion of the oil destined for China pass through here. The temporary closure of the strait generated immediate repercussions on the markets of energy raw materials while China reacted by limiting exports of fuel products, with the aim of preserving the balance of the internal market. All this has led to a marked rise in gas and oil prices (over \$100 per barrel), with knock-on effects on global financial markets. The rise in energy prices has significant macro-financial implications: on the one hand, it helps strengthen the dollar, which maintains its traditional role as a safe-haven currency; on the other hand, it puts pressure on the global bond market, fueling fears that central banks may be forced to maintain monetary policies that are less accommodating than previously anticipated. In the case of the Eurozone, interest rate expectations have shifted rapidly: markets have begun to price in a roughly 50% probability of an ECB rate hike in 2026, whereas just a few days earlier this was considered highly unlikely. At the same time, the situation in the U.S. remains fairly complex and has introduced new sources of uncertainty for the FED: 2026 is now viewed as a year marked by high geopolitical uncertainty, in which the "geo-economy" is dominated by the need to manage the impact on energy supply from the Middle East. The situation remains extremely fluid and is adding to an already uncertain global economic environment. It is too early to assess the economic impact on the region and the global economy. This impact will depend on the extent and duration of the conflict.

## Consolidation area

The consolidation area at December 31, 2025 includes twenty-four subsidiaries in addition to the Parent Company. There were no changes in the scope of consolidation during 2025.

## Analysis of 2025 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 diagrams presented below show the data in millions of Euros and the data in percentages, as well as the key economic-financial indicators.

RECLASSIFIED INCOME STATEMENT	VALUES			% OF TURNOVER		
	2025	2024	2023	2025	2024	2023
<b>TURNOVER</b>	<b>1,172.9</b>	<b>1,190.9</b>	<b>1,311.6</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
COST OF SALES	(940.5)	(972.5)	(1,058.9)	(80.2)%	(81.7)%	(80.7)%
<b>GROSS MARGIN</b>	<b>232.5</b>	<b>218.4</b>	<b>252.7</b>	<b>19.8%</b>	<b>18.3%</b>	<b>19.3%</b>
STRUCTURE AND OPERATING EXPENSES	(182.9)	(172.1)	(180.3)	(15.6)%	(14.5)%	(13.7)%
<b>EBIT</b>	<b>49.6</b>	<b>46.3</b>	<b>72.4</b>	<b>4.2%</b>	<b>3.9%</b>	<b>5.5%</b>
Financial income and expenses	(11.6)	(14.8)	(15.2)	(1.0)%	(1.2)%	(1.2)%
Exchange rate differences	(0.7)	(2.3)	(0.0)	(0.1)%	(0.2)%	(0.0)%
Dividends, other income and charges from securities valuation	4.0	0.3	(1.5)	0.3%	0.0%	(0.1)%
<b>EBT</b>	<b>41.2</b>	<b>29.5</b>	<b>55.7</b>	<b>3.5%</b>	<b>2.5%</b>	<b>4.2%</b>
Current Taxes	(20.3)	(13.9)	(17.3)	(1.7)%	(1.2)%	(1.3)%
Deferred Taxes	1.1	4.2	1.0	0.1%	0.4%	0.1%
<b>CONSOLIDATED NET INCOME</b>	<b>22.1</b>	<b>19.9</b>	<b>39.4</b>	<b>1.9%</b>	<b>1.7%</b>	<b>3.0%</b>
Minority	-	-	-	-	-	-
<b>NET GROUP INCOME</b>	<b>22.1</b>	<b>19.9</b>	<b>39.4</b>	<b>1.9%</b>	<b>1.7%</b>	<b>3.0%</b>
<b>PAYROLL COSTS</b>	<b>(231.6)</b>	<b>(233.9)</b>	<b>(236.6)</b>	<b>(19.7)%</b>	<b>(19.6)%</b>	<b>(18.0)%</b>
<b>DEPRECIATION/AMORTIZATION</b>	<b>(56.8)</b>	<b>(58.2)</b>	<b>(54.5)</b>	<b>(4.8)%</b>	<b>(4.9)%</b>	<b>(4.2)%</b>
<b>PROVISIONS FOR DOUBTFUL RECEIVABLES AND RESERVES</b>	<b>(2.0)</b>	<b>(1.1)</b>	<b>(2.1)</b>	<b>(0.2)%</b>	<b>(0.1)%</b>	<b>(0.2)%</b>
<b>EBITDA</b>	<b>108.3</b>	<b>105.5</b>	<b>128.9</b>	<b>9.2%</b>	<b>8.9%</b>	<b>9.8%</b>

STATEMENT OF FINANCIAL POSITION	VALUES			ROTATION (*)		
	2025	2024	2023	2025	2024	2023
Net working capital	366.2	366.5	393.2	112	111	108
Fixed assets	392.5	420.2	417.2	120	127	115
Other invested capital	(36.1)	(35.6)	(44.7)	(10)	(11)	(13)
Minority	(0.6)	(0.6)	(0.6)	-	-	-
<b>CAPITAL EMPLOYED</b>	<b>722.0</b>	<b>750.6</b>	<b>765.2</b>	<b>222</b>	<b>227</b>	<b>210</b>
Group Shareholders' Equity	508.3	526.0	506.6	156	159	139
Net Cash Position (NCP)	213.6	224.6	258.6	66	68	71
<b>FUNDS</b>	<b>722.0</b>	<b>750.6</b>	<b>765.2</b>	<b>222</b>	<b>227</b>	<b>210</b>

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

TURNOVER BY GEOGRAPHICAL AREA	VALUES			% OF TURNOVER		
	2025	2024	2023	2025	2024	2023
EMEA	612.7	629.3	712.0	52.2%	52.9%	54.3%
AME	256.0	257.7	281.3	21.8%	21.6%	21.4%
APAC	304.2	303.9	318.3	25.9%	25.5%	24.3%
<b>TOTAL TURNOVER</b>	<b>1,172.9</b>	<b>1,190.9</b>	<b>1,311.6</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

INDICATORS	2025	2024	2023	DESCRIPTION
<b>ECONOMIC</b>				
Net ROE	4.3%	3.8%	7.8%	(Net profit/Shareholders' equity)
ROI	6.9%	6.2%	9.5%	(EBIT/Capital employed)
ROS	4.2%	3.9%	5.5%	(EBIT/Turnover)
EBITDA/Net financial charges	9.3	7.1	8.5	
<b>EQUITY AND STRUCTURE</b>				
Primary structural balance ratio	1.3	1.3	1.2	(Shareholders' equity/Fixed assets)
Financial indebtedness ratio	0.4	0.4	0.5	(NCP/Shareholders' equity)
NCP/EBITDA ratio	2.0	2.1	2.0	(NCP/EBITDA)
Shareholders' equity tangibility ratio	0.9	0.9	0.9	(Equity-Intangible assets/Equity)
<b>OTHER</b>				
Average number of employees	4,530	4,790	4,777	Annual average
Turnover per employee	259	249	275	Data in Euro thousand

The following events are significant for the financial year 2025.

During 2025, the new "Training Room" was inaugurated at the EVO plant in Calderara di Reno: a fully-fledged corporate training center designed to develop skills, mindset, and teamwork. The space is equipped with electro-hydraulic training benches, complete with the same components used on the Bonfiglioli production and assembly lines, allowing practical learning closely linked to real operating scenarios. Thanks to the integration of digital tools and videoconferencing, the Training Room also supports collaboration and training between different plants around the world, helping to overcome geographical distances and strengthen a shared working method.

In line with the Bonfiglioli 2030 Roadmap, the Group has achieved a fundamental milestone from an environmental perspective, with Bonfiglioli Riduttori S.p.A. Obtaining the prestigious UNI EN ISO 14064-1:2019 Certification. This international standard has made it possible to accurately quantify and report the company's greenhouse gas (GHG) emissions, establishing a comprehensive emissions inventory that covers the entire value chain.

In line with the vision of a "Global Family Company" capable of offering excellent local support, the Bonfiglioli Group marked a fundamental stage in its internationalization strategy with the official inauguration of the new headquarters in Auckland. This investment represents not only a physical expansion of the company's presence in New Zealand, but also the beginning of a new chapter aimed at redefining service standards in the region, bringing the Group's technological expertise ever closer to its target markets.

With reference to the Group's performance in 2025, consolidated turnover recorded a contraction compared to the previous year of 1.5%, an effect deriving from the negative dynamics of exchange rates and the persistence of the sector's contraction in Europe.

The Consolidated Income Statement shows a Gross operating profit (EBITDA) of 108.3 M€ or 9.2 % of turnover.

The analysis of the various components shows that:

- the cost of goods sold in 2025 stands at 80.2% of revenue, representing a marginal increase compared to 2024 (1.5%), attributable to the revenue mix and the cost-saving measures implemented by the Group;
- structural costs increased from 172.1 M€ to 182.9 M€, with a percentage impact on controlled growth in turnover from 14.5% to 15.6%, taking into account the positive effect on 2024 of the release of the Selcom PPA of approximately 6.4 M€;
- labor costs fell from 233.9 M€ to 231.6 M€, with the impact on revenue remaining steady at 19.7%;
- amortization, depreciation, impairment and other provisions decreased in absolute terms compared with the previous year (58.7 M€ compared with 59.3 M€ in 2024), with their share of revenue remaining unchanged at 5%;
- net financial expenses decreased by 3.2 M€ in absolute terms compared with 2024 (11.6 M€ compared with 14.8 M€ last year), also reducing their percentage of revenue to 1%;
- exchange rate movements resulted in foreign exchange losses of 0,7 M€, down from 2.3 M€ last year, thanks to the hedging policies adopted by the Group;
- the item "Taxes", includes the write-down of approximately 3.4 M€ of withholdings on foreign income made on a prudential basis by the Parent Company.

At capital level, the Group's Net Working Capital remains almost unchanged compared to the previous year, going from 366.5 M€ to 366.2 M€, increasing turnover only slightly (112 average days of rotation compared to 111 in 2024).

The net cash position (NCP) saw a reduction in absolute debt from 224.6 M€ in December 2024 to 213.6 M€ in December 2025. The leverage, i.e. the ratio of NCP to EBITDA, was 2 at the end of 2025, in line with last year (2.1).

Net investments amount to 41.8 M€. Details are given below:

VALUES IN M€	2025	2024	2023
Land and buildings	15.6	16.2	48.2
Plant and machinery	14.3	24.4	24.1
Equipment	10.2	12.1	13.3
Other assets	4.1	5.8	8.9
Assets under construction	(4.3)	(3.6)	(9.7)
<b>Tangible assets</b>	<b>39.9</b>	<b>54.9</b>	<b>84.8</b>
Licenses, trademarks, patents	1.7	3.0	2.0
Others (including assets under construction)	0.2	0.1	(0.3)
<b>Intangible assets</b>	<b>1.9</b>	<b>3.1</b>	<b>1.7</b>
<b>Total Investments</b>	<b>41.8</b>	<b>58.0</b>	<b>86.5</b>

The Group's main investments for 2025 are described below:

- the changes in the "Land and Buildings" account (+15.6 M€) relate primarily to the Parent Company, amounting to 8.1 M€, and regard additional investments and renovations of its owned properties. An additional 1.4 M€ relates to the German subsidiary O&K, entirely attributable to the acquisition of the industrial property, which was previously leased and reported under right-to-use assets, while 0.5 M€ relates to the French subsidiary for the modernization of its owned property. These were accompanied by the investments in the right-to-use property totaling 4.9 M€, relating mainly to real estate in China, Italy and Turkey;
- the investments in plant, machinery and equipment mainly concerned the upgrading of the Italian plants of the companies Bonfiglioli Riduttori S.p.A. (10.2 M€), Bonfiglioli S.p.A. (2.7 M€) and Selcom Group S.p.A. (0.7 M€). Further investments were made in India (4.4 M€), China (2.8 M€), Vietnam (1.8 M€), Slovakia (0.6 M€) and Germany (0.5 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 2024, 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 2024, 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:

- these indicators are calculated exclusively using the historical data of the Group and are not indicative of the future performance of the Group itself;
- the APMs are not required by IFRS and, while they are derived from consolidated financial statements, they are not audited;
- the APMs should not be considered as a substitute for IFRS indicators;
- these APMs must be read together with the Group's financial information taken from these consolidated financial statements;
- 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;
- 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 to 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 to 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 to 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, from the import of goods from countries in EUR and USD currencies.

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 to 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.

## Risks connected to relations with employees

In the various countries that the Group operates in, employees are protected by laws and by collective labor 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 labor contracts applicable to the Group could affect the flexibility with which it redefines or strategically repositions its activities.

## Risks connected to competitiveness

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 Group's success is therefore also dependent on its ability to maintain and increase its market share in the sectors where it operates, potentially expanding into new sectors and new geographic areas, while leveraging a production footprint spread across various continents.



# Human Resources

During 2025, 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 2025, the Group's operating staff totaled 5,100 people (of which 4,522 employees and 578 temporary workers). The largest geographic presence was in the EMEA region (55%), followed by APAC (40%) and AME (5%).

Throughout the year, Bonfiglioli Group continued its transformation from a product sales-oriented business model to one focused on offering integrated systems and solutions and the sale of services, with a corresponding evolution in its organizational model. 2025 was also marked by the continued integration of Selcom's corporate functions, with the aim of leveraging synergies and standardizing processes. The manufacturing function has entered a new phase in its organizational development to foster a culture of operational excellence, strengthen processes, and make an increasingly significant contribution to the Group's success.

In addition, during the course of 2025, the Human Resources function decided to set the following objective: "Through strategic governance and a close bond with our people, our countries and the industry, we drive transformation for business success. "We foster a culture rooted in Bonfiglioli's values, where integrity, competence, innovation, and merit are recognized and celebrated."

With a view to reiterating the importance of the values of non-discrimination and equal opportunity in the professional development of all staff, the Gender Equality and Anti-Discrimination Committee and Senior Management have updated the "Diversity & Inclusion" Policy, the strategic plan, and the anti-harassment policy, which, in line with relevant international standards and principles, reaffirms the values of pay equity and gender equality. The Group's commitment in this regard has been reaffirmed for 2025 through UNI PDR 125:2022 certification for its three Italian companies, with an improvement in the final score.

In 2025, the group obtained the Top Employer Country Italy certification for the third consecutive year, confirming the Group's commitment to guaranteeing a high-quality, safe, inclusive and collaborative employee experience. The overall rating for our Italian offices in 2025 has improved, placing us in the top quartile of the best certified companies. For the first time in 2025, the certification was also awarded to the Group's subsidiaries based in Slovakia, India, and the United States, with impressive scores that demonstrate the Group's commitment to its employees worldwide.

The first cycle of the "Performance Appraisal" process was also completed in 2025, an instrument aimed at evaluating

both the performance and the potential of employees. As part of the Group's commitment to continuous improvement, a formal review was conducted at the end of the process, incorporating feedback gathered from employees through a global survey. The feedback was positive, indicating widespread adoption of the tool and an improvement in the manager-employee relationship thanks to the formalization of the feedback process. In 2025, the "Talent Workbook" was updated, a tool that allows human resources and leaders to manage the Group's talent in a transparent and fair manner.

In 2024, Bonfiglioli launched the International Trainee Program globally, an international development track dedicated to young graduates in STEM disciplines. The first programs were launched in 2025, featuring six young talents from five different countries. The feedback received has been very positive, both from the trainees and the host organizations, both regarding the value of the program and the results achieved. These initial experiences have been instrumental in improving the program; a new edition is set to launch in 2026.

Bonfiglioli Academy continued its activities, involving 100% of people 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.

As a reflection of the value we place on diversity and inclusion, in 2025, the Group planned training opportunities designed to develop and improve professional leadership skills for the underrepresented gender. For example, People Managers from the Italian offices participated in the training course "Empowered Together: Transformative Alliances and Leadership," which was made possible in part by the support of the Libellula Foundation. This course provided an opportunity to explore the meaning of truly inclusive and conscientious leadership, as well as to identify concrete, day-to-day actions for transforming the leadership style adopted within the company into a collective force for change.

The Group confirmed its commitment to fostering participatory industrial relations and support for business development, which, in 2025 in Italy, led to around 80 meetings between the company and its social partners, engaging all the committees envisaged by the supplementary contract with 10 bilateral meetings.

In addition, in December 2025, at the Milan Stock Exchange, Bonfiglioli was awarded first place in the sustainability category of the HR Innovation 2025 awards by the Italian Association of Human Resources Management for its sustainable mobility project, developed in collaboration with external organizations and local businesses in the Calderara di Reno area.

## Legal & Governance

The Bonfiglioli Group has embarked on a process aimed at fully integrating sustainability principles into every aspect of its governance and operations. In line with this vision, the Group has developed a Sustainability Roadmap to guide its actions toward a sustainable and equitable future by 2030. Within this framework, among the Group's business conduct objectives, the need has emerged to provide training on the latest developments in sustainability for the members of the Board of Directors and the Board of Statutory Auditors. The launch of this training program addresses two key needs: that of strengthening internal capabilities to ensure effective governance, and that of ensuring compliance with the rapidly evolving European regulatory framework. Indeed, the Board of Directors is responsible for overseeing the analysis and monitoring of the impacts, risks and opportunities associated with sustainability issues. To effectively fulfill this mandate, it is important that Board members have up-to-date knowledge of key environmental, social, and governance (ESG) issues. The training focused on sharing the sustainability journey the Group has undertaken in recent years, with particular attention to providing an overview of the European directive and the reporting standards adopted for the sustainability report; the impacts, risks, and opportunities identified by the Group; the objectives and targets set out in the Group's sustainability plan; and the activities carried out to measure the carbon footprint of the Group (Scopes 1, 2, and 3). The investment in training for the Board of Directors and the Board of Statutory Auditors not only represented an example of best practice in corporate governance but also a concrete step taken to meet this specific regulatory requirement; it demonstrated the Group's commitment to equipping its senior management team with the skills necessary to steer the transition toward a sustainable economy, thereby enhancing transparency toward the market and stakeholders. In line with the strategic objective set for 2025, the company developed an e-learning training course, with a certificate of completion issued to those who finished it.



# Research and development activities

Expenditures in 2025 in the area of Research and Development totaled around 24.1 M€ at Group level.

A breakdown of the main development projects is given below.

With reference to the Group's activities in the earth moving vehicles sector, the set-up was completed for the project dedicated to the streamlining and optimization the range of 7T drives intended for rotation systems for track and wheeled excavators, enabling greater standardization of applications.

With regard to integrated swash plate variable hydraulic motors with variable displacement control used in mobile applications, the development of a new model continued with reliability tests that led to the implementation of design updates, aimed at ensuring the performance and durability required by the intended application. Market interest in this type of motor has also led to the introduction of a new size, based on the same architecture as the previous one, available in both two-speed and continuously variable configurations. This has made it possible to expand the range of hydraulic motors available for closed-loop applications.

In the agricultural sector, 2025 R&D activities were aimed at optimizing performance and innovating technical solutions for agricultural machinery.

With reference to the electromobility sector, 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. The project concerned both tracked and wheeled vehicles, including manually operated, assisted, radio-controlled, and autonomous models, in accordance with the relevant ISO 25119 standards for the agricultural sector and ISO 19014 standards for the industrial machinery and construction sector. The research focused on the systematic analysis of power control devices and actuation systems, with particular attention to inverters and electric drive units, in order to assess their role in the vehicle's functional safety processes. The results obtained have made it possible to establish a structured framework of functional safety requirements for the various types of machines analyzed, supporting the development of innovative and reliable technological solutions, as well as the optimization of power control systems from a safety-oriented perspective.

In the renewables sector, 2025 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 use, aimed at lowering the environmental impact of the products and improving their lifecycle. In the wind turbine market, demand for more efficient motors has continued. Wind turbine manufacturers who place particular emphasis on high performance and efficiency have continued to demand permanent magnet motors; as a result, new motors in this category have been tested and manufactured, both for blade pitch control and for nacelle orientation. Following initial experiences with large offshore turbines, similar requirements are now emerging in the field for smaller onshore turbines too. The increase in production volume has allowed for product optimization, making it possible to use these products in smaller, less expensive turbines. These new solutions have enabled OEMs to use more advanced and efficient control systems, increasing energy production through more precise positioning of the blades and the nacelle. Testing continued with a view to reducing the costs of raw materials and manufacturing processes for the main components of gearboxes used in the wind power sector. The testing process also involved spin-off activities at the University of Bologna, an Italian materials laboratory, and external European suppliers.

To reduce the cost of certain components in turbine nacelles, manufacturers are seeking motors for blade and nacelle control that feature increasingly high-performance brakes. To meet this demand, we have worked on developing more accurate brake control and command systems. This has required the use of inverters to more accurately and dynamically control the yaw system. Bonfiglioli therefore 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 with integrated inverter enables the reduction of the number of cables within the turret and the use of a dedicated inverter for each motor, providing improved signal control and optimized load sharing across all the gearboxes. Testing of the IoT technology continued using dedicated test benches, in order to improve its reliability in preparation for potential field deployment. In particular, Bonfiglioli's proprietary vibration and temperature sensors have been tested and validated for implementation in both gearboxes and electric motors. The torque sensors are still undergoing validation and calibration to support reliable signal reading. The gearbox, equipped with sensors, underwent a range

of endurance tests 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 potential failures, and optimizing maintenance services.

Throughout 2025, within the "Heavy Duty" sector, projects related to real-time gearbox monitoring were consolidated, leading to greater efficiency for customers in the biogas and heavy industry sectors. Research into the use of embedded electronics in harsh environments has led to the development of new products capable of withstanding adverse conditions and further improving reliability in critical applications.

The development of gearboxes designed for specific metallurgical applications has been completed for the sizes considered most representative of the market, with a view to achieving energy savings, improving reliability, simplifying maintenance, and reducing costs. A large number of these gearboxes were installed and monitored in the field throughout 2025, with customers reporting improved results. Throughout the year, development continued across various product lines, with the aim of completing the Group's market offering and meeting the diverse needs of customers.

The project to optimize the HDP product line specifically for mixers has continued successfully, helping to further improve the performance and reliability of these components in critical applications.

In addition, new partnerships have been established with customers in the basic metalworking, basic plastics processing, and lifting equipment sectors. These partnerships aim to find alternative solutions that meet customers' specific requirements for motion transmission, with a constant commitment to innovation and adaptation to market needs.

In the industrial automation sector, following the completion of validation testing for the latest sizes in the new family of coaxial gearboxes (CP Series), common motor mounting provisions were introduced across the EVOX platform product series (CP Series coaxial gear units and AP Series right-angle gear units), introducing the concept of modularity that allows for more efficient use of the components connecting to the gearbox. Within the same sector, prototyping and validation were concluded for three sizes of the new series of high-efficiency right-angle gear units (AP), designed for market segments where worm drive technology is not able to meet the growing demands for efficiency and energy savings. Stainless steel versions of these products have also been developed, specifically designed for industrial environments subject to highly corrosive conditions. These variants use stainless materials that guarantee greater durability and a longer operating life, ensuring consistent performance even in the presence of aggressive chemical agents.

In the industrial automation sector, development work continued on gearmotors for wheel drives intended for AGV (Automated Guided Vehicle) and AMR (Autonomous Mobile Robot) applications, with the goal of creating a range of compact drives with the "extra-low" voltage motor and the precision gearbox deeply integrated, with the option to include additional functions such as a brake and an encoder.

Following the completion of development and certification activities for the range of IE3-efficiency-class asynchronous electric motors for industrial applications, design work is currently underway to expand the options available in the catalog, with a particular focus on electromagnetic brakes, rectifiers, temperature sensors, and insulation systems. With regard to the IE4 premium-efficiency motors, performance validation tests regarding efficiency, noise, and vibration have been completed in accordance with international reference standards on prototypes that are representative of the entire series of synchronous reluctance motors. The compatibility of the product technology with the relevant series of industrial inverters was also verified.

At the same time, the prototyping and validation phases are underway for the first samples of permanent magnet-assisted synchronous reluctance motors, designed to meet the IE5 super-premium efficiency requirements. During 2025, with regard to the electric drive sector, the launch phase for AxiaVert in sizes 1–4 began, and the Group is proceeding as planned with the completion of variants within the same size range. The activities relating to the other sizes, in particular 5 and 6, have begun and continue. These will proceed throughout 2026, while for the final phase, Phase 7, activities were launched this year and will continue into next year. In addition, work also continued on migrating the specific application features currently embedded in the firmware of existing industrial drives. The purpose of these activities is to update the firmware of the product, including the custom application features.

Throughout 2025, Bonfiglioli's IoT platform continued its technological consolidation journey, strengthening its

architectural foundations and completing key validation activities in preparation for the next phase of its digital offering. Research and development activities have been progressively oriented towards a phase of greater industrialization and verification in the field, with a particular focus on the robustness, reliability and scalability of solutions. In 2025, the Azure-based microservices infrastructure demonstrated the soundness of the architectural choices made, ensuring stable performance and effective real-time data management even in complex industrial environments. At the same time, advancements in edge components have contributed to making the platform increasingly resilient and adaptable to a variety of application scenarios. Over the course of the year, the first operational installations of the platform and associated smart devices were completed, marking a significant step toward validating the solutions developed and identifying further areas for improvement. Development activities in the field of "condition monitoring" and "predictive maintenance" have also continued, with a continuous refinement of analysis models and algorithms, designed to increase diagnostic reliability through greater integration between physical and data-driven approaches. Overall, 2025 represented a year of consolidation and transition towards an ever greater industrial maturity of IoT technologies, laying the foundations for the future expansion of Bonfiglioli digital applications and services.

With regard to the most significant developments carried out in 2025 by "Selcom" Research and Development, the following are of note:

**"Industrial & Automation" sector:**

- Auxiliary power supply converter for forklifts: 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. Over the course of the year, the verification and validation, certification and release into production activities were completed. In addition, research has been initiated into alternative components in order to optimize the converter's cost and efficiency.
- Fieldbus Master Board: research continued into the optimized management of multiple real-time communication channels via an Ethernet-based fieldbus.
- Predictive diagnostics sensor: for applications involving predictive diagnostics on engine assemblies, a design review was initiated in 2025 to optimize the electrical and industrialization aspects of the circuit board and mechanical components, ensuring they can be manufactured in line with production volumes.
- Sterilization Monitoring Board: a board has been developed to monitor the electrical parameters of an accelerated electron generator used for sterilization purposes.

**Biomedical sector:** the development of diagnostic tools to measure blood parameters using electrical quantities continued.

**"E-mobility & BMS" sector:**

- For applications in the Group's e-mobility market, prototypes of an "extra-low" voltage inverter have been designed and built for battery-powered industrial applications.
- Furthermore, validation was completed for the first prototype of a "extra-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 2025.

**SAP S/4HANA Go-Live:** On January 14, 2025, the entire SAP ECC landscape migrated from the Microsoft Azure environment running on the SQL Server to SAP S/4HANA on the Amazon Web Services cloud in RISE mode, meaning that SAP itself manages the infrastructure. The migration was carried out with the aim of minimizing disruption for the nearly 3,000 SAP users, deferring the activation of specific S4 features to later phases.

**Supply Chain Transformation Project:** The solution selected for the DDMRP (an innovative supply chain planning method) was implemented at the Slovakian plant designated as the pilot site, and the rollout to Italian plants has begun as the first phase of a comprehensive deployment set to cover all plants worldwide over the course of approximately two years. This project aims to raise the level of customer service both in terms of reliability and speed.

**SmartSizer:** In January 2025, development began on a web platform designed for both Bonfiglioli and its customers, with a view to simplifying the correct sizing of drive systems, comprising gearboxes, motors, and inverters, on the basis of specific applications and varying load curves. In May 2025, the first official version of the platform was released, followed by additional releases later that year, each progressively enhanced with new features and expanded to cover a growing number of product series.

**Implementation of GenAI algorithms in business processes:** the Group completed a series of implementations, including the automatic creation of IT and real estate tickets from emails, the automatic creation of claims in Salesforce based on customer emails, the automation of customs manifest imports and management, and the enhancement of the company's ability to recognize content in supplier invoices, in order to increase the number of automatic entries in our Vendor Invoice Automation system.

**MES (Manufacturing Execution System) Software Selection and Implementation Project:** beginning in October 2024, a renewed awareness of the need to equip the company with a comprehensive MES solution led to an intensive software selection process, which resulted in Bonfiglioli identifying SAP Digital Manufacturing as the ideal MES solution for the Group in March 2025. Since April 2025, intensive activities have been underway, to analyze the processes managed by the MES and to verify compliance with the relevant requirements, both those specified by the solution standard and those resulting from customizations compatible with the SaaS nature of the solution provided by SAP. The formalized business blueprint and subsequent testing conducted by the key users, both from the IT and Operations departments, confirmed the suitability of the chosen solution and allowed the implementation plan to remain unchanged. This plan forecasts the go-live of the Italian EVO and B6 plants in January 2026 and September 2026, respectively, and the Slovakian plant in October 2026. In 2027, the solution will then be rolled out to the plants in India and Vietnam, with full implementation at the main overseas plants scheduled for 2028.

## Quality, safety, health and environment

The Sustainability Policy, which integrates the principles and objectives of quality, safety, the environment, and energy with the broader principles of sustainability, has been re-confirmed for 2025. The multi-year sustainability objectives concerning the quality, safety, environment and energy elements of the business have also been established and disclosed.

During the course of 2025, a series of projects were launched in order to increase customer satisfaction, with a focus on quality and service. The Group has been increasingly intensifying its efforts to further integrate and advance the principles and objectives of quality, safety, the environment, and sustainability. As is customary, the company has maintained its ISO 9001, 45001, 14001, and 50001 certifications and reiterated its commitment to sustainability by obtaining ISO 14064 certification in October 2025: this standard sets out the requirements and guidelines that Bonfiglioli must follow for the quantification, monitoring, reporting, and verification of greenhouse gas (GHG) emissions and removals. Monitoring of "Scope 1-3" emissions also continued for 2025. 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. The Corporate Quality team has established a clear action plan to ensure continued support for the business in developing its Customer, Supplier, After-Sales, and Industrial Quality operations.

The Global Supplier Quality team continued its support activities; thanks to its regional structure, the team works to strengthen vertical support for the Group's plants in activities related to supply chain management, both during the development phase and when resolving critical quality issues and recovering costs incurred due to supply chain problems.

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.

Throughout 2025, the Corporate Quality team conducted process audits with a major focus on new facilities and new processes using the PPAP methodology, with a view to validating and strengthening the manufacturing processes. With regard to safety and environment, a number of important projects were also developed, including:

- the "Safe and Sound" app: reflecting the Group's deep commitment to ensuring even greater protection for people and the environment, a cross-functional team has launched the new version of the app with the aim of gradually rolling it out across the Group. This app has made it possible to make and manage reports and propose improvements related to HSE issues.
- "MCR": As part of the production change management process, a mechanism has been established that allows users to specify when a change request is opened whether it has an HSE impact and to indicate its priority: this process requires the involvement of the local HSE team.
- "Operational Excellence Project" – EMEA branches: a cross-functional team has been established with the aim of disseminating certain best practices that can be directly applied to the various Bonfiglioli sites across various areas, including HSE, starting with the EMEA branches.

In terms of safety, the preventive measures implemented over the past few years have led to a gradual reduction in the accident frequency and severity rates in 2025, in line with the established multi-year objectives.

## Business outlook

As of end of February 2026, Group turnover and order intake were in line with expectations. As anticipated, ongoing geopolitical events are generating uncertainty with regard to the effects that may be felt at macroeconomic level throughout 2026. The Group reiterates its commitment to achieving the value creation objectives set out in the 2026 budget, with forecasts currently confirmed.

As was also described in the final section of the Explanatory Notes, in early February 2026, the Group filed a Draft Red Herring Prospectus (DRHP) to list the Indian company Bonfiglioli Transmissions Limited through a public sale offering. Approval by the NSE India is expected within three months. From that moment on, Bonfiglioli, which holds 100% of the Indian company's share capital, will have one year to decide when to proceed with the next steps, with the goal of selling between 12% and 25% of its stake on the market. The decision regarding the timing of implementation must take Indian stock market trends into account, along with developments in the macroeconomic situation, and the impact of these complexities on the market "sentiment" and exchange rates.

## 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 30, 2026  
for The Board of Directors

  
The Chairwoman  
Sonia Bonfiglioli



# 7



# Consolidated financial statements

AS OF DECEMBER 31, 2025

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 31.12.2025

(euro thousand)

### Consolidated statement of financial position

ASSETS	NOTES	31.12.2025	31.12.2024	CHANGES
<b>NON-CURRENT ASSETS</b>				
Property, plant, machinery and other tangible assets	1	359,953	383,427	(23,474)
Development Costs	2	4,322	5,043	(721)
Other Intangible Assets	2	27,874	31,405	(3,531)
Share Investments	3	362	364	(2)
Non current financial derivatives	4	2	256	(254)
Other non current financial assets	5	175	2,005	(1,830)
Deferred Tax Assets	6	39,258	40,704	(1,446)
Other non current receivables and assets	10	3,862	9,198	(5,336)
<b>TOTAL NON-CURRENT ASSETS</b>		<b>435,808</b>	<b>472,402</b>	<b>(36,594)</b>
<b>CURRENT ASSETS</b>				
Inventory	7	377,257	399,927	(22,670)
Trade receivables	8	274,702	250,394	24,308
Current financial derivatives	4	349	765	(416)
Corporate Tax receivables	9	3,256	4,498	(1,242)
Other current receivables and assets	10	27,839	25,554	2,285
Cash and cash equivalents	11	99,888	96,164	3,724
<b>TOTAL CURRENT ASSETS</b>		<b>783,291</b>	<b>777,302</b>	<b>5,989</b>
<b>TOTAL ASSETS</b>		<b>1,219,099</b>	<b>1,249,704</b>	<b>(30,605)</b>

EQUITY AND LIABILITIES	NOTES	31.12.2025	31.12.2024	CHANGES
<b>GROUP EQUITY</b>				
Share Capital	12	50,000	50,000	-
Reserves	12	117,582	156,301	(38,719)
Retained earnings (losses) carried forward	12	318,682	299,827	18,855
Group' Income (Loss)	12	22,072	19,867	2,205
<b>TOTAL GROUP EQUITY</b>		<b>508,336</b>	<b>525,995</b>	<b>(17,659)</b>
TOTAL MINORITY INTERESTS		587	563	24
<b>TOTAL EQUITY</b>		<b>508,923</b>	<b>526,558</b>	<b>(17,635)</b>
<b>NON CURRENT LIABILITIES</b>				
Non current borrowings	13	219,463	237,999	(18,536)
Non current financial derivatives	4	7	54	(47)
Non current provisions	14	7,694	9,451	(1,757)
Non current employee benefit obligations	15	14,587	16,225	(1,638)
Deferred Tax liabilities	6	7,096	8,604	(1,508)
Other non current payables and liabilities	17	7,708	7,299	409
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>256,555</b>	<b>279,632</b>	<b>(23,077)</b>
<b>CURRENT LIABILITIES</b>				
Current borrowings	13	94,237	84,736	9,501
Current financial derivatives	4	187	225	(38)
Current provisions	14	10,831	11,430	(599)
Current employee benefit obligations	15	1,337	1,272	65
Trade payables	16	285,776	283,836	1,940
Corporate tax payables	9	1,320	216	1,104
Other current payables and liabilities	17	59,933	61,799	(1,866)
<b>TOTAL CURRENT LIABILITIES</b>		<b>453,621</b>	<b>443,514</b>	<b>10,107</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,219,099</b>	<b>1,249,704</b>	<b>(30,605)</b>

# Bonfiglioli S.p.A. and subsidiaries

## Consolidated financial statements as of 31.12.2025

(euro thousand)

### Consolidated income statement

	NOTES	31.12.2025	31.12.2024	CHANGES
Revenues from sales and services	18	1,172,942	1,190,872	(17,930)
Material costs	19	(710,567)	(736,893)	26,326
Payroll costs	20	(231,592)	(233,897)	2,305
Services, leases and rentals	21	(141,991)	(145,492)	3,501
Other operating income	22	26,627	37,356	(10,729)
Other operating costs	23	(7,102)	(6,407)	(695)
<b>GROSS OPERATING PROFIT (EBITDA)</b>		<b>108,317</b>	<b>105,539</b>	<b>2,778</b>
Depreciation and impairment	24	(56,753)	(58,152)	1,399
Bad Debt Provision		(378)	(367)	(11)
Other risks provisions		(1,603)	(756)	(847)
<b>OPERATING PROFIT (EBIT)</b>		<b>49,583</b>	<b>46,264</b>	<b>3,319</b>
Financial income and (costs)	25	(11,648)	(14,771)	3,123
Foreign exchange gain and (losses)	26	(658)	(2,250)	1,592
Investment income and (costs)	27	3,956	285	3,671
<b>PROFIT BEFORE TAXES</b>		<b>41,233</b>	<b>29,528</b>	<b>11,705</b>
Taxes	28	(19,137)	(9,659)	(9,478)
<b>CONSOLIDATED INCOME (LOSS)</b>		<b>22,096</b>	<b>19,869</b>	<b>2,227</b>
Minority		(24)	(2)	(22)
<b>GROUP' INCOME (LOSS)</b>		<b>22,072</b>	<b>19,867</b>	<b>2,205</b>

### Consolidated statement of comprehensive income

	31.12.2025	31.12.2024	CHANGES
<b>CONSOLIDATED INCOME (LOSS)</b>	<b>22,096</b>	<b>19,869</b>	<b>2,227</b>
Actuarial gain (losses) on employee benefit obligations	1,121	(501)	1,622
Tax effect	(346)	166	(512)
<b>Items that will not be reclassified to income statement</b>	<b>775</b>	<b>(335)</b>	<b>1,110</b>
Foreign exchange currency conversion reserve variation	(36,092)	7,781	(43,873)
Reserve for hedging derivatives variation	(659)	(1,551)	892
Tax effect	160	372	(212)
<b>Items that may be reclassified to income statement</b>	<b>(36,591)</b>	<b>6,602</b>	<b>(43,193)</b>
<b>CONSOLIDATED COMPREHENSIVE INCOME</b>	<b>(13,720)</b>	<b>26,136</b>	<b>(39,856)</b>
Minority	(24)	(2)	(22)
<b>GROUP' INCOME (LOSS)</b>	<b>(13,744)</b>	<b>26,134</b>	<b>(39,878)</b>

# Consolidated cash flow as of 31.12.2025

(euro thousand)

	31.12.2025	31.12.2024
<b>A. Opening Cash and Cash equivalents</b>	<b>96,164</b>	<b>86,377</b>
<b>B. OPERATING ACTIVITIES</b>		
Group' Income (Loss)	22,072	19,867
Minority	24	2
Depreciation and impairment	56,753	58,152
Bad Debt Provision	378	367
Other risks provisions	1,603	756
Interests	11,648	14,771
Business combination effect	-	(6,429)
Current and deferred taxes	19,137	9,659
<b>Cash flow before operative capital employed variation</b>	<b>111,615</b>	<b>97,145</b>
Trade receivables variation	(37,768)	17,612
Inventory variation	4,436	34,082
Trade payables variation	13,445	(22,411)
Derivatives FMV variation	85	272
Risks Provision variation	(3,959)	(5,465)
Employee benefit obligations variation	(712)	217
Current and deferred tax variation	(4,847)	(4,009)
Current taxes paid	(12,006)	(8,988)
Other assets and liabilities variation	8,628	4,464
Interests paid	(14,231)	(16,581)
<b>B. Cash flow originating from (used for) operating activities</b>	<b>64,686</b>	<b>96,338</b>

	31.12.2025	31.12.2024
<b>C. INVESTING ACTIVITIES</b>		
CAPEX Tangible	(39,905)	(54,871)
CAPEX Intangible	(1,929)	(3,137)
Share Investments	-	(281)
<b>C. Cash flow originating from (used for) investing activities</b>	<b>(41,834)</b>	<b>(58,289)</b>
<b>D. FINANCING ACTIVITIES</b>		
<b>Third-party funding</b>		
Borrowings Variation	1,869	(32,990)
New Loans	34,005	51,316
Loans Extinction	(42,584)	(42,399)
<b>Own funds</b>		
Dividends paid	(4,000)	(6,000)
Other variations (Derivatives/DBO/Others)	-	(727)
<b>D. Cash flow originating from (used for) financing activities</b>	<b>(10,710)</b>	<b>(30,800)</b>
<b>E. CASH FLOW FOR THE YEAR (B+C+D)</b>	<b>12,142</b>	<b>7,249</b>
<b>F. Exchange rate variation on Opening Cash and Cash equivalents</b>	<b>(8,418)</b>	<b>2,538</b>
<b>G. Closing Cash and Cash equivalents (A+E+F)</b>	<b>99,888</b>	<b>96,164</b>

# 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 (LOSSES)	NET INCOME (LOSS) FOR THE YEAR	GROUP EQUITY	MINORITY NET INCOME (LOSS) FOR THE YEAR	MINORITY RESERVES	MINORITY INTERESTS	CONSOLIDATED EQUITY
<b>Closing at 31.12.2023</b>	<b>50,000</b>	<b>39,151</b>	<b>10,000</b>	<b>1,890</b>	<b>1,010</b>	<b>(8,819)</b>	<b>(28,720)</b>		<b>131,612</b>	<b>271,097</b>	<b>39,378</b>	<b>506,599</b>	<b>15</b>	<b>546</b>	<b>561</b>	<b>507,160</b>
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)
Net income (loss) for the year	-	-	-	-	-	-	-		-	-	19,867	19,867	2	-	2	19,869
<b>Closing at 31.12.2024</b>	<b>50,000</b>	<b>39,151</b>	<b>10,000</b>	<b>712</b>	<b>663</b>	<b>(8,819)</b>	<b>(17,353)</b>		<b>131,947</b>	<b>299,827</b>	<b>19,867</b>	<b>525,995</b>	<b>2</b>	<b>561</b>	<b>563</b>	<b>526,558</b>
Previous year result allocation	-	-	-	-	-	-	-		1,012	18,855	(19,867)	-	(2)	2	-	-
Dividends' distribution	-	-	-	-	-	-	-		(4,000)	-	-	(4,000)	-	-	-	(4,000)
IFRS9 Derivatives Reserve variation	-	-	-	(499)	-	-	-		-	-	-	(499)	-	-	-	(499)
IAS19 Reserve variation	-	-	-	-	775	-	-		-	-	-	775	-	-	-	775
Currency Conversion Reserve variation	-	-	-	-	-	-	(36,092)		-	-	-	(36,092)	-	-	-	(36,092)
Others	-	-	-	(1)	86	-	-		-	-	-	85	-	-	-	85
Net income (loss) for the year	-	-	-	-	-	-	-		-	-	22,072	22,072	24	-	24	22,096
<b>Closing at 31.12.2025</b>	<b>50,000</b>	<b>39,151</b>	<b>10,000</b>	<b>212</b>	<b>1,524</b>	<b>(8,819)</b>	<b>(53,445)</b>		<b>128,959</b>	<b>318,682</b>	<b>22,072</b>	<b>508,336</b>	<b>24</b>	<b>563</b>	<b>587</b>	<b>508,923</b>

To consolidated financial statements as of December 31, 2025

To consolidated financial statements as of December 31, 2025



Explains notes regarding the consolidated financial statements



# Illustrative notes

## TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2025

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. The Group designs, manufactures and distributes effective and tailor-made solutions for all types of industrial automation, mobile machinery and wind energy applications. Our product offering is 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. The Group’s solutions keep the world in motion and our payoff is: “We engineer dreams”.

The consolidated financial statements of Bonfiglioli Group as of December 31, 2025 have been prepared with European Regulation no. 1606/2002, in compliance with the International Financial Reporting Standards (IFRS) in force on December 31, 2025, 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 stated in thousands of Euro (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.

For the consolidation of foreign subsidiaries, financial statements were used that were specifically prepared in accordance with the formats adopted by the parent company and drawn up in accordance with generally accepted accounting principles, specifically those applied by Bonfiglioli S.p.A.. Where necessary, in order to align the tax year-end dates of foreign subsidiaries, the directors prepared interim financial statements using the same criteria as those applied to the year-end financial statements.

The companies included in the consolidation area as of December 31, 2025 are the Parent Company and its subsidiaries:

NAME	Country	Currency	Share Capital	Shareholding	
				31.12.2025	31.12.2024
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 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%	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.

(#) The company has been operating since 2024 with a functional currency of Euro. The Share Capital is in TRY.

With regard to changes that occurred during the fiscal year, it should be noted that in October 2025, the Indian subsidiary changed its legal name from Bonfiglioli Transmissions Pvt Ltd to Bonfiglioli Transmissions Ltd, transitioning from a “private company” to a “public company.” This change was necessary in order to commence the activities related to the listing process, which will be discussed in the section on subsequent events after year end. The company also initiated a free share capital increase operation, with the issuance of 62,665,278 new shares with a nominal value of 10 INR each, completed in February 2026.

## Consolidation area changes

With respect to the Consolidated Financial Statement of December 31, 2024, no changes were made to the consolidation area.

## 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, 2025 and approved by the European Union. The following main changes in accounting policies occurred with reference to the 2025 financial year. Several other amendments and interpretations apply for the first time in 2025, but have no impact on the Group’s consolidated financial statements. The Group has not adopted any other principles, interpretations or modifications published but not yet in force.

## Accounting standards, amendments and interpretations effective from January 1, 2025 and adopted by the Group

The Group has applied the following new standards and amendments for the first time, with effect from 1 January 2025.

### Amendments to IAS 21 - 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 when estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would occur as of 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.

These amendments therefore had no impact on the financial statements of the Group.

## New accounting standards and amendments endorsed by the EU but not early adopted by the Group

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, 2025. 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 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, canceled, 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 (hedging relationships that do not qualify or do not meet the conditions for hedge accounting) have been amended to include cross-references to the qualification criteria for hedge accounting set out in paragraph 6.4.1(a), (b), and (c) of IFRS 9 (the sole use of eligible hedging instruments, formal designation and documented hedging relationship, and hedge effectiveness requirements). 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 regarding unobservable inputs in paragraph B38 of IFRS 7 (gain or loss on derecognition in the case of continuing involvement) and include a cross-reference to paragraphs 72 and 73 of IFRS 13 Fair Value Measurement (fair value hierarchy).

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**

Paragraph IG14 of the Implementation Guidance for IFRS 7 (the transaction price for a financial instrument differs from its Level 3 fair value) has been amended primarily to align the wording with the provisions of paragraph 28 of IFRS 7 (unrecognized gain or loss on initial recognition of a financial asset or liability) and with the concepts and terminology used in IFRS 9 and IFRS 13.

#### **Credit risk disclosure**

Paragraph IG20B of the Implementation Guidance for IFRS 7 (disclosures regarding provisions for credit losses and significant changes in the gross amounts of financial assets other than POCI - Purchased or Originated Credit-Impaired loans) has been amended to clarify which aspects of the IFRS requirements are not illustrated in the example.

### • IFRS 9 Financial Instruments

#### **Derecognition of Lessee's Lease Liabilities**

Paragraph 2.1 of IFRS 9 (Scope) has been amended to clarify that, when the lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee must apply paragraph 3.3.3 (derecognition of a financial liability) and to recognize any resulting gain or loss in profit (loss) for the period. However, this amendment does not address how a lessee differentiates between a lease modification as defined in IFRS 16 and an extinction 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**

Paragraph 5.1.3 of IFRS 9 (initial measurement of a trade receivable) has been amended to replace the reference to the "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 (absence of a contractual agreement) 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 (verification of control and the nature of relationships with other parties) which states that 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 - contracts referring to nature-dependent electricity

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.

In particular:

- The "own use" requirements for contracts falling within the scope have been updated. In line with the amendments, the sale of unused electricity, which is dependent on natural conditions, will be conducted in accordance with the entity's purchase or usage requirements, provided that specific criteria are met.
- The designation requirements for a hedged item in a cash flow hedge relationship for contracts within the scope of application have been amended. These amendments will allow an entity to designate a variable notional amount of expected transactions involving the purchase or sale of electricity as a hedged item, provided that specific criteria are met.
- Additional disclosure requirements have also been introduced to enable investors to understand the effect of these contracts on a company's financial performance and cash flows. IFRS 7 has been amended to require specific disclosures regarding contracts excluded from the scope of IFRS 9 as a result of the amendments.

The amendments apply only to contracts referring to nature-dependent electricity. These contracts expose an entity to the volatility of an underlying quantity of electricity because the source of generation depends on uncontrollable natural conditions, typically associated with renewable energy sources such as solar and wind power.

Changes to own-use exemption requirements must be applied retroactively. Comparative data from previous years do not need to be restated and can only be restated without hindsight. Changes relating to the accounting for hedging transactions must be applied prospectively to new designated hedging relationships, as of the initial application date or thereafter.

Amendments to the IFRS 7 disclosure shall be applied when amendments to IFRS 9 are applied. If an entity does not restate comparative data, it is not required to present comparative information.

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 the presentation of values 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 based on the new definition of management-defined performance measures (MPMs), on the subtotals of income and expenses, and includes new requirements for the aggregation and disaggregation of financial information based on the identified “roles” of the Primary Financial Statements (PFS) and 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. In addition, consequential amendments have also been made to numerous other accounting 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.

An entity has public responsibility if:

- Its debt or equity instruments are traded on a public market, or they are in the process of issuing such instruments for trading on a public market; or
- It holds assets in a fiduciary capacity on behalf of a large group of third parties as one of its core business activities (i.e., not for reasons ancillary to its core business).

On 18 August 2025, the IASB issued amendments to IFRS 19 which reduce disclosure requirements for companies that do not have public liability and which fully apply IAS/IFRS international standards. The objective of this is to avoid an excess of unnecessary information for smaller entities, while maintaining consistency with regard to the rules for recognition, measurement, and presentation, and to harmonize IFRS 19 with the introduction of new standards, including IFRS 18, by delegating the disclosure of certain information to those standards.

IFRS 19 is effective for periods beginning on or after 1 January 2027, with early application permitted.

### Amendments to IAS 21: Effects of Changes in Foreign Exchange Rates – Translation into a Hyperinflationary Presentation Currency

On November 13, 2025, the IASB issued amendments to IAS 21 that require translation from the functional currency of a non-hyperinflationary economy to the presentation currency of a hyperinflationary economy at the period-end exchange rate.

If an entity's functional currency is the currency of a non-hyperinflationary economy, but its presentation currency is the currency of a hyperinflationary economy, its results and financial position are translated into the presentation currency by translating all amounts (i.e., assets, liabilities, equity items, income, and expenses) and all comparative figures at the closing exchange rate as of the date of the most recent balance sheet.

An entity whose functional currency and presentation currency are the currency of a hyperinflationary economy must restate the comparative figures of a foreign operation whose functional currency is that of a non-hyperinflationary economy by applying the general price index, pursuant to paragraph 34 of IAS 29 (Comparative Information), to the comparative figures of the foreign operation.

If an entity's functional currency and presentation currency are the currencies of a hyperinflationary economy (or are currencies of different hyperinflationary economies) and the entity translates the results and financial position of foreign operations whose functional currency is that of a non-hyperinflationary economy, then the entity shall apply the amendments from the beginning of the annual period in which it first applies these amendments. Furthermore, the comparative data for its foreign operations as included in the entity's previously-issued financial statements are restated, applying the general price index to convert the data to the current unit of measurement as of the end of the reporting period, in accordance with paragraph 34 of IAS 29.

These amendments are effective for annual periods beginning on or after 1 January 2027. Early adoption is permitted and, if applied, must be disclosed.

### Disclosure of Accounting Uncertainties

In November 2025, the IASB issued the Amendments to the Illustrative Examples relating to IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36, and IAS 37 - Disclosures on Uncertainties in Financial Statements (“the examples”), which added illustrative examples to the accounting principles listed above. These examples aim to improve the disclosure of uncertainties relating to the climate as well as other uncertainties in financial statements, specifically to address stakeholder concerns regarding the consistency of information within general-purpose financial reports and the adequacy of information regarding climate-related risks and other uncertainties in financial statements. The examples illustrate the existing requirements in the IFRS accounting principles but do not add to or modify the existing requirements.

Topics covered in the examples include the following:

- Judgments on materiality
- Recruitment: specific requirements on impairment checks
- Recruitment: general requirements
- Credit risk
- Provisions for dismantling, removal and reclamation of the site
- Notice on the information broken down in the explanatory notes

The examples have no effective date or transition requirements. Entities are entitled to sufficient time to implement any changes following the illustrative examples.

### Amendments to IFRS 10 and IAS 28 - Sale or transfer of an asset between an investor and its associate or joint venture.

On 14 September 2014, the IASB issued amendments to IFRS 10 and IAS 28 which address the conflict between the two accounting policies in managing the loss of control of a subsidiary when it is sold or transferred to an associate or joint venture.

The amendments clarify that the entire gain or loss is recognized when a transfer to an associate or joint venture involves a business activity as defined in IFRS 3 Business Combinations. Any gain or loss arising from the sale or transfer of assets that does not constitute a business activity, however, is recognized only to the extent of unrelated investor interests in the associate or joint venture.

Changes must be applied prospectively. Early application is allowed, but must be indicated. However, in December 2015, the IASB postponed the effective date of these changes indefinitely pending the outcome of its research project on equity accounting.

## Consolidation procedures

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 Parent Company has control, which is obtained when the Parent Company is exposed to variable returns arising from its relationship with the investee and, at the same time, has the ability to influence those returns by exercising its power over the 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 canceled.

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 31.12.2025	2025 ER AVERAGE	ER 31.12.2024	2024 ER AVERAGE
Bonfiglioli Transmission (Aust) Pty Ltd	AUD	1.7581	1.75176	1.6772	1.63971
Bonfiglioli Redutores Do Brasil Ltda	BRL	6.4364	6.30717	6.4253	5.82828
Bonfiglioli Canada Inc.	CAD	1.6088	1.57873	1.4948	1.48211
Bonfiglioli Drives (Shanghai) Co. Ltd	CNY	8.2262	8.1185	7.5833	7.78747
Bonfiglioli Trading (Shanghai) Co. Ltd	CNY	8.2262	8.1185	7.5833	7.78747
Selcom Electronics (Shanghai) Co. Ltd	CNY	8.2262	8.1185	7.5833	7.78747
Bonfiglioli Transmissions Ltd	INR	105.5965	98.52391	88.9335	90.55625
Bonfiglioli Drive Solutions Pvt Ltd	INR	105.5965	98.52391	88.9335	90.55625
Bonfiglioli Technology Space Pvt Ltd	INR	105.5965	98.52391	88.9335	90.55625
Bonfiglioli U.K. Ltd	GBP	0.8726	0.85679	0.82918	0.84662
Bonfiglioli South East Asia Pte Ltd	SGD	1.5105	1.47557	1.4164	1.44581
Bonfiglioli USA Inc.	USD	1.175	1.12998	1.0389	1.08238
Bonfiglioli Power Transmissions Pty Ltd	ZAR	19.4439	20.17886	19.6188	19.82973
Bonfiglioli Vietnam Ltd	VND	30,883.00000	29,405.06000	26,478.00000	27,113.49000

As anticipated, starting from the 2024 financial year, the Turkish subsidiary operates with a Euro functional currency. 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 accounting 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 measurements, financial assets are classified into four categories: (i) Financial assets measured at amortized cost, subsequently adjusted to fair value with the resulting adjustment recognized in comprehensive income through reclassification of cumulative gains and losses (debt instruments), (ii) Financial assets at fair value through other comprehensive income with reclassification of cumulative gains and losses (debt instruments), (iii) Financial assets at fair value through other comprehensive income without reclassification of cumulative gains and losses upon derecognition (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 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 is certain and definitive.

## Deferred tax assets and liabilities

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. 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.

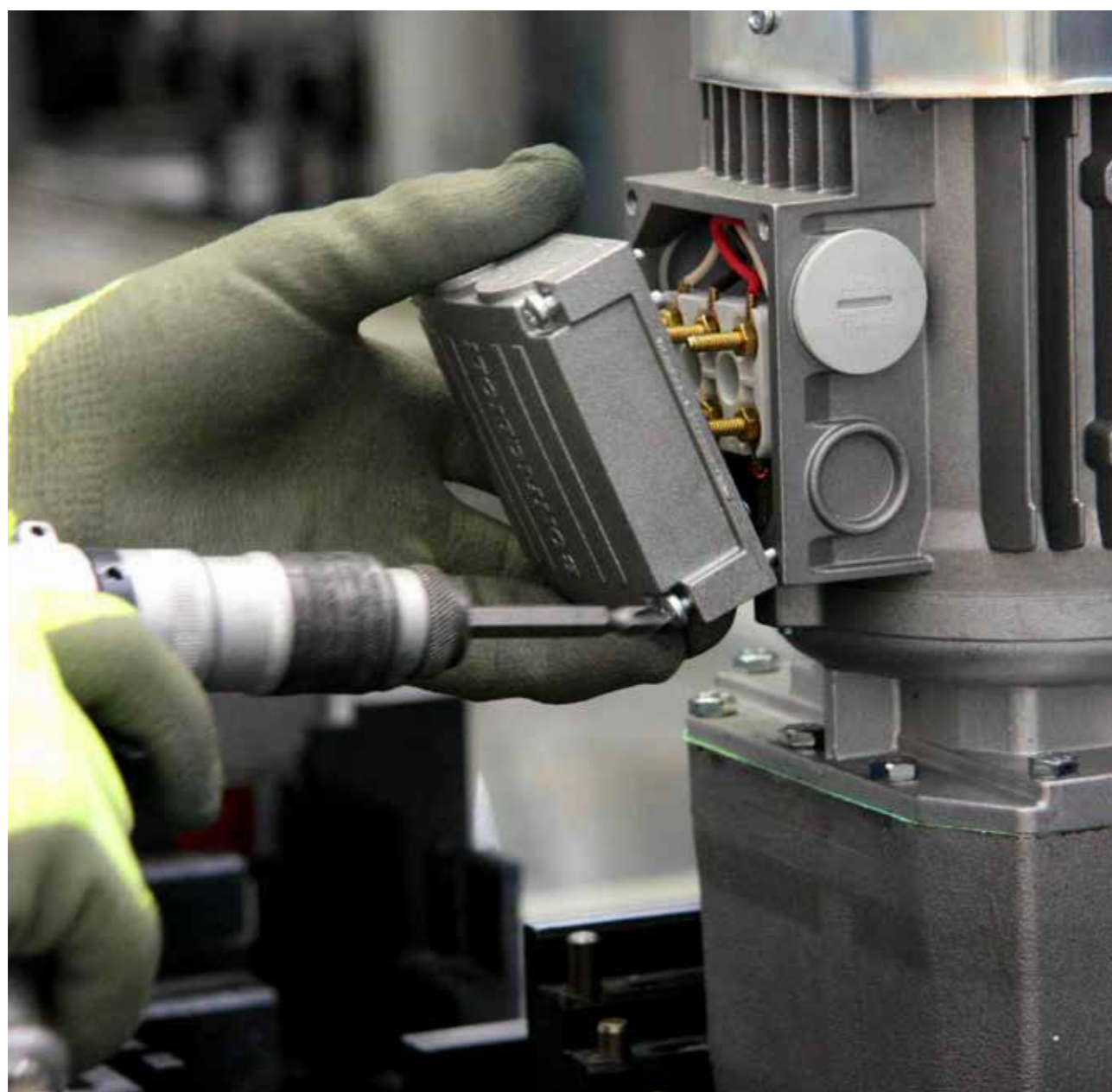
The financial liability is settled when the underlying obligation is discharged or canceled by the counterparty. If a financial liability is settled, it must be recognized and the entity must enter in the Income Statement any difference arising between the book value of the settled financial liability 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.

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.

## Transactions 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	31.12.2025			31.12.2024		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Share Investments	-	-	362	-	-	364
Non current positive derivatives	-	2	-	-	256	-
Current positive derivatives	-	349	-	-	765	-
Non current negative derivatives	-	(7)	-	-	(54)	-
Current negative derivatives	-	(187)	-	-	(225)	-
Non current borrowings	-	-	(459)	-	-	(461)
Current borrowings	-	-	-	-	-	-
Other current liabilities (Purchase of share investments)	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>157</b>	<b>(97)</b>	<b>-</b>	<b>742</b>	<b>(97)</b>



## 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 judgment 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.

# Comments on the single items of the financial statements

## STATEMENT OF FINANCIAL POSITION

### 1. Property, plant, machinery and other tangible assets

DESCRIPTION	31.12.2023	INCREASES	DECREASES	OTHER CHANGES	31.12.2024	INCREASES	DECREASES	OTHER CHANGES	31.12.2025
<b>HISTORICAL COST</b>									
- Land and buildings	236,323	12,332	(103)	4,425	252,977	5,700	(193)	16,892	275,376
- Right to use land and buildings	58,815	3,851	(4,875)	(1,549)	56,242	5,012	(3,541)	(20,084)	37,629
- Plant and machinery	330,106	17,889	(1,796)	13,459	359,658	11,216	(2,799)	(5,161)	362,914
- Right to use plant and machinery	7,660	29	(10)	(4,117)	3,562	48	-	(3,311)	299
- Industrial and commercial equipment	163,034	11,096	(4,908)	2,006	171,228	9,617	(3,009)	(5,000)	172,836
- Other tangible assets	40,262	2,004	(1,013)	520	41,773	1,809	(609)	(1,115)	41,858
- Right to use other tangible assets	9,635	3,449	(1,846)	26	11,264	2,324	(2,297)	(89)	11,202
- Assets in progress and advances	17,381	6,065	(75)	(9,520)	13,851	5,119	(280)	(9,705)	8,985
<b>Total (A)</b>	<b>863,216</b>	<b>56,715</b>	<b>(14,626)</b>	<b>5,250</b>	<b>910,555</b>	<b>40,845</b>	<b>(12,728)</b>	<b>(27,573)</b>	<b>911,099</b>
<b>ACCUMULATED AMORTIZATION</b>									
- Land and buildings	64,316	6,304	(12)	756	71,364	6,807	(463)	2,951	80,659
- Right to use land and buildings	17,075	4,493	(3,793)	(415)	17,360	4,598	(3,443)	(5,101)	13,414
- Plant and machinery	237,595	21,439	(1,510)	3,350	260,874	20,887	(2,371)	(6,459)	272,931
- Right to use plant and machinery	2,818	546	(3)	(1,897)	1,464	110	-	(1,331)	243
- Industrial and commercial equipment	130,927	13,730	(4,687)	591	140,561	12,461	(2,876)	(4,047)	146,099
- Other tangible assets	26,881	3,588	(960)	3	29,512	3,320	(478)	(836)	31,518
- Right to use other tangible assets	5,441	2,350	(1,815)	17	5,993	2,485	(2,157)	(39)	6,282
<b>Total (B)</b>	<b>485,053</b>	<b>52,450</b>	<b>(12,780)</b>	<b>2,405</b>	<b>527,128</b>	<b>50,668</b>	<b>(11,788)</b>	<b>(14,862)</b>	<b>551,146</b>
<b>NET VALUES</b>									
- Land and buildings	172,007	6,028	(91)	3,669	181,613	(1,107)	270	13,941	194,717
- Right to use land and buildings	41,740	(642)	(1,082)	(1,134)	38,882	414	(98)	(14,983)	24,215
- Plant and machinery	92,511	(3,550)	(286)	10,109	98,784	(9,671)	(428)	1,298	89,983
- Right to use plant and machinery	4,842	(517)	(7)	(2,220)	2,098	(62)	-	(1,980)	56
- Industrial and commercial equipment	32,107	(2,634)	(221)	1,415	30,667	(2,844)	(133)	(953)	26,737
- Other tangible assets	13,381	(1,584)	(53)	517	12,261	(1,511)	(131)	(279)	10,340
- Right to use other tangible assets	4,194	1,099	(31)	9	5,271	(161)	(140)	(50)	4,920
- Assets in progress and advances	17,381	6,065	(75)	(9,520)	13,851	5,119	(280)	(9,705)	8,985
<b>Total (A-B)</b>	<b>378,163</b>	<b>4,265</b>	<b>(1,846)</b>	<b>2,845</b>	<b>383,427</b>	<b>(9,823)</b>	<b>(940)</b>	<b>(12,711)</b>	<b>359,953</b>

The column "Other changes" mainly includes exchange differences, as well as 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.

During the year, the Group made investments mainly related to the purchase or right of use of land and buildings (15.6 M€), the purchase or right of use of plant, machinery and equipment (24.5 M€) mainly related to the Group's production plants. In particular, the acquisition of the industrial building by the German subsidiary O&K for a total of 10.65 M€ is of note. The acquisition of the property, already accounted for as a right of use during the previous years, resulted in additional investments of 1.4 M€.

For a detailed analysis of the investments made during the year we refer you to the Management Report.

## 2. Development costs and other intangible assets

DEVELOPMENT COSTS	31.12.2023	INCREASES	DECREASES	OTHER CHANGES	31.12.2024	INCREASES	DECREASES	OTHER CHANGES	31.12.2025
<b>HISTORICAL COST (A)</b>	7,204	-	-	-	7,204	-	-	-	7,204
<b>ACCUMULATED AMORTIZATION (B)</b>	1,441	720	-	-	2,161	721	-	-	2,882
<b>NET VALUES (A-B)</b>	<b>5,763</b>	<b>(720)</b>	-	-	<b>5,043</b>	<b>(721)</b>	-	-	<b>4,322</b>

OTHER INTANGIBLE ASSETS	31.12.2023	INCREASES	DECREASES	OTHER CHANGES	31.12.2024	INCREASES	DECREASES	OTHER CHANGES	31.12.2025
<b>HISTORICAL COST</b>									
- Patents and right to use intellectual properties	59,603	2,738	(898)	(209)	61,234	1,557	(425)	(250)	62,116
- Concessions, licenses, trademarks and similar rights	16,934	65	-	-	16,999	21	-	-	17,020
- Customer/Supplier List	17,657	150	-	-	17,807	-	-	-	17,807
- Other intangible assets	92	-	-	-	92	-	-	-	92
- Assets in progress and advances	235	201	-	(219)	217	373	-	(198)	392
<b>Total (A)</b>	<b>94,521</b>	<b>3,154</b>	<b>(898)</b>	<b>(428)</b>	<b>96,349</b>	<b>1,951</b>	<b>(425)</b>	<b>(448)</b>	<b>97,427</b>
<b>ACCUMULATED AMORTIZATION</b>									
- Patents and right to use intellectual properties	46,901	3,257	(882)	(456)	48,820	3,588	(403)	(352)	51,653
- Concessions, licenses, trademarks and similar rights	7,246	841	-	-	8,087	846	-	-	8,933
- Customer/Supplier List	7,064	883	-	-	7,947	929	-	-	8,876
- Other intangible assets	89	1	-	-	90	1	-	-	91
<b>Total (B)</b>	<b>61,300</b>	<b>4,982</b>	<b>(882)</b>	<b>(456)</b>	<b>64,944</b>	<b>5,364</b>	<b>(403)</b>	<b>(352)</b>	<b>69,553</b>
<b>NET VALUES</b>									
- Patents and right to use intellectual properties	12,702	(519)	(16)	247	12,414	(2,031)	(22)	102	10,463
- Concessions, licenses, trademarks and similar rights	9,688	(776)	-	-	8,912	(825)	-	-	8,087
- Customer/Supplier List	10,593	(733)	-	-	9,860	(929)	-	-	8,931
- Other intangible assets	3	(1)	-	-	2	(1)	-	-	1
- Assets in progress and advances	235	201	-	(219)	217	373	-	(198)	392
<b>Total (A-B)</b>	<b>33,221</b>	<b>(1,828)</b>	<b>(16)</b>	<b>28</b>	<b>31,405</b>	<b>(3,413)</b>	<b>(22)</b>	<b>(96)</b>	<b>27,874</b>

Intangible assets do not include assets with an indefinite useful life.

The "Other movements" column primarily includes foreign exchange differences as well as reclassifications related to the completion of fixed assets at the end of the tax year.

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 Deutschland GmbH as a result of the merger with Bonfiglioli Vectron GmbH, capitalized in 2022 upon completion of the development activities regarding the AxiaVert range, Bonfiglioli's new high-performance modular drive system (inverters and servo drives). 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 used the business plan for the project to which these development costs relate in order to determine the anticipated cash flows, which was prepared based on the product's development cycle. The WACC discount rate used of 7.77% 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, 2025 of 6 M€)
- Trademark for 16 M€ (net book value as of December 31, 2025 of 8 M€)
- Customer list for 17.7 M€ (net book value as of December 31, 2025 of 8.8 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	31.12.2023	INCREASES	DECREASES	31.12.2024	INCREASES	DECREASES	31.12.2025
Share investments in other companies	83	281	-	364	-	(2)	362
<b>Total</b>	<b>83</b>	<b>281</b>	<b>-</b>	<b>364</b>	<b>-</b>	<b>(2)</b>	<b>362</b>

This amount of 281 K€ represents a minority stake (10%) held by the Parent Company in the company Fieldrobotics S.r.l., an innovative start-up registered in the dedicate section of the Companies Register, operating in the research and development of innovative products and services, and in particular, automatic or semi-automatic robotic systems, such as drones or ground rovers. With regard to the remaining amount, 10 K€ represents a 100% equity interest held by the subsidiary O&K in the company Grumento, while the remainder consists of consortium and minority stakes (BEST Hellas SA). Decreases for the year are related to the exchange rate delta.

### 4. Financial derivatives

DESCRIPTION	31.12.2025	31.12.2024	CHANGE
Non current positive derivatives	2	256	(254)
Current positive derivatives	349	765	(416)
<b>Total (A)</b>	<b>351</b>	<b>1,021</b>	<b>(670)</b>
Non current negative derivatives	7	54	(47)
Current negative derivatives	187	225	(38)
<b>Total (B)</b>	<b>194</b>	<b>279</b>	<b>(85)</b>
<b>Total (A-B)</b>	<b>157</b>	<b>742</b>	<b>(585)</b>

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	31.12.2025	NOTIONAL	31.12.2024
USD sales	USD 2,472,931	7	USD 766,531	1
GBP sales	-	-	GBP 815,000	5
AUD sales	AUD 173,604	1	AUD 2,964,652	60
CNY sales	CNY 33,300,000	7	-	-
EUR purchase	EUR 4,659,510	84	EUR 931,630	75
CNY purchase	CNY 15,300,000	3	CNY 13,700,000	5
USD purchase	USD 304,135	3	USD 900,000	60
IRS Selcom Group S.p.A.	EUR 2,625,000	38	EUR 5,657,262	137
IRS Bonfiglioli S.p.A.	EUR 13,940,000	208	EUR 26,240,000	678
<b>Total</b>		<b>351</b>		<b>1,021</b>

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	31.12.2025	NOTIONAL	31.12.2024
USD sales	USD 8,257,537	64	USD 7,672,728	81
GBP sales	GBP 1,380,000	14	GBP 525,000	10
AUD sales	AUD 2,867,737	22	-	-
CNY sales	-	-	CNY 16,600,000	28
EUR sales	-	-	EUR 3,553,729	55
EUR purchase	EUR 1,614,648	52	EUR 912,062	2
JPY purchase	JPY 229,058,774	18	JPY 154,718,716	27
USD purchase	USD 2,165,928	13	-	-
IRS Bonfiglioli S.p.A.	EUR 8,740,000	11	EUR 10,000,000	76
<b>Total</b>		<b>194</b>		<b>279</b>

### 5. Other financial assets

DESCRIPTION	31.12.2025	31.12.2024	CHANGE
Other non current financial assets	175	2,005	(1,830)
Other current financial assets	-	-	-
<b>Total</b>	<b>175</b>	<b>2,005</b>	<b>(1,830)</b>

These are the residual dividends accrued by the subsidiary O&K Antriebstechnik GmbH from the investee company Grumento which, in accordance with the governing the transaction, will be paid in conjunction with the completion of the liquidation procedure of the investee company.



## 6. Deferred tax assets and liabilities

DESCRIPTION	31.12.2025	31.12.2024	CHANGE
Deferred Tax assets (A)	39,258	40,704	(1,446)
Deferred Tax liabilities (B)	7,096	8,604	(1,508)
<b>Total (A-B)</b>	<b>32,162</b>	<b>32,100</b>	<b>62</b>

Details of the changes are outlined below:

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Opening balance	40,704	37,058	(8,604)	(9,530)
Variation of the year	(1,260)	3,108	1,508	926
Taxes recognized in "OCI"	(186)	538	-	-
<b>Closing balance</b>	<b>39,258</b>	<b>40,704</b>	<b>(7,096)</b>	<b>(8,604)</b>

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.

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

	31.12.2025			31.12.2024		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and machinery	2,193	(3,529)	(1,336)	2,187	(3,892)	(1,705)
Intangible assets	1,635	(8,344)	(6,709)	2,017	(10,161)	(8,144)
Share Investments	-	-	-	-	-	-
Inventory	14,410	-	14,410	14,603	-	14,603
Trade Receivables	516	-	516	613	-	613
Provisions for risks	4,129	-	4,129	4,557	-	4,557
Employee benefit obligations	1,728	(40)	1,688	1,720	(152)	1,568
Payables to employees	4,117	-	4,117	3,979	-	3,979
Trade payables	652	-	652	528	-	528
Other reserves Equity	364	(1,025)	(661)	328	(774)	(446)
Losses carried forward	14,593	-	14,593	16,081	-	16,081
Other	786	(23)	763	1,041	(575)	466
Reclassification for reporting	(5,865)	5,865	-	(6,950)	6,950	-
<b>Total</b>	<b>39,258</b>	<b>(7,096)</b>	<b>32,162</b>	<b>40,704</b>	<b>(8,604)</b>	<b>32,100</b>

A detailed summary is provided of the "Tax loss carry-forwards" 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 4.6 M€ related to 28.5 M€ of losses that have not been provisioned and can be carried forward indefinitely;
- O&K Antriebstechnik GmbH accounted for deferred tax assets based on current forecasts of future recoverability. As a result, there are deferred Tax assets of 5.2 M€ related to 30 M€ of losses that have not been provisioned;
- Selcom Group S.p.A. has not accounted for deferred tax assets on losses carried forward. As a result, there are deferred tax assets of 7.5 M€ linked to the 31.3 M€ of losses that have not been provisioned and can be carried forward indefinitely;
- Effective as of the 2025 tax year, Selcom Group S.p.A. has also joined the national tax consolidation group, with Bonfiglioli S.p.A. acting as the consolidating entity and Bonfiglioli Riduttori S.p.A. as the other consolidated entity. The loss reported in the consolidated tax return for 2025 amounts to 13,2 M€. Despite the legislation that allows for the unlimited carrying forward of tax losses, the parent company has chosen not to recognize additional deferred tax assets on the profit for the year, viewing the amount already set aside in the past to be adequate. This choice, dictated by prudential accounting criteria, does not change the conviction regarding the total recoverability of tax credits in future years.

COMPANY	Total losses carried forward	Losses carried forward relevant for deferred taxes	Residual losses	Deferred tax assets booked on losses	Deferred tax assets not booked
Bonfiglioli S.p.A.	52,724	39,514	13,210	9,483	3,170
Selcom Group S.p.A.	31,339	-	31,339	-	7,521
Bonfiglioli Deutschland GmbH	32,992	4,475	28,517	719	4,584
O&K Antriebstechnik GmbH	36,929	6,972	29,957	1,180	5,150
Tecnotrans Bonfiglioli S.A.	1,421	1,421	-	355	-
Bonfiglioli Power Transmissions & Automation Technologies Jsc	27	27	-	7	-
Bonfiglioli Canada Inc.	583	583	-	152	-
Bonfiglioli Redutores do Brasil Ltda	5,286	5,286	-	1,761	-
Bonfiglioli U.K. Ltd	47	47	-	12	-
Bonfiglioli Slovakia s.r.o.	1,218	1,218	-	292	-
Bonfiglioli Transmission (Aust) Pty Ltd	2,138	2,138	-	632	-
<b>Total</b>	<b>164,705</b>	<b>61,682</b>	<b>103,023</b>	<b>14,593</b>	<b>20,425</b>

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, 2025, as detailed below.

COMPANY	Total estimated benefit as of 31.12.2025	Benefit deductible as of 31.12.2025	Remaining benefit	Recognized deferred Tax assets	Deferred tax assets not booked
Bonfiglioli Power Transmissions & Automation Technologies Jsc	2,233	1,421	812	355	203

## 7. Inventory

DESCRIPTION	31.12.2025	31.12.2024	CHANGE
Raw materials, supplies and consumables	71,895	74,781	(2,886)
Work in progress and semi finished goods	152,050	157,761	(5,711)
Finished goods and goods for resale	151,169	163,727	(12,558)
Advances	2,143	3,658	(1,515)
<b>Total</b>	<b>377,257</b>	<b>399,927</b>	<b>(22,670)</b>

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.

The foregoing amounts are net of the obsolete stocks provision, made up as follows:

OBSOLESCENCE RESERVE	31.12.2025	31.12.2024	CHANGE
Raw materials, supplies and consumables	8,874	9,489	(615)
Work in progress and semi finished goods	20,095	19,950	145
Finished goods and goods for resale	14,194	14,922	(728)
<b>Total</b>	<b>43,163</b>	<b>44,361</b>	<b>(1,198)</b>

Changes in the obsolescence reserve are shown below:

	31.12.2025	31.12.2024
Opening balance	44,361	39,170
Increases	3,008	6,656
Decreases	(2,398)	(1,999)
Other changes	(1,808)	534
<b>Closing balance</b>	<b>43,163</b>	<b>44,361</b>

The movements for the year relate to changes made necessary by the application of the Group's procedure, based on the inventory turnover classes.

The item "Other changes" is primarily attributable to exchange rate differences.

## 8. Trade receivables

DESCRIPTION	31.12.2025	31.12.2024	CHANGE
Trade Receivables	292,957	268,930	24,027
Bad debt reserve	(11,266)	(11,318)	52
Advances from customers	(6,989)	(7,218)	229
<b>Total</b>	<b>274,702</b>	<b>250,394</b>	<b>24,308</b>

Changes in bad debt reserve are shown below:

	31.12.2025	31.12.2024
Opening balance	11,318	11,979
Increases	378	367
Decreases	(209)	(1,088)
Other changes	(221)	60
<b>Closing balance</b>	<b>11,266</b>	<b>11,318</b>

The increases for the tax year relate to the changes required under the Group's procedure, which is based on the classification of trade receivables by maturity.

Decreases for the year consist of 0.1 M€ for the use of the reserve to close old receivables considered unrecoverable and 0.1 M€ for the release of the reserve in line with forecast collections for specific positions.

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:

	31.12.2025	31.12.2024	2025%	2024%
EMEA (Europe - Middle East - Africa)	154,745	135,455	56.3%	54.1%
AME (America)	45,633	38,236	16.6%	15.3%
APAC (Asia - Pacific)	74,324	76,703	27.1%	30.6%
<b>Total</b>	<b>274,702</b>	<b>250,394</b>	<b>100.0%</b>	<b>100.0%</b>

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

## 9. Current taxes

DESCRIPTION	31.12.2025	31.12.2024	CHANGE
Current Tax receivables (A)	3,256	4,498	(1,242)
Current Tax payables (B)	(1,320)	(216)	(1,104)
<b>Total (A-B)</b>	<b>1,936</b>	<b>4,282</b>	<b>(2,346)</b>

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	31.12.2025	31.12.2024	CHANGE
Tax receivables	2,766	7,805	(5,039)
Other receivables	1,096	1,393	(297)
<b>Other non current receivables and assets (A)</b>	<b>3,862</b>	<b>9,198</b>	<b>(5,336)</b>
Tax receivables	22,505	20,870	1,635
Other receivables	1,040	2,886	(1,846)
Prepaid expenses and accrued income	4,294	1,798	2,496
<b>Other current receivables and assets (B)</b>	<b>27,839</b>	<b>25,554</b>	<b>2,285</b>
<b>Total (A+B)</b>	<b>31,701</b>	<b>34,752</b>	<b>(3,051)</b>

A breakdown of the Tax receivables is provided below:

TAX RECEIVABLES	31.12.2025	31.12.2024
Direct Taxes	2,627	3,676
Direct Taxes to be refunded	47	55
Indirect Taxes	81	1,782
Indirect Taxes to be refunded	-	31
Other Taxes to be refunded	11	2,261
<b>Total non current Tax receivables (A)</b>	<b>2,766</b>	<b>7,805</b>
Direct Taxes	9,212	9,734
Direct Taxes to be refunded	40	220
Indirect Taxes	7,471	6,831
Indirect Taxes to be refunded	5,114	3,542
Other Taxes	462	371
Other Taxes to be refunded	206	172
<b>Total current Tax receivables (B)</b>	<b>22,505</b>	<b>20,870</b>
<b>Total Tax receivables (A+B)</b>	<b>25,271</b>	<b>28,675</b>

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 from R&D activities which are expected to be used in two years.

Indirect tax credits and other medium- to long-term tax credits expected to be used beyond the current tax year but within five years relate primarily to VAT credits held by various Group companies, for which the necessary formalities to claim the credit with local authorities are currently being finalized.

There are no tax receivables with a duration of more than five years.

Other receivables are broken down as follows:

OTHER RECEIVABLES	31.12.2025	31.12.2024
Guarantee deposits	1,096	1,393
Public grants to be received	-	-
<b>Total other non current receivables (A)</b>	<b>1,096</b>	<b>1,393</b>
Guarantee deposits	297	264
Receivables from employees	222	124
Receivables from social security institutions	204	198
Refunds to be received	27	33
Public grants to be received	23	1,632
Other receivables	267	635
<b>Total other current receivables (B)</b>	<b>1,040</b>	<b>2,886</b>
<b>Total other receivables (A+B)</b>	<b>2,136</b>	<b>4,279</b>

The change in the public grants receivable item is attributable to the collection of the receivable for grants from the Provincial Agency for the Promotion of Economic Activities of the Autonomous Province of Trento by the subsidiary Bonfiglioli Riduttori S.p.A., in support of the "Development of an Industrial IoT Platform" project.

There are also around 420 K€ of loans with a duration of more than 5 years, referring to security deposits of various kinds.

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

PREPAID EXPENSES AND ACCRUED INCOME	31.12.2025	31.12.2024
Interest	365	365
Insurance	321	668
Rentals and maintenance	2,954	383
Advertising costs	63	188
Other	591	194
<b>Total prepaid expenses and accrued income</b>	<b>4,294</b>	<b>1,798</b>

The change in the prepaid expenses and accrued income item for leases and maintenance is primarily attributable to the three-year renewal of the contract with Microsoft S.r.l. regarding the M365 systems, which the Parent Company entered into for the years 2025-2026-2027, with the last two years being prepaid.

## 11. Cash and cash equivalents

DESCRIPTION	31.12.2025	31.12.2024	CHANGE
Banks and postal accounts	99,865	96,139	3,726
Cash on hand	23	25	(2)
<b>Total</b>	<b>99,888</b>	<b>96,164</b>	<b>3,724</b>

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, 2025, 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, 2025 OF THE PARENT COMPANY BONFIGLIOLI S.P.A.

	RESULT FOR THE YEAR	SHAREHOLDERS' EQUITY
<b>Bonfiglioli S.p.A. standalone financial statements</b>	<b>1,139</b>	<b>385,073</b>
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	20,485	138,976
Shareholders' equity and profit attributable to minority interests	(24)	(587)
Elimination of intragroup profits on stock	506	(13,644)
Reversal of extraordinary intragroup transactions (contributions/disposals)	119	(1,329)
Others	(153)	(153)
<b>Consolidated financial statements</b>	<b>22,072</b>	<b>508,336</b>

## 13. Net Cash Position and borrowings

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

DESCRIPTION	31.12.2025	31.12.2024	CHANGE
Banks and postal accounts	99,865	96,139	3,726
Cash on hand	23	25	(2)
<b>Cash and cash equivalents</b>	<b>99,888</b>	<b>96,164</b>	<b>3,724</b>
Financial receivables from other companies	175	2,005	(1,830)
<b>Other non current financial assets</b>	<b>175</b>	<b>2,005</b>	<b>(1,830)</b>
Bonds	-	-	-
Payables to banks – Bank overdraft	(37,214)	(25,310)	(11,904)
Payables to banks	(50,429)	(42,491)	(7,938)
Lease liabilities (IFRS 16)	(5,003)	(15,192)	10,189
Payables to other financial institutions	(1,591)	(1,743)	152
<b>Current borrowings</b>	<b>(94,237)</b>	<b>(84,736)</b>	<b>(9,501)</b>
Bonds	(77,403)	(77,335)	(68)
Payables to banks	(122,171)	(139,372)	17,201
Lease liabilities (IFRS 16)	(13,628)	(13,438)	(190)
Payables to other financial institutions	(6,261)	(7,854)	1,593
<b>Non current borrowings</b>	<b>(219,463)</b>	<b>(237,999)</b>	<b>18,536</b>
<b>Net Cash Position (NCP)</b>	<b>(213,637)</b>	<b>(224,566)</b>	<b>10,929</b>

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

DESCRIPTION	31.12.2025	31.12.2024	CHANGE
Current bonds	-	-	-
Non current bonds	77,403	77,335	68
<b>Bonds</b>	<b>77,403</b>	<b>77,335</b>	<b>68</b>
Current payables to banks	87,643	67,801	19,842
Non current payables to banks	122,171	139,372	(17,201)
<b>Payables to banks</b>	<b>209,814</b>	<b>207,173</b>	<b>2,641</b>
Current lease liabilities (IFRS 16)	5,003	15,192	(10,189)
Non current lease liabilities (IFRS 16)	13,628	13,438	190
<b>IFRS 16 Payables</b>	<b>18,631</b>	<b>28,630</b>	<b>(9,999)</b>
Current payables to other financial institutions	1,591	1,743	(152)
Non current payables to other financial institutions	6,261	7,854	(1,593)
<b>Payables to other financial institutions</b>	<b>7,852</b>	<b>9,597</b>	<b>(1,745)</b>
<b>Total borrowings</b>	<b>313,700</b>	<b>322,735</b>	<b>(9,035)</b>



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

	31.12.2024	INCREASES	DECREASES	OTHER CHANGES	31.12.2025	DUE WITHIN 12 MONTHS	OVER 12 MONTHS WITHIN 5 YEARS	BEYOND 5 YEARS
Parent Company	77,335	-	-	68	77,403	-	32,078	45,325
<b>Bonds</b>	<b>77,335</b>	<b>-</b>	<b>-</b>	<b>68</b>	<b>77,403</b>	<b>-</b>	<b>32,078</b>	<b>45,325</b>
Parent Company	161,077	32,000	(33,625)	61	159,513	42,845	94,286	22,382
Bonfiglioli Slovakia s.r.o.	640	-	(432)	-	208	208	-	-
Bonfiglioli Vietnam Ltd	6,802	2,005	(2,247)	(745)	5,815	1,919	3,896	-
Tecnotrans Bonfiglioli S.A.	-	-	-	-	-	-	-	-
Bonfiglioli Canada Inc.	-	-	-	-	-	-	-	-
Selcom Group S.p.A.	13,344	-	(6,280)	-	7,064	5,457	1,607	-
<b>Medium/long-term borrowings</b>	<b>181,863</b>	<b>34,005</b>	<b>(42,584)</b>	<b>(684)</b>	<b>172,600</b>	<b>50,429</b>	<b>99,789</b>	<b>22,382</b>
<b>Overdrafts</b>	<b>25,310</b>	<b>28,765</b>	<b>(16,691)</b>	<b>(170)</b>	<b>37,214</b>	<b>37,214</b>	<b>-</b>	<b>-</b>
Parent Company	1,152	379	(609)	-	922	455	467	-
Bonfiglioli Riduttori S.p.A.	2,790	795	(885)	-	2,700	770	1,651	279
O&K Antriebstechnik GmbH	10,560	138	(10,417)	-	281	169	110	2
Bonfiglioli Transmissions Ltd	737	455	(925)	-	267	230	37	-
Bonfiglioli Deutschland GmbH	5,001	168	(857)	-	4,312	806	2,796	710
Bonfiglioli U.K. Ltd	2,149	126	(280)	(95)	1,900	284	907	709
Bonfiglioli Drives (Shanghai) Co. Ltd	544	85	(368)	(15)	246	229	17	-
Bonfiglioli Transmission (Aust) Pty Ltd	2,191	88	(253)	(138)	1,888	261	1,150	477
Selcom Group S.p.A.	262	934	(294)	-	902	197	705	-
Selcom Electronics (Shanghai) Co. Ltd	174	2,972	(742)	5	2,409	576	1,833	-
Bonfiglioli Technology Space Pvt Ltd	800	-	(152)	(103)	545	142	403	-
Other subsidiaries	2,270	1,395	(1,346)	(60)	2,259	884	1,363	12
<b>Lease liabilities (IFRS 16)</b>	<b>28,630</b>	<b>7,535</b>	<b>(17,128)</b>	<b>(406)</b>	<b>18,631</b>	<b>5,003</b>	<b>11,439</b>	<b>2,189</b>
Parent Company	484	-	(184)	-	300	-	300	-
Bonfiglioli Power Transmissions Pty Ltd	161	-	(3)	1	159	-	159	-
Bonfiglioli Swiss S.A.	8,936	-	(1,552)	-	7,384	1,583	5,801	-
Bonfiglioli Transmission (Aust) Pty Ltd	16	-	(7)	-	9	8	1	-
<b>Payables to other financial institutions</b>	<b>9,597</b>	<b>-</b>	<b>(1,746)</b>	<b>1</b>	<b>7,852</b>	<b>1,591</b>	<b>6,261</b>	<b>-</b>
<b>Total</b>	<b>322,735</b>	<b>70,305</b>	<b>(78,149)</b>	<b>(1,191)</b>	<b>313,700</b>	<b>94,237</b>	<b>149,567</b>	<b>69,896</b>

Details of the contents and the main changes in the borrowing are provided, indicating that the amortized cost criterion has been applied only where significant.

#### 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 2025 for 2.6 M€. The remaining debt at 31.12.2025 is due for 0.9 M€ beyond the following year, but within five years, and for the remaining 1.7 M€ beyond five years;
- The 125 MUSD shelf facility signed on January 16, 2019 by Bonfiglioli and Pricoa Capital Group through which the Bonfiglioli Group was granted 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, including a 7-year grace period and 5 years of straight-line amortization with semi-annual payments. This is recorded in the financial statements as an amortized cost as of December 31, 2025, for a total of 24.7 M€, of which 20 M€ is due beyond the next fiscal year, but within five years, and the remaining 4.7 M€ beyond five years. Over the course of 2022, the shelf facility was renewed for an additional three years and increased to a total of 150 MUSD. Also during 2022, an additional bond of 50 M€

was issued as a private placement with a 15 year term, including 6 years of pre-amortization and 9 years of linear amortization with half-yearly installments, of which 11 M€ matures beyond the following year, but within five years and the remaining 39 M€ beyond five years. In the early months of 2025, the Company renewed its agreement with PRICOA for another three years.

#### Payables to banks:

- During 2025, the Parent Company used the medium-long term loan signed in 2024 with BNL for a total of 20 M€, maturing on 20.12.2031. The Parent Company then signed a further medium-long term loan with Credit Agricole for a total of 12 M€, maturing on 31.12.2032. Both loans are recorded in the financial statements as of 31.12.2025 for the entire amount, as they are still in the pre-amortization period. With reference to the 20 M€ BNL loan, it should be noted that 3.3 M€ will expire during 2026, 13.3 M€ is due beyond the following year but within five years, and the remaining 3.4 M€ beyond five years. With reference to the 12 M€ Credit Agricole loan, it should be noted that 1.7 M€ is due in 2026, 6.9 M€ is due beyond the following year but within five years and the remaining 3.4 M€ beyond five years.
- During 2025, the subsidiary Bonfiglioli Vietnam Ltd. signed a new medium-long term loan agreement with BNP for

an amount of 2 M€, which has been added to the previous loans in place for a total value at 31.12.2025 of 5.8 M€, of which 1.9 M€ will expire in 2026 and the remaining 3.9 M€ will expire after the following year but within five years.

- The remaining 134 M€ of bank debt related to contracts already in place as of 31.12. 2024, whose repayment, according to the contractual amortization plans, will see 43.5 M€ due in 2026, 75.7 M€ due beyond the next year, but within five years, and 15.6 M€ due beyond five years.

With regard to leasing liabilities (IFRS 16), there has been a change at the German subsidiary O&K following the aforementioned purchase of the industrial property previously held under a right-to-use lease.

#### Payables to other financial institutions:

- With reference to the Parent Company, this amounts to 0.3 M€ received from SIMEST as an investment in the capital of the Swiss subsidiary, to be repaid in a single installment on May 31, 2030;
- With regard to the subsidiary Bonfiglioli Swiss, the loan received from SIMEST in 2023 remains in effect; it amounts to 7.4 M€ and matures on May 31, 2030. Of this amount, 1.6 M€ matures in 2026, and 5.8 M€ matures beyond the next financial year but within five years.
- With regard to the South African subsidiary Bonfiglioli Power Transmissions Pty Ltd, this refers to the debt owed to the minority shareholder Broad-Based Black Economic Empowerment (B-BBEE) in accordance with the current agreement, which provides for a series of put and call options that can be exercised annually.

In 2025, the Group did not carry out any early repayments of medium/long-term loans; all amounts repaid were in respect of installments due.

Approximately 50% of the Group's medium/long-term debt is at a fixed rate, while the remaining portion benefited in 2025 from lower market rates and from the effectiveness of the tax risk hedges in place. In addition, the new loan agreements signed during the year have more favorable terms compared to those repaid in 2025. The combination of these factors resulted in an average medium/long-term interest rate of 2.98% for the Group in 2025, compared to 3.49% in 2024.

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, 2025 and expectations are that they will continue to be met in the coming years.

## 14. Provisions for risks and charges

DESCRIPTION	31.12.2025	31.12.2024	CHANGE
Non current provisions	7,694	9,451	(1,757)
Current provisions	10,831	11,430	(599)
<b>Total</b>	<b>18,525</b>	<b>20,881</b>	<b>(2,356)</b>

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

DESCRIPTION	31.12.2024	INCREASES	DECREASES	OTHER CHANGES	31.12.2025
Warranty reserve	17,479	1,278	(2,398)	(792)	15,567
Sales Agents' Indemnity Reserve	2,042	-	(673)	-	1,369
Tax assessment reserve	402	461	(233)	(64)	566
Other reserves	958	334	(210)	(59)	1,023
<b>Total</b>	<b>20,881</b>	<b>2,073</b>	<b>(3,514)</b>	<b>(915)</b>	<b>18,525</b>

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.

## 15. Employee benefit obligations

DESCRIPTION	31.12.2025	31.12.2024	CHANGE
Non current employee benefit obligations	14,587	16,225	(1,638)
Current employee benefit obligations	1,337	1,272	65
<b>Total</b>	<b>15,924</b>	<b>17,497</b>	<b>(1,573)</b>

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 9.8 M€.

Details of the changes are outlined below:

	31.12.2025	31.12.2024
Opening balance	17,497	16,933
Service costs	690	741
Interest	538	555
Settlements	(1,268)	(1,135)
Actuarial changes	(1,525)	404
Exchange rate differences	(8)	(1)
<b>Closing balance</b>	<b>15,924</b>	<b>17,497</b>

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 130 K€ overall):

2025	ITALY	FRANCE	GERMANY
Discount rates	3.74%	3.79%	4.12%
Salary increase rates	2.70%	4.08%	-
Inflation rates	1.70%	2.10%	-

2024	ITALY	FRANCE	GERMANY
Discount rates	3.16%	3.17%	3.32%
Salary increase rates	2.90%	4.08%	-
Inflation rates	1.90%	2.10%	-

By uniformly varying the discount rate by +/- 50 b.p., the consolidated liability at December 31, 2025 would have been approximately 0.8 M€ lower or 0.8 M€ higher.

## 16. Trade payables

DESCRIPTION	31.12.2025	31.12.2024	CHANGE
Trade payables	289,479	285,440	4,039
Advances to suppliers	(3,703)	(1,604)	(2,099)
<b>Total</b>	<b>285,776</b>	<b>283,836</b>	<b>1,940</b>

Breakdown of trade payables by geographical area:

	31.12.2025	31.12.2024	2025%	2024%
EMEA (Europe - Middle East - Africa)	198,953	193,529	69.6%	68.2%
AME (America)	3,762	3,241	1.3%	1.1%
APAC (Asia - Pacific)	83,061	87,066	29.1%	30.7%
<b>Total</b>	<b>285,776</b>	<b>283,836</b>	<b>100.0%</b>	<b>100.0%</b>

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

	31.12.2025	31.12.2024	2025%	2024%
Trade payables	285,776	283,836	100%	100%
Trade payables under reverse factoring	32,585	30,185	11.40%	10.63%
Trade payables reclassified as bank debt	414	911	0.14%	0.32%

With regard to the Group's trade payables, the Italian companies have continued with the reverse factoring program. As of December 31, 2025, the amounts payable to suppliers participating in reverse factoring programs totaled 32.6 M€, up from 30.2 M€ in 2024.

As of December 31, 2025, 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 0.4 M€. There was no extension of 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	31.12.2025	31.12.2024	CHANGE
Payables to social security institutions	289	114	175
Payables to employees	3,170	2,039	1,131
Accrued expenses and deferred income	4,249	5,146	(897)
<b>Other non current payables and liabilities (A)</b>	<b>7,708</b>	<b>7,299</b>	<b>409</b>
Tax payables	10,729	11,951	(1,222)
Payables to social security institutions	13,927	12,976	951
Payables to employees	31,546	32,690	(1,144)
Other payables	732	657	75
Accrued expenses and deferred income	2,999	3,525	(526)
<b>Other current payables and liabilities (B)</b>	<b>59,933</b>	<b>61,799</b>	<b>(1,866)</b>
<b>Total (A+B)</b>	<b>67,641</b>	<b>69,098</b>	<b>(1,457)</b>

A breakdown is given below:

TAX PAYABLES	31.12.2025	31.12.2024
Direct Taxes	6,897	7,603
Indirect Taxes	3,099	3,918
Other Taxes	733	430
<b>Total Tax payables</b>	<b>10,729</b>	<b>11,951</b>

OTHER PAYABLES	31.12.2025	31.12.2024
Payables to directors	251	276
Other payables	481	381
<b>Total other payables</b>	<b>732</b>	<b>657</b>

ACCRUED EXPENSES AND DEFERRED INCOME	31.12.2025	31.12.2024
Interest	1,273	2,003
Deferred income from public contributions	5,762	6,374
Others	213	294
<b>Total accrued expenses and deferred income</b>	<b>7,248</b>	<b>8,671</b>

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

- 4.4 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 1.2 M€;
- 0.8 M€ of the deferred tax receivable on instrumental assets recognized by the company "Selcom Group S.p.A.". The current portion amounts to 0.2 M€;
- 0.1 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€;
- 0.1 M€ of the deferred tax assets related to capital goods recognized by the companies "Selcom Electronics (Shanghai) Co., Ltd." and "Bonfiglioli Drives (Shanghai) Co. Ltd";
- 0.2 M€ of the deferred duty reimbursement accounted for by the Indian company "Bonfiglioli Transmissions Ltd";
- the remaining 0.2 M€ refers to the contribution due to the Parent Company, which is primarily recognized as an expense for construction work to be performed in future tax years.

## INCOME STATEMENT

## 18. Revenues from sales and services

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

DESCRIPTION	2025	2024	CHANGE	2025%	2024%
EMEA (Europe - Middle East - Africa)	612,706	629,282	(16,576)	52.2%	52.9%
AME (America)	255,975	257,679	(1,704)	21.8%	21.6%
APAC (Asia - Pacific)	304,261	303,911	350	25.9%	25.5%
<b>Total</b>	<b>1,172,942</b>	<b>1,190,872</b>	<b>(17,930)</b>	<b>100.0%</b>	<b>100.0%</b>

With regard to the Group performance in 2025, consolidated turnover decreased by 1.5% compared to the previous year, as a result of the sector slowdown, mainly in Europe, and the negative impact of exchange rate changes. For more details on the Group performance, we refer you to the Management Report.

## 19. Material costs

DESCRIPTION	2025	2024	CHANGE
Purchases from third parties	707,205	704,467	2,738
Delta stock	3,362	32,426	(29,064)
<b>Total</b>	<b>710,567</b>	<b>736,893</b>	<b>(26,326)</b>

## 20. Payroll costs

DESCRIPTION	2025	2024	CHANGE
Wages and salaries	175,548	178,503	(2,955)
Social contributions	46,812	46,470	342
Defined benefit and contribution plans costs	7,762	7,194	568
Other personnel costs	1,470	1,730	(260)
<b>Total</b>	<b>231,592</b>	<b>233,897</b>	<b>(2,305)</b>

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

	31.12.2025	31.12.2024	2025 AVERAGE	2024 AVERAGE
Managers	240	242	240	247
White collars	2,212	2,223	2,208	2,361
Blue collars	2,070	2,120	2,083	2,181
Temporary workers	578	511	537	520
<b>Total</b>	<b>5,100</b>	<b>5,096</b>	<b>5,068</b>	<b>5,310</b>

## 21. Services, leases and rentals

DESCRIPTION	2025	2024	CHANGE
Subcontracting and external operation	26,269	28,792	(2,523)
Transport and portorage	32,962	31,793	1,169
Maintenance and utilities	37,733	37,513	220
Travel, fairs and advertising	7,662	8,001	(339)
Consultancies	11,706	12,173	(467)
Services to employees	6,973	7,237	(264)
Fees for directors, statutory auditors and independent auditors	2,884	3,189	(305)
Insurance	2,964	3,103	(139)
Others	12,838	13,691	(853)
<b>Total</b>	<b>141,991</b>	<b>145,492</b>	<b>(3,501)</b>

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

## 22. Other operating income

DESCRIPTION	2025	2024	CHANGE
Sales to vendor and other minor sales	7,652	6,829	823
Transport and packaging refunds	5,751	5,412	339
Claims to vendor	1,216	1,265	(49)
Capital gains and contingent assets	2,082	13,678	(11,596)
Received grants and contributions	6,146	5,599	547
Reserve reversal	899	1,924	(1,025)
Insurances and other refunds	624	279	345
Others	2,257	2,370	(113)
<b>Total</b>	<b>26,627</b>	<b>37,356</b>	<b>(10,729)</b>

## 23. Other operating costs

DESCRIPTION	2025	2024	CHANGE
Other Tax & levy	4,376	4,238	138
Purchase of low value items	652	848	(196)
Association fees	503	579	(76)
Donations	248	283	(35)
Capital losses and contingent liabilities	1,226	342	884
Others	97	117	(20)
<b>Total</b>	<b>7,102</b>	<b>6,407</b>	<b>695</b>

## 24. Depreciation, amortization and impairment

DESCRIPTION	2025	2024	CHANGE
Amortization of intangible assets	6,085	5,699	386
Impairment of intangible assets	-	3	(3)
Depreciation of tangible assets	43,148	44,988	(1,840)
Depreciation of rights to use tangible assets	7,192	7,389	(197)
Impairment of tangible assets	327	73	254
Impairment of rights to use tangible assets	1	-	1
<b>Total</b>	<b>56,753</b>	<b>58,152</b>	<b>(1,399)</b>

## 25. Financial income and costs

DESCRIPTION	2025	2024	CHANGE
Financial income	1,853	1,935	(82)
Financial costs	(13,501)	(16,706)	3,205
<b>Total</b>	<b>(11,648)</b>	<b>(14,771)</b>	<b>3,123</b>

A breakdown is given below:

FINANCIAL INCOME	2025	2024	CHANGE
Bank interest income	1,561	1,483	78
Commercial and other interest	292	452	(160)
<b>Total</b>	<b>1,853</b>	<b>1,935</b>	<b>(82)</b>

FINANCIAL COSTS	2025	2024	CHANGE
Bank interest expenses	2,203	3,866	(1,663)
Interest on bonds	1,767	1,741	26
Interest payable on borrowings	7,369	8,897	(1,528)
Interest from lease liabilities (IFRS 16)	1,289	1,155	134
Interest on employee benefits	714	767	(53)
Others	159	280	(121)
<b>Total</b>	<b>13,501</b>	<b>16,706</b>	<b>(3,205)</b>

## 26. Foreign exchange gains and losses

DESCRIPTION	2025	2024	CHANGE
Foreign exchange gains	13,364	12,170	1,194
Foreign exchange losses	(14,022)	(14,420)	398
<b>Total</b>	<b>(658)</b>	<b>(2,250)</b>	<b>1,592</b>

## 27. Investments' income and costs

Income from equity investments regards the profits of the company Grumento, posted for reasons of transparency by "O&K Antriebstechnik GmbH" for an amount of 4.0 M€, in accordance with the property transfer agreement, and the dividends received from the investee BEST Hellas SA (21 K€). This item also includes expenses arising from the adjustment of the payable to the minority shareholder B-BBEE in South Africa (34 K€).

## 28. Taxes

DESCRIPTION	2025	2024	CHANGE
Current Taxes	14,352	10,222	4,130
Deferred Tax assets	1,510	(3,403)	4,913
Deferred Tax liabilities	(2,628)	(813)	(1,815)
Non-deductible withholdings and prior year taxes	5,903	3,653	2,250
<b>Total</b>	<b>19,137</b>	<b>9,659</b>	<b>9,478</b>

The item "non-deductible withholding taxes and prior-year taxes" mainly includes withholding taxes incurred on dividends distributed by the Indian company, amounting to approximately 1.3 M€, and a 3.4 M€ write-down of withholding taxes on foreign income recorded by the Parent Company on a prudential basis, net of prior-year tax adjustments recognized upon filing the tax returns for the year 2024.

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

DESCRIPTION	2025	2024
<b>Theoretical income taxes</b>	<b>19,210</b>	<b>11,590</b>
<b>Theoretical tax rate</b>	<b>31.93%</b>	<b>37.50%</b>
Fiscal effect on temporary differences	689	(571)
Fiscal effect on permanent differences on tax incentives and subsidies	(2,259)	(3,685)
Fiscal effect on other permanent differences	(2,567)	2,499
Fiscal effect on tax losses offset	(825)	(120)
Other fiscal effects	104	509
<b>Current Taxes</b>	<b>14,352</b>	<b>10,222</b>
Deferred (tax assets) and tax liabilities	(1,118)	(4,216)
Prior year direct taxes and non-deductible withholding taxes	5,903	3,653
<b>Total taxes for the year</b>	<b>19,137</b>	<b>9,659</b>
<b>Profit before tax</b>	<b>41,234</b>	<b>29,528</b>
<b>Effective tax rate</b>	<b>46.41%</b>	<b>32.71%</b>

## 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	16.02.2026	IIR + QDMTT: 01.01.2024 UTPR: 01.01.2025
Brazil	03.10.2025	QDMTT: 01.01.2025
Canada	12.09.2025	IIR + QDMTT: 01.01.2024
China	N/A	N/A
France	03.12.2025	IIR + QDMTT: 01.01.2024 UTPR: 01.01.2025
Germany	23.12.2025	IIR + QDMTT: 01.01.2024 UTPR: 01.01.2025
India	N/A	N/A
Italy	06.02.2026	IIR + QDMTT: 01.01.2024 UTPR: 01.01.2025
New Zealand	27.03.2024	IIR + UTPR: 01.01.2025
Singapore	31.12.2025	IIR + QDMTT: 01.01.2025
Slovakia	18.11.2025	"QDMTT: 01.01.2024 IIR + UTPR: 01.01.2030"
South Africa	28.10.2025	IIR + QDMTT: 01.01.2024
Spain	29.10.2025	IIR + QDMTT: 01.01.2024 UTPR: 01.01.2025
Switzerland	12.12.2025	QDMTT: 01.01.2024 IIR + UTPR: 01.01.2025
Turkey	13.01.2026	IIR + QDMTT: 01.01.2024 UTPR: 01.01.2025
Great Britain	07.01.2026	IIR + QDMTT: 01.01.2024 UTPR: 01.01.2025
USA	09.03.2023	N/A
Vietnam	21.10.2025	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 2025. 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, 2025.

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	31.12.2025	31.12.2024	CHANGE
Guarantees given	11,973	14,744	(2,771)
Guarantees received	(2,533)	(1,715)	(818)
Collateral	10,197	14,105	(3,908)
<b>Total</b>	<b>19,637</b>	<b>27,134</b>	<b>(7,497)</b>

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 Slovakian company of 0.8 M€, in addition to real estate collateral provided by the Parent Company of 9.4 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 2025 from national administrations or equivalent national bodies is given below.

FUNDING BODY	RECIPIENT COMPANY	AMOUNT IN EURO	REASON
Autonomous Province of Trento - Provincial Agency for the Incentivization of Economic Activities (Tax Code 00337460224)	Bonfiglioli Riduttori S.p.A.	1,601,633	Contribution to the creation of an industrial IoT platform (L.6/1999)
MISE (Ministry of Business and Made in Italy) (Tax Code 80230390587)	Bonfiglioli Riduttori S.p.A.	711,871	Grants on technological innovation projects
Trentino Sviluppo (Tax Code 00123240228)	Bonfiglioli Riduttori S.p.A.	102,355	Contribution for the rental of space at the "Polo Meccatronica" in Rovereto ("De Minimis")
Alma Mater Studiorum University of Bologna (Tax Code 01131710376)	Bonfiglioli Riduttori S.p.A.	86,000	Contribution to the FAIR (Future Artificial Intelligence Research) project
Università degli Studi di Roma Tor Vergata (Tax Code 80213750583)	Selcom Group S.p.A.	68,635	Grant for the Closer project - Interregional Innovation Investment Strand 1 (I3-2023-INV1)
Alma Mater Studiorum University of Bologna (Tax Code 01131710376)	Bonfiglioli S.p.A.	85,264	Contribution to the FAIR (Future Artificial Intelligence Research) project
<b>TOTAL</b>		<b>2,655,758</b>	

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	2025	2024
Directors	2,030	2,232
Statutory Auditors/Independent Auditors	854	957
<b>Total</b>	<b>2,884</b>	<b>3,189</b>

## 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. These transactions take place under 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

It should be noted that in early February 2026, the Group filed a Draft Red Herring Prospectus (DRHP) to list the Indian company Bonfiglioli Transmissions Limited through a public sale offering. Approval by the NSE India is expected within three months. From that moment on, Bonfiglioli, which holds 100% of the Indian company's share capital, will have one year to decide when to proceed with the next steps, with the goal of selling between 12% and 25% of its stake on the market. The decision regarding the timing of implementation must take Indian stock market trends into account, along with developments in the macroeconomic situation, and the impact of these complexities on the market "sentiment" and exchange rates.

Calderara di Reno (Bologna), March 30, 2026  
for The Board of Directors

  
The Chairwoman  
Sonia Bonfiglioli



# Annex A

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

	2025	2024
<b>A. Opening Net Cash Position</b>	<b>(224,566)</b>	<b>(258,611)</b>
<b>B. OPERATING ACTIVITIES</b>		
Group' Income (Loss)	22,072	19,867
Minority	24	2
Depreciation and impairment	49,560	50,763
Depreciation and impairment IFRS16	7,193	7,389
Bad Debt Provision	378	367
Other risks provisions	1,603	756
Business combination effect	-	(6,429)
Current and deferred taxes	19,137	9,659
<b>Cash flow before operative capital employed variation</b>	<b>99,967</b>	<b>82,374</b>
Net Working Capital variation	(76)	26,365
Derivatives FMV variation	85	272
Risks Provision variation	(3,959)	(5,465)
Employee benefit obligations variation	(712)	217
Current and deferred taxes variation	(4,847)	(4,009)
Current taxes paid	(12,006)	(8,988)
Other assets and liabilities variation	1,594	3,386
<b>B. Cash flow originating from (used for) operating activities</b>	<b>80,046</b>	<b>94,152</b>
<b>C. INVESTING ACTIVITIES</b>		
CAPEX	(49,276)	(55,526)
CAPEX IFRS16	7,442	(2,482)
Share Investments	-	(281)
<b>C. Cash flow originating from (used for) investing activities</b>	<b>(41,834)</b>	<b>(58,289)</b>
<b>D. FINANCING ACTIVITIES</b>		
Dividends paid	(4,000)	(6,000)
Currency conversion reserve variation	(36,092)	7,781
Exchange rate (gains) losses on CAPEX	10,382	(2,490)
Exchange rate (gains) losses on CAPEX IFRS16	2,425	(382)
Exchange rate (gains) losses on Share Investments	2	-
Other variations	-	(727)
<b>D. Cash flow originating from (used for) financing activities</b>	<b>(27,283)</b>	<b>(1,818)</b>
<b>E. CASH FLOW FOR THE YEAR (B+C+D)</b>	<b>10,929</b>	<b>34,045</b>
<b>F. Closing Net Cash Position (A+E)</b>	<b>(213,637)</b>	<b>(224,566)</b>



# 9



Independent auditors' report



# Independent auditors' report

AS OF DECEMBER 31, 2025

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



## Bonfiglioli S.p.A.

Consolidated financial statements as at December 31, 2025

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



EY S.p.A.  
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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, 2025, 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, 2025, 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.

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.

EY S.p.A.  
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Capitale Sociale Euro 3.000.000 i.v.  
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi  
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003  
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998

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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 or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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.



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### 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 January 27, 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, 2025, 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, 2025.

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 14, 2026

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.*



**Bonfiglioli**

*We engineer dreams*



We have a relentless commitment to excellence, innovation & sustainability. Our team creates, distributes and services world-class power transmission & drive solutions to keep the world in motion.

**HEADQUARTERS**

**Bonfiglioli S.p.A.**

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