ANNUAL REPORT

comer industries

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2024

comer industries

COMER INDUSTRIES S.P.A.
Headquarters and Administrative Offices:
Via Magellano 27 – 42046 Reggiolo (RE) – Italy
Reggio Emilia Business Register no. 07210440157
Authorized share capital 18,487,338.60 euros entirely subscribed and paid-up
Tax Code 07210440157 - VAT no. IT 01399270352

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LETTER FROM THE PRESIDENT

Dear shareholders,
What we are living through is certainly an important historical moment, one of great political, economic, and technological transformations. A time in which all of us – as citizens, as workers in industry, as entrepreneurs or investors – are being touched by change every day.

In 2024 several scenarios shifted – politically, socially, and economically – with a major impact on the markets we compete in throughout the world. War fronts, rising energy costs, and now the establishment of protectionist policies have affected our market specifically.

The choice is ours, whether to face this changing world with fear and bewilderment or to see the era we are living in as a time of opportunity, especially for those who, like us at Comer Industries, are aware of their own resources and pace.

We are a living entity, an ever-evolving organization whose recent history and solidity of numbers lead us to look to the future with "rhythmic optimism," the rhythm of the machinery in operation, management, engineers, and workers who engage in industrial processes every day.

Looking at the results of a year, which was also our first among the companies on the main list of the Italian Stock Exchange, I can say that notwithstanding a slowdown caused by the negative evolution of the market we operate in, thanks to our vision and our ability to adapt to global challenges we still managed to solidify our market positioning.

In fact, despite the current situation of our market and the slowing international economy, we have managed to maintain our company's profitability at the historical highs of 2023 by acting promptly, effectively and efficiently throughout the value chain.

And without losing sight of – indeed reviving – our long-term investment strategy, as evidenced by the purchase of the new production plant in North America.

We have thus demonstrated a clear strategy and a spirit of adaptation, leveraging the diversification of our geographic distribution, our core business and our well-established international presence, with 11 plants in 6 countries. These are all elements that have proven to be key in mitigating risks and seizing opportunities globally.

In this context, a focus on sustainability continues to be a component of our strategy. 2024 saw a solidifying of Comer Industries' commitment to addressing challenges in a structured manner that is integrated into long-term business strategies. The Materiality Analysis underscored the importance of due diligence throughout our supply chain, anticipating future European sustainability regulations.

During the year, we performed an in-depth analysis of climate change risks, applying scientific approaches and quantitative models. This has enabled us to identify and prioritize both the physical and cyber risks that our sites are exposed to, not to mention transition-related risks such as rapidly changing regulations and fluctuating commodity costs. We have integrated these risks into our management model, taking mitigating and adaptive measures to strengthen the Company's resilience.

Our journey in the stock markets, which began with our listing in 2019, has seen us grow steadily, tripling the company's value on the stock market and reflecting the trust that investors and all other stakeholders place in us. We are ready to continue to fulfill our mission at this pace with determination and foresight.

We are constantly striving to strengthen our international reach. Indeed, recent investments in the United States were a forward-looking choice that allowed us to anticipate the direction of the new administration, which is having a bearing on global economic developments. We continue to invest significant resources to foster cultural and productive integration between our realities, convinced that only a process of unity and innovation can generate lasting results. The focus on human resources, development projects, and the welfare of our employees also remains a key pillar of our growth.

We are confident about the future.

Our path is driven by passion, commitment, and the relentless pace that allows us to meet every challenge.
The people who are part of Comer Industries have proven to be our true strength, having also to deal with the difficulties of our times on a personal level.
Each of them is a heartbeat that helps to create the Company's future, support the local community, ensure the safety of our workplaces, and the success of our investment projects. Ours is a future that is built with determination, energy, and continuity. Every day, every machine, every heartbeat contributes to an ecosystem that not only produces, but that constantly grows and renews itself.

Our goal is to continue working at the same pace that has always set us apart from the rest, maintaining our vision, our passion for innovation, and our commitment to the future. Our path is one of a Company that has built its solidity and international credibility one step at a time.

Focused on today, but looking ahead to tomorrow.

With gratitude and renewed confidence in the future,

Reggiolo, March 19, 2025

Matteo Storchi
President & CEO

GENERAL INFORMATION

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President & CEO

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Vice President and Director

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Independent Director

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Massimiliano Fontani
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Matteo Nobili
Member

FINANCIAL REPORTING OFFICER

Stefano Palmieri

AUDIT FIRM

Deloitte & Touche S.p.A.

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DIRECTORS' REPORT

SUMMARY OF THE RESULTS OF COMER INDUSTRIES GROUP

(MILLION EUROS)	12/31/2024	12/31/2023	CHANGE %
SALES REVENUES	942.4	1,223.9	-23.0%
EBITDA % of sales revenue	157.5 16.7%	205.0 16.7%	-23.2%
EBIT % of sales revenue	99.3 10.5%	144.4 11.8%	-31.2%
NET PROFIT % of sales revenue	67.2 7.1%	94.0 7.7%	-28.5%
Adjusted NET PROFIT[1] % of sales revenue	82.5 8.8%	108.6 8.9%	-24.0%
EPS [NET PROFIT / NO. OF SHARES]	2.34	3.28	
Adjusted EPS [adjusted NET PROFIT / NO. OF SHARES][1]	2.88	3.79	
Adjusted FREE CASH FLOW[2]	84.0	162.9	
Adjusted CASH CONVERSION RATE[2]	53.3%	79.5%	
CapEx % of sales revenue	49.9 5.3%	42.3 3.5%	

(MILLION EUROS)	12/31/2024	12/31/2023	CHANGE %
COMMERCIAL WORKING CAPITAL % of sales revenue	185.8 19.7%	233.6 19.1%	-20.4%
INVESTED CAPITAL	602.6	602.4	0.0%
NET FINANCIAL POSITION	(58.4)	(94.8)	-38.4%
NET FINANCIAL POSITION / EBITDA	0.4	0.5	
EBITDA / FINANCIAL EXPENSES	11.8	15.4	
SHAREHOLDERS' EQUITY	544.2	507.6	7.2%
NET FINANCIAL POSITION / SHAREHOLDERS' EQUITY	10.7%	18.7%	
ROI [EBIT / INVESTED CAPITAL (%)]	16.5%	24.0%	
Adjusted ROE [NET PROFIT / EQUITY (%)][1]	15.2%	21.4%	

1 Profit adjusted to exclude depreciation and amortization and related tax effects arising from the accounting of the business combinations executed (Walterscheid and e-comer).

2 Does not include the financial impact from the purchase of the building in Rockford (US) in the amount of 21,557 thousand euros and the payment of the LTIP bonus in the amount of 13,549 thousand euros, nor the cash generated from the sale of the building in Charlotte (US) in the amount of 11,561 thousand euros.

1.1

SIGNIFICANT EVENTS IN THE 2024 FINANCIAL YEAR

In spite of a particularly challenging macroeconomic and market environment, in 2024 the Group resolutely pursued its investment goals in keeping with its long-term "G-Local" strategy. This approach aims to strengthen the proximity of production to customers, while maintaining a global vision to quickly seize all market opportunities. Specifically, in the first part of the year, the Group, through its US subsidiary Powertrain Rockford Inc, completed a major investment that doubled the size of its production site in Rockford, Illinois. The total area now covers about 165,000 square meters, of which about 53,000 dedicated to production. The site has been operational since October 2024 and will be completed in 2025.

The sale of the building in Charlotte (USA) formerly used as offices and a logistics warehouse was also finalized during the year. The transaction is part of a strategic optimization of real estate assets, aimed at creating a single production hub and improving the overall efficiency of the operating structure in North America.

The Ordinary Shareholders' Meeting in April approved a new incentive plan called the "2024-2026 Comer Industries Long Term Incentive Plan" (LTIP) for executive directors and top management in order to align the interests of the beneficiaries with the pursuit of the priority objective of creating value for shareholders in a long-term perspective through careful management of business risks and the pursuit of multi-year programs and projects, while also having regard to sustainable growth.

1.2

THE GLOBAL MACROECONOMIC SCENARIO AND THE REFERENCE MARKET

MACROECONOMIC LANDSCAPE

Over recent years the global economy demonstrated considerable resilience, facing significant shocks like the pandemic and the energy crisis. In 2024 global growth remained stable, while inflation continued to decline.

According to OECD projections, the global economy will continue to be robust, with global GDP growth forecast to reach 3.2% this year, followed by growth of 3.3% in 2025 and 2026 (Table 1.1). In parallel, inflation will continue to decline, progressively approaching central bank targets. Slowing inflation promotes an increase in real household income and supports consumption, although in many countries consumer confidence has not yet returned to pre-pandemic levels.

Real interest rates remain restrictive, but the reduction in nominal yields has already triggered signs of recovery in real estate and credit markets, which are notoriously sensitive to rate changes.

In the short term, growth trends will continue to be uneven across the major economies. Solid growth is expected in the United States, while in Europe the economy is showing signs of acceleration. In Asia, strong domestic demand in India and Indonesia, along with the recent stimulus measures announced in China and Japan, should support robust economic expansion in the region.

In G20 countries, annual consumer price inflation should continue to fall gradually with the easing of pressure on costs, from the 5.4% recorded this year to 3.5% and 2.9% in 2025 and 2026, respectively. In most major economies, inflation is expected to return to target by the end of 2025.

However, this solid overall performance conceals profound differences between regions and countries, and is accompanied by significant downside risks and uncertainties. Major risk factors include growing protectionism, escalating conflicts and difficulties related to the fiscal policies of some states.

Geopolitical tensions remain a significant threat in the short term, especially if conflicts in the Middle East escalate, compromising the security of oil supplies. A sudden surge in oil prices, particularly in importing countries, could fuel global inflation, undermining confidence and slowing growth.

Furthermore, uncertainty concerning trade policies has risen significantly in recent months, fueling concerns of a continued increase in import restrictions imposed by the main economies. Further tightening of global trade could raise production costs for businesses, increase import prices and reduce consumer purchasing power. Financial vulnerability also persists due to high debt levels, overvaluation of some assets and deteriorating creditworthiness.

(AS A PERCENTAGE)	AVERAGE 2013-2019	2023	2024	2025	2026
Real GDP growth					
World	3.4	3.2	3.2	3.3	3.3
G20	3.5	3.6	3.3	3.3	3.2
OECD	2.3	1.8	1.7	1.9	1.9
United States	2.5	2.9	2.8	2.4	2.1
Eurozone	1.9	0.5	0.8	1.3	1.5
Japan	0.8	1.7	-0.3	1.5	0.6
Non-OECD	4.4	4.4	4.4	4.4	4.3
China	6.8	5.2	4.9	4.7	4.4
India	6.8	8.2	6.8	6.9	6.8
Brazil	-0.4	2.9	3.2	2.3	1.9
OECD area unemployment rate	**6.5**	**4.8**	**4.9**	**4.9**	**4.8**

(AS A PERCENTAGE)	AVERAGE 2013-2019	2023	2024	2025	2026
Inflation					
G20	3.0	6.1	5.4	3.5	2.9
OECD	1.7	7.1	5.4	3.8	3.0
United States	1.3	3.8	2.5	2.1	2.0
Eurozone	0.9	5.4	2.4	2.1	2.0
Japan	0.9	3.3	2.6	1.9	2.1

Source: OECD Economic Outlook database - December 2024

TARGET MARKET

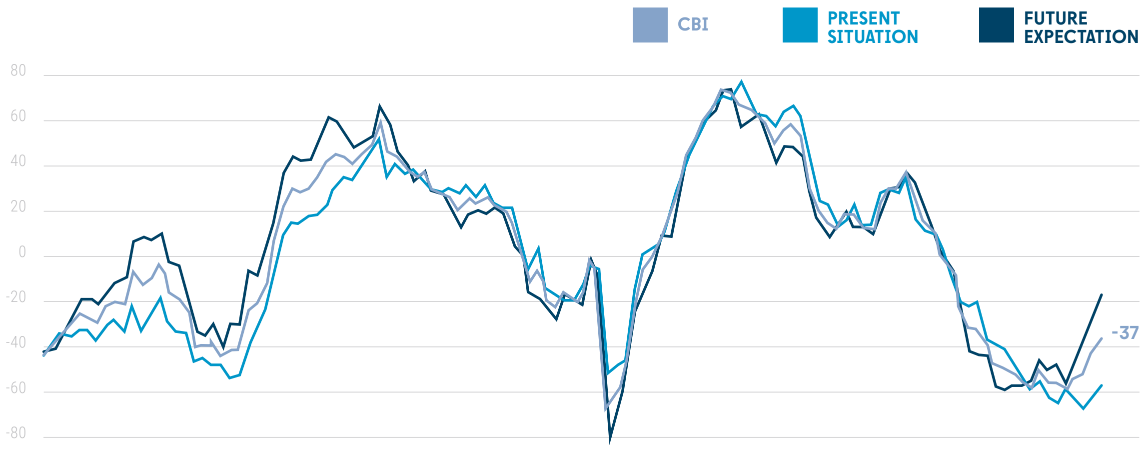
The Comer Industries Group designs and manufactures advanced engineering systems and mechatronics solutions for power transmissions. Its activities are divided into two main areas according to the use of the machines on which the supplied products are installed: (i) agricultural and (ii) industrial (which includes all other sectors including wind power and electricity).

Agricultural sector

After reaching a business cycle high in the spring of 2023, the agricultural market entered a contraction starting in the second half of that year and accelerated downward during 2024 as a result of reduced demand for agricultural machinery combined with the disposal of the high level of inventories.

The market downturn has affected all our major OEM customers globally.

The business climate index for the agricultural machinery industry in Europe, the Group's main target market, closed December 2024 at -37, clearly underscoring the ongoing trend. Although recovering slightly from the low of -58 recorded in the fall, the value still remains a long way from the peak of +36 reached in February 2023 (on a scale of -100 to +100).

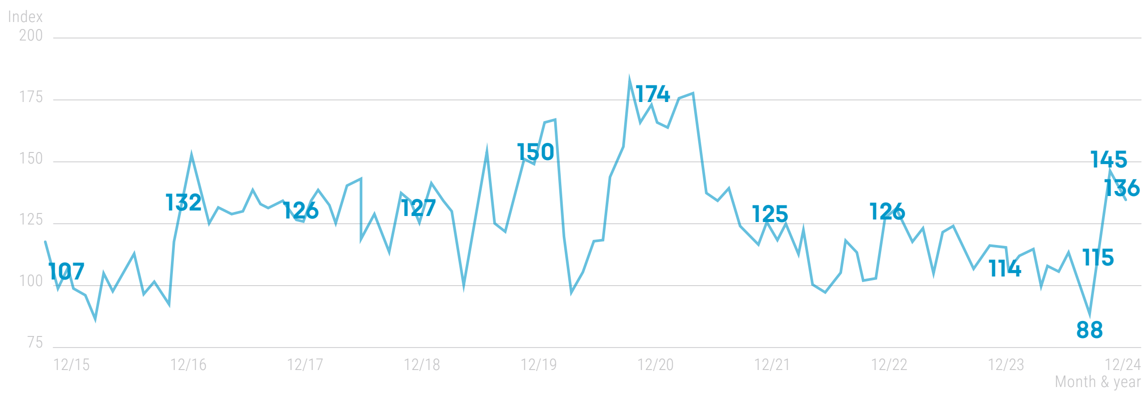


Source: CEMA Business Barometer – December 2024

CBI = geometric mean of 1) evaluation of the current business situation and 2) turnover expectations;
Index scale from -100 to *100;
positive index for 1) = majority of respondents evaluates the current situation as favourable and vice versa;
positive index for 2) = majority of respondents expects for the next six months an increasing turnover and vice versa (respectively compared to the previous year's level).

As regards the North American market, the Group's second reference market, the Purdue University (Indiana) indicator shows a downturn in the trend since the end of 2023 – when the index was 144 – to September 2024 when it reached a minimum of 88, to then invert the trend, after the US elections in November, and close the year at 136, driven primarily by expectations of government subsidies from the new administration.

AG ECONOMY BAROMETER

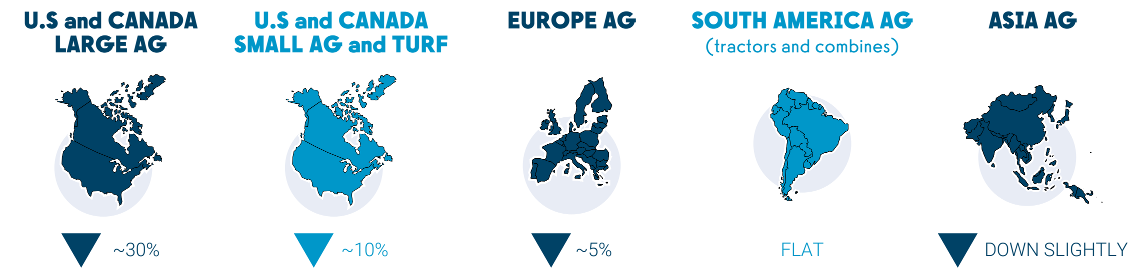


Source: Purdue University Center for commercial agriculture, Producer survey – December 2024

All the 2025 forecasts of the leading agricultural OEMs have conservative outlooks with respect to a market recovery, specifically:

- In February of this year, John Deere expects a very different trend in demand in the different geographical areas: a decline of 30% for the "large tractors" market in America and 10% for smaller tractors; slightly negative in Europe (-5%) and basically unchanged in the other markets.

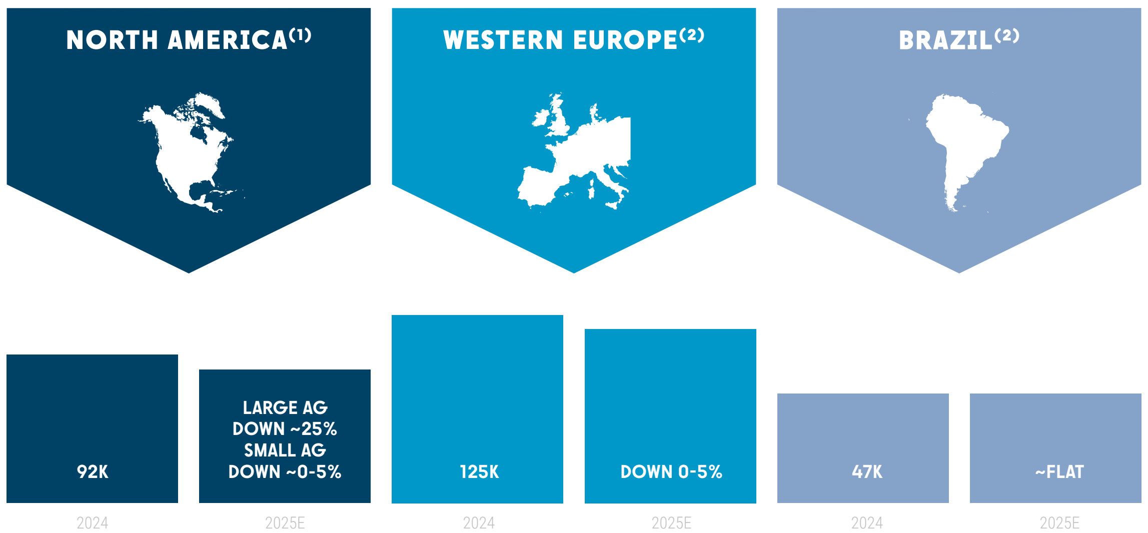
AG AND TURF - INDUSTRY OUTLOOK (IN UNITS) - FY 2025



Source: Deere & Company Forecast – February 2025

- In its annual report published in early February 2025, AGCO is basically aligned with its competitor.

2025 MARKET OUTLOOK - REGIONAL MARKET OUTLOOK - INDUSTRY UNIT TRACTOR SALES



Source: AGCO fourth Quarter and Full Year 2024 Financial and Operational Results

- In its annual report released in early February CNH made similar predictions.

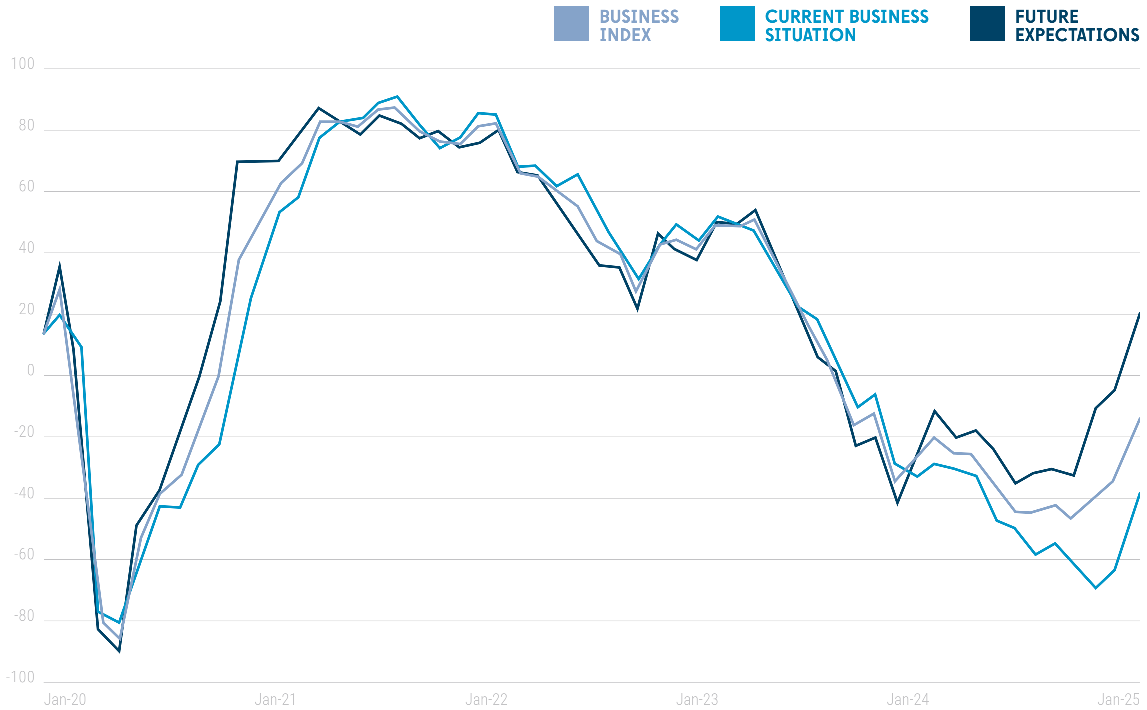
2025 OUTLOOK - AGRICULTURE

<table>
<tr><th colspan="5">TOTAL INDUSTRY UNIT FORECAST</th></tr>
<tr><th></th><th>North America</th><th>EMEA</th><th>South America</th><th>APAC</th></tr>
<tr><td>LHP Tractors</td><td>(10)% - (5)%</td><td rowspan="2">(5)% - FLAT</td><td rowspan="2">FLAT</td><td rowspan="2">(5)% - FLAT</td></tr>
<tr><td>HHP Tractors</td><td>(30)% - (25)%</td></tr>
<tr><td>Combines</td><td>(25)% - (20)%</td><td>FLAT - 5%</td><td>FLAT</td><td>(10)% - (5)%</td></tr>
</table>

Source: CNH Fourth Quarter 2024

Industrial sector

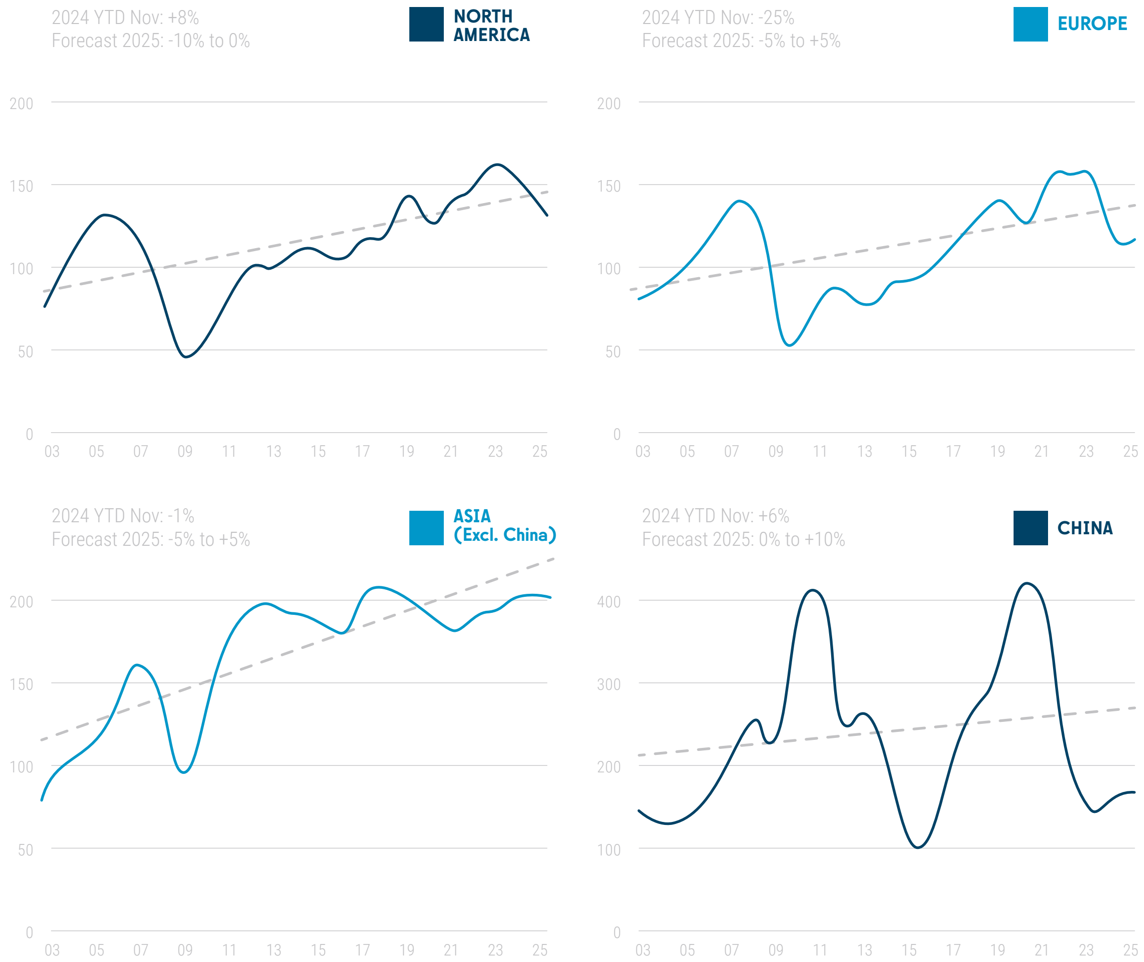
The industrial sector, whose performance is most closely linked to economic conditions and interest rate trends that favor investment, saw the negative trend that began in 2023 continue through the first nine months of 2024 – albeit less pronounced than in the agricultural sector – before showing tangible signs of recovery toward the end of the year, as shown by the Business Index published by the Committee for European Construction Equipment (CECE) in December 2024.



Source: CECE Business Barometer – January 2025

The expectations of respondents in terms of market trends for the next six months are for a slight recovery across the board in all geographic areas, with the exception of Germany, Turkey and China, which are more neutral.

In its annual report published in January 2025 for the Construction Equipment division, Volvo, one of the main OEM players in the sector, forecasts markets: i) in Europe in the range of -5% to +5%; ii) in North America in the range of 0% to -10%; iii) in Asia (excluding China) in the range of -5% to +5%; and iv) in China in the range of 0% to +10%; as shown in the charts below.



Source: Volvo fourth Quarter 2024

CNH is slightly more pessimistic in general than Volvo, seeing major markets as declining or at most unchanged from 2024.

2025 OUTLOOK - CONSTRUCTION

TOTAL INDUSTRY UNIT FORECAST				
	North America	EMEA	South America	APAC
Light	(10)% - (5)%	(5)% - FLAT	FLAT - 5%	(5)% - FLAT
Heavy	(10)% - (5)%	(5)% - FLAT	FLAT - 5%	(5)% - FLAT

Source: CNH Fourth Quarter 2024

In line with the above, Caterpillar announced sales for 2025 that will be slightly lower than in 2024, but did not provide a breakdown by geographic area.

1.3

COMMENTS ON KEY PERFORMANCE INDICATORS

1.3.1 DEFINITION OF THE INDICATORS

Management uses certain performance indicators that are not identified as accounting measures under IFRS (non-GAAP measures) to enable a better assessment of the Group's economic, capital, and financial performance. The calculation performed by the Group may not follow the same method adopted by other groups, and therefore the indicators may not be comparable with those used by them.

These performance indicators, determined in accordance with the provisions of the Guidelines on performance indicators issued by ESMA/2015/1415 and adopted by Consob with Communication no. 92543 of December 3, 2015, refer only to the performance of the accounting period covered by this Consolidated Financial Report and the periods compared. The performance indicators should be regarded as complementary and not as a substitute for information prepared in accordance with IFRS. Below is a description of the main indicators adopted.

The performance indicators used by the Group and disclosed in this report are based on the following definitions:

- **"EBITDA":** represents the value of Operating Profit (EBIT) adjusted by the amount of the following entries:

(+) Amortization, Depreciation and other write-downs of fixed assets, in particular:

+ Amortization of intangible fixed assets
+ Depreciation of tangible fixed assets
+ Other write-downs of fixed assets

- **"EBIT":** is the Operating Profit in the Consolidated Income Statement.
- **"Net profit":** indicates the result of the Consolidated Income Statement.
- **"Adjusted Net Profit":** represents the Net Profit in the Consolidated Income Statement adjusted to exclude depreciation and amortization and related tax effects arising from the accounting of the business combinations executed (Walterscheid and e-comer).
- **"Commercial working capital":** indicates the algebraic sum of the following balance sheet items:

(+) current asset items:

+ Inventories
+ Trade receivables

(-) current liability items:

- Trade payables

- **"Invested capital":** is the algebraic sum of the following items:

+ Commercial working capital
+ Tangible (including Rights of use), intangible and financial fixed assets
+ Tax and deferred tax assets, current tax assets
+ Other short and long-term receivables, of a non-financial nature
- Other short and long-term payables, of a non-financial nature
- Current and deferred tax liabilities
- Severance Indemnity Fund (TFR) and provisions for risks and charges

- **"Net financial position":** indicates the difference between cash and cash equivalents and debt of a financial nature as follows:

(+) Current Asset items (A):

+ Other short-term financial receivables
+ Marketable securities at fair value
+ Cash and cash equivalents

(-) Non-current and current liabilities (B):

- Long-term loans
- Long-term derivative financial instruments
- Short-term loans
- Short-term derivative financial instruments
- Other short- and long-term financial payables (including payables relating to lease contracts recognized in accordance with IFRS 16)
- Non-current trade payables

The Net financial position, as represented, achieved the same results that would have been obtained according with recommendation reported in Reminder no. 5/21 of April 29, 2021 issued by Consob, which refers to ESMA Guideline 32-382-1138 of March 4, 2021.

- **"Adjusted Free cash flow":** means the algebraic sum of cash flow generated (absorbed) by operations and investing/disinvesting activities, adjusted to disregard the absorption or cash generation deriving from non-recurring items.
- **"Adjusted cash conversion rate":** represents the ratio of adjusted Free Cash Flow to EBITDA.
- **"CapEx":** indicates the increase occurring in investments in tangible and intangible fixed assets (net of revaluations and capital grants) which, following International Accounting Standards, are recorded in the corresponding heading in equity, excluding the impacts related to the application of IFRS 16.
- **"Net Equity":** indicates the algebraic sum of Share capital, Statutory reserves, Profits/losses and Other similar reserves corresponding to the total of the "Share capital and reserves" heading.
- **"ROI (return on investment)":** ratio of EBIT to invested capital.
- **"Adjusted ROE (return on equity)":** ratio of adjusted Net Profit to Net Equity.
- **"EPS (Earnings per share)":** ratio of Net Profit to total number of shares outstanding as of December 31, 2024.
- **"Adjusted EPS (Adjusted earnings per share)":** ratio of adjusted Net Profit to total number of shares outstanding as of December 31, 2024.

The Group prepares the income statement according to the nature of costs and the Cash flow statement with the indirect method.

1.3.2 COMMENTS ON THE INDICATORS

The Group's consolidated revenues amounted to 942.4 million euros, down -23.0% from the previous year, mainly due to the decline in demand in the agricultural sector that began in the second half of the previous year, after peaking in Q1 2023.
Revenues generated abroad represent more than 90% of the total.
The depreciation of the Chinese yuan, the Brazilian real and the Indian rupee had a negative impact of a total of 3.9 million euros. The amount of revenues at the same exchange rates as the previous year would have been 946.3 million euros (-22.7%).
The agricultural sector, the Group's main business (53% of total revenues) recorded a 30.6% decrease in revenues while the industrial sector closed the reporting year with a smaller decrease of 12.0% compared to the previous year.
EBITDA amounted to 157.5 million euros, down from 205.0 million euros in the previous year due to the decline in sales.
Despite this, the percentage margin remains stable at 16.7% of sales, in line with 2023 thanks to careful and proactive cost management and ongoing synergies from the integration of Walterscheid.

Net income was 67.2 million euros (7.1% of sales), down from 94.0 million (7.7% of sales) in the previous year. Adjusted net income, which excludes depreciation and amortization and the related tax effects attributable to the accounting of the business combinations of Walterscheid and e-comer, was 82.5 million euros with an 8.8% ratio to sales, in line with the previous year (8.9% of sales).
EPS (earnings per share) was 2.40 euros per share (3.30 euros per share in 2023), while adjusted EPS was 2.90 euros per share.
Adjusted ROE, calculated on adjusted net profit, stood at 15.2% compared to 21.4% in the previous year.
The net financial position as of December 31, 2024 is shown below:

(THOUSAND EUROS)	12/31/2024	12/31/2023	CHANGE
Cash and cash equivalents	(89,508)	(68,333)	(21,175)
Short-term financial assets	(12,729)	-	(12,729)
Short-term loans	46,559	35,028	11,531
Long-term loans	76,971	69,833	7,138
IFRS 16 financial payables	37,108	58,304	(21,196)
Net Financial Position	**58,401**	**94,831**	**(36,430)**

The net financial position shows a balance of 58.4 million euros, an improvement over the previous year of 36.4 million euros. The balance as of December 31, 2024 includes 89.5 million euros of cash, 120.6 million euros of loans, net of up-front expenses, and 37.1 million euros of financial payables arising from the accounting treatment of leases in accordance with IFRS 16, as well as payables to other lenders of 2.9 million euros. For more information, see Section *"Financial assets and liabilities, guarantees"* of the Notes to the financial statements.
At the end of 2024 the Group renegotiated its existing loan facilities, replacing them with a single medium-long term committed credit line – maturing in December 2028 – amounting to 100 million euros on improved terms compared to the previous lines due to the low leverage ratio.

The Group generated a Free Cash Flow of 60.5 million euros, which includes net investments of 49.9 million euros. Net of the Rockford and Charlotte real estate transactions and the LTIP premium payment, the adjusted Free Cash Flow was 84.0 million euros corresponding to a cash conversion rate of 53.3%. This compares with 79.5% in the previous year.
In 2024, the parent company Comer Industries S.p.A. distributed dividends of 35.8 million euros.
For a better representation of our financial performance, as well as to ensure comparability with previous periods, see the reconciliation table of Free Cash Flow with the corresponding adjusted measures.

FREE CASH FLOW RECONCILIATION (THOUSAND EUROS)	12/31/2024	12/31/2023
Free cash flow	**60,471**	**162,861**
LTIP bonus payment	13,549	-
Purchase of the building in Rockford	21,557	-
Sale of the building in Charlotte	(11,561)	-
Adjusted free cash flow	**84,015**	**162,861**

1.4

INVESTMENTS

In 2024 an industrial water treatment system went into full operation at the Reggiolo plant, confirming the Group's commitment to sustainable, environmentally friendly solutions. At the same site, a new semi-automatic assembly line for the assembly of transmissions for the agricultural and industrial sectors was launched. This line, designed according to Industry 4.0 principles, is equipped with advanced cyber-physical interface systems, integrated technologies for monitoring quality and production efficiency, as well as an AGV system for handling automatic transmission. Investments in masonry and general plant engineering preparatory to the installation of new production processes were also completed.

At the Monguelfo site, a numerically controlled semi-automatic line for machining steel components went into operation, while a new production line for assembling power transmissions, equipped with advanced production control systems, was installed at the Matera plant. This will become fully operational in Q1 2025.

In Germany, at the Lohmar plant, civil works and general plant engineering works were started to support the industrialization of new products and processes. Moreover, new semi-automatic plants dedicated to special processes came into full operation in the first quarter of 2024, aiming to improve efficiency and increase productivity.
In China, the Jiaxing plant activated a second industrial water treatment plant, further consolidating the Group's sustainable approach. In India, a machining center for processing steel components came on line at the Bangalore plant.

In North America, 2024 was marked by major industrial investments. The Group acquired the Rockford plant and initiated infrastructure works to install new production processes. A machining center dedicated to machining steel components also came into operation.
Also in Rockford, a semi-automatic painting line equipped with advanced process management technologies was installed in keeping with the Group's commitment to green solutions. An intensive warehouse was also acquired to optimize logistics flows.
New investments also include the purchase of a semi-automatic line for power transmission assembly and testing, equipped with the latest production technologies, including cyber-physical systems, production efficiency supervision software and advanced quality monitoring tools.
In the United States, further investments in construction and plant works were initiated, aimed at installing new production lines, automated warehouses and high-tech equipment.

In 2024, IT investments were geared toward favoring the standardization and integration of digital services in recently acquired companies, in line with the Group's strategic objectives.
On the IT Infrastructure front, the most significant projects regarded the configuration and reconfiguration of IT infrastructure, necessary to adapt to the changes introduced in the company's global footprint during the year.
The Business Impact Analysis (BIA) project was also launched, involving more than 30 Group Process Owners to define the new Disaster Recovery Plan (DRP) designed to ensure business continuity of business-critical IT services.

For Enterprise Solutions, the implementation of the new corporate ERP reached a milestone with the release of the system at the Lohmar site, considered the most complex step in the roadmap in terms of size and complexity. This milestone made it possible to complete the coverage of the main legal entities worldwide.
The second half of the year also saw the start of the project to implement the Group Liquidity Performance Platform, which is already operational for major Group companies.

Finally, Office Automation initiatives are underway to improve operational efficiency and reduce workloads, facilitating greater involvement of operators in company processes.

The companies e-comer S.r.l. and Comer Industries S.p.A. completed the business unit lease transaction during the year in question for the management of mechanical processing and mechanical transformation processes. This transaction is part of the broader path of simplification and consolidation of the Group's business structures.
The main goal of this lease regards not only the improvement of internal operating processes, but also significant cost optimization, with a particular focus on the Group's integrated logistics profile. All of this is done with a view to streamlining and strengthening synergies between the various business entities involved.

1.5

RESEARCH AND DEVELOPMENT

Below are the most significant research and development activities in 2024 related to both the agricultural and industrial sectors. For the agricultural market, especially for tractor applications, the industrialization of the axle for tractors up to 160 kW was completed, and prototypes for a new axle size for machines up to 120kW were produced and have begun the bench and field validation phases.

Also in the agricultural field, of note is the completion of the development and validation of the complete transmission system for combine harvesters, with products belonging to different product lines (gearboxes, planetary, driveshafts) and the development of the quick-fit solution for cutter bars.
A number of designs were also developed for transmissions and devices for large baling machines and for cylinder heads of forage harvesters, with the aim of supporting the industry's major manufacturers in their continuing quest to increase productivity and reduce machine consumption.

In the area of sustainability, development has started on an electric drive transmission for application on hose reel irrigation equipment. The development and fine-tuning of infinitely variable speed drives (ICVDs) for agricultural equipment continued, including product optimization and cost reduction content.
For agricultural driveshafts (PTO), a project to integrate the Comer Industries and Walterscheid ranges and redefine the product catalog was initiated and will be completed during 2025.
Finally, work was done on the development of devices (torque limiters) for transmission lines with cardan shafts according to the increase in speed required by the new applications.

In the industrial field, the development of the category 3 axle for telescopic loader was completed, with the production of prototypes that completed the bench validation phase and began field validation tests.
Also on the same axle size (category 3), a specific version was developed for application on aerial platforms, while development has begun on a new larger axle size for application on construction machines.

As far as planetary drives are concerned, the range of transmissions for excavators has been expanded, by developing a new rotation drive design for machine sizes exceeding 100 tons.
Designs for two sizes of wheels with dynamic brakes for self-propelled irrigation machines were then finalized.

As regards driveshafts for industrial applications, prototypes were developed for the new size of the double joint range with superior torque performance (>10kNm). These prototypes passed test bench validation tests and have started field testing.

A project was also launched to manage the transition to the new product range called "Mechanics Synergy," which achieves product rationalization and standardization while ensuring superior performance compared with traditional products.

Regarding products and integrated systems for electrified transmissions and vehicles, a number of projects were implemented, including:

- Gearbox equipped with an electric motor to rotate an excavator, a prototype of which began verification and validation tests on the application.
- Transmission system consisting of gear unit, electric motor and inverter to equip various vehicles for off-road applications (for utility, recreation and snow uses).

Some developments were also made in the field testing of new technologies (Advanced Technology), for the measurement of torque values applied to transmissions (SMART torque sensor) and the acquisition of data to support the use and maintenance of agricultural cardan driveshafts using a sensor (WCS counter) and the management of information collected on a digital platform through a dedicated application accessible via smartphone.

In the field of digitization, implementation of the new PLM (Product Lifecycle Management) system for the management of engineering processes and documents continued during 2024, a system that will be extended to all the Group's engineering offices over the next year.

Finally, a project to unify three-dimensional CAD drawing systems across all engineering departments in the group was initiated.
The advanced systems developed and produced by the Comer Industries Group are conceived in design offices located in Italy, Germany and the United States, which are then validated and approved in four different specialized validation centers located in Reggiolo and Monguelfo in Italy, Lohmar in Germany and Rockford in the United States.

1.6

SOCIAL RESPONSIBILITY

Aware that it has an important responsibility towards the planet and its resources, Comer Industries is committed to creating value for its people and future generations, generating a positive impact from an economic, social and cultural point of view, in line with the Sustainable Development Goals defined by the United Nations. Health, education, innovation, environment, sports and culture are the main areas of investment aimed at developing the region where the Company operates and its communities through initiatives, programs, support activities and partnerships.

This is the backdrop for the funding of the international industrial doctoral program in Reggio Childhood Studies, promoted by the Reggio Children's Foundation and the Department of Education and Human Sciences of the University of Modena and Reggio Emilia, which contributes to the creation of know-how, stimulating both research in the academic sphere and the developments of the so-called Reggio Emilia Approach®, an educational philosophy that is now an international heritage. It is a project dedicated to the Atelier di Palazzo Sartoretti in Reggiolo, a further extension of the now long-term collaboration between Comer Industries, Reggio Children, the Municipality of Reggiolo and Azienda Servizi Bassa Reggiana, expanding the possibilities for the development of educational and training opportunities inaugurated in recent years.

The projects related to education and training that the Company strongly believes in also involve territories beyond the borders, as evidenced by the collaboration with the "Namaste, Onore a te" volunteer organization, with which the Vidya Home project in Bangalore, India, was initiated: by providing accommodations and bearing the costs of board and university fees, Comer Industries offers the opportunity for deserving female students to study nursing and lay the foundations of their professional careers there.

Partnerships with Italian and international universities focus on younger generations, enabling them to get to know the world of engineering already from their school desks. At the Walterscheid site in Lohmar, the ÜFA project, established for many years now, offers opportunities to young people to put their skills into practice in an actual limited liability company with its own capital and shares, learning the processes governing a real organization with a real flow of money and assets.

On the subject of health and safety, the ambulances donated to the Italian Red Cross - Reggiolo are a symbol of Comer Industries' attention to such an important issue as health, as well as a concrete gesture in support of the community and the local health system. The two Mercedes Sprinter 190hp ambulances are fitted with the latest generation equipment, cutting-edge technologies and electro-medical devices, making them suitable both for basic operations and as mobile resuscitation units.

The Company's commitment to sustainability also comes through its support of innovation-related projects, with its participation in the "Le Village by Crédit Agricole" ecosystem, a true innovation hub within which start-ups can take advantage of services to accelerate their business and work alongside well-established organizations. Established industries benefit from collaboration with start-ups in terms of know-how and innovative ideas applied to their business operations, taking advantage of new technologies as facilitators in business development.

In the area of sports, of note are the partnerships with the Sessantallora amateur association in Carpi, Modena, which promotes cycling, mountain biking and triathlon, and with the Reggiolo Padel Club. The "Jobbike" initiative, which kicked off at the Lohmar headquarters, also unites the same principles of corporate wellbeing and environmental sustainability: a modern form of bicycle leasing for employees to use for work and personal use aimed at motivating them to switch from cars or public transport to bicycles and have a positive impact on their health and the planet.

Sustainability at Comer Industries also means preserving scenic beauty, art and culture. This is why for years now the Company has been supporting FAI by participating in the Corporate Golden Donor membership program, with the conviction that the protection of Italian heritage is one of the starting points for building a better future.

1.7

ENVIRONMENT, HEALTH AND SAFETY

Maintaining high standards of workplace safety remains a company priority and an area of strong focus for management and the workers involved. A total of 57 injuries were recorded in 2024 against a significant decrease in hours worked compared to 2023, with the frequency indicator standing at a value of 10.7. Also in 2024, a number of projects aimed at preventing accidents and mitigating risks were carried out in various Group plants, intervening on the physical and digital aspects of production processes based on hazard warnings and so-called near misses.
Of note is the installation of centralized and extended software for all Group production units to gather hazard reports and support the analysis and management phase of corrective actions, with a digital dashboard capable of monitoring indicators and trends at the local and aggregate levels. Initiatives of this nature have the dual goals of ensuring a healthy and safe work environment and promoting workforce engagement while reducing operational risks.

In its environmental management, Comer Industries takes a preventive, systems approach, integrating criteria for assessing environmental impacts into industrial choices, starting with the product and process design stages.

This commitment has resulted in a reduction of absolute Scope 1 and 2 (market-based) emissions by more than 27% compared to 2023, in light of the decarbonization plan pursued by the Group.

This result was also achieved thanks to an increase in the share of electricity purchased from renewable sources, which together with self-generated electricity from solar panels installed at the Group's Italian plants constitutes 44% of the total electricity consumed. With regard to energy consumption, there was a reduction in absolute quantities due to efficiency programs and a decrease in hours worked.

Finally, the value of the hazardous waste rate appears to be in line with the previous year, as an effect of the optimization of resources used in the various processes.

No critical issues have emerged during the year with relation to the environment.

The issue of climate change, which emerged as a material topic for Comer Industries from the double materiality analysis carried out in 2024, is also addressed in the related risk assessment, in relation to which the Group conducted a Climate Change Scenario analysis, drawing on the principles defined by IFRS S2 Climate-related Disclosure. The analysis found no physical or transitional risks of a significant nature.

Please see the 2024 Sustainability Reporting for a detailed description of the Group's standards, specifically in the Employee Health and Safety Management System and commitment to corporate sustainability.

1.8

INTERGROUP RELATIONS AND DEALINGS WITH RELATED PARTIES

The Group has dealings with subsidiaries and other related parties at market conditions considered as normal in the respective reference market, taking account of the characteristics of the assets and the services provided.

Transactions between Comer Industries S.p.A. and its consolidated subsidiaries, which are entities related to the Company, are eliminated in the consolidated financial statements, and in compliance with IAS 24.

Dealings with parent companies
The Group does not have commercial or financial dealings with the majority shareholder, Eagles Oak S.r.l.

Relations with other related parties
It is disclosed that the "Other operating costs" heading includes professional consultancy provided by two Directors of the parent company Comer Industries S.p.A. for non-significant amounts.

1.9

THE COMPANIES IN THE GROUP

As of December 31, 2024, the Group is organized in a structure with Comer Industries S.p.A. at the top, possessing directly or indirectly 100% of 23 Italian and foreign subsidiaries that constitute the scope of consolidation.
The key figures of the consolidated subsidiary companies are summarized in the table below:

COMPANY	COUNTRY	% CONTROL	MAIN ACTIVITY	SHARE CAPITAL 12/31/2024	REVENUES 12/31/2024 €MN	NET EQUITY 12/31/2024 €MN	HEADCOUNT 12/31/2024
Comer Industries S.p.A.	Italy	Parent company	Design, production and sales	€ 18,487,339	286.98	349.67	745
Comer Industries Components S.r.l.	Italy	100%	Production and sales	€ 7,125,000	130.10	43.33	355
e-comer S.r.l.	Italy	100%	Design, production and sales	€ 1,000,000	18.12	64.02	75
WPG German HoldCo GmbH	Germany	100%	Holding company	€ 10,495,000	-	26.06	-
Walterscheid GmbH	Germany	100%	Design, production and sales	€ 17,895,000	230.20	58.60	981
Walterscheid Getriebe GmbH	Germany	100%	Design, production and sales	€ 25,600	34.55	9.48	205
Walterscheid Cardan GmbH	Germany	100%	Production and sales	€ 625,000	5.25	-0.60	23
Comer Industries UK Ltd	UK	100%	Sales	£ 265,000	1.33	0.37	-
WPG UK HoldCo Ltd.	UK	100%	Holding company	£ 3,093,000	-	3.61	-
Powertrain Services UK Limited	UK	100%	Holding company	£ 14,231,000	-	3.82	-
Powertrain Services (UK Newco) Ltd.	UK	100%	Holding company	-	-	-1.52	-
Powertrain Services France SAS	France	100%	Sales and after-sales service	€ 2,139,000	17.71	19.94	24
Walterscheid Russia LLC	Russia	100%	Sales	RUB 10,000	-	-	-
Comer Industries INC	United States	100%	Sales	$ 13,281,000	89.90	37.85	34
WPG US HoldCo LLC.	United States	100%	Holding company	$ 58,546,000	-	14.88	-
Walterscheid Inc. Woodridge	United States	100%	Production and sales	$ 2,000,000	48.72	28.95	136
Powertrain Rockford Inc.	United States	100%	Design, production and sales	$ 1,000	81.40	85.78	170
Comer Industries do Brasil EIRELI	Brazil	100%	Sales	BRL 6,112,000	14.28	7.22	8
Walterscheid Brasil Industria de Equipamentos Agricolas Ltda.	Brazil	100%	Production and sales	BRL 52,300,000	6.68	2.80	52
Comer Industries (Jiaxing) Co Ltd	China	100%	Production and sales	€ 21,000,000	152.22	91.67	254
Comer Industries (ShaoXing) Co Ltd	China	100%	Production and sales	€ 6,720,000	1.73	23.70	1
Walterscheid Powertrain (China) Co. Ltd.	China	100%	Production and sales	CNY 2,000,000	0.00	-2.52	0
Comer Industries India Pvt Ltd	India	100%	Production and sales	INR 145,090,000	39.83	16.15	108

1.10

SUSTAINABILITY REPORTING PURSUANT TO ITALIAN LEGISLATIVE DECREE 125/2024

GENERAL DISCLOSURES

Comer Industries S.p.A. (hereinafter referred to as "Comer Industries," the "Company," together with its subsidiaries the "Group," names referring to the parent company Comer Industries S.p.A., and all names of the companies under the parent company as of December 31, 2024) is a company listed on the Euronext Milan Multilateral Trading Facility (MTF) regulated market of the Italian stock exchange.

Beginning in 2025, when reporting on the results of fiscal year 2024, companies that qualify as Large Public Interest Entities[3] are required to prepare an Annual Sustainability Statement in accordance with Italian Legislative Decree no. 125/2024 (hereafter also just "the Decree," which implements Directive EU 2464/2022, known as the "Corporate Sustainability Reporting Directive," hereafter also just "CSRD"), which affirms and reinforces the direction outlined by the outdated Italian Legislative Decree no. 254/2016 implementing Directive EU 95/2014 known as the Non-Financial Reporting Directive or NFRD. In accordance with the new regulatory requirements, Comer Industries prepares a Consolidated Sustainability Statement (hereinafter also just "Statement" or "Sustainability Statement"), which is an integral part of its Management Report.

Comer Industries' 2024 Statement represents the first application of the new European Sustainability Reporting Standards Sector Agnostic (hereafter also just "ESRS"), officially published on July 31, 2023 (Annex I, Delegated Regulation 2772/2023) and aimed at making sustainability information of all European companies complete, transparent, and comparable.
This Statement covers the 2024 fiscal year, which runs from January 1 to December 31, 2024, and reports on the Group's management, processes, goals, and performance related to material sustainability matters.

3 Issuers of securities admitted to trading on regulated markets in Italy and the EU, as well as banking and insurance companies that on the reporting date, including on a consolidated basis: i) exceed an average number of 500 employees; ii) have exceeded at least one of the following limits: a) balance sheet >€20 mn; b) net revenues >€40 mn.

The reporting scope refers to the parent company Comer Industries S.p.A. and subsidiaries consolidated on a line-by-line basis in the Group's Consolidated Financial Statements as of December 31, 2024.

In accordance with the requirements of the standard, the Statement also includes information about the Group's upstream and downstream value chain. This information refers to policies and actions related to impacts, risks, and opportunities identified as material along the supply chain[4], not to mention Scope 3 GHG emissions metrics.

In this Statement, Comer Industries avails itself of the option to omit specific information regarding intellectual property, specific know-how, and innovation results, as well as details regarding upcoming developments and matters under negotiation pursuant to Article 19 and 29 of Directive 2013/34/EU.

ESRS introduces the concept of *double materiality* as a tool for defining information relevant to the Group and its stakeholders, in relation to its own activities and the activities of the value chain. According to the new approach used, in accordance with ESRS 2 "General Disclosures," a sustainability issue is relevant and must be included and addressed in the Statement if it produces a material impact on people, the environment, and/or is the proponent of significant risks and/or opportunities. The concept of "materiality" is further explored in Chapter *"Identity, strategy and business model"* of this document. In accordance with this principle, the content subject to reporting and the performance indicators adopted were defined by the Group from the results of a double materiality analysis that identified the impacts, risks, and opportunities (hereinafter also referred to as "IROs") and related significant topics related to the Group's activities.

In drafting the Statement, the basic qualitative characteristics that information must have (relevance and faithful representation) and the qualitative characteristics that enhance information (comparability, verifiability, and comprehensibility) were considered, as defined and described by the ESRS 1 "General Requirements" standard that governs them in Appendix B "Qualitative characteristics of information" and which is referenced in this Statement for further details.

Quantitative data referring to Scope 3 GHG emissions relative to E1-6 metrics are based on estimates with a high level of uncertainty. For more information regarding the calculation methods used, see section *"Total emissions"*. Data for fiscal years prior to 2024 are not considered, as the latter is the first prepared according to ESRS standards.
Any estimated data reported in the Statement are accompanied by information that enables the reader to understand the most significant uncertainties impacting them.

In this Statement, the Group has opted not to include information related to 2023. Therefore, no comparative data will be reported, except for the data required by ESRS E1-6 related to total emissions. In this area, any errors in previous reporting periods are disclosed, making explicit the nature of the error, any correction, and the potential effect of the correction on the other data previously reported. If such a correction is not possible, the circumstances that caused the error are still illustrated. All relevant and applicable disclosure requirements and related data points are reported within this Statement, as no inclusion of information by reference to other documents has been used. The details of the reported indicators are given in the ESRS Content Index at the end of this document.

The time horizons of short, medium and long term are defined in accordance with the new standards (within a year for short term, 1-5 years for medium term, over 5 years for long term) and are accordingly updated from last year's definition (0-3 years for short term, 3-6 years for medium term and over 6 years for long term).
As a company obliged to prepare the Consolidated Sustainability Statement, pursuant to Article 4 of Italian Legislative Decree no. 125/2024, Comer Industries included the disclosure required by the regulations related to the so-called "EU Taxonomy" (Regulation EU 2020/852 and subsequent Delegated Regulations) reporting on the Group's environmentally sustainable activities.

4 For more information, see the section *"Double materiality analysis"*.

Note also that in conducting the analysis and preparing the relevant disclosures a prudential approach was adopted overall based on its understanding and interpretation of the applicable regulatory requirements.

The following table makes a connection between the information prescribed by other regulations containing sustainability reporting obligations and the ESRS disclosure requirements that are detailed in the 2024 Sustainability Statement.

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	CHAPTER OF THE 2024 SUSTAINABILITY STATEMENT
ESRS 2 GOV-1 **Board's gender diversity paragraph 21 (d)**	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		The governance system
ESRS 2 GOV-1 **Percentage of board members who are independent paragraph 21 (e)**			Delegated Regulation (EU) 2020/1816, Annex II		The governance system
ESRS 2 GOV-4 **Statement on due diligence paragraph 30**	Indicator number 10 Table #3 of Annex 1				Statement of due diligence
ESRS 2 SBM-1 **Involvement in activities related to fossil fuel activities paragraph 40 (d) i**	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453 (28), Table 1 - Qualitative information on Environmental risk and Table 2 - Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not applicable
ESRS 2 SBM-1 **Involvement in activities related to chemical production paragraph 40 (d) ii**	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not applicable
ESRS 2 SBM-1 **Involvement in activities related to controversial weapons paragraph 40 (d) iii**	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818 (29), Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not applicable
ESRS 2 SBM-1 **Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv**			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not applicable
ESRS E1-1 14 **Transition plan to reach climate neutrality by 2050 paragraph 14**				Regulation (EU) 2021/1119, Article 2(1)	The decarbonization plan
ESRS E1-1 **Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)**		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		The decarbonization plan

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	CHAPTER OF THE 2024 SUSTAINABILITY STATEMENT
ESRS E1-4 **GHG emission reduction targets paragraph 34**	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		The sustainability strategy
ESRS E1-5 **Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38**	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				Effective and efficient energy management
ESRS E1-5 **Energy consumption and mix paragraph 37**	Indicator number 5 Table #1 of Annex 1				Effective and efficient energy management
ESRS E1-5 **Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43**	Indicator number 6 Table #1 of Annex 1				Effective and efficient energy management
ESRS E1-6 **Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44**	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Total emissions
ESRS E1-6 **Gross GHG emissions intensity paragraphs 53 to 55**	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Total emissions
ESRS E1-7 **GHG removals and carbon credits paragraph 56**				Regulation (EU) 2021/1119, Article 2(1)	Climate change; actions taken and planned
ESRS E1-9 **Exposure of the benchmark portfolio to climate-related physical risks paragraph 66**			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		-
ESRS E1-9 **Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)** ESRS E1-9 **Location of significant assets at material physical risk paragraph 66 (c)**		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk			-
ESRS E1-9 **Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)**		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			-

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	CHAPTER OF THE 2024 SUSTAINABILITY STATEMENT
ESRS E1-9 **Degree of exposure of the portfolio to climate-related opportunities paragraph 69**			Delegated Regulation (EU) 2020/1818, Annex II		-
ESRS E2-4 **Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28**	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Not material
ESRS E3-1 **Water and marine resources paragraph 9**	Indicator number 7 Table #2 of Annex 1				Water resources – Management methods, policies, and objectives
ESRS E3-1 **Dedicated policy paragraph 13**	Indicator number 8 Table 2 of Annex 1				Water resources – Management methods, policies, and objectives
ESRS E3-1 **Sustainable oceans and seas paragraph 14**	Indicator number 12 Table #2 of Annex 1				Not material
ESRS E3-4 **Total water recycled and reused paragraph 28 (c)**	Indicator number 6.2 Table #2 of Annex 1				Responsible use of water resources
ESRS E3-4 **Total water consumption in m^3 per net revenue on own operations paragraph 29**	Indicator number 6.1 Table #2 of Annex 1				Responsible use of water resources
ESRS 2- IRO 1 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				Not material
ESRS 2- IRO- 1 –- E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Not material
ESRS 2- IRO- 1 –- E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				Not material
ESRS E4-2 **Sustainable land / agriculture practices or policies paragraph 24 (b)**	Indicator number 11 Table #2 of Annex 1				Not material
ESRS E4-2 **Sustainable oceans / seas practices or policies paragraph 24 (c)**	Indicator number 12 Table #2 of Annex 1				Not material
ESRS E4-2 **Policies to address deforestation paragraph 24 (d)**	Indicator number 15 Table #2 of Annex 1				Not material
ESRS E5-5 **Non-recycled waste paragraph 37 (d)**	Indicator number 13 Table #2 of Annex 1				Responsible waste management

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	CHAPTER OF THE 2024 SUSTAINABILITY STATEMENT
ESRS E5-5 **Hazardous waste and radioactive waste paragraph 39**	Indicator number 9 Table #1 of Annex 1				Responsible waste management
ESRS 2- SBM3 - S1 **Risk of incidents of forced labour paragraph 14 (f)**	Indicator number 13 Table #3 of Annex 1				Own workforce - Management methods, policies, and objectives
ESRS 2- SBM3 - S1 **Risk of incidents of child labour paragraph 14 (g)**	Indicator number 12 Table #3 of Annex 1				Own workforce - Management methods, policies, and objectives
ESRS S1-1 **Human rights policy commitments paragraph 20**	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Own workforce - Management methods, policies, and objectives
ESRS S1-1 **Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21**			Delegated Regulation (EU) 2020/1816, Annex II		Human rights and fair labor practices
ESRS S1-1 **Processes and measures for preventing trafficking in human beings paragraph 22**	Indicator number 11 Table #3 of Annex 1				Human rights and fair labor practices
ESRS S1-1 **Workplace accident prevention policy or management system paragraph 23**	Indicator number 1 Table #3 of Annex 1				Occupational health and safety
ESRS S1-3 **Grievance/complaints handling mechanisms paragraph 32 (c)**	Indicator number 5 Table #3 of Annex 1				Own workforce - Management methods, policies, and objectives
ESRS S1-14 **Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)**	Indicator number 2 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Occupational health and safety
ESRS S1-14 **Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)**	Indicator number 3 Table #3 of Annex 1				Occupational health and safety
ESRS S1-16 **Unadjusted gender pay gap paragraph 97 (a)**	Indicator number 12 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Diversity and equal opportunities
ESRS S1-16 **Excessive CEO pay ratio paragraph 97 (b)**	Indicator number 8 Table #3 of Annex 1				Diversity and equal opportunities
ESRS S1-17 **Incidents of discrimination paragraph 103 (a)**	Indicator number 7 Table #3 of Annex 1				Diversity and equal opportunities

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	CHAPTER OF THE 2024 SUSTAINABILITY STATEMENT
ESRS S1-17 **Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)**	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Human rights and fair labor practices
ESRS 2- SBM3 – S2 **Significant risk of child labour or forced labour in the value chain paragraph 11 (b)**	Indicators number 12 and n. 13 Table #3 of Annex 1				People in the value chain - Management approach policies and objectives
ESRS S2-1 **Human rights policy commitments paragraph 17**	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				People in the value chain - Management approach policies and objectives
ESRS S2-1 **Policies related to value chain workers paragraph 18**	Indicator number 11 and n. 4 Table #3 of Annex 1				People in the value chain - Management approach policies and objectives
ESRS S2-1 **Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19**	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		People in the value chain - Management approach policies and objectives
ESRS S2-1 **Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19**			Delegated Regulation (EU) 2020/1816, Annex II		People in the value chain - Management approach policies and objectives
ESRS S2-4 **Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36**	Indicator number 14 Table #3 of Annex 1				Occupational health and safety, human rights, and fair labor practices
ESRS S3-1 **Human rights policy commitments paragraph 16**	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				People in the value chain - Management approach policies and objectives
ESRS S3-1 **Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17**	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material
ESRS S3-4 **Human rights issues and incidents paragraph 36**	Indicator number 14 Table #3 of Annex 1				Not material

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	CHAPTER OF THE 2024 SUSTAINABILITY STATEMENT
ESRS S4-1 **Policies related to consumers and end-users paragraph 16**	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Not material
ESRS S4-1 **Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17**	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material
ESRS S4-4 **Human rights issues and incidents paragraph 35**	Indicator number 14 Table #3 of Annex 1				Not material
ESRS G1-1 **United Nations Convention against Corruption paragraph 10 (b)**	Indicator number 15 Table #3 of Annex 1				Business conduct - Management methods, policies, and objectives
ESRS G1-1 **Protection of whistle-blowers paragraph 10 (d)**	Indicator number 6 Table #3 of Annex 1				Ethics and integrity of the business
ESRS G1-4 **Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)**	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Ethics and integrity of the business
ESRS G1-4 **Standards of anti-corruption and anti-bribery paragraph 24 (b)**	Indicator number 16 Table #3 of Annex 1				Ethics and integrity of the business

The process of drafting the Statement involved the heads of the Group's various business functions, both in the double materiality process, which is fully described in the relevant chapter, and in the preparation of the qualitative and quantitative content. The Statement was approved by the Board of Directors of Comer Industries S.p.A. on March 19, 2025, and is subject to a limited review ("limited assurance" in accordance with the Standard on Sustainability Assurance Engagement - SSAE[5] - Italy) by Deloitte & Touche S.p.A., which this year is also extended to the disclosure related to Taxonomy as per new regulatory provisions. The Independent Auditors' Report is included at the end of this document.

The Sustainability Statement was posted on Comer Industries' corporate website in the Sustainability section. More information or comments on this document can be requested by writing to *sustainability@comerindustries.com*.

5 The standard in question, which came into effect on January 30, 2025, complements the ISAE 3000 revised standard governing assurance engagements on non-financial information, with specific requirements for Italy.

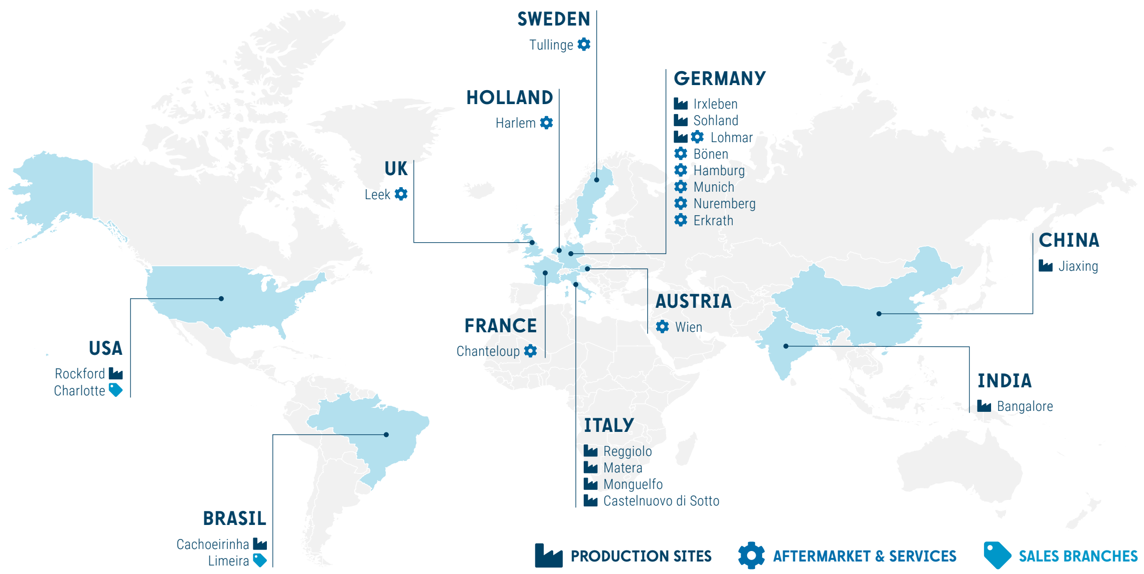
1.10.1 IDENTITY, STRATEGY AND BUSINESS MODEL

COMER INDUSTRIES

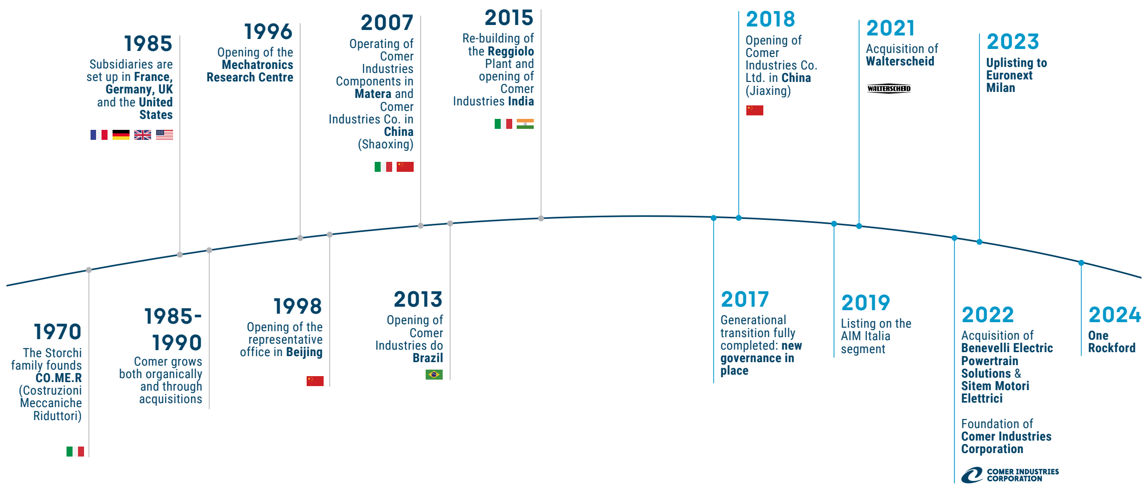
Comer Industries, with registered office in Reggiolo (Reggio Emilia, Italy) and listed on the Euronext Milan market of Borsa Italiana, is the world's leader in the design and manufacture of advanced engineering systems and mechatronic solutions for power transmissions. The company competes in the fields of agricultural machinery, construction, wind energy, and electric vehicle transmissions.

PRESENCE AROUND THE WORLD

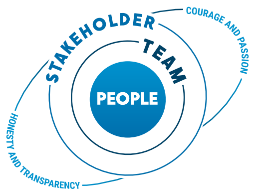
Established in 1970 and grown over the years, Comer Industries now has 11 manufacturing sites and several Aftermarket and sales locations around the world. As of December 31, 2024, the Group has 3,171 people, including 2,924 employees.



HISTORY



VALUES



- **People** – The people at Comer Industries are concerned for each other's respect and dignity; they ensure, at all levels, the expression of delegation and the fair recognition of results, as well as individual and team credits.
- **Teamwork** – Comer Industries' people work as a team to achieve collective results and promote an inclusive approach to all Company's entities.
- **Commitment to stakeholders** – Comer Industries' people work with stakeholders in terms of integration and synergy, simplification and efficiency, flexibility and prompt orientation towards change.
- **Courage and Passion** – Comer Industries' people expose themselves with generosity, express and disseminate energy and enthusiasm, encouraging the building of an engaging atmosphere that conveys passion to younger colleagues. They show proactivity and are committed more than expected.
- **Honesty and Transparency** – Comer Industries' people communicate and operate transparently to allow all internal and external stakeholders to make conscious choices and to build relationships based on trust and credit.

PURPOSE

DOUBLE MATERIALITY ANALYSIS

The principle of **double materiality**, introduced by **ESRS 1**, is one of the major developments in sustainability reporting, changing the approach to defining and evaluating issues for reporting.

According to this principle, a sustainability matter can be material from two perspectives:

1. **Impact materiality** (inside-out): a matter is material when it has significant impacts – positive or negative, actual or potential – on people or the environment in the short, medium, or long term. These impacts can result from both the Company's operations and its value chain, upstream or downstream.
2. **Financial materiality** (outside-in): a matter is material if it can affect the Company's current or future financial performance by generating risks or opportunities arising from past or future events.

The two dimensions are related and interdependent, but a matter may be relevant in only one aspect or in both. For example, a topic can be material for its impact without necessarily having financial implications, and vice versa. Double materiality therefore requires both perspectives to be considered, ensuring a more comprehensive view of sustainability matters.

Since this is the first implementation of double materiality, the process follows the approach outlined in the ESRS standards and cannot be compared with the Impact Materiality exercise laid out in the previous 2023 Sustainability Reporting (prepared in accordance with GRI reporting standards). The double materiality update process involves at least an annual review. As part of its upcoming Sustainability Reporting under Italian Legislative Decree no. 125/2024, the Group is committed to reporting any changes in the process compared to the current period.

Following this preliminary process, the possible **impacts, risks, and opportunities** (IROs) applicable to the Group were mapped, thus arriving at the definition of the long list of IROs. The steps followed to define the long list are as follows:

1. **Identification** of an initial list of sustainability matters from the results of the previous materiality analysis, findings from the internal and external context analysis as well as due diligence processes and stakeholder engagement activities.
2. **Correlation** of the aspects identified with the topics/subtopics given in Appendix A, Application Requirements 16 of the ESRS 1 "General Requirements" standard.
3. **Definition**, including from existing company tools (e.g., Enterprise Risk Management documentation, Management Systems etc.), of relevant IROs. At this stage, an analysis of the Group's business and related value chain was conducted to identify possible direct and indirect impacts, risks, and opportunities. The main inputs considered in the activity involved the Group's own operations carried out in the various geographical contexts where it operates,[6] and likewise the main activities carried out by strategic suppliers and customers in their respective countries. This in order to fully intercept geographies or other factors that could lead to increased risk of negative impacts. Here, company assets and operations were evaluated and analyzed by conducting in-depth sessions with company functions, using available company tools such as final and forecast reports on consumption, purchase and sales volumes, and risk analyses.[7]
4. **Sharing** with function managers and validation, with the aim of refining the impacts, risks, and opportunities identified and the timely definition of the long list of IROs.

Note that actual and potential impacts were identified based on due diligence procedures for business sustainability purposes, thus focusing on the specific activities carried out by the Group, its business relationships, value chain, and the location of production sites.

With regard to risks and opportunities, the identification and assessment were supported by the internal Enterprise Risk Management (ERM) system and that of other functions. In general, the ERM assesses the Group's overall risk profile based on a modular structure, that is, by aggregating the results of risk analyses for the various areas of business management and grouping them into four risk categories: strategic, compliance, operational, and financial. This process is formalized in a specific procedure and coordinated by the Control, Risk, Sustainability and Related Parties Committee.[8] More specifically, the assessment of risks and opportunities applicable to sustainability matters is entrusted to the Quality, Sustainability & Lean Development function, for some types also taking into consideration the impacts generated in order to understand the interdependencies of the IROs.

6 Specifically, geographic areas where production sites, sales offices, and after-market sites are located were considered: Italy, Germany, France, Holland, Austria, Sweden, China, USA, India, Brazil.

7 With particular reference to the identification of impacts, risks, and opportunities related to the topics of climate change, water resources, and circular economy. For aspects considered in the process of identifying IROs related to company conduct (e.g., location, activity, industry, and structure), see the sections on governance and the business model.

8 For details on ERM processes, including internal control systems, the types of risks assessed, and how they are analyzed, see the chapter *"Risk management"*.

Second, the long list evaluation process was carried out with the involvement of Group business functions.[9] The rating scales (set at 4 levels) were specifically developed for this purpose, consistent with existing company tools, to enable those involved to perform their assessments using methods already known in the Company and in continuity with what was done for other areas of assessment. Specifically, there are two magnitude scales, one for assessing impacts and one for assessing risks and opportunities, and a probability scale that is common to both impacts and risks and opportunities. For impacts, the magnitude was expressed using three drivers in an "and/or" logic (materiality, boundary, and remediability[10]), while for risks and opportunities the measure was expressed according to three other drivers, again in an "and/or" logic (financial, reputational, operational).[11] Probability, on the other hand, refers mainly to two drivers, one prospective and the other historical. The function managers used one or more drivers depending on their own perception and knowledge of the business environment, as experts with respect to the IROs being assessed for competence. In order to carry out an assessment consistent with the methods already used internally by company managers, a "residual" mode of assessment of the risks and opportunities was used, i.e., net of the safeguards put in place within the Group. However, for climate change and human rights aspects, a precautionary approach was used, similar to the "gross" mode of assessment, as suggested by the relevant Implementation Guidance.

Several aspects were considered in the assessment, in line with the expressions of the relevant guidelines and the guidance of ESRS 2 "General Disclosures".

- **Human rights:** in the case of potentially negative impacts related to this aspect, the logic of prevalence of magnitude – as opposed to probability – was followed (thus assigning such impacts a maximum magnitude regardless of the probability of occurrence).
- **Interdependencies:** any points of connection between mapped impacts, risks, and opportunities were appropriately considered during identification and assessment with the various function managers.[12]
- **Time horizons**[13]**:** the assessment was made by identifying the most significant time horizon for each impact, risk, and opportunity among short-, medium-, and long-term horizons.
- **Boundary:** provides for division into own operations, upstream value chain, and downstream value chain based on the origin of impacts, risks, and opportunities.
- **Factor impacted:** with regard to impacts, impacted factors were considered during identification and evaluation. In detail, the main categories in question include: Environment, Workforce, Community, Suppliers, Workers in the Value Chain.
- **Impacted capital:** with regard to the financial materiality perspective, the types of impacted capital (financial, productive, intellectual, human, natural, relational and social) were considered.

The entire process was coordinated, managed, and overseen by the Quality, Sustainability & Lean Development function. Furthermore, sustainability roles and responsibilities are clearly identified and formalized within a specific company procedure. More information on this can be found in section *"The governance of sustainability"*.

9 The functions involved in the materiality assessment process were identified through the study of the corporate structure in order to cover the totality of relevant sustainability areas.

10 Note that the degree of remediability was only applicable for negative impacts.

11 Although the perspective of financial significance is purely related to the financial effects of risks and opportunities, some cases identified do not allow for an exclusive economic-financial assessment but require more qualitative aspects. Therefore, it was deemed appropriate to identify two criteria such as operational and reputational magnitude in order to improve the assessment process.

12 Function managers were informed of the need to also consider the potential interconnections between certain impacts and risks and opportunities in order to make a true and complete assessment. This means that in order to calculate a score using these rating scales, for certain types of risks and opportunities the connection with impacts was also considered, thus allowing any intrinsic effects due to actual and potential impacts to be captured. Note also that interdependencies between impacts and risks/opportunities are implicit for some topics. Since there are impacts on people, environment, and the external environment arising from production operations and business relationships, risks and opportunities necessarily arise for the same topics. Examples include the impacts on people's health and safety that can generate the risk of exposure to litigation and penalties, with economic, financial, and reputational effects for the Group; the same is true for the impacts generated by the Group in terms of its contribution to climate change through the emission of GHGs, which are closely related to the physical risks associated with the occurrence of extreme weather conditions (temperature-related, wind-related, water-related, solid mass-related) that can have significant economic, financial, and operational impacts on the Group.

13 See *"General disclosures"* for the definition of the time horizons.

The materiality threshold, i.e., the minimum level of significance such that an IRO (and the related sustainability issue it pertains to) is deemed material, has been identified consistent with what is expressed in the technical reference available on the subject (Implementation Guidance - 3.6. "Deep dive into impact materiality - Setting thresholds").

In fact the reference standards do not identify particular and peremptory criteria for the definition of said threshold, pointing out that it can be identified according to qualitative and quantitative parameters defined by the organization and capable of grasping and including the sustainability matters actually deemed material for the Group in compliance with the principles of "reasonableness, common sense, and objectivity." Specifically, the threshold was defined based on assumptions designed to capture these aspects. The identification of the materiality threshold made it possible to draw up a short list of IROs, from which the aggregation into the relevant sustainability matters was carried out (in the specific case of Comer Industries, the same technical nomenclature provided by the ESRS was chosen for the material topics). Moreover, to corroborate the identification of sub-threshold topics, consideration was given to the type of economic activity carried out by the Group, including geographic and regulatory background information (such as for example the location of production facilities and the scope of the new ESRS standards) and related to the upstream and downstream value chain.

In order to consolidate and refine the process of double materiality, a stakeholder engagement process was also carried out involving a sample of stakeholders relevant to the Group pertaining to the following categories: suppliers, strategic customers, investors, and banks. Each stakeholder category was consulted in different ways, as detailed below:

- **Strategic customers and suppliers:** engagement via online survey to analyze perceptions with respect to the outcomes of the double materiality analysis and perform a completeness check against the mapped sustainability matters.
- **Direct and indirect suppliers:** awareness-raising activities by administering a memo on the materiality analysis process carried out and the findings that emerged in terms of materiality.
- **Investors and banks:** involvement through the administration of a survey in order to analyze their expectations regarding the sustainability issues identified in the double materiality process.

The entire process was coordinated, managed, and overseen by the Group's Quality, Sustainability & Lean Development function. Furthermore, sustainability roles and responsibilities are clearly identified and formalized within a specific company procedure. More information on this can be found in section *"The governance of sustainability"*.

The stakeholders involved were asked to rate the various topics on a scale of 1 to 4 based on their perceptions in terms of importance/strategic nature, each rating being described. In order to gather any suggestions on the aspects found to be non-material from the internal assessment process, stakeholders were asked to fill in a note field so that any other topics deemed to be material could be included.
The responses were collected anonymously, and the results that emerged from this activity were aggregated and integrated into the evaluation of the short list of material topics assessed from the perspective of impact materiality.[14]

Following is the list of material sustainability matters for 2024 obtained as an output of the double materiality and stakeholder engagement process. As mentioned above, for this reporting exercise the Group decided to use the ESRS Sector Agnostic technical nomenclature for its material topics.

14 Note that the evaluations expressed by stakeholders were taken into account by providing for the same degree of materiality established for internal assessment evaluations, through a process of normalization.

IMPACT MATERIALITY RANKING	MATERIAL TOPICS	FINANCIAL MATERIALITY RANKING	MATERIAL TOPICS
1	Climate change	1	Business conduct
2	Business conduct	2	Climate change
3	Own workforce	3	Circular economy
4	Circular economy	4	Own workforce
5	Workers in the value chain	5	Workers in the value chain
6	Water resources		

The process followed to define the list of **six material topics** according to impact materiality thus originated from the identification of **49 impacts**, of which **28 were negative** and **21 positive**, each of them associated with an ESRS Sector Agnostic topic. At the same time, according to the financial materiality perspective, **5 material topics** were identified based on **35 risks** and **12 opportunities**, also associated with the above topics.[15] Finally, ESRS Disclosure Requirements (DRs) and related data points to be included in the 2024 Sustainability Statement were mapped, taking into consideration the topical materiality of each DR/data point with the identified IROs.

The relevant subtopics associated with the material topics set forth above are those shown in the following table:

ESRS RELATED TOPIC	MATERIAL TOPIC	MATERIAL SUBTOPIC
E1 Climate Change	Climate Change	Emissions and climate change Effective and efficient energy management
E3 Water and Marine Resources[16]	Water resources	Responsible use of water resources
E5 Circular Economy	Circular economy	Circularity of production processes Responsible waste management
S1 Own workforce	Own workforce	Human capital Personnel training and development Diversity and equal opportunities Human rights and fair labor practices Security of personal data and information Occupational health and safety
S2 Workers in the value chain	Workers in the value chain	Human rights and fair labor practices Occupational health and safety
G1 Business conduct	Business conduct	Ethics and integrity in business Sustainable procurement

15 For a detailed disclosure on the process of defining and analyzing physical and transitional risks related to the "Climate Change" material topic as well as the related scenario analysis see the chapter *"Climate change"*.

16 With specific reference to Standard E3 "Water and Marine Resources," note that the "Marine Resources" subtopic was not found to be material downstream of the double materiality analysis process.

As a further output of the double materiality analysis, sub-threshold sustainability matters were also identified, i.e., those for which Comer Industries does not provide disclosure in the 2024 Sustainability Statement. These refer to the topics concerning pollution, biodiversity, affected communities, consumers and end-users and related subtopics under ESRS 1 RA 16. The sustainability matters listed can be traced back to ESRS Topic Standards E2, E4, S3, S4 as well as the cross-cutting ESRS 2 data points.[17]
Following is a description of the reasons for the exclusions mentioned:

- **Pollution**: in previous administrative periods Comer Industries reported its air emissions other than GHGs as part of the disclosure required by the GRIs on emissions and climate change. In the assessment by function managers, it was found that emissions of air pollutants were of a residual and insignificant nature compared with the greenhouse gas emissions.[18] Furthermore, as in previous years it was confirmed that the Group and its value chain have no actual impact in terms of pollutants discharged into water and soil. With regard to microplastics, they too are not of particular concern to the Group's business, and similarly the use, sale, export, and import of substances of concern and very high concern was considered extremely residual, and therefore not material for Sustainability Reporting. Finally, keeping in mind the ESRS reference to Regulation (EC) no. 166/2006 (E-PRTR), the standard makes explicit the possibility of recalling information already reported under that Regulation. However, the Group is not impacted by the aforementioned regulations and therefore there is no effect on the materiality of the macro-topic as presented by ESRS E2.
- **Biodiversity:** in the course of evaluations by corporate functions, it was found that Comer Industries does not conduct its business in areas exposed to risk of Biodiversity loss, nor do its products affect the health and integrity of ecosystems. The only site in the Group that could be exposed to risks to biodiversity is the Lohmar site, which is located near a protected area. However, the operation of the plant appears to be duly authorized by the relevant local authorities and operated in accordance with current regulations. All this led to IROs concerning biodiversity and ecosystems being assigned a very low rating, eventually bringing the related topics and subtopics back below the minimum materiality threshold.
- **Affected Communities:** no sustainability matters related to affected communities were deemed so significant as to exceed the minimum materiality threshold. This assessment is fully consistent with the output of the 2023 materiality analysis, in which the "Territory development" GRI topic, which is similar to the matters covered by the ESRS S3 standard, was found to be below the minimum materiality threshold.
- **Consumers and End-users:** the business model of Comer Industries, which operates entirely within B2B markets, was explicitly considered in the course of the business function evaluations, and thus there is no interaction with consumers or end users as defined by the ESRS standards. The relationship appears to be exclusively indirect both with them and with their sector. The related sustainability matters were thus assessed as not material to the context of the Group and its partners.

The results of the double materiality were **viewed** by the Risk Control, Sustainability and Related Parties Committee, which gave a positive opinion, and subsequently approved by the Board of Directors of Comer Industries. This analysis is an annual process, and as such Comer Industries plans to renew it in 2025 as well.

A list of the disclosure obligations Comer Industries has fulfilled in preparing the **2024 Sustainability Statement** based on the results of the double materiality is given in chapter *"Due diligence statement"*. The sections in the Statement where the relevant information is found are specified.
The following is a summary of the short list of IROs that helped determine the material sustainability matters.[19]

17 For more details about the relevant subtopics that emerged from the double materiality analysis, see the table mentioned above.

18 For example, consider that about 70 tons of air pollutants were emitted in 2023, which is 0.79% of just Scope 1 GHG emissions (8822 tCO_2eq) in 2023 and 0.26% of total Scope 1 and 2 emissions.

19 All IROs listed are reported through the Disclosure Requirements under ESRS 2 "General Disclosures" standard and "Sector-Agnostic" standards E1, E3, E5, S1, S2, G1. There are no entity-specific IROs present, as no particular impacts, risks, or opportunities not covered by the topics and subtopics proposed by the reference standard (ESRS 1 - AR 16) emerged in the analysis. All IROs are reported through the pertinent Disclosure Requirements.

LIST OF MATERIAL IMPACTS								
ASSOCIATED MATERIAL TOPIC	IMPACT DESCRIPTION	TYPE[20]	NAT.[21]	IMPACTED FACTOR	TIME HORIZON	BOUNDARY[22] UP	OWN	DN
Climate Change	Generation of Scope 1, 2 GHG Emissions	-	A	Environment / Community	Short term		x	
Climate Change	Generation of Scope 3 GHG Emissions	-	A	Environment / Community	Short term	x		x
Climate Change	Energy consumption from non-renewable sources	-	A	Environment / Community	Short term		x	
Water resources	Water consumption, with emphasis on water-stressed areas	-	A	Environment / Community	Short term		x	
Circular economy	Techniques for recycling and reusing products to reduce the consumption of virgin resources	+	A	Environment / Community	Short term		x	
Circular economy	Promotion of a culture directed toward circularity along the value chain	+	A	Environment / Community	Short term	x		x
Circular economy	Improper disposal of waste produced	-	P	Environment / Community	Long term		x	
Own workforce	Gender equality, employment and inclusion, valuing diversity	+	A	Workforce	Short term		x	
Own workforce	Secure employment, adequate wages, active dialog, freedom of association, worker consultation and participation, work-life balance, respect for working hours and possible overtime	+	A	Workforce	Short term		x	
Own workforce	Development of professional skills through training, creation of appropriate career paths, and periodic performance evaluations	+	A	Workforce	Short term		x	
Own workforce	Business practices to ensure the security of personal data and internal information	+	P	Workforce	Short term		x	
Own workforce	Accidents at work and occupational diseases	-	P	Workforce	Short term		x	
Own workforce	Forced and child labor	-	P	Workforce	Long term		x	
Workers in the value chain	Accidents at work and occupational diseases	-	P	Workforce in the value chain	Long term	x		x
Workers in the value chain	Forced and child labor	-	P	Workforce in the value chain	Long term	x		x
Business conduct	Effective governance and dissemination of corporate ethical values	+	A	Environment / Community Workforce Workforce in the value chain	Short term	x	x	x
Business conduct	Increasing trust and whistleblowing reports by ensuring the protection of users of the channels	+	P	Environment / Community Workforce Workforce in the value chain	Medium term	x	x	x
Business conduct	Ethics in dealing with suppliers through timely payment practices	+	P	Environment / Community Workforce in the value chain	Medium term	x		
Business conduct	Inclusion of local communities in the supply chain	+	P	Environment / Community Workforce in the value chain	Short term	x		x

20 Type refers to whether the impact is negative (-) or positive (+).

21 The nature of the impact refers to whether the impact is Actual (A) or Potential (P).

22 The perimeter refers to the three main types: "Up" - Upstream value chain, "Own" - Own assets, "Dn" - Downstream value chain. Comer Industries' value chain is mainly located in the geographical areas of the Group's production sites (Italy, Germany, the United States, China, and India) in order to optimize trade and create value locally.

Each impact, whether positive or negative, was identified by considering the nature of the activities carried out in Comer Industries in offices, production facilities, and business relationships maintained with suppliers and customers. These activities and relationships arise from the normal pursuit of the company's purpose and therefore occur in the ordinary course of business. For details of the products and services considered, the markets served, and the value chain actors that were included in this assessment, see the relevant chapter.

LIST OF MATERIAL RISKS AND OPPORTUNITIES[23]										
ASSOCIATED MATERIAL TOPIC[24]	DESCRIPTION OF THE RISK / OPPORTUNITY	TYPE	FINANCIAL IMPACT	TIME HORIZON	IMPACTED CAPITAL[25] PROD	INTELL	HUM	NAT	SOC	RELATED DEPENDENCIES/ IMPACTS
Climate Change	Extreme climatic conditions	R	x	Long term				x		-
Climate Change	Regulatory, technological, market, or reputational changes	R	x	Medium term	x			x		-
Climate Change	Resource and energy supply, self-generation of energy, sustainable operating practices	O	x	Medium term	x			x		Correlation with relative impact of energy consumption from non-renewable sources
Climate Change	Depletion of non-renewable resources	R	x	Long term	x			x		Correlation with relative impact of energy consumption from non-renewable sources and dependence on non-renewable resources
Circular economy	Litigation and fines caused by improper waste management	R	x	Medium term				x		Correlation with impact related to improper waste disposal
Circular economy	Joint strategies with suppliers, promoting circularity	O	x	Short term	x					Interconnection with impact related to promoting a culture of circularity along the value chain
Own workforce	Development of professional skills that improve business performance and innovation	O	x	Medium term			x			Dependence on skilled resources and correlation with impact related to professional skill development
Own workforce	Sanctions and litigation related to accidents, injuries and occupational diseases	R	x	Medium term			x			Interconnection with impact related to occupational accidents and dependencies on own workforce
Own workforce	Occupational health and safety training that increase trust	O	x	Short term			x			Correlation with impact related to the occurrence of occupational accidents
Own workforce	Sanctions and litigation related to incidents of discrimination	R	x	Long term			x			-
Own workforce	Concentration of specific expertise in the hands of a few individuals and absence of related backups	R	x	Medium term		x	x			Dependence on skilled labor
Own workforce	Sanctions and litigation related to incidents of human rights violations	R	x	Long term			x		x	Interconnection with impact related to forced and child labor
Workers in the value chain	Human rights violations with repercussions on reputation and procurement	R	x	Long term			x		x	Interconnection with impact related to forced and child labor and dependence on suppliers operating in areas considered risky

23 The description in itself provides the nature of the risks and opportunities, along with their location in own operations and/or in the upstream and downstream value chain. Note, however, that since this is the outside-in perspective, risks and opportunities necessarily also reflect on the Group in economic and financial terms.

24 The work done in relation to risks and opportunities considered climate-related risks, which were classified into physical and transitional risks. For more details on the definition of these risks see the relevant chapter, in which the findings and considerations of the scenario analysis performed are also presented.

25 The types of impacted capital include: production capital, intellectual capital, human capital, natural capital and social capital.

LIST OF MATERIAL RISKS AND OPPORTUNITIES[23]

ASSOCIATED MATERIAL TOPIC[24]	DESCRIPTION OF THE RISK / OPPORTUNITY	TYPE	FINANCIAL IMPACT	TIME HORIZON	IMPACTED CAPITAL[25]					RELATED DEPENDENCIES/ IMPACTS
					PROD	INTELL	HUM	NAT	SOC	
Workers in the value chain	Injuries at work and cases of occupational disease due to non-compliance with relevant regulations	R	x	Long term			x			Interconnection with impact related to occupational accidents
Workers in the value chain	Loss or dissemination of strategic business partner data	R	x	Medium term			x		x	-
Business conduct	Prevention and detection of corruption through specific training	O	x	Short term			x			Interdependence with impact related to dissemination of corporate ethical values
Business conduct	New relationships with strategic suppliers	O	x	Short term					x	Interdependence with impact related to timely payment practices and dependence on qualified suppliers
Business conduct	Reporting channels that enable the prompt handling of the reports received	O	x	Medium term	x		x			Interconnection with impact on whistleblowing reports and consequent protection of whistleblowers
Business conduct	Sanctions and litigation related to corruption and bribery	R	x	Medium term					x	-
Business conduct	Transmission of cultural values and business ethics principles	O	x	Medium term					x	Interdependence with impact related to dissemination of corporate ethical values
Business conduct	Illegal conduct by employees	R	x	Medium term			x		x	-

The impacts, risks, and opportunities identified in the double materiality analysis guide the Group's strategy, defining the sustainability matters for which targets and objectives are set, preparing an appropriate performance monitoring system related to them. For example, in the medium to long term, harnessing the benefits associated with the trend of electrification in the energy sectors could totally cover energy needs with electricity from renewable sources and "green" renewable gases for energy-intensive domestic production processes that cannot be directly electrified. This strategic direction would relate to the opportunity identified in the double materiality analysis called "Resource and energy supply, self-production of energy, sustainable operating practices". The latest revision of the Group's strategy, also based on the IROs identified, was carried out with the Sustainable Development Plan up to 2035[26], for details of which see the relevant section. To date there is no evidence that IROs significantly affect operations related to Comer Industries' business model, except indirectly through the definition of procurement policies. In fact, these are targeted in a way that mitigates reputational risks that could affect the Group's ability to create long-term value, while also evaluating suppliers that implement best practices from the perspective of compliance and environmental impact. See the specific disclosure in the chapters on climate change, circularity of production processes, and human capital for programs to respond to the IROs identified and how they are managed.

With regard to the financial impacts of IROs on the year, there were no significant financial effects.[27]

Finally, given the characteristics of the strategy and business model, the Group has accrued a high degree of resilience to external events, which ensures a propensity to adapt, and to mitigate significant impacts/risks, taking into consideration the relevant time horizons and targets set. This assessment is expressed in detail in the chapter on climate change, in which a resilience analysis was conducted, through which the ability of the business model to adapt and respond to both physical and transitional climate risks was assessed.

26 In this regard note that positive impacts are related to sustainability goals falling within the Sustainable Development Plan, which in turn sets the direction for the mitigation of negative impacts.

27 Regarding the expected financial effects of the IROs, the Group is taking advantage of the phase-in period for disclosure of the information, as envisaged by the regulation.

THE BUSINESS MODEL

Comer Industries is a global leader in the design and manufacture of advanced power transmission systems and mechatronic solutions designed for applications in the agricultural, industrial, and renewable energy sectors. The products combine cutting-edge technology, operational efficiency, and sustainability, meeting the needs of customers in constantly changing markets. For a description of the products and services, see Section *"Products and Services"*.

Comer Industries' business model pursues a goal of sustainable growth and long-lasting value creation, developing along three interrelated lines: corporate governance, innovation, and sustainability. As of December 31, 2024, the Company recorded total sales of 942.372 million euros.

Comer Industries' corporate governance is structured to ensure transparent and accountable business management with a long-term vision. The Company adopts governance models that ensure proper management of resources and a clear division of duties among the various corporate bodies. Working with top management, the Board of Directors directs strategic decisions, ensuring that company choices are in keeping with sustainability goals and the expectations of investors, customers, and other stakeholders.

Corporate governance also involves continuous dialog with investors, ensuring clear, transparent communication regarding company performance and future strategies. A strong focus is placed on compliance with regulations and ethical principles so as to preserve the Company's reputation and sustain stakeholder trust. The management of corporate governance is reflected in the promotion of responsible behavior at the organizational level, with a focus on risk management and protection of corporate assets.

Innovation is the driving force behind the development of Comer Industries' business model. The company invests in research and development to improve its products and processes, with the aim of seizing new business opportunities in changing industries, improving performance, and optimizing operational efficiency. Comer Industries' approach also extends to the digitization of business processes, encouraging the adoption of smart, interconnected solutions for monitoring and managing product performance.

Sustainability development is integrated into the Company's strategy, boosting its ability to create long-term value. Environmental goals focus on energy efficiency, reducing emissions, and adopting circular economy practices, while social and governance aspects address promoting diversity, inclusion, and strengthening ethical practices within the entire supply chain. These goals are supported by policies that ensure their global consistency and application.

PRODUCTS AND SERVICES

By expanding its product range in electric-powered applications, which complements its traditional range in the mechanical field, Comer Industries is now a global partner in the market capable of developing technologically advanced systems modeled on the customer's specific needs, supporting them from the conceptual stages through product implementation. During mass production supply is complemented by constant dialog and customer service, collecting and analyzing feedback from the field and end users to continuously improve the product and service offered. The company's technical expertise and experience enable it to offer solutions that not only meet current needs but also anticipate future challenges in its target markets. Moreover, through the Aftermarket and Services structure, the Group provides customers with ongoing support throughout the life cycle of the solutions provided.
There were no major changes to products or services offered during the reporting period.

Systems for the agricultural sector

In the agricultural sector, Comer Industries' products play a key role in ensuring the efficiency of machines in farming. Transmissions and gearboxes are designed to support intensive working conditions and maximize productivity, while offering precise, stable operation even in harsh environments. The robustness and reliability of these systems enable customers to operate continuously while minimizing downtime.

Main Customers:

Systems for the Industrial Sector

For industrial applications, Comer Industries develops solutions to meet a diverse range of applications and complex needs. For example, planetary gearmotors and gearboxes used in machines operating in earthmoving, lifting, and material handling operations are designed to withstand particularly harsh operating conditions, such as high loads, intensive work cycles, and extreme environments. The design takes into account both mechanical performance and durability, ensuring extended component life and reducing maintenance costs. In addition to standard components, the company is able to develop customized solutions, meeting the demands of customers in highly specialized fields such as construction, mining, and industrial automation.

Main Customers:

Renewable energy solutions

Comer Industries operates in the renewable energy sector, developing products that support and maximize clean energy production. One example is gearboxes for wind applications, which are crucial components for turbine operation, even in extreme operating environments.

Main Customers:

COMMITMENT AND PRODUCT RESPONSIBILITY

Starting from the development stage and continuing throughout the life cycle, the Company follows a process aimed at the responsible management of the product.

Through its research and development and innovation processes, Comer Industries responds and combines multiple needs based on the growing demands coming from the context: developing products with increasingly higher performance in terms of quality, improving safety and reliability levels, incorporating more and more contents in terms of sustainability.

Special attention is paid to compliance with all national and international standards applicable in the various target markets, as well as contractual requirements and technical specifications. Furthermore, the process aims to achieve the highest standards of user safety, minimize environmental impacts, and achieve full supply chain involvement. A commitment that is expressed in the "Product Quality, Sustainability, and Responsibility Policy" available on the Company's website.

During the product design phase Comer Industries applies methodologies for the preventive assessment of potential types of failures (DFMEA), identifying characteristics having an impact on safety and reliability and measures to mitigate these risks. During industrialization, these characteristics are managed in such a way as to minimize the probability of failure through anti-error or automatic control systems.

Advanced testing and simulation systems are then used in the **Testing and Validation Centers** located at the Reggiolo, Monguelfo, Lohmar, and Rockford sites, with a total of 60 test stations and an area of about 8,000 m^3. The centers conduct functional, endurance, and fatigue tests according to the validation criteria set for each type of system, and in the specific case of gimbals in the agricultural sector for the purpose of type approval according to the Machinery Directive.

The Company constantly checks the performance and quality levels of its products against the preset targets, by monitoring specific performance indicators, checking semi-finished and finished products and conducting process audits inside and outside its production plants. To this end, digital systems that accelerate and automate data collection, management reporting and analysis to focus efforts on problem solving and prevention are available.

Any non-conformities detected internally or reported by customers are received, prioritized through criteria based on the evaluation of potential impacts, and addressed with problem solving methods (such as 8D or DMAIC), aimed at the definitive elimination of the causes of the problem and the extension of the solutions to other potentially affected products. Methods and procedures are integral parts of the **Quality Management System**, developed according to the ISO 9001:2015 standard, extended globally and certified by accredited bodies. Customer satisfaction is monitored by consulting digital platforms for sharing information and any type of communication received in order to promptly manage any deviations or signs of deviation in performance.

Comer Industries' compliance management system also incorporates the activities of analysis, verification, and control of applicable trading regulations, with particular reference to the monitoring of sanction programs implemented by the competent authorities in the countries where the Group operates.

Indeed, some products made by Comer Industries fall within the scope of Regulation (EU) 833/2014, as amended, concerning restrictive measures in view of Russia's actions destabilizing the situation in Ukraine, therefore their sale in Russia has been suspended.

Comer Industries is committed to the progressive integration of sustainability criteria into the product design and development stages in order to reduce negative environmental and social impacts along the value chain.

THE DRIVERS OF SUSTAINABILITY IN DESIGN

- *Reduction of the weight of components and improvement of transmission efficiency to help reduce machine consumption.*
- *Reduction in the amount of lubricant used to operate the systems.*
- *Search for and use of materials with less impact on the environment and user health and safety.*
- *Use of sensors to optimize the maintenance of transmission systems.*
- *Application of electric drives to replace traditional fossil fuel drives.*
- *Partnerships with customers to develop products for renewable energy applications or zero-emission mobility solutions.*

Comer Industries optimizes and innovates the characteristics of its products to enable excellent application performance with reduced environmental impact. This is achieved through constant work in the direction of reducing component weight, choice of materials, and innovations aimed at minimizing user maintenance.

By tracking hours worked and type of use, the **WCS Counter** – an upgradeable sensor that can be adapted to any type of Walterscheid driveshaft – represents a concrete application of this approach. Using push notifications, this application enables the planning and execution of maintenance based on actual operating hours, resulting in reduced costs, time and materials.

Another of Walterscheid's historical products, the clutches associated with large engines used in the mining market, allow optimization of temperature and noise levels and consequently an increase in overall system efficiency of up to 12% annual fuel savings.

Programs aimed at the elimination of certain restricted chemicals, such as lead in the alloy used for caps, or high impact, such as those contained in electric motor magnets, represent the concrete application of research and attention to the choice of materials. In this regard, Comer Industries presented a new magnetless synchronous motor concept (*SMES SERIES / MAGNETLESS up to 200 KW*) at the international **IVT Expo** trade show in Cologne, Germany.

Comer Industries' focus on environmental sustainability is also reflected in the gradual introduction of returnable and reclosable packaging for transporting products to the end customer, greatly reducing the use of disposable materials and space occupied in carriers.

Comer Industries contributes to the energy transition through the production of advanced components for wind turbines and electric motors for industrial and mobile applications, supporting the achievement of the United Nations Sustainable Development Goals.

Comer Industries is active in the production of planetary gearboxes for wind turbine applications, supporting the deployment of renewable energy, reducing greenhouse gas emissions, and promoting the use of sustainable sources. For more than 20 years it has been providing solutions with high reliability "Yaw and Pitch drives" for onshore and offshore applications from 3 to 20 MW of power.

The Company supports the evolution of the market toward electrification through the design and sale of electric motors used for drives in industry and vehicles, often replacing traditional fuel-powered systems without penalizing performance, and through solutions for applications in electric machines developed in co-design with customers.
Comer Industries competes in the market of excavator rotations, and at Bauma China unveiled the electric system for the 20-ton segment that is fully interchangeable with the current solution.

The development of the new I-428 electric transmissions integrated with the E Comer SMAC 200 engine has made it possible to use the "AWP" aerial platforms in areas subject to restrictions of CO_2 emissions or with reduced noise.

Comer Industries' full range of products is capable of covering customers' needs for aerial platforms from 15 to 35 m in height.

Another similar application is self-propelled feed mixers, for which an auger gearbox driven by an electric motor has been developed. The use of a higher ratio in the **PGA1603** bevel gearbox allows the electric motor to work at its maximum efficiency, leading to lower fuel consumption and reduced CO_2 emissions and noise levels compared to current hydraulic solutions on the market.

THE VALUE CHAIN

Comer Industries occupies a central position in the value chain as a manufacturer of highly specialized power transmission systems, connecting upstream component suppliers with downstream industrial customers. Technological innovation, a focus on sustainability, and the ability to proactively respond to market needs reinforce its role as a reliable strategic partner for all stakeholders.

The upstream value chain consists of a global network of suppliers selected to ensure the supply of components and services needed to produce the systems required by the relevant industry.
The main materials purchased are cast iron and steel.

RESOURCES

ENVIRONMENT
Responsible use of natural resources so that the product is made in a sustainable manner. Production process efficiency and technological innovation are geared toward minimizing emissions and consumption.

CUSTOMERS
Collaboration with customers guides the development of customized solutions. Their needs are a driver for innovation and the continuous improvement of products and services.

PEOPLE
Employees' skills and motivation are a key resource for the Company. Comer Industries invests in training, working conditions, and safety to develop and safeguard its human capital.

COMMUNITY
Local roots and community relations contribute to a positive impact on the economies and societies the Company operates in, supporting responsible development.

SUPPLIERS
Collaboration with a qualified network of suppliers makes it possible to ensure quality and production continuity. Relationships are managed in accordance with ethical and sustainability criteria.

INVESTORS
The financial capital provided by investors enables the Company to sustain growth and innovation, ensuring a sustainable long-term economic return.

PRINCIPLES

VALUES

PEOPLE AT THE CENTER	TEAMWORK	ATTENTION AND RESPECT FOR STAKEHOLDERS	COURAGE AND PASSION	HONESTY AND TRANSPARENCY

PURPOSE

Change people's lives by facilitating global access to food, roads, housing, and sustainable energy by developing engineering solutions with an unconventional approach.

PRODUCTS

MARKETS

BRAND

comer industries · e-comer · WALTERSCHEID · WALTERSCHEID SERVICES · Mechanics® Driveshafts · Rockford® Clutch

SUSTAINABLE VALUE FOR ALL STAKEHOLDERS

SUSTAINABLE DEVELOPMENT GOALS

4 QUALITY EDUCATION · 6 CLEAN WATER AND SANITATION · 7 AFFORDABLE AND CLEAN ENERGY · 8 DECENT WORK AND ECONOMIC GROWTH · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE · 10 REDUCED INEQUALITIES · 11 SUSTAINABLE CITIES AND COMMUNITIES · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION

RESULTS

ENVIRONMENT
Products that promote the energy transition with reduced downstream environmental impact.

CUSTOMERS
Supply of reliable products and customized solutions to optimize applications including through innovative content.

PEOPLE
The Company offers professional development opportunities and a safe working environment, improving skills and attractiveness over time. Looking forward, the goal is to boost skill growth and attractiveness as an employer.

COMMUNITY
The company's business generates employment and economic support for local communities. The benefits include a positive impact on the local economy and infrastructure. In the long term, greater integration with the local social fabric is expected.

SUPPLIERS
Strengthen the supply chain by encouraging sustainable practices. Expected outcomes include the increased resilience of the supply chain.

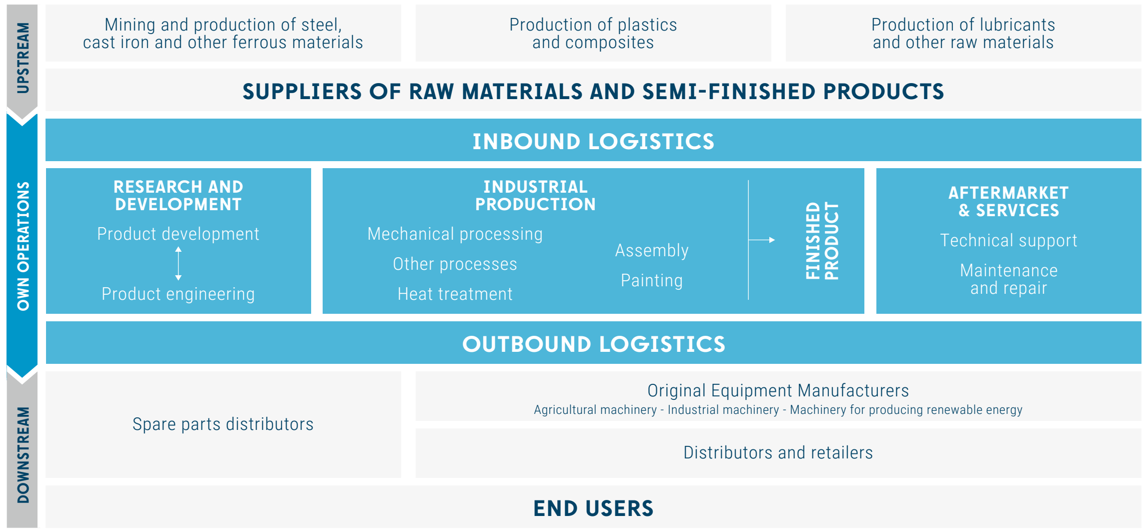
INVESTORS
Transparent management and solid financial results. Investors benefit from stable returns and established relationships. The Company aims to attract capital to support growth and innovation.

The Company builds solid relationships with strategic suppliers with the aim of reducing operational risks, optimizing supply management, and ensuring continuity in material availability. While the supplier network has an international distribution, Comer Industries also has partners located close to its production facilities so as to reduce procurement time and costs and promote greater responsiveness to production needs.

The Company promotes active collaboration with its suppliers, supporting them in technological innovation processes and the development of solutions that can contribute to the continuous improvement of end-product performance.
Supply chain management involves continuous monitoring of supplier performance, carried out through periodic evaluations and control systems to verify compliance with the required technical and quality standards.

The downstream value chain is represented by international customers in the agricultural, industrial, and wind power sectors that integrate Comer Industries' solutions into their end products.
Its products are distributed through a network of subsidiaries, service centers, and logistics partners to ensure a production flow in line with the timing of downstream production chains, ultimately reaching the end user to meet a wide range of applications.
Although the Company does not interact directly with end users, it contributes significantly to the operation and competitiveness of products in the market through the quality and innovation of its solutions.

The following diagram illustrates the Company's value chain, highlighting the main operational stages, showing the flow of activities from upstream suppliers to distribution to end customers, with a focus on own operations, which include research and development, production processes, and aftermarket services.



THE ROLE OF STAKEHOLDERS IN THE COMPANY'S STRATEGY AND BUSINESS MODEL

Comer Industries considers the opinions of stakeholders when defining the company's strategy and business model. Stakeholder engagement covers topics such as production processes, product innovation, resource sourcing, aftermarket activities, and sustainability goals. During the engagement process subjects highlighted include the length of the relationship with the Company, the awareness of the Group's ESG practices (including the Sustainability Statement), and the stakeholders' focus on Comer Industries' commitment to sustainability. A crucial point of engagement is also to understand whether or not the stakeholders involved, which include relevant categories of the upstream and downstream value chain, are satisfied with Comer Industries' commitment to sustainability.

While maintaining an ongoing system of relationships that goes beyond materiality analysis, stakeholder engagement involves differentiated tools and channels of dialog for the different categories, based on the level of interdependence and influence on the organization and according to the peculiarities of the engagement plan of the reporting year.

STAKEHOLDERS	ENGAGEMENT ACTIVITIES (PROJECTS, INITIATIVES, RELATIONSHIPS)
SHAREHOLDERS	Shareholders' Meeting - Board of Directors
BANKS AND INVESTORS	Specific survey with assessment of relevant impacts - Shareholders' meeting - Investor relations activities - Regular meetings and events - Press releases
EMPLOYEES	Constant dialog with Management – Focus group with executives with interactive questionnaire – Informal and institutional meetings – Training meetings and events – Company welfare initiatives – Company Intranet – Performance assessment process
TRADE UNIONS - WORKERS' REPRESENTATIVES	Periodic meetings and discussions with trade union representatives - Periodic meetings to consult with Workers' Safety Representatives
SUPPLIERS, PARTNERS AND COMMERCIAL AGENTS	Survey administered to the main suppliers following a specific communication and engagement activities - Definition and sharing of standards - Business meetings and visits to the Company/suppliers - Qualification or compliance audits - Communication portals - Evaluation tools and questionnaires - Adherence to the Code of Conduct
CUSTOMERS	Commercial meetings and visits to the Company – Social media - Other dedicated communication channels (customer portals with ratings and scorecards) – Performance evaluation tools and questionnaires – Audits and inspections
PUBLIC ADMINISTRATION	National and local public bodies – National and local authorities – Control and regulatory bodies: meetings and exchange of communications for specific requirements or requests
COMMUNITY AND TERRITORY	Meetings with local community representatives - Company visits
MEDIUM	Dissemination of press releases - Social media

For this exercise, as reported in the chapter on *"Double materiality analysis"*, Comer Industries specifically engaged key stakeholder categories[28] through a survey, which was useful in defining material topics, with the additional purpose of gathering feedback on the business environment and future challenges that according to the stakeholders' perspective might affect the Group.

During the most recent engagement initiative, which took place through the distribution of a questionnaire, stakeholders highlighted three areas of focus, also looking to the future. The first relates to the topic of energy and climate change: stakeholders noted that Comer Industries should support further investment in technologies to reduce energy use in production processes and/or produce renewable energy, so as to contribute to the fight against climate change. A second indication concerns governance processes, whereby stakeholders stress the centrality of transparent business practices and reporting. The third area of focus concerns supply chain management: stakeholders believe that, as part of the business model, it should maintain a partnership with suppliers who meet high standards of quality and sustainability, thereby promoting ethical practices throughout the upstream value chain. The views gathered on the business model represent opportunities to complement and improve the business strategy and are aligned with the assessments of impacts, risks, and opportunities noted by the Group in the double materiality analysis.

Second, stakeholder engagement captures their views about the strategic challenges the Group may face when it comes to achieving its sustainable development goals. These considerations help to directly target the company's strategy in its review stages, and if necessary to plan appropriate action and intervention expenditures.
Four topics are reported in this regard:

1. **Technological innovation:** significant technological changes in terms of product and process innovation that could require large investments.

28 The categories involved in this activity are: customers, suppliers, banks and investors. These were determined according to a significance analysis carried out by the Quality, Sustainability & Lean Development function. Note that the involvement of workers in the value chain is through engagement with key suppliers and not directly. However, a meeting was held in the first quarter of 2025 with employee representatives and human resources to present elements of the company's sustainability model and strategy, related risks and opportunities, goals and progress in relation to targets, and possible future developments.

2. **Compliance and regulatory environment:** the changing regulatory environment could lead to increased complexity in compliance with national and European sustainability regulations. In this regard Comer Industries seeks to anticipate the challenge as much as possible by implementing internal processes for sustainability management to effectively respond to evolving reporting regulations (CSRD) and sustainable finance (TCFD, EU Taxonomy).
3. **Value chain:** sustainable value chain management, including in accordance with the Corporate Sustainability Due Diligence Directive (CSDD), and as a result increased complexity in managing relationships with suppliers and customers.[29]
4. **Financial investment:** more financial resources may be needed to be allocated to long-term ESG projects. The challenge is already an integral part of Comer Industries' commitment to sustainability and will be refined in the coming years, providing appropriate disclosure on its progress within the EU Taxonomy section of the Sustainability Statement.

The considerations that have emerged relate to aspects already considered within the company's strategy and are evident within the 2035 Sustainable Development Plan. However, they appear to be topics that are continuously monitored and may be subject to potential updating in the coming years. At the same time, the potential strategic challenges reported by stakeholders do not appear to be particularly impactful on the business model. The steps planned for the next few years to respond to the issues raised by stakeholders are not expected to result in significant changes in the Group's relations with them.

The Group's workforce constitutes a key set of stakeholders. Therefore, employees are involved in various ways, including informal and institutional meetings and events, a performance evaluation process, constant dialog with Management, and focus groups with interactive questionnaires. The involvement of this category of stakeholders is fundamental for Comer Industries, as it provides the necessary elements to gather interesting insights into the company's strategy and business model, with particular attention to aspects regarding respect for human rights, consistent with what is expressed in the company's Code of Conduct.

Comer Industries believes that employees are affected by the strategy and business model through positive impacts and through the mitigation of negative impacts. In this regard, the Group's policies on health and safety, human rights, and ethical conduct are key safeguards for pursuing the corporate purpose and meet stakeholder expectations. In support of this, Comer Industries also considers it necessary to have constant discussions with worker representatives in order to identify, discuss, and mitigate any workforce issues and pursue potential positive impacts and opportunities.

The interests, opinions, and rights of workers in the value chain could be subject to significant indirect impacts by the Group. These issues were taken into account in the context of the materiality analysis that highlighted potential negative impacts on human rights, health, and safety. The Group's strategy and business model do not directly involve workers in the value chain and are not guided by their interests or opinions. However, Comer Industries is aware that taking this category of stakeholders into consideration is important for the conduct of an ethical business that respects human rights (forced labor, child labor, adequate housing). In fact, the Group has a policy governing respect for human rights and a Supplier Code of Conduct for which a signature is required upon activation of a supply relationship. An effort in this direction has also been made by means of human rights due diligence involving the supply chain, with particular focus on the fight against forced and child labor, as well as freedom of association and collective bargaining.[30]

Comer Industries' administrative, management, and supervisory bodies are regularly informed about these stakeholder opinions through periodic meetings between the Quality, Sustainability & Lean Development function and the Control, Risk, Sustainability and Related Parties Committee. The results of these consultations, including the priorities identified and challenges noted, are periodically presented to the Board of Directors in the form of reports that include sustainability-related impacts, providing the basis for integrating engagement findings into the company's strategy and business model.

29 In this regard, Comer Industries currently conducts supply chain due diligence according to the dictates of the Supply Chain Act. In H1 2025 a review and integration of the due diligence scheme will be carried out, incorporating the requirements of the Directive in compliance with the given timeframe.

30 For more details see the chapter *"Workers in the value chain"*. Note that for this reporting exercise, the indirect involvement of workers in the value chain did not affect the content and objectives pursued by the Integrated Human Rights Policy and Suppliers Code of Conduct. However, these aspects were analyzed by the designated team to identify any relevant elements that might affect the above documents.

In the coming years the Group will continue to engage stakeholders in an active dialog directed at updating the strategy and business model to effectively respond to emerging expectations. The opinions gathered will be monitored through social and environmental impact metrics and integrated into continuous improvement processes. As a goal, the Group is committed to increasing both the frequency and scope of engagement, thereby strengthening the relationship with both the categories of stakeholders already involved and opening up to new ones.

OUR BRIGHT IMPACT - OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT

THE PATH OF SUSTAINABLE DEVELOPMENT

Starting in December 2019, Comer Industries initiated a structured plan to progressively integrate sustainability and corporate responsibility into its business model through the launch of the OUR BRIGHT IMPACT program. This path has led to the implementation of initiatives involving all areas of the company, from organizational culture to strategy, from planning to communication. With this program, Comer Industries is committed to contributing to the achievement of the Sustainable Development Goals (SDGs), pillars of the United Nations 2030 Agenda, used as a reference to build a strategy focused on sustainability.

The Company has chosen to integrate this commitment into its operating model, adopting sustainability-based criteria in both its strategic decisions and day-to-day activities. The consistency of the business model with the SDGs is analyzed periodically, evaluating specific objectives in light of the company's strategy, values, and product and process characteristics. This analysis makes it possible to identify priority SDGs, considering the organization's impact on economic, environmental, and social dimensions, as well as respect for human rights.

2019

OUR BRIGHT IMPACT AND 2030 AGENDA
Launch of the sustainable development program and commitment to the Agenda 2030 Sustainable Development Goals.

2020

FIRST SUSTAINABILITY REPORT
(FY 2019)

2021

UN GLOBAL COMPACT AND FIRST NFS
Accession to the United Nations Global Compact.
The first Non-Financial Statement (NFS) is published in accordance with Italian Legislative Decree no. 254/2016 (FY 2020).

2022

ECOVADIS SILVER RATING AND REPORTING WITH GRI STANDARD
The First Non-Financial Statement is published, prepared in accordance with GRI Standards (FY 2021). EcoVadis awards Comer Industries a Silver rating for its sustainability performance.

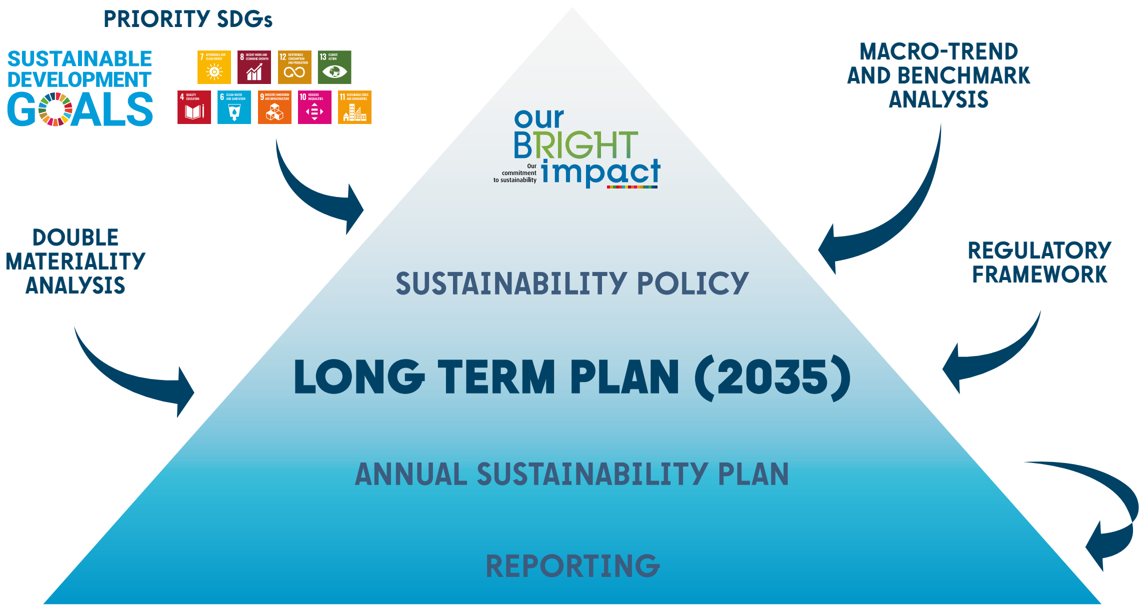
2023

COMER INDUSTRIES AMONG THE MOST SUSTAINABLE COMPANIES AND ESTABLISHMENT OF THE CONTROL, RISK, AND SUSTAINABILITY COMMITTEE
Comer Industries ranked seventh out of 286 among the most sustainability-conscious companies in the ITQF-Repubblica survey. The Control, Risk, and Sustainability Committee is established and the 2030 Sustainable Development Plan approved.

THE SUSTAINABILITY STRATEGY

To ensure consistency with the corporate strategy, in 2023 sustainability development initiatives were redefined as part of a plan with a horizon of 2030, taking into account the company's priority sustainability goals and the elements of the internal and external context, also in accordance with the time horizons of EU targets.
In 2024, in light of the evolving regulatory framework and updated materiality (see the double materiality analysis), the Sustainable Development Plan was revised, strengthening its link with corporate policies, the risk management model, and consistency with strategic priorities.

The revision led to a repositioning of targets, aligning them with the goals of the business plan and extending the commitment to a long-term horizon (2035). With this in mind, the **2035 Sustainable Development Plan** approved by the Board of Directors on February 17, 2025, serves as a framework for planning in the area of sustainability over the long term, outlining not only quantitative targets to be achieved but also development levers and economic resources for project implementation.



The 2035 Sustainable Development Plan is a link between sustainability policies and annual development plans, which are issued as part of non-financial reporting. This model allows initiatives to be channeled within a broader long-term framework, ensuring more effective monitoring of progress against SDG commitments, performance targets, and impact and risk mitigation strategies.

These priorities are derived primarily from the impacts generated on the environment and stakeholders, the risks the Company is exposed to, and the opportunities identified, not to mention the priority SDGs where the Group can exert a greater influence.

The ESG goals have been grouped and divided into five pillars, linked to the material topics and priority SDGs, which also constitute the Plan's development vectors.[31]

31 The period of reference for the various targets is given by the difference between the target year and the base year. No intermediate target has been set between these two dates. Some targets included in the strategy have a base year of 2023 or later for a variety of reasons. First, these targets were set during 2024, making it natural to use a more recent base year. Furthermore, 2023 is more representative of the material matters identified, providing a more robust evidence base aligned with strategic priorities. Finally, 2023 is a more challenging starting point than 2022 because of the performance recorded and the completion of Walterscheid's integration, which allowed for a comprehensive observation of sustainability data for the entire year.

AREA	PILLAR	MATERIAL TOPIC	LEVERS	STANDARD	SDGs
Environment	Climate change	Climate change	Efficient production - Efficient buildings - Renewable energy - Electrification - Ecodesign - Procurement policies	ESRS E1	7, 13
	Circularity	Circular economy - Water resources	Wastewater reduction - Ecodesign	ESRS E5	6, 9, 11, 12
Social	Human capital	Own workforce - Business conduct	Risk mitigation - ESG commitment - ESG awareness - Sustainable sourcing - Working conditions	ESRS S1 ESRS S2	4, 8, 10, 11
Governance	ESG Governance	Business conduct - Workers in the value chain		ESRS G1	8, 9, 10, 12

Multiple objectives have been identified within each pillar, broken down into qualitative and quantitative targets, each monitored by specific performance indicators. Progress against targets is verified through internal monitoring integrated with corporate performance evaluation processes and a periodic information flow on results addressed to the Control, Risk, Sustainability and Related Parties Committee, and through the latter to the Board of Directors.

Annual non-financial reporting is tasked with reporting the percentage of goal achievement updated to the year under analysis.

OBJECTIVE[32]	GOAL[33]	UNITS	BASE YEAR	BASELINE	PERFORMANCE 2024	TARGET VALUE	TARGET YEAR	SDGS	IMPACTS, RISKS, AND OPPORTUNITIES	TARGET REFERENCE POLICIES
Climate change										
Reduction of greenhouse gas emissions	30% reduction in emission intensity (Scope 1 & Scope 2 market-based tCO_2eq)	tCO_2eq/ machine hours	2022	100.3	91.9	70.2	2030	13	Contribution to climate change through the generation of greenhouse gas emissions in the conduct of company operations - Physical risks associated with the occurrence of extreme weather conditions - Transition risks related to regulatory, technological, market, or reputational changes	Integrated Quality, Sustainability and Product Responsibility Policy
	Reduction of Scope 1 and Scope 2 emissions by 63% (Science Based Target Absolute contraction | 1.5°C)	tCO_2eq	2023	29,274	21,228	10,831	2035	13	Contribution to climate change through the generation of greenhouse gas emissions in the conduct of company operations - Physical risks associated with the occurrence of extreme weather conditions - Transition risks related to regulatory, technological, market, or reputational changes	Integrated Quality, Sustainability and Product Responsibility Policy
	Reduction of Scope 3 emissions by 63% (Science Based Target Absolute contraction | 1.5°C)	tCO_2eq	2023	375,739	255,847	139,023	2035	13	Contribution to climate change through the generation of greenhouse gas emissions along the value chain - Physical risks associated with the occurrence of extreme weather conditions - Transition risks related to regulatory, technological, market, or reputational changes	Integrated Quality, Sustainability and Product Responsibility Policy
	30% reduction in energy intensity	Gj/machine hours	2022	138.9	134.3	97.2	2030	7	Consumption of natural resources for the production of energy used by the organization - Cost savings and increased organizational resilience through environmentally responsible operations - Depletion of non-renewable resources resulting in risks related to their procurement	Integrated Quality, Sustainability and Product Responsibility Policy
	60% increase in consumption of electricity from renewable sources	% electricity from renewable sources	2022	33%	44%	53%	2030	7	Consumption of natural resources for the production of energy used by the organization - Cost savings and increased organizational resilience through environmentally responsible operations - Depletion of non-renewable resources resulting in risks related to their procurement	Integrated Quality, Sustainability and Product Responsibility Policy
Circularity										
Optimization of resource use in the production process	20% reduction in the intensity of hazardous waste	tons/machine hours	2022	8.6	8.2	6.9	2030	12	Improper disposal of waste produced, resulting in soil, air, and water pollution - Exposure to litigation and fines due to improper waste management	Integrated Quality, Sustainability and Product Responsibility Policy
	10% reduction in water consumption intensity	ML/machine hours	2022	20	18.1	18	2030	6	Impacts on water from consumption by the Group, with a focus on water-stressed areas	Integrated Quality, Sustainability and Product Responsibility Policy
	Reduction of 15% in water consumption intensity in areas of high water stress	ML/machine hours	2023	14.3	17.1	12.2	2030	6	Impacts on water from consumption by the Group, with a focus on water-stressed areas	Integrated Quality, Sustainability and Product Responsibility Policy
Optimization of resource use in the product	Estimate the quantity of recycled materials inside the product	% of recycled content	2025	Not applicable	-	-	2026	12	Transition to circular business models that lead to a lower environmental impact in terms of resource consumption - Promotion along the value chain of a culture of responsible management of materials used and proper waste management - Cost reduction and new business opportunities from defining joint strategies with suppliers to promote circularity and reduce resource use and waste generation	Integrated Quality, Sustainability and Product Responsibility Policy
Human capital										
Strengthen equal opportunities and gender equality	30% increase in the female population	% of employees	2022	11.0	11.2	14.3	2030	5	Workforce satisfaction through gender and pay equity, employment and inclusion of people with disabilities, valuing diversity, and taking action against workplace violence and harassment - Exposure to sanctions and litigation related to incidents of discrimination	Integrated Policy on Diversity and Inclusion
	25% increase in women in positions of responsibility[34]	% of managers	2023	12.2	11.6	15.25	2030	5	Workforce satisfaction through gender and pay equity, employment and inclusion of people with disabilities, valuing diversity, and taking action against workplace violence and harassment - Exposure to sanctions and litigation related to incidents of discrimination	Integrated Policy on Diversity and Inclusion

32 External stakeholders were not involved in setting the objectives and level of ambition of the targets.

33 There were no changes in the targets for each material topic, this being the first year of reporting on them according to ESRS standards. This also applies to the performance with respect to each target, which will be monitored starting next year. All targets expressed in intensity have the sum of hours worked by the machines as the denominator.

34 Women in positions of responsibility are defined as women in the categories of Executive and Manager.

OBJECTIVE[32]	GOAL[33]	UNITS	BASE YEAR	BASELINE	PERFORMANCE 2024	TARGET VALUE	TARGET YEAR	SDGS	IMPACTS, RISKS, AND OPPORTUNITIES	TARGET REFERENCE POLICIES
Increase and spread awareness of ESG issues	Achieve and maintain training commitment >93%	% employees involved	2022	89%	97.4%	93%+	2030	4	Workforce satisfaction through the development of professional skills via training provided to employees and contractors, with creation of career paths and periodic performance reviews - Increased confidence of employees, non-employees, and contractors thanks to the continuous provision of training in Occupational Health and Safety	Integrated Quality, Sustainability, and Product Responsibility Policy - Integrated Human Rights Policy - Integrated Diversity and Inclusion Policy - Integrated Information Security Policy
	20% increase in the number of ESG training hours per employee	Hours/ employees	2022	5.3	4.5	6.4	2030	4	Workforce satisfaction through the development of professional skills via training provided to employees and contractors, with creation of career paths and periodic performance reviews - Increased confidence of employees, non-employees, and contractors thanks to the continuous provision of training in Occupational Health and Safety	Integrated Quality, Sustainability, and Product Responsibility Policy - Integrated Human Rights Policy - Integrated Diversity and Inclusion Policy - Integrated Information Security Policy
Establish a zero-injury culture	Complete digitization of HSE reporting processes	%	Partially on auditing	-	80%	100%	2025	3	Impacts on the health and safety of the organization's workforce caused by occupational injuries and illnesses - Exposure to penalties and litigation related to occupational accidents, injuries, and illnesses	Integrated Quality, Sustainability and Product Responsibility Policy - Integrated Human Rights Policy
	50% increase in the speed of closing HSE reports	%	2023	To be compared with 2024 for greater significance of the data	-	50%	2030	3	Impacts on the health and safety of the organization's workforce caused by occupational injuries and illnesses - Exposure to penalties and litigation related to occupational accidents, injuries, and illnesses	Integrated Quality, Sustainability and Product Responsibility Policy - Integrated Human Rights Policy
Workers in the value chain	Due diligence of 75% of the supply chain (tier 1) using ESG criteria[35]	% tier 1 suppliers	2024	54%	-	75%+	2026	8	Violation of the human rights of employees and contractors in the value chain (forced and child labor) - Incidents of human rights violations in the value chain in terms of child labor, forced labor, and other similar practices, with reputational repercussions for the Group and with respect to procurement issues	Supplier Code of Conduct - Integrated Human Rights Policy
ESG Governance										
Comprehensive assessment of all ESG risks and opportunities and associated action plan	100% Key material ESG issues covered by specific risk and opportunity assessment	%	2023	-	100%	100%	2025	8	Increased trust of internal and external stakeholders, dictated by effective governance and transmission of the values of corporate culture and ethical principles - Exposure to sanctions and litigation related to incidents of bribery and corruption	Integrated Quality, Sustainability and Product Responsibility Policy - Code of Conduct
	Action plan to mitigate risks and seize opportunities	Implementation %	2023	-	100%	100%	2028	8	Increased trust of internal and external stakeholders, dictated by effective governance and transmission of the values of corporate culture and ethical principles	Integrated Quality, Sustainability and Product Responsibility Policy - Code of Conduct
Strengthen the company's ESG commitment	Variable compensation plan integrated with non-financial objectives	Implementation %	-	-	100%	100%	2025	8	Increased trust of internal and external stakeholders, dictated by effective governance and transmission of the values of corporate culture and ethical principles	Code of Conduct
	Involve more than 95% of employees in training on the Code of Conduct	% employees involved	2024	Not applicable	4.1%	95%+	2026	4	Employee misconduct, with negative consequences for the Group - Increased ethical behavior and business integrity due to the Group's ability to convey corporate cultural values and ethical principles, with positive reputational repercussions - Provision of specific training to employees and contractors on corruption and compliance with the Code of Conduct, with positive consequences in terms of prevention and detection of corruption	Code of Conduct
ESG rating	EcoVadis "Gold" and CDP "B" ratings earned and maintained	Rating	2023	Silver; C	Silver; B	Gold; B	2026	8	Increased trust of internal and external stakeholders, dictated by effective governance and transmission of the values of corporate culture and ethical principles	
	EcoVadis "Platinum" and CDP "A" ratings earned and maintained	Rating	2023	Silver; C	Silver; B	Platinum; A	2030	8	Increased trust of internal and external stakeholders, dictated by effective governance and transmission of the values of corporate culture and ethical principles	
Sustainable procurement	Supply chain involvement: more than 95% of tier 1 suppliers comply with the Supplier Code of Conduct	% of tier 1 suppliers	2024	Not applicable	69%	95%+	2026	8	Increased supplier satisfaction through ethical conduct in dealing with them, e.g., by making it easier to ensure timely cash flows - Increased local community welfare through the inclusion of local suppliers in the supply chain - Consolidation of supplier relationships and attraction of strategic suppliers (e.g., exclusive partners) thanks to the Group's ability to ensure timely cash flows	Supplier Code of Conduct

35 References to CSDDD, German Supply Chain Act, and business ethics assessment.

1.10.2 CORPORATE GOVERNANCE

THE GOVERNANCE SYSTEM

The Corporate Governance model adopted by Comer Industries is traditional and includes the Board of Directors (BoD), which strategically guides the management of the Group, the Board of Statutory Auditors, which supervises the work of the BoD, the Supervisory Body, the Internal Auditor, and finally the Audit Firm, in charge of the statutory auditing and accounting management.

Board of Directors – It is the Administrative Body that leads and manages the Company, except for activities in charge to Shareholders' Meeting. The BoD is responsible for strategic and organizational guidelines, it verifies the appropriateness of organizational structure and the suitability of necessary controls to monitor Company performance.
The BoD has one executive member in the person of the Chairman, eight non-executive members, and an independent membership of 44% of the total. Moreover, the Board of Directors has two Internal Committees – Appointment and Remuneration and Control, Risk, Sustainability and Related Parties (hereafter CRSRPC) – whose compositions, shown below, reflect the mandates of each committee and the specific expertise of its members.
At least once every three years, in preparation for its renewal, the BoD conducts an assessment of the size, composition, and responsibilities of the Board itself and its Committees, including those related to managing the organization's sustainability, impacts, risks, and opportunities.

MEMBER	MEMBER INDEPENDENT	OFFICE ON THE BOARD OF DIRECTORS	IN OFFICE SINCE	COMMITTEES
Matteo Storchi	No	Chair	04/26/2018	-
Cristian Storchi	No	Vice President and Director	04/26/2018	-
Luca Gaiani	No	Director	04/27/2017	
Matteo Nobili	No	Director	02/25/2019	Appointment and Remuneration
Arnaldo Camuffo	Yes	Director	02/25/2019	Appointment and Remuneration (Chair) Control, Risk, Sustainability and Related Parties
Marco Storchi	No	Director	02/25/2019	-
Paola Pizzetti	Yes	Director	05/20/2019	Control, Risk, Sustainability and Related Parties (Chair)
Francesca Bertani	Yes	Director	04/23/2024	Control, Risk, Sustainability and Related Parties
Sergio Giglio	Yes	Director	04/23/2024	Appointment and Remuneration

Board of Statutory Auditors – The Board of Statutory Auditors is the monitoring body of the Company in charge of supervising Director's work and controlling that management and administration are carried out in compliance with the law and the articles of association.

Luigi Gesaldi	Chair
Francesca Folloni	Standing Statutory Auditor
Massimiliano Fontani	Standing Statutory Auditor

Supervisory Body – Or SB, is the body appointed by the BoD, responsible for the respect, efficient and effective application of the 231 Model and for its updating. The Body has a board structure that includes at least one external member and one internal member, in compliance with the requirements of independence, autonomy, and professionalism. In addition to periodic checking, inspections and information flow analysis, the SB prepares every six months specific reports about performed activities and their results.

Tommaso Rotella	SB Chair Comer Industries S.p.A.
Luca Mazzei	SB Chair Comer Industries Components S.r.l. and SB External member Comer Industries S.p.A.
Antonio Lattarulo	SB Internal member Comer Industries S.p.A. and SB Comer Industries Components S.r.l.

Internal Auditor - In line with the provisions of the Corporate Governance Code, verifies the operation and suitability of the Group's internal control and risk management system, implementing an audit plan, approved by the Board of Directors and constructed through a risk analysis process. It also prepares and submits periodic reports on the suitability of the internal control and risk management system to the governing and supervisory bodies.

Giulio Graziani	Internal Auditor

COMPOSITION OF ADMINISTRATIVE, MANAGEMENT, AND CONTROL BODIES

	EXECUTIVE MEMBERS	NON-EXECUTIVE MEMBERS	WOMEN	MEN	W/M RATIO
BoD	1	8	2	7	29%
Board of Statutory Auditors	0	3	1	2	50%
SB	0	3	0	3	0%
Internal Auditor	0	1	0	1	0%

Currently there are no active employee representatives who are members of the governing and control bodies.

Areas of experience and expertise of administrative, management, and control bodies

By virtue of positions held in companies operating in international contexts, members of the administrative, management, and control bodies have experience[36] at various levels in the geographic areas, sectors, and products overseen by the Group.

Moreover, within the CRSRPC, composed as set out in the table above, specific expertise[37] in the field of sustainability is represented, by virtue of which the Committee directly exercises the function of proposing and overseeing the sustainability development strategy, double materiality analysis, and management of impacts, risks, and opportunities.

36 As inferred from the curriculum vitae posted by each director on the Comer Industries website.

37 As inferred from the curriculum vitae posted by each director on the Comer Industries website and documentation evidencing specific qualifications, training, activities, or publications.

Audit Firm - An external body in charge of statutory auditing and is appointed by Shareholders' Meeting. On April 22, 2021, the Shareholders' Meeting of Comer Industries S.p.A. appointed Deloitte & Touche S.p.A. as the firm in charge of the statutory audit for the financial years 2021 to 2029.

For a detailed description of the corporate structure, please see the Consolidated Financial Statements for the year ended December 31, 2024.

THE GOVERNANCE OF SUSTAINABILITY

The sustainability governance structure has the BoD at the top, assisted by the Control, Risk, Sustainability and Related Parties Committee with functions of setting and coordinating the sustainability development strategy, overseeing impacts, risks and opportunities, and finally liaising between the BoD and the organization's functions. Specifically, the Quality, Sustainability & Lean Development function is assigned the authority to manage the organization's impacts, risks and opportunities in the economic, environmental and social dimensions in synergy with other business functions, to carry out due diligence related to the double materiality analysis and to implement the projects with which sustainability goals are applied to operations. The ways in which impacts, risks, and opportunities are managed and the related responsibilities are described in a formalized corporate procedure made known within the organization. Specifically, the CRSRPC performs advisory and informational functions for the BoD, which approves material topics related to impacts, risks, and opportunities and related objectives. All impacts, risks, and opportunities fall under the direct purview of the BoD and the Committee. For a list of relevant impacts, risks, and opportunities and how to manage them, see the Section *"Double materiality analysis"*. The outcomes of the double materiality analysis and the changing regulatory environment impact the short- and long-term sustainability strategy through a process of assessing the consistency of objectives with sustainability development drivers. In fact, in 2024 an update of the Sustainable Development Plan was implemented, with approval of the BoD on February 17, 2025. See the Section *"OUR BRIGHT IMPACT - Our commitment to sustainable development"* for a broad description of these processes and their application.

Each year the Quality, Sustainability & Lean Development function sets and revisits goals related to impacts, risks, and opportunities in collaboration with other business functions, after consultation with the CRSRPC.

The results of the sustainability development program are monitored and communicated to management via an information flow formalized in the same corporate procedure, which includes specific quarterly reporting to the CRSRPC about the performance of key sustainability indicators against targets and other results related to sustainability due diligence processes. The CRSRPC, also considering the guidelines of the BoD through updates at frequencies agreed upon based on the financial calendar, issues recommendations and opinions to the Quality, Sustainability & Lean Development function, which implements the necessary corrective actions in case of deviations.

Since its establishment, the CRSRPC met six times in 2024 and twice in Q1 2025, placing the following subjects related to sustainability and related material topics on the agenda.[38]

38 For the sake of brevity, only the correlation with material topics is reported. For the association with the underlying IROs, see the table in the section *"Double materiality analysis"*.

SUBJECT	MATERIAL TOPIC	IMPACTS, RISKS, OPPORTUNITIES RELATED TO THE TOPIC
Updating of the risk assessment process	All	All impacts, risks, and opportunities identified
Examination of the contents of the 2023 Non-Financial Statement - Analysis of the new Anti-Corruption Rule Book	All	All impacts, risks, and opportunities identified
Incentive plan	Own workforce	Impacts, risks and opportunities pertaining to the topic of own workforce
Review of the sustainability reporting procedure with a view to aligning with the requirements introduced by CSRD standards related to the materiality analysis and internal control and oversight of non-financial information - Update of the 231 Organization and Management Model	Business conduct	Impacts, risks, and opportunities pertaining to the subtopic of company culture
Analysis and approval of the double materiality assessment upon delegation by the BoD - Presentation of ESG training plan - Review of the H1 2024 sustainability KPIs	All	All impacts, risks, and opportunities identified
Resolution of the 2035 Sustainable Development Plan - Review of Q3 sustainability KPIs	All	All impacts, risks, and opportunities identified
Report of the Supervisory Body	Business conduct	Impacts, risks, and opportunities pertaining to the subtopic of company culture
Examination of the contents of the 2024 Sustainability Statement	All	All impacts, risks, and opportunities identified

The procedure governing information flows regarding qualitative and quantitative sustainability information also includes the verification of risks and the control system with respect to sustainability reporting. Specifically, the Quality, Sustainability & Lean Development function conducts quarterly audits of the accuracy of the data and information collection processes through an analysis of the documentation or evidence underlying the construction of performance indicators and visits to the sites where the data originates. The outcomes of these audits are brought to the attention of the CRSRPC and used for continuous process improvement.

The remuneration system for the Chair of the BoD and executives with strategic responsibilities includes a sustainability performance parameter in the variable remuneration component with a weight of 10%. This parameter is the achievement (on/off) of the CO_2 emissions target calculated as the ratio of Scope 1 and Scope 2 market-based emissions to the total number of hours worked.

In 2024, taking advantage of a goal included in the Sustainable Development Plan with a 2025 deadline, the parameter related to the reduction of the Group's impacts on greenhouse gas emissions was included in the variable incentive system intended for executives, managers, and professionals who benefit from it.

Consistent with statutory and regulatory provisions and the adopted governance model, the Remuneration Policy was defined following a transparent, formal process involving the Shareholders' Meeting, the BoD, the Appointment and Remuneration Committee, and the Board of Statutory Auditors. Specifically, the Shareholders' Meeting decides on the remuneration of Directors and Statutory Auditors, while the BoD approves the Remuneration Policy after hearing the opinion of the Appointment and Remuneration Committee. The Policy was prepared pursuant to Article 123-ter of Italian Legislative Decree no. 58/1998 (Consolidated Law on Finance or "TUF") and in accordance with the Consob Issuers' Regulations and is published in the Governance section of the Comer Industries website.

RISK MANAGEMENT

With a view to continuous improvement, Comer Industries has adopted a risk management model inspired by the ISO 31000 standard. This process, formalized in a specific procedure, is coordinated by the CRSRPC, while the Risk Management function is entrusted with the task of translating the BoD's guidelines on risk management into operation, in synergy with the other corporate functions and control bodies.

The risk management model consists of a modular structure that aggregates the results of the assessments made in all areas of the company, linking and grouping them into the four categories of Strategic, Compliance, Operational, and Financial risks. The Risk Management function is responsible for periodically reporting risk management findings to the CRSRPC and the BoD.

The risk identification and assessment procedure, also used in support of the identification of relevant risks and opportunities with respect to sustainability matters, includes the following steps:

- **Analysis of the context** – The internal and external issues and the stakeholders are defined for each context dimension and for each primary process.
- **Identification of risks and opportunities** – Based on the relevant issues, needs and expectations of involved stakeholders, possible events are identified, the consequences of which could prevent, hinder, or delay the achievement of objectives (risk) or promote, increase, accelerate the achievement of objectives (opportunities).
- **Assessment of risks and opportunities** - The risk is assessed by combining the extent of the impact (severity) with the probability of its occurrence. The evaluation is carried out considering any existing measures, which confirm or modify the severity and probability measures. Risks are classified into four categories with increasing impact: low, medium, high and significant. The opportunity is assessed by combining the extent of the expected benefit with its duration. The risk matrix is the tool for assessing and recording risks and opportunities.
- **Risk and opportunity treatment** – Each level of risk/opportunity corresponds with a priority of intervention and relative treatment. The maximum threshold of risk acceptability was identified as medium, above which mitigation is required. Each action is linked to a manager and a completion date.
- **Monitoring and review** – The plan is periodically monitored to verify the closure of the actions within the pre-established times and to identify any changes in the identification or assessment of the risks and opportunities due to changes in the context.

There are **summary and quantitative indicators** whose trends are periodically evaluated. Quarterly monitoring enables analysis of trends in risk levels and the effectiveness of actions aimed at minimizing the likelihood or effects of priority risks.

All risk assessments pertaining to the sphere of sustainability and related mitigation actions are entrusted to the Quality, Sustainability & Lean Development function. The assessment of risks in the area of sustainability was developed according to the procedural requirements of the corporate risk management model based on the results of the process of identifying relevant impacts, risks, and opportunities (described in the section *"Double materiality analysis"*) and implementing a cross-referencing process with the set of risks already within the model. This assessment allowed the company's risk framework to be supplemented, expanding it with new risks that had not been previously identified or objectifying already classified risks.

In summary, or with specific cross-references, the following table shows how the main risks pertaining to the material topics identified are managed, divided into the families that make up the risk management model.

For other risk families not covered in the disclosure, and in particular with regard to financial risks, see the relevant section in the Management Report - Consolidated Financial Statements as of December 31, 2024.

To date the analysis has identified no critical risks related to the material topics, all having been rated either low or medium. There are also no risks arising from, related to, or impacting the Sustainability Reporting process.

AREA / RISK DESCRIPTION	UNDERLYING MATERIAL TOPIC	MANAGEMENT APPROACH
Strategic		
Climate change: Physical risks associated with the occurrence of extreme weather conditions	Climate change	Emissions and climate change
Climate change: transition risks	Climate change	Emissions and climate change
Compliance		
Failure to comply with waste management regulatory requirements	Circular economy Business conduct	Responsible waste management
Risks related to corruption in violation of the Code of Conduct and Legislative Decree 231/2001 on corporate administrative liability	Business conduct	Ethics and integrity of the business
Operational risks		
Scarcity of resources used in production processes	Climate change	Effective and efficient energy management Actions taken and planned
Injuries to personnel inside and outside the company	Own workforce	Occupational health and safety Actions taken and planned

THE INTEGRATED POLICIES

The Integrated Policies summarize the Company's guidelines across various management areas, aligning with its value system, purpose, and corporate strategy. They take into account the internal and external context in which the Company operates, stakeholder expectations, and risk analysis. The Integrated Policies apply to all company activities without geographic limitation, with impacts extending throughout the entire value chain, including suppliers and customers.

The activity of analyzing and assessing risks and identifying measures aimed at their mitigation from organizational documents such as Integrated Policies is considered central to achieving desired levels of performance in each area of the business. Starting last year, Comer Industries focused on assessing sustainability-related risks, setting the goal of systematically and comprehensively mapping the risks and opportunities related to the material topics and developing actions to mitigate the risks or seize the opportunities. In 2024 the analysis covered material topics in light of the double materiality due diligence and integrated the results within the corporate ERM.

The ultimate responsibility for defining the Policies rests with the President and CEO, while operational implementation and oversight is assigned to the Quality, Sustainability, & Lean Development function. To ensure their dissemination, the Group makes the Policies available through the main internal and external communication channels (internal portal, email, and company website), ensuring their accessibility to the stakeholders concerned and those involved in their implementation. Moreover, the Policies are the subject of special training sessions addressed to the entire workforce.

Integrated Quality, Sustainability, and Product Responsibility Policy – The goal is to achieve the integration of a systematic approach to risk management into decision-making processes, streamlining operations, ensuring compliance with applicable regulations, and preventing environmental and safety incidents.

The Company aims to continuously improve working conditions, design safe and reliable products, and reduce its environmental and social impact throughout the life cycle of its products. Particular emphasis is placed on climate change mitigation and the adoption of circular economy models, emphasizing the central role played by optimization of production inputs in achieving the goals of the Policy.

The Policy is based on recognized international standards, including ISO 9001, ISO 14001, ISO 45001, and ISO 31000, and aligns with the framework of the Paris Agreement to combat climate change. Moreover, the Company adheres to the principles of the Dodd-Frank Act, avoiding the use of "Conflict Minerals" and requiring suppliers to meet legal criteria and verify the origin of their materials.

Stakeholder interests are considered through a structured process of expectation analysis and transparency in communications. Suppliers and partners are involved to ensure compliance with the company principles expressed in the document.

Integrated Human Rights Policy – The Integrated Human Rights Policy is the result of a risk analysis conducted on the internal processes of all Group sites, with particular reference to certain sensitive areas.

The Policy outlines the founding principles and actions taken to protect human rights in the conduct of the Company's business and in general in every context it operates in, also involving business partners.

These principles are inspired by normative codes issued by internationally recognized organizations and institutions:

- The Universal Declaration of Human Rights and subsequent international framework agreements on civil, political, economic, social, and cultural rights.
- United Nations framework agreements on the rights of women, the elimination of all forms of racial discrimination, the rights of the child, and the rights of persons with disabilities.
- The Declaration on Fundamental Principles and Rights at Work and the eight core agreements of the International Labour Organization (ILO).
- The 2030 Agenda for Sustainable Development adopted by the United Nations General Assembly and the related 17 Sustainable Development Goals.

Moreover, the most recent versions of the following voluntary regulations and initiatives were also considered:

- The Ten Principles of the United Nations Global Compact.
- The Organization for Economic Cooperation and Development (OECD) guidelines for multinational enterprises.
- The International Labour Organization's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.
- The United Nations Guiding Principles on Business and Human Rights: implementation of the United Nations "Protection, Respect and Remedies" framework.
- The Modern Slavery Act of the United Kingdom.
- Standard no. 5 of the Performance Standards on Environmental and Social Sustainability of the International Finance Corporation.
- Directive (EU) 2024/1760 on Corporate Sustainability Due Diligence (CS3D).

While considering local cultural, social, and economic diversity, the Company has zero tolerance for any conduct that conflicts with the principles expressed in the Policy:

- Any kind of forced, bonded, or compulsory labor and any form of slavery or human trafficking.
- Child labor, below the minimum age required by law, as defined by current regulations in the countries where it operates.
- Any kind of discrimination.

At the same time, it promotes:

- Inclusion
- Freedom of association and collective bargaining
- Working conditions respectful of wellbeing and dignity, the maximum number of working hours, daytime and weekly rest periods, and one period of paid leave per year
- Occupational health and safety
- The right to training and skill development
- The rights of the communities it operates in
- Privacy

Integrated Diversity and Inclusion Policy – This Policy expresses and summarizes the Group's desire to pursue a strategy of valuing diversity and a human resources management model based on equal opportunities and inclusion in all areas of company life.

The Company is committed to combating all forms of direct or indirect discrimination and lack of tolerance based on gender, age, sexual orientation, disability, nationality, political opinions, and religions in all company entities, in all production processes, in departments, and at all stages of the employment relationship, adopting an inclusive leadership style based on delegation at all functional levels and geared toward promoting the talent and growth of each person, ensuring that authority is exercised fairly and equitably in the management of relationships of a hierarchical nature.

Integrated Information Security Policy – This Policy expresses the Group's commitment to protect data, information, and consequently the systems that handle them, especially those that are of strategic value to the company's business, employing security measures that are commensurate with their value and the risks they are subject to.

The Company intends to protect information against all possible threats – internal or external, deliberate or accidental – and implements strategies, processes, roles, and responsibilities in order to ensure the security of strategic and personal data of all stakeholders: employees, customers, suppliers, and partners.

In order to achieve these goals, the Company voluntarily adopts and continuously evaluates the effectiveness of an Information Security Management System based on ISO/IEC 27001 standards aimed at achieving the following objectives:

- Identification of risk areas and adoption of appropriate processing.
- Full compliance with the requirements of the data protection frameworks of the countries it operates in.
- Full compliance with applicable contractual requirements.

Moreover, to fully spread the awareness of the strategic value of information security and protection systems, all personnel are involved in specific training plans aimed at providing knowledge of potential cyber threats and the tools needed to prevent incidents.

DUE DILIGENCE STATEMENT

To facilitate an understanding of the due diligence process, the table below provides a mapping of the points in the Sustainability Reporting where information about the due diligence process is provided:

	CORE ELEMENTS OF DUE DILIGENCE	PARAGRAPHS IN THE SUSTAINABILITY STATEMENT
a)	Embedding due diligence in governance, strategy and business model	The governance of sustainability
b)	Engaging with affected stakeholders in all key steps of the due diligence	Double materiality analysis The role of stakeholders in the Company's strategy and business model The Integrated Policies
c)	Identifying and assessing adverse impacts	Double materiality analysis
d)	Taking actions to address those adverse impacts	Double materiality analysis The sustainability strategy Climate change: actions taken and planned Product and process circularity: actions taken and planned Water resources: actions taken and planned Own workforce: actions taken and planned People in the value chain: actions taken and planned Business conduct: actions taken and planned
e)	Tracking the effectiveness of these efforts and communicating	Double materiality analysis

ENVIRONMENTAL INFORMATION

DISCLOSURE PURSUANT TO ARTICLE 8 OF REGULATION 2020/852

As recalled in the Methodological Note, as a company required to prepare the Consolidated Sustainability Statement pursuant to Directive EU 2022/2464 (implemented in Italy by Italian Legislative Decree no. 125/2024), in its sustainability reporting Comer Industries also includes the information required by Article 8 of Regulation EU 2020/852 on the Taxonomy (within this section also referred to as the "Taxonomy Regulation," "Taxonomy," or the "Regulation") and related Delegated Acts implementing the Regulation, taking into account the interpretative clarifications provided by the European Commission in recent years through Communications and Q&A information sessions.

To coordinate efforts to achieve environmental targets as part of the green transition, and to consistently direct investments and capital flows toward sustainable projects and activities, the European Union has defined a shared classification terminology through the Taxonomy Regulation, which came into effect on July 12, 2020. It sets out the requirements that a business must meet in order to be considered environmentally sustainable. The Regulation defines a common, comparable language for all interested parties (companies, investors, lenders, and customers), having the ultimate goal of fostering transparency in financial markets with respect to investment choices, while at the same time counteracting certain greenwashing phenomena.

Beginning January 1, 2023, with reference to FY 2022 data, the Taxonomy Regulations require non-financial companies to publish in their annual sustainability reporting the required disclosures on key performance indicators (KPIs) related to sales, capital expenditures (CapEx), and operating expenditures (OpEx) that are representative of the activities carried out that are environmentally sustainable.[39]

Therefore, according to the Delegated Acts implementing the Regulations companies are required to verify and report[40] whether their economic activities are "eligible" and/or "aligned."

ELIGIBLE ECONOMIC ACTIVITIES

An economic activity is considered **eligible** if it is included within the Delegated Acts, regardless of whether it meets the technical criteria established for it. Eligible economic activities are therefore those activities that have the potential to align with the technical screening criteria. Otherwise the activity will be considered ineligible.

ALIGNED ECONOMIC ACTIVITIES

An eligible economic activity is also considered aligned, and therefore sustainable, if it meets three basic principles:

- Contribute substantially to the achievement of at least one of the six environmental objectives[41] set out within the Delegated Regulation, meeting the specific technical screening criteria for each activity ("Substantially contribute").[42]
- Do not cause significant harm to any of the remaining environmental objectives ("Do No Significant Harm" or "DNSH").
- Comply with minimum **social** safeguards ("Minimum Safeguards Criteria" or "MSC").[43]

Conversely, an eligible economic activity that does not simultaneously meet the above principles will be considered **eligible but not aligned**.

The Taxonomy Regulation and Delegated Regulations can be found on the EU website.

39 Until 2023 this provision was applicable to companies subject to European Directive 2014/95/EU (Non-Financial Reporting Directive - NFRD), now superseded by Directive EU 2022/2464, which expressly recalls – also through the single European standard ESRS – the obligation to provide a disclosure in accordance with Article 8 of Regulation (EU) 2020/852.

40 Delegated Regulation EU 2021/2178 sets out the methods for calculating the KPIs, how the results are to be presented, and a set of disclosure requirements and deadlines that must be met as part of the reporting of the information referred to in Article 8 of Regulation 2020/852.

41 The technical screening criteria for the activities to date included in the scope of the European Taxonomy are contained in Delegated Regulation EU 2021/2139, Delegated Regulation EU 2022/1214, Delegated Regulation EU 2023/2485, and finally Delegated Regulation EU 2023/2486.

42 There are six environmental objectives under the Taxonomy Regulation: 1) Climate change mitigation; 2) Climate change adaptation; 3) Sustainable use and protection of water and marine resources; 4) Transition to a circular economy; 5) Pollution prevention and reduction; 6) Protection and restoration of biodiversity and ecosystems.

43 The MSCs refer to the provisions of Article 18, paragraph 1, of Regulation 852/2020, i.e., a set of principles and guidelines contained in international framework agreements and treaties such as the OECD Guidelines for Multinational Enterprises (OECD MNEs), UN Guiding Principles on business and human rights (UNGPs), the ILO Fundamental Principles and Rights at Work, and the International Bill of Human Rights. In practice, the areas that the MSCs refer to include: Human Rights, Competition, Taxation, and Corruption.

THE PROCESS OF IDENTIFYING AND ASSESSING ENVIRONMENTALLY SUSTAINABLE ACTIVITIES

The economic activity analysis process adopted by Comer Industries is developed as set out below:

1. **ELIGIBILITY SCREENING**: in the first step of the process, the economic activities carried out by the Group that are considered **eligible** with respect to the six environmental objectives defined in Article 9 of the Taxonomy Regulation are identified. This phase included an analysis of the NACE codes applicable to the entire Group, the types of activities carried out, and their applicability to various environmental objectives, and the investments made during 2024.
2. **SUBSTANTIAL CONTRIBUTION ANALYSIS**: in the second step, **substantial contributions**[44] to the environmental objectives – contained in the annexes of the respective Delegated Acts – are analyzed for the activities judged eligible for the Taxonomy in the previous step.
3. **DNSH ANALYSIS**: in the third step, the **DNSH criteria that pertain** to eligible activities and that contribute substantially to an environmental objective are examined so that the activity carried out does not cause significant harm to any of the other objectives in Article 9 of Regulation EU 2020/852.
4. **MSC EVALUATION**: in the fourth step, the existence of procedures to ensure compliance with the treaties and framework agreements specified in Article 18, paragraph 1, of Regulation EU 2020/852 is **assessed in order to certify compliance with minimum safeguards** within the scope of the activities carried out. To analyze compliance with the Minimum Safeguards, a checklist[45] was defined based on the contents of the OECD Guidelines for Multinational Enterprises (OECD MNEs), the UN Guiding Principles on business and human rights (UNGPs), and the ILO Fundamental Principles and Rights at Work and International Bill of Human Rights, verifying the existence of a set of safeguards related to the central topics of these treaties, such as human rights, corruption, competition, and taxation (examples of such safeguards are, for example, the Code of Conduct, the OMCM in accordance with Italian Legislative Decree no. 231/2001, the various ISO certifications, the Supplier Code of Conduct). At the end of the fourth step, Comer Industries' activities that are **aligned** with the Taxonomy are identified.
5. **KPI CALCULATION**: the last step in the process is to extract the data of interest in order to calculate the key performance indicators in the manner prescribed by Delegated Regulation EU 2021/2178.

The process implemented identified Taxonomy-**eligible aligned**, Taxonomy-**eligible not aligned**, and **not eligible** activities and calculated the metrics required by the Taxonomy Regulation related to the turnover, capital expenditures (CapEx), and operating expenditures (OpEx) possibly associated with them for 2024.

44 As stipulated in Delegated Regulation (EU) 2023/2486 amending Delegated Regulation (EU) 2021/2178, as of January 1, 2025, the key performance indicators of non-financial enterprises must cover the economic activities included in Annexes I and II of Delegated Regulation (EU) 2021/2139 as amended by Delegated Regulation 2023/2485, as well as those included in Delegated Regulation 2023/2486 itself. This means that from January 1, 2025, where applicable the alignment assessment must be extended to all activities covered today by delegated acts.

45 The MSC compliance analysis process involved two different types of assessments: one "positive" and one "negative." During the "positive" assessment, the presence of a set of principals deemed relevant within Comer Industries is checked. In contrast, the "negative" assessment confirms the absence of any proceedings, litigation, or adverse events that could jeopardize compliance with OECD, UNGP, and ILO guidelines.

ENVIRONMENTALLY SUSTAINABLE ACTIVITIES

The following table presents a summary of the analysis conducted regarding eligibility and alignment with the objectives of the Taxonomy with respect to the Group's economic activities for FY 2024.

ENVIRONMENTAL GOAL	ECONOMIC ACTIVITY TRACKED BY DELEGATED REGULATION	DESCRIPTION OF THE ACTIVITY CARRIED OUT IN 2024	ELIGIBLE	ALIGNED
Climate change mitigation (CCM)	3.1 Manufacture of renewable energy technologies	Manufacture of planetary gearboxes for wind turbine generators	X	X
	3.18 Manufacture of automotive and mobility components	Manufacture of electric drive components for zero-emission personal mobility devices	X	X
	7.3 Installation, maintenance, and repair of energy efficiency equipment	Various installation and maintenance projects for energy efficiency devices (installation of LED devices in lighting systems, compressor replacement, doors with automated closure, new burners)	X	
	7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	Various installations of instruments and devices for measuring and controlling the energy performance of buildings (installation of devices for remote management of lighting intensity)	X	
	9.3 Professional services related to the energy performance of buildings	Purchase of consulting services to develop a new building heating system	X	
Circular Economy (CE)	2.4 Treatment of hazardous waste	Installation of solvent distillers and industrial emulsion treatment systems	X	

SALES

With regard to the goal of climate change mitigation, for 2024 Comer Industries has assessed as **aligned** with the Taxonomy the sales[46] derived from the manufacturing of planetary gearboxes for wind turbines (**CCM 3.1**) and the revenues produced by the manufacturing of electric drive train components for zero-emission personal mobility devices (**CCM 3.18**).[47]

The activities under **CCM 3.1** are carried out at the Jiaxing and Matera sites. In contrast, activities falling under **CCM 3.18** are carried out at the Rubiera plant.

From the activity assessment process described in the previous section, it was found that both activities meet the criteria for substantial contribution to climate change mitigation and do not cause significant harm to any of the other objectives, thus also meeting the relevant DNSH criteria.

Both Activity CCM 3.1 and Activity CCM 3.18 were found to be qualifying activities[48] under Article 16 of Regulation EU 2020/852. There are no significant concerns regarding the double counting of attributable amounts in the calculation of the relevant KPI for either of the two activities.[49]

46 For the calculation of aligned sales, the guidance provided in Annex I, point 1.1.1., of Delegated Regulation EU 2021/2178 was taken into account.

47 In 2023 the alignment assessment had not been extended to activity CCM 3.18 in light of the provisions of Delegated Regulation EU 2023/2486.

48 Enabling activities are defined as economic activities that do not contribute to the environmental objectives of the Taxonomy but directly support other economic activities in achieving the environmental objectives of the Taxonomy.

49 Internal information systems make it easy to extract the figure of interest from the tally of total sales and to separate it out from the other items that contribute to generating revenue.

With regard to the climate change adaptation goal, in 2024 there were no sales related to Comer Industries activities classified as eligible for the Taxonomy. The same applies to the goals of sustainable use and protection of water and marine resources, promotion of a circular economy[50], prevention and reduction of pollution, and protection and restoration of biodiversity and ecosystems.
As stipulated in the Regulation, the share of eligible/aligned revenues represents the portion of net revenues that originate from Taxonomy-eligible/aligned economic activities divided by total net revenues.

CAPEX

CapEx[51] values were identified related to the purchase of individual measures that enable the Group's activities to contribute to the achievement of environmental objectives set forth in certain Delegated Acts (so-called. "Type C CapEx"). Moreover, compared to the previous fiscal year, a set of capital expenditures intended to finance economic activities already aligned with the sustainability criteria of the Taxonomy have also been assessed (i.e., investments in activities that directly contribute to the environmental objectives of the Taxonomy, the so-called "Type A CapEx"). No CapEx were identified that are part of a plan to expand economic activities aligned with the taxonomy, or to allow those currently eligible to become aligned in the coming years (so-called "Type B CapEx" pertaining to a CapEx Plan).
For more details see the table shown below.

CAPEX DESCRIPTION	PLANT	EU TAXONOMY CATEGORY	EVALUATION
Investment in production processes related to planetary gearboxes	Matera Jiaxing	CCM 3.1	Eligible and aligned, as investments related to economic activities aligned with the Sales side of the Taxonomy
Investments in production processes related to electric motor components	Rubiera	CCM 3.18	Eligible and aligned, as investments related to economic activities aligned with the Sales side of the Taxonomy
Compressor replacement and maintenance	Reggiolo	CCM 7.3	Eligible but not aligned, as it cannot guarantee compliance with some DNSH criteria in the regulation
Purchase of a new energy-efficient burner for heat treatment	Reggiolo	CCM 7.3	Eligible but not aligned, as it cannot guarantee compliance with some DNSH criteria in the regulation
Installation of automated door closing systems in order to retain more of the heat generated by heating systems inside buildings	Rockford	CCM 7.3	Eligible but not aligned, as it cannot guarantee compliance with some DNSH criteria in the regulation
Installation of devices for remote management of lighting intensity	Reggiolo	CCM 7.5	Eligible but not aligned, as it cannot guarantee compliance with some DNSH criteria in the regulation
Installation of wastewater recovery systems from production processes	Lohmar	CE 2.4	Eligible but not aligned, as it cannot guarantee compliance with some DNSH criteria in the regulation
Installation of wastewater recovery systems from production processes	Reggiolo	CE 2.4	Eligible but not aligned, as it cannot guarantee compliance with some DNSH criteria in the regulation
Installation of wastewater recovery systems from production processes	Reggiolo	CE 2.4	Eligible but not aligned, as it cannot guarantee compliance with some DNSH criteria in the regulation

50 Some of Comer Industries' aftermarket revenue-generating activities could fall under categories "5.1 Repair, refurbishment and remanufacturing" and "5.2 Sale of spare parts" in Annex II to Regulation 2023/2486. However, in its latest Taxonomy FAQ publication dated 11/29/2024 (DRAFT COMMISSION NOTICE on the interpretation and implementation of certain legal provisions of the EU Taxonomy Environmental Delegated Act, the EU Taxonomy Climate Delegated Act and the EU Taxonomy Disclosures Delegated Act, FAQ no. 4), the European Commission has clarified that activities included in points 5.1 to 5.6 of the Circular Economy objective are eligible for the Taxonomy if the company involved in the assessment falls within the NACE Codes indicated by the standard (which in this specific case are therefore not merely indicative). Since the NACE Codes listed in Sections 5.1 and 5.2 of Annex II to Regulation 2023/2486 do not correspond to those applicable to the Group, Comer Industries did not extend the eligibility assessment to these two activities.

51 On the capital expenditure side, the types of CapEx indicated in Annex I, point 1.1.2.1. (denominator) and 1.1.2.2. (numerator) of Delegated Regulation EU 2021/2178 were considered for the KPI calculation. Specifically, the capital expenditure categories in a) and c) of point 1.1.2.2 of Delegated Regulation EU 2021/2178 were considered.

The capital expenditures identified refer to taxonomy-eligible economic activities that have the potential to achieve climate change mitigation goals and promote a circular economy. Regarding the objectives of climate change adaptation, sustainable use and protection of water and marine resources, pollution prevention and reduction, and protection and restoration of biodiversity and ecosystems, there are no CapEx in 2024 that can be classified as eligible for the Taxonomy and described in the respective annexes to the Delegated Acts.

For the identification of type A CapEx attributable to the aligned activities, the total 2024 CapEx increments were considered and re-proportioned vis-à-vis the sales attributable to the activities aligned with the Taxonomy (CCM 3.1 and 3.18).
CapEx amounts for individual measures were obtained from internal information systems through an extraction of projects whose expenditures were included in capital expenditures during 2024. Since these are also individual measures, this avoided the problem of double counting with other economic activities.

The KPI related to the CapEx was calculated by dividing the value comprising eligible/aligned capital expenditures by the value in the denominator that constitutes total capital expenditures.

OPEX

Regarding operating expenses, the guidance provided by the European Commission in FAQ no. 12 of its Communication (2022/C 385/01) was considered in order to identify the types of expenses to be included in the calculation. These included: maintenance and repair of property, plant and equipment; short-term leases; building renovations; non-capitalized research and development expenses; cleaning expenses.

With regard to the activities of the Delegated Acts that the eligible/aligned operating expenses incurred by the Group the ones considered[52] are the same as those already identified for the CapEx (both Type A and Type C), namely CCM 3.1, CCM 3.18, CCM 7.3, CCM 7.5, and CE 2.4.[53] It is a conservative approach in which the amount of eligible/aligned operating expenses is determined solely on the basis of the Group's investments that are already eligible/aligned.[54]

For the identification of operating expenses attributable to eligible/aligned activities, all operating expenses for 2024 were considered, re-proportioning them[55] based on the same percentages defined for the CapEx.
For more details see the table shown below.

52 This correlation is consistent because the OpEx numerator is composed of the share of expenses placed in the denominator that relate to taxonomy-eligible/aligned activities involving maintenance, renovation, cleaning, etc. that have not been capitalized.

53 Net of two precisely identifiable operational expenses, which could be extracted from internal information systems and associated as aligned with activities CCM 9.3 and CCM 7.3. These are the only operating expenses for which the method outlined was not followed, and they contribute to defining the percentage of overall OpEx aligned with the Taxonomy.

54 Capital expenditures and operating expenditures are often interrelated with respect to a given economic activity.

55 For operating expenses the types indicated in 1.1.3.1. (denominator) and 1.1.3.2. (numerator) of Annex I of Delegated Regulation EU 2021/2178 were considered. Specifically, the estimated operating expenses were traced to the categories in a) and c) of point 1.1.3.2. indicated by the regulation, while they are not referable to a CapEx plan aimed at expanding the economic activities aligned with the Taxonomy, or at enabling eligible activities to align within a predefined future timeframe (letter b) of point 1.1.3.2).

OPEX DESCRIPTION	PLANT	EU TAXONOMY CATEGORY	EVALUATION
Operating costs of production processes related to planetary gearboxes	Matera Jiaxing	CCM 3.1	Eligible and aligned, as operating expenses related to economic activities aligned with the Sales side of the Taxonomy
Operating costs in production processes related to electric motor components	Rubiera	CCM 3.18	Eligible and aligned, as operating expenses related to economic activities aligned with the Sales side of the Taxonomy
Compressor replacement and maintenance	Reggiolo	CCM 7.3	Eligible but not aligned, as it cannot guarantee compliance with some DNSH criteria in the regulation
Purchase of a new energy-efficient burner for heat treatment	Reggiolo	CCM 7.3	Eligible but not aligned, as it cannot guarantee compliance with some DNSH criteria in the regulation
Installation of automated door closing systems in order to retain more of the heat generated by heating systems inside buildings	Rockford	CCM 7.3	Eligible but not aligned, as it cannot guarantee compliance with some DNSH criteria in the regulation
Installation of LED devices in lighting systems	Irxleben	CCM 7.3	Eligible but not aligned, as it cannot guarantee compliance with some DNSH criteria in the regulation
Installation of devices for remote management of lighting intensity	Reggiolo	CCM 7.5	Eligible but not aligned, as it cannot guarantee compliance with some DNSH criteria in the regulation
Purchase of consulting services to develop a new building heating system	Lohmar	CCM 9.3	Eligible but not aligned, as it cannot guarantee compliance with some DNSH criteria in the regulation
Installation of wastewater recovery systems from production processes	Lohmar	CE 2.4	Eligible but not aligned, as it cannot guarantee compliance with some DNSH criteria in the regulation
Installation of wastewater recovery systems from production processes	Reggiolo	CE 2.4	Eligible but not aligned, as it cannot guarantee compliance with some DNSH criteria in the regulation
Installation of a hazardous wastewater treatment system, with reuse of treated water in the production cycle	Reggiolo	CE 2.4	Eligible but not aligned, as it cannot guarantee compliance with some DNSH criteria in the regulation

Quantitative metrics of sustainable activities

Financial information was collected and extracted from the accounting system used by the Company for the preparation of the statutory financial statements as of 12/31/2024, prepared in accordance with IFRS. The data used to calculate the indicators required by the regulations were therefore derived from the relevant administrative flows. Instead, the estimated data[56] include part of the CapEx numerator (type A) and part of the OpEx numerator.

The summary tables of the indicators of interest are produced here in accordance with the submission format required by Delegated Regulation EU 2021/2178 Annex II as amended and supplemented.

56 See the "CapEx" and "OpEx" sections of this chapter for details.

FINANCIAL YEAR 2024		2024		CRITERIA FOR SUBSTANTIAL CONTRIBUTION						DNSH CRITERIA ("DO NO SIGNIFICANT HARM")										
ECONOMIC ACTIVITIES	CODE	ABSOLUTE TURNOVER	SHARE OF TURNOVER 2024	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	MINIMUM SAFEGUARD CRITERIA	SHARE OF TURNOVER TAXONOMY ALIGNED (A.1) OR ELIGIBLE (A.2) YEAR 2023	CATEGORY (ENABLING ACTIVITY)	CATEGORY (TRANSITION ACTIVITY)
		EUROS	%	YES, NO, N/EL						YES/NO						YES/NO	%	A	T
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of renewable energy technologies	CCM - 3.1	€ 47,823,228.94	5.1%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	Yes	Yes	Yes	Yes	Yes	Yes	3.4%	A	
Manufacture of automotive and mobility components	CCM - 3.18	€ 511,951.21	0.1%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	Yes	Yes	Yes	Yes	Yes	Yes	0.0%	A	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**€ 48,335,180.15**	**5.1%**	**5.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**n/a**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**3.4%**		
of which enabling		€ 48,335,180.15	5.1%	5.1%	0.0%	0.0%	0.0%	0.0%	0.0%	n/a	Yes	Yes	Yes	Yes	Yes	Yes	3.4%	A	
of which transitional		€ 0.00	0.0%	0.0%						n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.0%		
A.2 Taxonomy-eligible activities but not environmentally sustainable (not Taxonomy-aligned activities)																			
				EL - N/EL															
Turnover of Taxonomy-eligible activities but not environmentally sustainable (not Taxonomy-aligned activities) (A.2)		€ 0.00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%								0.1%		
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		€ 48,335,180.15	5.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%								3.5%		
B. Taxonomy non-eligible activities																			
B. Turnover of Taxonomy non-eligible activities		**€ 894,036,999.80**	**94.9%**																
TOTAL (A + B)		**€ 942,372,179.95**	**100.0%**																

	TURNOVER SHARE/TOTAL TURNOVER	
	TAXONOMY ALIGNED BY OBJECTIVE	TAXONOMY ELIGIBLE BY OBJECTIVE
CCM	5.1%	5.1%
CCA	-	-
WTR	-	-
CE	-	-
PPC	-	-
BIO	-	-

FINANCIAL YEAR 2024	2024			CRITERIA FOR SUBSTANTIAL CONTRIBUTION						DNSH CRITERIA ("DO NO SIGNIFICANT HARM")									
ECONOMIC ACTIVITIES	CODE	CAPEX	SHARE OF CAPEX YEAR 2024	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	MINIMUM SAFEGUARD CRITERIA	SHARE OF CAPEX TAXONOMY ALIGNED (A.1) OR ELIGIBLE (A.2) YEAR 2023	CATEGORY (ENABLING ACTIVITY)	CATEGORY (TRANSITION ACTIVITY)
		EUROS	%	YES, NO, N/EL						YES/NO						YES/NO	%	A	T
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of renewable energy technologies	CCM - 3.1	€ 1,206,375.84	1.7%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	Yes	Yes	Yes	Yes	Yes	Yes	0.0%	A	
Manufacture of automotive and mobility components	CCM - 3.18	€ 15,247.68	0.0%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	Yes	Yes	Yes	Yes	Yes	Yes	0.0%	A	
CapEx of environmentally sustainable activities (Taxonomy aligned) (A.1)		**€ 1,221,623.52**	**1.7%**	**1.7%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**n/a**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**0.0%**		
of which enabling		€ 1,221,623.52	1.7%	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%	n/a	Yes	Yes	Yes	Yes	Yes	Yes	0.0%	A	
of which transitional		€ 0.00	0.0%	0.0%						n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.0%		
A.2 Taxonomy-eligible activities but not environmentally sustainable (not Taxonomy-aligned activities)																			
				EL - N/EL															
Installation, maintenance, and repair of energy efficiency devices	CCM - 7.3	€ 107,710.92	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2%		
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	CCM - 7.5	€ 22,134.93	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Treatment of hazardous waste	CE - 2.4	€ 79,625.12	0.1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.0%		
CapEx of Taxonomy-eligible activities but not environmentally sustainable (not Taxonomy aligned activities) (A.2)		**€ 209,470.97**	**0.3%**	**0.2%**	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.0%**								**0.3%**		
A. CapEx of Taxonomy-eligible activities (A.1 + A.2)		**€ 1,431,094.49**	**2.0%**	**1.9%**	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.0%**								**0.3%**		
B. Taxonomy non-eligible activities																			
B. CapEx of Taxonomy non-eligible activities		**€ 68,855,025.81**	**98.0%**																
TOTAL (A + B)		**€ 70,286,120.30**	**100.0%**																

	CAPEX SHARE/TOTAL CAPEX	
	TAXONOMY ALIGNED BY OBJECTIVE	TAXONOMY ELIGIBLE BY OBJECTIVE
CCM	1.7%	1.9%
CCA	-	-
WTR	-	-
CE	-	0.1%
PPC	-	-
BIO	-	-

FINANCIAL YEAR 2024	2024			CRITERIA FOR SUBSTANTIAL CONTRIBUTION						DNSH CRITERIA ("DO NO SIGNIFICANT HARM")									
ECONOMIC ACTIVITIES	CODE	OPEX	SHARE OF OPEX YEAR 2024	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	MINIMUM SAFEGUARD CRITERIA	SHARE OF OPEX TAXONOMY ALIGNED (A.1) OR ELIGIBLE (A.2) YEAR 2023	CATEGORY (ENABLING ACTIVITY)	CATEGORY (TRANSITION ACTIVITY)
		EUROS	%	YES, NO, N/EL						YES/NO						YES/NO	%	A	T
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of renewable energy technologies	CCM - 3.1	€ 89,963.80	1.7%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	Yes	Yes	Yes	Yes	Yes	Yes	0.0%	A	
Manufacture of automotive and mobility components	CCM - 3.18	€ 1,137.07	0.0%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	n/a	Yes	Yes	Yes	Yes	Yes	Yes	0.0%	A	
OpEx of environmentally sustainable activities (Taxonomy aligned) (A.1)		**€ 91,100.87**	**1.7%**	**1.7%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**0.0%**		
of which enabling		€ 91,100.87	1.7%	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.0%	A	
of which transitional		€ 0.00	0.0%	0.0%						n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.0%		
A.2 Taxonomy-eligible activities but not environmentally sustainable (not Taxonomy-aligned activities)																			
				EL - N/EL													0.0%		
Installation, maintenance, and repair of energy efficiency devices	CCM - 7.3	€ 16,854.66	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								22.3%		
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	CCM - 7.5	€ 1,650.68	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								34.8%		
Professional services related to the energy performance of buildings	CCM - 9.3	€ 10,500.00	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Treatment of hazardous waste	CE - 2.4	€ 5,937.93	0.1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.0%		
OpEx of Taxonomy-eligible activities but not environmentally sustainable (not Taxonomy aligned activities) (A.2)		**€ 34,943.27**	**0.7%**	**0.6%**	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.0%**								**80.0%**		
A. OpEx of Taxonomy-eligible activities (A.1 + A.2)		**€ 126,044.15**	**2.4%**	**2.3%**	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.0%**								**80.0%**		
B. Taxonomy non-eligible activities																			
B. OpEx of Taxonomy non-eligible activities		**€ 5,115,445.69**	**97.6%**																
TOTAL (A + B)		**€ 5,241,489.84**	**100.0%**																

	OPEX SHARE/TOTAL OPEX	
	TAXONOMY ALIGNED BY OBJECTIVE	TAXONOMY ELIGIBLE BY OBJECTIVE
CCM	1.7%	2.3%
CCA	-	-
WTR	-	-
CE	-	0.1%
PPC	-	-
BIO	-	-

The declaration is provided in accordance with Model 1 of Regulation 2022/1214 on activities related to the production of electricity and heat from nuclear energy or gaseous fossil fuels. Since Comer Industries does not carry out any activities covered under points 4.26 – 4.31 of Regulation 2022/1214, Models 2 to 5 are not presented.

Below is Model 1 – Activities related to nuclear energy and fossil gases:

Nuclear energy related activities		
1.	The Company carries out, funds, or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The Company carries out, funds, or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The Company carries out, funds, or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities		
4.	The Company carries out, funds, or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The Company carries out, funds, or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The Company carries out, funds, or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

1.10.3 CLIMATE CHANGE

MANAGEMENT METHODS, POLICIES, AND OBJECTIVES

Reducing environmental impacts and protecting the environment are an integral part of the Company's development strategy and daily operations. In its environmental management, Comer Industries takes a preventive systems approach, integrating criteria for assessing environmental impacts into industrial choices and starting with the product and process design stages.

This commitment is formalized in the **Integrated Quality, Sustainability, and Product Responsibility Policy** through the establishment of targets on all environmental topics, including climate change and energy consumption.[57] In this regard, the Company's commitment to mitigate its impact on climate change follows three vectors:

- **Reduction in energy consumption**.
- **Reduction of direct and indirect emissions** that help avoid dangerous climate change in accordance with the Paris Agreement to limit global warming to 1.5°C.[58]
- **Increased use of renewable energy** by installing renewable energy technologies in facilities or purchasing energy from certified renewable sources.

On the risks and opportunities front, the Policy promotes the assessment of both physical climate risks related to the occurrence of extreme weather conditions and transition risks related to regulatory, technological, market, or reputational changes. The management of climate risks and the efforts made to mitigate them simultaneously generate opportunities to save operating costs and increase organizational resilience through responsible procurement of production resources, self-production of energy, and sustainable operating practices. For more detail on the impacts, risks, and opportunities, see the section *"Double materiality analysis"*.

THE DECARBONIZATION PLAN

Comer Industries' Decarbonization Plan is the tool with which the company translates its commitment to contributing to the reduction of global emissions and combating climate change into concrete operations and planning. The Plan was presented to the Audit, Risk, Sustainability, and Related Parties Committee in December 2024 and approved by the BoD on February 17, 2025, at the same time as the 2035 Sustainable Development Plan, with which it is aligned in its objectives. The level of ambition of the targets was determined through the Science Based Target Setting Tool (version 2.3), a tool made available by the Science Based Target initiative (SBTi) to set targets aligned with the decarbonization process established by the Paris Agreement, which aims to limit the global temperature increase to 1.5°C.[59]

The decarbonization plan calls for reducing Scope 1 and Scope 2 market-based and Scope 3 absolute greenhouse gas emissions by 63% by 2035 compared to 2023.[60] [61]

57 The Quality, Sustainability, and Product Responsibility Policy addresses the Group's direct operations, being applied at all Group sites.

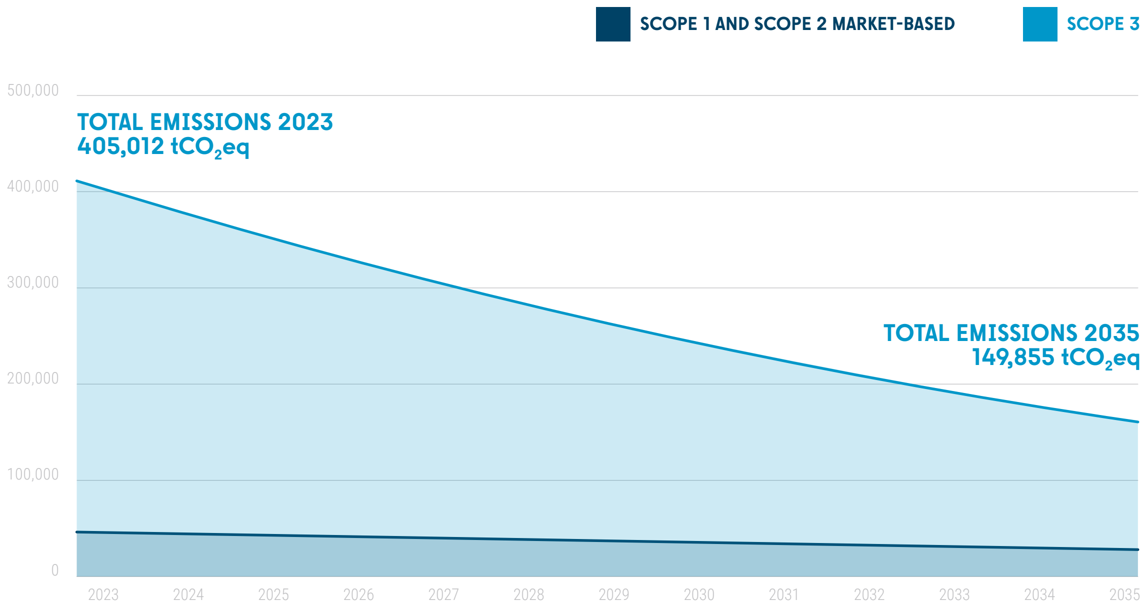
58 The Quality, Sustainability, and Product Responsibility Policy does not include processes to manage impacts, risks, and opportunities related to climate change adaptation, but only processes related to mitigation.

59 The Group currently has not formalized a climate transition plan aligned with ESRS definitions and requirements (ESRS E1 RA 1). Note however that the emission reduction targets posed by the decarbonization plan are consistent with the emission reduction trajectory set by the Net-Zero 2050 initiative.

60 The absolute emission reduction target of Scope 1 and Scope 2 combined covers 100% of the emissions of both. The emission target for Scope 3 also covers the entirety of the scope's emissions. Both targets will be reviewed every five years to ensure maximum consistency between the decarbonization target, applicability boundary (which includes the Group's GHG inventory) and base year for calculating the reduction required by scenario alignment.

61 The baseline for the decarbonization targets was set at 2023, as a year characterized by greater stability in production activity and the market in general than 2024, thus more representative for this purpose. Moreover, the baseline value refers to the entire Comer Industries perimeter and is expressed with reference to the emission categories in the section *"Emissions and climate change"*. More details on the targets can be found in the chapter *"The sustainability strategy"*.

REDUCTION OF EMISSIONS UNDER THE 2035 DECARBONIZATION PLAN



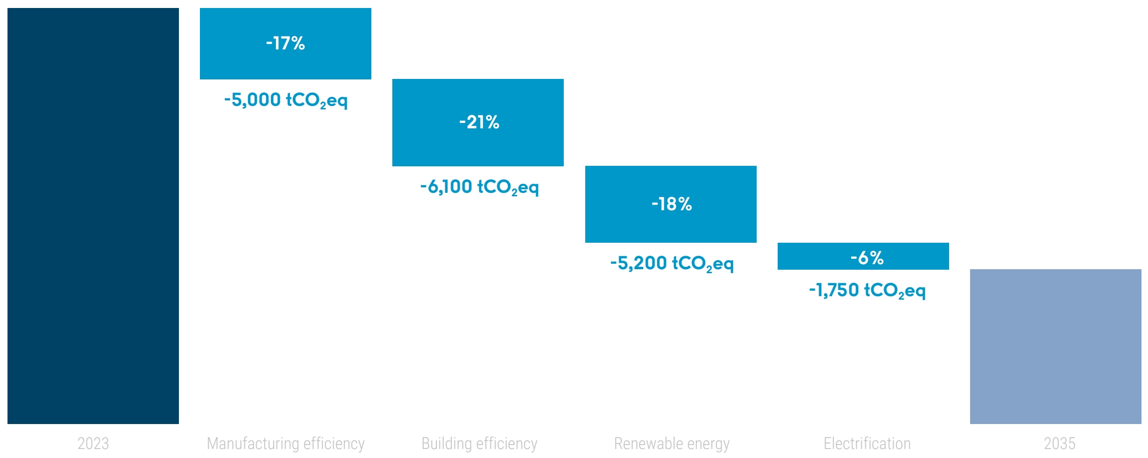
In addition to the decarbonization goals expressed with a time horizon of 2035, the Plan identifies the main decarbonization levers implemented according to business strategy and technological evolution:

- **Efficient production**: reduction of energy requirements per unit processed, achieved through technological and management solutions aimed at making the production process more efficient (e.g., digital systems for monitoring energy consumption and any peaks/anomalies, systems for optimizing, subdividing, and automatically shutting down services supporting production such as the compressed air line, renewal of the machine fleet with more energy-efficient models). Contributed to the reduction of Scope 1 and 2 emissions by 17%.
- **Efficient buildings**: reduction of energy requirements for building management by installing devices for the improving the efficiency of summer and winter air conditioning and the lighting.[62] Contributed to the reduction of Scope 1 and 2 emissions by 21%.
- **Renewable energy**: increased share of electricity consumed from renewable sources through installation of self-generation systems from renewable sources, or purchase of electricity from renewable sources through supply contracts and certificates of origin. Contributed to the reduction of Scope 1 and 2 emissions by 18%.
- **Electrification**: replacement of fossil-fueled systems with electrically powered solutions, such as company fleet vehicles, service or production facilities, and production machinery and equipment. Contributed to the reduction of Scope 1 and 2 emissions by 6%.
- **Procurement policies**: aimed at minimizing the emission impacts of supplies, directing procurement toward materials with higher recycled content and from local economies, in order to reduce the impact of the transportation of goods. Contributed to the reduction of Scope 3 emissions by 21%.
- **Ecodesign**: design choices aimed at reducing the quantities of materials used for components and packaging for the same functional and application capacity, or substitution with lower-emitting alternatives. Contributed to the reduction of Scope 3 emissions by 41%.

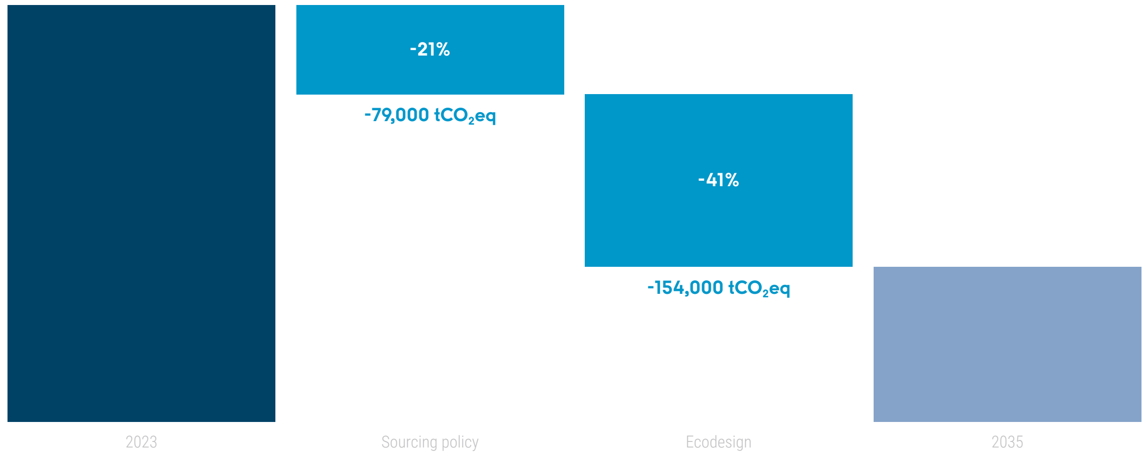
For details of the projects implemented in relation to the various decarbonization levers, see the *"Actions taken and planned"* section in this chapter.
Each decarbonization lever helps reduce the emission footprint by contributing to the overall goals of reducing absolute emission values for Scope 1 and 2 and Scope 3:

62 Lever aligned with the capital expenditures eligible under point 7.5 of Delegated Regulation (EU) 2021/2178.

SCOPE 1 AND 2 MARKET-BASED - ABSOLUTE VALUE tCO_2eq



SCOPE 3 - ABSOLUTE VALUE tCO_2eq



To ensure full integration of the decarbonization plan within the business strategy and financial planning, Comer Industries approved the goals, actions, and related financial resources for implementation. Specifically, for the decade 2025-2035 the Company planned a commitment of resources totaling 6.5 million euros.

Currently the strategy does not include specific targets or plans to increase the alignment of economic activities with the criteria set out in the European Commission's Delegated Regulation 2021/2139. However, the Group considers that these activities will see an increase proportional to the rise in CapEx and OpEx required to implement the decarbonization plan.

In addition to identifying key decarbonization levers, the Plan identified locked-in emissions, those greenhouse gas emissions that will be unavoidable in the future due to the energy infrastructure, technologies, and systems currently in use or planned. These emissions result from the fact that current infrastructure such as fossil fuel power plants, industrial plants, and heat-powered vehicles, are designed to last for many years and will continue to generate emissions until the end of their life cycle unless they are decommissioned or converted. A share of direct emissions is related to the consumption of natural gas for the painting and heat treatment of products. Notwithstanding plans to gradually electrify the production process, the equipment used in these stages has long life cycles that in the coming years instead of being replaced will undergo efficiency upgrades to decrease natural gas consumption.

In contrast, Scope 2 emissions have no particular limits on reductions other than biogenic[63] and land-use change emissions.[64] Note that no biogenic emissions or emissions from land use changes were recorded in the reporting year.

The value chain has emission categories with different degrees of locked-in emissions, determined by technological and regulatory developments:

- Emissions related to the purchase of goods have a locked-in share related to cast iron and steel components, regardless of whether the raw material is primary or from recycling.
- The entire category related to capital goods is considered locked-in given the complexity in exerting influence on manufacturers of production machinery.
- Despite the fact that emissions related to electricity grid losses can be greatly reduced, emissions related to the transportation of fuels such as natural gas and oil derivatives currently have no significant room for improvement.
- The transportation of raw materials and semi-finished and finished products are handled by third parties under contract to the Group. Emission trends in these emission categories are therefore linked to regulatory developments and global trends related to freight transportation.
- Similar to the transportation of goods, greenhouse gases attributed to business travel and employee commuting are also linked to regulatory changes in the countries where the Company operates. In the former case, the emissions that are most difficult to reduce are those from air travel, while in the latter case to the global spread of e-mobility.
- Emissions associated with the disposal of waste produced by the organization and end-of-life disposal of the product are highly dependent on the recycling and waste disposal chain in the countries where the goods are produced and distributed. As a result the Group has very little influence on a portion of the emissions, although the product and process are designed to reduce and recycle materials.

Comer Industries is not excluded from the EU Climate Transition Benchmark indices and the EU Paris Agreement Benchmark indices, not appearing within the list of activities excluded from the EU Paris Agreement Benchmark in Article 12 of Delegated Regulation (EU) 2020/1818.

EFFECTIVE AND EFFICIENT ENERGY MANAGEMENT

Efficiency in the use of energy resources is a key element in the Group's strategy to manage and reduce environmental impacts. Focusing on processes with the greatest energy needs, Comer Industries integrates energy efficiency practices into the design and production phases, considering them essential for continuous monitoring and improvement.

The main energy resources on which optimization initiatives have been focused are electricity and natural gas, as they are the vectors with the greatest impact on consumption.

Energy performance is continuously monitored through local data collection and detection systems. Data analysis, which drives decisions for improvement actions, is supported by advanced digital tools that can identify key sources of consumption. A digital dashboard aggregates and displays data in real time, flagging any deviations from set targets.[65]

63 Biogenic emissions are greenhouse gases released during the process of decomposition, combustion, or transformation of biological materials such as biomass, biogas, or biofuels. These materials are derived from organic renewable sources such as plants or organic waste, and are considered part of the natural carbon cycle. Unlike fossil fuel emissions, biogenic CO_2 emissions are generally considered "climate neutral" because the carbon released has previously been absorbed by the atmosphere during plant growth. These emissions may be associated with the consumption of electricity from biomass.

64 Land-use change emissions refer to greenhouse gases released into the atmosphere due to alterations in land use or management. These changes include activities such as converting forests to farmland, logging, urbanization, draining peatlands, or restoring natural ecosystems. For some renewable energy sources (such as biomass), the impact of land-use change can affect the overall balance of emissions associated with purchased energy.

65 As mentioned in the introduction, the Sustainability Reporting is subject to limited assurance by Deloitte & Touche S.p.A. Note that the metrics in this chapter are not validated by any other external body.

ENERGY CONSUMPTION (MWH) - LOWER HEATING VALUE	2024
Consumption of fuel from coal and coal products (MWh)	0
Consumption of fuel from crude oil and petroleum products (MWh)	2,640
Consumption of fuel from natural gas (MWh)	37,595
Consumption of fuel from other non-renewable sources (MWh)	216
Consumption of electricity, heat, steam, and cooling from fossil sources, purchased or acquired (MWh)	26,588
Total energy consumption from fossil sources (MWh) (sum of rows 1 to 5)	**67,040**
Share of fossil sources in total energy consumption (%)	77.99
Consumption from nuclear sources (MWh)	**0**
Share of nuclear sources in total energy consumption (%)	0
Consumption of fuel for renewable sources, including biomass (also includes industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.) (MWh)	0
Consumption of electricity, heat, steam, and cooling from renewable sources, purchased or acquired (MWh)	16,780
Consumption of self-produced renewable energy without resorting to fuels (MWh)	2,140
Total energy consumption from renewable sources (MWh) (sum of rows 8 to 10)	**18,921**
Share of renewable sources in total energy consumption (%)	22.01
Total energy consumption (MWh) (sum of rows 6 and 11)	**85,960**
Total energy consumption of activities in high-impact climate sectors compared to net revenues from these activities (MWh/ monetary unit)	85,960
Revenue from sales[66]	942,372
Intensity index	0.091

ENERGY PRODUCED (MWH)	2024
Self-produced electricity – from renewable sources	**2,446**
of which consumed for own use	2,140
of which injected into the grid	305
Self-generated electricity – from non-renewable sources	**0**
Total self-produced energy	**2,446**

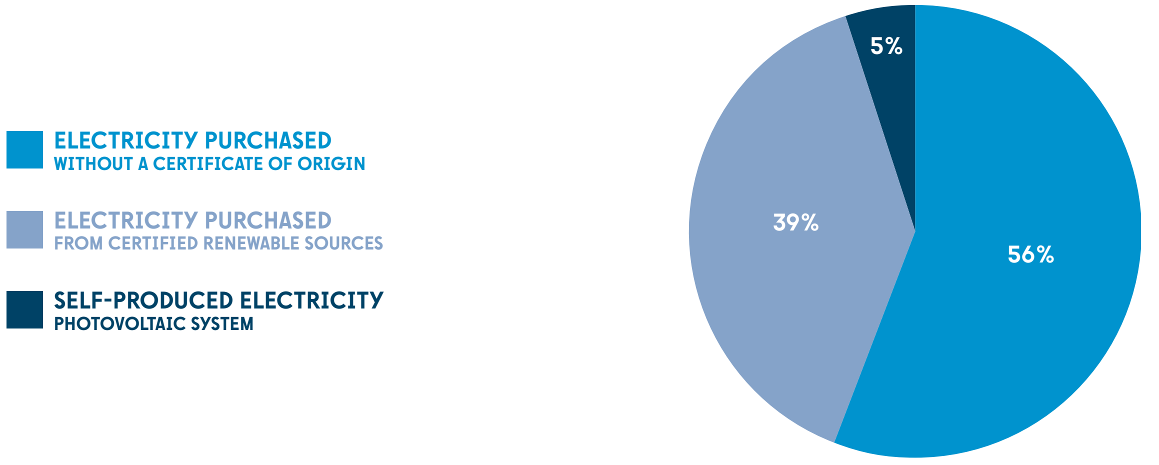
The distribution of the Group's energy consumption during the fiscal year was in line with previous years. Electricity accounted for 50% of total consumption, followed by district heating with 3%, while the remaining 47% was derived from the use of fuels, mainly natural gas, which accounted for 93% of total fuels. Natural gas was used both for room air conditioning and for manufacturing operations such as painting and heat treatment.

Total electricity consumption was 42,965 MWh, of which 44% came from renewable sources, thanks to power generation from photovoltaic systems and the purchase of GO and I-REC certified electricity.

66 All of Comer Industries' sales come from high-impact climate sectors as defined by Delegated Regulation EU 2022/1288. This amount appears to be an integral part of the item "Revenue from sales" in the Notes to the Consolidated Financial Statements of Comer Industries.

A significant portion of the electricity from renewable sources was self-generated through five photovoltaic installations located at the Italian facilities in Reggiolo and Matera. With a total capacity of 2,172 kWp, these installations covered 5% of the Group's total electricity needs.

ELECTRICITY CONSUMED



EMISSIONS AND CLIMATE CHANGE

In 2024, the Group conducted a Climate Change Scenario Analysis inspired by the principles defined by the International Financial Reporting Standard - IFRS S2 Climate-related Disclosure, focusing on physical and transitional risks related to climate change. The scenario analysis supports companies in decision making and risk management under complex and uncertain conditions, allowing them to identify potential impacts on the business under different scenarios, both hypothetical and plausible. The choice to report the outcomes of risk assessment reflects the choice of transparency to stakeholders.

Thus the scenario analysis conducted allowed for an assessment of the possible risks and impacts the Group is exposed to, and at the same time to check the business's resilience to climate change. Based on what is defined in IFRS S2, an analysis was developed of different reference climate scenarios, corresponding to IPCC projections (Intergovernmental Panel on Climate Change) and IEA projections (International Energy Agency, IEA-Net Zero by 2050 A Roadmap for the Global Energy Sector).

Various RCP (Representative Concentration Pathway) scenarios adopted by IPCC for databases with future baseline projections were considered for the physical risk assessment. Specifically, for the most stringent regulatory scenario the RCP 2.6 scenario was used, for the intermediate the RCP 4.5 scenario, and finally, the STEPS scenario was matched with RCP 8.5. The scenarios are developed based on different temperature increases and the associated physical and transitional consequences on the planet. Three scenarios representing the best case, an intermediate case, and the worst case of temperature changes to 2100 were selected for conducting the analysis.
Specifically:

- **Net Zero Scenario - RCP 2.6 Scenario**: this scenario refers to a best case and outlines projections for which there is a high level of commitment by all governments to increase efforts and commitments toward Net Zero, as set out in the Paris Agreement.
- **Announced Pledges Scenario "APS" - RCP 4.5 Scenario**: this intermediate scenario, also known as the pledges and targets scenario, represents a pathway that takes into account official commitments announced by governments and international organizations to reduce greenhouse gas emissions.
- **Stated Policies Scenario "STEPS" - RCP 8.5 Scenario**: the STEPS or Stated Policies Scenario represents a pathway that takes into account policies and measures currently in place or already established by governments and organizations. The occurrence of this less-regulated scenario with a lack of concrete plans for 2030 by the countries participating in the agreement would imply an actual increase in global warming, with consequent significant climate and business impacts.

In light of these climate scenarios, the functions most affected by aspects regarding climate change were involved to understand the effect on the following climate risk macro-categories:

1. **Physical risks** – acute and chronic
2. **Transition risks** – evolution of the market (GO price) and of regulation (Carbon pricing)

The Group assessed how as scenarios changed the impacts on the three selected categories (acute physical risks, chronic physical risks, and transition risks) varied, and what the implications were for the business in terms of both risk exposure and possible opportunities. While recognizing that physical and transitional risks may occur simultaneously, it was assumed that in the best-case scenario the most significant impact would be mainly on transitional risks, such as market and regulatory risks, as a result of stricter regulatory mechanisms in an environment of rapid adaptation of countries and companies, while the physical effects would be mitigated. In contrast, a less regulated scenario, in which no concrete measures are put in place to contain the effects of climate change in the medium to long term, would result in more pronounced physical consequences while reducing the pressures associated with transition risks. The following is a summary of the main points that emerged from the analyses, focusing on the macro areas of impact, highlighting the ability of the Group's strategy to adapt to changes in the scenario in question.

PHYSICAL RISKS

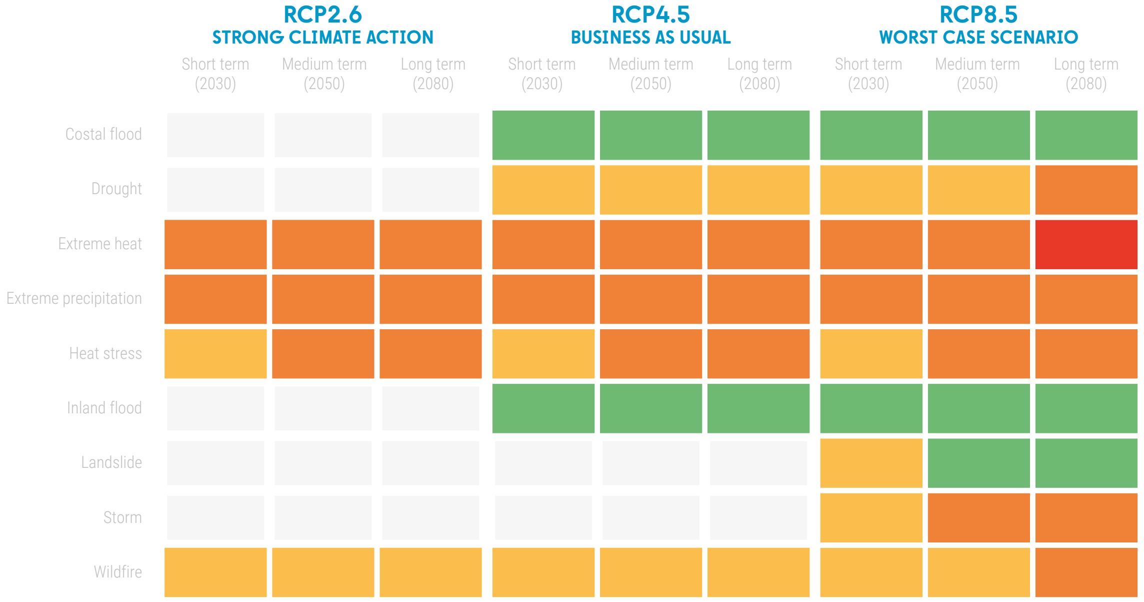
Physical climate risk analyses are aimed at assessing the exposure of corporate assets to direct and indirect impacts from extreme weather events as well as changes in climatic conditions over the medium-long term. These assessments, crucial for strategic planning and risk management, enable the identification of vulnerabilities related to acute and chronic weather phenomena.

These impacts refer to consequences resulting from strictly physical climate change and can be divided into “acute” (hurricanes, floods, heat waves, tornadoes, etc.) and “chronic” (sea level rise, ocean acidification, etc.). In order to understand the risks Comer Industries is most exposed to and to adopt a proper mitigation strategy, a Climate Change Risk Assessment (CCRA) was conducted, which takes into account the acute and chronic risks each site is most susceptible to under various climate scenarios, as well as evolutions over various time horizons.

As the first phase of the CCRA for the Group's sites, a structured process of identifying potentially significant climate risks was initiated, following the criteria outlined in the DNSH table. The main risks considered include floods, storms, and forest fires. However, to ensure a timely and relevant assessment these risks were analyzed in relation to the specific climatic and geographical characteristics of the site location. For the analysis some risks were excluded from the outset, such as the risk of an avalanche, because the sites are in locations that are not subject to snow avalanches. Excluding risks allowed the analysis to focus on more pertinent climate risks while ensuring that the assessment complied with DNSH requirements and accurately represented actual site vulnerabilities. For the analyses conducted, key internationally recognized climate indicators were considered to ensure an assessment aligned with global standards. Furthermore, Business Interruption Days (BID) were calculated for acute physical climate risks such as storms, forest fires, and river flooding. The latter represent the duration of a possible business interruption without taking into account direct damage to assets. BIDs assess the possibility that exogenous events – such as disruption of the power grid or local roads related to extreme weather events – may also result in business downtime.

The assessment of the significance of the impacts of acute physical risks was determined through consideration of the interruption of operations carried out at the Group's sites due to extreme events such as storms, floods, or fires.
The analysis was based on a structured method consisting of five main steps:

1. Identification of the most relevant climate risks: the main climate risks that could affect the Group's assets were selected based on a logic of relevance, classifying them into acute and chronic physical risks as required by the main international reference standards (in accordance with the requirements of the European Taxonomy, DNSH among others).
2. Risk assessment: once identified, a site-specific analysis consisting of climate risk and vulnerability assessment was conducted in order to identify the materiality of the physical climate hazards with respect to economic activity. A program consisting of 5,000 lines of R code was used to analyze climate projections from seven different climate models.



3. Prioritization of results: starting from the results of the asset analysis provided by the calculation software, the results obtained were prioritized according to the inherent site risk.
4. Quantification of the financial impact generated by damage to assets.
5. Quantification of the financial impact generated by the BIDs.

The physical risk analysis was carried out on 33 Group sites.

Physical Risks – Chronic

Comer Industries assessed the impact of chronic extreme weather events on the business. The expected consequences of climate change include chronic weather events, i.e., long-term climate changes (temperature changes, rising sea levels, reduced water availability, etc.). Company operations may be slowed or interrupted in the event of chronic physical events, having to change the production strategy with effects on the production cycle and production allocation among the Group's work sites. Chronic risks were assessed for the time horizons 2030, 2050, and 2080.

From the results of the analysis, it was found that the highest exposure (with worst-case scenario and longest time horizon) related to heat stress appears to be the Bangalore site, while for drought risk the Matera site appears to be the most at risk. However, chronic physical risks were not found to be significant for the 33 sites considered in the analysis. Mitigation actions were not evaluated because all sites in the Group were not found to be at significant risk. Moreover, for chronic physical risks no specific mitigation measures have been planned, as these phenomena are not extreme events but rather occur gradually over time.

Physical Risks – Acute

Comer Industries assessed the impact of acute extreme weather events on the business. The expected consequences of climate change include more frequent acute extreme weather events (storms, floods, fires or heat waves) that can directly affect company operations. Company operations can be impacted during acute events, delaying or stopping the production cycle and damaging assets. These phenomena can impair business operations, causing disruptions and damage to strategic assets. Finally, given the increased frequency and magnitude of extreme weather events, additional risks to consider could be increased insurance premiums on structural assets and increased transportation-related costs across the entire value chain.

The analysis of acute physical climate risks considered the evolution of impacts over three distinct time horizons: 2030, 2050, and 2080. However, for the presentation of results related to asset damage and BIDs, we chose to focus on the time horizon to 2030.

This decision stems from the fact that the 2030 horizon provides a more reliable and representative picture of the effects of acute climate risks such as river floods, storms, and forest fires, thus a more solid basis for planning. Following the steps of climate risk identification, assessment, and prioritization, the magnitude of the financial impact associated with damage to assets and BIDs caused by physical climate risks was determined. For the Group, the asset damage analysis focused on risks from floods and storms, while for BIDs the risks from forest fires were also considered in addition to floods and storms. The quantification was done through a damage function that links the percentage of impact on each site to the overall asset value or revenue. From the results of the analysis, higher exposures to the risk of asset damage from storms and floods were found for the Pegognaga, Jiaxing, Haarlem, and Reggiolo sites, especially under the most severe climate scenario RCP 8.5. As for BIDs, it was found that the highest exposure to risk due to storms, floods, and fires is for the Bangalore and Jiaxing sites.

In accordance with the results of the analysis of acute physical risks related to BIDs and asset damage, using the significance thresholds of the Group's Financial Materiality, no amount of the net assets and revenues are found to be at significant physical risk. However, mitigation measures for climate hazards such as fires, storms, and floods have been put in place at several sites. For example, at the Lohmar plant several solutions were implemented to protect the area from flooding, including fixed and mobile barriers, pumps, and an emergency power system. An early warning system through weather services and close integration with the local fire department's information system were also provided. Exhaust systems were also renovated and safety measures taken to prevent the release of pollutants. Finally, to counter the effects of heat, air conditioners were installed, and break periods and flexibility in working hours were planned. At the Rockford plant, an emergency management system was introduced and shelter areas defined in case of tornadoes.

TRANSITION RISK

Transition climate risk analysis is becoming increasingly important for companies as the transition to a low-carbon economy presents significant challenges, but also offers new opportunities for growth and innovation. Transition risks mainly include four categories: political and regulatory risks, technological risks, market risks, and reputational risks.
Each of these categories carries potential impacts on business operations, cash flows, and long-term competitiveness. Specifically:

Political and regulatory risks arise from the introduction of new regulations aimed at reducing greenhouse gas emissions, such as regulations on carbon dioxide emissions or the introduction of carbon pricing mechanisms. Companies that fail to comply in a timely manner could face additional operational costs, penalties, or restrictions on access to some markets. For example, policies such as the European Green Deal and its regulatory framework place significant pressures on companies, requiring alignment with climate neutrality goals by 2050.

Technological risks emerge from the evolution of low-emission technologies and the need to move away from obsolete technologies. The adoption of more energy-efficient technologies can improve competitiveness, but often requires high initial investments. Companies that do not invest in these innovations risk falling behind competitors in the medium term, facing a future of obsolescence and loss of market share.

Market risks relate to changes in consumer behavior and demand for sustainable products and services. Growing environmental awareness is leading many consumers to prefer low-emission products, prompting companies to change their production lines.

Finally, **reputational risks** refer to the negative impact on public perception and company reputation resulting from failure to align with sustainability standards. With increased attention from institutional investors and consumers, companies that do not demonstrate a clear commitment to sustainability risk losing the trust of stakeholders.

Transition risk analysis helps companies navigate a rapidly changing regulatory, technological, and social environment. Through forward-looking scenarios and systematic assessments, companies can anticipate the impact of these transformations and develop mitigation strategies. In addition to reducing risks, such analyses enable the identification of new growth opportunities, such as developing markets related to sustainability or leveraging technological innovation.

With regard to Comer Industries, the scope of the analysis of these risks covered the entire Group. Specifically, the risks analyzed and deemed impactful were market risk due to GO price fluctuation and regulatory risk due to the introduction of carbon pricing such as the CBAM (Carbon Border Adjustment Mechanism) regulations.

CATEGORY	SUBCATEGORY	DESCRIPTION OF THE RISK	MAIN IMPACTS
Transition risk	Policy & Legal	CBAM system Tightening/introduction of new carbon pricing schemes	Increased operating costs Regulatory compliance
Transition risk	Market	Increase/fluctuation in the cost of Guarantees of Origin	Increased operating costs for Group companies committed to decarbonizing their processes

Evolution of the market (GO price)

With regard to energy, specific projections have been developed that perform the role of a risk control system related to price fluctuations. Especially in the most sustainable scenario, where the demand for electricity from renewable sources certified with energy Guarantees of Origin (GOs) is expected to surge, considerable increases in the supply price of GOs are expected.

Regulation – Carbon pricing

With regard to the regulatory regulations introduced, specific projections were developed regarding the Carbon Border Adjustment Mechanism (CBAM) tax, which will be introduced starting in 2026, in order to monitor potential impacts and risks on the business. The objective of the CBAM, in full compliance with international trade rules, is to prevent the EU's greenhouse gas emission reduction efforts from being offset by increased emissions outside its borders through the relocation of production to third countries (where policies adopted to combat climate change are less ambitious than those of the EU) or by increased imports of carbon-intensive products. The above measure, particularly in a Net Zero scenario, could affect market dynamics, trigger inflation (especially for complex manufacturing products), or impact the ability to attract financing.

The scenarios considered for the Group's analysis include:

1. STEPS - Stated Policies Scenario
2. APS - Announced Pledges Scenario
3. NET ZERO by 2050 Scenario

The specific emissions considered in this forecast were calculated using emission factors per ton of product provided by the European Commission.[67] These factors represent the reference values for quantifying the emissions associated with the materials under analysis.

For a more accurate estimate of the economic impact associated with the CBAM system, it was necessary to consider the amount of emissions actually subject to payment, net of the free allowances allocated to manufacturers.

The document prepared by the European Union – "*Update of benchmark values for the years 2021-2025 of phase 4 of the EU ETS*"[68] – provides guidance on €/ton values exclusively for product types covered by the current ETS system.

67 The method used to estimate the CBAM was proposed by the European Commission, namely: (Actual emissions - Emissions covered by free allocations) × Total tons of imported product × (Average weekly ETS price - Carbon tax paid in exporting country).

68 *policy_ets_allowances_bm_curve_factsheets_en.pdf.*

The total quantities of products imported by Comer Industries were used to calculate net emissions, i.e., those not covered by Free Allowances. This calculation was made by multiplying the product quantities by the net value of the residual emissions.

For each of the three scenarios analyzed (STEPS, APS, and NET ZERO), the previously calculated average annual price was applied. This price was used to estimate the cost of emissions from the production of the analyzed materials, and consequently the economic obligation from a CBAM perspective.

From the results of the analysis, it was found that the greatest financial impact develops in the NET ZERO scenario as a result of stricter regulatory mechanisms in an environment where countries and companies are rapidly adapting.

TOTAL EMISSIONS

Combating climate change is one of the central pillars of Comer Industries' sustainability program. In fact the Company's operations generate greenhouse gas emissions[69], thus contributing to climate impacts. Direct emissions (Scope 1) come mainly from the operation of plants and machinery owned or fully operated by the Company, such as thermal and production plants (painting and heat treatment) powered by natural gas. Indirect emissions arise from the consumption of energy acquired for civil and production purposes (Scope 2) and from upstream and downstream activities in the value chain (Scope 3).

The calculation of GHG Scope 2 emissions is done using two distinct approaches: location-based and market-based.[70] In keeping with its strategy of increasing the share of energy produced from renewable sources, the Company has chosen to monitor global performance using the market-based approach.

In 2024 Comer Industries calculated indirect emissions from its value chain (Scope 3), with the dual aim of giving an increasingly complete and transparent representation of its emissions impact and including all areas involved in the decarbonization plan. The Group also calculated 2023 Scope 3 emissions, which were used as a baseline for the 2035 reduction target. The quantification of emissions in all three areas was performed according to the GHG Protocol.

69 Source of emission factors: Scope 1: *https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs.* The calculation of Scope 1 emissions was performed in accordance with the GHG Protocol Corporate Standard.

Scope 2 location-based: European sites (*https://www.aib-net.org*), USA (*https://www.epa.gov/egrid*), China, India, Brazil (Carbon Footprint Ltd). The calculation of Scope 2 location-based emissions was performed in accordance with the GHG Protocol Corporate Standard and the GHG Protocol Scope 2 Guidance.

Scope 2 market-based: European sites (*https://www.aib-net.org*), emissions are expressed in tons of CO_2e, as the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions as inferred from the relevant technical literature), USA (*https://www.epa.gov/egrid*), China, India and Brazil (Carbon Footprint Ltd). The calculation of Scope 2 market-based emissions was performed in accordance with the GHG Protocol Corporate Standard and the GHG Protocol Scope 2 Guidance.

Scope 3: The calculation of Scope 3 emissions was performed in accordance with the GHG Protocol Corporate Standard and the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Version 2011). For the source of emission factors, see the relevant table.

The most recent global warming potential (GWP) values published by the IPCC based on a 100-year time horizon were used to calculate CO_2eq emissions of non-CO_2 gases.

70 The location-based method considers the average GHG emission intensity of the networks energy is consumed from. The market-based calculation considers emissions from electricity that an organization has intentionally and contractually chosen and includes the use of a residual mix if the organization's emissions intensity level is not specified in its contracts.

EMISSION CATEGORY	CATEGORY DESCRIPTION	APPLICABILITY/ SIGNIFICANCE	METHODOLOGICAL APPROACH[71]	SOURCES OF 2023 EMISSION FACTORS	SOURCES OF 2024 EMISSION FACTORS	ASSUMPTIONS AND DEGREE OF UNCERTAINTY
1a	Purchase of goods	Significant	*Average data method* – Calculation based on the weight of productive raw materials purchased in the year of reference.	EcoInvent and public EPDs when available	EcoInvent and public EPDs when available	Greenhouse gas emissions are assumed to be directly proportional to the weight of the material purchased, without considering possible economies of scale or production specificities.
1b	Purchase of services	Significant	*Spend-based method* – The calculation is based on the type of services purchased, associated with the corresponding spend-based emission factor.	Defra 2021 parameterized to 2023 inflation	Defra 2021 parameterized to 2024 inflation	GHG emissions are assumed to be directly proportional to the cost of the services purchased, without considering possible specificities of individual providers.
2	Capital goods	Significant	*Spend-based method* – The calculation is based on the category of CapEx associated with the corresponding spend-based emission factor.	Defra 2021 parameterized to 2023 inflation	Defra 2021 parameterized to 2024 inflation	Because it is based on sector averages, the method does not consider differences between technologies used or the energy mixes of the different countries where the capital goods are produced.
3	Activities related to energy and fuels	Significant	*Average data method* – The approach uses the Company's energy or fuel consumption, multiplying it by the relevant average emission factors.	Defra 2024 – Defra 2021	Defra 2024 – Defra 2021	The emission factors used assume a percentage of transmission and distribution losses based on national data or sector averages.
4	Upstream transport and distribution	Significant	*Distance data method* – The calculation is based on the distance between the Tier 1 supplier and Comer Industries.	Defra 2023	Defra 2024	The calculation does not take into account any shipments prior to delivery to Comer Industries.
5	Waste generated	Significant	*Average data method* – The calculation is based on the type of waste produced and the method of its disposal.	Defra 2023	Defra 2024	Waste is assumed to be composed of materials with average characteristics, as defined in Defra datasets.
6	Business travel	Significant	*Spend-based method* – The calculation is based on the costs related to work-related travel that the Group incurred during the reporting year.	Defra 2021 parameterized to 2023 inflation	Defra 2021 parameterized to 2024 inflation	The method is based on average market prices, not considering variations due to regional differences or seasonal fluctuations.
7	Employee commuting	Significant	*Distance data method* – The calculation is based on the distance between the municipality of domicile and Comer Industries.	Defra 2023	Defra 2024	The calculation does not consider the actual distances from the employees' home address to the plant, but the distance between the plant and the municipality of domicile
8	Upstream leased assets	N/A[72]	-	-	-	-
9	Downstream transport and distribution	Significant	*Distance data method* – The calculation is based on the distance between the customer and Comer Industries.	Defra 2023	Defra 2024	The calculation does not take into account any shipments subsequent to delivery to the customer.
10	Processes involving the goods sold	Not Significant[73]	-	-	-	-
11	Use of the good sold	Not Significant[74]	-	-	-	-
12	End-of-life product treatment	Not Significant[75]	-	-	-	-
13	Downstream leased assets	N/A[76]	-	-	-	-
14	Franchises	N/A[77]	-	-	-	-
15	Investments	N/A[78]	-	-	-	-

71 All emission categories were calculated using databases. Therefore primary data from the value chain was not used.

72 The "Upstream leased assets" indirect emissions category is not applicable because the Group does not use assets under operating leases that are relevant to indirect GHG emissions.

73 The "Processes involving products sold" emission category is not significant for Comer Industries since the assembly of its products is mainly done manually or with the help of machine tools with low energy consumption. As a result, emissions associated with the processing of products sold are negligible and irrelevant for the purpose of reporting indirect emissions.

74 The "Use of the good sold" emission category is not significant for Comer Industries because the products do not have a direct consumption of electricity, except for electric motors, which however currently make up a marginal share of the Company's business.

75 The "End-of-life product treatment" category is not significant for Comer Industries because the products are made from easily recyclable materials and have an established secondary market. Since the environmental impact from end-of-life treatment is small compared to other stages of the product life cycle, this category does not represent a major part of Scope 3 emissions for the Company.

76 The "Downstream Leased Assets" emission category is not applicable for Comer Industries because the Group does not lease its assets to third parties. Consequently, there are no indirect emissions from the use of these assets by other parties, making this category irrelevant to Comer Industries' emissions reporting.

77 The "Franchise" emission category is not applicable as the Company does not own or control any franchise network. Consequently, there are no indirect emissions from this emission category.

78 The "Investments" emission category is not applicable because the Company is not involved in investment activities that generate indirect emissions.

	RETROSPECTIVE			GOALS AND YEARLY TARGETS		
	2023	2024	24 VS. 23	2025	2035	TARGET %
Scope 1 GHG emissions (tCO_2eq)[79]						
Gross Scope 1 GHG emissions (tCO_2eq)	8,822	7,968	-9.7%	7,809	3,264	-63%
Percentage of Scope 1 GHG emissions covered by regulated emissions trading schemes (%)	0.00%	0.00%	-	0.00%	-	-
Scope 2 GHG emissions (tCO_2eq)[80]						
Gross Scope 2 location-based GHG emissions (tCO_2eq)	17,917	14,214	-20.7%	13,930	-	-
Gross Scope 2 market-based GHG emissions (tCO_2eq)	20,452	13,260	-35.2%	12,995	7,567	-63%
Significant Scope 3 GHG emissions (tCO_2eq)[81]						
Purchase of goods	315,821	201,059	-36.3%	197,038	101,141	-68%
Purchase of services	14,559	10,745	-26.2%	10,530	11,647	-20%
Capital goods	9,605	14,347	49.4%	14,060	9,125	-5%
Activities related to energy and fuels	5,776	3,791	-34.4%	3,715	2,137	-63%
Upstream transport and distribution	16,163	14,798	-8.4%	14,502	5,980	-63%
Waste generated	899	538	-40.2%	527	350	-61%
Business travel	1,681	1,264	-24.8%	1,239	1,597	-5%
Employee commuting	6,718	6,107	-9.1%	5,985	5,375	-20%
Upstream leased assets	-	-	-	-	-	-
Downstream transport and distribution	4,516	3,198	-29.2%	3,134	1,671	-63%
Processes involving the goods sold	-	-	-	-	-	-
Use of the good sold	-	-	-	-	-	-
End-of-life product treatment	-	-	-	-	-	-
Total GHG emissions						
Total GHG emissions (location-based) (tCO_2eq)	402,478	278,029	-30.9%	272,468	-	
Total GHG emissions (market-based) (tCO_2eq)	405,012	277,075	-31.6%	271,533	149,855	-63%

The Group's overall direct emissions (Scope 1) saw an overall drop of 9.7% from 2023, corresponding to a reduction of 854 tCO_2eq. This result was achieved on the one hand due to the reduced use of equipment compared to the previous year, and on the other due to lower fuel consumption, achieved through the technological renovation of machinery and equipment, as well as the optimization of production processes during the year.

Indirect emissions related to electricity consumption (Scope 2 market-based) also showed a decrease, falling 35.2% in the year compared to the previous year. This performance is mainly attributable to the decision to significantly increase the share of energy consumption from renewable sources. Considering Scope 1 and Scope 2 emissions combined, there was a 27.5% decrease in absolute emissions, in line with the targets set by the decarbonization plan (27,737 tCO_2eq for Scope 1 and Scope 2 combined and 345,862 tCO_2eq for Scope 3).

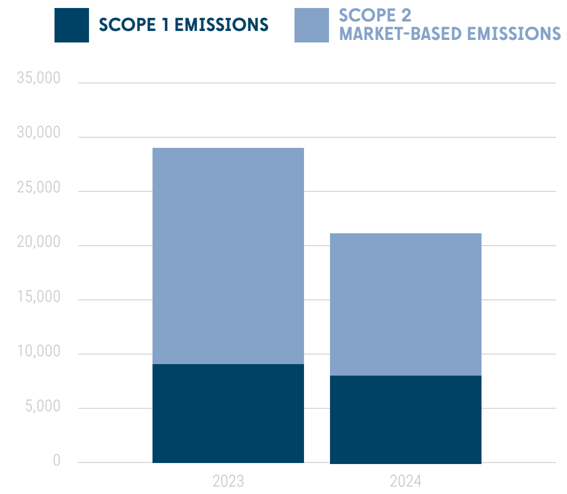
79 There are no biogenic CO_2 emissions from combustion or biodegradation of biomass not included in the Scope 1 GHG emissions.

80 There are no biogenic CO_2 emissions from combustion or biodegradation of biomass not included in the Scope 2 GHG emissions.

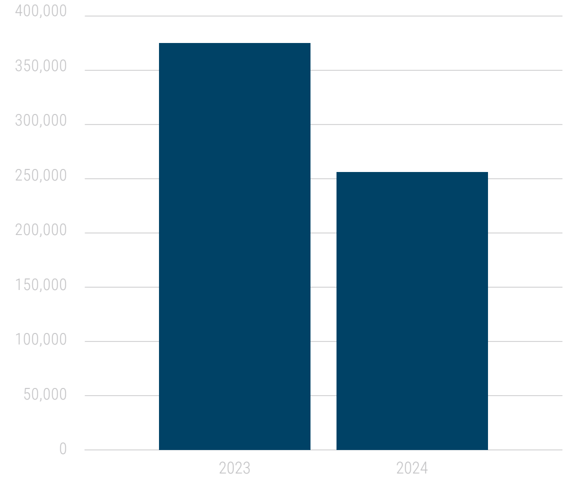
81 There are no biogenic CO_2 emissions from combustion or biodegradation of biomass not included in the Scope 3 GHG emissions.

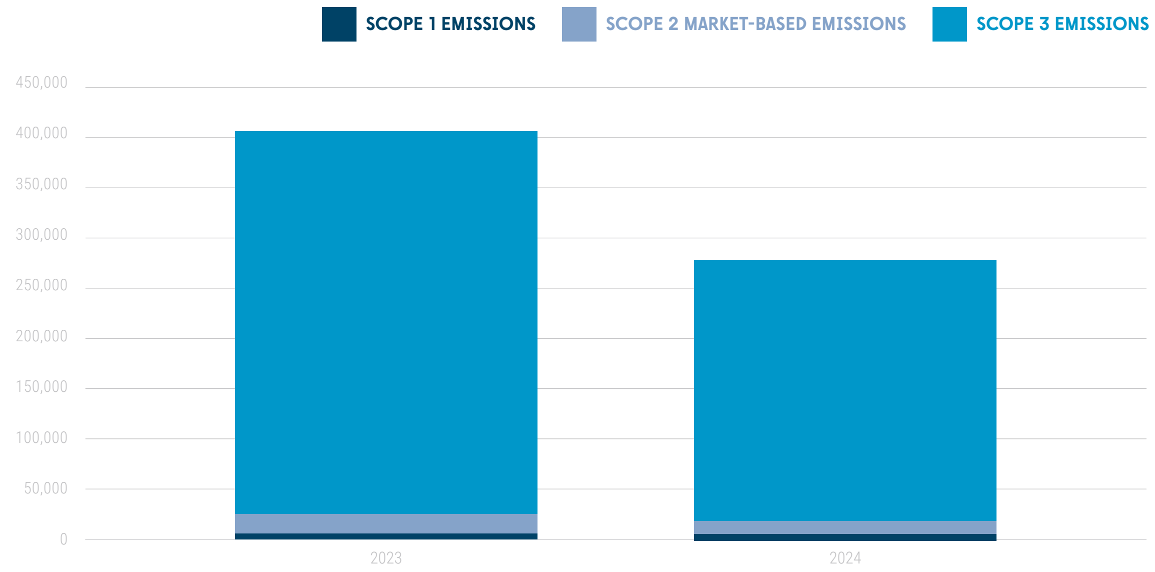
EMISSION INTENSITY	2023	2024
Scope 1 + Scope 2 market-based + Scope 3 (tCO_2eq)	405,013	277,075
Scope 1 + Scope 2 location-based + Scope 3 (tCO_2eq)	402,478	278,029
Revenue from sales[82]	1,223,938	942,372
Market-based economic intensity index	0.3309	0.2940
Location-based economic intensity index	0.3288	0.2950

DIRECT EMISSIONS AND INDIRECT EMISSIONS FROM ELECTRICITY CONSUMPTION



INDIRECT EMISSIONS IN THE VALUE CHAIN





82 This amount appears to be an integral part of the item Revenue from sales in the Notes to the Consolidated Financial Statements of Comer Industries.

Below are the Scope 1 and Scope 2 emissions divided by Company.

				2023			2024		
COMPANY	COUNTRY	% CONTROL	MAIN ACTIVITY	SCOPE 1	SCOPE 2 LB	SCOPE 2 MB	SCOPE 1	SCOPE 2 LB	SCOPE 2 MB
Comer Industries S.p.A.	Italy	Parent company	Design, production and sales	1,667	3,010	3,903	1,460	2,216	2,834
Comer Industries (Jiaxing) Co.Ltd.	China	100%	Production and sales	422	2,427	0	392	3,117	0
Comer Industries Components S.r.l.	Italy	100%	Production and sales	811	3,477	2,740	895	2,797	2,619
Comer Industries do Brasil EIRELI	Brazil	100%	Sales	12	2	2	13	1	1
Comer Industries Inc.	United States	100%	Sales	98	86	86	94	83	83
Comer Industries India Pvt Ltd.	India	100%	Production and sales	28	196	196	26	443	0
Comer Industries U.K. Ltd.	UK	100%	Sales	9	4	7	7	2	2
e-comer S.r.l.	Italy	100%	Design, production and sales	26	258	376	66	152	277
Off-Highway Powertrain Services Germany GmbH	Germany	100%	Sales and after-sales service	426	247	375	376	211	392
Powertrain Rockford Inc.	United States	100%	Design, production and sales	460	997	997	467	973	0
Powertrain Services France SAS	France	100%	Sales and after-sales service	31	6	14	49	4	5
Powertrain Services UK Limited	UK	100%	Holding company	59	52	86	80	43	43
Walterscheid Brasil Industria de Equipamentos Agricolas Ltda	Brazil	100%	Production and sales	0	84	84	3	44	47
Walterscheid Cardan GmbH	Germany	100%	Production and sales	60	85	150	65	62	132
Walterscheid Getriebe GmbH	Germany	100%	Design, production and sales	202	1,081	1,907	163	641	0
Walterscheid GmbH	Germany	100%	Design, production and sales	4,062	4,739	8,362	3,400	2,959	6,358
Walterscheid Inc. Woodridge	United States	100%	Design, production and sales	424	649	649	413	466	466
Walterscheid Powertrain (China) Co. Ltd.	China	100%	Production and sales	25	518	518	0	0	0

ACTIONS TAKEN AND PLANNED

In 2024 Comer Industries implemented initiatives aimed at reducing energy consumption and mitigating climate change[83] in accordance with the provisions of the 2035 Sustainable Development Plan and the relative decarbonization plan. Activities were carried out through capital investments and operating expenditures.

83 No major climate change adaptation initiatives were carried out in 2024.

The main projects for decarbonization implemented during the reporting year, with an investment of just over 180,000 euros, are detailed below:

- **Efficient production**: replacement and optimization of compressed air supply systems at the Reggiolo plant. This activity resulted in a reduction in emissions of 12 tCO_2eq.
- **Efficient buildings**: replacement with LED devices and optimization of the lighting system at the Reggiolo and Irxleben sites; implementation of automated door closing systems at the Rockford site; adoption of a new energy-efficient burner for heat treatment at the Reggiolo site. These actions resulted in emission reductions of 16 tCO_2eq in 2024.
- **Renewable energy**: increased share of electricity consumed from renewable sources by purchasing electricity from renewable sources through certificates of origin at the Reggiolo, Jiaxing, Sohland, Rockford, Bangalore, and Matera plants. These activities resulted in emission reductions of 9,830 tCO_2eq.

These values are not fully aligned with the indicators for activities contributing to climate change mitigation expressed in the chapter on the EU Taxonomy.[84] The amounts are part of the items "Tangible and intangible assets" (CapEx) and "Purchase and other operating costs" (OpEx), both of which can be found in the Notes to the Consolidated Financial Statements of Comer Industries.

At present, the implementation of planned actions does not include the use of sustainable financial instruments such as green bonds, social bonds, or green loans. The ability to implement the action plan does not depend on external preconditions such as grants of financial support or public policy and market developments, but depends solely on the availability of internal resources, thus ensuring financial autonomy and continuity of the actions planned.
As of December 31, 2024, Comer Industries has not adopted a carbon pricing scheme.

Comer Industries does not purchase certificates in the EU ETS market or in similar markets because its companies and factories are not among those required to participate in such schemes, as they do not meet the regulatory criteria for inclusion. The Group has no GHG emissions removed or stored within its operations or along the value chain. There are also no initiatives to reduce greenhouse gas emissions financed through carbon credits, as these were not purchased in 2024.

1.10.4 WATER RESOURCES

MANAGEMENT METHODS, POLICIES, AND OBJECTIVES

Despite the limited impacts on water resources resulting from process and product characteristics, the Company has identified water management as an issue of significance, recognizing its importance in a long-term perspective and in a context that goes beyond the company's boundary.

The main policy of reference with regard to the issue of water resources is the Integrated Quality, Sustainability, and Product Responsibility Policy (for details on the Policy and its contents see the chapter *"The Integrated Policies"*), which expresses the Group's commitment to minimize the withdrawal of natural resources, with particular attention to withdrawals in water-stressed areas, and to reduce water consumption through process efficiency.[85]

84 The operating expenses incurred for the purchase of renewable energy certificates of origin are not attributable to environmentally sustainable activities identified by Delegated Regulation (EU) 2021/2178.

85 Water stress refers to the ability or inability to meet the water demand, both from humans and from ecosystems as a whole. Water stress can refer to the availability, quality or accessibility of water. The World Resources Institute's Aqueduct Water Risk Atlas was used as a tool to assess water stress areas.

To ensure compliance with the principles of the Policy throughout the entire value chain, suppliers are required to fully comply with all applicable laws and regulations and adopt the principles set forth in the Supplier Code of Conduct, which promotes the implementation of policies and procedures aimed at optimizing the use of water resources and environmental management systems, especially with regard to reducing water consumption in water stress areas.

The Policy does not directly refer to the downstream value chain, as Comer Industries products do not include characteristics specifically related to water use. Therefore, water efficiency is only a concern with respect to production while it does not apply to the product itself.

Considering the small volumes withdrawn by factories located in high water stress areas, to date the Company has not incorporated an explicit commitment within its policies to reduce water consumption in these areas, but has set a specific reduction target in its strategy.[86]
The Group has not adopted policies or practices related to the sustainability of oceans and seas, as the issue of "marine resources" was not found to be material by the double materiality analysis.

Consistent with the commitments expressed in the Policy, the Group has set two targets for reducing water consumption intensity[87] that aim to improve consumption efficiency in two areas:
- Globally, considering the boundary of the entire Group, the Company is committed to reducing overall consumption by 10%.
- Locally, in those plants located in regions with high water stress – namely the German plants in Sohland, Nuremberg, and Hasselroth, the Italian plant in Matera, the Indian plant near Bangalore, the Brazilian plant in Cachoeirinha, the American sites in Charlotte, Rockford, and Woodridge, and finally the Chinese plant located in Jiaxing – the Group has approved a plan to reduce consumption by 15%.

Unlike the target for decreasing water consumption intensity, set in 2023 with the first version of the Sustainable Development Plan, in the 2024 revision the level of ambition and scope the target applies to was defined through the comparison of the three future scenarios[88] and on the scientific evidence made available by *Aqueduct Water Risk Atlas* published by the World Resource Institute.

Both targets consider 2023 as the starting year and 2030 as the end, have no intermediate targets, and are expressed in terms of water consumption intensity, that is, water consumed relative to hours worked by the machines. The Company constantly monitors its results, setting annual internal goals to ensure alignment with the trajectories outlined by the two targets. Both goals were set on a voluntary basis, as they are not mandatory by law or regulation.

RESPONSIBLE USE OF WATER RESOURCES

The production processes with the highest water consumption are painting, especially in the preparation stages, and machining, for lubrication. In addition to production processes, water is used for civil purposes, such as showers, toilets, irrigation, and for fire-fighting systems. The metrics used to evaluate performance presented on the following pages are those defined by the reporting standards and refer to all IROs belonging to the material topic.[89]

All of the Group's production sites, regardless of size, processes, and local water availability, monitor water withdrawals on a monthly basis, both in absolute value and as withdrawal and consumption intensity.

86 The Group plans to incorporate this commitment into the relevant policies in 2025.

87 For more details on the targets pertaining to the topic, see the chapter *"The sustainability strategy"*.

88 The scope of applicability of the target is consistent with the 2023 worst-case scenario with respect to the high water stress geographies the Group operates in. This scenario was chosen as a reference because the optimistic and business-as-usual scenarios identify no new water-stressed areas where the Group has production sites in 2030 different from those already present in 2023.

89 Note that these metrics are not validated by any external body other than the appointed auditor.

The entire amount of water withdrawn in the production plants, except for the withdrawals at Lohmar and Monguelfo, is to be considered as consumed water, since almost all of it is used within the production process, mixed with degreasing or oily compounds, ultimately being disposed of as waste.[90] At the Monguelfo and Lohmar plants there was an additional use of water from wells amounting to 662,283 m^3 solely for cooling the production machines, without any consumption or contamination. In fact, at these plants the water flows through a continuous, closed circuit that consists of drawing water from the well and subsequent discharge into the same reservoir.

The Company pays special attention to monitoring water withdrawals in facilities located in high water stress areas. As of 2024, Comer Industries has 10 plants in regions with water stress levels above 40%.

90 The share of withdrawn water that is used for civil purposes is negligible compared to the water used for production. Therefore, for the purpose of calculating consumed water it is preferred to take a cautious approach and assume this share of withdrawal equal to consumption, approximating the discharge of this to zero.

PLANT	COUNTRY	WATER SOURCE	WATER STRESS	CONSUMPTION (M³)[91]
Monguelfo	Italy	Italy, East Coast	Low - Medium	3,101
Pegognaga	Italy	Po	Low	394
Rubiera	Italy	Po	Low	152
Reggiolo	Italy	Po	Low	11,072
Castelnovo di Sotto	Italy	Po	Low	825
Matera	Italy	Italy, East Coast	Extremely High	2,370
Vienna	Austria	Danube	Low	157
Munich	Germany	Danube	Low	138
Chanteloup	France	France, West Coast	Medium - High	136
Erkrath	Germany	Rhine	Low	144
Bonen	Germany	Rhine	Low	83
Lohmar	Germany	Rhine	Low	3,985
Nuremberg	Germany	Rhine	High	54
Hasselroth	Germany	Rhine	High	44
Haarlem	Netherlands	Rhine	Low	59
Hamburg	Germany	Elbe	Low	319
Sohland	Germany	Elbe	High	1,588
Irxleben	Germany	Elbe	Low	175
Leek	UK	England and Wales	Low - Medium	343
Jiaxing	China	China Coast	High	6,345
Bangalore	India	India East Coast	Extremely High	1,684
Cachoeirinha	Brazil	Uruguay - Brazil, South Atlantic Coast	High	1,098
Limeira	Brazil	La Plata	Low - Medium	74
Charlotte	US	Gulf of Mexico, North Atlantic Coast	High	1,926
Woodridge	US	Mississippi - Missouri	High	1,764
Rockford	US	Mississippi - Missouri	High	3,800
Total water consumed				**41,830**

The main method of supplying water to the Group's sites is extraction from surface aquifers (95%), while the remaining 5% of water comes from aqueducts. In 2024, almost all of the water withdrawn (99.8%) was classified as fresh water, except for a small amount of other types of water withdrawn by third parties in India (100 m³, or 0.2% of the total water withdrawn by the Group).[92]

91 Considering that no plant has industrial effluent discharges, 100% of water consumption is estimated by subtracting cooling circuit discharges from total water withdrawals. This estimate does not take into account civil discharges, as they are not material.

92 Other waters are defined as any water that has a concentration of dissolved solids greater than 1,000 mg/l.

The Company does not store representative volumes of water and does not recycle or reuse water. However, it does treat degreasing solutions and oily mixtures through purifiers installed within the production sites, allowing reuse of the substances output.

WATER WITHDRAWAL BY SOURCE (M³)	2024	
	TOTAL	WATER STRESS AREAS
Water withdrawn	704,113	20,673
of which from well/surface aquifer	665,543	1,584
of which from aqueduct/third parties	38,570	19,089
Water stored	0	0
Water discharges	662,283	0
Water consumed	41,830	20,673
Intensity of water consumption to hours worked	18.11	17.89

Water consumption is mostly concentrated at the German site in Lohmar, the Chinese site in Jiaxing, and the Reggiolo sites, which together account for more than 51% of total withdrawals.

All water discharges are conveyed to the sewer systems the production sites are connected to. Water from production processes, on the other hand, is either collected in special containers such as underground tanks and managed as waste according to current regulations, or subjected to specific treatment on site. The commitment to the efficient and sustainable use of water resources also includes the assessment of contamination risks. To ensure control and reduce these risks, the company's management system has procedures and instructions outlining appropriate management of the resource in relation to production processes.

ACTIONS TAKEN AND PLANNED

In 2024 Comer Industries continued to implement initiatives to reduce water consumption, in line with the commitment expressed in the company's policies for the responsible management of natural resources. The actions taken have focused on optimizing production processes, recovering and reusing water resources, and adopting advanced technologies to monitor and control consumption.

The actions specifically involved the plants located in Europe (Lohmar and Reggiolo). These initiatives have helped reduce the overall water consumption of the operating units, improving water efficiency and reducing impacts in the areas where the Company operates.

Specifically, projects to treat wastewater from production processes have been completed, allowing the recovery and reuse of water, with a consequent reduction in waste generated and overall consumption.[93]

The initiatives taken in 2024 were mainly carried out through capital expenditures (CapEx) with a total value of about 80,000 euros, while no significant operational expenditures were recorded. This amount is included in the item "Tangible and intangible assets" (CapEx) and the item "Purchase and other operating costs" (OpEx), both of which can be found in the Notes to the Consolidated Financial Statements of Comer Industries.

93 None of these actions affected establishments located in high water stress areas.

The 2035 Sustainable Development Plan includes a roadmap for achieving water consumption reduction targets, with resource use linked to those already detailed in the chapter *"Circular economy"*. The resources required to finance these actions will be covered through ordinary corporate cash flows, and currently do not include the use of sustainable financial instruments such as green bonds, social bonds, or green loans.

The ability to implement planned actions does not depend on specific external conditions such as the provision of financial support or the development of public or market policies. This financial autonomy ensures the continuity of necessary works and the achievement of the goals set.

1.10.5
CIRCULAR ECONOMY

MANAGEMENT METHODS, POLICIES, AND OBJECTIVES

According to the Integrated Quality, Sustainability, and Product Responsibility Policy the Group's priority is the pursuit of a circular development model, favoring the use of sustainable materials and optimizing the use of natural resources in production processes, thereby reducing the waste generated and the negative environmental impacts of its products. Like any other principle contained in the Integrated Policy, the commitment to the circular economy applies to all Comer Industries people and sites, and also extends to the supply chain through the Supplier Code of Conduct.

The guidelines of the Integrated Policy are translated into objectives, operational procedures, and actions developed along three vectors:

- Implementing technological and management solutions in the production environment aimed at reducing the use of resources per unit processed, as well as reusing them and reintegrating them into production processes.
- Integrating eco-sustainability criteria into product design to reduce material and natural resources and minimize downstream environmental impacts from use to end of life.
- Implementing procurement policies that encourage cooperation with component and service suppliers with better performance in terms of recycled material and recyclability.

The pursuit of these goals enables the Company to seize new business opportunities arising from the elaboration of joint strategies with suppliers, while reducing the quantities of raw materials used, waste generated, and exposure to litigation and fines due to possible improper waste management. The transition to circular economy models also has positive repercussions on the ground and for stakeholders through the reduction of environmental impacts along the value chain and the promotion of awareness in the efficient use of resources.

The Integrated Quality, Sustainability, and Product Responsibility Policy applies to all Comer Industries people and locations. Group suppliers must align their policies with those of Comer Industries, as expressly required in the Supplier Code of Conduct.

The policy is implemented through the implementation of procedures aimed at defining priority objectives and the processes necessary to ensure their achievement.

Qualitative and quantitative targets cover both input flows (raw materials) and output flows (products and waste) and include[94]:

- **Reduction of hazardous waste intensity**[95]: efforts on this front are focused on reducing the amount of waste generated by the Group's production processes, especially machining and painting, adopting practices to minimize the use of substances and implementing water treatment solutions, reducing the amount of hazardous waste generated by these processes relative to the machine hours of the manufacturing plants.
- **Increased recycled material in raw materials**: adopting a product life cycle perspective encourages the integration of recycled materials – mainly steel and cast iron – into final products, reducing their impact on emissions and potential biodiversity losses from metal mining. This initiative is supported by collaboration with the value chain, where suppliers are encouraged to track the origin and characteristics of the materials used, increasing their recycled content.

The scope of applicability of these targets is extended to all Group activities and sites. To ensure their achievement, each year the Group breaks down these goals for each location into specific targets, set voluntarily as they are not required by law or regulation. The achievement of targets by the individual plants contributes directly to the achievement of the Group's overall targets. The goals assigned are reviewed annually, ensuring constant alignment with strategic priorities and continuous performance improvement.

The definition of the Group's targets follows an approach based on strategic and industrial priorities, benchmark studies at the sector level, the investment plan, and observations of the specific traits of each local reality, adopting a rationale of progressive construction of the macro-targets and thus making them robust and linked to both the strategy and actual operational dynamics.[96] [97]

CIRCULARITY OF PRODUCTION PROCESSES

RAW MATERIALS AND PRODUCTION RESOURCES

Comer Industries makes significant use of raw materials, mainly steel, cast iron, aluminum alloys, plastics, and electronic components, as well as lubricating oils, auxiliary raw materials, and packaging. Steel is essential for making high-strength mechanical components, while aluminum, due to its light weight and resistance to corrosion, is used in parts that require low weight without compromising strength. Cast iron is used for the production of elements that require superior hardness and resistance to wear. The main production processes are machining, heat treatment, painting, and assembly, and are carried out using the company's own machines.

Comer Industries has a limited consumption of rare earths, which are essential for the production of some electronic products. The Group ensures responsible, tracked sourcing of these materials, selecting them based on criteria aimed at reducing the environmental footprint and minimizing the risks associated with their extraction and processing.

Packaging is mainly composed of wood, steel, and a small amount of plastic. These are selected to optimize functionality and minimize waste, favoring their reuse and recyclability.

94 For more details on the targets pertaining to the topic of the circular economy, see the chapter *"The sustainability strategy"*.

95 Considering that almost all hazardous waste is disposed of in landfills, the target is indirectly aimed at decreasing such amounts, which is the last step of the waste pyramid.

96 Note that a scenario analysis was not used to define the circularity targets. However, the targets were defined with the help of scientific evidence showing trends on waste and recycled materials over time, including Eurostat data and special waste reports issued by Ispra.

97 For the definition of the targets related to circularity the Group did not involve stakeholders.

RESOURCE INFLOWS IN TONS[98]	2024
Ferrous materials	87,753
of which steel	81,749
of which cast iron	5,832
of which aluminum	58
of which other ferrous raw materials	114
Plastics	422
Packaging	1,876
Other raw materials[99]	1,583
Total raw materials	**91,633**
Weight organic raw materials	0
% organic raw materials[100]	0
Weight recycled raw materials	50,904
% recycled raw materials[100]	55.55

In its plants, Comer Industries employs highly specialized processes – from machining to heat treatment – and optimizes them to ensure high product quality while minimizing production waste, applying rigorous recovery and recycling programs. In order to make its production process more efficient and optimize the consumption of raw materials, the Group procures new machines and innovative industrial technologies that enable it to reduce the use of the resources needed for operations.
The adoption of circular economy schemes is a significant opportunity for Comer Industries, and generates positive impacts for the Group and its value chain. Such practices enable cost containment and access to new business opportunities arising from the establishment of joint strategies with suppliers, while limiting greenhouse gas emissions and promoting a culture of responsible resource management.

98 The weight of raw materials shown in the table was calculated by multiplying the unit weight of each raw material by the quantity purchased in the relevant year. The data were then aggregated by raw material category (e.g., ferrous raw materials, plastics, packaging). To avoid double counting, any intercompany movements of raw materials between plants were excluded from the computations.

99 The category includes raw materials such as lubricating oils, inks, and other chemical compounds.

100 The denominator used to calculate the indicator is the total weight of raw materials.

PRODUCT CIRCULARITY

Comer Industries' products fall into several categories and are designed to meet the most complex technical requirements, ensuring functionality, precision, and reliability in multiple applications.

The products offered mainly fall under nine categories:

1. **Speed reducers and multipliers (Gearboxes)**. Mechanical devices designed to transmit and modulate power by changing speed and torque. Available in different configurations, they are used in agricultural, industrial, and construction machinery.
2. **Cardan shafts and torque limiting devices (PTO Shafts & Clutches)**. Components that transfer mechanical power from the tractor to agricultural implements. Cardan shafts enable the transmission of rotational motion, while torque limiting devices protect the system from overloads or torque spikes.
3. **Axles**. Load-bearing structures that connect the wheels to the vehicle chassis, transmitting power and supporting loads. Used in agricultural and industrial vehicles, they are designed to withstand high stresses.
4. **Hydrostatic Traction Drivers (ICVD)**. Transmission systems that use fluids to transfer mechanical energy. They combine pumps and hydraulic motors to adjust speed and traction continuously and precisely.
5. **Electric Motors**. Drive units that convert electrical energy into mechanical energy. Designed for efficiency and versatility, these are used in agricultural and industrial machinery, especially for electrification.
6. **Planetary Drives**. Compact transmission systems using a planetary gear configuration to distribute torque. Characterized by a high ratio of transmitted torque to size, these are used in applications requiring high efficiency.
7. **Tractor Attachment System**. Structures designed to connect implements and accessories to tractors. They facilitate rapid assembly and disassembly, providing a stable interface between machine and equipment.
8. **Drive Shaft**. Component that transfers rotational power between two or more mechanical elements, usually motor and axle. Drive shafts are designed to withstand high torsion and vibration.
9. **Fan Clutch**. Devices used to control the speed of cooling fans. They enable regulated operation according to operating conditions, improving thermal management of the system.

Most of Comer Industries' products are composed mainly of ferrous and light alloys, with the addition of materials such as technopolymers. Gearboxes, PTO Shafts & Clutches, Axles, Planetary Drives, Tractor Attachment Systems, Drive Shafts, and Fan Clutches are products with a high degree of recyclability, while Hydrostatic Traction Drives and Electric Motors have a small fraction of materials that do not currently have developed disposal streams in all global economies.

The following detail table shows the main composition of the above products[101] and their packaging[102], specifying the recyclability of the individual raw material family.

101 It is not possible to break down products based on circularity principles because as of 12/31/2024 the Group has not formalized the parameters that products must meet in order to be considered aligned with circularity design principles.

102 All (100%) packaging is considered recyclable if properly separated, as it consists of single-material components made of wood, plastic, ferrous materials, paper, and cardboard.

	FERROUS ALLOYS	LIGHT ALLOYS	MAGNETS	COPPER	TECHNOPOLYMERS	EPOXY RESINS	FRICTION MATERIALS	OIL	GREASE	WOOD	PAPER/CARDBOARD	PLASTIC
Gearboxes	X	X					X	X	X	X	X	X
Pto shaft & clutches	X		X		X		X	X	X	X	X	X
Axles	X	X					X	X	X	X	X	X
Hydrostatic traction drives	X							X		X	X	
Electric motors	X	X	X	X	X	X	X			X	X	X
Planetary drives	X						X	X		X	X	X
Tractor attachment system	X	X	X	X				X	X	X	X	X
Drive shaft	X				X				X	X	X	X
Fan clutch	X	X		X			X	X	X	X	X	X
Recyclability	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**No**	**No**	**Yes**	**No**	**Yes**	**Yes**	**Yes**

The assessment of recycled content and recyclability of products was updated in 2024. In addition to the studies already conducted on wind power turbines, double joints, and drive shafts, the analysis was also extended to the electric motor product family. Below is a summary overview illustrating the outcomes of the studies conducted:

PRODUCT		RECYCLABLE CONTENT[103]	RECYCLED CONTENT[104]
Wind Power Turbine		95%	26%
Double Joints		95%	28%
Drive Shafts		91%	52%
Electric Motors		87%	49%
Average		**92%**	**39%**

103 To estimate the recyclable content, it was conservatively assumed that all steel and cast iron components that exceed 2% of the total weight of the finished product would be considered as recyclable content because they have a long-established recycling stream. The percentage of total recycled content is the sum of these components with respect to the net weight of the finished product.

104 The recycled content within the product was calculated as the estimated weight of secondary raw materials with respect to the net weight of the finished product. In order to estimate the amount of raw material for recycling in product components, it was assumed that all steel and cast iron components whose weight exceeded 2% of the weight of the finished product contained 76% secondary raw material in them. This percentage is consistent with the average amount of recycled steel from Eurostat databases.

Given the representativeness of the categories studied and the homogeneity of the results, it is reasonable to say that the percentages of 39% and 92% can be considered an approximate average indication of the input materials recycled and the level of recyclability of Comer Industries' products, respectively.

The products offer technical solutions with differentiated durability, adapting to specific application needs. The management of spare parts – handled by a specialized network – extends the Company's focus throughout the life cycle of its products.

From the point of view of durability, the availability of spare parts is mainly ensured through:

- Distribution networks and the services of the machine manufacturer.
- Authorized dealers, especially for products such as drive shafts and tractor hitch systems.
- Internal sales channels and system integrators, as in the case of electric motors, which require more focused and specialized management.

	TYPICAL DURATION [HOURS]	SPARE PARTS
Gearboxes	1,000-5,000	Spare part distribution network; machine manufacturer service
Pto shaft & clutches	500-3,000	Dealer; machine manufacturer service
Axles	5,000-10,000	Spare part distribution network; machine manufacturer service
Hydrostatic traction drives	5,000-10,000	Spare part distribution network; machine manufacturer service
Electric motors	15,000-20,000	Spare parts sales channel: internal and via System integrator
Planetary drives	5,000-25,000	Spare part distribution network; machine manufacturer service
Tractor attachment system	5,000-10,000	Dealer; machine manufacturer service
Drive shaft	5,000-10,000	Spare part distribution network; machine manufacturer service
Fan clutch	10,000-20,000	Spare part distribution network; machine manufacturer service

RESPONSIBLE WASTE MANAGEMENT

In managing the waste generated by its processes, the Company pursues the dual objectives of ensuring full compliance with national and EU regulations and reducing the amount of hazardous waste. A monitoring system implemented at all sites makes it possible to check progress and assess areas requiring action through an analytical dashboard, identifying priorities in terms of environmental and economic impact.

Comer Industries' production generates different types of waste, which is transported and disposed of properly in compliance with the national directives applicable to each plant where the Company operates, using disposal service providers authorized according to local regulations. The main types of waste include:

- **Metal and machining waste**: from metal cutting, turning, milling and grinding processes. These are generally recoverable and often recycled through remelting processes.
- **Electronic waste (WEEE)**: used electronic components, electronic boards, and discarded equipment are part of electrical and electronic waste, which requires specific disposal or recovery because of the valuable materials and hazardous substances they contain.
- **Packaging**: materials such as cardboard, plastic, wood, and polystyrene are a significant component of company waste and can be recycled or reused whenever possible.

- **Hazardous waste**[105]: spent oils, solvents, paints, and other chemicals used for painting and lubricating machines, which must be treated as special waste because of their environmental impact.
- **Plastic waste**: waste, such as from protective components, which can be recycled or disposed of depending on its composition.
- **Generic and municipal waste**: includes waste generated by office work or service facilities within the plants.

The waste management procedure defines how to handle and dispose of all types of waste produced at the plants. The instructions in the procedure take into consideration the principles of the waste hierarchy, thus prioritizing prevention, reuse and recycling, recovery, and finally landfilling.
Comer Industries periodically verifies the validity of permits required to ensure compliance with current regulations, both centrally and at each site.

Machining and painting operations produce the most hazardous waste such as emulsions and aqueous solutions, and non-hazardous waste such as metal scrap. In 2024 the Group generated a total of 12,331 tons of waste, 15% of which was classified as hazardous.

TREATMENT	2024		
WASTE CATEGORY (T)	RECOVERY	DISPOSAL	TOTAL
Hazardous waste	1,426	466	**1,892**
Non-hazardous waste	9,762	677	**10,439**
Total	**11,188**	**1,143**	**12,331**

To normalize the amounts of waste generated and identify trends, in addition to absolute values the Company monitors intensity performance indicators that relate waste volumes to hours worked, to which they are directly related. Data regarding waste weights comes from records and invoices from disposal service providers, which specify the weight of each type of waste.

WASTE INTENSITY	2024
Hazardous waste (t)	1,892
Radioactive waste (t)	0
Non-hazardous waste (t)	10,439
Machine hours for product manufacturing[106]	2,309,037
Hazardous waste intensity index[107]	8.2
Non-hazardous waste intensity index[108]	45.2
Total waste intensity index[109]	**53.4**

105 Note that this category does not include radioactive waste, as the Group does not produce this type of waste.

106 Machine hours for product manufacturing, resulting from the actual progress of production orders in the system.

107 (hazardous waste / machine hours for product manufacturing) * 10,000.

108 (non-hazardous waste / machine hours for product manufacturing) * 10,000.

109 (hazardous waste + non-hazardous waste) / machine hours for product manufacture) * 10,000.

In compliance with current regulations, waste is separated at the various plants by type and routed to facilities that allow for the recovery of recyclable materials. This approach is also being applied to offices, with specific containers for toner, paper, and cardboard, and to common areas such as cafeterias and break rooms.
Staff participate in regular training sessions and receive detailed guidance on proper waste separation, promoting reduction and recycling practices.
An analysis of the 2024 data reveals that more than 90% of the waste generated was recovered, while the remaining 10% was sent for disposal, with less than half of the latter going to landfills. The destination of waste that is not recycled or recovered depends on several factors. In some cases, technological and regulatory limitations prevent the recycling or recovery of certain materials due to their chemical composition or contamination. Moreover, the availability of waste treatment infrastructure varies by geographic area, making recovery not always feasible.

RECOVERY

WASTE CATEGORY (T)	2024		
TREATMENT	HAZARDOUS	NON-HAZARDOUS	TOTAL
Recycling	261	6,203	**6,463**
Preparation for reuse	0	0	**0**
Other recovery operations[110]	1,166	3,560	**4,725**
Total	**1,426**	**9,762**	**11,188**

DISPOSAL

WASTE CATEGORY (T)	2024		
TREATMENT	HAZARDOUS	NON-HAZARDOUS	TOTAL
Incineration without energy recovery	36	0	**36**
Incineration with energy recovery	11	152	**162**
Landfill	34	425	**459**
Other disposal operations[111]	386	101	**486**
Total	**466**	**677**	**1,143**

ACTIONS TAKEN AND PLANNED

Throughout 2024, Comer Industries implemented a series of initiatives aimed at strengthening its commitment to the circular economy, with actions focused on the efficient management of raw material inputs, waste reduction, and improved sustainability throughout the supply chain. These actions reflect the company's guidelines for pursuing a production model that minimizes environmental impact and optimizes the use of resources.

110 Recycling/recovery of other inorganic substances, regeneration or other reuse of oils, exchange of waste to submit it to one of the operations listed in R1 to R11, storage of waste to submit it to one of the operations listed in R1 to R12 (excluding temporary storage, prior to collection, at the place where it is generated).

111 Anaerobic digestion, physical and chemical treatment resulting in compounds or mixtures disposed of according to one of the disposal methods listed in D1 to D12, land-based incineration, preliminary grouping prior to one of the disposal methods listed in items D1 to D12, preliminary storage prior to one of the operations listed in items D1 to D14.

Actions were carried out at various production sites focusing mainly on the reduction of wastewater generated by industrial activities with impacts on water withdrawal due to recirculation within the process of recovered water. A water treatment system downstream of the painting process with solvent recovery has been installed at the Reggiolo plant. Other initiatives have been implemented at the Lohmar sites and the Reggiolo machining area through the installation of devices for the recovery and reuse of substances coming out of existing emulsion treatment systems.

Furthermore, reusable packaging solutions were introduced for products made at the Woodridge and Sohland plants, seeking to reduce consumption of single-use materials such as cardboard and wood, supporting more sustainable supply management.

The initiatives implemented in 2024 took the form of capital expenditures totaling about 80,000 euros, while no operating costs were recognized, being mainly included in ordinary personnel costs, especially for the R&D and Purchasing functions.
This amount is included in the item "Tangible and intangible assets" (CapEx) and the item "Purchase and other operating costs" (OpEx), both of which can be found in the Notes to the Consolidated Financial Statements of Comer Industries.

The Group will follow up on these initiatives – especially in the area of hazardous waste treatment – in the next decade of 2025-2035 in keeping with the commitments made in the 2035 Sustainable Development Plan, dedicating the necessary financial resources.[112]
To date, the actions taken and planned do not involve the use of sustainable financial instruments such as green bonds or green loans, nor do they depend on external conditions such as public financial support or the development of market policies.

SOCIAL INFORMATION

1.10.6 OWN WORKFORCE

MANAGEMENT METHODS, POLICIES, AND OBJECTIVES

Comer Industries recognizes the critical importance of people to the achievement of strategic goals, considering them a key resource for meeting global market challenges and promoting sustainable growth.

All workers at Comer Industries are considered in the identification of impacts, risks, and opportunities within the double materiality process, and are included in the scope of the disclosure in accordance with ESRS 2 standards. Workers in the Group's workforce are classifiable as direct employees and temporary workers. As for negative impacts, these are systemic in nature due to the characteristics of the Group's industry. That is, negative impacts referring to individual incidents that occurred were not identified. As for positive material impacts, these relate to the issues of promoting diversity, working conditions, developing professional skills, creating career paths, and the security of personal data and internal information. These impacts also address Comer Industries' entire own workforce, not distinguishing by specific groups of workers.

Some identified risks correlate directly with impacts: for example, the risk of penalties and litigation related to health and safety or environmental incidents was determined on the basis of the related potential negative impact. Or, again, the positive impact on the development of internal professional skills and the creation of career paths with a well-designed performance appraisal system relates to the opportunity to more easily pursue goals and improve the Group's results as a direct result. In terms of dependencies on the company's own workforce, these aspects were considered qualitatively within the evaluation process involving the various company functions. In contrast, there is no correlation between the positive and negative impacts identified on the own workforce and the transition plans implemented to reduce negative environmental impacts.

112 Not detailed as below the materiality threshold set at 3,500,000 euros in total for the decade 2025-2035.

In order to identify the main risks affecting the Group's own workforce, a human rights violation risk assessment was conducted on the Group's operations, with a focus on the geographical areas at highest risk. The assessment found low risks even in potentially more exposed areas given the sociopolitical context. With regard to occupational health and safety risks attributable to more exposed operations such as painting and assembly operations, over the years the Group has put in place a series of safeguards aimed at mitigating these risks (process automation, equipment that is lightweight and easily handled, replacement of solvent-based paints with water-based paints). There are therefore no particular activities in Comer Industries' plants that can be considered at high risk of occupational injuries or occupational disease.

Ultimately, the risks and opportunities mapped do not concern specific types of workers, and their management methods – along with those of their impacts – are generalized and undifferentiated, that is, applying without distinction to all Comer Industries workers.

To manage impacts, risks, and opportunities associated with its workforce[113], the Group has adopted a number of policies:

- **Integrated Human Rights Policy**: defines the core principles regarding the protection of people's fundamental rights, both within the organization and throughout the supply chain.
- **Integrated Diversity and Inclusion Policy**: promotes a management model based on inclusion and equal opportunity, ensuring a respectful, constructive work environment for every person.
- **Integrated Quality, Sustainability, and Product Responsibility Policy**: sets specific goals in the area of occupational safety, defining a structured management system for continuous improvement.
- **Integrated Information Security Policy**: expresses the commitment and courses of action to protect the personal data of all corporate stakeholders through technical and managerial measures commensurate with the risk.

The Policies do not distinguish specific groups within the workforce, but rather apply equally to all workers employed or whose work is controlled by the Company.

Goals and contents are defined through a careful analysis of the impacts, risks, and opportunities, and implemented through the 2035 Sustainable Development Plan, ensuring a proactive, structured approach to social responsibility issues. Their implementation is supported by a system of regulations and procedures, including the Code of Conduct.[114]

Comer Industries takes a systematic and inclusive approach to employee engagement, ensuring clear, transparent communication through the use of tools such as the company intranet and regular meetings. In those places where there are worker representatives, the Company ensures that they are informed of and involved in issues envisaged by regulations or collective agreements through meetings held and communications issued with varying frequency depending on local needs and the relevance of the topics discussed and projects underway. The Human Resources function, under the operational responsibility of the Director of Human Resources, ensures a constant dialog and effective processes for engagement and implementation of the agreed actions.[115]
While there is no global framework agreement, Comer Industries strictly complies with the human rights regulations applicable in each country, as stated in the Integrated Human Rights Policy and the Integrated Diversity and Inclusion Policy. The Group is also committed to ensuring equal communication opportunities for all workers, regardless of gender, age, ethnicity, or disability, and to taking concrete measures against all forms of discrimination, promoting inclusiveness and respect at every stage of the employment relationship.[116]

113 For the exhaustive list of impacts, risks, and opportunities pertaining to the topic of own workforce, which allows viewing the direct consistency of IROs with the four policies outlined, see the chapter *"Double materiality analysis"*.

114 Targets pertaining to the topic of human capital were set without consulting the workforce and its representatives.

115 The Group has not put in place procedures for evaluating the effectiveness of its workforce engagement actions.

116 The Group adopts the same people engagement processes for all employees, regardless of their exposure or vulnerability to impacts.

To ensure that workers' concerns and needs can be expressed in a structured manner and addressed and handled properly and transparently, thus promoting ethical and respectful behavior, Comer Industries has put in place a whistleblowing channel managed by an independent external company, which has a binding mandate to protect the identity of all who use it.

The whistleblowing process is governed by a specific procedure to ensure proper follow-up and prompt handling of reports through continuous monitoring of corrective actions. All reports received are digitally tracked throughout the entire process, from receipt to all stages of investigation, and examined by qualified personnel to ensure maximum confidentiality and protect the whistleblower against any kind of retaliation. Whistleblowers may request information, provide additional details, or monitor the progress of their report. Data is processed in accordance with local laws and kept for the period deemed strictly necessary to fulfill the purposes of the procedure. To promote awareness of the whistleblowing channel and strengthen workers' confidence, training sessions and targeted internal communications are organized.

HUMAN CAPITAL

As of December 31, 2024, Comer Industries' total workforce is **3,171 people**, including 247 outsourced workers hired to meet seasonal production needs.[117] The Group has no workers who are on call.

The majority of the Company's workforce is concentrated in Italy and Germany (73%), where the Group's most important production plants are located (Reggiolo, Matera, Lohmar), the United States (12.6%) and China (7.6%), while the remaining share of the workforce is distributed among the production plants in India and Brazil and Aftermarket centers.

The following disclosure provides details of the company workforce as of December 31, 2024. The numbers represent the number of employed and non-employed workers understood as the headcount. The information in this chapter is free from estimates or assumptions.

EMPLOYEES BY GENDER	2024
Men	2,597
Women	327
Other	0
Not communicated	0
Total employees	**2,924**

EMPLOYEES BY COUNTRY	2024
Italy	1,047
Germany	1,135
United States of America	320
China	224
Rest of the world	198

117 The number of people is consistent with what is described in section *"Post-employment benefits"* in the Notes to the Consolidated Financial Statements of Comer Industries.

2024	MEN	WOMEN	TOTAL
Number of employees	2,597	327	2,924
Permanent employees	2,344	297	2,641
Fixed-term employees	253	30	283
Variable schedule employees	0	0	0
Full-time employees	2,588	284	2,872
Reduced-hour employees	9	43	52

The geographic distribution shows a predominance of fixed-term contracts in China resulting from the Chinese hiring process.

2024	IT	DE	US	CN	RW	TOT
Number of employees	1,047	1,135	320	224	198	**2,924**
Permanent employees	1,046	1,067	320	17	191	**2,641**
Fixed-term employees	1	68	0	207	7	**283**
Variable schedule employees	0	0	0	0	0	**0**
Full-time employees	1,028	1,105	320	224	195	**2,872**
Reduced-hour employees	19	30	0	0	3	**52**

The Group uses non-employee workers whose work is nonetheless controlled by the organization in order to handle production peaks that do not require an increase in staffing levels. This category is represented in its entirety by temporary workers. The following table summarizes the number of these workers in terms of number as of December 31, 2024.

NON-EMPLOYEES BY GENDER	2024
Men	229
Women	18
Other	0
Not communicated	0
Total non-employee workers	**247**

During 2024, 189 people were hired and 470 left. This resulted in a reduction in the company workforce of 281 employees.

2024	F	M	TOT
Hired employees	36	153	189
Hired employee rate	**1.2%**	**5.2%**	**6.5%**
Terminated employees	74	396	470
Terminated employee rate	**2.5%**	**13.5%**	**16.1%**

Turnover rates are calculated as the number of people entering or leaving relative to the number of workers in force as of December 31, 2024. Of the total number of workers who left during the year, 328 resigned voluntarily (70% of those who left), while 142 left the Company due to retirement or involuntary termination.

Based on the assumption that employees are an important added value, Comer Industries ensures fair, clear management of employees, fully respecting human rights, without discrimination, guaranteeing a labor contract and freedom of association, in a healthy, safe environment. 88% of workers are covered by collective labor agreements. The percentage is 96% if only EEA countries are considered and 61% if only non-EEA countries are considered. As far as worker representatives are concerned, these cover 82% of the company's population. There is no representation by a European Works Council (EWC), a European Company (SE) Works Council or a European Cooperative Society works council.

COVERAGE RATE	COLLECTIVE BARGAINING		SOCIAL DIALOG
	EMPLOYEES - EEA	EMPLOYEES - NON-EEA	WORKPLACE REPRESENTATION (EEA ONLY)
0-19%		India	
20-39%		USA	
40-59%			
60-79%			
80-100%	Italy, Germany	Brazil, China	Italy, Germany

All Group employees are covered by social protection – through public programs or benefits offered by the company – against loss of income due to illness, unemployment, occupational injury and acquired disability, parental leave, and retirement.
Remote working was available to Group employees again in 2024.

In accordance with the labor laws of each territory and with the aim of creating a favorable work environment for the reconciliation of personal and professional life, whenever possible the Group has accommodated all employees' requests for part-time work, temporary schedule flexibility in connection with post-maternity/paternity family management, or contingent difficult situations, as well as guaranteeing all leave as envisaged in the regulations and collective bargaining.

Comer Industries recognizes the importance of supporting parents as a key element in fostering its employees' well-being and work-life balance. In accordance with current regulations in the various countries it operates in, the Company guarantees access to parental leave as a fundamental right, listening to and accommodating the needs of workers. In 2024, 97% of employees were eligible for parental leave. Of these, 9% took advantage of it during the year.

	PERCENTAGE OF STAFF ENTITLED TO PARENTAL LEAVE	PERCENTAGE OF STAFF WHO TOOK PARENTAL LEAVE
Women	95%	13%
Men	97%	8%
Total workforce	**97%**	**9%**

PERSONNEL TRAINING AND DEVELOPMENT

Training is structured on the basis of a comprehensive analysis of training needs and pursues a twofold objective: on the one hand, to develop skills at all levels, adapting them to the role and tasks of each resource with methods appropriate to the type of training proposed; on the other hand, to reduce the risk associated with the concentration of specific skills in just a few people, ensuring the presence of adequate backups.

The training courses cover different subject areas, with their own objectives and methods tailored to the audience of learners, without neglecting lessons learned and best practices tested in the field.

The company uses external vendors, technologically advanced e-learning platforms, and in-house instructors who share the skills and knowledge gained in the course of their work with co-workers.

The effectiveness of the training is measured through learning and satisfaction tests taken at the end of the training. The tests allow any corrective actions to be implemented promptly if participants have not achieved an adequate level of understanding and expertise. They also reveal strengths and areas needing improvement, including with respect to the organization of the class and the competence of the instructor. Mandatory training requirements concerning safety are managed through a computerized system that monitors deadlines, thereby ensuring compliance.

Training plans are developed with a view to people's growth in both a "vertical" (hierarchical) and "horizontal" (functional) sense.

The Company provides a customized onboarding plan to new hires based on their areas of responsibility, whether in the office or related to production.

THE ACADEMY

The Academy is an internal training facility established by Comer Industries in 2008, reflecting the Company's well-established commitment to the development of skills and the growth of its people. The Academy's goal is to offer training that enables human capital development, professional growth, and knowledge sharing. It is a place for meeting and discussion that plays a decisive role in ensuring the competitive ability that the market recognizes in Comer Industries and offers classes whose content allows methods, approaches, and operational solutions that cut across various business processes to be immediately applicable.
The Academy, which has been extended to the entire new scope of the Group, continues to promote and implement training programs for personnel at all company sites.

Occupational health and safety is a key focus of the training programs, also supported by additional sessions beyond those required by current regulations, with the aim of boosting awareness and reinforcing a preventive approach to accidents and injuries.
Training aimed at earning specific professional qualifications and technical courses for logistics and production operators are also provided.

Attention to the topic of cybersecurity and the processing of personal data is always high at all Group sites, with the planning of specific training sessions on cybersecurity and data protection.
The provision of courses on compliance (e.g., on Code of Conduct and Policies) and sustainability issues continues through dedicated platforms.

Aiming to promote an inclusive and values-based corporate culture and encourage dialog and reflection on these issues among its employees, Comer Industries has extended the training course on intergenerational collaboration and cooperation to the Castelnovo di Sotto and Rubiera sites after their initial trial run in Reggiolo in 2023. The project will soon be launched at the Matera site as well.

In 2024 the Company maintained its high level of commitment to the development of people's skills and expertise, providing a total of 36,621 hours of training, equal to 12.5 hours per person.

DIVERSITY AND EQUAL OPPORTUNITIES

The Group views diversity as a value to be defended and valued and is committed to creating open, inclusive work environments where diversity is a source of organizational richness and a competitive advantage for the Company.
For this reason, Comer Industries has adopted an Integrated Diversity and Inclusion Policy, guaranteeing the right to working conditions that ensure dignity and protecting people against acts of psychological violence and discriminatory or injurious conduct (insults, threats, isolation or excessive intrusiveness, professional limitations).

Using dedicated procedures, the Group is committed to ensuring equal treatment and opportunity for each resource during each stage of their professional lives, with positive impacts on all workers[118]:

- Hiring, through selection processes free of all forms of direct or indirect discrimination based on age, sexual orientation, disability, nationality, political opinion, and religion.
- Performance evaluation, using a transparent, structured process without any distinction of gender or discrimination and with full respect for the rights of the individual.
- Remuneration, linked exclusively to meritocratic criteria referring to the skills expressed in the role held and the performance achieved, regardless of gender or age.

As evidence of the effectiveness of the measures taken, no cases and/or incidents of discrimination were reported in Group Companies in 2024, nor were there any formal complaints.

With its Code of Conduct, the Group promotes the creation of work environments where the following principles are respected at all levels:

- Accurate, transparent information: provide complete, transparent, understandable, and accurate information using language that respects gender differences and avoids stereotypes of any kind.
- Honesty: under no circumstances may the pursuit of the Company's interest justify dishonest conduct.
- Impartiality: in decisions affecting relations with its stakeholders (customers, banks, staff, suppliers, communities, institutions), the Company avoids any discrimination based on the age, gender, sexuality, health status, race, nationality, political opinions, or religious beliefs of its stakeholders.
- Integrity: protection of the physical and moral integrity of employees, ensuring working conditions that respect individual dignity, and safe, healthy working environments characterized by a climate of positive cooperation among employees.

118 The policies do not single out specific vulnerable groups, so positive actions toward these groups cannot be documented.

Upon hiring, each employee is required to declare that they have read Comer Industries' Code of Conduct. The Organization and Management Model provides for sanctions for employees who fail to comply with the principles of the Code of Conduct.
The Group protects the privacy of employees by adopting standards specifying the personal data required and the methods of processing and storage thereof, in accordance with the law in force in the country where the employee works.

Also in 2024, the distribution of qualifications reflected a composition typical of the Company's industry, with a prevalence of workers in production compared to office workers. There were no significant changes in the distribution by qualification or gender, except for a slight increase in the male population in the "worker" category:

2024	F	M	TOT
Executives	1	6	7
Managers	19	146	165
Professionals	226	674	900
Workers	81	1,771	1,852
Total	**327**	**2,597**	**2,924**

In 2024, the women in top management[119] counted one in seven resources, or 14% of the members of that class of workers.

2024	UP TO 30 YEARS	BETWEEN 31 AND 50	OVER 50
Executives	-	3	4
Managers	3	90	72
Professionals	126	413	361
Workers	374	878	600
Total	**503**	**1,384**	**1,036**

There are 88 employees in the Group's workforce with disabilities[120], or 3% of the total.
All Group employees are paid an adequate salary and their right to fair remuneration respected, such remuneration being proportionate to the quantity and quality of the work performed and in compliance with the provisions of any collective bargaining agreements.

The minimum wage principle is applicable to Poland, France, Germany, Belgium, the Netherlands, the United Kingdom, the United States, Brazil, China, and India. In these locations the Group complies with this threshold. In Italy, Sweden, Denmark, and Austria, since there is no minimum wage, collective bargaining agreements are respected in terms of minimum wages.

119 Top Management refers to the persons reporting directly to the Chief Executive Officer.

120 Figure consistent with the legal definitions of disability in the various countries where the data was collected. Workers with disabilities are defined as people with enduring physical, mental, intellectual, or sensory impairments whose interactions with environmental and social barriers may hinder full, effective participation in society and work on an equal basis with others.

2024 also saw the launch of the performance evaluation system intended for all white collar workers in the Group, without any exclusion or differentiation, based exclusively on the achievement of quantitative and qualitative objectives.
The process requires that, at the beginning of each year, following an initial self-assessment by the person, managers assign and discuss measurable, challenging goals with each employee and make an accurate assessment of their performance and conduct in the organization during the previous year.

The Compensation system is based on this evaluation process, consisting of annual incentive systems (MBO) and a structured annual Salary Review system unique to each Group company.
This process represents a formal meeting between manager and employee in which to provide timely feedback and create moments when employees can feel free to confide in their manager with respect to questions, problems, and especially expectations for professional growth.

In 2024 the Performance Management process involved 26% of the company's entire workforce. Of the 767 employees who received an evaluation, 22% were women and the remaining 78% were men. As a result, 51% of the female population received a performance review while 23% of male employees were involved in the process. The number of performance evaluations coincides with the number of planned evaluations according to the criteria of the evaluation system.

2024	F	M	TOT
Number of performance reviews	166	601	**767**
Number of employees	327	2,597	**2,924**
% of employees who took part in the process	50.8%	23.1%	**26.2%**
number of reviews planned	166	601	**767**
% of reviews conducted compared to planned	**100%**	**100%**	**100%**

In 2024 the Corporate Welfare plan continued through the use of the designated platform where employees were able to take advantage of an amount derived from different sources[121] for the purchase of goods and services to support personal and family necessities, with economic benefits related to the tax exemption of such expenses.

In 2024 hourly wages of female employees were 7.29% higher than those of male employees.
In 2024 the ratio of the annual total pay of the highest paid individual[122] to the annual total median pay of all employees (excluding the highest paid individual[123]) was equal to 7.55.

HUMAN RIGHTS AND FAIR LABOR PRACTICES

Respect for human rights in all areas that it operates in is a founding principle for Comer Industries that goes beyond mere compliance with the law and permeates its ethics and business practices. This is why the issue is given a high priority among the values expressed in the Code of Conduct, echoing the principles of the international standards of reference applied by the Company, such as the Universal Declaration of Human Rights and the Ten Principles of the Global Compact.

121 Amount stipulated by the relevant collective bargaining agreement, an additional amount established in the company supplementary agreement, a possible sum derived from the conversion of the balance of the performance bonus, and related conversion bonus.

122 The population of employees as of December 31, 2024 was considered for the calculation of the maximum total annual salary and the corresponding percentage increase.

123 When calculating total annual remuneration, gross annual remuneration, allowances, fringe benefits, and individual target achievement awards are considered. Values in thousands of euros.

The Group guarantees the physical and moral integrity of its collaborators, working conditions that respect individual dignity and safe and healthy working environments. Therefore, requests or threats aimed at inciting people to act against the law and the Code of Conduct or to conduct themselves in a manner detrimental to the moral and personal convictions and preferences of others shall not be tolerated. Furthermore, no form of human trafficking or forced, compulsory or child labor is allowed, acknowledging the primary importance of the protection of minors and the repression of any form of labor exploitation. A commitment that is also required from the organizations having a supply relationship with the Company, by signing the Supplier Code of Conduct together with the contractual agreements.

Comer Industries assesses the risks of sensitive processes in the Group based on the Global Compact guidelines, highlighting the main areas to focus preventive measures and training on. Using interviews, document audits, and field observations, internal processes at production sites in Italy and abroad were analyzed, especially in India and China. Furthermore, human rights due diligence involving the entire supply chain was performed, also incorporating the mandatory requirements set out in the German Supply Chain Act, one of the most advanced regulatory frameworks on the subject, and anticipating the requirements contained in the EU Corporate Sustainability Due Diligence Directive (CSDDD), which is to be implemented in the future.

The assessment explored various areas of the human rights sphere, with particular regard to the fight against forced and child labor and freedom of association and collective bargaining, weighting the risk based on criteria related to the type of process, commodity class, and the country[124] the activity takes place in.

To date no operations or suppliers with significant risks of incidents of forced labor, child labor or violation of freedom of association have been identified.
The results of this activity and commitment to the protection of human rights based on the impacts, risks, and opportunities identified are expressed in the Integrated Human Rights Policy, as set out in the chapter *"The Integrated Policies"*.

The whistleblowing channel is the tool for gathering and handling reports related to human rights. Of the two reports received and analyzed in 2024, none of them involved incidents attributable to human rights violations or issues of discrimination or harassment. There were no sanctions or fines related to human rights issues or discrimination.

OCCUPATIONAL HEALTH AND SAFETY

The reference to the area of worker health and safety based on the impacts, risks, and opportunities identified is the Integrated Quality, Sustainability, and Product Responsibility Policy, as set out in the chapter *"The Integrated Policies"*.

Occupational health and safety is managed through a proactive approach and an ISO 45001:2018 compliant Health and Safety Management System certified by accredited bodies.

The Management System involves 84% of workers[125] and is based on a logic of identifying and prioritizing risks, with the planning of systematic corrective actions. Risk assessment includes hazards related to production processes, environmental conditions and regulatory changes. Action plans are developed with the active involvement of workers through interdisciplinary working groups, adopting technical, organizational, and procedural prevention and protection measures.
The actions follow a hierarchy that favors:

1. The elimination of hazards.
2. Replacement with less risky processes.
3. Technical design and organizational measures.
4. The use of personal protective equipment (PPE).

124 For the country risk assessment, account was taken of the indices contained in the report *https://www.theglobaleconomy.com/rankings/human_rights_rule_law_index.*

125 2,459 workers out of 2,924 as of 12/31/2024.

The monitoring of the effectiveness of these measures is carried out through performance indicators and periodic audits.

An inclusive approach to continuous improvement entails involving all workers in hazard identification, promoting awareness, and active participation. New hires follow a structured training program designed to establish a culture of safety. A warning system enables workers to identify potentially dangerous or near-miss situations. Each report is submitted to analysis by a technical team in order to implement mitigation actions and provide feedback. This approach has helped to progressively reduce injuries.

In the event of an injury or near miss, analytical methods are applied to identify and remove the root causes, preventing the recurrence of similar events. The solutions adopted are extended to other areas of the company when possible, with a view to prevention and sharing of best practices.

Visitors, suppliers, and temporary workers are also included in the Safety Management System. Before entering the company premises, they receive detailed training on safety hazards and regulations. While they remain there, company representatives monitor their compliance with procedures.

In 2024 there were no deaths at work or accidents with serious consequences, i.e., incidents involving an absence of more than 180 days. A total of 57 injuries were recorded during more than 5.3 million hours worked.

INJURY RATES	2024
Number of fatalities as a result of work-related injury	0
of which employees	0
of which non-employee workers	0
Number of high-consequence work-related injuries (excluding fatalities)	0
of which employees	0
of which non-employee workers	0
Number of no high-consequence work-related injuries	57
of which employees	48
of which non-employee workers	9
Number of recordable work-related injuries	57
of which employees	48
of which non-employee workers	9
Number of hours worked	5,344,014
of which by employees	4,514,462
of which by non-employee workers	829,552
Number of days per injury[126]	1,906
of which by employees	1,750
of which by non-employee workers	156
Rate of fatalities as a result of work-related injury[127]	0
Rate of fatalities as a result of work-related accidents of employees	0
Rate of fatalities as a result of work-related accidents of non-employees	0
Rate of high-consequence work-related injuries (excluding fatalities)[128]	0
Rate of serious work-related injuries of employees	0
Rate of serious work-related injuries of non-employees	0
Rate of recordable injuries in the workplace[129]	10.7
Rate of employee work-related injuries	10.6
Rate of work-related injuries of employees	10.8

Thanks to a constant preventive approach, no cases of occupational diseases were recorded in 2024. The assembly process, identified as the area with the highest exposure, is managed by keeping risks at medium to low levels.

126 Number of days lost due to injury including the first full day and the last day of absence. Calendar days were considered for the calculation.

127 (Number of fatalities / Number of hours worked) * 1,000,000.

128 (Number of high-consequence work-related injuries / Number of hours worked) * 1,000,000.

129 (Number of recordable injuries / Number of hours worked) * 1,000,000.

ACTIONS TAKEN AND PLANNED

Comer Industries takes a systematic approach to identifying necessary and appropriate actions in response to an actual or potential negative impact on its workforce. The first step in this process is the collection of data and information useful for understanding working conditions and identifying possible problems related to the safety, health, and mental and physical well-being of personnel. When a risk is identified, an assessment is conducted to determine the severity and likelihood of the impact.

Once a clear understanding of the situation has been acquired, corrective or preventive actions are defined. If the risk is immediate, action is taken quickly by improving safety conditions through structural or management measures such as training and the introduction of new protocols. Conversely, if the risk has a longer time horizon, long-term programs aimed at improving ergonomics and preventing negative impacts are developed.

Using this process, the Group also evaluates each action in the dimension of impacts, risks, and opportunities on people and employees.[130] In 2024, in line with the efforts of previous years, Comer Industries implemented several specific initiatives in line with its strategic goals aimed at mitigating potential negative impacts and continuous improvement in personnel management, health and safety, human rights advocacy, diversity and inclusion, training, and employee satisfaction.

On the topic of health and safety, a number of projects were carried out in 2024 in various production plants of the Group[131] aimed at mitigating risks through interventions on the physical and digital components of production processes. Of note is the installation of centralized and extended software for all Group production units to gather reports of hazards or injuries and support the analysis and management of corrective actions, with a digital dashboard capable of monitoring indicators and trends at the local and aggregate levels. Initiatives of this nature have the dual goals of ensuring a healthy and safe work environment and promoting workforce engagement while reducing operational risks. The effectiveness of these projects can be verified by monitoring key injury rates, such as frequency and severity.

With regard to the mitigation of potential human rights impacts, a training project on Corporate Policies and Regulations was launched in 2024 with plans to reach the entire workforce by the end of 2025. This training program, which includes key topics such as human rights, diversity and equal opportunity, anti-corruption, cybersecurity, and environmental sustainability, is intended to become an integral part of the training package for new employees. The Company monitors the effectiveness of these measures by verifying the training hours per employee with respect to ESG topics.

The Group has not identified critical risks arising from or dependent on such impacts. Therefore, it has not implemented preventive measures in this regard.

In 2024 Comer Industries developed and promoted several actions aimed at strengthening workforce satisfaction and ensuring a healthy, safe, and inclusive work environment.
To this end, a number of company events and meetings have been organized to build and strengthen relationships among co-workers and boost cooperation.

Several collaborative projects with universities and technical colleges were launched or further consolidated to attract young talent. These activities made it possible to develop a useful training experience for young people who are approaching the working world for the first time, giving them the opportunity to acquire professional skills.

130 The Group has not taken measures to mitigate negative impacts on its workforce deriving from the transition to a greener and climate-neutral economy, as such transitions do not have dependencies on negative impacts or risks to the workforce. At the double materiality study stage the Group also assessed that its practices did not cause or contribute to significant negative impacts on its own workforce.

131 Initiatives at production sites in Reggiolo (Italy), Matera (Italy), Monguelfo (Italy), Cachoeirinha (Brazil), Lohmar (Germany), Sohland (Germany), Irxleben (Germany), Rockford (USA), Woodridge (USA).

At the same time, they provide an opportunity for internal resources to share technical know-how and innovative ideas that open up new business prospects. An example of planning in this sense was the initiative launched for students of the Sustainable Industrial Engineering master's course at the Carpi Technopole of the University of Modena and Reggio Emilia. Students were asked to try their hand at studying a system for recovering heat from heat treatment fumes and reusing it within the painting process. It was a sustainability project applied to industrial processes that, starting with the students' ideas, offered innovative insights into reducing the Company's energy and environmental impacts. As evidence of the benefits of such initiatives, numerous internship projects launched during the year.

Comer Industries has maintained actions aimed at fostering the work-life balance and professional development of its employees, including working remotely and the granting of flexible hours, temporary part-time, and special leave. Finally, the Company has organized several international mobility projects, thus offering new opportunities for professional growth while at the same time spreading established skills and operating methods among the Group's sites. The outcome of these actions is monitored through the number of people involved.

The Group provides training that begins at hiring and continues throughout workers' entire professional career. New hires benefit from an induction plan that requires them to work in the various functions to get acquainted more quickly with the company and gain an overview of the product, processes, and culture before moving into their own role.
Comer Industries has continued to deliver targeted health and safety training programs throughout the year, as in previous years. With respect to training, the Group considers the percentage of employees who have received instruction to be an indicator of success.

The 2024 projects were implemented through capital investments in the amount of about 110,000 euros. No significant operating expenses were recognized as they were mainly included in the cost of internal personnel qualified for training initiatives and support for operational management of worker health and safety.
The Company plans to support activities to achieve its own workforce goals within the framework of the 2035 Sustainable Development Plan through financial resources set aside for this purpose.[132]

The financial resources currently allocated to the worker action plan come from ordinary business flows, and no sustainable financial instruments such as green bonds, social bonds, or green loans have been used. Moreover, the ability to implement the actions in the plan does not depend on specific external conditions such as public financial support or the development of market policies. This autonomy ensures the continuity of the actions planned and the achievement of the goals set. The plan currently has no dedicated non-financial resources.

The amounts presented are included in the item "Tangible and intangible assets" (CapEx) and the item "Purchase and other operating costs" (OpEx), both of which can be found in the Notes to the Consolidated Financial Statements of Comer Industries.

1.10.7 WORKERS IN THE VALUE CHAIN

MANAGEMENT METHODS, POLICIES, AND OBJECTIVES

Comer Industries is committed to ensuring conditions that are safe, decent, and compliant with human rights throughout the value chain. Through materiality analysis, the Group has identified material impacts, risks, and opportunities along the value chain and priority areas for action:

- Impacts on the health and safety of the workforce throughout the value chain.
- Impacts on the human rights of workers in the value chain.

132 Not detailed as below the materiality threshold set at 3,500,000 euros in total for the decade 2025-2035.

- Risks of human rights violations in the value chain, in terms of child labor, forced labor, and other unfair practices, which could generate reputational repercussions for the Group and issues related to continuity of supply.
- Risks of occupational accidents and occupational diseases in the value chain, with effects in terms of health and safety violations and litigation.
- Loss or disclosure of strategic data of business partners in the value chain, with related exposure to litigation.

All workers in the value chain who could be significantly impacted by Comer Industries' activities were considered in the process of identifying IROs in the double materiality analysis and fall within the scope of the disclosure made in accordance with ESRS 2. Workers in the value chain include: workers who carry out their activities in the Group's facilities but who are not part of the Group's own workforce (who are not self-employed or temporary workers); workers at supplier companies that the Group does business with. Moreover, in accordance with the Integrated Policy on Diversity and Inclusion, in the supplier assessment questionnaires limited knowledge is acquired about certain types of workers employed by suppliers, identifying their membership in particular categories potentially vulnerable to negative impacts such as youth and migrant workers.

Comer Industries conducts systematic supply chain monitoring to ensure compliance with the United Nations Guiding Principles on Human Rights, the ILO Declaration, and OECD guidelines. The main tool by which this monitoring is carried out is a due diligence assessment of direct and indirect suppliers built on the mandatory requirements of the German Supply Chain Act, one of the most advanced national human rights laws, also incorporating instances contained in the forthcoming EU Corporate Sustainability Due Diligence Directive (CSDD). The main areas of focus include issues such as child labor, forced labor, anti-corruption, working conditions, freedom of association and collective bargaining, and the management of security personnel.

In parallel, Comer Industries conducts a supply chain risk assessment, collecting and analyzing information related to social sustainability with particular reference to child labor, forced labor, freedom of association, decent wages, oversight of security personnel, and anti-corruption, and combining it with performance information through the Vendor Rating tool. The system makes it possible to identify strengths and critical areas, and, where necessary, to develop improvement plans in concert with suppliers. Evaluations are shared quarterly with suppliers using scorecards. Comer Industries incorporates supply chain risk assessment and mitigation into its Enterprise Risk Management (ERM) model, which considers financial, social, environmental, geopolitical, and health factors.

All negative impacts on workers in the value chain are potential and systemic in nature, i.e., not related to single incidents or accidents that led to their occurrence. During the double materiality process, no positive impacts associated with workers in the value chain were identified. Some of the risks identified are directly related to impacts: the risk of reputational repercussions and procurement issues emerges from the potential impact of human rights violations along the value chain, just as the risk of penalties related to HSE incidents due to non-compliance with relevant local and national regulations relates to the potential impact on the same topic. The risks mapped in the double materiality process are generic and do not refer to specific groups of workers considered.

The main tools for mitigating the negative impacts and risks related to workers in the value chain are the Code of Conduct, the Supplier Code of Conduct (with which Comer Industries requires full, formal compliance), and the Integrated Human Rights Policy, for a detailed description of which see the chapter *"The Integrated Policies"*.

These documents reflect Comer Industries' commitment to protecting workers' rights throughout the value chain, setting clear, binding standards to ensure decent, safe working conditions that comply with local, national, and international regulations throughout the supply chain.

The Code of Conduct prohibits any form of discrimination, labor exploitation, and the use of forced or child labor, promoting respect for the dignity and health of all employees and contractual partners.

It applies to all employees, contractors, suppliers, and stakeholders, specifying that compliance with the principles is mandatory in every country and for any company activity, with no exclusions.
While it does not directly refer to specific regulations, the Code promotes universal principles consistent with international standards, such as the protection of human dignity, non-discrimination, and the prohibition of forced or child labor.

The Supplier Code of Conduct extends these principles to suppliers and their subcontractors, requiring respect for basic labor rights, including freedom of association, collective bargaining, and compliance with local, national, and international labor practice regulations. It is based on the United Nations Guiding Principles, the OECD Guidelines for Multinational Enterprises, and the ILO Core Standards, and includes periodic audit mechanisms to verify compliance. In case of violations, corrective measures are envisaged until the business relationship is terminated.

The Integrated Human Rights Policy consolidates these commitments by promoting due diligence processes to identify, prevent, and mitigate risks of human rights violations, with a focus on the most vulnerable geographic and social contexts. It is based on international standards such as the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises, as well as other relevant regulations, including the Universal Declaration of Human Rights and the 2030 Agenda for Sustainable Development.[133] The Policy includes a systematic due diligence process that includes identifying risks, analyzing critical issues, and adopting mitigation plans such as audits and corrective actions to ensure compliance with these principles throughout the entire value chain.

OCCUPATIONAL HEALTH AND SAFETY, HUMAN RIGHTS, AND FAIR LABOR PRACTICES

While the negative impacts and risks identified are mainly related to health and safety issues, originate in the supplier's business, and do not directly result from Comer Industries' strategy and business model, the Group requires the actors in the value chain to respect worker's rights and continuously and systematically monitors the supply chain to ensure compliance with the United Nations Guiding Principles on Human Rights, ILO declarations, and OECD guidelines.

In order to mitigate the negative impacts and risks pertaining to workers in the value chain, the Group has set the following goals:
- Achievement of a Supplier Code of Conduct adoption rate of more than 95% for first-tier suppliers by 2026.
- Extending the due diligence process to at least 75% of first-tier suppliers by 2026.

Both targets have a 2024 baseline with no intermediate milestones and are incorporated in the sustainability strategy.[134] Failure to comply with the criteria set forth in the due diligence and Supplier Code of Conduct will result in the implementation of corrective action plans, including the possibility of terminating the business relationship with suppliers that fail to fulfill the required obligations.

The materiality analysis and the stakeholder engagement process enable the integration of material topics related to the supply chain in the company's strategy. Comer Industries adopts structured engagement processes to involve the value chain, collaborating with its business partners through quality and purchasing personnel for customers, and sales staff for suppliers.

The person assigned operational responsibility for value chain engagement is the Purchasing Director for suppliers and Sales Director for customers.

The Group does not directly assess the views of workers in the value chain except through their representatives. Nonetheless, though the adoption of the principles of the Supplier Code of Conduct, due diligence processes, and the analysis of suppliers' performance with respect to sustainability and social responsibility, the Company is able to assess the impacts and risks related

133 The Integrated Human Rights Policy explicitly addresses human trafficking, forced or compulsory labor, and child labor.

134 The process of setting targets did not involve value chain workers. However, a number of key suppliers were asked to comment on the main current and future challenges in order to structure the revision of the 2035 Sustainable Development Plan.

to value chain workers and implement actions geared toward improving the performance and – indirectly – also the conditions of value chain workers with a focus on protecting their health and safety and preventing human rights violations. Engagement processes to protect workers in the value chain are implemented through human rights due diligence, adoption of the Supplier Code of Conduct, and engagement programs related to sustainability. Currently the Group does not have any global framework agreements or specific agreements in place with global labor associations with respect to the human rights of workers in the value chain. However, compliance with the Supplier Code of Conduct is a fundamental condition for suppliers working with us, and failure to respect its provisions triggers the contract termination clause. The Group assesses the effectiveness of value chain engagement by monitoring the progress of initiatives against the targets set in the 2035 Sustainable Development Plan.[135] Downstream value chain monitoring has not yet been fully implemented.[136]

As part of its initiatives to mitigate potential negative impacts along the value chain, Comer Industries uses secure, confidential communication channels. The Group has set up a whistleblowing channel to enable the reporting of actions or conduct in conflict with the Code of Conduct, company policies, internal procedures, or legal requirements, guaranteeing the protection of personal data and the confidentiality of the whistleblower. This tool is also available to workers in the value chain, allowing them to report violations in a secure, confidential manner.

To ensure the effectiveness of this tool, Comer Industries has defined a whistleblowing procedure applicable to all Group Companies that governs how to check the validity and substantiation of reports in order to take the necessary corrective and disciplinary actions. In its website Comer Industries publicly explains how to access the whistleblowing channel.[137] The Group constantly monitors the reports it receives, ensuring that each case is investigated promptly, and providing full protection for the whistleblower and implementing remedies if necessary.

ACTIONS TAKEN AND PLANNED

In 2024 Comer Industries launched several initiatives aimed at managing impacts, risks, and opportunities associated with the value chain and improving its sustainable management with a focus on suppliers. These actions are part of the Company's efforts to promote virtuous practices in its supply chain, benefiting the workers involved and the entire corporate ecosystem.

The initiatives undertaken focused on three main areas: reviewing the company's policies and procedures on the subject, improving supplier assessment and compliance tools, and optimizing the dedicated supplier web portal.

The actions implemented by the Group are the result of an assessment that takes into consideration the impacts and risks identified, while finding no current negative impacts on workers in the value chain thanks to the constant application of the Integrated Policies and Codes of Conduct.

All planned actions were completed by the end of the year, ensuring a structured, systematic approach to preventing and mitigating impacts and reducing risks to workers in the value chain.

Following the issuance of the Supplier Code of Conduct, Comer Industries updated its supply chain management system to ensure its full applicability and to make it binding from the earliest stages of the collaborative relationship and reduce risks related to the violation of human rights and compliance with worker health and safety regulations throughout the value chain. Moreover, with regard to assessment and compliance tools, Comer Industries revised and improved its supplier due diligence and assessment questionnaires, automating the flows of receiving and analyzing the results.

135 The due diligence process and sustainability screening are performed on an annual basis, while acceptance of the Supplier Code of Conduct takes place during the registration of the new supplier or in the event of substantial changes to the Code. No changes were made to the Supplier Code of Conduct in 2024.

136 As of December 31, 2024, the Group does not monitor its customers through screening on sustainability issues, nor does it formally require them to comply with Comer Industries' Code of Conduct.

137 The Group has not established a process to verify that workers in the value chain are aware of the whistleblowing channel.

This has made it possible to identify potential risks of non-compliance in the social, environmental, or governance areas more quickly, speeding the response to issues that may constitute reputational and business continuity risks for the Company. Process automation has also made data management more efficient, helping to reduce the risk of sensitive information being lost or disseminated, and improving transparency and traceability.[138]

Regarding human rights due diligence, the number of non-conformities reported and resolved is used as an indicator of the effectiveness of the measures taken. No non-conformities were found in 2024, therefore it was not necessary to terminate any contracts with suppliers due to violations in the area of human rights.
No significant financial resources were recorded for the implementation of the 2024 activities as they were mainly included in the cost of the personnel involved.

In accordance with the 2035 Sustainable Development Plan, Comer Industries plans to allocate additional financial resources[139] between 2025 and 2035 for the purchase of performance and risk assessment tools. Currently there are no plans to use sustainable financial instruments such as green or social bonds to finance these projects.

The ability to implement the actions planned does not depend on specific external preconditions such as access to public funding or changing market policies. This autonomy ensures the continuity and effectiveness of the initiatives undertaken, confirming the Group's commitment to promoting a sustainable, resilient value chain. Progress with respect to the 2035 Sustainable Development Plan targets pertaining to the value chain is the main indicator used by the Group to assess the effectiveness of the actions taken.

INFORMATION ON GOVERNANCE

1.10.8 BUSINESS CONDUCT

MANAGEMENT METHODS, POLICIES, AND OBJECTIVES

For the Company, the culture of integrity and compliance is a key factor for solid and lasting success. Believing that compliance is not only an obligation to be met but also an opportunity to create sustainable value, the compliance management model – fully integrated into the corporate culture and organizational models – is an expression of the company's policies on business conduct.

The guide and reference for conducting company activities for all employees, partners, and third parties having dealings with Comer Industries is the **Code of Conduct.** It is the foundation of the control model and underscores the principles underlying all Company activities: integrity, transparency, respect, legality, and confidentiality. The Code of Conduct also defines the standards of conduct to be observed by all collaborators and prohibited behavior, with particular reference to areas where there is a potential risk of committing a crime. The framework of values, principles, guidelines, and regulations contained in the Code of Conduct is reinforced by the **Integrated Policies** (see the chapter *"The Integrated Policies"* for more details).

In order to apply the company's ethical principles throughout the supply chain and implement the sustainable procurement policy, which is one of the Group's strategic objectives, Comer Industries produced a **Supplier Code of Conduct** containing the minimum set of requirements that every supplier of components or services is required to comply with for a solid, long-lasting partnership. All suppliers are required to sign the Supplier Code of Conduct, complying with its principles as an integral part of their contractual obligations.

The Code of Conduct is the result of a careful joint analysis of corporate values and strategy, the applicable regulatory framework,

138 In 2024 the Group did not take steps to remedy impacts to workers in the value chain as no current negative impacts were identified, only potential issues. The Group also did not identify any material positive impacts on workers in the value chain.

139 Not detailed as below the materiality threshold set at 3,500,000 euros in total for the decade 2025-2035.

and the analysis of business risks and interests of internal and external stakeholders conducted by the Quality, Sustainability & Lean Development function with the support of qualified external experts. It was submitted to the CRSRPC for its review and opinion and then approved by the Board of Directors, which also has the authority to make changes, additions, or updates based on recommendations made by the Company's Global Compliance and Internal Audit functions or at the initiative of each director. The dissemination of and compliance with the Code of Conduct and the Supplier Code of Conduct throughout the value chain are incentivized through the establishment of specific goals and actions to achieve them within the framework of the 2035 Sustainable Development Plan. In fact, the Company prepared a training session on the Code of Conduct, setting the goal of involving the entire workforce in the initiative by 2026. Outside the corporate boundary, Comer Industries considers adoption of the Supplier Code of Conduct a prerequisite for collaboration, so it is systematically pursuing the goal of formal acceptance of the Code by all first-tier suppliers by 2026. Since the two goals were formalized and included in the Sustainable Development Plan only in 2024 there was no meaningful data on progress available at the closing date of the fiscal year, so it will be provided for the next fiscal year.

Both documents recall the importance of training as a tool to be used in spreading awareness and the consolidation of ethical behavior inside and outside the Company.

As a further consequence of risk mitigation actions, the pursuit of opportunities, and the adoption of ethical conduct by both internal and external workers, there has also been a general improvement in the Company’s ESG performance. This is reflected in the ratings of the evaluation initiatives the Company participates in, namely Carbon Disclosure Project (CDP) and EcoVadis. Comer Industries has set a goal of progressively improving its rating in both initiatives, looking to earn "A" and "Platinum" ratings by 2030, respectively.

ETHICS AND INTEGRITY IN BUSINESS

The effectiveness and proper functioning of the compliance and social responsibility management model is assessed through an **Internal Control System** fully integrated into the company's management model. It consists of a set of tools aimed at implementing control, prevention, and mitigation of risks of actions that conflict with the Company's ethical principles, its procedures, and compliance obligations, while also aiming to spread a culture based on integrity, ethical conduct, corporate responsibility, and compliance with the law.
The rules governing corporate life and the conduct of all business actors are formalized in a set of Regulations applicable to all Group Companies and the partners it collaborates with, consistent with the laws in force in each country. The Regulations are available on the Internal Portal and the Comer Industries website.

The Organization and Management Model pursuant to Italian Legislative Decree no. 231/2001 – The Organization and Management Model (231 Model), which includes the Code of Conduct as an integral part, defines the rules and measures adopted to prevent behaviors that may represent offense pursuant to Italian Legislative Decree 231/2001 and spreading the culture of legality and awareness in all those who operate on behalf and in the interest of the Company. The governance structure envisages separate 231 Models for the Italian Companies.
The 231 Model is made up of a General Part and several Special Parts, drawn up in relation to the types of offenses whose commission is abstractly conceivable due to the activities carried out by Companies.

Anti-Corruption Regulations - With the aim of preventing conduct that is inconsistent with ethical principles and anti-corruption laws in all the countries it operates in, the Company has adopted Anti-Corruption Regulations with the objective of providing a systematic framework of organizational and regulatory measures designed to prevent misconduct by employees, business partners, and anyone acting for or on behalf of Comer Industries. These Regulations are accessible to all through the Internal Portal and the Comer Industries website, and are an important addition to the Code of Conduct as well as a preventive protocol within the framework of the 231/2001 Model.
They are the result of a risk assessment inspired by the Principles of the United Nations Global Compact, conducted on the entire company boundary and on the activities of the organization by applying the methods and procedures of Enterprise Risk Management. The purpose of the corruption risk assessment is to enable Comer Industries to identify corruption risks, determine the extent to which the Company's control frameworks manage these risks, and measure the level of residual risk.

In this regard, the business areas that have emerged as most exposed to corruption risks by virtue of the nature of the activities conducted appear to be the administration and control, human resources, and purchasing functions. Based on the results, the Regulations incorporate control measures to mitigate risks with particular reference to:

- Relations with Authorities
- Donations and sponsorships
- Political contributions
- Gifts and donations
- Relations with suppliers and partners
- Acquisitions, terminations, and joint ventures

Any situation or behavior that does not comply with the requirements of the Regulations may be reported through the company's whistleblowing channel, in compliance with the requirements of protection and confidentiality of information and applicable laws. As described in the relevant section, any reports or findings of bribery or corruption are investigated by the Internal Auditor function as part of the whistleblowing process.

Company procedures – Other elements of the control system include the procedures governing operations in compliance with the principles of transparency and truthfulness and applicable European or national regulations. Relevant guidelines, defined and approved by the Board of Directors, have been formalized in the Procedure for related party transactions, the Procedure for internal dealing,[140] and the Procedure for handling inside information.
During the reporting year, no incidents occurred and no proceedings or legal action were initiated against the Company regarding violations of free competition, monopolistic practices, antitrust.

Integrated System Procedures – These govern the company processes impacting the objectives of Quality, Environment, Safety, Sustainability, Compliance, and Cybersecurity, defining the activities by which they are developed and the related responsibilities using an interdisciplinary approach. They constitute the beating heart of the Integrated Management System. Procedures, operational tools, methods, and actions aimed at managing quality, sustainability, information security, and compliance converge in the system, placing risk management and process simplification at the foundation of the model. The goal is to further consolidate a multidisciplinary risk-based management model that is integrated into the business and able to respond effectively to rapid changes in the environment and to exploit synergies in business processes, supporting simplification and efficiency.

Whistleblowing - In compliance with European Directive 2019/1937 on whistleblowing, transposed in national legislation with specific implementing regulations, including Decree 24/2023 in Italy, Comer Industries has established a dedicated communication channel to report actions or conduct in conflict with the company's Code of Conduct, policies, procedures or legal requirements, preserving the rights to personal data protection and confidentiality of the whistleblower. Moreover, it has defined a whistleblowing procedure, approved by the BoD and applicable in all Group Companies, to govern how to ascertain the validity and substantiation of reports and then take appropriate corrective and disciplinary action. The whistleblowing channel is made available and communicated through the corporate website and can also be used by partners outside the Group. From the time they join the Company internal staff participate in periodic training sessions related to the methods and applicability of the whistleblowing procedure. Reports can also be submitted anonymously. In any case, Comer Industries protects good-faith whistleblowers from any kind of retaliation, including taking disciplinary measures against anyone who does so. The reports are taken up by the Internal Auditor function, which is trained to promptly, independently, and objectively investigate incidents concerning business conduct, including cases of corruption and bribery. The whistleblowing procedure is the sole procedure for investigating reports pertaining to business conduct, including incidents of corruption and bribery.
The same function is responsible for reporting periodically to the supervisory bodies about any incidents, especially the Board of Statutory Auditors and the Supervisory Body.

140 Transactions involving the purchase and sale of the securities of a listed company by its directors, auditors, or top managers.

Obligation and compliance management tools – To proactively govern compliance and deadlines related to mandatory and contractual requirements, applicable regulations, and organizational standards, the Company uses a digital system to monitor applicable obligations according to the local specificities of the sites where the Group operates. The goal is to analyze compliance obligations to anticipate critical issues, monitor compliance execution, and evaluate performance. In addition to reducing sanction and business continuity risks, the measures taken enable transparent evidence of compliance – and thus good corporate governance – to all stakeholders. These tools also allow for the incorporation of new and updated developments in the applicable regulatory framework. The Company also uses qualified sources and newsletters with updates on other compliance issues (privacy, 231 Model, product regulations). Furthermore, it has a digital privacy management system in accordance with the regulations applicable in the countries where the Group operates and that is constantly updated based on the actual staffing structure.

Auditing - Performance monitoring and compliance verification are enhanced by an articulated auditing system coordinated by the Quality, Sustainability & Lean Development department, with periodic activities that cover all sites and business processes in the respective areas of compliance (quality, environment, health and safety, privacy, 231 Model predicate offenses).
In order to implement the relevant Policies, the Company has identified a set of performance goals and the long-term objectives and activity programs for achieving the specific targets, as set out in the section *"The sustainability strategy"*. During FY 2024 there were no significant instances of noncompliance with laws or regulations or events that resulted in sanctions.
Specifically, no cases or episodes of violation of human rights occurred in Group Companies.

In 2024, as in previous years, there were no documented incidents related to corruption issues. Therefore there were no convictions or fines imposed for violations of laws against bribery and corruption or along the value chain that directly involved Comer Industries personnel.

SUSTAINABLE PROCUREMENT

As a key element of the company's strategy and an essential factor for operational excellence, over time Comer Industries has built a network of suppliers based on a logic of long-term collaboration. The Group can rely on a global supply chain while still ensuring a local presence to optimize lead times, flexibility, and competitiveness over time.

Relations with suppliers are characterized by practices and conduct based on mutual respect and transparency in the terms of agreements. With regard to payment terms, procurement processes are governed by the contractual conditions defined for each supply collaboration and formalized in purchase orders, 11% falling within 30 days and 62% between 30 and 120 days.[141] Therefore, the supply category is not a significant differentiator of payment terms.

In order to prevent delayed payments, especially with respect to small and medium-sized enterprises, each week Comer Industries' administration checks pending payments that are not formalized in a specific procedure, scheduling their execution according to the deadlines. The average payment days in 2024 was 96.5 days.[142]

The calculation is given by the average number of days recorded for each invoice between the date from which payment terms begin to accrue and the actual date of payment, weighted by the invoice amount.
Comer Industries was not involved in any legal proceedings for late payments during the reporting year.

141 This calculation was made based on payments of Comer Industries Spa and Comer Industries Components Srl, representing 46% of the total payments made by the Group, considering the number of payments within the indicated range compared to the total payments made in the reporting period.

142 The calculation was made based on payments of Comer Industries Spa and Comer Industries Components Srl, representing 46% of the total payments made by the Group.

In addition to building strong and lasting relationships, the risk analysis contributes to strengthening the Company's resilience in an extremely complex and changing market. Based on analyses integrated into the Enterprise Risk Management model, Comer Industries implements and periodically updates a comprehensive assessment of risks that can impact the Company's continuity of supply or reputation. A variety of factors in the internal and external environment - whether financial, social, environmental, geopolitical or health-related - are considered and a joint risk mitigation plan is implemented.

The process of selecting suppliers and establishing purchasing conditions for goods and services is a crucial phase guided by scrupulous and balanced assessments. The selection criteria not only consider economic and financial parameters, but also incorporate assessments related to the ethical and sustainable conduct of the supplier. Acceptance of the Supplier Code of Conduct is mandatory in order to initiate the relationship and enter into contractual agreements. Subsequent to the selection process, supplier qualification managed by the Supplier Development function is initiated through a timely analysis of the information collected. At the same time, audits are conducted to evaluate quality management systems, environmental, social, and health and safety aspects, along with verification of the technological capacity of suppliers.

ACTIONS TAKEN AND PLANNED

In 2024 Comer Industries implemented a series of initiatives aimed at strengthening corporate governance in line with the goals defined in the 2035 Sustainable Development Plan. These initiatives focused primarily on consolidating ESG risk management practices, integrating corporate policies, and providing specialized training on ethical and sustainability issues. The scope of the actions included both internal staff and those in the value chain, not to mention partners the Company collaborates with.

Efforts to achieve goals related to business conduct have focused mainly on increasing ESG performance through participation in assessment and membership procedures, strengthening the risk management model, improving the Policies and internal control system, and finally on training in sustainability and compliance.

Comer Industries is committed to an ongoing process of analyzing ESG performance, identifying areas for improvement, and implementing corrective actions. To this end it registers on self-assessment platforms and joins international bodies, which provide analysis tools and benchmarks. Once again in 2024 the Company used the EcoVadis rating system that assesses global environmental, social, and ethical performance, providing a comparable metric with others, and the Carbon Disclosure Project (CDP) program that measures transparency and risk management related to climate change, water resources, and deforestation. Both initiatives have a global scope of application, taking into consideration all Group sites and units. It also confirmed its participation in the UN Global Compact, making extensive use of the Academy training platform to promote the dissemination of knowledge and skills on business ethics issues.

In 2024 and early 2025 Comer Industries completed the identification and assessment of risks and opportunities related to material topics and integrated the results in the Enterprise Risk Management in order to have a single, uniform risk assessment model to support decision-making and strategic processes.

During the year the Code of Conduct was updated, adapting it to recent regulatory developments, and the Anti-Corruption Regulations were issued, summarizing preventive measures related to bribery and corruption in a single standard. Furthermore, the involvement of the entire supply chain was strengthened by promoting their adoption of the Supplier Code of Conduct.

Finally, in 2024, working with the Quality, Sustainability & Lean Development function, the Academy function launched a training plan for sustainability and compliance issues aimed at all Group staff, with a two-year development horizon and training sessions delivered through digital or in-person platforms.

The topics covered are:

- Code of Conduct
- Policies
- Anti-corruption
- Diversity & Inclusion
- Human rights
- Sustainable procurement

With particular regard to the topics of bribery and corruption, a specific course was made available on a digital platform addressed both to staff employed in the functions with the greatest exposure to risk (Human Resources, Purchasing, and Administration and Control) with 100% coverage and to some people in top positions (Executives). The course will be offered in Q1 2025 and will also include a test. To date there are no plans to deliver the course to administrative and control bodies.
There were no significant expenditures during the year aimed at attracting or consolidating strategic suppliers as part of sustainable procurement development programs.

In the future the Company plans to increase its participation in membership, rating, training, and risk management programs primarily with the support of in-house expertise and resources and the use of financial resources.[143]
To date no sustainable financial instruments such as green bonds or dedicated loans were issued to finance the above initiatives. Moreover, the ability to implement the actions planned does not depend on external preconditions such as access to public funding or specific market policy developments, thus ensuring full autonomy and continuity in the activities undertaken.

1.10.9
ESRS CONTENT INDEX

Statement of use	Comer Industries has submitted a Sustainability Statement in accordance with the ESRS Standards for the period January 1, 2024 - December 31, 2024
ESRS 1 Standard	ESRS 1 – General Requirements – July 31, 2023
Pertinent ESRS industry standards	Not applicable

DUTY OF DISCLOSURE	DESCRIPTION	RELEVANT SECTION	NOTES
General disclosures			
ESRS 2 BP-1	General basis for preparation of sustainability statements	1.10 General disclosures	
ESRS 2 BP-1, AR	General basis for preparation of the sustainability statement	1.10 General disclosures	
ESRS 2 BP-2	Disclosures in relation to specific circumstances	1.10 General disclosures	

143 Not detailed as below the materiality threshold set at 3,500,000 euros in total for the decade 2025-2035.

DUTY OF DISCLOSURE	DESCRIPTION	RELEVANT SECTION	NOTES
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	1.10.2 Corporate governance - The governance system	
ESRS 2 GOV-1, AR	The role of the administrative, management and supervisory bodies	1.10.2 Corporate governance - The governance system	
ESRS 2 GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	1.10.2. Corporate governance - The governance of sustainability	
ESRS 2 GOV-2, AR	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	1.10.2. Corporate governance - The governance of sustainability	
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	1.10.2. Corporate governance - The governance of sustainability	
ESRS 2 GOV-3, AR	Integration of sustainability-related performance in incentive schemes	1.10.2. Corporate governance - The governance of sustainability	
ESRS 2 GOV-4	Statement on due diligence	1.10.2. Corporate governance - Statement of due diligence	
ESRS 2 GOV-4, AR	Statement on due diligence	1.10.2. Corporate governance - Statement of due diligence	
ESRS 2 GOV-5	Risk management and internal controls over sustainability reporting	1.10.2. Corporate governance - Risk management	
ESRS 2 GOV-5, AR	Risk management and internal controls over sustainability reporting	1.10.2. Corporate governance - Risk management	
ESRS 2 SBM-1	Strategy, business model and value chain	1.10.1 Identity, strategy and business model - The business model 1.10.1 Identity, strategy and business model - The value chain 1.10.1 Identity, strategy and business model - The sustainability strategy	
ESRS 2 SBM-1, AR	Strategy, business model and value chain	1.10.1 Identity, strategy and business model - The business model 1.10.1 Identity, strategy and business model - The value chain 1.10.1 Identity, strategy and business model - The sustainability strategy	
ESRS 2 SBM-2	Interests and views of stakeholders	1.10.1 Identity, strategy and business model - The role of stakeholders in the company's strategy and business model	
ESRS 2 SBM-2, AR	Interests and views of stakeholders	1.10.1 Identity, strategy and business model - The role of stakeholders in the company's strategy and business model	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	1.10.1 Identity, strategy and business model - Double materiality analysis	
ESRS 2 SBM-3, AR	Material impacts, risks and opportunities and their interaction with strategy and business model	1.10.1 Identity, strategy and business model - Double materiality analysis	
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	1.10.1 Identity, strategy and business model - Double materiality analysis	
ESRS 2 IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	1.10.1 Identity, strategy and business model - Double materiality analysis 1.10.9. ESRS Content Index	

DUTY OF DISCLOSURE	DESCRIPTION	RELEVANT SECTION	NOTES
ESRS 2 IRO-2, AR	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	1.10.1 Identity, strategy and business model - Double materiality analysis 1.10.9. ESRS Content Index	
ESRS 2 Policies MDR-P	Policies adopted to manage material sustainability matters	1.10.2. Corporate governance - The Integrated Policies	
ESRS 2 Policies MDR-P, AR	Policies adopted to manage material sustainability matters	1.10.2. Corporate governance - The Integrated Policies	
ESRS 2 Actions MDR-A	Actions and resources in relation to material sustainability matters	1.10.3. Climate change - Actions taken and planned 1.10.4. Water resources - Actions taken and planned 1.10.5. Circular Economy - Actions taken and planned 1.10.6. Own workforce - Actions taken and planned 1.10.7. Workers in the value chain - Actions taken and planned 1.10.8. Business conduct - Actions taken and planned	
ESRS 2 Actions MDR-A, AR	Actions and resources in relation to material sustainability matters	1.10.3. Climate change - Actions taken and planned 1.10.4. Water resources - Actions taken and planned 1.10.5. Circular Economy - Actions taken and planned 1.10.6. Own workforce - Actions taken and planned 1.10.7. Workers in the value chain - Actions taken and planned 1.10.8. Business conduct - Actions taken and planned	
ESRS 2 Metrics MDR-M	Metrics in relation to material sustainability matters	1.10.2 Corporate governance - The governance system 1.10.2 Corporate governance - Composition of administrative, management, and control bodies 1.10.3 Climate change - Effective and efficient energy management 1.10.3 Climate change - The volume of emissions 1.10.4 Water resources - Responsible use of water resources 1.10.5 Circular Economy - Circularity of production processes 1.10.5 Circular Economy - Responsible waste management 1.10.6 Own workforce - Human capital 1.10.6 Own workforce - Personnel training and development 1.10.6 Own workforce - Diversity and equal opportunities 1.10.6 Own workforce - Human rights and fair labor practices 1.10.6 Own workforce - Occupational health and safety 1.10.7 Workers in the value chain - Occupational health and safety, human rights, and fair labor practices 1.10.8 Business conduct - Ethics and integrity in business 1.10.8 Business conduct - Sustainable sourcing	
ESRS 2 Targets MDR-T	Tracking effectiveness of policies and actions through targets	1.10.1 Identity, strategy and business model - The sustainability strategy	
ESRS 2 Targets MDR-T, AR	Tracking effectiveness of policies and actions through targets	1.10.1 Identity, strategy and business model - The sustainability strategy	

DUTY OF DISCLOSURE	DESCRIPTION	RELEVANT SECTION	NOTES
Environmental information			
Material topic: Climate change			
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	1.10.2. Corporate governance - The governance of sustainability	
E1-1	Transition plan for climate change mitigation	1.10.3. Climate change - The decarbonization plan	
E1-1, AR	Transition plan for climate change mitigation	1.10.3. Climate change - The decarbonization plan	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	1.10.3. Climate change - Emissions and climate change	
ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	1.10.3. Climate change - Emissions and climate change	
ESRS 2 Policies MDR-P	Policies adopted to manage material sustainability matters	1.10.2. Corporate governance - The Integrated Policies 1.10.3. Climate change - Management methods, policies, and objectives	
ESRS 2 Policies MDR-P, AR	Policies adopted to manage material sustainability matters	1.10.2. Corporate governance - The Integrated Policies 1.10.3. Climate change - Management methods, policies, and objectives	
E1-2	Policies related to climate change mitigation and adaptation	1.10.3. Climate change - Management methods, policies, and objectives	
E1-2, AR	Policies related to climate change mitigation and adaptation	1.10.3. Climate change - Management methods, policies, and objectives	
ESRS 2 Actions MDR-A	Actions and resources in relation to material sustainability matters	1.10.3. Climate change - Actions taken and planned	
ESRS 2 Actions MDR-A, AR	Actions and resources in relation to material sustainability matters	1.10.3. Climate change - Actions taken and planned	
E1-3	Actions and resources in relation to climate change policies	1.10.3. Climate change - Actions taken and planned	
E1-3, AR	Actions and resources in relation to climate change policies	1.10.3. Climate change - Actions taken and planned	
ESRS 2 Targets MDR-T	Tracking effectiveness of policies and actions through targets	1.10.1. Identity, strategy and business model - The sustainability strategy 1.10.3. Climate change - Management methods, policies, and objectives	
ESRS 2 Targets MDR-T, AR	Tracking effectiveness of policies and actions through targets	1.10.1. Identity, strategy and business model - The sustainability strategy 1.10.3. Climate change - Management methods, policies, and objectives	
E1-4	Targets related to climate change mitigation and adaptation	1.10.3. Climate change - Management methods, policies, and objectives	
E1-4, AR	Targets related to climate change mitigation and adaptation	1.10.3. Climate change - Management methods, policies, and objectives	
E1-5	Energy consumption and energy mix	1.10.3. Climate change - Effective and efficient energy management	
E1-5, AR	Energy consumption and energy mix	1.10.3. Climate change - Effective and efficient energy management	
E1-6	Gross GHG emissions of scope 1, 2, 3 and total GHG emissions	1.10.3. Climate change - Emissions and climate change - The volume of emissions	

DUTY OF DISCLOSURE	DESCRIPTION	RELEVANT SECTION	NOTES
E1-6, AR	Gross GHG emissions of scope 1, 2, 3 and total GHG emissions	1.10.3. Climate change - The volume of emissions	
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	1.10.3. Climate change; actions taken and planned	
E1-7, AR	GHG removals and GHG mitigation projects financed through carbon credits	1.10.3. Climate change; actions taken and planned	
E1-8	Internal carbon pricing	1.10.3. Climate change; actions taken and planned	
E1-8, AR	Internal carbon pricing	1.10.3. Climate change; actions taken and planned	
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities		The Group is taking advantage of the phase-in period
E1-9, AR	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities		The Group is taking advantage of the phase-in period
Material topic: Water resources			
ESRS 2 IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	1.10.1 Identity, strategy and business model - Double materiality analysis	
ESRS 2 IRO-1, AR	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	1.10.1 Identity, strategy and business model - Double materiality analysis	
ESRS 2 Policies MDR-P	Policies adopted to manage material sustainability matters	1.10.2. Corporate governance - The Integrated Policies 1.10.4 Water resources – Management methods, policies, and objectives	
ESRS 2 Policies MDR-P, AR	Policies adopted to manage material sustainability matters	1.10.2. Corporate governance - The Integrated Policies 1.10.4 Water resources – Management methods, policies, and objectives	
E3-1	Policies related to water and marine resources	1.10.4 Water resources – Management methods, policies, and objectives	
E3-1, AR	Policies related to water and marine resources	1.10.4 Water resources – Management methods, policies, and objectives	
ESRS 2 Actions MDR-A	Actions and resources in relation to material sustainability matters	1.10.4. Water resources - Actions taken and planned	
ESRS 2 Actions MDR-A, AR	Actions and resources in relation to material sustainability matters	1.10.4. Water resources - Actions taken and planned	
E3-2	Actions and resources related to water and marine resources	1.10.4. Water resources - Actions taken and planned	
E3-2, AR	Actions and resources related to water and marine resources	1.10.4. Water resources - Actions taken and planned	
ESRS 2 Targets MDR-T	Tracking effectiveness of policies and actions through targets	1.10.1. Identity, strategy and business model - The sustainability strategy 1.10.4 Water resources – Management methods, policies, and objectives	

DUTY OF DISCLOSURE	DESCRIPTION	RELEVANT SECTION	NOTES
ESRS 2 Targets MDR-T, AR	Tracking effectiveness of policies and actions through targets	1.10.1. Identity, strategy and business model - The sustainability strategy 1.10.4 Water resources – Management methods, policies, and objectives	
E3-3	Targets related to water and marine resources	1.10.4 Water resources – Management methods, policies, and objectives	
E3-3, AR	Targets related to water and marine resources	1.10.4 Water resources – Management methods, policies, and objectives	
E3-4	Water consumption	1.10.4 Water resources - Responsible use of water resources	
E3-4, AR	Water consumption	1.10.4 Water resources - Responsible use of water resources	
E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities		The Group is taking advantage of the phase-in period
E3-5, AR	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities		The Group is taking advantage of the phase-in period
Material topic: Circular economy			
ESRS 2 IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	1.10.1 Identity, strategy and business model - Double materiality analysis	
ESRS 2 IRO-1, AR	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	1.10.1 Identity, strategy and business model - Double materiality analysis	
ESRS 2 Policies MDR-P	Policies adopted to manage material sustainability matters	1.10.2. Corporate governance - The Integrated Policies 1.10.5 Circular Economy - Management methods, policies, and objectives	
ESRS 2 Policies MDR-P, AR	Policies adopted to manage material sustainability matters	1.10.2. Corporate governance - The Integrated Policies 1.10.5 Circular Economy - Management methods, policies, and objectives	
E5-1	Policies related to resource use and circular economy	1.10.5 Circular Economy - Management methods, policies, and objectives	
E5-1, AR	Policies related to resource use and circular economy	1.10.5 Circular Economy - Management methods, policies, and objectives	
ESRS 2 Actions MDR-A	Actions and resources in relation to material sustainability matters	1.10.5 Circular Economy - Actions taken and planned	
ESRS 2 Actions MDR-A, AR	Actions and resources in relation to material sustainability matters	1.10.5 Circular Economy - Actions taken and planned	
E5-2	Actions and resources related to resource use and circular economy	1.10.5 Circular Economy - Actions taken and planned	
E5-2, AR	Actions and resources related to resource use and circular economy	1.10.5 Circular Economy - Actions taken and planned	
ESRS 2 Targets MDR-T	Tracking effectiveness of policies and actions through targets	1.10.1 Identity, strategy and business model - The sustainability strategy 1.10.5 Circular Economy - Management methods, policies, and objectives	
ESRS 2 Targets MDR-T, AR	Tracking effectiveness of policies and actions through targets	1.10.1 Identity, strategy and business model - The sustainability strategy 1.10.5 Circular Economy - Management methods, policies, and objectives	

DUTY OF DISCLOSURE	DESCRIPTION	RELEVANT SECTION	NOTES
E5-3	Targets related to resource use and circular economy	1.10.5 Circular Economy - Management methods, policies, and objectives	
E5-3, AR	Targets related to resource use and circular economy	1.10.5 Circular Economy - Management methods, policies, and objectives	
E5-4	Resource inflows	1.10.5 Circular Economy - Circularity of production processes	
E5-4, AR	Resource inflows	1.10.5 Circular Economy - Circularity of production processes	
E5-5	Resource outflows	1.10.5 Circular Economy - Responsible waste management	
E5-5, AR	Resource outflows	1.10.5 Circular Economy - Responsible waste management	
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities		The Group is taking advantage of the phase-in period
E5-6, AR	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities		The Group is taking advantage of the phase-in period
Social information **Material topic: Workforce**			
ESRS 2 SBM-2	Interests and views of stakeholders	1.10.1 Identity, strategy and business model - The role of stakeholders in the company's strategy and business model	
ESRS 2 SBM-2, AR	Interests and views of stakeholders	1.10.1 Identity, strategy and business model - The role of stakeholders in the company's strategy and business model	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	1.10.6 Own workforce - Management methods, policies, and objectives	
ESRS 2 SBM-3, AR	Material impacts, risks and opportunities and their interaction with strategy and business model	1.10.6 Own workforce - Management methods, policies, and objectives	
ESRS 2 Policies MDR-P	Policies adopted to manage material sustainability matters	1.10.2. Corporate governance - The Integrated Policies 1.10.6. Own workforce - Management methods, policies, and objectives	
ESRS 2 Policies MDR-P, AR	Policies adopted to manage material sustainability matters	1.10.2. Corporate governance - The Integrated Policies 1.10.6. Own workforce - Management methods, policies, and objectives	
S1-1	Policies related to own workforce	1.10.2 Corporate governance - The Integrated Policies 1.10.6 Own workforce - Management methods, policies, and objectives 1.10.6 Own workforce - Diversity and equal opportunities	
S1-1, AR	Policies related to own workforce	1.10.2 Corporate governance - The Integrated Policies 1.10.6 Own workforce - Management methods, policies, and objectives 1.10.6 Own workforce - Diversity and equal opportunities	
S1-2	Processes for engaging with own workers and workers' representatives about impacts	1.10.6 Own workforce - Management methods, policies, and objectives	

DUTY OF DISCLOSURE	DESCRIPTION	RELEVANT SECTION	NOTES
S1-2, AR	Processes for engaging with own workers and workers' representatives about impacts	1.10.6 Own workforce - Management methods, policies, and objectives	
S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	1.10.6 Own workforce - Management methods, policies, and objectives	
S1-3, AR	Processes to remediate negative impacts and channels for own workforce to raise concerns	1.10.6 Own workforce - Management methods, policies, and objectives	
ESRS 2 Actions MDR-A	Actions and resources in relation to material sustainability matters	1.10.6. Own workforce - Actions taken and planned	
ESRS 2 Actions MDR-A, AR	Actions and resources in relation to material sustainability matters	1.10.6. Own workforce - Actions taken and planned	
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	1.10.6. Own workforce - Actions taken and planned	
S1-4, AR	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	1.10.6. Own workforce - Actions taken and planned	
ESRS 2 Targets MDR-T	Tracking effectiveness of policies and actions through targets	1.10.1 Identity, strategy and business model - The sustainability strategy 1.10.6 Own workforce - Management methods, policies, and objectives	
ESRS 2 Targets MDR-T, AR	Tracking effectiveness of policies and actions through targets	1.10.1 Identity, strategy and business model - The sustainability strategy 1.10.6 Own workforce - Management methods, policies, and objectives	
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	1.10.6 Own workforce - Management methods, policies, and objectives	
S1-5, AR	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	1.10.6 Own workforce - Management methods, policies, and objectives	
S1-6	Characteristics of the undertaking's employees	1.10.6 Own workforce - Human capital	
S1-6, AR	Characteristics of the undertaking's employees	1.10.6 Own workforce - Human capital	
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	1.10.6 Own workforce - Human capital	
S1-7, AR	Characteristics of non-employee workers in the undertaking's own workforce	1.10.6 Own workforce - Human capital	
S1-8	Collective bargaining coverage and social dialogue	1.10.6 Own workforce - Human capital	
S1-8, AR	Collective bargaining coverage and social dialogue	1.10.6 Own workforce - Human capital	
S1-9	Diversity indicators	1.10.6 Own workforce - Diversity and equal opportunities	

DUTY OF DISCLOSURE	DESCRIPTION	RELEVANT SECTION	NOTES
S1-9, AR	Diversity indicators	1.10.6 Own workforce - Diversity and equal opportunities	
S1-10	Adequate wages	1.10.6 Own workforce - Diversity and equal opportunities	
S1-10, AR	Adequate wages	1.10.6 Own workforce - Diversity and equal opportunities	
S1-11	Social protection	1.10.6 Own workforce - Human capital	
S1-11, AR	Social protection	1.10.6 Own workforce - Human capital	
S1-12	Persons with disabilities	1.10.6 Own workforce - Diversity and equal opportunities	
S1-12, AR	Persons with disabilities	1.10.6 Own workforce - Diversity and equal opportunities	
S1-13	Training and skill development metrics	1.10.6 Own workforce - Personnel training and development	
S1-13, AR	Training and skill development metrics	1.10.6 Own workforce - Personnel training and development	
S1-14	Health and safety metrics	1.10.6 Own workforce - Occupational health and safety	
S1-14, AR	Health and safety metrics	1.10.6 Own workforce - Occupational health and safety	
S1-15	Work-life balance metrics	1.10.6 Own workforce - Human capital	
S1-15, AR	Work-life balance metrics	1.10.6 Own workforce - Human capital	
S1-16	Remuneration metrics (pay gap and total remuneration)	1.10.6 Own workforce - Diversity and equal opportunities	
S1-16, AR	Remuneration metrics (pay gap and total remuneration)	1.10.6 Own workforce - Diversity and equal opportunities	
S1-17	Incidents, complaints and severe human rights impacts	1.10.6 Own workforce - Human rights and fair labor practices	
S1-17, AR	Incidents, complaints and severe human rights impacts	1.10.6 Own workforce - Human rights and fair labor practices	
Material topic: Workers in the value chain			
ESRS 2 SBM-2	Interests and views of stakeholders	1.10.1 Identity, strategy and business model - The role of stakeholders in the company's strategy and business model	
ESRS 2 SBM-2, AR	Interests and views of stakeholders	1.10.1 Identity, strategy and business model - The role of stakeholders in the company's strategy and business model	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	1.10.7 Workers in the value chain - Management approach policies and objectives	
ESRS 2 SBM-3, AR	Material impacts, risks and opportunities and their interaction with strategy and business model	1.10.7 Workers in the value chain - Management approach policies and objectives	
ESRS 2 Policies MDR-P	Policies adopted to manage material sustainability matters	1.10.2 Corporate governance - The Integrated Policies 1.10.7 Workers in the value chain - Management approach policies and objectives	
ESRS 2 Policies MDR-P, AR	Policies adopted to manage material sustainability matters	1.10.2 Corporate governance - The Integrated Policies 1.10.7 Workers in the value chain - Management approach policies and objectives	

DUTY OF DISCLOSURE	DESCRIPTION	RELEVANT SECTION	NOTES
S2-1	Policies related to value chain workers	1.10.7 Workers in the value chain - Management approach policies and objectives	
S2-1, AR	Policies related to value chain workers	1.10.7 Workers in the value chain - Management approach policies and objectives	
S2-2	Processes for engaging with value chain workers about impacts	1.10.7 Workers in the value chain - Occupational health and safety, human rights, and fair labor practices	
S2-2, AR	Processes for engaging with value chain workers about impacts	1.10.7 Workers in the value chain - Occupational health and safety, human rights, and fair labor practices	
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	1.10.7 Workers in the value chain - Occupational health and safety, human rights, and fair labor practices	
S2-3, AR	Processes to remediate negative impacts and channels for value chain workers to raise concerns	1.10.7 Workers in the value chain - Occupational health and safety, human rights, and fair labor practices	
ESRS 2 Actions MDR-A	Actions and resources in relation to material sustainability matters	1.10.7 Workers in the value chain - Actions taken and planned	
ESRS 2 Actions MDR-A, AR	Actions and resources in relation to material sustainability matters	1.10.7 Workers in the value chain - Actions taken and planned	
S2-4	Taking action on material impacts on value chain workers, and approaches to mitigating material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	1.10.7 Workers in the value chain - Actions taken and planned	
S2-4, AR	Taking action on material impacts on value chain workers, and approaches to mitigating material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	1.10.7 Workers in the value chain - Actions taken and planned	
ESRS 2 Targets MDR-T	Tracking effectiveness of policies and actions through targets	1.10.1 Identity, strategy and business model - The sustainability strategy 1.10.7 Workers in the value chain - Management approach policies and objectives	
ESRS 2 Targets MDR-T, AR	Tracking effectiveness of policies and actions through targets	1.10.1 Identity, strategy and business model - The sustainability strategy 1.10.7 Workers in the value chain - Management approach policies and objectives	
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	1.10.7 Workers in the value chain - Management approach policies and objectives 1.10.7 Workers in the value chain - Occupational health and safety, human rights, and fair labor practices	
S2-5, AR	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	1.10.7 Workers in the value chain - Management approach policies and objectives 1.10.7 Workers in the value chain - Occupational health and safety, human rights, and fair labor practices	
Governance information			
Material topic: Business conduct			
ESRS 2 GOV-1	The role of the administrative, supervisory and management bodies	1.10.2. Corporate governance - The governance of sustainability	
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	1.10.1 Identity, strategy and business model - Double materiality analysis	
ESRS 2 Policies MDR-P	Policies adopted to manage material sustainability matters	1.10.2 Corporate governance - The Integrated Policies 1.10.8 Business conduct - Management methods, policies, and objectives	

DUTY OF DISCLOSURE	DESCRIPTION	RELEVANT SECTION	NOTES
ESRS 2 Policies MDR-P, AR	Policies adopted to manage material sustainability matters	1.10.2 Corporate governance - The Integrated Policies 1.10.8 Business conduct - Management methods, policies, and objectives	
G1-1	Business conduct policies and corporate culture	1.10.8 Business conduct - Management methods, policies, and objectives 1.10.8 Business conduct - Ethics and integrity in business	
G1-1, AR	Business conduct policies and corporate culture	1.10.8 Business conduct - Management methods, policies, and objectives 1.10.8 Business conduct - Ethics and integrity in business	
ESRS 2 Actions MDR-A	Actions and resources in relation to material sustainability matters	1.10.8 Business conduct - Actions taken and planned	
ESRS 2 Actions MDR-A, AR	Actions and resources in relation to material sustainability matters	1.10.8 Business conduct - Actions taken and planned	
ESRS 2 Targets MDR-T	Tracking effectiveness of policies and actions through targets	1.10.1 Identity, strategy and business model - The sustainability strategy 1.10.8 Business conduct - Management methods, policies, and objectives	
ESRS 2 Targets MDR-T, AR	Tracking effectiveness of policies and actions through targets	1.10.1 Identity, strategy and business model - The sustainability strategy 1.10.8 Business conduct - Management methods, policies, and objectives	
G1-2	Management of relationships with suppliers	1.10.8 Business conduct - Sustainable sourcing	
G1-2, AR	Management of relationships with suppliers	1.10.8 Business conduct - Sustainable sourcing	
G1-3	Prevention and detection of corruption and bribery	1.10.8 Business conduct - Ethics and integrity in business	
G1-3, AR	Prevention and detection of corruption and bribery	1.10.8 Business conduct - Ethics and integrity in business	
G1-4	Incidents of corruption or bribery	1.10.8 Business conduct - Ethics and integrity in business	
G1-5	Political influence and lobbying activities		Not applicable
G1-5, AR	Political influence and lobbying activities		Not applicable
G1-6	Payment practices	1.10.8 Business conduct - Sustainable sourcing	
G1-6, AR	Payment practices	1.10.8 Business conduct - Sustainable sourcing	

1.11

SIGNIFICANT EVENTS AFTER THE CLOSE OF THE YEAR AND BUSINESS OUTLOOK

In early March 2025, Comer Industries identified a cyber security incident that temporarily caused slowdowns and, in certain cases, temporary interruptions in internal IT services. Thanks to its speedy response and the immediate activation of the security measures recommended by an expert Incident Response Team, Comer Industries was able to mitigate the impact and rapidly restore the majority of company operations.
Comer Industries specifies that this attack and the ensuing temporary system interruption did not generate a significant impact on economic results and underscores the importance it places on the security of its partners and customers.

No other significant events occurred after the close of the year.

Overall, Management expects sales in 2025 to be broadly in line with the forecasts of the major OEM operators mentioned earlier, with increases resulting from new projects coming on stream during the year. Margins are expected to be slightly lower than in 2024. Lastly, net of extraordinary transactions, the Group is expected to continue on its path of improving its net financial position thanks to the continuous generation of cash.

1.12

OPERATIONAL RISK MANAGEMENT

The Group is exposed to different types of business risks, as described in the Notes to this Consolidated Financial Report in section *"Financial risk management"* regarding financial risks and as described in the Sustainability Statement included in this document regarding climate change risks.
The Group is also exposed to information technology risk as described below.

CYBER & INFORMATION TECHNOLOGY RISK

The Group considers the operational continuity of its IT systems to be of great importance and has implemented risk mitigation measures in this regard aimed at ensuring network connectivity, data availability, and data security, while at the same time guaranteeing the processing of personal data in compliance with the European GDPR regulation and the national regulations applicable in individual EU member states.

To this end, it has implemented and continues to optimize an Information Security Management System (ISMS).

Cybersecurity is a strategic priority for Comer Industries, which operates in an increasingly digitized and competitive environment. Based on the business risk reduction targets shared, work was done to extend the Cisco Network Access Control (NAC) solution to additional plants according to a roadmap that expects to cover 100% of sites by Q2 2025.
The Group also periodically provides training to personnel on the risks linked to the use of the Internet, social media and email and a process for assessing threats and the degree of resilience of existing systems against cyber attacks, also by performing vulnerability testing.

1.13

PROPOSAL FOR THE ALLOCATION OF PROFIT

The Board of Directors proposes the Shareholder's Meeting to approve the distribution of a dividend of 0.80 euros for each share held at the date of approval. The dividend shall be payable on May 21, 2025 (the so-called payment date) with distribution date May 19, 2025 (the so-called ex-date). In this case, all those registered as Comer Industries S.p.A. shareholders at the end of the accounting day of May 20, 2025 (the so-called record date) will be entitled to the dividend.
The remaining portion of the profit for the year of the parent company Comer Industries S.p.A., net of the portion allocated to the Reserve for unrealized foreign exchange gains of 1,137,626.38 euros and amounting to 41,743,873.67 euros, will be allocated to the Extraordinary Reserve.

Reggiolo, March 19, 2025

For the Board of Directors
Matteo Storchi
President & CEO

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CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES

CONSOLIDATED BALANCE SHEET

ASSETS ACTIVITY (THOUSAND EUROS)	NOTES	12/31/2024	12/31/2023
Non-current assets			
Tangible fixed assets	2.6.1	247,044	234,275
Intangible fixed assets	2.6.2	369,210	385,369
Equity investments in other companies	2.6.3	1,915	1,760
Tax assets and deferred tax assets	2.6.4	38,126	42,881
Other long-term receivables	2.6.5	915	1,119
Total		**657,210**	**665,404**
Current assets			
Inventories	2.6.6	177,217	226,596
Trade receivables	2.6.7	161,209	205,797
Other short-term receivables	2.6.7	8,401	8,953
Current tax assets	2.6.8	17,053	19,927
Other financial assets	2.6.9	12,729	-
Cash and cash equivalents	2.6.9	89,508	68,333
Total		**466,117**	**529,606**
TOTAL ASSETS		**1,123,327**	**1,195,010**

NET EQUITY AND LIABILITIES (THOUSAND EUROS)	NOTES	12/31/2024	12/31/2023
Share capital and reserves			
Issued capital		18,487	18,487
Share premium reserve		187,881	187,881
Own shares in portfolio		(738)	(147)
Other reserves		69,980	58,162
Accumulated profit (loss)		268,558	243,211
- Retained earnings		201,337	149,176
- Net profit		67,221	94,035
Total	**2.6.10**	**544,168**	**507,594**
Portion pertaining to minority interests		-	-
Total equity	**2.6.10**	**544,168**	**507,594**
Non-current liabilities			
Long-term loans	2.6.9	74,812	64,557
Other long-term financial payables	2.6.9	32,847	51,993
Deferred tax liabilities	2.6.11	52,642	54,338
Post-employment benefits	2.6.12	115,536	122,628
Other long-term payables	2.6.14	6,239	22,378
Long-term provisions	2.6.13	20,157	16,975
Total		**302,233**	**332,869**
Current liabilities			
Trade payables	2.6.14	152,589	198,842
Other short-term payables	2.6.14	29,851	32,168
Tax liabilities	2.6.15	2,949	29,966
Short-term loans	2.6.9	45,813	34,028
Post-employment benefits short-term	2.6.12	8,027	7,859
Other short-term financial payables	2.6.9	7,168	12,586
Short-term provisions	2.6.13	30,529	39,098
Total		**276,926**	**354,547**
TOTAL LIABILITIES		**1,123,327**	**1,195,010**

CONSOLIDATED INCOME STATEMENT

(THOUSAND EUROS)	NOTES	12/31/2024	12/31/2023
Sales revenues	2.6.17	942,372	1,223,938
Other operating revenues	2.6.18	12,982	5,922
Change in inventories of finished and semi-finished goods		(49,380)	(18,309)
Purchase costs		(474,132)	(648,127)
Personnel costs	2.6.19	(195,946)	(240,646)
Other operating costs	2.6.21	(77,342)	(115,174)
Write-downs of receivables and high risk provisions	2.6.21	(1,038)	(2,623)
Amortization	2.6.1 -2.6.2	(58,196)	(60,553)
OPERATING RESULT	**2.6.22**	**99,320**	**144,428**
Net financial income / (charges)	2.6.23	(6,568)	(15,264)
Profit before Tax		**92,752**	**129,164**
Income taxes	2.6.24	(25,531)	(35,129)
NET PROFIT		**67,221**	**94,035**
of which pertaining to minority interests		-	-
of which pertaining to the Group		67,221	94,035
Basic earnings per share (in euros)	2.6.25	2.34	3.28

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(THOUSAND EUROS)	NOTES	12/31/2024	12/31/2023
Net profit		67,221	94,035
Other components of the comprehensive income/(loss) statement that will be reclassified to the profit/(loss) in subsequent periods (net of taxes):			
Gain / (loss) from the change in fair value of hedging derivatives		-	509
of which fiscal effect		-	(123)
Translation differences on foreign financial statements		3,492	(5,344)
Total other components of the comprehensive income/(loss) statement that may be reclassified to the profit / (loss) in subsequent periods, net of taxes		**3,492**	**(4,958)**
Other components of the comprehensive income/(loss) statement that will not be reclassified to the profit/(loss) in subsequent periods (net of taxes):			
Gain/(loss) on revaluation of defined benefit plans	2.6.12	5,155	(5,650)
of which fiscal effect	2.6.12	(1,683)	1,938
Total other components of the comprehensive income/(loss) statement that will not be reclassified to the profit / (loss) in subsequent periods, net of taxes		**3,472**	**(3,712)**
Total comprehensive profit after tax		**74,185**	**85,365**

CONSOLIDATED STATEMENT OF CASH FLOWS

(THOUSAND EUROS)	NOTES	12/31/2024	12/31/2023
Profit (Loss) for the year		**67,221**	**94,035**
Adjustments for:			
Depreciation and amortization	5.1 - 5.2	58,196	60,553
Other non-monetary changes		(1,813)	15,264
Change in provisions	5.9	(5,388)	13,887
(Gains)/Losses from the sale of assets		(8,893)	-
Changes in provisions for personnel	5.10	(3,452)	16
Taxes for the year		25,531	35,129
Net financial charges		6,568	15,264
(Increase)/Decrease in trade receivables	5.5	45,974	4,926
(Increase)/Decrease in inventories	5.4	42,663	25,051
Increase/(Decrease) in trade payables	5.5	(46,252)	(3,676)
Increase/(Decrease) in other receivables and payables		(8,659)	(10,962)
LTIP bonus payment		(13,549)	-
Cash generated from operating activities		**158,147**	**249,487**
Interest paid		(4,661)	(3,988)
Income taxes paid		(43,108)	(41,674)
Net cash generated/(absorbed) by operations		**110,378**	**203,825**
Sale of building in Charlotte (USA)		11,561	-
Purchase Rockford (USA) building	5.1	(21,557)	-
(Increases) / Decreases in intangible assets	5.2	(4,396)	(3,371)
(Increases) / Decreases in property, plant and equipment	5.1	(35,515)	(37,356)
Sale / (Purchase) of other financial assets		-	(237)
Net cash generated/(absorbed) by investing		**(49,907)**	**(40,964)**
Free cash flow		**60,471**	**162,861**
Net increases from business acquisition net of cash acquired		-	(49,829)
Business combinations		**-**	**(49,829)**
Change in net equity	5.8	(1,792)	(5,490)
Dividends paid	5.8	(35,820)	(21,509)
Borrowing/financing	5.7	100,000	-
Loan/finance repayments	5.7	(85,096)	(147,495)
Change in other financial assets	5.7	(12,328)	-
Change in other financial payables and lease liability payments	5.7	(4,260)	(21,533)
Net cash generated/(absorbed) by financing		**(39,296)**	**(196,027)**
Net increase/(decrease) in cash and cash equivalents		**21,175**	**(82,995)**
Cash and cash equivalents as of January 1		**68,333**	**151,328**
Cash and cash equivalents as of December 31		**89,508**	**68,333**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(THOUSAND EUROS)	SHARE CAPITAL	SHARE PREMIUM RESERVE	RESERVE OWN SHARES IN PORTFOLIO	LEGAL RESERVE	EXTRAORD. RESERVE	TRANSLATION RESERVE	IAS 19 RESERVE	F.T.A. RESERVE	C.F.H. RESERVE	CONSOLIDATION RESERVE	RETAINED EARNINGS	PROFIT/LOSS FOR THE YEAR	TOTAL NET EQUITY
Net equity at January 1, 2023	**18,487**	**187,881**	**-**	**3,416**	**27,406**	**212**	**26,227**	**(5,923)**	**(387)**	**3,543**	**92,306**	**90,716**	**443,884**
Net profit/loss for the year												94,035	94,035
Income from other components of comprehensive income			-	-	-	(5,344)	(3,712)	-	387	-	-	94,035	85,365
Distribution of dividends											(21,509)		(21,509)
Allocation of the previous year's result				281	12,056						78,379	(90,716)	-
Purchase of own shares			(147)										(147)
Net equity at December 31, 2023	**18,487**	**187,881**	**(147)**	**3,697**	**39,462**	**(5,132)**	**22,515**	**(5,923)**	**-**	**3,543**	**149,176**	**94,035**	**507,594**
Net profit/loss for the year												67,221	67,221
Income from other components of comprehensive income	-	-	-	-	-	3,492	3,472	-	-	-	-	-	6,964
Distribution of dividends											(35,820)		(35,820)
Allocation of the previous year's result				-	4,854	-	-	-	-	-	89,181	(94,035)	-
Other changes											(1,200)		(1,200)
Purchase of own shares			(591)										(591)
Net equity at December 31, 2024	**18,487**	**187,881**	**(738)**	**3,697**	**44,316**	**(1,640)**	**25,987**	**(5,923)**	**-**	**3,543**	**201,337**	**67,221**	**544,168**

2.1

GENERAL DISCLOSURES

Comer Industries S.p.A., Parent Company of the Comer Industries Group, is an Italian company with headquarters and administrative offices in Via Magellano 27 in Reggiolo (RE), tax code and registration in the Company Register no. 07210440157 with resolved Share Capital of 18,487,338.60 euros fully subscribed and paid up as of December 31, 2024, divided into 28,678,090 ordinary shares. As of December 31, 2024, the Parent Company held 26,943 own shares equal to 0.09% of the share capital, purchased at a weighted average cost of 27.39 euros.

Comer Industries is the leading global player in the design and manufacture of advanced engineering systems and mechatronics solutions for power transmissions. The company operates in the fields of agricultural machinery, construction, wind power, and electric vehicle motors and transmissions.
The Group consists of 23 companies, including 11 production companies located in Italy, Germany, the United States, China, India and Brazil, 7 trading companies operating in Germany, France, the UK, China, Brazil and the United States, and 5 holding companies.

The consolidated financial statements as of December 31, 2024, drafted on a going concern basis, with respect to which there are no aspects of uncertainty, were approved by the Board of Directors on March 19, 2025.

2.2

SCOPE OF CONSOLIDATION

No changes to the scope of consolidation occurred in fiscal year 2024. However, note that in August 2024 Off-Highway Powertrain Services Germany GmbH was merged into Walterscheid GmbH, with no impact on the consolidated financial statements.

Note also that while part of the scope of consolidation, Walterscheid Russia LLC has been inactive since April 2022 and is expected to be liquidated in H1 2025.

As of the date of these consolidated financial statements, the main shareholder of the Parent Company is Eagles OAK S.r.l. with a 51.05% stake in the share capital and 65.04% of the voting rights.

With regards to the summary of economic-asset/liability relations with related parties of the Group, reference should be made to the details in the Director's Report.

The scope of consolidation as at December 31, 2024 includes the Parent company and the following subsidiaries:

ENTITY NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL APPROVED	% CONTROL	PARENT COMPANY
Comer Industries S.p.A.	Reggiolo (RE) - Italy	KEUR	18,487	Holding company	Eagles Oak S.r.l.
Comer Industries Inc.	Charlotte, NC, U.S.A.	KUSD	13,281	100.0	Comer Industries S.p.A.
Comer Industries U.K. Ltd.	Leicester - United Kingdom	KGBP	265	100.0	Comer Industries S.p.A.
Comer Industries Components S.r.l.	Reggiolo (RE) - Italy	KEUR	7,125	100.0	Comer Industries S.p.A.
e-comer S.r.l.	Reggiolo (RE) - Italy	KEUR	1,000	100.0	Comer Industries S.p.A.
Comer Industries (Shaoxing) Co. Ltd	Shaoxing – P.R.C.	KEUR	6,720	100.0	Comer Industries S.p.A.
Comer Industries do Brasil EIRELI	Limeira (SP) - Brazil	KBRL	6,112	100.0	Comer Industries S.p.A.
Comer Industries India Pvt Ltd	Bangalore – India	KINR	145,090	95.0 5.0	Comer Industries S.p.A. Comer Industries Components S.r.l.
Comer Industries (Jiaxing) Co. Ltd	Jiaxing – P.R.C.	KEUR	21,000	36.7 63.3	Comer Industries (Shaoxing) Co. Ltd. Comer Industries S.p.A.
WPG German Holdco GmbH	Lohmar, Germany	KEUR	10,495	100.0	Comer Industries S.p.A.
WPG UK Holdco Ltd.	Leek, United Kingdom	KGBP	3,093	100.0	Comer Industries S.p.A.
WPG US Holdco LLC.	Rockford, IL, USA	KUSD	58,546	100.0	Comer Industries S.p.A.
Walterscheid GmbH	Lohmar, Germany	KEUR	17,895	100.0	WPG German Holdco GmbH
Walterscheid Getriebe GmbH	Sohland, Germany	KEUR	26	89.8 10.2	Walterscheid GmbH WPG German Holdco GmbH
Walterscheid Brasil Industria de Equipamentos Agricolas Ltda.	Cachoeirinha, Brazil	KBRL	8,410 43,890	16.2 83.8	Comer Industries S.p.A. Powertrain Services UK Limited
Walterscheid Powertrain (China) Co. Ltd.	Jiangsu, China	KCNY	2,000	100.0	WPG UK Holdco Ltd.
Powertrain Services France SAS	Chanteloup-les-Vignes, France	KEUR	2,139	100.0	Off-Highway Powertrain Services Germany GmbH
Walterscheid Russia LLC	Moscow, Russian Federation	KRUB	10	50.0 50.0	WPG UK Holdco Ltd. Powertrain Services UK Limited
Powertrain Services UK Limited	Leek, United Kingdom	KGBP	14,231	100.0	WPG UK Holdco Ltd.
Powertrain Services (UK Newco) Ltd.	Leek, United Kingdom	KGBP	-	100.0	Powertrain Services UK Limited
Walterscheid Inc. Woodridge	Woodridge, IL, USA	KUSD	2,000	100.0	WPG US Holdco LLC.
Powertrain Rockford Inc.	Rockford, IL, USA	KUSD	1	100.0	WPG US Holdco LLC.
Walterscheid Cardan GmbH	Hohe Börde OT Irxleben, Germany	KEUR	625	100.0	Walterscheid GmbH

2.3

ACCOUNTING STANDARDS ADOPTED

2.3.1 DECLARATION OF COMPLIANCE WITH IFRS

The consolidated financial statements of Comer Industries have been drawn up in compliance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board ("IASB") and approved by the European Union and in force at the balance sheet date, as well as the Consob (Commissione Nazionale per le Società e la Borsa) orders issued in implementation of Article 9 of Italian Legislative Decree no. 38/2005 (resolutions 15519 and 15520) of July 27, 2006 and the DEM/6064293 communication of July 28, 2006, pursuant to art. 78 of the Issuers' Regulations, the EC document of November 2003 and, where applicable, the Italian Civil Code. "IFRS" also refers to the International Accounting Standards ("IAS") still in force, as well as all the interpretive documents issued by the IFRS Interpretations Committee, previously called the International Financial Reporting Interpretations Committee ("IFRIC") and before that, the Standing Interpretations Committee ("SIC").

2.3.2 CONTENTS AND FORM OF THE CONSOLIDATED FINANCIAL STATEMENTS

The unit of currency used is the euro, and all values are expressed in thousands of euro unless otherwise indicated.
The presentation layout for the consolidated balance sheet makes a distinction between current and non-current assets and liabilities, in which:

- non-current assets include balances of assets realizable after more than one year and include intangible, tangible and financial assets and deferred tax assets;
- current assets include the balances of assets realizable within 1 year;
- non-current liabilities include payables falling due after more than 1 year, including financial debts, provisions for liabilities and charges and liabilities for employee benefits and deferred tax liabilities;
- current liabilities include payables falling due within 1 year, including the short-term portion of medium-long-term loans and of provisions for liabilities and charges and liabilities for employee benefits.

The consolidated income statement is presented according to a classification of costs by nature with representation of operating income that does not include the effects of foreign exchange differences, as per the accounting policy historically adopted by the Group.
The cash flow statement has been drawn up on the basis of the indirect method and is presented in compliance with IAS 7, classifying cash flows between operating, investment and financing activities.

It should be noted that, with reference to Consob resolution no. 15519 of July 27, 2006 and the DEM6064293 communication of July 28, 2006, details of significant dealings with related parties are disclosed on the financial statements in order to provide more complete information.

2.3.3 RELEVANT ACCOUNTING STANDARDS

The Comer Industries S.p.A. Group adopted International Accounting Standards and International Financial Reporting Standards as of 2007, with the transition date to IFRS effective January 1, 2006.
Continuing these principles, the consolidated financial statements as of December 31, 2024, were therefore drawn up according to the IAS / IFRS adopted by the European Union.
The consolidated financial statements are presented in thousands of euros. The financial statements are prepared on a cost basis, except for financial instruments that are measured at fair value.

The preparation of the financial statements in accordance with IFRS (International Financial Reporting Standards) requires judgments, estimates and assumptions that have an effect on the assets, liabilities, income and expenses. The actual results may differ from the results obtained using these estimates.

The accounting policies have been applied consistently in all Group companies and for all periods presented.

2.3.4 PRINCIPLES OF CONSOLIDATION

I. Subsidiaries

Companies are defined subsidiaries when the parent company has the authority, directly or indirectly, to conduct business so as to obtain benefits from such activities. In defining control, consideration is also given to potential voting rights that can currently be freely exercised or converted. These potential voting rights are not taken into account for the purposes of the consolidation process upon allocation to minority shareholders of the results of operations and the share of capital and reserves they are entitled to.

The financial statements of subsidiaries are consolidated from the date on which the Group gains control and de-consolidated from the date that this controlling interest ceases.

The global integration method is adopted for the consolidation of subsidiaries, involving undertaking the total amount of assets and liabilities and all costs and revenues, irrespective of the extent of the Group's interest. The book value of consolidated equity investments is therefore offset against any relative capital and reserves. The shares of capital and reserves and profits pertaining to minority shareholders are shown separately under a specific capital and reserve item and on a separate line of the consolidated income statement. Intercompany dividends distributed by foreign subsidiaries are eliminated in the consolidation process using the proportionate approach provided for by IAS 21, since, even in the case of distribution of profit reserves generated in previous years, the investor's percentage equity ownership is not considered to be affected.

II. Related companies

Related companies are those companies over which the Group has considerable influence but in which it does not exercise any control over the management. The consolidated financial statements include the accrued share of the profits and losses of related companies, measured using the equity method from the date on which any such significant influence on operation started until its termination. Similar to that described above for the subsidiaries, the acquisition of related companies is also recorded under the purchase method; in this case, any acquisition cost in excess of the Group's share of the fair value of net assets acquired is included in the value of the equity investment.

III. Transactions eliminated as part of the consolidation process

Intercompany balances and profits and losses resulting from intercompany transactions are eliminated in the Consolidated Financial Statements. Profits arising from intercompany transactions with associated companies are eliminated as part of the valuation of the equity investment using the equity method. Intercompany losses are eliminated only if there is evidence that these were realized in detriment to third parties.

2.3.5
SEGMENT INFORMATION

Segment information is provided for the two business segments with reference to income data only, as the related balance sheet data are not monitored by the Group's Management. The information includes both costs directly attributable and costs allocated according to reasonable assumptions. General and administrative costs, ICT and HR services, fees for directors, statutory auditors and Group management departments, as well as costs relating to the global sourcing area (organized according to purchasing group of product category) have been allocated to sectors on the basis of revenues.

The Group operates in the following sectors:

- **Agricultural sector**. This mainly consists of speed increasers, speed reducers, bevel gearboxes, PTO driveshafts, wheel drives and axles for agricultural use, especially manufacturers of combine harvesters and tractors, haymaking, harvesting, irrigation and mixing, and land preparation and working machines.
- **Industrial Sector**, which includes products such as i) modular planetary gearboxes, gearboxes for traveling and lifting, slewing, and rigid and steerable axles for manufacturers of construction and forestry machinery, from the shipbuilding industry to the airport and mining industries; ii) components for municipalities, for the Mining Industry and for the material handling sector; iii) products for the wind and renewable energy sector as well as for augers in biogas machines; iv) electric motors for stationary industrial applications, transaxles, and gearmotors for e-Mobility, construction, material handling, and logistics.

2.3.6
TREATMENT OF FOREIGN CURRENCY TRANSACTIONS

I. Foreign currency transaction

The functional currency and reporting currency adopted by the Group is the euro. Transactions in foreign currencies are converted into euro on the basis of the exchange rate at the transaction date. The monetary assets and liabilities are converted at the exchange rate on the balance sheet date. Any exchange rate differences arising out of conversion are recognized in the income statement. Non-monetary assets and liabilities measured at historical cost are converted at the exchange rate at the transaction date. The monetary assets and liabilities measured under fair value are converted into euro at the exchange rate on the date the fair value was determined.

II. Conversion of financial statements drawn up in foreign currencies

The assets and liabilities of companies based in non-EU countries, including adjustments arising from the consolidation process, relating to goodwill and fair value adjustments arising from the acquisition of a non-EU company, are converted at the exchange rate prevailing on the closing date of the balance sheet. Revenues and costs of these companies are converted at the average exchange rate for the period, closest to the exchange rates on the dates on which the individual transactions took place. Foreign exchange differences arising from the translation process are recorded directly in a special provision under capital and reserve called the "Translation reserve".

Below is the table with the exchange rates applied for the conversion of financial statements:

EXCHANGE RATES	SPOT EXCHANGE RATES		AVERAGE ANNUAL EXCHANGE RATES	
	12/31/2024	12/31/2023	2024	2023
€/GBP	0.829	0.869	0.847	0.870
€/USD	1.039	1.105	1.082	1.081
€/CNY	7.583	7.851	7.787	7.660
€/BRL	6.425	5.362	5.828	5.401
€/INR	88.934	91.905	90.556	89.300

Source: Bank of Italy

2.3.7
ACQUISITIONS

Business combinations are recognized according to the acquisition method.
According to this method, the consideration transferred in a business combination is measured at fair value, calculated as the sum of the fair values of the assets transferred and the liabilities assumed by the Group at the acquisition date. Any transaction costs are recognized in the income statement at the time they are incurred.

Goodwill is determined as the excess of the sum of the consideration transferred in the business combination, the value of shareholders' equity pertaining to minority interests, and the fair value of any equity investment previously held in the acquired company over the fair value of the net assets acquired and liabilities assumed at the acquisition date. If the value of the net assets acquired and liabilities assumed at the date of acquisition exceeds the sum of the consideration transferred, the value of shareholders' equity pertaining to minority interests, and the fair value of any equity investment previously held in the acquired company, this excess is immediately recognized in the income statement as income from the transaction concluded. The portions of shareholders' equity of non-controlling interests at the date of acquisition may be measured at fair value or at the pro-rata value of the net assets recognized for the acquired company. The choice of valuation method is made on a transaction-by-transaction basis. If the initial values of a business combination are incomplete at the balance sheet date that the business combination occurred on, in its consolidated financial statements the Group reports the provisional values of the items for which recognition cannot be completed. These provisional values are adjusted during the measurement period to reflect new information gathered about facts and circumstances existing at the acquisition date which, if known, would have affected the value of the assets and liabilities recognized at that date.

2.3.8
PROPERTY, PLANT AND EQUIPMENT

I. Owned fixed assets

Property, plant and equipment are measured at historical cost and are reported net of depreciation (see next point (iv)) and impairment losses (see paragraph *"Impairment of assets"*). The cost of fixed assets manufactured internally includes materials, direct labor and a share of indirect manufacturing costs. The cost of fixed assets, whether purchased externally or manufactured internally, includes incidental costs directly chargeable and necessary to operate the asset and, when relevant and subject to contractual obligations, the current value of the estimated cost for the dismantling and removal of fixed assets.

Financial charges relating to specific loans used for the acquisition of tangible fixed assets are charged to the income statement on an accruals basis. According to the provisions of IAS 20, any capital grants obtained as a result of investment incentives granted by the public administration are deducted from the historical cost of any related capitalized fixed assets, when put into operation.
No fixed assets are available for sale.

II. Fixed assets under finance leases

Assets held by the Group under leasing contracts, including operating leases, in accordance with the IFRS 16 standard in force since January 1, 2019, are recognized as assets with a balancing entry in financial payables. In particular, assets are recognized at a value equal to the current value of future payments at the date of signing the contract, discounted using the applicable incremental borrowing rate for each contract.

III. Subsequent costs

The costs of replacing certain parts of the fixed assets are capitalized when it is probable that these costs will result in future economic benefits and can be reliably measured. All other costs, including the costs of maintenance and repairs, are attributed to the income statement as incurred.

IV. Amortization

Depreciation is charged to the income statement on a straight-line basis and on the estimated useful life of fixed assets and their residual possible use. Land is not depreciated. The estimated useful life results in the following depreciation rates by homogeneous category:

Buildings	2% - 3%
Light construction, general and specific equipment	6% - 14%
Equipment, models and molds	8% - 25%
Furniture and furnishings	25%
Electronic office equipment	20% - 25%
Motor vehicles and internal transport	25%

The estimated useful life of assets is revised annually and any changes in rates, where necessary, are made prospectively. Note that during 2024 the useful lives of the main categories of tangible assets were revised and aligned in accordance with the appraisals prepared so as to standardize their treatment within the Group.

For assets purchased and/or that became operational during the year, depreciation is calculated using the rates set out above, but adapted *pro-rata temporis* to any such set-up date.

2.3.9 OTHER INTANGIBLE FIXED ASSETS

I. Research and development costs

The costs of research with the aim of acquiring new technical knowledge are charged in the income statement when incurred.

The development costs incurred for the creation of new products, versions, accessories or new production processes are capitalized when:

- these costs can be reliably determined;
- these products, versions or processes are technically and commercially feasible;
- the expected volumes and realization values indicate that the costs incurred for development will generate future economic benefits;
- the resources to complete the development project exist.

The capitalized cost includes the materials and the mere cost of direct labor. Other development costs are charged to the income statement when incurred. The capitalized development costs are measured at cost, net of accumulated amortization, (see next point (iv)) and impairment losses (see paragraph *"Impairment of assets"*).

II. Other intangible fixed assets

Other intangible fixed assets, which all have finite useful lives, are measured at cost and are recorded net of accumulated amortization, (see next point (iv)) and impairment losses (see paragraph *"Impairment of assets"*).

The use of software licenses is amortized over their period of use (3-5 years).

The costs incurred internally for the creation of trademarks or goodwill are charged to the income statement when incurred.

III. Subsequent costs

Subsequent costs incurred for intangible fixed assets are capitalized only if they increase the future financial benefits of the specific capitalized fixed asset, otherwise they are charged in the income statement as incurred.

IV. Amortization

Amortization is charged to the income statement on a straight-line basis based on the estimated useful life of the capitalized fixed assets. The estimated useful lives are as follows:

Patents and trademarks	5 years
Development costs	3-5 years
Licensing of software	5 years
Relationships with customers	9-13 years

The useful life is reviewed annually and any changes in rates, where necessary, are made prospectively.

2.3.10 IMPAIRMENT OF ASSETS

The book values of the assets, except for stocks, financial assets regulated by IFRS 9 and deferred tax assets, are subject to review at the balance sheet date, in order to determine if any impairment indicators exist. If the assessment reveals the presence of such indicators, the estimated realizable value of the asset is calculated in the manner indicated below. Please note that the estimated realizable value of goodwill and intangible fixed assets not yet used is estimated at least once per year, or more frequently if events indicate the possibility of a loss of value.

A tangible or intangible asset, including rights of use (as defined by IFRS 16), suffers an impairment if it is not able to recover the book value at which the asset is recorded in the financial statements through the use or sale thereof. The purpose of the verification (impairment test) provided by IAS 36, is to ensure that tangible and intangible fixed assets are not carried at a value higher than their realizable value, consisting of the net realizable value or value in use, whichever is higher.

The value in use is the current value of future financial flows that are expected to be generated by the asset or by the cash generating unit to which the asset belongs. Expected cash flows are discounted using a pre-tax discount that reflects the current market estimate of the cost of money reported at the time and risks specific to the asset. If the book value is higher that the realizable value, the assets or cash-generating unit to which they belong are written down to reflect the realizable value. These impairment losses are recognized in the income statement.

If the conditions that led to the impairment cease to exist, the assets previously written down are proportionally reversed until reaching at most the value that the assets would have had in the absence of previous impairments, net of amortization calculated on the historical cost. Restorations of value are recognized in the income statement. The goodwill value previously written down can never be reinstated.

2.3.11 EQUITY INVESTMENTS

Equity investments in associates are measured using the equity method, as required by IAS 28.

If impairment with respect to the amount determined using the above method is detected, the equity investment is written down accordingly.

2.3.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, bank and postal deposits and securities with an original maturity of less than three months.

2.3.13 CURRENT FINANCIAL ASSETS, RECEIVABLES AND OTHER ASSETS

Financial assets, as provided for by the new IFRS 9 – "Financial Instruments: recognition and measurement" (as revised in July 2014) which replaces IAS 39 - "Financial Instruments: Recognition and Measurement", are classified, on the basis of the Group's management methods and the related contractual cash flow characteristics, in the following categories:

- **Amortized cost**: financial assets held exclusively for the purpose of collecting the contractual cash flows are classified in the Amortized cost category. They are valued using the amortized cost method, recording the income in the income statement using the effective interest rate method.
- **Fair value through other comprehensive income ("FVOCI")**: financial assets whose contractual cash flows are represented exclusively by the payment of principal and interest and which are held in order to collect the contractual cash flows as well as the flows deriving from the sale of the same are classified in the FVOCI category. They are measured at fair value. Interest income, exchange rate gains/losses, impairment losses (and related write-backs) of financial assets classified in the category FVOCI, are recorded in the income statement; other changes in the fair value of assets are recorded among the other components of OCI. When these financial assets are sold or reclassified to other categories, due to a change in the business model, the cumulative gains or losses recognized in OCI are reclassified to the income statement;
- **Fair value through profit or loss ("FVTPL")**: the FVTPL category is residual in nature by collecting financial assets that do not fall under the Amortized cost and FVOCI categories, such as financial assets purchased for trading or derivatives, or assets designated as FVTPL by management at the date of initial recognition. They are measured at fair value. Gains or losses resulting from this measurement are recognized in the income statement;
- **FVOCI for equity instruments**: financial assets represented by equity instruments of other entities (i.e. investments in companies other than subsidiaries, associates and joint ventures), not held for trading purposes, can be classified in the FVOCI category. This choice can be made instrument by instrument and requires changes in the fair value of these instruments to be recognized in the OCI and not to be reversed to the income statement either on sale or on impairment of the same. Only dividends from these instruments will be recognized in the income statement. The fair value of financial assets is determined on the basis of quoted bid prices or through the use of financial models. The fair value of unlisted financial assets is estimated using specific valuation techniques adapted to the specific situation. Valuations are regularly carried out in order to verify whether there is objective evidence that a financial asset or group of assets may be impaired. If there is objective evidence, the impairment loss is recognized as a cost in the income statement for the period.

2.3.14 DERIVATIVE FINANCIAL INSTRUMENTS

If the Group holds derivative financial instruments that do not meet all the conditions for hedge accounting as per IFRS 9, the changes in the fair value of these instruments are recorded in the income statement as financial expenses and/or income.
Therefore, the derivative financial instruments are recorded in compliance with the hedge accounting regulations when:

- the hedge ratio is formally designated and documented at the beginning of the hedge;
- it is presumed that the hedge is highly effective;
- the effectiveness can be reliably measured and the hedge itself is highly effective during the designated periods.

The fair value of derivative financial instruments against exchange risks (forward) is their market value on the balance sheet date, which coincides with the discounted market value of the forward.

The accounting method for derivative financial instruments varies depending on whether or not the conditions and requirements of IFRS 9 are met. Specifically:

I. Cash flow hedges

In the case of a derivative financial instrument for which the hedging ratio to variations in cash flows generated by an asset or liability or a future transaction (underlying hedged item) believed to be highly probable and that could affect the income statement is formally documented, the effective portion, originating from the adjustment of the derivative financial instrument to the fair value, is charged directly to a reserve under capital and reserves. When the underlying hedged cash flow occurs, any such reserve is removed from capital and reserves and assigned to the income statement as operating charges and revenues, while any non-effective portion or over hedging, portion is immediately allocated to the income statement as financial charges and/or income.

When a hedging instrument reaches maturity, is sold or exercised, or the company changes the relationship with the underlying hedged item, and the forecast transaction, though it has yet to take place, is still considered likely, the resulting profits or losses originating from the adjustment of the financial instrument to the fair value remain under capital and reserves and are charged to income statement when the transaction takes place as described above. If the probability of the underlying transaction occurring is no longer likely, the related profits or losses from the derivative contract, originally recorded under capital and reserves, are immediately charged to the income statement.

II. Hedges of monetary assets and liabilities (Fair value hedges)

Where a derivative financial instrument is used to hedge changes in value of monetary assets or liabilities already recorded in the financial statements that could affect the income statement, profits and losses related to changes in fair value of the derivative financial instruments are immediately recorded in the income statement. Likewise, the profits and losses relating to the hedged item modify the carrying amount of any such item and are recorded in the profit and loss account.

2.3.15 OWN SHARES

For purchases of own shares, the price paid, including any directly attributable ancillary charges, is deducted from the Company's Equity until the shares are canceled, reissued, or disposed of. When said own shares are resold or reissued, the price received net of any directly attributable ancillary charges and the related tax effect is accounted for as Company Equity. Therefore no gain or loss is recognized in the Income Statement with the purchase, sale, or cancellation of own shares.

2.3.16 INVENTORIES

Stocks are recorded, in each homogeneous category, at the purchase cost, including incidental and production costs and the corresponding net realizable or market value at year-end, whichever is lowest. The cost is determined according to the weighted average cost method.

As far as goods manufactured by the Company (semi-finished, work in progress and finished goods) are concerned, the cost of production includes all directly chargeable costs (raw materials, consumables, energy utilities, direct labor), and the cost of manufacturing (indirect labor, depreciation, etc.) in the amount reasonably attributable to the products.
Any stock impairment risks are hedged by the relevant stock depreciation allowance recorded as an adjustment to the corresponding assets item. Amounts thus obtained do not differ significantly from current costs on the closing date of accounts.

2.3.17 INTEREST-BEARING FINANCIAL PAYABLES

All interest-bearing financial liabilities are valued as per the amortized cost method; the difference between this value and the settlement value is charged to the income statement during the term of the loan.

2.3.18 LIABILITIES FOR EMPLOYEE BENEFITS

I. Defined contribution plans

The Group participates in public or privately defined contribution pension schemes on a mandatory, contractual or voluntary basis. The payment of contributions fulfills the Group's obligation towards its employees. The contributions are costs recognized in the period in which they are due.

II. Defined benefit plans for employees for Italian companies

The defined benefit plans for employees are payable on or after the termination of the period of employment in the Group. These mainly include the severance indemnities which are calculated separately for each plan using actuarial methods to estimate the amount of future benefit accrued to employees during the year and in previous years. The resulting benefit is discounted and recorded net of the fair value of any related assets. The interest rate used to calculate the present value of the obligation was determined in accordance with para. 78 IAS 19, of the Iboxx Corporate A index with duration 7-10 determined at the date of valuation. To this end, the yield for a duration comparable to the overall duration of the worker's covered by the assessment was chosen.

In the case of increases in plan benefits, the portion of the increase relating to the previous employment period is charged to the income statement on a straight line basis over the period in which the related rights will be acquired. If the rights are acquired immediately, the increase is immediately recorded in the income statement.

The expected present value of benefits payable in the future related to the length of employment in the current period, conceptually similar to the accrued share of the employee severance indemnity, is classified under personnel costs in the income statement while the implicit financial charges are reclassified in the applicable financial section.

III. Employee defined benefit plans for German and American subsidiaries

Certain Group companies offer defined benefit, post-employment, and other long-term pension plans. The cost of providing benefits under the plan is determined using the projected unit credit method. The companies' net obligation is calculated separately for each plan by estimating the amount of future benefit that employees have accrued in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Measurements, including actuarial gains and losses and the return on plan assets (excluding interest), are recognized immediately in the balance sheet, with a corresponding debit or credit to retained earnings, through comprehensive income for the period they occur in. Remeasurements are not reclassified to earnings in subsequent periods.
Costs for past services are recognized in earnings on the date of the plan amendment or reduction.
Interest is calculated by applying the discount rate to the defined benefit liability.
The companies' obligation with respect to other long-term employee benefits is equal to the future benefit that employees have received in exchange for their current work and in prior periods. This benefit is discounted to determine its present value.

2.3.19 INCOME TAXES

Income taxes recognized in the income statement include current and deferred taxes. Income taxes are generally charged to the income statement, unless they relate to items recognized directly under capital and reserves. In this case, the income taxes are also charged directly to capital and reserves, as a variation to the amount recorded.

Current taxes are taxes calculated by applying the tax rate in effect on the balance sheet date and adjustments to prior year taxes to taxable income.

Deferred taxes are calculated using the so-called liability method on timing differences between the amount of assets and liabilities recorded in the financial statements and the corresponding values recognized for tax purposes. Deferred taxes are calculated according to the designated method of reversal of timing differences, on the basis of realistic estimates of financial charges resulting from the application of the tax legislation in force at the date in which the financial statements were prepared.

Deferred tax assets are recognized only if it is probable that sufficient taxable income will be generated in future years to realize these deferred taxes.

2.3.20 PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges relate to costs and charges of a specific nature and certain or likely existence, the amount and date of occurrence of which are not known at the close of the period. Provisions are recognized when:

- the existence of a pending liability arising from a past event is probable;
- it is likely that the obligation will be burdensome;
- the amount of the obligation can be estimated reliably.

Provisions are recorded at the value reflecting the best estimate of the amount the company would reasonably pay to settle the obligation or transfer it to third parties at the end of the period.

The costs that the Group expects to incur to carry out restructuring plans are recorded in the financial year the Company formally defines the plan and the interested parties have a valid expectation that the restructuring will happen.
The provisions are periodically updated to reflect any variations in estimates of costs and realization times. Revisions of the provision estimates are charged in the same income statement item that had previously held the provision.

The notes to the consolidated financial statements illustrate the contingent liabilities consisting of:

- possible, but not probable, obligations arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control of the company;
- present obligations arising from past events the amount of which cannot be reasonably estimated or the fulfillment of which will probably not be burdensome.

2.3.21 CURRENT FINANCIAL LIABILITIES, TRADE PAYABLES AND OTHER PAYABLES

Trade payables and other payables, which mature within the normal commercial terms, are not discounted and are recognized at cost (identified by nominal value) reflecting their settlement value.
Current financial liabilities include the short-term portion of borrowings, including payables for cash advances and other financial liabilities. Financial liabilities are measured at amortized cost by recording charges in the income statement using the effective interest rate method, with the exception of financial liabilities purchased for trading purposes or derivatives, or those designated as FVTPL by management at the date of initial recognition, which instead are measured at fair value through profit or loss (see the section *"Derivative financial instruments"*).

2.3.22 DE-RECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS

A financial asset is derecognized when:

- the rights to receive cash flows from the asset are extinguished;
- the Group retains the right to receive cash flows from the asset, but has assumed the contractual obligation to pay them in full and without delay to a third party;
- the Group has transferred the right to receive cash flows from the asset and has transferred substantially all risks and rewards of ownership of the financial asset or has neither transferred nor retained all risks and rewards of ownership of the asset, but has transferred control of the asset.

In cases where the Group has transferred the rights to receive cash flows from an asset and has neither transferred nor retained all the risks and benefits or has not lost control over it, the asset is recognized in the balance sheet to the extent of its residual involvement in the asset. The residual involvement that takes the form of a guarantee on the transferred asset is valued at the lower of the initial book value of the asset and the maximum amount that the Group could be required to pay.

In cases where the residual involvement takes the form of an option issued and/or purchased on the transferred asset (including options settled in cash or similar), the extent of the Group's involvement corresponds to the amount of the transferred asset that the Group may repurchase; however, in the case of a put option issued on an asset measured at fair value (including options settled in cash or similar), the extent of the Group's residual involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

FINANCIAL LIABILITIES

A financial liability is derecognized when the obligation underlying the liability is extinguished, canceled or discharged.
In cases where an existing financial liability is replaced by another from the same lender, under substantially different conditions, or the conditions of an existing liability are substantially changed, this exchange or change is treated as a de-recognition of the original liability and the recognition of a new liability, with any differences between the carrying amounts recognized in the income statement.

In the case of changes to financial liabilities defined as non-substantial, the financial liability is not derecognized and the value of the debt is recalculated keeping the original effective interest rate unchanged, discounting the modified cash flows, thus generating a positive or negative effect on the income statement.

2.3.23 REVENUE

SALES REVENUES

Revenues are recognized to the extent in which it is probable that the economic benefits will be achieved by the Group and the related amount can be reliably determined, regardless of the date of payment. Revenues are measured at the fair value of the amount received or to be received, taking into account the contractually defined payment terms and excluding taxes and duties.
Revenue from the sale of goods is recognized when the Company has transferred control of the goods to the purchaser. Revenue is measured at the fair value of the consideration received or to be received, net of returns and rebates, commercial discounts and volume reductions.

2.3.24 COSTS

Costs are recognized when they relate to goods and services purchased and/or received during the period or by systematic allocation of an expense from which future benefits are spread over time.

2.3.25 FINANCIAL INCOME AND CHARGES

The financial income and charges are reported on an accrual basis based on the interest accrued to the net value of the related financial assets and liabilities by applying the effective interest rate. The financial income and charges include gains and losses on exchange and gains and losses on derivative instruments that must be recognized in the income statement if they fail to meet the requirements to be considered hedging (see paragraph *"Current financial assets, receivables and other assets"* and following).

2.3.26 USE OF ESTIMATES

The preparation of the Consolidated Financial Statements requires that the Directors apply accounting standards and methods that, in certain circumstances, are based on difficult and subjective valuations and estimates based on past experience and assumptions which are from time to time considered reasonable and realistic depending on the relative circumstances. The application of these estimates and assumptions affect the amounts reported in the financial statements, as well as the information provided. The final values of the accounting items for which these estimates and assumptions were used may differ from those reported in the financial statements due to uncertainties regarding the assumptions and the conditions on which the estimates are based. Estimates and assumptions are reviewed periodically and the effects of each variation recognized in the period in which the estimate is revised if the revision affects only the current period, or even in subsequent periods if the revision affects the current period and those in the future. The financial statement items which, more than others, require a greater degree of discretion by the Directors when making estimates and for which a change underlying the assumptions used could have a significant impact on the financial statements are: defined benefit plans for employees, provision for bad debts, provisions for product warranty risks, other provisions for legal risks, the inventory write-down provision for semi-finished and finished products, the recoverable value of non-current assets with an indefinite useful life ("impairment") and the estimate of the fair value of the net assets acquired ("Purchase Price Allocation").

PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS / PROVISIONS FOR EMPLOYEE BENEFITS

The related net financial assets, costs, and expenses are valued using an actuarial method that requires the use of estimates and assumptions to determine the net value of the obligation or asset. The actuarial method considers financial parameters such as for example the discount rate or expected long-term return on plan assets and payroll growth rates, and considers the probability of occurrence of potential future events through the use of demographic parameters, such as for example mortality rates. Specifically, the discount rates taken as reference are rates or rate curves of high quality corporate bond rates (euro Composite AA rate curve) in the respective markets of reference. Expected asset returns are determined based on various data provided by some experts on the long-term expectations of capital market returns, inflation, current bond yields, and other variables, and are adjusted as necessary to account for asset investment strategies. The rates of future pay increases reflect the Group's long-term expectations based on the relevant markets and inflation trends. Changes in any of these parameters could have effects on future contributions to the funds.

IMPAIRMENT TEST

The allocation of goodwill to cash-generating units, the determination of those units, and the forecasting of future cash flows involve making estimates.
The Group has based its estimates and assumptions on parameters available at the time of preparing the Consolidated Financial Statements. However, current circumstances and assumptions about future developments may change due to changes in the market or events beyond the Group's control. If they occur, such changes are reflected in the assumptions.
Note that with regard to this particular aspect, given its significance, a sensitivity analysis was also performed, for which please refer to section *"Intangible fixed assets"*.

PROVISION FOR BAD DEBTS

The provision reflects the risks calculated on specific positions both in relation to insolvency proceedings in progress and cases for which legal action has been taken, or simply receivables outstanding for more than 360 days, as well as the estimate of expected losses on receivables, also in the absence of events that already indicate clear risks of loss, as provided for by international accounting standard IFRS 9.

PROVISION FOR PRODUCT WARRANTY RISKS

The provision includes amounts for both specific risks, estimated on the basis of specific technical analyses, and generic risks. The latter are calculated on the production values of single plants, using the average warranty costs as a percentage of turnover in the last 5 years applied to the turnover of the period.
The warranties granted are in line with legal provisions.

PROVISION FOR LEGAL RISKS

These refer to specific cases assigned to legal attorneys with relation to ongoing litigation.

INVENTORY WRITE-DOWN PROVISION

A generic amount has been set aside, calculated by applying a specific percentage write-down for bands of rotation indices in a systematic fashion, and a specific amount (especially for foreign subsidiaries) relating to the real possibility of disposal of the products.

2.3.27 PUBLIC GRANTS

Public grants are recognized when there is reasonable certainty that they will be received and that all the conditions referring to them have been satisfied. Grants relating to components of cost are recognized as revenues, but are systematically spread over a number of financial periods so as to match the recognition of the costs they are intended to offset. A grant relating to an asset is recognized as a revenue in constant amounts along the expected useful life of the asset in question.

If the Group should receive a non-monetary grant, the asset and the relative grant are recognized at nominal value and released in the income statement in constant amounts along the expected useful life of the asset in question.

Law 124 of 2017 provides for compulsory disclosure of subsidies, grants, appointments or economic advantages received from the Public Administration or, in any case, involving public resources.

From a systematic reading of the regulation, the facilitating measures aimed at all companies have not been included (by way of example but not limited to tax facilitating measures such as hyper-amortization, super-amortization, tax credit for research and development and facilitating measures such as the Wages Guarantee Fund) as these advantages are not aimed at a specific company.
During the year, the Group Italian companies only received State Aid that targeted all companies, and therefore for any details reference should be made to the National Register of State Aid.

2.3.28 ACCOUNTING STANDARDS

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM JANUARY 1, 2024

The following IFRS accounting standards, amendments and interpretations have been applied for the first time by the Group starting from January 1, 2024:

- On January 23, 2020, the IASB published an amendment called "**Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**" and on October 31, 2022 published an amendment entitled "**Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants**." The purpose of these documents is to clarify how to classify debt and other short-term or long-term liabilities. Furthermore, the amendments also improve the information that an entity must provide when its right to defer settlement of a liability for at least 12 months is subject to meeting certain parameters (i.e., covenants). The adoption of these amendments has not had any effect on the Group's Consolidated Financial Statements.
- On September 22, 2022, the IASB published an amendment called "**Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback**." The document requires the seller-lessee to measure the lease liability arising from a sale-and-leaseback transaction so as not to recognize income or loss that relates to the retained right of use. The adoption of this amendment has not had any effect on the Group's Consolidated Financial Statements.
- On May 25, 2023 the IASB published an amendment called "**Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements**." The paper requires an entity to provide additional information on reverse factoring arrangements that will enable financial statement users to assess how financial arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of such arrangements on the entity's exposure to liquidity risk. The adoption of these amendments has not had any effect on the Group's consolidated financial statements.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, NOT YET MANDATORILY APPLICABLE AND NOT ADOPTED EARLY BY THE GROUP AS OF DECEMBER 31, 2024

As of the reporting date of this document, the relevant bodies of the European Union have completed the approval process necessary for the adoption of the amendments and standards described below, but these non-mandatory standards have not been early adopted by the Group as of December 31, 2024:

- On August 15, 2023, the IASB published an amendment called "**Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability**." The document requires an entity to apply a methodology to be applied consistently in order to ascertain whether one currency can be converted into another, and when this is not possible how to determine the exchange rate to be used and the disclosure to be made in the notes to the financial statements. The amendment will apply from January 1, 2025, but earlier application is allowed. The Directors do not expect a significant effect in the consolidated financial statements of the Group from the adoption of this amendment.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPROVED BY THE EUROPEAN UNION

At the reference date of this document, the competent bodies of the European Union have not yet completed the approval process necessary for the adoption of the amendments and principles described below.

- On May 30, 2024, the IASB published "**Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7**." The document clarifies a number of problematic issues that have emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary upon achievement of ESG objectives (i.e. green bonds). Specifically, the changes aim to:
    - Clarify the classification of financial assets with variable returns and linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for the SPPI test assessment.
    - Determine that the date of settlement of liabilities through electronic payment systems is the date on which the liability is settled. However, an entity is permitted to adopt an accounting policy to allow a financial liability to be derecognized before making payment on the settlement date under certain specific conditions.

With these amendments, the IASB has also introduced additional disclosure requirements with respect to investments in equity instruments designated in particular to FVOCI.
The amendments will apply from the financial statements of fiscal years beginning on or after January 1, 2026. The Directors do not expect a significant effect in the consolidated financial statements of the Group from the adoption of this amendment.

- On July 18, 2024, the IASB published a document called "**Annual Improvements Volume 11**." The document includes clarifications, simplifications, corrections and changes aimed at improving the consistency of several IFRS Accounting Standards. The amended principles are:
    - IFRS 1 First-time Adoption of International Financial Reporting Standards.
    - IFRS 7 Financial Instruments: Disclosures and related guidance on the implementation of IFRS 7.
    - IFRS 9 Financial Instruments.
    - IFRS 10 Consolidated Financial Statements.
    - IAS 7 Statement of Cash Flows.

The amendments will be applied from January 1, 2026, but early application is permitted. The directors do not expect a significant effect in the consolidated financial statements of the Group from the adoption of these amendments.

- On December 18, 2024, the IASB published an amendment entitled "**Contracts Referencing Nature-dependent Electricity – Amendment to IFRS 9 and IFRS 7**." The document aims to support entities in reporting the financial effects of renewable electricity purchase agreements (often structured as Power Purchase Agreements). Based on these contracts, the amount of electricity generated and purchased can vary based on uncontrollable factors such as weather conditions. The IASB has made targeted amendments to IFRS 9 and IFRS 7. Amendments include:
    - A clarification regarding the application of "own use" requirements to this type of contract.
    - Criteria for allowing such contracts to be accounted for as hedging instruments.
    - New disclosure requirements to enable financial statement users to understand the effect of these contracts on an entity's financial performance and cash flows.

The amendment will apply from January 1, 2026, but early application is permitted. The Directors do not expect a significant effect in the consolidated financial statements of the Group from the adoption of this amendment.

- On April 9, 2024, the IASB published a new standard **IFRS 18 Presentation and Disclosure in Financial Statements**, which will replace IAS 1 Presentation of Financial Statements. The new standard aims to improve the presentation of financial statement formats, with particular reference to the income statement. Specifically, the new principle requires:
    - Classification of revenues and expenses into three new categories (operating section, investment section, and financial section), in addition to the tax and discontinued operations categories already in the income statement.
    - Present two new sub-totals, operating profit or loss and earnings before interest and taxes (i.e. EBIT).

The new principle also:
- Requires more information on the performance indicators defined by management.
- Introduces new criteria for information aggregation and disaggregation.
- Introduces a number of changes to the format of the statement of cash flows, including a requirement to use the operating profit or loss as the starting point for the presentation of the cash flow statement prepared under the indirect method and the elimination of certain classification options for some items that currently exist (such as interest paid, interest received, dividends paid and dividends received).

The new standard will take effect on January 1, 2027, but early application is permitted. Directors are currently evaluating the possible effects of the introduction of this new standard on the Group's consolidated financial statements

- On May 9, 2024, the IASB published a new standard **IFRS 19 Subsidiaries without Public Accountability: Disclosures**. The new principle introduces some simplifications with reference to the disclosure required by IFRS Accounting Standards in the financial statements of a subsidiary that meets the following requirements:
    - Has not issued equity or debt instruments listed on a regulated market and is not in the process of issuing them.
    - Its parent company prepares consolidated financial statements in accordance with IFRS.

The new standard will take effect on January 1, 2027, but early application is permitted. The Directors do not expect a significant effect in the consolidated financial statements of the Group from the adoption of this amendment.

- On January 30, 2014, the IASB published **IFRS 14 - Regulatory Deferral Accounts**, which allows only first-time adopters of IFRS to continue to recognize amounts related to activities subject to regulated rates ("Rate Regulation Activities") under the previous adopted accounting standards. As the Group is not a first-time adopter, this principle is not applicable.

2.4

FINANCIAL RISK MANAGEMENT

The Group's business is exposed to various financial risks: market risk (including the exchange rate risk and interest rate risk), credit risk, liquidity risk, price and cash flow risk. The risk management program aims to minimize any negative impacts on the Group's financial performance and is planned by a central function of the Parent Company that coordinates all operating companies, reporting directly to the Chief Executive Officer.
The Group uses derivative financial instruments to hedge its exposure to foreign exchange risk and does not subscribe to derivative financial instruments for speculative purposes.

2.4.1 MARKET RISK

RISK OF EXCHANGE RATE

The Group operates internationally and is exposed to exchange rate risk due to exposure mainly to the US dollar and the Chinese yuan, and secondarily to the Indian rupee, the Brazilian real and the British pound. The exchange rate risks are generated by forecasts of future commercial transactions and recognized assets or liabilities.

In order to manage the exchange rate risk generated by forecasts of future commercial transactions and recognized assets or liabilities denominated in a currency other than the functional currency of the Group (euro), the Group companies use repurchase agreements (forward), under the coordination of the central Treasury.

The Group's policy is to hedge a portion of future currency transactions that are expected to occur in the next 12 months. Where necessary, derivative contracts previously stipulated are renewed at maturity in relation to the evolution of the business.

The Group is exposed to the conversion risk of net assets of subsidiaries in North America, Great Britain, China, India and Brazil. Considering the strategic importance of the subsidiaries for which the implementation of this activity is foreseen in the short term, the Group did not consider the signing of hedging contracts necessary for this purpose.

INTEREST RATE RISK

The interest rate risk is derived from medium-long term loans at variable rates. Given the limited financial exposure, the Group's current policy is to use floating rate loans, monitoring the interest rate curve.

2.4.2 CREDIT RISK

The Group's policy is to sell to customers after an evaluation of their credit capacity and therefore within pre-set credit limits. Historically, the Group has not suffered significant losses on receivables.

2.4.3 LIQUIDITY RISK

Prudent management of liquidity risk implies maintaining sufficient available cash and cash equivalents and sufficient credit lines from which to draw. Due to the dynamic nature of the business, the Group's policy is to have revolving standby credit facilities that can be utilized at short notice.
The Group follows stringent rules to distribute its deposits and liquid assets in a balanced manner among an adequate number of banking institutions with ratings of high standing.

2.4.4 PRICE AND CASH FLOW RISK

The Group is subject to the risk of fluctuations in metal prices, in particular aluminum, copper and steel. The Group's policy is to cover the risk where possible, through commitments from suppliers in the medium term, with stockpiling policies when prices are at their lowest and agreements with customers.

For the operational management of the above risks, please refer to paragraph *"Information on financial assets and liabilities"*.

2.5 INDUSTRY-RELATED INFORMATION

Industry-related information is provided with respect to data monitored by management for strategic purposes with reference to its business sectors.

The information includes both costs directly attributable and costs allocated according to reasonable assumptions. General and administrative costs, ICT and HR services, fees for directors, Statutory Auditors and Group management departments, as well as costs relating to the global sourcing area (organized according to purchasing group of product category) have been allocated to sectors proportionally to the turnover.

The Group operates in the following sectors:
Agricultural sector. Products mainly consists of speed increasers, speed reducers, bevel gearboxes, PTO driveshafts, wheel drives and axles for agricultural use, especially manufacturers of combine harvesters and tractors, haymaking, harvesting, irrigation and mixing, and land preparation and working machines.
Industrial sector. This includes products such as i) modular planetary gearboxes, gearboxes for traveling and lifting, slewing, and rigid and steerable axles for manufacturers of construction and forestry machinery, from the shipbuilding industry to the airport and mining industries; ii) components for municipalities, for the Mining Industry and for the material handling sector; iii) products for the wind and renewable energy sector as well as for augers in biogas machines; iv) electric motors for stationary industrial applications, transaxles, and gearmotors for e-Mobility, construction, material handling, and logistics.

IFRS 8 OPERATING SEGMENTS

SECTORAL INDICATORS (THOUSAND EUROS)	AGRICULTURAL SECTOR			INDUSTRIAL SECTOR			TOTAL		
	12/31/2024	12/31/2023	CHG. %	12/31/2024	12/31/2023	CHG. %	12/31/2024	12/31/2023	CHG. %
Revenue from contracts with customers	502,552	724,131	-30.6%	439,820	499,807	-12.0%	942,372	1,223,938	-23.0%
EBITDA	80,427	120,298	-33.1%	77,088	84,682	-9.0%	157,515	204,981	-23.2%
EBITDA on revenues (%)	16.0%	16.6%		17.5%	16.9%		16.7%	16.7%	
Amortization	(31,347)	(34,800)	-9.9%	(26,848)	(25,753)	4.3%	(58,196)	(60,553)	-3.9%
EBIT	49,079	85,498	-42.6%	50,241	58,930	-14.7%	99,320	144,428	-31.2%

The Agricultural sector, which now accounts for 53.3% of total revenues (59.2% in 2023), experienced a -30.6% decrease in revenues during the year. The revenues of the industrial sector were also down (-12.0%).

2.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.6.1 TANGIBLE FIXED ASSETS

Changes in technical fixed assets and related accumulated depreciation during FY 2024 are illustrated in the following tables:

(THOUSAND EUROS)	LAND AND BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL AND COMMERCIAL EQUIPMENT	OTHER ASSETS	TANGIBLE FIXED ASSETS IN PROGRESS	RIGHTS OF USE	TOTAL
01/01/2023	**41,492**	**89,185**	**11,870**	**8,848**	**5,330**	**54,791**	**211,514**
Acquisition balances	2,119	2,278	581	235	83	-	5,295
Increases	983	13,938	5,880	11,535	15,595	17,537	65,467
Decreases	(19)	(1,144)	(147)	(96)	(53)	(5,455)	(6,915)
Amortization	(3,004)	(17,481)	(6,018)	(3,129)	-	(10,318)	(39,950)
Reclassifications	814	3,674	198	105	(4,791)	-	-
Translation reserve	(146)	(131)	(24)	(41)	(61)	(734)	(1,138)
12/31/2023	**42,240**	**90,318**	**12,339**	**17,457**	**16,103**	**55,821**	**234,275**
Increases	21,005	12,081	3,461	161	20,363	8,100	65,170
Decreases	(2,769)	(614)	(107)	(955)	-	(17,966)	(22,411)
Amortization	(3,279)	(15,974)	(4,722)	(3,158)	-	(10,550)	(37,682)
Reclassifications	(11)	3,698	756	(381)	(4,108)	46	-
Translation reserve	2,084	2,522	28	722	1,981	356	7,692
12/31/2024	**59,270**	**92,031**	**11,755**	**13,845**	**34,339**	**35,806**	**247,044**

The increases recorded during the year, including increases in the item tangible assets under construction, mainly refer to the investment made by the Group in the building in Rockford, Illinois, which is expected to become fully operational in 2025.
The decrease in Land and buildings is mainly attributable to the sale of the building in Charlotte, North Carolina, whose net book value as of December 31, 2024, was 2.7 million euros.
The "Rights of use" heading, relating to the application of the IFRS 16 international accounting standard, mainly refers to the renting of the Group's operating plants and can be broken down as follows:

(THOUSAND EUROS)	LAND AND BUILDINGS	OTHER ASSETS	TOTAL
01/01/2023	**51,227**	**3,565**	**54,790**
Increases	16,050	1,486	17,537
Decreases	(5,473)	18	(5,455)
Amortization	(8,501)	(1,817)	(10,318)
Translation reserve	(815)	81	(734)
12/31/2023	**52,489**	**3,332**	**55,821**
Increases	7,401	699	8,100
Decreases	(17,966)	-	(17,966)
Amortization	(9,421)	(1,129)	(10,550)
Reclassifications	-	46	46
Translation reserve	322	34	356
12/31/2024	**32,824**	**2,982**	**35,806**

The decrease during the year relates primarily to the early termination of the rental agreement of the Rockford building mentioned above.

2.6.2 INTANGIBLE FIXED ASSETS

Changes in intangible fixed assets are shown below:

(THOUSAND EUROS)	GOODWILL	DEVELOPMENT AND APPROVAL COSTS	TRADEMARKS AND KNOW-HOW	CONCESSIONS, LICENSES AND TRADEMARKS	OTHER INTANGIBLE FIXED ASSETS	INTANGIBLE FIXED ASSETS IN PROGRESS	TOTAL
01/01/2023	**155,673**	**246**	**22,281**	**53,709**	**124,398**	**965**	**357,272**
Acquisition balances	-	-	24,656	47	61	-	24,763
Increases	14,296	7	-	1,607	7,851	278	24,038
Decreases	-	-	-	-	(41)	(50)	(91)
Amortization	-	(166)	(4,276)	(6,177)	(9,985)	-	(20,603)
Reclassifications	-	167	-	289	-	(457)	-
Translation diff.	-	-	-	(8)	(4)	-	(12)
12/31/2023	**169,968**	**254**	**42,661**	**49,467**	**122,280**	**736**	**385,368**
Increases	-	194	-	2,925	469	808	4,396
Decreases	-	-	-	(69)	-	-	(69)
Amortization	-	(123)	(4,243)	(6,866)	(9,282)	-	(20,514)
Reclassifications	-	-	-	-	-	(1)	(1)
Translation diff.	-	-	-	10	19	-	30
12/31/2024	**169,968**	**325**	**38,418**	**45,467**	**113,487**	**1,542**	**369,210**

The item breaks down as follows:

Goodwill
Goodwill arises from business combinations in accordance with IFRS 3 and represents the excess of the cost of the acquisition over the Group's stake in the fair value of the acquirer's identifiable assets, liabilities and contingent liabilities existing at the time of the acquisition.

Development and approval costs and intangible fixed assets in progress
These capitalizations are mainly related to internal orders associated with the development of new products. Most of these were capitalized in the period from assets under construction and development costs. These projects meet the requirements of paragraph 57 of IAS 38, which requires the technical feasibility thereof, as well as the intention to complete the project, to introduce new products on the market, the availability of technical and financial resources, as well as a reliable identification of own costs and their ability to produce future economic benefits. These expenses are amortized on the basis of the probable useful life, generally estimated to be 3 to 5 years, depending on the sector they are intended for.

Concessions, licenses and patents
The increases in the period equal to 2,925 thousand euros relate to the capitalization of external costs for the realization of projects already described in the report on operations or to software licenses and applications for the logistics and research and development area.

Other intangible fixed assets
The item mainly includes customer relationships, software and other fixed assets with finite useful lives resulting from the acquisition of the German Walterscheid Group.

GOODWILL

As of December 31, 2024, the item amounted to 169,968 thousand euros, unchanged from the previous year.
Goodwill is allocated to the CGUs as follows:

(THOUSAND EUROS)	12/31/2024	12/31/2023
Agriculture CGU	87,727	87,727
Industrial CGU	67,945	67,945
e-comer CGU	14,296	14,296
Goodwill	**169,968**	**169,968**

IMPAIRMENT LOSSES ON INTANGIBLE FIXED ASSETS WITH AN INDEFINITE USEFUL LIFE AND GOODWILL

At each reporting date the Group checks for the existence of events or circumstances that cast doubt on the recoverability of the value of tangible and intangible fixed assets with a finite useful life, and if there are any indicators of loss it estimates the recoverable value of the fixed assets in order to quantify the extent of any impairment losses. In contrast, goodwill, other intangible assets with indefinite lives, and current intangible fixed assets are tested annually and whenever there is an indication of possible impairment.

Since the Group does not have any fixed assets with indefinite useful life, it performed the impairment test with respect to the goodwill recorded.

The recoverable amount of goodwill is determined by the Directors by calculating the value in use of the cash generating units the goodwill is allocated to. Cash Generating Units are defined as homogeneous aggregations that generate independent cash inflows from the continued use of assets attributable to them.

For the purpose of preparing the consolidated financial statements as of December 31, 2024, the impairment test was conducted considering the CGU configuration adopted in the previous year unchanged, namely i) Industrial, ii) Agricultural, iii) e-comer.
Indeed, during 2024 a review of the Group's organizational, strategic, and industrial structure was initiated, aiming for the full integration of the e-comer division into the Industrial Sector, likely by the end of the next financial year. As part of this reorganization, in 2024 the mechanical machining business unit was leased by the subsidiary e-comer S.r.l. to the parent company Comer Industries S.p.A. This operation involved moving production machinery from the Castelnuovo and Rubiera plants to a dedicated area located in Reggiolo in addition to the transfer of labor contracts of the employees involved.

The impairment tests were approved by the Board of Directors on February 17, 2025, and were carried out by comparing the book value of the identified CGUs with the corresponding value in use, determined using the Discounted Cash Flow (DCF) method after tax. The expected cash flows used in the DCF calculation were determined based on the 5-year business plans, considering the various scenarios of reference and market development expectations based on the information available at the end of 2024.
These flows were discounted at a discount rate calculated using the Weighted Average Cost of Capital ("WACC"), i.e., by weighting the expected rate of return on invested capital net of the costs of hedging for a sample of companies in the same industry. The average cost of capital (WACC) was calculated as 10.5% for e-comer, 9.3% for the Industrial and Agricultural CGUs. The estimated long-term growth rate (g-rate) was set in line with the expected long-term inflation rate of 2.0%.
The impairment tests did not reveal the need for any impairment of goodwill recorded as of December 31, 2024.
The sensitivity analyses performed considering positive changes in the WACC discount rate by one percentage point, alternatively to or jointly with negative changes in the long-term growth rate g by one percentage point, did not bring to light any impairment losses for the Agriculture, Industrial, and e-comer CGUs.

2.6.3 EQUITY INVESTMENTS IN OTHER COMPANIES

The item mainly refers to the equity valuation in Matsui Walterscheid Ltd., a 40% subsidiary of Walterscheid GmbH.

2.6.4 DEFERRED TAX ASSETS

The details are as follows:

(THOUSAND EUROS)	12/31/2024	12/31/2023
Deferred tax assets	38,126	42,881
Deferred tax assets	**38,126**	**42,881**

The balance of deferred tax assets decreased by 4,755 thousand euros.
The balance of temporary differences of the foreign subsidiaries is mainly attributable to the pension fund of the German subsidiaries.
The following aspects were taken into account in the calculation of deferred tax assets:

- The tax laws of the countries that the Group operates in and their impact on temporary differences, as well as any tax benefits from the use of tax loss carryforwards, considering their possible recoverability over a three-year time horizon.
- The Group's profit forecast in the medium and long term.

Based on the above, the Group believes that it can recover the recognized assets with reasonable certainty.

2.6.5 OTHER LONG-TERM RECEIVABLES

The changes are as follows:

(THOUSAND EUROS)	12/31/2024	12/31/2023
Security deposits for foreign rentals	406	371
Other minor receivables including security deposits Italy	423	423
Other long-term receivables	86	325
Total Other long-term receivables	**915**	**1,119**

The item refers to guarantee deposits primarily for real estate in rental agreements and consumption.

2.6.6 INVENTORIES

The changes are as follows:

(THOUSAND EUROS)	12/31/2023	NET CHANGE	TRANSLATION RESERVE	12/31/2024
Raw materials and Packaging	93,582	(4,256)	1,290	90,616
Provision for write-down of raw materials and consumables	(6,947)	(3,146)	(15)	(10,108)
Raw and ancillary materials and packaging	**86,635**	**(7,402)**	**1,275**	**80,508**
Semi-finished products purchased and produced	86,750	(21,327)	189	65,612
Provision for write-down of semi-finished products purchased and produced	(4,179)	(3,814)	(29)	(8,021)
Work in progress	**82,571**	**(25,140)**	**160**	**57,591**
Finished products and Goods	69,435	(18,940)	380	50,876
Provision for write-down of finished products	(12,045)	294	(7)	(11,758)
Finished products	**57,390**	**(18,646)**	**374**	**39,118**
Inventories	**226,596**	**(51,188)**	**1,809**	**177,217**

The decrease in inventories of 49,380 thousand euros compared with December 31, 2023 is mainly the result of the decline in sales recorded during the year and the optimization policies implemented.
Inventories are shown net of a provision for obsolescence for a total amount of 29,887 thousand euros, an increase compared to December 31, 2023 of 6,717 thousand euros.

2.6.7
TRADE RECEIVABLES AND OTHER SHORT-TERM RECEIVABLES

The changes are as follows:

(THOUSAND EUROS)	12/31/2023	NET CHANGE	TRANSLATION RESERVE	12/31/2024
Short-term receivables from customers	213,101	(49,008)	3,035	167,127
Provision for bad debts	(7,304)	1,421	(35)	(5,918)
Trade receivables	**205,797**	**(47,588)**	**2,999**	**161,209**
Advances to suppliers	1,640	(1,198)	(1)	440
Accrued income and prepaid expenses	1,332	1,800	33	3,165
Trade receivables from suppliers	74	(74)	-	-
Other short-term receivables	5,907	(834)	(277)	4,796
Other short-term receivables	**8,953**	**(306)**	**(246)**	**8,401**

The balance of trade receivables was also affected by the trend of sales.
Average collection days calculated on aggregate revenues for the last quarter stood at 73 days, a drop versus the previous year (68 days). Given the reduction in overdue receivables, this change is mainly related to the change in sales mix.

In accordance with IFRS 9, the Group determined the provision for bad debts by estimating Expected Credit Loss (ECL) considering historical, current, and prospective information. The simplified model was used to determine the provision, requiring immediate recognition of the expected losses over the entire life of the receivable.
Note that during the year under review the Group did not experience any significant credit losses.
There was also a release of provisions set aside in previous years totaling 1,386 thousand euros, adjusting the value to the reduced credit risk.
Finally, note that there are no trade receivables due after the year.

The Group is not particularly exposed to the nations currently involved in the conflict, Russia, Belarus, Ukraine and Israel. Note that consolidated receivables from customers residing in these countries correspond to less than 1% of the total item and that there are no significant positions past due. As mentioned in the "Scope of Consolidation" section, the Moscow-based sales branch has been inactive since April 2022 and is expected to be liquidated by the end of H1 2025.

As of December 31, 2024, the presentation of trade receivables by maturity bracket is shown in the following table.

(THOUSAND EUROS)	12/31/2024	12/31/2023
Current	157,539	200,197
30-60 days past due	4,143	6,474
60-90 days past due	798	558
More than 90 days past due	4,647	5,872
Provision for bad debts	(5,918)	(7,304)
Trade receivables	**161,209**	**205,797**

Note that loans that are less than 30 days past due are classified in the bracket called "Current." Note also that at the end of the current fiscal year, the current ratio stood at 97.7%.

2.6.8
CURRENT TAX ASSETS

The changes are as follows:

(THOUSAND EUROS)	12/31/2023	NET CHANGE	12/31/2024
Italian and foreign VAT	13,088	444	13,532
Other tax receivables	6,839	(3,319)	3,520
Current tax assets	**19,927**	**(2,874)**	**17,053**

The current VAT credit of 13,532 thousand euros is attributable to the parent company Comer Industries S.p.A. for 2,082 thousand euros (it was 1,979 thousand euros on December 31, 2023) and to the subsidiary Comer Industries Components S.r.l. for 5,672 thousand euros (it was 4,415 thousand euros on December 31, 2022). The remainder pertains to foreign companies, and specifically to the Brazilian subsidiary for 2,061 thousand euros and the Indian subsidiary for 1,421 thousand euros. During the year, the VAT credits of Comer Industries S.p.A. relating to 2023 and the current year in the amount of 3,587 thousand euros and of Comer Industries Components S.r.l. in the amount of 6,970 thousand euros were collected or requested for refund.

The item Other tax receivables for 3,520 thousand euros mainly represents the excess of advances paid with respect to current taxes calculated on the profit generated during the period. The balance also includes tax credits for research and development in the amount of 694 thousand euros related to the parent company Comer Industries S.p.A.

2.6.9
FINANCIAL ASSETS AND LIABILITIES, GUARANTEES

The net financial position as of December 31, 2024 was negative and amounted to 58,401 thousand euros.
As of December 31, 2024, the effect of applying the amortized cost criterion was 248 thousand euros. The value of other financial liabilities attributable to the accounting treatment of leasing contracts according to IFRS 16 at December 31, 2024 amounts to 37,108 thousand euros, down compared to December 31, 2023 (58,304 thousand euros), due to the early termination of the lease agreement related to the aforementioned building in Rockford.

Cash and cash equivalents were up by 21,175 thousand euros, moving from 68,333 thousand euros at December 31, 2023 to 89,508 thousand euros at December 31, 2024, mainly due to the generation of operating cash and cash receipts in the latter part of the year.

Below is the composition of the net financial position as of December 31, 2024 and changes compared to the previous year:

(THOUSAND EUROS)	12/31/2024	12/31/2023
A) Cash and cash equivalents	89,508	68,333
B) Cash equivalents	-	-
C) Other current financial assets	12,729	-
D) Liquidity (A+B+C)	**102,237**	**68,333**
E) Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	20,409	13,802
F) Current part of non-current financial debt	32,379	32,811
G) Current financial debt (E+F)	**52,788**	**46,613**
of which secured	-	-
of which not secured	52,788	46,613
H) Net current financial debt (G-D)	**(49,449)**	**(21,720)**
I) Non-current financial debt (excluding current portion and debt instruments)	107,850	116,551
J) Debt instruments	-	-
K) Trade and other non-current payables	-	-
L) Non-current financial debt (I+J+K)	**107,850**	**116,551**
of which secured	-	-
of which not secured	107,850	116,551
M) Gross Financial Debt (G+L)	**160,638**	**163,164**
N) Net Financial Debt (Net Financial Position) (D+M)	**58,401**	**94,831**

Item C) "Other current financial assets" includes the short-term receivable from the sale of the building in Charlotte, USA, as well as the fair value of the derivative entered into to hedge exchange rate fluctuations in currencies other than the euro in the amount of 699 thousand euros.
Current and non-current financial payables as of December 31, 2024 amounted to 160,638 thousand euros as detailed below:

(THOUSAND EUROS)	12/31/2023	INCREASES	DECREASES	12/31/2024
Short-term loans	34,566	11,115	-	45,681
Medium/long-term loans	65,288	74,904	(65,000)	75,192
Financial payables to banks	**99,854**	**86,019**	**(65,000)**	**120,873**
Up-front commissions for structured loans (current portion)	(538)	(59)	538	(59)
Up-front commissions for structured loans (M/LT portion)	(731)	(189)	731	(189)
Debt to third parties for acquisition (current portion)	1,000	937	(1,000)	937
Debt to third parties for acquisition (M/LT portion)	5,276	-	(3,308)	1,968
Other short-term financial payables IFRS 16	11,586	-	(5,357)	6,229
Other long-term financial payables IFRS 16	46,718	832	(16,671)	30,879
Total short-term and long-term financial payables	**163,165**	**87,540**	**(90,067)**	**160,638**

It should be noted, as required by paragraph 186 of ESMA Communication 32-382-1138 of March 4, 2021, that there are no material elements in terms of indirect indebtedness to be brought to attention in these consolidated financial statements.

SHORT-TERM DERIVATIVE FINANCIAL INSTRUMENTS

Note that as of December 31, 2024, the Group has entered into derivatives for the management of exchange rate fluctuations with currencies other than the euro, maturing on June 30, 2025, and with a notional value equivalent to 44 million euros and positive fair value for 699 thousand euros.
More information on this can be found in the section *"Management of exchange rate risk"*.

CASH AND CASH EQUIVALENTS

The amount of 89,508 thousand euros compares with 68,333 thousand euros last year. This increase is mainly attributable to the positive result of core operations. The nominal value of cash and cash equivalents is aligned with their respective fair value at the reporting date.
The Group follows stringent rules to distribute its deposits and liquid assets in a balanced manner among an adequate number of banking institutions of high standing.
More information can be gleaned from the cash flow statement.

SHORT-TERM LOANS AND CURRENT PORTION OF MEDIUM/LONG TERM LOANS

The amount of 45,681 thousand euros consists of short-term financial debts to the banking system.
The item includes not only the current portion of the loan from Crédit Agricole Italia (CAI), but also the balance as of December 31, 2024, of the standby revolving credit facilities.
The increase of 11,115 thousand euros compared to the previous year resulted mainly from the renegotiation of debt granted by Crédit Agricole, which enabled the Group to lengthen the duration of loans and reduce their spread.

(THOUSAND EUROS)	BOOK VALUE 12/31/2023	CHANGE	BOOK VALUE 12/31/2024
Bank accounts payable and advances Comer Ind S.p.A.	13,097	4,145	17,242
Bank accounts payable and advances Comer Comp. S.r.l.	72	3,271	3,343
Bank account overdrafts Comer India Pvt	607	(607)	-
MSME loan Comer India Pvt	26	(26)	-
Simest loan e-comer S.r.l.	96	-	96
Loan CAI Comer Ind. S.p.A.	10,081	14,919	25,000
Loan Crédit Agricole M/L current portion	10,587	(10,587)	-
Total gross short-term loans	**34,566**	**11,115**	**45,681**
Up-front commissions for short-term structured loans	(538)	479	(59)
Total net short-term loans	**34,028**	**11,594**	**45,622**

LONG-TERM LOANS

The item mainly includes the long-term portions of the loan signed with Crédit Agricole in the amount of 100,000 thousand euros maturing on 12/19/2028.
The loan described above requires compliance with a financial covenant, which was fully met as of the closing date of the current fiscal year.
Note that during 2024 the total debt to banks was renegotiated, as previously described.

Further information can be obtained from the specific tables provided below.

(THOUSAND EUROS)	BOOK VALUE 12/31/2023	CHANGE	BOOK VALUE 12/31/2024
Loan CAI M/L long-term portion	30,000	(30,000)	-
Simest loan long-term portion	288	(96)	192
Loan Crédit Agricole M/L long-term portion	35,000	40,000	75,000
Total gross long-term borrowings	**65,288**	**9,904**	**75,192**
Up-front commissions for M/LT structured loans	(731)	542	(189)
Total long-term borrowings	**64,557**	**10,446**	**75,003**

Reported below is the breakdown of bank loans by nature, short and medium/long-term existing as at December 31, 2024:

(THOUSAND EUROS)	BALANCE AS AT DECEMBER 31, 2023	NEW DISBURSEMENTS	REPAYMENTS	BALANCE AS AT DECEMBER 31, 2024	< 1 YEAR	> 1 YEAR	OF WHICH > 5 YEARS	EXPIRY
CA-CIB Line A1	6,429	-	(6,429)	-	-	-	-	03/31/2027
CA-CIB Line A2	38,571	-	(38,571)	-	-	-	-	03/31/2027
CAI	40,000	100,000	(40,000)	100,000	25,000	75,000	-	12/19/2028
Simest	384	-	(96)	288	96	192	-	12/31/2027
Total	**85,384**	**100,000**	**(85,096)**	**100,288**	**25,096**	**75,192**	**-**	

OTHER SHORT AND MEDIUM/LONG-TERM FINANCIAL PAYABLES

The item includes payables arising from the application of IFRS 16 in the amount of 37,108 thousand euros, as well as the deferred payment portion related to the e-comer business combination. This debt, payable in constant annual installments of 1,000 thousand euros until FY 2027, is 2,905 thousand euros due to the application of amortized cost. Details of the payables and movements in the period are shown below:

(THOUSAND EUROS)	12/31/2023	NET CHANGE	TRANSLATION RESERVE	12/31/2024
Short-term payables IFRS 16	11,586	(5,399)	42	6,229
Long-term payables IFRS 16	46,717	(16,379)	541	30,879
Short-term acquisition payables	1,000	(63)	-	937
Long-term acquisition payables	5,276	(3,308)	-	1,968
Total	64,579	(25,149)	583	40,015

COMMITMENTS AND GUARANTEES

Guarantees given amount to 28,027 thousand euros (23,758 thousand euros in 2023) and consist for the most part of commitments of the Parent Company for guarantees given to the Chinese subsidiary (Comer Jiaxing) for foreign exchange hedging operations. Note that as of the date of approval of these financial statements, guarantees amounting to 10,122 thousand euros have been extinguished.

The Group has no commitments to finance leasing companies.

2.6.10 NET EQUITY

The fully subscribed and paid-up share capital of the Parent Company as of December 31, 2024, is 18,487,338.60 euros and consists of 28,678,090 shares without nominal value. A portion of these shares, specifically 26,943 with a market value of 738 thousand euros, is held as treasury shares as of the closing date of this fiscal year.

On April 23, 2024, dividends of 35.8 million euros, equivalent to 1.25 euros per share, were paid out of 2023 profits.

Other reserves include:

(THOUSAND EUROS)	12/31/2024	12/31/2023
Legal reserve	3,697	3,697
Extraordinary reserves available	44,316	39,462
Consolidation reserve	3,543	3,543
FTA reserve (IAS/IFRS first time adoption)	(5,923)	(5,923)
Translation reserve	(1,640)	(5,132)
Reserve own shares in portfolio	(738)	(147)
IAS 19 reserve	25,987	22,515
Total other reserves	**69,242**	**58,015**

Information regarding the distributability of the reserves can be found in the notes to the financial statements of the parent company.

For changes in reserves, see the Consolidated Statement of Changes in Equity.

The IAS 19 reserve refers to the recognition of actuarial gains on pension funds described in detail in Section *"Post-employment benefits"*, to which reference should be made for further details.

Reconciliation between the New Equity and the result of operations of the Parent Company Comer Industries S.p.A. in compliance with the IAS/IFRS international accounting standards as at December 31, 2023, and the amounts reported in this consolidated financial report, drawn up in compliance with international standards, on the same date is as follows:

(THOUSAND EUROS)	12/31/2024		12/31/2023	
	NET EQUITY	NET PROFIT/ LOSS FOR THE YEAR	NET EQUITY	NET PROFIT/ LOSS FOR THE YEAR
IAS/IFRS Net Equity of the Parent Company	**349,666**	**65,786**	**320,287**	**40,702**
Surplus of net equity in the financial statements, including operating results compared to carrying values of investments in consolidated companies	243,245	70,749	230,489	76,752
Elimination of intercompany dividends		(59,658)		(7,648)
Equity contribution of subsidiaries to the Parent Company	**243,245**	**11,091**	**230,489**	**69,104**
Effects deriving from consolidation entries	**(48,743)**	**(9,657)**	**(43,181)**	**(15,771)**
Net Equity attributable to minority interests	-	-	-	-
Total IAS/IFRS Net Equity	544,168	67,221	507,594	94,035

All the effects of the above are shown net of the related taxes.

2.6.11
DEFERRED TAX LIABILITIES

The deferred taxes are related to the tax effect of timing differences between the profit and loss for the year for statutory purposes of each company, and any associated taxable income in accordance with tax regulations.
The amounts so defined are detailed in the following table:

(THOUSAND EUROS)	12/31/2024 TOTAL TAXES DEFERRED	12/31/2023 TOTAL TAXES DEFERRED	2024 (USED) ALLOCATED
Temporary differences Italian companies	1,127	594	533
Temporary differences foreign subsidiaries	50,904	53,123	(2,219)
Total deferred taxes	**52,031**	**53,717**	**(1,686)**
Total deferred taxes consolidation	**611**	**621**	**(9)**
Total deferred taxes in the financial statements	**52,642**	**54,338**	**(1,695)**

The balance of temporary differences of the Italian companies is mainly attributable to the adjustment of deferred tax assets. The balance of foreign subsidiary temporary differences mainly includes the deferred tax effect resulting from the final Purchase Price Allocation processes of the previous years.

2.6.12
POST-EMPLOYMENT BENEFITS

This item includes provisions for defined benefit plans related to employment such as severance pay, equivalent plans, and pension funds.
Changes in the item are shown below:

(THOUSAND EUROS)	12/31/2024	12/31/2023
Opening balance	**130,487**	**124,208**
Acquisition balances	-	613
Use for discharges and advances	(7,078)	(6,241)
Settlements of complementary pensions and treasury funds	(183)	(2,525)
Allocation for the year	5,497	4,389
Exchange rate differences	(6)	-
Effects of IAS 19 recalculation period (gross of taxes)	(5,154)	10,043
Closing balance	**123,562**	**130,487**
of which short-term	8,027	7,859
of which medium-long term	115,536	122,628

The economic and equity effects of the period, compared with the previous year, are detailed below:

(THOUSAND EUROS)	12/31/2024	12/31/2023
Current service cost	(1,177)	(1,160)
Actuarial losses/(gains)	5,154	5,650
Financial expenses	(4,314)	4,505
Tax effect on income statement	1,681	(877)
Equity tax effect	(1,683)	(1,938)
Overall effect	**(339)**	**6,180**

The item refers to deferred compensation to employees in Italy, Germany, and the United States in the form of defined benefit plans.

In Italy, the Trattamento di Fine Rapporto (TFR) is a form of deferred compensation that employers must pay as severance to employees at the end of their employment, as stipulated in Article 2120 of the Italian Civil Code. The portion of the TFR set aside up to December 31, 2006, following the Supplementary Pension Reform, continues to be managed as a defined benefit pension plan, while the sum set aside thereafter is disbursed annually to the relevant institutions.

The main risks associated with this plan relate to the amounts accumulated, which are disbursed to workers in the form of a lump sum upon retirement or when leaving the Company.
Under Italian law, workers can request an advance on the total benefit set aside, but this carries the risk that workers will leave the plan early or that the advance payments requested will exceed projections, causing an actuarial loss due to accelerated cash flows.

Other risks that the pension plans in Italy are subject to are related to inflation, which affects the benefits accumulated, and the discount rate.

In Germany, there are three types of retirement plans: the "Pension Plan," the "Jubilee Plan," and the "Early Retirement Plan." The pension plan is provided by the Company upon reaching retirement age or in case of disability (with the possibility of a benefit for the surviving spouse).
This plan does not provide a lump sum payment, but is disbursed as a periodic benefit. The benefits to be paid are calculated based on several factors, including a fixed percentage of annual salary, salary increases, and beneficiary longevity.

The main risk associated with this plan relates to pension increases imposed by local laws, which could result in retroactive increases (up to 3 years), in addition to future increases or delays in pension adjustments, as happened in 2022 and 2023 due to higher-than-expected real inflation. Moreover, there could be a risk related to a higher-than-assumed life expectancy and volatility of the discount rate, which could affect the Defined Benefit Bond.

In the United States, there is a pension plan for individuals belonging to UAW Local Union no. 803 who were hired before November 6, 1990. The pension plan is provided by the Company upon reaching retirement age. This plan does not provide a lump sum payment, and is disbursed as a periodic benefit. The benefits to be paid are calculated based on a fixed monthly amount for each year of work.
The main risk associated with this plan concerns changes in the discount rate.

Employee benefit liabilities are determined using actuarial valuation methods with the support of a third-party actuarial firm, and adjusted in connection with the occurrence of events that require updates. The date of the last actuarial valuation was December 31, 2024, and the actuarial valuation method used for most of the plans is the Projected Unit Credit method, which calculates the present value of the Company's obligation relating to benefits payable to employees after termination of employment.

The value of post-employment benefits at the end of the reporting period (123,562 thousand euros) decreased compared to the value at the end of the previous period (130,487 thousand euros). This change of 6,925 thousand euros before taxes is mainly reflected in the recognition of the actuarial gain accrued as a result of the adjustment of discount rates, as explained below.

Liabilities for defined benefit plans have been determined using the following 2024 Group actuarial assumptions:

ITALIAN ACTUARIAL ASSUMPTIONS	MEASURING UNIT	12/31/2024	12/31/2023
Discount rate	%	3.5	3.3
Expected rate of wage growth	%	0.5	0.5
Expected % of employees who will resign before pension (turnover)	%	5	5
Annual cost of living increase rate	%	2	2
Annual rate of TFR increase	%	3	3

The values of the employee severance indemnity provision that would have been obtained by changing the above actuarial assumptions are as follows:

(THOUSAND EUROS)	DISCOUNTED SEVERANCE INDEMNITY PROVISION
Turnover rate +1.0%	7,981
Turnover rate -1.0%	7,896
Annual cost of living increase rate +0.25%	8,045
Annual cost of living increase rate - 0.25%	7,839
Discount rate + 0.25%	7,795
Discount rate - 0.25%	8,092

With regard to the German and American subsidiaries, the liabilities for defined benefit plans have been determined using the following actuarial assumptions:

GERMAN ACTUARIAL ASSUMPTIONS	MEASURING UNIT	12/31/2024	12/31/2023
Discount rate	%	3.30	3.30
Expected rate of wage growth	%	2.75	2.75
Annual rate of TFR increase	%	2.25	2.25

US ACTUARIAL ASSUMPTIONS	MEASURING UNIT	12/31/2024	12/31/2023
Discount rate	%	4.7	4.9
Expected rate of wage growth	%	-	-
Annual rate of TFR increase	%	-	-

The interest rate used for discounting employee benefits is based on the yields of high-grade corporate bonds with an average rating of AA, which has remained essentially unchanged since December 31, 2023.

The significant actuarial assumptions in determining the defined benefit obligations are discount rate and future salary growth. The sensitivity analysis was determined based on reasonable possible changes in the respective assumptions occurring at the end of the reporting period, holding all other assumptions constant:

- If the discount rate is 0.5% higher, the defined benefit obligation will decrease by 7.4 million euros (7.7 million euros in 2023).
- If the projected future salary growth were higher than 0.5%, the defined benefit obligation would increase by 0.7 million euros (0.8 million euros in 2023).

The composition of personnel by category, based on average data, is as follows:

CONTRACT CATEGORY	AVERAGE NUMBER 2024	AVERAGE NUMBER 2023
Senior executives	29	31
White Collar and Managers	1,003	1,074
Blue Collar and Outsourced workers	2,389	2,588
Total	**3,421**	**3,693**

As of December 31, 2024, the Group had 3,171 resources (including temporary workers), a decrease of 457 from December 31, 2023. The decrease is largely attributable to the decreased use of temporary employment.

2.6.13 SHORT- AND LONG-TERM PROVISIONS

The provisions include:

PROVISIONS FOR RISKS AND CHARGES (THOUSAND EUROS)	12/31/2024	12/31/2023
Provision for product warranty risks	25,514	26,555
Other provisions for risks	5,015	12,543
Short-term provisions	**30,529**	**39,098**
Provision for long-term product warranties	14,353	9,865
Other provisions for risks	4,375	4,889
Other provisions for risks and legal charges	1,282	1,985
Agents provision	147	236
Long-term provisions	**20,157**	**16,975**

The product warranty provision represents the best estimate of specific risks known prior to the preparation of the financial statements related to past productions and attributable to open claims not yet resolved at year-end. Moreover, the provision includes sums calculated on the basis of the median warranty costs incurred on sales over the past five years.

The Supplementary Agents Indemnity Fund includes provisions for reimbursements recognized in the event of termination of the agency relationship, quantified according to the methods indicated in the collective economic agreement signed March 20, 2002 for the regulation of agency relations and commercial representation in the industrial sectors and cooperation.

The provision for contingent liabilities and legal expenses represents the reasonable risk calculated in relation to litigation or potential liabilities still pending in court.

Lastly, the other short-term and long-term provisions for risks and charges cover the estimate of liabilities mainly related to the completion of Group reorganizations. The reduction is attributable to the uses recorded during the year.

2.6.14 TRADE PAYABLES AND OTHER SHORT- AND LONG-TERM PAYABLES

TRADE PAYABLES

The balance of 152,589 thousand euros shows a decrease of 46,253 thousand euros from the previous year. The average payment days as of December 31, 2024 (calculated on the cost of the last quarter's sales) amounted to 104 days compared to 102 days in the previous year.
There are no payables expiring after more than one year or expired for more than 12 months.

OTHER SHORT- AND LONG-TERM PAYABLES

The balance of other short- and long-term payables is 36,091 thousand euros.
The short-term balance amounting to 29,851 thousand euros mainly includes amounts due to employees for services accrued and not paid as of the year-end closing.

2.6.15 CURRENT TAX LIABILITIES

The details are as follows:

(THOUSAND EUROS)	12/31/2024	12/31/2023
Tax authority balance for current taxes	193	27,543
Tax authority for IRPEF withholdings	2,381	2,333
Other amounts due to tax authorities for withholding tax and VAT owed by foreign companies	375	90
Current tax liabilities	**2,949**	**29,966**

The change in the balance due to tax authorities for current taxes is attributable to the payment of income taxes for the previous year.

2.6.16 INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

MANAGEMENT OF LIQUIDITY RISK

Liquidity risk is related to the difficulty in raising funds to meet commitments made.
The control and implementation of appropriate policies for the management of liquidity risk in the presence of contingency guarantee the Company's survival and minimize the cost of funding.
This particular risk, unlike the others, manifests its effects in a very short time, with devastating consequences for companies.

It can result from insufficient resources available to meet financial obligations under the terms and deadlines set in the case of sudden revocation of uncommitted credit lines or of the possibility that the Company must honor its financial liabilities before their natural expiry.
As previously commented, the treasury activities of the Group are substantially centralized at the parent company.

In the last quarter of 2024 the Group refinanced its entire debt to banks, reducing spreads and extending the duration of the debt.

The management of liquidity risk implies:

- Maintaining credit lines defined as primary risk within a total of no more than 80% of total credit lines and a substantial balance between the short and medium/long-term lines. This is necessary in order to avoid liquidity strains in the case of requests for any reimbursement by the relevant financial partners.
- Maintaining adequate liquidity derived from the cash flow generated by current operations.

It should be added that in managing this type of risk, the Group always tries to finance its investments with medium- to long-term unsecured claims in the breakdown of net debt, while covering current expenses using the short-term credit lines above.

MANAGEMENT OF INTEREST RATE RISK

The Group is exposed to the risk of changes in interest rates associated with outstanding financial assets and liabilities. The objective of interest rate risk management is to limit and stabilize the negative effects on cash flows subject to changes in interest rates.

MANAGEMENT OF EXCHANGE RATE RISK

In addition to what is written in the previous paragraph, it should be noted that the Group has significant transactions in the currency of non-euro countries (mainly USD and CNY).
The exchange rate risk is hedged through purchase and sale of foreign currencies contracts (forwards).
Counterparties in these operations are the banks with which the Group normally operates.

The currencies involved are the USD and CNY, and any such transactions carried out to hedge cash inflows connected with budgeted sales transactions, scheduled on a monthly basis, may well fall within those defined as “highly effective” on “highly probable” future transactions, and their economic effect is recorded on an accrual basis.

The efficacy assessment is aimed at proving the high correlation existing between the characteristics of the risk being hedged (maturity, amount, etc.) with those of the hedging instrument, by carrying out specific retrospective and prospective qualitative and quantitative tests.

The fair value of a derivative contract is calculated using the official listing prices for instruments traded in regulated markets.
The fair value of instruments that are not listed on regulated markets is calculated using valuation models that are appropriate for each category of financial instrument, with market data related to the balance sheet date (such as interest rates, exchange rates, and volatility), discounting the expected cash flows based on interest rate curves and converting amounts in other currencies to the euro through exchange rates provided by the European Central Bank.

SENSITIVITY ANALYSIS

The following analysis has been prepared in order to better identify the economic risks and changes in equity arising from possible changes in exchange rates.
The analysis is performed by comparing the euro values of foreign currency investments with what the euro values would have been using the highest and lowest exchange rates recorded during the 52 weeks of 2024.

The aim of the simulation is to show the impacts on the Group's net profit and equity deriving from the translation of the financial statements of subsidiaries into the currency of the consolidated financial statements according to potential maximum fluctuations predicted by the analysis.

(THOUSAND EUROS)	LOCAL CURRENCY		RANGE LAST 52 WEEKS 2024			IMPACT ON EQUITY RANGE LAST 52 WEEKS 2024			IMPACT ON NET PROFIT RANGE LAST 52 WEEKS 2024	
	NET EQUITY	NET PROFIT	MIN VAL	MAX VAL	SPOT 12/31/2024	MIN VAL	MAX VAL	2024 AVG 365 D	MIN VAL	MAX VAL
US dollar	173,981	11,567	1.04	1.12	1.04	-	(12,071)	1.08	447	(355)
British pound	5,205	(1,126)	0.82	0.87	0.83	37	(270)	0.85	(36)	30
Chinese renminbi	855,767	335,369	7.55	7.95	7.58	561	(5,269)	7.79	1,379	(905)
Indian rupee	1,436,646	425,200	87.93	93.81	88.93	185	(840)	90.56	140	(163)
Brazilian real	64,410	(4,223)	5.31	6.53	6.43	2,113	(166)	5.83	(71)	78

The Group considers that it is not subject to significant economic and equity impacts deriving from the management of transactions of the single legal entities forming part of the scope of consolidation in foreign currency.

MANAGEMENT OF CREDIT RISK

The Group's policy is to sell to customers after an evaluation of their credit capacity and therefore within pre-set credit limits. This method has allowed the Group to avoid suffering significant credit losses in the past.
With reference to the conditions of the social economic environment in 2024, it is believed that the credit risk remained unchanged from the previous year. Consequently, the Group continued to strengthen its procedures for the selection of customers, monitoring of recoveries of credit and has set up a specific insurance coverage for 95% of receivables generated by the Holding company (with the exception of several historical customers with a grade of highly reliable). The risk of insolvency has been adequately reflected in the accounts by the allocation of the specific provision for bad debts.

MANAGEMENT OF PRICE RISK

The Group is subject to the risk of fluctuation in the price of raw materials, particularly that of aluminum, cast iron, copper, and steel. Group companies review the sales prices of the products annually, transferring to customers increases in purchase costs based on specific trade indexing agreements.

FINANCIAL INSTRUMENTS BY CATEGORY

To complete the financial risk disclosures, following is a reconciliation between classes of financial assets and liabilities as identified in the Group's balance sheet and types of financial assets and liabilities identified based on the requirements of IFRS 7, as well as an indication of the level by type of fair value, as required by IFRS 13:

(THOUSAND EUROS)	FINANCIAL ASSETS AT FAIR VALUE WITH A BALANCING ENTRY IN THE INCOME STATEMENT	FINANCIAL ASSETS AT AMORTIZED COST	FINANCIAL LIABILITIES AT AMORTIZED COST	FAIR VALUE	FAIR VALUE VALUATION LEVEL
Assets as at December 31, 2024					
Equity investments in other companies	1,915	-	-	1,915	Level 3
Other long-term receivables	-	914	-	914	
Trade receivables	-	161,209	-	161,209	
Other short-term receivables	-	8,402	-	8,402	
Other financial assets	699	12,030	-	12,729	Level 2
Cash and cash equivalents	-	89,508	-	89,508	
Total assets	**2,614**	**272,063**	**-**	**274,678**	
Liabilities at December 31, 2024					
Long-term loans	-	-	(74,812)	(74,812)	
Trade payables	-	-	(152,589)	(152,589)	
Other short-term payables	-	-	(29,851)	(29,851)	
Short-term loans	-	-	(45,813)	(45,813)	
Other short-term financial payables	-	-	(7,168)	(7,168)	
Other long-term financial payables	-	-	(32,847)	(32,847)	
Total liabilities	**-**	**-**	**(343,081)**	**(343,081)**	
Total	**2,614**	**272,063**	**(343,081)**	**(68,403)**	

2.6.17 REVENUE FROM CONTRACTS WITH CUSTOMERS

The breakdown of revenues by geographic region is as follows:

(THOUSAND EUROS)	12/31/2024	INC. %	12/31/2023	INC. %	CHG %
EMEA	513,759	55%	724,853	59%	-29%
NORTH AMERICA	216,265	23%	270,872	22%	-20%
ASIA PACIFIC	170,922	18%	178,198	15%	-4%
LATIN AMERICA	41,426	4%	50,015	4%	-17%
Total turnover by geographical area	942,372	100%	1,223,938	100%	-23%

The Group closed 2024 with a decrease of 23.0% in sales revenues, which stand at 942,372 thousand euros. At constant exchange rates, sales decreased by 22.7% compared to 2023. Sales were down in all geographical areas and sectors, especially in the Agricultural sector, in line with market trends.

The turnover generated outside national borders remained around 90% of the total, a figure that confirms the marked propensity for international expansion.

2.6.18 OTHER OPERATING REVENUES

The breakdown of other operating revenues is as follows:

(THOUSAND EUROS)	12/31/2024	12/31/2023
Recovery of manufacturing, repair, service and transportation expenses	1,577	1,758
Scrap sales	735	968
Capital gains, photovoltaic refund	8,957	373
Capitalized costs	1,030	267
Income from insurance claims	-	20
Other revenues and income including out-of-period income	683	2,536
Total other revenues and income	**12,982**	**5,922**

"Capital gains, photovoltaic refund" includes the effect of the sale of the building in Charlotte, USA, as described in the opening section of this note.
The "Recovery of production, repairs, services and transport costs" heading includes, among other things, bonuses and volume awards on supplies, charges for design and endurance test expenses, and the recovery of logistical and repair costs.
Costs capitalized during the year for industrial product development projects amount to 1,030 thousand euros.

2.6.19 PERSONNEL COSTS

Personnel costs in absolute terms amounted to 195,946 thousand euros, registering a decrease of 44,700 thousand euros compared to 2023 (-18.6%). This decrease in direct personnel cost is mainly attributable to the policies implemented by the Group in response to the decrease in sales. Synergies and reorganizations implemented during the year also helped to further contain costs, bringing them in line with business performance.
The heading also contains the annual production bonus and provision of the variable salary recognized upon the achievement of the financial and profitability objectives established for 2024.

2.6.20 REMUNERATION OF DIRECTORS AND STATUTORY AUDITORS

The fees of the Directors and Statutory Auditors of Comer Industries S.p.A. for the performance of their offices in the Parent Company and in the other enterprises included in the consolidation are as follows:

(THOUSAND EUROS)	12/31/2024	12/31/2023
Directors	1,472	1,426
Statutory Auditors	50	50
Total compensation	**1,521**	**1,476**

The amounts include fees payable for the period resolved by the Shareholders' Meeting and the remunerations established by the Board of Directors for Directors attributed particular responsibilities, including bonuses. The values do not include social security and insurance contributions.
As a reminder, during the year the Group Board of Directors approved the first of a series of three incentive plans with a duration of three years each. This plan, which is reserved for senior management, provides for the free granting of a specified number of ordinary shares of the Parent Company and a cash amount upon the achievement of predetermined performance targets. The review of the performance targets is conducted at the end of each three-year period.

2.6.21 OTHER OPERATING COSTS AND WRITE-DOWNS

The item "Other operating costs" includes indirect charges associated with turnover, production and the corporate organizational structure such as rentals, utilities, leases and maintenance (excluded from the scope of IFRS 16), insurance expenses, sales commissions, expenses related to product quality as well as losses in value related to impairment tests on rights of use relating to leased properties.

The item "Write-downs of receivables and high risk provisions" includes the provision for bad debts and the provision for warranties for the year, before any uses.

As required by Art. 149-duodecies of the Issuer Regulation amended by Consob Resolution no. 15915 of May 3, 2007 published in Official Gazette no. 111 of May 15, 2007 (SO 115), the remuneration for the year 2024 for services provided by the Audit Firm Deloitte & Touche S.p.A. is as follows:

- Annual and infra-annual audit engagements on Italian companies for 201 thousand euros.
- Annual and infra-annual engagements for the audit of subsidiary companies for 215 thousand euros.
- Other non-audit services for Italian companies amounting to 91 thousand euros.

All the above-described fees are included in the "Other operating costs" heading.

2.6.22 OPERATING RESULT

The operating result achieved is equivalent to 99,320 thousand euros, corresponding to 10.5% of the consolidated turnover, slightly down compared to the 11.8% of the previous year.

This result is mainly attributable to the contraction of sales, consistent with market trends during the year, which was partially mitigated by the ongoing efficiency gains in production and management processes throughout the Group. Further information can be found in the Directors' Report on operations.

2.6.23 NET FINANCIAL INCOME / (CHARGES)

The details are as follows:

(THOUSAND EUROS)	12/31/2024	12/31/2023
Exchange gain (loss)	3,000	(429)
Exchange gains and losses	**3,000**	**(429)**
Bank interest receivable	882	609
Other income	2,932	247
Total financial income from cash management	**3,814**	**856**
Interest on advances, loans and other short-term bank borrowings	(1,343)	(854)
Interest on medium/long-term loans	(5,866)	(7,924)
Interest on loans amortized cost	(368)	(924)
Interest expense on discounted pension fund	(4,314)	(4,505)
Economic result of derivative transactions	(410)	-
Total financial costs from cash management	**(12,302)**	**(14,207)**
Interest resulting from the application of IFRS 16	(1,081)	(1,484)
Interest and other Net financial charges	**(13,383)**	**(14,835)**
Financial income balance	**(6,568)**	**(15,264)**

EXCHANGE GAIN (LOSS)

This item includes both realized differences between the historical exchange rates of the relevant transactions and the reference exchange rates of receipts and payments in foreign currency, and unrealized differences due to the translation of monetary items at the spot exchange rate at the end of the financial year. The profit generated is mainly attributable to the revaluation of the US dollar against the euro.

INTEREST AND OTHER NET FINANCIAL CHARGES

The amount of interest payable on loans of a banking nature, both long- and short-term (equal to 7,209 thousand euros) improved compared to the previous period (8,778 thousand euros) thanks to the reduction in average debt.
The heading "Interest expense on discounted pension fund" refers to the recalculation according to IAS 19 of the amount allocated to provisions for severance pay by Italian, German and American companies.

2.6.24 INCOME TAXES

The total tax burden is 25,531 thousand euros (35,129 thousand euros in 2023).
For more details on changes in deferred tax assets and liabilities, see Sections 2.6.4 and 2.6.11.

With regard to the supplementary tax envisaged in the new Pillar Two regulations that came into effect on January 1, 2024, an analysis by the Group of the figures for the year ended December 31, 2024, found no critical issues or the need to set aside taxes to cover any negative differentials between the Effective Tax Rate (ETR) of each of the jurisdictions the Group operates in and the relevant income tax.

In order to better understand the reconciliation between the tax burden recognized in the financial statements and the theoretical tax burden, the following explanatory table is provided wherein the IRAP is not considered as this, being a tax with a tax base different from income before taxes, would generate distortions between one year and another. The reconciliation was therefore determined with reference to the single IRES tax rate in force in Italy, equal to 24.0%.

(THOUSAND EUROS)	12/31/2024	12/31/2023
Consolidated profit before taxes	92,752	129,164
Parent Company theoretical tax rate	24%	24%
Theoretical income taxes	**22,260**	**30,999**
Tax effect permanent differences Italian companies	789	(1,438)
Effect of foreign tax rates different from the theoretical Italian tax rates	5,468	(2,518)
Tax effect of taxation of dividends from consolidated companies	503	92
Bonus tax credit Legislative Decree 91/2014	15	-
Tax effect of tax relief for Italian companies ACE	-	(162)
Tax effect R&D credit Law 190/2014 art.1, para. 35 and energy credit	(727)	(1,398)
Tax effect super-amort/depr (Law 208/2015) and hyper-amort/depr (Law 232/2016)	(385)	(366)
Prior-year taxes and provisions	(124)	(61)
Tax effect of actuarial gain (loss) IAS 19	(1,681)	(25)
Deferred tax effect Withholding tax	29	366
Deferred taxes recognized in the income statement	(987)	(2,360)
Tax impact on consolidating entries	(970)	8,118
Income taxes recorded in the financial statements, excluding IRAP	**24,191**	**31,248**
Current IRAP	**1,340**	**3,881**
Income taxes posted to the financial statements (current, deferred)	**25,531**	**35,129**

2.6.25 EARNINGS PER SHARE

At the bottom of the income statement, the earnings/(loss) per share is reported, determined according to that manner provided in IAS 33, as summarized below.

(THOUSAND EUROS)	12/31/2024	12/31/2023
Consolidated net income for the period attributable to Parent Company shareholders	67,220,701	94,034,636
Number of shares outstanding	28,678,090	28,678,090
Basic earnings per share (EPS) (€) - with treasury shares	**2.34**	**3.28**
Own shares	26,943	5,387
Basic earnings per share (EPS) (€) - without treasury shares	2.35	3.28

The means of calculation of diluted earnings (loss) per share are defined by IAS 33 – Earnings per share. The basic earnings (loss) per share is defined as the ratio between the economic result or the results of continuing operations of the Group attributable to the holders of ordinary shares and the weighted average of ordinary shares outstanding during the year.

2.6.26 PUBLIC GRANTS

A summary of public funds received is provided below, pursuant to Art. 1, paragraphs 125-129 of Italian Law no. 124/2017.

(THOUSAND EUROS)	RECIPIENT	PROVIDER	GRANT RECEIVED IN 2024
Grants for Reggiolo production site photovoltaic system	Comer Industries S.p.A.	GSE	2
Research & Development tax relief Law. 190 as amended	Comer Industries S.p.A.	Italian government	191
Business fund grants	Comer Industries S.p.A.	Business Fund	57
Grants for photovoltaic systems	Comer Components S.r.l.	GSE	20
Business fund grants	Comer Components S.r.l.	Business Fund	18

2.6.27 SIGNIFICANT EVENTS AFTER THE CLOSE OF THE YEAR AND BUSINESS OUTLOOK

In early March 2025, Comer Industries identified a cyber security incident that temporarily caused slowdowns and, in certain cases, temporary interruptions in internal IT services. Thanks to its speedy response and the immediate activation of the security measures recommended by an expert Incident Response Team, Comer Industries was able to mitigate the impact and rapidly restore the majority of company operations.
Comer Industries specifies that this attack and the ensuing temporary system interruption did not generate a significant impact on economic results and underscores the importance it places on the security of its partners and customers.

No other significant events occurred after the close of the year.

Overall, Management expects sales in 2025 to be broadly in line with the forecasts of the major OEM operators mentioned earlier, with increases resulting from new projects coming on stream during the year. Margins are expected to be slightly lower than in 2024. Lastly, net of extraordinary transactions, the Group is expected to continue on its path of improving its net financial position thanks to the continuous generation of cash.

Reggiolo, March 19, 2025

For the Board of Directors
Matteo Storchi
President & CEO

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF ITALIAN LEGISLATIVE DECREE 58/98

1. The undersigned Matteo Storchi, in his capacity as Chair of the Board of Directors and Chief Executive Officer, and Stefano Palmieri, in his capacity as Financial Reporting Officer of Comer Industries S.p.A., also taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of February 24, 1998, attest to:
   - the adequacy of the financial statements with respect to the company's characteristics, and
   - the effective application of administrative and accounting procedures for the preparation of the consolidated financial statements for 2024.

2. No issues worthy of note emerged in this regard.

3. We further attest that:
   3.1. The consolidated financial statements:
      a. were prepared in accordance with the applicable international accounting standards recognized in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2022;
      b. correspond to the figures in the books and records;
      c. provide a true and fair view of the asset, economic and financial situation of the issuer and all the companies included in the consolidation.
   3.2. The management report includes a reliable analysis of the trends and results of operations as well as the situation of the issuer and all companies included in the consolidation.

Reggiolo, March 19, 2025

Chair of the Board of Directors and Chief Executive Officer
Matteo Storchi

Financial Reporting Officer
Stefano Palmieri

ATTESTATION OF SUSTAINABILITY REPORTING PURSUANT TO ARTICLE 81-TER, PARAGRAPH 1, OF CONSOB REGULATION NO. 11971 OF MAY 14, 1999, AND SUBSEQUENT AMENDMENTS AND INTEGRATIONS

1. The undersigned, Matteo Storchi, in his capacity as Chair of the Board of Directors And Chief Executive Officer, and Stefano Palmieri, in his capacity as Financial Reporting Officer responsible for the preparation of Comer Industries S.p.A.'s financial statements, certify, pursuant to the provisions of Article 154-bis, paragraph 5-ter, of Legislative Decree no. 58 of 24 February 1998, that the sustainability statement included in the Board of Directors' Report has been prepared:
   a. in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and Council of 26 June 2013, and Legislative Decree no. 125 of 6 September 2024;
   b. with the specifications adopted pursuant to Article 8, paragraph 4, of Regulation (EU) 2020/852 of the European Parliament and Council of 18 June 2020.

Reggiolo, March 19, 2025

Chair of the Board of Directors and Chief Executive Officer
Matteo Storchi

Financial Reporting Officer
Stefano Palmieri

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REPORT OF THE AUDIT FIRM

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Comer Industries S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Comer Industries S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of income, 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 accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

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 Comer Industries S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Goodwill Impairment test

Description of the key audit matter	The consolidated financial statements include values of goodwill for a total amount of Euro 170 million, allocated to the three cash generating units ("CGUs") identified by the Group as at December 31, 2024 as "Industrial sector", "Agricultural sector" and "e-comer". As required by the International Accounting Standard IAS 36, goodwill is not amortized and is subject to impairment test at least annually, by comparing the recoverable amounts of the CGUs, determined according to the value-of-use methodology, and the related accounting values of net invested capital as at December 31, 2024. As a result of the impairment tests, approved by the Board of Directors on February 17, 2025, no impairment losses were recognized in the financial statement as at December 31, 2024. The evaluation process provided for in IAS 36 is complex and is based on assumptions concerning, inter alia, the forecast of expected CGUs cash flows, the definition of an appropriate discount rate (WACC) and of a long-term growth (g-rate). The assumptions underlying the impairment tests are, by nature, influenced by future expectations about the evolution of the external market conditions, connected also to the business, which determine elements of physiological estimation uncertainty. In view of the subjectivity and uncertain nature of the estimates relating to the determination of CGUs cash flows and of the key variables of the impairment model, we considered the impairment tests as a key audit matter for the audit of Group consolidated financial statements audit. The explanatory notes to the consolidated financial statements in paragraph "2.6.2 Intangible fixed assets" describe the valuation process applied by Management and the significant assumptions used in the tests, including the results of the sensitivity analysis effects of changes in key variables used for impairment tests.
Audit procedures performed	In the context of our audit we have carried out the following procedures, also using the support of our network experts: • understanding of the process and relevant controls designed and implemented by Management for the preparation and approval of the impairment tests; • analysis of the reasonableness of the main assumptions adopted for the formulation of cash flow forecasts; • analysis of the actual results 2024 compared to the related expectations in order to assess the nature of the deviations and the reliability of the planning process of the forecast data; • assessing the reasonableness of the discount rate (WACC) and long-term growth rate (g-rate) applied, by identifying and observing external sources usually used in the practice; • test of the clerical accuracy of the model used to calculate the value in use for the CGUs; • test of the accurate determination of the carrying amount of the CGUs; • test of the sensitivity analysis prepared by the Management and verification of the mathematical accuracy of them; • examination of the adequacy of the disclosure provided on impairment tests and of its compliance with the provisions of IAS 36.

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

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Comer Industries S.p.A. has appointed us on May 31, 2023 as auditors of the Company for the years until December 31, 2029.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Comer Industries S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements as at December 31, 2024, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2024 have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the illustrative notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

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Opinions and statement pursuant to art. 14 paragraph 2, sub-paragraphs e), e-bis) and e-ter) of Legislative Decree 39/10 and pursuant to art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Comer Industries S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Group as at December 31, 2024, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations and of some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the consolidated financial statements;

- express an opinion on compliance with the law of the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98;

- make a statement about any material misstatement in the report on operations and in some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98.

In our opinion, the report on operations and the specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Group as at December 31, 2024.

In addition, in our opinion, the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and the specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 are prepared in accordance with the law.

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

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Our opinion on the compliance with the law does not extend to the section related to the consolidated corporate sustainability reporting. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by us in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Signed by
Stefano Montanari
Partner

Bologna, Italy
March 31, 2025

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**INDEPENDENT AUDITOR'S
REPORT ON THE CONSOLIDATED SUSTAINABILITY STATEMENT
PURSUANT TO ARTICLE 14-BIS OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010**

**To the Shareholders of
Comer Industries S.p.A.**

Conclusion

Pursuant to dell' artt. 8 and 18, paragraph 1 of Legislative Decree no. 125 of September 6, 2024 (hereinafter also the "Decree"), we have carried out a limited assurance engagement on the consolidated sustainability statement of Comer Industries S.p.A. and and its subsidiaries (hereinafter also the "Group") for the year ended on December 31, 2024, prepared pursuant to Art. 4 of the Decree, included in the specific section of the management report.

Based on the work performed, nothing has come to our attention that causes us to believe that:

- the consolidated sustainability statement of the Comer Group for the year ended on December 31, 2024 is not prepared, in all material respects, in accordance with the reporting principles adopted by the European Commission pursuant to the Directive (EU) 2013/34/EU (European Sustainability Reporting Standards, hereinafter also "ESRS");

- the information included in the paragraph "*Environmental information - Disclosure pursuant to Article 8 of Regulation 2020/852*" of the consolidated sustainability statement is not prepared, in all material respects, in accordance with art. 8 of Regulation (EU) No. 852 of June 18, 2020 (hereinafter also the "Taxonomy Regulation").

Basis for conclusion

We conducted the limited assurance engagement in accordance with the assurance standard of the sustainability report - "Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia)". The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the level of assurance that would have been obtained had we performed a reasonable assurance engagement.
Our responsibilities pursuant to that standard are further described in the paragraph *Auditor's responsibilities for the limited assurance of the consolidated sustainability statement* of this report.

We are independent in accordance with the independence and other ethical requirements applicable under Italian law to the limited assurance engagement of the consolidated sustainability statement.

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Our firm applies International Standard on Quality Management (ISQM Italia) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matter

The comparative information for the year ended on December 31, 2023 presented in the consolidated sustainability statement has not been verified.

Responsibility of the Directors and the Board of Statutory Auditors of Comer Industries S.p.A. for the consolidated sustainability statement

The Directors are responsible for developing and implementing the procedures performed to identify the information reported in the consolidated sustainability statement in accordance with the ESRS (hereinafter the "double materiality assessment process") and for disclosing this process in the paragraph *"General disclosures – Double materiality analysis"* of the consolidated sustainability statement.
The Directors are also responsible for the preparation of the consolidated sustainability statement, which includes the information identified as part of the double materiality assessment process, in accordance with the requirements of Art. 4 of the Decree, including:

- compliance with ESRS;
- compliance of the information included in the paragraph *"Environmental information - Disclosure pursuant to Article 8 of Regulation 2020/852"* with art. 8 of the Taxonomy Regulation.

Such responsibility involves designing, implementing and maintaining, within the terms established by the law, such internal control that the Directors determine necessary to enable the preparation of the consolidated sustainability statement in accordance with the requirements of the art. 4 of the Decree that is free from material misstatements, whether due to fraud or error. Furthermore, the abovementioned responsibility involves the selection and application of appropriate methods in elaborating information and making assumptions and estimates about specific sustainability information that are reasonable in the circumstances.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

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Inherent limitations in the preparation of the consolidated sustainability statement

In reporting forward looking information in accordance with ESRS, the Directors are required to prepare the forward looking information on the basis of assumptions, as described in the consolidated sustainability statement, regarding events that may occur in the future and possible future actions of the Group. Due to the inherent uncertainty regarding any future event, including whether these events will take place and their extent and timing, the variances between actual outcomes and forward looking information could be significant.

The information provided by the Group regarding Scope 3 emissions is subject to greater inherent limitations compared to those related to Scope 1 and 2 emissions. This is due to the lower availability and relative accuracy of the data used to define the information on Scope 3 emissions, both quantitative and qualitative, in relation to the value chain, as indicated in the paragraph *"General disclosures"*.

Auditor's responsibilities for the limited assurance of the consolidated sustainability statement

Our objectives are to plan and perform procedures to obtain limited assurance about whether the consolidated sustainability statement is free from material misstatements, whether due to fraud or error, and to issue an assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, could influence the decisions of users taken on the basis of consolidated sustainability statement.
As part of the limited assurance engagement in accordance with the Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia), we exercise professional judgment and maintain professional skepticism throughout the engagement.

Our responsibilities include:

- considering risks to identify and assess the disclosure where a material misstatement is likely to arise, either due to fraud or error;
- designing and performing procedures to verify disclosures in the sustainability statement where material misstatements are likely to arise. The risk of not detecting a material misstatement due to fraud is higher than the risk of not identifying a material misstatement due to error, as fraud may involve collusion, falsifications, intentional omissions, misrepresentations, or the override of internal control;
- the direction, supervision and performance of the limited assurance engagement of the consolidated sustainability statement. We remain solely responsible for the conclusion on the consolidated sustainability statement.

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Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence as the basis for expressing our conclusion.

The procedures performed on the consolidated sustainability statement are based on our professional judgement and included inquiries, primarily with the personnel of the Group responsible for the preparation of information included in the consolidated sustainability statement, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we performed the following main procedures partly in a preliminary phase before year end and then in a final phase up to the the date of issuance of this report:

- understanding the business model, the Group's strategies and the context in which the Group operates with reference to sustainability matters;
- understanding the processes underlying the generation, collection, and management of qualitative and quantitative information included in the consolidated sustainability statement, including an analysis of the reporting perimeter;
- understanding the process carried out by the Group for the identification and evaluation of material impacts, risks and opportunities, based on the principle of double materiality, with reference to sustainability matters;
- identification of the information where a risk of material misstatement is likely to arise, taking into considerations, among others, risk factors related to the generation and collection of the information, to the existence of estimates and to the complexity of the calculation methods, as well as quantitative factors related to the nature of such information;
- design and performance of procedures, based on the professional judgment of the auditor of the consolidated sustainability report, to respond to identified risks of material misstatement also with the support of Deloitte specialists, with reference to specific environmental information;
- understanding of the process set up by the Group to identify eligible economic activities and determine their aligned nature according to the requirements of the Taxonomy Regulation, and verifying the related information included in the consolidated sustainability statement;
- comparison of the information reported in the consolidated sustainability statement with the information included in the consolidated financial statements pursuant to the applicable financial reporting framework, or with the accounting data used for the preparation of the financial statements, or with the management data accounting in nature;

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- verification of the structure and presentation of the information included in the consolidated sustainability statement in accordance with ESRS, included the information related to the materiality assessment process;
- obtaining the representation letter.

DELOITTE & TOUCHE S.p.A.

Signed by
Stefano Montanari
Partner

Bologna, Italy
March 31, 2025

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