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*Testo del comunicato*

CARRARO Finance SA Prospectus ISIN XS2432299365



## Carraro Finance S.A.

(a Société Anonyme incorporated under the laws of the Grand Duchy of Luxembourg)

Up to €120,000,000

Senior Unsecured Notes due 2028

guaranteed by

**Carraro S.p.A.**

(incorporated with limited liability under the laws of The Republic of Italy)

Subject to the Minimum Offer Condition (as defined herein), Carraro Finance S.A. (the “**Issuer**” or “**Carraro Finance**”) is expected to issue on or about 9 March 2022 (the “**Issue Date**”) between €100,000,000 (the “**Minimum Offer Amount**”) and €120,000,000 (the “**Maximum Offer Amount**”) fixed rate senior unsecured notes due 9 March 2028 with a denomination of €1,000 (the “**Notes**”) (the “**Offering**”). The Maximum Offer Amount may be reduced by the Issuer prior to the Launch Date (as defined herein). The Notes will be issued at a price of 100.00 per cent. of their principal amount (the “**Issue Price**”). The Notes will bear interest from and including the Issue Date to, but excluding, 9 March 2028, at a minimum rate of 2.75 per cent. per annum (the “**Minimum Interest Rate**”) payable semi-annually in arrear on 9 March and 9 September each year, commencing on 9 September 2022. Carraro S.p.A. (the “**Guarantor**” or “**Carraro**”) will unconditionally and irrevocably guarantee the due and punctual payment of all amounts at any time becoming due and payable in respect of the Notes (the “**Guarantee**”). Payments on the Notes and the Guarantee will be made in Euro without deduction for or on account of taxes imposed or levied by the Grand Duchy of Luxembourg or (in the case of the Guarantee) the Republic of Italy to the extent described under “*Terms and Conditions of the Notes – Taxation*”.

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 9 March 2028. The Notes are subject to redemption, in whole but not in part, at their principal amount, plus interest, if any, to the date fixed for redemption at the option of the Issuer and at any time in the event of certain changes affecting taxation in the Republic of Italy or in the Grand Duchy of Luxembourg. In addition, at any time on or after 9 March 2024, the Issuer may redeem the Notes in whole or in part from time to time at the redemption prices specified in the Interest Rate, Yield and Redemption Prices Notice, as defined below. See “*Terms and Conditions of the Notes – Redemption and Purchase*”.

The Notes will constitute (subject to “*Terms and Conditions of the Notes – Negative Pledge*”) unsecured obligations of the Issuer which will at all times rank pari passu among themselves and at least pari passu with all other present and future unsecured obligations of the Issuer, save for certain mandatory exceptions of applicable law.

This prospectus (the “**Prospectus**”) comprises a prospectus for the purposes of Article 6.3 of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). This Prospectus will be published in electronic form together with all documents incorporated by reference herein on the website of the Issuer (as defined below) (<https://www.carrarofinance.lu/en/>) (the “**Issuer’s Website**”) and the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) (the “**Luxembourg Stock Exchange Website**”) and will be available free of charge at the registered office of the Issuer and the Guarantor.

This Prospectus has been approved as a prospectus for the purposes of the Prospectus Regulation by the *Commission de Surveillance du Secteur Financier* (the “**CSSF**”) in its capacity as competent authority in the Grand Duchy of Luxembourg (“**Luxembourg**”) under the Luxembourg Act dated 16 July 2019 relating to prospectuses for securities (*Loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières*) (the “**Luxembourg Prospectus Law**”). Application has also been made to the Luxembourg Stock Exchange for the Notes to be admitted to its official list (the “**Official List**”) and admitted to trading on its regulated market (the “**Market**”). The Market is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments (“**MiFID II**”). This Prospectus is valid for a period of twelve months after its approval. The validity ends upon expiration of 9 February 2023. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when this Prospectus is no longer valid.

The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Prospectus or the quality or solvency of the Issuer in accordance with Article 6(4) of the Luxembourg Prospectus Law. Pursuant to the Luxembourg Prospectus Law, the CSSF is not competent to approve prospectuses for the offering to the public or for the admission to trading on regulated markets of money market instruments having a maturity at issue of less than 12 months. The CSSF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of either of the Issuer, the Guarantor or the quality of the Notes that are the subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the Notes.

The Issuer has requested the CSSF to provide the competent authority in Italy, Commissione Nazionale per le Società e la Borsa (“**CONSOB**”) with a certificate of approval pursuant to Article 25 of the Prospectus Regulation attesting that this Prospectus has been drawn up in accordance with the Luxembourg Prospectus Law.

Application has been made to Borsa Italiana S.p.A. (“**Borsa Italiana**”) for the Notes to be admitted to listing and trading on the Borsa Italiana’s regulated *Mercato Telematico delle Obbligazioni* market (the “**MOT**”). The MOT is a regulated market for the purposes of MiFID II. Borsa Italiana has admitted the Notes to listing on the MOT with order No. LOL-004653 dated 8 February 2022. The start date of official trading of the Notes on the MOT (the “**MOT Trading Start Date**”) will be set by Borsa Italiana in accordance with Rule 2.4.3 of the Borsa Italiana rules and published on the Issuer’s Website and the Luxembourg Stock Exchange Website and released through the Issuer’s account for the dissemination and storage of regulated information system (“**Issuer’s SDIR Account**”). The MOT Trading Start Date (as defined herein) shall correspond to the Issue Date.

The interest rate of the Notes (which shall not be less than the Minimum Interest Rate), the yield and the redemption prices will be set out in a notice, which will be filed with the CSSF and published on the Issuer’s Website, the Luxembourg Stock Exchange Website and released through the Issuer’s SDIR Account prior to the start of the Offering Period (as defined in “*Sale and Offer of the Notes – Offering Period, Early Closure, Extension and Withdrawal*”) (the “**Interest Rate, Yield and Redemption Prices Notice**”). The aggregate principal amount of the Notes, the number of Notes sold and the proceeds of the Offering will be set out in a notice, which will be filed with the CSSF and published on the Issuer’s Website, the Luxembourg Stock Exchange Website and released through the Issuer’s SDIR Account no later than the third business day after the end of the Offering Period (as defined in “*Sale and Offer of the Notes – Offering Period, Early Closure, Extension and Withdrawal*”) (the “**Offering Results Notice**”). No trading in the Notes will start before the Offering Results Notice is published.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and are subject to United States tax law requirements. The Notes are being offered outside the United States by the Placement Agent (as defined in “*Sale and Offer of the Notes*”) in accordance with Regulation S under the Securities Act (“**Regulation S**”), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of certain restrictions on transfers of the Notes, see “*Sale and Offer of the Notes*”.

**Investing in the Notes involves risks. See “*Risk Factors*” beginning on page 10 of this Prospectus for a discussion of certain risks prospective investors should consider in connection with any investment in the Notes.**

The Notes will be in bearer form in the denomination of €1,000 each and will initially be in the form of a temporary global note (the “**Temporary Global Note**”), without interest coupons, which will be deposited on or around the Issue Date with a common safekeeper for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, S.A. (“**Clearstream, Luxembourg**”). The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the “**Permanent Global Note**”, and together with the Temporary Global Note, each a “**Global Note**”), without interest coupons, not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form in principal amounts equal to €1,000 with interest coupons attached. No Notes in definitive form will be issued with a denomination above €1,000. See “*Summary of Provisions Relating to the Notes in Global Form*”.

The Notes have been assigned the following securities codes: ISIN: XS2432299365; Common Code: 243229936.

PLACEMENT AGENT  
EQUITA SIM

Prospectus dated 9 February 2022

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## SUMMARY

This summary constitutes the general description of the offering programme for the purposes of Article 7 of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”) and includes the key information that investors need in order to understand the nature and the risks of the Issuer, the Guarantor and the Notes, and is to be read together with the other parts of this Prospectus to aid prospective investors when considering whether to invest in the Notes.

### Section A – Introduction and warnings

<b>Introduction to the Notes</b>	The Notes are debt securities issued by Carraro Finance S.A. (the “ <b>Issuer</b> ” or “ <b>Carraro Finance</b> ”) on or about 9 March 2022 (the “ <b>Issue Date</b> ”) of between €100,000,000 (the “ <b>Minimum Offer Amount</b> ”) and €120,000,000 (the “ <b>Maximum Offer Amount</b> ”) fixed rate senior unsecured notes due 9 March 2028 with a denomination of €1,000 (the “ <b>Notes</b> ”) (the “ <b>Offering</b> ”). Carraro S.p.A. (the “ <b>Guarantor</b> ” or “ <b>Carraro</b> ”) will unconditionally and irrevocably guarantee the due and punctual payment of all amounts at any time becoming due and payable in respect of the Notes (the “ <b>Guarantee</b> ”). The International Securities Identification Number (“ <b>ISIN</b> ”) for the Notes is XS2432299365 and the Common Code is 243229936. This prospectus (the “ <b>Prospectus</b> ”) is dated 9 February 2022.
<b>Who is issuing the Notes?</b>	The Issuer is a <i>Société Anonyme</i> duly organised and validly existing under the laws of Luxembourg, with its registered office at 11, Rue Beaumont, L-1219, Luxembourg and registered with the Luxembourg Trade and Companies Register ( <i>Registre de Commerce et des Sociétés</i> ) under registration number B 248 536. The Issuer’s telephone number is +352 229771. A 29.21% shareholding in the Issuer is held by the Guarantor, with the remaining 70.79% held by Carraro International S.E., which is itself a wholly owned subsidiary of the Guarantor. As such, the Issuer is a wholly owned subsidiary of, and is controlled by the Guarantor. The Issuer’s legal entity identifier (“ <b>LEI</b> ”) number is 529900DEL39VEQFR1B86.
<b>Who is the offeror?</b>	The Notes are being offered by the Issuer. For information regarding the Issuer please refer to information disclosed under “ <i>Who is issuing the Notes?</i> ” above.
<b>Who is the competent authority approving the Prospectus?</b>	The Prospectus was approved by the <i>Commission de Surveillance du Secteur Financier</i> of the Grand Duchy of Luxembourg (the “ <b>CSSF</b> ”) as prospectus for the purposes of the Prospectus Regulation on 9 February 2022. The business address of the CSSF is 283 Route d’Arlon, 1150 Luxembourg, Grand Duchy of Luxembourg. CSSF’s telephone number is +352 2625 11. Application has also been made to the Luxembourg Stock Exchange for the Notes to be admitted to its official list (the “ <b>Official List</b> ”) and admitted to trading on its regulated market (the “ <b>Market</b> ”). Furthermore, the Issuer has requested the CSSF to provide the competent authority in Italy, <i>Commissione Nazionale per le Società e la Borsa</i> (“ <b>CONSOB</b> ”) with a certificate of approval pursuant to Article 25 of the Prospectus Regulation attesting that this Prospectus has been drawn up in accordance with the Luxembourg Prospectus Law. Application has been made to Borsa Italiana S.p.A. (“ <b>Borsa Italiana</b> ”) for the Notes to be admitted to listing and trading on the Borsa Italiana’s regulated <i>Mercato delle Obbligazioni Telematico</i> market (the “ <b>MOT</b> ”). Borsa Italiana has admitted the Notes to listing on the MOT with order No. LOL-004653 dated 8 February 2022.
<b>Warnings</b>	<p>You are about to purchase a product that is not simple and may be difficult to understand.</p> <p>This summary should be read as an introduction to the Prospectus. Any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole by prospective investors. Investors could lose all or part of their invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this Prospectus before legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of this Prospectus, or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Notes. The Issuer has not prepared a key information document (within the meaning of Regulation (EU) No 1286/2014 (the “<b>PRIIPs Regulation</b>”) or Regulation (EU) No 1286/2014 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the “<b>UK PRIIPs Regulation</b>”).</p>

### Section B – Key Information on the Issuer

<b>Who is the Issuer of the Notes?</b>	<p>The Issuer is a <i>Société Anonyme</i> duly organised and validly existing under the laws of Luxembourg, with its registered office at 11, Rue Beaumont, L-1219, Luxembourg and registered with the Trade and Companies Register of Luxembourg under registration number B 248 536. The Issuer’s telephone number is +352 229771. The Issuer’s LEI number is 529900DEL39VEQFR1B86.</p> <p>The Issuer’s main activity is to provide financial, treasury and consulting services to subsidiaries, affiliates and to the parent company, in line with the approved policies and the strategic needs of the Carraro Group. In particular, the company works to secure the Carraro Group’s financial supply chain, manage the risks associated with financial activities, exchange rates and interest rates, and to ensure the right balance of sources of funding by type of instrument in terms of duration, costs and geographical location.</p> <p>A 29.21% shareholding in the Issuer is held by the Guarantor, with the remaining 70.79% held by Carraro International S.E., which is itself a wholly owned subsidiary of the Guarantor. As such, the Issuer is a wholly owned subsidiary of, and is controlled by, the Guarantor.</p> <p>The Directors of the Issuer are Enrico Gomiero, Sergio Marusso and Fabio Morvilli.</p> <p>The current auditors of the Issuer are Deloitte Audit Société à responsabilité limitée of 20 Boulevard de Kockelscheuer, 1821, Luxembourg. Deloitte Audit Société à responsabilité limitée is registered with the Luxembourg Trade and Companies Register under registration number B 678 95.</p>
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**What is the key financial information regarding the Issuer?**

The following tables set out selected financial information relating to the Issuer. The Issuer was incorporated on 30 October 2019. Information below has been extracted from the audited non-consolidated financial statements of the Issuer as of and for the period from the date of incorporation of the Issuer and ended 31 October 2021, which are incorporated by reference in this Prospectus. Accordingly, no comparative financial data are provided.

**ISSUER INCOME STATEMENT OVERVIEW**

<i>(amounts in Euro thousands)</i>	<b>For the period from 30.10.2020 to 31.10.2021 Audited</b>
Total revenues from sales	382
Total operating costs	929
<b>Operating profit/(loss)</b>	<b>-547</b>
Net gains/(losses) on financial assets	-3,740
<b>Profit/(loss) before taxes</b>	<b>-4,287</b>
Current and deferred income taxes	-
<b>Net Profit/(Loss)</b>	<b>-4,287</b>

**ISSUER BALANCE SHEET OVERVIEW**

<i>(amounts in Euro thousands)</i>	<b>As at 31.10.2021 Audited</b>
Total non-current assets	85,675
Total current assets	247,980
<b>Total assets</b>	<b>333,655</b>
Total shareholders' equity	5,462
Total non-current liabilities	325,546
Total current liabilities	2,647
<b>Total liabilities</b>	<b>328,193</b>
<b>Total shareholders' equity and liabilities</b>	<b>333,655</b>

**ISSUER CASH FLOW STATEMENTS OVERVIEW**

<i>(amounts in Euro thousands)</i>	<b>For the period from 30.10.2020 to 31.10.2021 Audited</b>
Cash flows from operating activities	-3,008
Cash flows from Investing activities	-99,713
Cash flows from financing activities	296,273
<b>Total cash flows for the period</b>	<b>193,552</b>
<b>Opening cash and cash equivalents</b>	<b>-</b>
<b>Closing cash and cash equivalents</b>	<b>193,552</b>

**What are the key risks that are specific to the Issuer?**

**The Issuer is a treasury centre for the Group** – As the Group's treasury centre, the Issuer depends on the ability of other Group companies to pay in full all amounts due under the intercompany loans extended to them by the Issuer.

**Section C – Key Information on the Notes**

**What are the main features of the securities?**

Subject to the condition that the Offering will be withdrawn if, at the expiration of the Offering Period, offers to purchase the Notes ("Purchase Offers") have not been placed sufficiently for the sale of at least €100,000,000 million aggregate principal amount of the Notes (the "Minimum Offer Condition"), the Issuer is expected to issue on or about 9 March 2022, between a minimum of €100,000,000 and a maximum of €120,000,000 (the "Maximum Offer Amount") at a minimum rate of interest of 2.75 per cent. per annum (the "Minimum Interest Rate") per annum senior unsecured notes due 9 March 2028 (the "Notes"). The Maximum Offer Amount may be reduced by the Issuer prior to 23 February 2022 (the "Launch Date") at 09:00 (CET). The Notes will constitute direct, unconditional and unsecured obligations of the Issuer bearing fixed interest. The ISIN for the Notes are: ISIN: XS2432299365 and Common Code: 243229936.  
*Ranking* - Pursuant to the Terms and Conditions of the Notes (the "Conditions"), the Notes constitute direct, unconditional and (subject to

	<p>Condition 5 (<i>Negative pledge</i>) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference themselves.</p> <p><i>Transferability</i> - The Notes are freely transferable. However, the offer and the sale of the Notes and the distribution of this Prospectus is subject to specific restrictions that vary depending on the jurisdiction where the Notes are offered or sold or this Prospectus is distributed.</p> <p><i>Negative Pledge</i> - The Conditions contain a negative pledge pursuant to which neither the Issuer nor the Guarantor will create or have outstanding any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any relevant indebtedness or to secure any guarantee or indemnity in respect of any relevant indebtedness, without first securing the Notes equally.</p> <p><i>Limitation on Indebtedness</i> - The Conditions contain limitations on indebtedness.</p> <p><i>Taxation</i> - All payments in respect of the Notes by or on behalf of the Issuer or the Guarantor shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“<b>Taxes</b>”) imposed or levied by or on behalf of Luxembourg or (in the case of the Guarantor) Italy, unless the withholding or deduction of the Taxes (the “<b>Tax Deduction</b>”) is required by law. In that event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction. All the above is nevertheless subject to customary market exceptions.</p> <p><i>Events of Default</i> - Upon the occurrence of an Event of Default, the Trustee at its discretion may, and if so directed by an extraordinary resolution of the Noteholders shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer that the Notes are immediately due and repayable.</p> <p><i>Cross Default</i> - The Terms and Conditions include a cross default provision.</p> <p><i>Interest</i> - Interest on the Notes will accrue at a fixed rate not less than the Minimum Interest Rate (as defined below) per annum starting from the Issue Date, payable semi-annually in arrear on 9 March and 9 September of each year commencing on 9 September 2022. The final interest rate will be set out in a notice, which will be filed with the CSSF (as defined below) and published on <a href="https://www.carrarofinance.lu/en">https://www.carrarofinance.lu/en</a>, <a href="http://www.bourse.lu">www.bourse.lu</a> and released through the Issuer’s account for the dissemination and storage of regulated information system (“<b>Issuer’s SDIR Account</b>”) prior to the start of the Offering Period (as defined below).</p> <p><i>Issue Price</i> - The Notes will be issued at a price of 100.00 per cent. of their principal amount (the “<b>Issue Price</b>”).</p> <p><i>Maturity Date</i> - Unless previously redeemed, or purchased and cancelled, the Notes will mature on 9 March 2028.</p> <p><i>Indication of yield</i> - On the basis of the Issue Price of the Notes of 100 per cent. of their principal amount and a Minimum Interest Rate of 2.75 per cent. per annum, the gross yield of the Notes will be a minimum of 2.75 per cent. per annum.</p> <p><i>Early Redemption at the Option of the Issuer</i> - At any time on or after 9 March 2024, the Issuer may redeem the Notes, in whole or in part and from time to time, at the redemption prices which will be set out in the Interest Rate, and Yield and Redemption Prices Notice (See “<i>Disclosure of the Interest Rate, Yield, Redemption Prices and Results of the Offering</i>” under the sub-section “<i>Under which conditions and timetable can I invest in this security?</i>” below)</p> <p><i>Early Redemption for Taxation Reasons</i> - Early redemption of the Notes for reasons of taxation will be permitted, if as a result of any change in, or amendment to, the laws or regulations or any change in the application or interpretation of such laws or regulations of Luxembourg (in the case of a payment by the Issuer) or Italy (in the case of a payment by the Guarantor) or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, the Issuer (or the Guarantor, as the case may be) would be required to pay additional amounts on the Notes.</p> <p><i>Redemption at the option of the Noteholders upon the occurrence of a Change of Control</i> - If one or more Person or Persons (other than the Guarantor) acquire the power to (i) appoint or remove a majority of the directors of the Issuer or (ii) exercise more than 50 per cent. of the voting rights normally exercisable at the Issuer’s ordinary and extraordinary shareholders’ meetings, the Noteholders will have the option of redeeming the Notes at 101 per cent. of their principal amount together with accrued interest (if any).</p>
<p><b>Where will the securities be traded?</b></p>	<p>Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on its regulated market (the “<b>Market</b>”). Application has also been made for the Notes to be admitted to trading on the regulated <i>Mercato delle Obbligazioni Telematico</i> market (the “<b>MOT</b>”) of Borsa Italiana S.p.A. (“<b>Borsa Italiana</b>”). Borsa Italiana has admitted the Notes to listing on the MOT with order No. LOL-004653 dated 8 February 2022.</p>
<p><b>Is there a guarantee attached to the securities?</b></p>	<p>Pursuant to the Guarantee, the Notes will be unconditionally and irrevocably guaranteed by the Guarantor. The Guarantee is limited to 140 per cent. of the aggregate principal amount of Notes as of the date on which the Notes are issued. The obligations of the Guarantor under its guarantee will be unconditional, irrevocable and (subject to the provisions set out in “<i>Terms and Conditions of the Notes – Negative Pledge</i>”) unsecured and unsubordinated and will rank at least equally with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, save for such exceptions as may be provided for by applicable legislation.</p> <p>The Guarantor is a joint stock company (<i>società per azioni</i>) governed by the laws of Italy, with its registered office and operational headquarters at Via Olmo, 37, 35011, Campodarsego, Italy and registered in the Companies Register of Padua (Registro delle Imprese di Padova) under registration number and fiscal code 00202040283. The Guarantor’s LEI number is 815600F3EC59FFEC6594.</p> <p>The following tables set out selected consolidated financial information relating to the Guarantor and its subsidiaries (the “<b>Carraro Group</b>” or the “<b>Group</b>”). The information below has been extracted from (i) the audited consolidated financial statements of the Guarantor as of and for the years ended 31 December 2019 and 2020, and (ii) the interim unaudited consolidated financial statements of the Guarantor as of and for the period ended 31 October 2021, each of the statements under (i) and (ii) incorporated by reference in this Prospectus;</p>



<b>CONSOLIDATED INCOME STATEMENT OVERVIEW</b>		<b>For the year ended 31 December</b>		<b>For the ten months ended 31 October</b>	
<i>(amounts in Euro thousands)</i>		<b>2020</b>	<b>2019</b>	<b>2021</b>	<b>2020</b>
		<b>Audited</b>	<b>Audited</b>	<b>Unaudited</b>	<b>Unaudited</b>
Total revenues from sales		478,678	548,846	527,478	379,912
Total operating costs		466,515	526,315	501,148	373,022
<b>Operating profit/(loss)</b>		<b>12,163</b>	<b>22,531</b>	<b>26,330</b>	<b>6,890</b>
Net gains/(losses) on financial assets		-13,890	-12,095	-13,485	-9,948
<b>Profit/(loss) before taxes</b>		<b>-1,727</b>	<b>10,436</b>	<b>12,845</b>	<b>-3,058</b>
Current and deferred income taxes		1,294	1,640	6,253	30
<b>Net profit/(loss)</b>		<b>-3,021</b>	<b>8,796</b>	<b>6,592</b>	<b>-3,088</b>
Minority interests		-250	-675	-617	-109
<b>Group consolidated profit/(loss)</b>		<b>-3,271</b>	<b>8,121</b>	<b>5,975</b>	<b>-3,197</b>
<b>CONSOLIDATED BALANCE SHEET OVERVIEW</b>		<b>As at 31 December</b>		<b>As at 31 October</b>	
<i>(amounts in Euro thousands)</i>		<b>2020</b>	<b>2019</b>	<b>2021</b>	
		<b>Audited</b>	<b>Audited</b>	<b>Unaudited</b>	
Non-current assets		231,437	245,874	232,601	
Current assets		564,040	295,623	584,383	
<b>Total assets</b>		<b>795,477</b>	<b>541,497</b>	<b>816,984</b>	
Shareholders' equity		63,215	73,304	53,696	
<b>Non-current liabilities</b>		<b>488,419</b>	<b>209,625</b>	<b>480,130</b>	
Current liabilities		243,843	258,568	283,158	
<b>Total liabilities</b>		<b>732,262</b>	<b>468,193</b>	<b>763,288</b>	
<b>Total shareholders' equity and liabilities</b>		<b>795,477</b>	<b>541,497</b>	<b>816,984</b>	
<b>CONSOLIDATED CASH FLOW STATEMENTS OVERVIEW</b>		<b>For the year ended 31 December</b>		<b>For the ten months ended 31 October</b>	
<i>(amounts in Euro thousands)</i>		<b>2020</b>	<b>2019</b>	<b>2021</b>	<b>2020</b>
		<b>Audited</b>	<b>Audited</b>	<b>Unaudited</b>	<b>Unaudited</b>
Cash flows from operating activities		-7,009	65,707	2,982	-21,014
Cash flows from Investing activities		-13,678	-21,104	-19,178	-10,836
Cash flows from financing activities		293,420	-4,005	-28,938	291,025
<b>Total cash flows for the period</b>		<b>272,733</b>	<b>40,598</b>	<b>-45,134</b>	<b>259,175</b>
<b>Opening cash and cash equivalents</b>		<b>76,120</b>	<b>35,617</b>	<b>347,263</b>	<b>76,120</b>
<i>Exchange changes in cash and cash equivalents</i>		<i>-1,590</i>	<i>-95</i>	<i>1,217</i>	<i>-861</i>
<b>Closing cash and cash equivalents</b>		<b>347,263</b>	<b>76,120</b>	<b>303,346</b>	<b>334,434</b>
<b>CONSOLIDATED OTHER FINANCIAL INFORMATION OVERVIEW</b>		<b>For the year ended 31 December</b>		<b>For the ten months ended 31 October</b>	
<i>(amounts in Euro thousands)</i>		<b>2020</b>	<b>2019</b>	<b>2021</b>	<b>2020</b>
		<b>Audited</b>	<b>Audited</b>	<b>Unaudited</b>	<b>Unaudited</b>
Consolidated EBITDA		32,567	42,660	43,275	23,854
Consolidated Adjusted EBITDA		37,067	43,961	44,420	23,909
Net Consolidated Financial Position		152,712	133,851	185,604	164,938
Net Consolidated Financial Position of Operations		143,764	123,617	178,060	155,161
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<b>What are the key risks that are specific to the Guarantor?</b>	<p>The most material risk factors pertaining to the Guarantor (including those which relate to the Issuer, the Guarantor and the Group as a whole) contained in this Prospectus are set out below. Since the Issuer, the Guarantor and their respective subsidiaries are part of the same Group, they do not believe they are exposed to separate risks, except as otherwise noted.</p> <ol style="list-style-type: none"> <li><b>Risks relating to the Guarantor's ability to meet its payment obligations under the Guarantee:</b> As the Guarantor operates in part through its subsidiaries and participations, its ability to meet its payment obligations under the Guarantee also depends – to a certain extent – on the receipt of funds from its subsidiaries and participations.</li> <li><b>Risks relating to the financial performance of the Group:</b> <ul style="list-style-type: none"> <li>There can be no assurance that the Group will succeed in maintaining this trend of growth in future years; and</li> <li>the Group's consolidated statement of financial position includes significant intangible assets, which could become impaired.</li> </ul> </li> <li><b>Risks relating to the Group's 2021-2025 Business Plan and future business operations:</b></li> </ol>				

	<ul style="list-style-type: none"> <li>• The Group’s 2021-2025 business plan and its strategy, including new investments, may not be successfully implemented; and</li> <li>• the Group may be unable to successfully integrate or achieve expected benefits from current or future acquisitions or joint ventures.</li> </ul> <p>4. <b>Financial risks:</b></p> <ul style="list-style-type: none"> <li>• The Group’s significant outstanding indebtedness may limit access to additional funding, and its financial and operating flexibility;</li> <li>• exchange rate fluctuations may negatively affect the Group’s business; and</li> <li>• the use of instruments to hedge against interest or exchange rates may expose the Group to contingent liabilities.</li> </ul> <p>5. <b>Risks relating to the Group’s business model and facilities:</b></p> <ul style="list-style-type: none"> <li>• A meaningful percentage of the Group’s revenues is concentrated among a small number of clients;</li> <li>• the Group relies upon a limited number of suppliers of materials;</li> <li>• non-performance by the Group’s strategic partners and other third-party contractors could harm its business;</li> <li>• the Group depends on the experience and expertise of its senior management team and certain key employees;</li> <li>• risks associated with the Group’s employment relationships may impair its flexibility in reshaping its business activities; and</li> <li>• the Group’s manufacturing facilities face risks from interruptions, industrial accidents and compliance with regulations.</li> </ul> <p>6. <b>Risks relating to the sector in which the Group operates:</b></p> <ul style="list-style-type: none"> <li>• Product defects could impose significant costs or liabilities on the Group, and could damage the Group’s reputation;</li> <li>• the Group may be adversely affected by rising supply costs;</li> <li>• the Group faces challenges from current pressures on the global supply chain and logistics;</li> <li>• reduced demand for equipment would reduce the Group’s sales and profitability;</li> <li>• global operations pose risks such as political and socio-economic conditions and changes in the regulatory environment;</li> <li>• the Group may be unable to develop new technologies or to keep pace with the technological development of competitors;</li> <li>• the Group depends on its ability to develop, manufacture and market products that meet customer demand;</li> <li>• the Group is exposed to the risk that clients may change their strategy with respect to outsourcing;</li> <li>• competitive activity, or failure by the Group to respond to actions by its competitors, could adversely affect its results of operations;</li> <li>• the agricultural equipment industry is highly seasonal, causing fluctuations in results of operations and working capital; and</li> <li>• fluctuations in demand for products may lead to under-utilisation of its production.</li> </ul> <p>7. <b>Risks relating to macro-economic factors which may have a material adverse impact on the Group:</b></p> <ul style="list-style-type: none"> <li>• The potential impact of COVID-19 on the Group’s operations is highly uncertain;</li> <li>• the Group’s business may be affected by unfavourable weather conditions, climate change or natural disasters; and</li> <li>• changes in demand for food and alternate energy sources could affect the Group’s revenues.</li> </ul> <p>8. <b>Legal risks:</b></p> <ul style="list-style-type: none"> <li>• The Group faces risks related to possible changes to national and international laws and regulations;</li> <li>• international trade policies may affect demand for the Group’s products and its competitive position;</li> <li>• increasingly stringent engine emission standards could limit the Group’s ability to manufacture and distribute engines or equipment;</li> <li>• new or more stringent greenhouse gas emission standards may increase costs;</li> <li>• the Group is subject to extensive anti-corruption and antitrust laws and regulations, including enterprise liability under Italian law;</li> <li>• the Group is subject to risks from legal, administrative and arbitration proceedings;</li> <li>• IT security threats, more sophisticated computer crime and strict privacy laws could disrupt the Group’s business; and</li> <li>• the Group may be unable to protect its intellectual property effectively and may infringe intellectual property rights of third parties.</li> </ul>
<p><b>What are the key risks that are specific to the Notes?</b></p>	<p>1. <b>Risk relating to the specific characteristics of the Notes:</b></p> <ul style="list-style-type: none"> <li>• The Notes are fixed rate securities and are vulnerable to fluctuations in market interest rates;</li> <li>• the Notes are unsecured and claims of Noteholders are structurally subordinated;</li> <li>• the Notes may be redeemed prior to maturity;</li> <li>• limitations on indebtedness under the Notes and other indebtedness may limit the Group’s ability to operate its business; and</li> <li>• a Noteholder is bound by decisions taken at meetings of Noteholders, regardless of whether it voted in favour of the proposal.</li> </ul> <p>2. <b>Risks relating to the specific characteristics of the Guarantee:</b></p> <ul style="list-style-type: none"> <li>• The Guarantee may be limited by applicable laws or subject to certain defences that may limit its validity and enforceability; and</li> <li>• enforcing rights as a Noteholder or under the Guarantee across multiple jurisdictions may be difficult.</li> </ul> <p>3. <b>Risks relating to the terms of the Offering</b> - The Offering Period may be extended or amended, and the Offering may be terminated, postponed or withdrawn for a number of reasons, including a failure to satisfy the Minimum Offer Condition or any extraordinary change in the political, financial, economic, regulatory or currency situation of the markets in which the Group operates that could have a materially adverse effect on the condition of the Group and their business activities.</p> <p>4. <b>Risks relating to the tax treatment of the Notes and risks related to change of law and administrative practice:</b></p> <ul style="list-style-type: none"> <li>• Payments in respect of the Notes may in certain circumstances be made subject to withholding or deduction of tax;</li> </ul>



- Italian withholding taxes or deduction may be applicable on amounts paid by the Guarantor; and
  - the Notes may be affected by changes in the law and administrative practice after the date of this Prospectus.
5. **Risks relating to the fact that the Notes are not rated** - The Notes are not rated and any future credit ratings may not reflect all risks.
6. **Risks relating to the market:**
- The market value of the Notes could decrease if the creditworthiness of the Issuer worsens or is perceived to worsen;
  - an active and liquid trading market for the Notes may not develop or be maintained;
  - the Notes are subject to inflation risks;
  - the Notes are subject to transaction costs and charges;
  - The trading market for debt securities may be volatile and may be adversely affected by many events;
  - legal investment considerations may restrict certain investments; and
  - transfers of the Notes may be restricted, adversely affecting the secondary market liquidity and/or trading prices of the Notes.

**Section D – Key Information on the offer of the Notes to the public and/or admission to trading on a regulated market**

<p><b>Under which conditions and timetable can I invest in this security?</b></p>	<p><i>Offering of the Notes</i></p> <p>The Offering is addressed to the general public in Luxembourg and Italy and to qualified investors (as defined in the Prospectus Regulation) and institutional investors outside the United States following the approval of this Prospectus by the <i>Commission de Surveillance du Secteur Financier</i> of the Grand Duchy of Luxembourg (the “<b>CSSF</b>”) in its capacity as competent authority under the Luxembourg Act dated 16 July 2019 relating to prospectuses for securities (<i>Loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières</i>) (the “<b>Luxembourg Prospectus Law</b>”), and the effective notification of this Prospectus by the CSSF to the competent authority in Italy, the <i>Commissione Nazionale per le Società e la Borsa</i> (“<b>CONSOB</b>”) in accordance with Article 25 of the Prospectus Regulation.</p> <p><i>Offering Period</i></p> <p>The Offering will open on 23 February 2022 at 09:00 (CET) and will expire on 1 March 2022 at 17:30 (CET) (the “<b>Offering Period End Date</b>”), subject to amendment, extension or postponement by the Issuer and Equita S.I.M. S.p.A. (the “<b>Placement Agent</b>”) (the “<b>Offering Period</b>”). Any such amendment, extension or postponement shall be carried out by way of the publication of a supplement to this Prospectus (a “<b>Supplement</b>”) (as such amendment, postponement or extension will be a significant new factor pursuant to Article 23 of the Prospectus Regulation).</p> <p>The Issuer and the Placement Agent expressly reserve the right to withdraw the Offering at any time prior to 17:30 (CET) on the Offering Period End Date, including if Purchase Offers are lower than the Minimum Offer Amount. Furthermore, the Placement Agent, in agreement with the Issuer, has the right to cancel the launch of the Offering before the Offering has taken place and upon the occurrence of certain extraordinary events. If the launch of the Offering is cancelled or the Offering is withdrawn, the Offering itself and all submitted purchase offers will be deemed cancelled.</p> <p>If, prior to the Issue Date, Borsa Italiana has failed to set the MOT Trading Start Date (as defined below), the Offering will be automatically withdrawn by giving notice to the CSSF, the Luxembourg Stock Exchange and, no later than the day after notice has been given to the CSSF and the Luxembourg Stock Exchange, by notifying the general public by way of a notice published on the Issuer’s website and the Luxembourg Stock Exchange website, and released through the Issuer’s SDIR Account.</p> <p><i>Pricing Details</i></p> <p>The Notes will be issued at a price of 100.00 per cent. of their principal amount. The Minimum Interest Rate of the Notes is 2.75 per cent. per annum.</p> <p><i>Disclosure of the Interest Rate, Yield, Redemption Prices and Results of the Offering:</i></p> <p>The interest rate (which shall not be less than the Minimum Interest Rate) will be determined on the basis of the tenor of the Notes, the yield and demand from investors in the course of the determination of the conditions (the bookbuilding procedure) prior to the start of the Offering Period. In the course of the bookbuilding procedure, the Placement Agent will accept within a limited period of time indications of interest in subscribing for the Notes from investors, including credit spreads usually within a predetermined spread range. Subsequently, the Placement Agent will determine, in consultation with the Issuer and the Guarantor based on, among other things, the quantity and quality of the expressions of interest received from investors during the bookbuilding procedure, the interest rate (coupon), the final yield and the redemption prices (which will be expressed as a percentage of the principal amount on the redemption date, plus accrued and unpaid interest and additional amounts, if any, to the relevant redemption date). The interest rate of the Notes (which shall not be less than the Minimum Interest Rate), the yield and the redemption prices will be set out in the Interest Rate, and Yield and Redemption Prices Notice, which will be filed with the CSSF and published on the websites of the Issuer (<a href="https://www.carrarofinance.lu/en">https://www.carrarofinance.lu/en</a>) and the Luxembourg Stock Exchange (<a href="http://www.bourse.lu">www.bourse.lu</a>) and released through the Issuer’s SDIR Account prior to the start of the Offering Period. The aggregate principal amount of the Notes, the number of Notes sold and the proceeds of the Offering will be set out in a notice, which will be filed with the CSSF and published on the websites of the Issuer (<a href="https://www.carrarofinance.lu/en">https://www.carrarofinance.lu/en</a>) and the Luxembourg Stock Exchange (<a href="http://www.bourse.lu">www.bourse.lu</a>) and released through the Issuer’s SDIR Account no later than the third business day after the end of the Offering Period. No trading in the Notes will start before the Offering Results Notice is published.</p> <p><i>Conditions of the Offering</i></p> <p>Except for the Minimum Offer Condition, the Offering is not subject to any conditions. Subscription rights for the Notes will not be issued. Therefore, there are no procedures in place for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised.</p> <p><i>Technical Details of the Offering on the MOT</i></p>
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	<p>The Offering will occur through Purchase Offers made by Investors on the MOT through Intermediaries (as defined below) and coordinated by the Placement Agent, who has been appointed by the Issuer to offer and display the Notes for sale on the MOT according to the trading rules of the Borsa Italiana. Purchase Offers may only be made with the MOT through an investment company, bank, wealth management firm, registered financial intermediary, securities house and any other intermediary authorised to make Purchase Offers directly on the MOT or - if such institution is not qualified to perform transactions on the MOT - through an intermediary or agent authorised to do so (each an “<b>Intermediary</b>”). Purchase Offers must be made during the operating hours of the MOT for a minimum quantity of aggregate par value of €1,000 of the Notes, and may be made for any multiple thereof. During the Offering Period, Intermediaries may make irrevocable Purchase Offers directly or through any agent authorised to operate on the MOT, either on their own behalf or on behalf of third parties, in compliance with the operational rules of the MOT. The Notes shall be assigned, up to their maximum availability, based on the chronological order in which Purchase Offers are made on the MOT. The acceptance of a Purchase Offer on the MOT does not alone constitute the completion of a contract with respect to the Notes requested thereby. The perfection and effectiveness of contracts with respect to the Notes are subject to confirmation of the correct execution of the Purchase Offer and issuance of the Notes. Each Intermediary through whom a Purchase Offer is made will notify Investors of the number of Notes they have been assigned within the Issue Date, which is also the date on which Investors will be required to remit payment in exchange for the issuance of Notes that have been accepted by the Issuer. After the end of the Offering Period, the Luxembourg Stock Exchange, in conjunction with the Issuer, shall set and give notice of the start date of the official admission to trading on the regulated market of the Luxembourg Stock Exchange and Borsa Italiana shall set and give notice of the start date of official trading of the Notes on the MOT (the “<b>MOT Trading Start Date</b>”). The MOT Trading Start Date shall correspond to the Issue Date. Investors wishing to make Purchase Offers who do not have a relationship with any Intermediary may be requested to open an account or make a temporary deposit for an amount equivalent to that of the Purchase Offer. In case of partial sale of the Notes or a cancellation or withdrawal of the Offering, all amounts paid as temporary deposits, or any difference between the amount deposited with the Intermediary and the aggregate value of the Notes actually sold to the Investor, will be repaid to the Investor who initiated the Purchase Offer by the Issue Date. Any Purchase Offer received outside the Offering Period, or within the Offering Period but outside the operating hours of the MOT, will not be accepted. Investors may place multiple Purchase Offers. Purchase Offers placed by Italian Investors through telecommunication means are not subject to the existing withdrawal provisions applicable to distance marketing of consumer financial services, services in accordance with articles 67-bis and 67-duodecies of Legislative Decree No. 206 of 6 September 2005 as regards the public offer in Italy.</p> <p><i>Revocation of Purchase Offers:</i> If the Issuer publishes any Supplement, any investor who has placed a Purchase Offer prior to the issuance of the Supplement shall be entitled to revoke such Purchase Offer by no later than the second business day following the publishing of the Supplement in accordance with Article 23(2) of the Prospectus Regulation. Revocation of a Purchase Offer may be accomplished by delivering written notice to the Intermediary through whom the Investor made the Purchase Offer, who shall in turn notify the Placement Agent of such revocation. Other than as described above, Purchase Offers, once placed, may not be revoked.</p> <p><i>Payment and Delivery of the Notes:</i> Investors will pay the Issue Price on the Issue Date. In case of early closure of the Offering or extension of the Offering Period, a press release will be made to announce the action and inform Investors and potential Investors of the revised Issue Date. In case of an extension of the Offering Period the Issue Date will be postponed to the fifth Business Day following the closure of the Offering Period, as extended. In case of an early closure of the Offering Period, the Issue Date will remain unchanged and the Notes will be issued on 9 March 2022. Payments and transfers of the Notes will be settled through Euroclear and Clearstream, Luxembourg. The Issuer will not charge any costs, expenses or taxes directly to any Investor. Investors must, however, inform themselves about any costs, expenses or taxes in connection with the Notes which are generally applicable in their respective country of residence related to the opening of a bank account or a temporary deposit account with an Intermediary, if necessary, and/or any costs related to the execution, acceptance and transmission of Purchase Offers imposed by such Intermediaries.</p>
<p><b>Why is this prospectus being produced?</b></p>	<p>The net proceeds from the Offering are expected to be approximately between €100,000,000 and €120,000,000 (before deduction of the commissions and other expenses incurred in connection with the issue of the Notes). The Issuer intends to use the net proceeds (i) primarily towards refinancing existing indebtedness, partly also using the Group’s existing cash reserves including in particular the early redemption in whole of the Issuer’s €180,000,000 3.50% Senior Unsecured Notes due 31 January 2025 (ISIN: XS1747134564), guaranteed by the Guarantor and originally issued on 7 February 2018; and (ii) for general corporate purposes.</p> <p>The Offering is subject to a placement agreement between the Issuer and the Placement Agent pursuant to which the Issuer has appointed the Placement Agent to offer the Notes for sale on the MOT.</p> <p>The Placement Agent and its affiliates have provided from time to time, and expect to provide in the future, investment services to the Issuer and its affiliates, for which the Placement Agent and its affiliates have received or will receive customary fees and commissions. There are no interests of natural and legal persons other than the Issuer and the Placement Agent involved in the issue, including conflicting ones that are material to the issue.</p>

## RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer, the Guarantor and the Group and the industry in which they and the Group operate, together with all other information contained in this Prospectus, including, in particular, the risk factors described below. Each of the risks discussed below could have a material adverse effect on the Group's business, financial condition, results of operations or prospects which, in turn, could have a material adverse effect on the principal amount and interest which Investors will receive in respect of the Notes. In addition, each of the risks discussed below could adversely affect the trading or the trading price of the Notes or the rights of Investors under the Notes and, as a result, Investors could lose some or all of their investment. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this section.

Each of the Issuer and the Guarantor believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.

Each of the Issuer and the Guarantor believes that the factors described below represent the principal risks inherent in investing in Notes, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer and the Guarantor based on information currently available to them and which they may not currently be able to anticipate.

### **FACTORS THAT MAY AFFECT THE ISSUER'S AND THE GUARANTOR'S ABILITY TO FULFIL THEIR OBLIGATIONS UNDER THE NOTES**

The following are risk factors relating to the Issuer, the Guarantor and the Group that may affect the Issuer's and the Guarantor's ability to fulfil their obligations under the Notes and the Guarantee, respectively. Since the Issuer, the Guarantor and their respective subsidiaries are part of the same Group, they do not believe they are exposed to separate risks, except as otherwise noted.

### **RISK FACTORS RELATING SPECIFICALLY TO THE ISSUER AND TO THE GUARANTOR**

#### **1. *The Issuer is a treasury centre for the Group***

The Issuer is a treasury centre for the Group and intends to service and repay the Notes out of receivables due from other current and future Group companies under intercompany loans, comprising interest and commission payments falling due to the Issuer from those Group companies, as well as repayment of principal. The Issuer's ability to service and repay the Notes therefore depends on the ability of other Group companies to pay in full all amounts due under the intercompany loans extended to them by the Issuer. In the event that any Group subsidiary fails to pay the Issuer any such amounts, the Issuer may not be able to meet its obligations under the Notes when due.

#### **2. *Availability of financial information and historic information***

The historic financial and other information set out in this Prospectus represents only the recent past experience of the Issuer. Having been incorporated on 30 October 2020, the Issuer has prepared audited financial statements covering the period from incorporation to 31 October 2021, which are incorporated by reference in this Prospectus. Those financial statements do not include columns with comparative data in relation to any preceding period. Although the Issuer accepts responsibility for the fairness and accuracy of its historic financial information, there can be no assurance that the Group's future performance will be similar to that experienced to date and described in this Base Prospectus.

#### **3. *Interest rate risks***

The majority of the Issuer's indebtedness bears fixed rate interest. As a result, while fixed rate interest protects the Group from rises in prevailing market interest rates, in the event of a fall in those rates, the Group will be locked into payments of interest that are higher than actual market rates, which may have a significant impact on its financial position and results of operations.

For the residual portion of indebtedness which bears a floating rate, the Issuer is exposed to rises in prevailing market interest rates. In addition, although the Issuer may engage in hedging transactions in an attempt to mitigate exposure to interest rate fluctuations, as set out in further detail in "*Hedging risks*" below, such transactions also involves risks.

Any increase in market interest rates or any mismatch between market rates and the interest on the Issuer's indebtedness could have a material adverse effect on the Issuer's financial condition and results of operations

#### **4. *Risks relating to the Guarantor's ability to meet its payment obligations under the Guarantee***

As the Guarantor operates in part through its subsidiaries and shareholdings, its ability to meet its payment obligations under the Guarantee also depends – to a certain extent – on the receipt of funds from its subsidiaries and shareholdings.

The Guarantor acts as the main operating and holding company for the Group and performs group-wide functions as a management company, save for treasury functions and holding functions for the foreign subsidiaries of the Group, which are carried out by the Issuer. In its holding function, the Guarantor's ability to serve its payment obligations also depends on the receipt of funds from its subsidiaries and participations. Therefore, the Guarantor's cash flow and its ability to meet its cash requirements, including its obligations as Guarantor under each Guarantee, is – to a certain extent – subject to the profitability and cash flow of its subsidiaries and payments by such subsidiaries to it in the form of loans, dividends, fees, or otherwise, as well as upon the Guarantor's own business and credit arrangements. The ability of the Guarantor's subsidiaries to make payments to the Guarantor may be restricted by, among other things, applicable corporate and other laws and regulations and by the terms of covenants and restrictions contained in financing agreements to which such subsidiaries are or will be a party. In addition to any limitations on payment to the Guarantor contained in such agreements, any failure to comply with the covenants and restrictions contained in such agreements could trigger defaults under those agreements, which could delay or preclude the distribution of dividend payments or any other similar payments to the Guarantor.

### **RISK FACTORS RELATING TO THE GROUP AS A WHOLE**

#### **1. *Risks relating to the financial performance of the Group***

##### ***The Group may not succeed in maintaining growth in revenues and profits***

After a year of declining sales and profitability in 2020, mainly due to the spread of the pandemic, the Group's revenues and profits bounced back in 2021. However, there can be no assurance that the Group will succeed in maintaining this trend of growth in future years. Despite actions carried out to date and the future strategy of the Group, if the Group's financial statements in future years do not report an increase in revenues and profits, this could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

##### ***The Group's consolidated statement of financial position includes significant intangible assets, which could become impaired***

The Group carries significant intangible assets on its consolidated statement of financial position. As at 31 December 2020, the carrying amount of intangible assets on its consolidated statement of financial position

was €47.0 million, representing 5.9 per cent. of the Group's total assets (compared to €52.5 million representing 9.7 per cent. of the Group's total assets as at 31 December 2019).

This carrying amount includes €36.8 million in goodwill resulting from the consolidation of investments in Carraro Drive Tech which is carried out according to the methodology guidelines published in relation to the impairment test provided under IAS 36. This goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. In the years 2019 and 2020, the Group recorded no impairments with reference to Carraro Drive Tech. However, there is no guarantee that additional impairments will not occur, particularly in the event of a substantial deterioration of the Group's future prospects or general economic conditions. A significant impairment of intangible assets could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

## **2. Risks relating to the Group's 2021-2025 Business Plan and future business operations**

### ***The Group's ability to successfully execute its 2021-2025 Business Plan and implement its strategy is not assured***

The Group's 2021-2025 Business Plan (the "**2021-2025 Business Plan**") and the projections contained therein are based on a series of critical assumptions. The Group may not succeed in implementing the 2021-2025 Business Plan in full or in part or within the envisaged time frames. In addition, in the event that one or more of the 2021-2025 Business Plan's underlying assumptions proves incorrect (including, without limitation, assumptions relating to an increase in revenues and development of new products) or events evolve differently than as contemplated in the 2021-2025 Business Plan, including as a result of events affecting the Group that may not be foreseeable or quantifiable, in whole or in part, as of the date hereof, such as the COVID-19 pandemic (see "*Risks associated with the COVID-19 pandemic*" below), the anticipated events and results of operations indicated in the 2021-2025 Business Plan (and in this Prospectus) could differ from actual events and results of operations.

The Group's future growth, profitability and cash flows depend upon its ability to successfully implement its strategy. There can be no assurance that the Group can successfully achieve any or all of its strategic initiatives in the manner or time period that it expects. Further, achieving these objectives will require investments and growth through external acquisitions which may result in short-term costs without generating any current net revenues and which may, therefore, be dilutive to the Group's earnings, at least in the short term. Moreover, if the Group's strategic initiatives do not generate the expected benefits in a timely manner, the Issuer may face significant liquidity pressures in the medium term and throughout the implementation period of the strategic initiatives as a result of the associated investments required. In addition, the Group may decide to divest or discontinue certain product lines or streamline operations and incur other costs or special charges in doing so. The Group cannot give any assurance that it will realise, in full or in part, the anticipated strategic benefits it expects its strategy will achieve.

Any failure by the Group to execute the 2021-2025 Business Plan and implement its strategy successfully could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

### ***The Group may be unable to successfully integrate or achieve the expected benefits from future acquisitions or joint ventures.***

The Group may pursue acquisitions or joint ventures in the future (see "*Information about the Group – Strategy*" below). To the extent that the Group makes acquisitions or establishing joint ventures, it may face a number of risks, including:

- the need to expend substantial amounts of cash, incur additional debt or assume loss-making divisions;



- extraordinary or unexpected legal, regulatory, contractual and other costs;
- unexpected losses of key employees of the acquired or established operations and possible loss of customers and/or suppliers;
- difficulties in integrating the financial, technological and management standards, processes, procedures and controls of the acquired or established businesses with those of the Group's existing operations;
- challenges in managing the increased scope, geographic diversity and complexity of its operations;
- control issues in relation to joint ventures and other arrangements where it does not exercise sole control;
- failure to achieve the anticipated cost savings, synergies, future earnings or other benefits;
- benefits that are insufficient to justify the expenses incurred by the Group in completing such acquisitions or joint ventures;
- the inherent uncertainty of estimates and assumptions regarding profitability, growth, interest rates and business valuations, which are in turn based on a limited set of information, generally obtained through the customary due diligence exercise, and which may differ significantly from actual circumstances and developments;
- failure to identify all the critical aspects relating to the target company and the future risks that could arise from the transaction, including the assumption of liabilities under contracts that are more onerous than those typically negotiated by the Group;
- exposure of the Group to contingent and/or assumed liabilities and/or disputes arising from the previous operations of the acquired companies or businesses;
- capital losses and/or non-existence of assets or the occurrence of liabilities not found in the course of due diligence activity; and
- inability to recover amounts from the seller under the indemnity provisions of the relevant acquisition agreement.

The materialisation of any of the above risks, alone or in combination, could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

### **3. *Risks relating to exchange rate fluctuations***

#### ***Exchange rate fluctuations may negatively affect the Group's business***

Due to the Group's significant international operations, it is exposed to exchange rate risks caused by fluctuations in the value of currencies against the functional currencies of each Group company. The principal exchange rates affecting results of operations are denominated in US Dollars in relation to sales and Indian Rupees and Chinese Renminbi in relation to purchases.

The Group prepares its consolidated financial statements in Euro and, therefore, fluctuations in the exchange rates used to translate the financial statements of subsidiaries who prepare their financial statements in currencies other than Euro could significantly affect the consolidated results of operations and financial condition expressed in Euro. In addition, although the Issuer may engage in hedging transactions in an attempt to mitigate exposure to exchange rate fluctuations, as set out in further detail in "*Hedging risks*" below, such transactions also involves risks.

Exchange rate fluctuations could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to



fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

#### 4. *Risks relating to the Group's indebtedness and hedging risks*

##### ***The Group has significant outstanding indebtedness, which may limit its ability to obtain additional funding and may limit its financial and operating flexibility***

As at 31 December 2020, the Group had an aggregate of €143.8 million of net consolidated Financial Position of Operations, and its equity was €63.2 million including non-controlling interests (compared to €123.6 million of net consolidated Financial Position of Operations, and an equity of €73.3 million including non-controlling interests as of 31 December 2019). The extent of the Group's indebtedness could have important consequences on its operations and financial results, including:

- the Group may not be able to secure additional funds for working capital, capital expenditures, debt service requirements or general corporate purposes;
- the Group may need to use a portion of its projected future cash flow from operations to pay principal and interest on its indebtedness, which may reduce the amount of funds available to the Group for other purposes;
- the Group may be more financially leveraged than some of its competitors, which could put it at a competitive disadvantage;
- the Group may not be able to invest in the development or introduction of new products or new business opportunities; and
- the Group may not be able to adjust rapidly to changing market conditions, which may make it more vulnerable to a downturn in general economic conditions.

These risks may be exacerbated by volatility in the financial markets, in part resulting from perceived strains on the finances and creditworthiness of several governments and financial institutions, and from possible concerns about global economic growth, particularly in emerging markets.

The Group's future performance will depend on, among other things, its ability to finance debt repayment obligations and planned investments from operating cash flow, available liquidity, the renewal or refinancing of existing bank loans and/or facilities and access to capital markets or other sources of financing. A decline in revenues could have a negative impact on the cash-generating capacity of the Group's operating activities. Consequently, the Group could find itself in the position of having to seek additional financing and/or having to refinance existing debt, possibly at a time of unfavourable market conditions with limited availability of funding and a general increase in funding costs. In addition, instability in global capital markets, including market disruptions, limited liquidity and interest rate and exchange rate volatility, could reduce the Group's access to capital markets or increase the cost of its short and long-term financing.

The Group's debt agreements contain restrictive covenants. There is a risk that these covenants could constrain the execution of the Group's business strategy. Should the Group's strategy require additional financing, that could result in a breach of its existing debt covenants and/or refusal by its current lenders and/or the Noteholders to permit waivers or amendments to its existing covenants, which could delay or prevent completion of the Group's plans.

Any difficulty in obtaining financing could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

##### ***Hedging risks***

The Group may utilise derivative instruments, including options and futures, to hedge against fluctuations in interest or exchange rates or other transactions that expose it to contingent liabilities. However, the

Group's hedging transactions may be based upon a belief that rates are trending in a particular direction only to discover that rates exhibit the opposite behaviour. Furthermore, hedging activities may entail significant costs and, in particular, derivative transactions may be costly to unwind or may prevent the Issuer from realising gains from favourable interest rate environments. The occurrence of any such circumstances could have a material adverse effect on the Group's business, financial condition and results of operations.

#### **5. Risks relating to the Group's business model and client base**

##### ***A meaningful percentage of the Group's revenues is concentrated among a small number of clients***

A substantial portion of the Group's sales is generated from a limited number of clients. The loss of, or a significant reduction in purchases by, such key clients could adversely affect the Group's results significantly. In 2020, the Group's top five and ten clients accounted for 55 per cent. and 66 per cent. respectively of consolidated sales. If one or more of the Group's major clients ceases to do business with the Group, this would significantly reduce volumes, sales and earnings, and worsen the Group's cost situation, in particular the coverage of fixed costs. In addition, the original investments made by the Group to provide such services or products, or outstanding claims against such clients, could be wholly or partially lost.

This concentration of revenues among a small number of clients may also give rise to a concentration of credit risk from a limited number of clients. The Group may suffer losses in the event of any breach by one or more of the Group's existing clients of their payment obligations, in particular if it is a key client, which may occur if a client becomes unable to fulfil its contractual obligations to the Group or becomes insolvent.

The realisation of any of these risks could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

##### ***The Group relies upon a limited number of suppliers of materials and could suffer shortages if these suppliers were to interrupt the supply or increase their prices***

The Group requires substantial amounts of raw materials and semi-processed materials. The Group is subject to the risk that any or all of these materials may become scarce or be unavailable. Although the Group's general policy is to source raw materials and semi-processed materials from a wide number of different suppliers, in some circumstances there may only be a limited number of suppliers in relation to certain specific materials. Furthermore, its procurement logistics may experience supply delays, cancellations, strikes, insufficient quantities or inadequate quality, which would result in interruptions in production and, therefore, have a negative impact on the Group's production capacity and lead to under-utilisation of its production sites. This in turn may cause delays in the delivery of products to the Group's customers in these areas. If any one of the Group's suppliers becomes unable to meet the Group's delivery requirements for any reason (for example, due to insolvency, force majeure, subcontractor default or refusal to perform following a change in control), the Group might be unable to source input products from other suppliers on short notice and/or at the required volume or might be required to pay higher prices for these products, which would reduce its operating margin.

The materialisation of any of these risks could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

##### ***The Group relies upon strategic partners and other third-party contractors, and its business could be harmed if they fail to perform as expected or relationships with them were to be terminated***

Many of the Group's Original Equipment Manufacturer ("OEM") customers reserve the right to approve the suppliers the Group uses. The Group's ability to source input products from additional or alternate suppliers on short notice may be limited if the relevant OEM customer needs time to approve the additional

or alternate supplier. If approved suppliers failed to perform as expected or the relationships with the were terminated, this could lead to order cancellations or even damages and could harm its long-term relationships with OEM customers, who may choose to select another supplier. The materialisation of any of these risks could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

## **6. Risks relating to the Group's internal management, employment structure and facilities**

### ***The Group depends on the experience and expertise of its senior management team and certain key employees***

The Group's success largely depends on the ability of its senior executives and other members of management to manage the Group's organisation and individual business areas effectively. In particular, the Group relies upon managers who have strategic expertise and upon specialists, such as those in charge of products or process engineering, who have highly specialised skillsets and an accumulation of experience. In the event of loss of services of any key employees, it is difficult to predict with any certainty that the Group will quickly be able to replace these individuals with persons of equivalent experience and capabilities. Accordingly, the Group's ability to retain the key members of its senior management team and specialist employees, as well as to recruit suitably qualified new executives will be a key factor in its future success.

If any of the risks described above were to materialise, it could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

### ***The Group faces risks associated with its employment relationships***

In many countries where the Group operates, its employees are protected by laws and/or collective labour agreements that guarantee them, through local and national representatives, the right of consultation on specific matters, including downsizing or closure of production facilities, activities and reductions in personnel. Laws and/or collective labour agreements applicable to the Group could impair the Group's flexibility in reshaping and/or strategically repositioning its business activities. Therefore, the Group's ability to reduce personnel or implement other permanent or temporary redundancy measures is subject to government approvals and/or the agreement of labour unions where such laws and agreements are applicable. Furthermore, the Group is at greater risk of work interruptions or stoppages than non-unionised companies and any work interruption or stoppage could significantly impact the volume of products the Group manufactures and sells. If any of the risks mentioned above should materialise, this could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

### ***The Group faces risks related to its manufacturing facilities***

The Group has production and distribution facilities located in diverse geographic areas, which requires it to manage a complex global production and distribution network. Although some of the Group's production facilities have been designed to carry out all phases of required production processes, certain facilities are not interchangeable with the Group's other facilities with regard to the production of specific products. As a result, any interruption, slowdown or malfunction affecting these facilities would have an adverse impact on the Group's production of these items and, in turn, its revenues.

The Group's manufacturing activities may be interrupted or adversely affected by industrial accidents, equipment failures or catastrophic events. Such events, if they were to occur, could also expose the Group to third-party and environmental liabilities due to the use of environmentally hazardous materials such as paint, oils, flammable materials and other chemicals in the production process.

Although management believes that the Group's facilities and equipment are compliant with applicable health, safety and environmental regulations, should it experience an industrial accident or be found to have exceeded emissions limits or otherwise to have engaged in unlawful conduct, the Group and its managers could face significant fines from governmental authorities, damage claims from affected parties, the suspension or revocation of permits and authorisations as well as potential criminal penalties. Such events, if they were to occur, could expose the Group to temporary closure measures preventing it from conducting its business as well the possible appointment by judicial authorities of third parties to manage the Group's affairs.

The Group maintains insurance policies to cover potential damages and penalties relating to health, safety and environmental matters at levels that management believes to be appropriate. However, there is no assurance that such policies will be sufficient to cover in full or in part the amount of any damages or liabilities that may actually arise in the future.

Furthermore, there is no assurance that the Group will not be required to incur extraordinary costs relating to health, safety and environmental matters in the future in the event of changes to applicable regulations or in the case of unforeseen or exceptional circumstances.

Any of the circumstances mentioned above could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

#### ***Risks associated with health and safety in the workplace***

A significant portion of the Group's industrial processes refers to mechanical processes and the assembly of mechanical components. The risks related to health and safety in the workplace deriving from working activities are predominantly those typical of the metal-mechanics industry, which includes machining, interaction between operators and automatic and semi-automatic machinery, assembly of parts, movement of loads, use of high temperature furnaces and other related activities. The Group is therefore exposed to the risk that, due to accidents, in particular under Italian legislation, it could incur pecuniary sanctions, which may be significant, and criminal proceedings against the legal representatives of the companies involved.

### ***7. Risks relating to the sector in which the Group operates***

#### ***Products that do not meet client specifications or that contain, or are perceived to contain, defects or errors or that are otherwise incompatible with their intended end use could impose significant costs on the Group, including from warranty and product liability claims. In addition, quality risks could also damage the Group's reputation***

As a manufacturer, the Group is subject to product liability lawsuits and other proceedings alleging breach of its duty of care or of obligations under warranties, treatment errors and claims arising from breach of contract, recall actions or fines imposed by government or regulatory authorities. Any such lawsuits, proceedings and other claims could result in increased costs. In addition, defective products could result in loss of sales, loss of customers and loss of market acceptance, in particular against the background that many of the Group's products are mission-critical components which often have a major impact on the overall safety, durability and performance of its clients' end-product. The risks arising from such warranty and product liability lawsuits, proceedings and other claims are insured up to levels the Group considers economically reasonable, but the insurance coverage could prove insufficient in individual cases. Additionally, any major defect in one of the Group's products could also have a material adverse effect on its reputation and market perception, which in turn could have a significant adverse effect on its business, financial condition and results of operations.

Furthermore, the Group manufactures many products pursuant to OEM customer specifications and quality requirements. If the products manufactured and delivered do not meet the requirements stipulated by its OEM clients at the agreed date of delivery, production of the relevant products is generally discontinued

until the cause of the product defect has been identified and remedied. Furthermore, the Group's OE clients could potentially bring claims for damages on the basis of breach of contract, even if the cause of the defect is remedied at a later point in time. In addition, failure to perform with respect to quality requirements could diminish market acceptance of the Group's other products and its market reputation in various market segments.

If any of the risks mentioned above should materialise, this could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

***The Group may be adversely affected by rising supply costs***

In its production processes, the Group is heavily dependent on the availability and cost of numerous commodities, energy and raw materials (in particular, steel and cast iron), which account for a significant portion of its cost base. Commodities, raw materials and energy are subject to substantial price fluctuations, which may give rise to material earnings risks, as it is often not possible to pass on these price fluctuations to customers. Such risks have recently been highlighted by significant increases in energy prices, as well as in transportation costs (see "*Risks relating to pressures on the global supply chain and logistics*" below). A continued rise in the cost of commodities, energy and raw materials used by the Group could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

***Risks relating to pressures on the global supply chain and logistics***

The Group's business and, in particular, the maintenance of customers and protection of its market reputation, is partly dependent on its ability to receive and deliver goods on time. The current pressures on global supply chains and logistics have created a challenging environment for businesses, highlighting some of the vulnerabilities of the so-called "just-in-time" business model and leading to supply shortages and delays in the delivery of goods, as well as significant increases in transportation costs. If the current difficulties in global supply chains and logistics persist or worsen, this could have adverse consequences for the Group's business, financial condition and results of operation, and ultimately affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or depress the market price of the Notes.

***Reduced demand for equipment would reduce the Group's sales and profitability***

*Agricultural equipment market*

The performance of the agricultural equipment market is influenced, in particular, by factors such as:

- (i) the price of agricultural commodities and the relative level of new and used inventories;
- (ii) the profitability of agricultural enterprises, farmers' income and their capitalisation;
- (iii) the demand for food products; and
- (iv) agricultural policies, including aid and subsidies to agricultural enterprises provided by governments and/or supranational organisations as well as alternative fuel mandates.

In addition, unfavourable climatic conditions, especially during the spring, a particularly important period for generating sales orders, could have a negative impact on decisions to buy agricultural equipment and, consequently, on the Group's revenues.

*Construction equipment market*

The performance of the construction equipment market is influenced, in particular, by factors such as:

- (i) public infrastructure spending;
- (ii) new residential and non-residential construction; and

(iii) capital spending in extractive industries such as mining.

The above factors can significantly influence the demand for agricultural and construction equipment, and consequently, the Group's financial results. Additionally, if demand for the Group's products is less than it expects, the Group may experience excess inventories and be forced to incur additional charges and the Group's profitability will suffer, including higher fixed costs associated with lower production levels at its plants. The Group's business may be adversely affected if it experiences excess inventories or it is unable to adjust its production schedules or its purchases from suppliers to reflect changes in customer demand and market fluctuations on a timely basis.

Any of the above circumstances could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

***The Group operates on a global basis, which exposes it to numerous risks***

The Group's exposure to multiple international markets entails a number of inherent risks and uncertainties including the risk that changes to the political and socio-economic conditions in a given market may adversely affect its production and distribution operations, with consequent damage to the Group's business, financial condition, results of operations or reputation. For example, some of the countries in which the Group operates are economically or politically unstable or could, in future, become subject to economic sanctions. Operating in these countries subjects the Group to the risk of unfavourable changes to laws and regulations relating to foreign investment, licensing, import or export tariffs and taxation, and exposes it to bureaucratic requirements that may be difficult to implement, lower levels of protection for legal and contractual rights, as well as the risk of nationalisation and/or expropriation or exchange controls that could limit the Group's ability to remit funds to Italy. Moreover, in certain jurisdictions, laws, regulations and the interpretations thereof could be subject to unpredictable changes or uncertainties in application. For example, the introduction of new customs duties or trade tariffs could affect the competitiveness of the Group's products in the international market. Should regulations be re-interpreted, amended or revoked in the future by local authorities, the Group would have only limited ability to protect its rights. Should such a scenario materialise, there is no assurance that the Group's business, financial condition or results of operations will not be adversely affected thereby.

Finally, the Group's operations in emerging markets could also be affected by difficulties typical of developing nations such as transportation bottlenecks, infrastructure inadequacies and difficulties in finding and retaining skilled employees.

Any of the above matters could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

***The Group's business could suffer if it is unable to develop new technologies or if it cannot keep pace with the technological development of competitors***

The Group's clients demand increasingly complex and innovative solutions to meet their needs. The ability to anticipate technological trends and respond to client needs by developing innovative solutions in a timely manner is crucial to major parts of the Group's business. For example, the markets for agricultural equipment and, as a result, its business with OEM customers, are currently subject to a number of technical developments to which the Group is required to respond.

In addition, innovative and increasingly complex products and solutions are particularly exposed to the risk of yet unknown and/or undetected defects and errors which in turn may expose the Group to increased risk from warranty and product liability claims (see also – "*Risk Factors – Products that do not meet client specifications or that contain, or are perceived to contain, defects or errors or that are otherwise incompatible with their intended end use could impose significant costs on the Group, including from*



warranty and product liability claims. In addition, quality risks could also damage the Group's reputation.”). For example, in connection with the market introduction of certain suspended axles destined to be installed into agricultural tractors with more than 200 horse power, the Group has experienced quality issues often associated with the introduction of new product generations. The Group has taken steps and made investments to remedy such problems. However, if the Group is unable to fully remedy such problems, or other similar problems, the Group may incur significant additional cost, and will not be able to increase revenues through the sale of said axles and the Group's reputation as a leader in technology innovation may suffer.

If the Group fails to innovate and develop new solutions or to develop enough new solutions to generate sufficient sales, or if any future solutions fail to receive regulatory approval, or if the Group fails to introduce new products with adequate quality or is otherwise unsuccessful, this failure could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

***The Group's business results depend largely on its ability to understand its customers' specific preferences and requirements, and to develop, manufacture and market products that meet customer demand***

The Group's ability to match new product offerings to diverse global customers' anticipated preferences for different types and sizes of equipment and various equipment features and functionality, at affordable prices, is critical to its success. This requires a thorough understanding of the Group's existing and potential customers on a global basis, particularly in potential high-growth and emerging markets, including Brazil, China and India. Failure to deliver properly performing products with an adequate quality level meeting customer needs at competitive prices ahead of competitors, could have a significant adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

***The Group is exposed to the risk that clients may change their strategy with respect to outsourcing***

The Group's success is strongly linked to the preference of many original equipment manufacturers (OEMs) to outsource components, modules, assemblies and production of one or more categories of agricultural and construction machinery, as well as, in some cases, the internal research and development functions. Indeed, many of the Group's clients do not have any internal research, development or manufacturing capabilities and therefore choose to outsource these functions fully to third parties such as the Group. The extent of outsourcing is influenced by a number of factors, including: relative cost, quality and timeliness of production by suppliers as compared to OEMs; capacity utilisation; OEM perceptions regarding the strategic importance of certain components/modules to them; labour relations among automobile manufacturers, their employees and unions; and other considerations.

However, there is no assurance that, in the future, one or more of the Group's current clients will not decide to reverse this business strategy, reduce its outsourcing or insource such activities and, consequently, to reduce or terminate its business relationship with the Group. Any such changes in strategy, if they occur, could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

***Competitive activity, or failure by the Group to respond to actions by its competitors, could adversely affect its results of operations***

The Group operates in highly competitive global and regional markets. Depending on the particular country, the Group competes with other international, regional and local manufacturers and distributors of agricultural and construction equipment, commercial vehicles, and powertrains. Certain of the Group's global competitors have substantial resources and may be able to provide products and services at little or no profit or even at a loss to compete with certain of the Group's product offerings. The Group competes on

the basis of product performance, innovation, quality, distribution, customer service and price. Aggressive pricing or other strategies pursued by competitors, unanticipated product or manufacturing delays or the Group's failure to price its products competitively could adversely affect the Group's business, results of operations and financial position. Additionally, there has been a trend towards consolidation in the agricultural and construction equipment industries that has resulted in larger and potentially stronger competitors in those markets. The markets in which the Group competes are highly competitive in terms of product quality, innovation, pricing, fuel economy, reliability, safety, customer service and financial services offered. Competition, particularly on pricing, has increased significantly in the markets in which the Group competes in recent years. Should the Group be unable to adapt effectively to market conditions, this could have an adverse effect on its business prospects, results of operations and/or financial position, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

***The agricultural equipment industry is highly seasonal, which causes the Group's results of operations and levels of working capital to fluctuate significantly***

Farmers traditionally purchase agricultural equipment in the spring and autumn, the main planting and harvesting seasons. The Group's agricultural equipment business net sales and results of operations have historically been the highest in the second quarter, reflecting the spring selling season in the Northern hemisphere, and lowest in the third quarter, when many of the Group's production facilities experience summer shut-down periods, especially in Europe. The Group's agricultural equipment production levels are based upon estimated retail demand. These estimates take into account the timing of dealer shipments, which occur in advance of retail demand, dealer inventory levels, the need to retool manufacturing facilities to produce new or different models and the efficient use of manpower and facilities. However, because the Group spreads its production and wholesale shipments throughout the year, wholesale sales of agricultural equipment products in any given period may not necessarily reflect the timing of dealer orders and retail demand in that period.

Estimated retail demand may exceed or be exceeded by actual production capacity in any given calendar quarter because the Group spreads production throughout the year. If retail demand is expected to exceed production capacity for a quarter, the Group may schedule higher production in anticipation of the expected retail demand. Often, the Group anticipates that spring selling season demand may exceed production capacity in that period and schedules higher production, and anticipates higher inventories and wholesale shipments to dealers in the first quarter of the year. As a result, the Group's working capital and dealer inventories are generally at their highest levels during the February to May period and decline towards the end of the year, as both the Group's and its dealers' inventories are typically reduced.

To the extent that the Group's production levels (and timing) do not correspond to retail demand, the Group may have too much or too little inventory, which could have an adverse effect on its financial position and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

***The demand for the Group's products is subject to fluctuations. If the Group's production capacities do not meet the actual demand for its products, this could affect its results of operations.***

If markets do not grow, or shrink faster than anticipated, the Group risks under-utilisation of its production facilities. Market developments and industry overcapacity may lead to under-utilisation of the Group's production facilities, which may result in idle capacity costs, write-offs of inventories and fixed assets as well as losses on products due to falling average selling prices. Fluctuations in the rate at which industry capacity grows relative to the growth rate in demand for the Group's products may in the future put pressure on its average selling prices and adversely affect its results of operations. On the other hand, during periods of increased demand, the Group may not have sufficient capacity to meet customer orders. In the past, the Group has responded to increased demand by opening new production facilities, providing for additional capacities in existing production facilities or entering into strategic alliances, which in many

cases resulted in significant expenditure. If the Group is unable to meet rapidly increasing customer demand, it may lose customers, resulting in a loss of market share.

The realisation of any of these risks could have a material adverse effect on the Group's business, financial condition and results of operations, which could in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

## **8. Risks relating to macro-economic factors which may have a material adverse impact on the Group**

### ***Risks associated with the COVID-19 pandemic***

The outbreak of Covid-19 in China in late 2019 has spread worldwide, including Italy, which was the first country in Europe to be hit by the disease, and has been categorised by the World Health Organization as a pandemic. The Covid-19 pandemic and governmental responses to the pandemic have had a severe impact on global economic conditions and may continue to do so for an unforeseeable period, including: (i) significant disruption and volatility in the financial markets; (ii) the risk of deterioration of the credit profile of a considerable number of countries (including Italy); and (iii) temporary closures of many businesses, leading to loss of revenues and insolvency.

A number of containment measures across Italy and other countries have been gradually eased or lifted, partly as a result of the implementation of the vaccination programme by the Italian government. However, the Covid-19 pandemic continues to affect economic activities at global and regional levels, in part due to the spread of new Covid-19 variants, such as the Delta and Omicron variants. Those remaining measures (including, most recently, the requirement for employees in Italy who enter work premises to be in possession of a so called "Covid green pass") continue to affect domestic and global economic activity, including the pace and magnitude of recovery, and the duration of those restrictions is highly uncertain but could be prolonged. In addition, stricter measures may be reintroduced, as has happened in various countries, both in Europe and the rest of the world.

At present, it is not possible for the Group to reliably calculate the impact of COVID-19 on its targets for 2022. However, the potential impact of COVID-19 on the Group's facilities, suppliers and customers and therefore on its operations are highly uncertain. Such potential effects may adversely impact the demand for the Group's products and the cost, production, sales and financial performance of its operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

In addition, the current Covid-19 pandemic has had a materially adverse impact on the global supply chain. In carrying out its activities, the Group is exposed to the risk that a sudden surge of contagions may lead to further lockdowns that can reduce profitability. If the spread of Covid-19 persists, this could have a material adverse impact on the global economy. The full economic impact of Covid-19 is outside of the Group's control and will depend on a variety of factors, such as the duration and spread of Covid-19, its severity, the spread of new Covid-19 variants, the success and timing of the vaccination programme, actions taken to contain the virus or treat its impact, the extent and effectiveness of economic stimulus measures taken to contain the virus or treat its impact and how quickly and to what extent normal economic and business activity can resume. The ability of the Group's customers to service debt and comply with contractual obligations, including those owed to the Group, may also be adversely affected. The degree to which Covid-19 affects the Group's results of operations, liquidity, access to funding and financial position will depend on future developments, which, as at the date of this Prospectus, are highly uncertain and cannot be predicted.

### ***The Group's business may be affected by unfavourable weather conditions, climate change or natural disasters***

Poor, severe or unusual weather conditions caused by climate change or other factors, particularly during the planting and early growing season, can significantly affect the purchasing decisions of the Group's agricultural equipment customers. The timing and quantity of rainfall are two of the most important factors

in agricultural production. Insufficient levels of rain prevent farmers from planting crops or may cause growing crops to die, resulting in lower yields. Excessive rain or flooding can also prevent planting and harvesting from occurring at optimal times and may cause crop loss through increased disease or mould growth. Temperature affects the rate of growth, crop maturity, crop quality and yield. Temperatures outside normal ranges can cause crop failure or decreased yields, and may also affect disease incidence. Moreover, natural disasters such as floods, hurricanes, storms and droughts can have a negative impact on agricultural production. Overall, the resulting negative impact on farm income can strongly affect demand for the Group's agricultural equipment in any given period.

In addition, natural disasters, pandemic illness, equipment failures, power outages, disruptions to the Group's information technology systems and networks or other unexpected events could result in physical damage to and complete or partial closure of one or more of the Group's manufacturing facilities or distribution centres, temporary or long-term disruption in the supply of parts or component products from local and international suppliers, disruption in the transport of the Group's products to dealers and customers, and delays in the delivery of products to distribution centres. In the event that such events occur, the Group's financial results might be adversely affected and the Group's existing insurance arrangements may not protect against all costs that may arise from such events.

Furthermore, the potential physical impacts of climate change on the Group's facilities, suppliers and customers and therefore on its operations are highly uncertain and will be particular to the circumstances developing in various geographical regions. These may include long-term changes in temperature levels and water availability. These potential physical effects may adversely impact the demand for the Group's products and the cost, production, sales and financial performance of its operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

***Changes in demand for food and alternate energy sources could affect the Group's revenues***

Changing worldwide demand for farm outputs to meet the world's growing food and alternative energy demands, driven in part by government policies and a growing world population, are likely to result in fluctuating agricultural commodity prices, which affect sales of agricultural equipment. While higher commodity prices will benefit the Group's crop-producing agricultural equipment customers, they also result in greater feed costs for livestock and poultry producers, which in turn may result in lower levels of equipment purchasing by these customers. Lower commodity prices directly affect farm income, which could depress sales of agricultural equipment. Moreover, changing alternative energy demands may cause farmers to change the types or quantities of the crops they grow, with corresponding changes in equipment demands. Finally, changes in governmental policies regulating bio-fuel utilisation could affect demand for the Group's equipment and result in higher research and development costs related to equipment fuel standards.

The realisation of any of these risks could have a significant adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

**9. *Risks relating to changes in law and regulations***

***The Group faces risks related to possible changes to national and international laws and regulations***

The Group operates in numerous jurisdictions and is therefore subject to different laws, regulations and standards applicable to the manufacture, distribution and export of products and must monitor regulatory developments in various countries in order to ensure that it complies with all applicable laws, regulations and standards.

Any changes to such laws, regulations and standards may require the Group to adapt its production systems, manufacturing and distribution processes or product characteristics. This could have a material

adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

***International trade policies may affect demand for the Group's products and its competitive position***

Government policies on international trade and investment such as sanctions, import quotas and capital controls or tariffs - whether adopted by non-governmental bodies, individual governments or addressed by regional trading blocs - may affect the demand for the Group's products and services, damage the competitive position of its products or prevent it from being able to sell products in certain countries. The implementation of more restrictive trade policies, such as more detailed inspections, higher tariffs, or new barriers to entry, in countries where the Group sells products and provides services could adversely affect its business, results of operations and financial position. For example, a government's adoption of trade sanctions or "buy national" policies or retaliation by another government against such policies could have a negative impact on the Group's results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

***Increasingly stringent engine emission standards could limit the Group's ability to manufacture and distribute certain engines or equipment which could adversely affect business results***

The Group's equipment operations must meet increasingly stringent engine emission reduction standards, including the European Union's Stage V standard and the "Mother Regulation" (EU Regulation no. 167/2013) (see "*Information about the Group – Regulation*"). In addition, governmental agencies throughout the world are enacting more stringent laws and regulations to reduce off-road engine emissions. These standards are applicable to many engines manufactured by the Group and used in many models of Group agriculture and construction equipment. The Group has incurred and continues to incur substantial research and development costs and is introducing many new equipment models, largely due to the implementation of these more rigorous standards. While the Group has developed and is executing comprehensive plans to meet these requirements, and does not currently foresee significant obstacles that would prevent timely compliance, these plans are subject to many variables that could delay or otherwise limit the Group's ability to manufacture and distribute certain equipment or engines, which could adversely affect business results.

The realisation of any of these risks could have a material adverse effect on the Group's business, financial condition and results of operations, which could in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

***The Group may incur increased costs due to new or more stringent greenhouse gas emission standards designed to address climate change and could be further impacted by physical effects attributed to climate change on its facilities, suppliers and customers***

There is a political and scientific consensus that emissions of greenhouse gases ("GHG") continue to alter the composition of the Earth's atmosphere in ways that are affecting and are expected to continue to affect the global climate. These considerations may lead to international, national, regional or local legislative or regulatory responses in the future. Various stakeholders, including legislators and regulators, shareholders and non-governmental organisations, as well as companies in many business sectors, including the Group, are considering ways to reduce GHG emissions. The regulation of GHG emissions from certain stationary or mobile sources could result in additional costs to the Group in the form of taxes or emission allowances, facilities improvements and energy costs, which would increase the Group's operating costs through higher utility, transportation and materials costs. Increased input costs, such as fuel and fertiliser, and compliance-related costs could also have an impact on customer operations and demand for Group equipment. Because the impact of any future GHG legislative, regulatory or product standard requirements on the Group's global businesses and products is dependent on the timing and design of mandates or standards, the Group is unable to predict its potential impact at this time.



Furthermore, the potential physical impacts of climate change on the Group's facilities, suppliers and customers, and therefore on the Group's operations, are highly uncertain, and will be particular to the circumstances developing in various geographical regions. These may include long-term changes in temperature levels and water availability. These potential physical effects may adversely impact the demand for the Group's products and the cost, production, sales and financial performance of the Group's operations.

The materialisation of any of these risks could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

***The Group is subject to extensive anti-corruption and antitrust laws and regulations and faces certain risks related to enterprise liability pursuant to Italian Legislative Decree No. 231/2001***

The Group's operations are subject to a number of laws and regulations that apply to its operations around the world, including national anti-corruption and antitrust or competition laws that apply to conduct in a particular jurisdiction. These anti-corruption laws prohibit improper payments in cash or anything of value to improperly influence government officials or other persons to obtain or retain business or gain a business advantage. These laws tend to apply whether or not those practices are legal or culturally acceptable in a particular jurisdiction. Over the past several years there has been a substantial increase in the enforcement of anti-corruption and antitrust or competition laws both globally and in particular jurisdictions.

The Guarantor has adopted the "Organisational, Management and Control Model" designed to prevent the commission of the offences contemplated in Italian Legislative Decree No. 231/2001 which governs enterprise liability under Italian law. (See "*Information about the Group – The Anti-Corruption Compliance System*"). Such offences include, among others, corruption-related crimes, in particular bribery of a public official and also bribery among private individuals, fraud crimes, fraud against the State or other public entity and false company statements. However, no assurance can be provided that the Organisational, Management and Control Model already adopted or to be adopted will successfully prevent the commission by Group companies of relevant offences or be effective in shielding Group companies from related enterprise liabilities (including in relation to acts performed prior to the adoption of the Organisational, Management and Control Model). In such a scenario, based on applicable Italian law, the affected Group company (whether or not located in Italy) and, potentially, the Guarantor, could be exposed to enterprise liability in relation to certain crimes that may be committed by Group employees in the discharge of their corporate duties.

Not all companies in the Group have adopted an equivalent model, but all are subject to guidelines based on the objectives of the Program. In addition, these Group companies are required to comply with a number of local anti-fraud, anti-corruption, anti-bribery and money laundering regulations. Despite the implementation of guidelines and a Code of Ethics, the Group nevertheless risks being associated with fraudulent activity by one of its employees, agents or joint venture partners, even if these parties are not subject to Group control.

If any of the risks described above were to materialise, it could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

***The Group is subject to risks from legal, administrative and arbitration proceedings***

The Group is, or may become, involved in a number of legal, administrative and arbitration proceedings (see "*Information about the Group – Legal Proceedings*"). These proceedings or potential proceedings could involve substantial claims for damages or other payments. Based on a judgment or a settlement agreement, the Group could be required to pay substantial damages or fines. Group litigation costs and those of third parties (which it may have to indemnify) could also be significant. The realisation of any of these risks could have a material adverse effect on the Group's business, financial condition and results of



operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil the respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline

***Increased information technology security threats, more sophisticated computer crime and strict privacy laws could disrupt the Group's business***

The Group relies upon information technology systems and networks in connection with a variety of business activities to operate its business, and it collects and stores sensitive data. Operating these information technology systems and networks, and processing and maintaining these data, in a secure manner, are critical to the Group's business operations and strategy. Additionally, increased information technology security threats and more sophisticated computer crime pose a risk to the security of the Group's systems and networks and the confidentiality, availability and integrity of its data. Cybersecurity attacks could also include attacks targeting the security, integrity and/or reliability of the hardware and software installed in the Group's products.

While the Group actively manages information technology security risks within its control, there can be no assurance that such actions will be sufficient to mitigate all potential risks to the Group's systems, networks and data. A failure or breach in security could expose the Group and its customers, dealers and suppliers to risks of misuse of information or systems, the compromising of confidential information, loss of financial resources, manipulation and destruction of data, defective products, production downtimes and operations disruptions, which in turn could adversely affect the Group's reputation, competitive position, businesses and results of operations. Security breaches could also result in litigation, regulatory action, unauthorised release of confidential or otherwise protected information and corruption of data, as well as higher operational and other costs of implementing further data protection measures. In addition, as security threats continue to evolve the Group may need to invest additional resources to protect the security of its systems.

Further, the regulatory framework for privacy and security issues worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. In May 2016, the European Union adopted the General Data Protection Regulation that imposes more stringent data protection requirements and provides for greater penalties for non-compliance. Any inability to adequately address privacy and security concerns or comply with applicable privacy and data security laws, rules and regulations could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

**10. Risks relating to intellectual property rights**

***The Group may be unable to protect its intellectual property effectively***

Management believes that the Group's ability to innovate represents one of its key competitive strengths and sources of value creation and that it permeates all of the Group's corporate activities and processes. Whenever a new product is developed that has the appropriate characteristics, the Group seeks to protect its intellectual property rights therein through the registration of patents, trademarks and other intellectual property rights. Although the Group dedicates significant resources to protecting its products and processes, there can be no assurance that these activities will be sufficient to protect its intellectual property effectively or to prevent the imitation of its products. If such risks were to materialise, it could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

***The Group may infringe intellectual property rights of third parties***

There is a risk that the Group may infringe intellectual property rights of third parties, since its competitors, suppliers and customers also submit a large number of inventions for industrial property protection. It is not always possible to determine with certainty whether processes, methods or applications the Group uses are subject to intellectual property rights of third parties.

Therefore, third parties could assert claims for infringement of intellectual property rights (including illegitimate ones) against the Group. As a result, the Group could be required to cease manufacturing, using or marketing the relevant technologies or products in certain countries or be forced to make changes to manufacturing processes and/or products. In addition, the Group could be liable to pay compensation for infringements or could be forced to purchase licenses to make use of technology from third parties. Any of these developments could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

***The Group may not have validly acquired employee inventions or could fail to validly acquire them in the future***

There is a risk that the Group has failed or will fail to properly claim inventions of its employees. Present or former employees who made or make employee inventions may continue to be the owners of the rights to inventions if the Group fails to claim the invention in a timely manner. If this should be the case and the Group nevertheless registered an employee invention with it as the owner of a patent or utility model and/or used an employee invention as such, then the employee who made the invention may have a claim for transfer of the patent/of the utility model against the Group, and may be able to assert claims for damages for the unauthorised use of his or her invention (e.g. disgorgement of profits or notional license fees). In addition, a claim could be asserted against the Group to enjoin its use of the invention, or it could be forced to enter into a license agreement providing for the payment of royalties in order to use the invention in the future, or the Group may have to acquire the invention. Furthermore, there is a risk that employees may have claims for employee invention compensation which have not yet been fully satisfied. Should the Group have failed to validly acquire employee inventions or should it potentially fail to validly acquire them in the future or should employees have claims for employee invention compensation which have not been fully satisfied, this could have a material adverse effect on the Group's business, financial condition and results of operations, which could, in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

***The Group is exposed to the risk of product-related crime and industrial espionage***

As a manufacturer and supplier of high-quality products, the Group faces certain crime risks. These include, among others, theft, misuse and counterfeiting of products (including attempts at these crimes). This is often accompanied by an infringement of trademark rights. The risk resulting from illegal trading of counterfeit products by criminal third parties relates to the fact, that in most cases, the quality of counterfeit products is inferior to that of the original products. Products originating from illegal third-party manufacturing not only endanger users and the environment, but also jeopardise the Group's reputation and that of its products and therefore undermine its competitiveness. The sophistication and complexity of product-related crime has increased significantly in recent years. The material damage cannot easily be estimated, in particular, because an exact number or cases of product related crimes is not available. The impact of product related crimes on business activities differs by case and is influenced by factors specific to regions and products.

Furthermore, there is a risk of loss of sensitive business information, other data or the tangible and intangible expertise due to ineffective protection of confidential information, in particular as a result of offences such as industrial espionage. The Group's key employees and officers have access to sensitive confidential information relating to its business such as insights about strategic developments, business case planning and core technology. The Group has implemented various measures to protect such confidential data. However, in the event that competitors, third parties or the general public gain access to such confidential information in spite of the Group's protective measures, be it on purpose or by accident, its market position could be materially weakened. The realisation of any of these risks could have a material adverse effect on the Group's business, financial condition and results of operations, which could,

in turn, adversely affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

## **FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE NOTES**

### **1. Risk Relating to the specific characteristics of the Notes**

#### ***The Notes are fixed rate securities and are vulnerable to fluctuations in market interest rates***

The Notes will carry fixed interest. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital markets (the “**Market Interest Rate**”). While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such security changes in the opposite direction. If the Market Interest Rate increases, the price of such security typically falls, until the yield of such security is approximately equal to the Market Interest Rate. Conversely, if the Market Interest Rate falls, the price of a security with a fixed interest rate typically increases, until the yield of such security is approximately equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate could adversely affect the market price of the Notes.

#### ***The Notes are unsecured***

The Notes will be unsecured obligations of the Issuer and, under Condition 5 (*Negative Pledge*), contain only limited restrictions on the giving of security by them over present and future indebtedness. Where the Issuer or the Guarantor have granted security over any of their assets of the Issuer or the Guarantor to secure indebtedness outside the scope of Condition 5 (*Negative Pledge*), in the event of any insolvency or winding-up of the Issuer or the Guarantor, such indebtedness will, in respect of such assets, rank in priority over the Notes and other unsecured indebtedness of the Issuer or (as the case may be) over the Guarantee and other unsecured indebtedness of the Guarantor. This means that, in any distribution of the proceeds from the liquidation of the Issuer’s and/or the Guarantor’s assets, secured creditors will be paid in full before any secured creditors (including Noteholders) and, as a result, Noteholders may not be paid in full or at all.

#### ***Claims of Noteholders are structurally subordinated***

A significant part of the operations of the Group are conducted through subsidiaries of the Guarantor, including (but not limited to) the Issuer. Subsidiaries other than the Issuer have no obligation, contingent or otherwise, to pay any amounts due under the Notes, or to make funds available to the Issuer to enable it to pay any amounts due under the Notes. In addition, those subsidiaries may at any time have other liabilities, actual or contingent, including indebtedness owing to trade creditors or to secured and unsecured lenders or to the beneficiaries of guarantees given by those subsidiaries. Noteholders will not have a claim against any of those subsidiaries and the assets of those subsidiaries will be subject to prior claims by their creditors, regardless of whether such creditors are secured or unsecured.

#### ***The Notes may be redeemed prior to maturity***

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or the Grand Duchy of Luxembourg or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may, pursuant to “*Terms and Conditions of the Notes – Redemption for taxation reasons*”, redeem all outstanding Notes in accordance with the Conditions. In addition, the Issuer may elect to redeem the Notes in whole, but not in part, or, in the case of early redemption by the Issuer pursuant to Condition 7(c) (*Redemption at the option of the Issuer*), in whole or in part, at any time pursuant to “*Terms and Conditions of the Notes – Redemption at the option of the Issuer*”. In either case, the Notes will be redeemed prior to their scheduled maturity date and, under those

circumstances, Noteholders may not be able to reinvest the redemption proceeds in comparable securities offering a yield as high as that of the Notes.

***Upon the occurrence of an event of default, the Notes will become due and payable if the Trustee, of its own accord or as directed by an extraordinary resolution of the Noteholders, delivers a notice declaring such Notes due and payable***

The Conditions provide that, upon the occurrence of an event of default, the Notes will become due and payable if the Trustee, of its own accord or as directed by an extraordinary resolution of the Noteholders, delivers a notice declaring such Notes due and payable.

Noteholders should be aware that, as a result, they may not be able to accelerate their Notes upon the occurrence of an Event of Default, unless the required quorum of Noteholders delivers default notices.

***The limitations on indebtedness in the Notes and the instruments governing the Group's other debt may limit the Group's ability to operate its business.***

As set out in Condition 4(a) (*Limitation on Indebtedness*), the Notes contain covenants restricting the Group's ability to incur additional debt. In addition, the instruments governing the Group's other debt contain affirmative and negative covenants restricting, among other things, the Group's ability to incur additional debt, sell assets, create liens or other encumbrances, make certain payments and dividends and merge or consolidate. See "*Information about the Group – Material Financings of the Group*". Until such time as the Group's other debts have been redeemed or repaid in their entirety, such restrictions could affect the ability of the Group to operate its business and may limit its ability to take advantage of potential business opportunities as they arise. In addition, the Group will remain subject to the covenants in the Notes, which could similarly limit the Group's ability to operate its business.

If the Group does not comply with the covenants and restrictions in the Notes and its other debt instruments, if any, it could be in default under those agreements. Any default under the Notes could lead to an acceleration of debt under other debt instruments that contain cross acceleration or cross default provisions. If the debt under the Notes or other debt instruments is accelerated, the Group may not have sufficient assets to repay amounts due thereunder. The Group's ability to comply with these provisions and other agreements governing its other debt may be affected by changes in economic or business conditions or other events beyond its control.

***Modification***

The terms and conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

As a result, a Noteholder is subject to the risk of being outvoted and losing rights against the Issuer or the Guarantor under the Notes or the Guarantee, as the case may be, against its will in the event that Noteholders holding a sufficient aggregate principal amount of the Notes participate in the vote and agree to amend the Conditions in accordance with the Conditions.

**2. Risks relating to the specific characteristics of the Guarantee**

***The Guarantee may be limited by applicable laws or subject to certain defences that may limit its validity and enforceability***

The Guarantee given by the Guarantor provides the Noteholders with a direct claim against the Guarantor in respect of the Issuer's obligations under the Notes. Enforcement of the Guarantee would be subject to certain generally available defences, which may include those relating to corporate benefit, fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or those affecting the rights of creditors generally. If a court were to find the Guarantee given by the Guarantor void or unenforceable, then Noteholders would cease to have any claim in respect of the Guarantor and would be creditors solely of the Issuer. Furthermore, any obligation guaranteed by the Guarantor, which is in violation of certain Italian mandatory or public policy rules including, inter alia, any obligation to pay

any portion of interest exceeding the thresholds of the interest rate permitted under Italian Law No. 108/7 March 1996 (i.e., the Italian usury law), as amended from time to time and related implementing rules and regulations, may not be enforceable.

Enforcement of the Guarantee is subject to the detailed provisions contained in the Trust Deed (and any supplemental Trust Deed) which include certain limitations reflecting mandatory provisions of Italian laws, such as that the payment obligations of the Guarantor under the Guarantee shall at no time exceed 140 per cent. of the aggregate principal amount of Notes from the date of issue of the Notes. In the event that the limitations on the Guarantee apply and/or there are payment obligations under any Notes other than in respect of principal or interest, the Noteholders could have a reduced claim against the Guarantor.

***Enforcing rights as a Noteholder or under the Guarantee across multiple jurisdictions may be difficult.***

The Notes have been issued by the Issuer, organised under the laws of Luxembourg, and guaranteed by the Guarantor which is organised under the laws of Italy. See “*Risk Factors – The Guarantee may be limited by applicable laws or subject to certain defences that may limit its validity and enforceability*”. In the event of any bankruptcy, insolvency or a similar event, proceedings could be initiated in either of these jurisdictions. A Noteholder’s rights under the Notes and the Guarantee will thus be subject to the laws of Luxembourg and Italy, respectively, and it may not be able to effectively enforce its rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors’ rights.

**3. Risks relating to the terms of the Offering**

The Offering Period may be extended or amended, and the Offering may be terminated or withdrawn.

The Issuer together with the Placement Agent has the right to extend or amend the Offering Period and to terminate, postpone or withdraw the Offering for a number of reasons, including a failure to satisfy the Minimum Offer Condition or any extraordinary change in the political, financial, economic, regulatory or currency situation of the markets in which the Group operates that could have a materially adverse effect on the conditions of the Group and their business activities. See “*Sale and Offer of the Notes — Offering of the Notes — Offering Period, Early Closure, Extension and Withdrawal*”.

**4. Risks relating to the tax treatment of the Notes and risks related to change of law and administrative practice**

***Payments in respect of the Notes may in certain circumstances be made subject to withholding or deduction of tax***

All payments in respect of the Notes will be made free and clear of withholding or deduction of Luxembourg taxation, and Italian taxation, unless the withholding or deduction is required by law. In that event, the Issuer or the Guarantor, as the case may be, will pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. The Issuer’s and, as the case may be, the Guarantor’s obligation to gross up is, however, subject to a number of exceptions, including, in the case of the Guarantor, deduction of *imposta sostitutiva* (Italian substitute tax), pursuant to Italian Legislative Decree No. 239 of 1 April 1996, Italian Legislative Decree No. 461 of 21 November 1997 (“**Decree 461**”) or withholding pursuant to Italian Presidential Decree No. 600 of 29 September 1973 and withholding or deduction pursuant to the Luxembourg law of 23 December 2005 introducing a final withholding tax on certain savings income, as amended.

Prospective purchasers of the Notes should consult their tax advisers as to the overall tax consequences of acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws of any country or territory. See also the section headed “*Taxation*” below.



***Italian withholding taxes or deduction may be applicable on amounts paid by the Guarantor***

Payments made by the Guarantor to the Noteholders may be subject to Italian withholding taxes or deductions of taxes. See also the section headed “*Taxation*” below.

***Change of law or administrative practice***

The terms and conditions of the Notes are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice or to the official application or interpretation of English law after the date of this Prospectus.

**5. Risks relating to the fact that the Notes are not rated**

The Notes are not rated and credit ratings may not reflect all risks. Neither the Notes nor the long-term debt of the Issuer is rated. To the extent that any credit rating agencies assign credit ratings to the Notes or any other senior unsecured indebtedness of the Issuer, such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating or the absence of a rating is not a recommendation to buy, sell or hold Notes and may be revised or withdrawn by the rating agency at any time.

**6. Risks related to the primary market of the Notes**

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk.

***The market value of the Notes could decrease if the creditworthiness of the Issuer worsens or is perceived to worsen.***

If any of the risks regarding the Group described herein materialises, then the Issuer is less likely to be in a position to fully perform all obligations under the Notes when they fall due, and the market value of the Notes will suffer. In addition, even if the Issuer is not actually less likely to be in a position to fully perform all obligations under the Notes when they fall due, or the Guarantor is not actually less likely to be in a position to fully perform all obligations under the Guarantee when they fall due, market participants could nevertheless have a different perception. In addition, market participants’ estimation of the creditworthiness of corporate debtors in general or debtors operating in the same business areas as the Group could adversely change and have resulting effects on the perceptions of the Group’s creditworthiness, whether warranted or otherwise.

Furthermore, changes in accounting standards may lead to adjustments in the relevant accounting positions of the Group which could have an adverse effect on the Group’s financial condition, which could in turn affect the market value of the Notes.

***An active and liquid trading market for the Notes may not develop or be maintained***

The Notes represent a new issue of securities which may not be widely distributed and for which there is currently no established trading market. Although the Issuer has applied for admission of the Notes to trading on the regulated market of the Luxembourg Stock Exchange and the regulated market of the MOT of Borsa Italiana, there can be no assurance that a market for the Notes will develop or, if it does develop, that it will continue or be liquid, thereby enabling Investors to sell their Notes when desired, or at all, or at prices they find acceptable.

The development or continued liquidity of any secondary market for the Notes will be affected by a number of factors including prevailing interest rates, the market for similar securities, general economic conditions and the creditworthiness of the Issuer as well as other factors such as the time remaining to maturity of the Notes, the outstanding amount of the Notes and the redemption features of the Notes. Such factors will also affect the market value of the Notes.



Investors may not be able to sell Notes readily or at prices that will enable Investors to realise the anticipated yield. No Investor should purchase Notes unless the Investor understands and is able to bear the risk that the Notes may not be readily sellable, that the value of the Notes will fluctuate over time and that such fluctuations may be significant.

***The Notes are subject to inflation risks.***

Inflation risk is the risk of future money depreciation and of the real yield from an investment consequently being reduced by inflation. In particular, the higher the rate of inflation, the lower the real yield of a Note and, as a result, if the inflation rate is equal to or higher than the nominal yield, the real yield is zero or even negative. Although worldwide interest rates are currently low, any increases in such interest rates would reduce the real amount of a Noteholder's return on an investment in the Notes.

***The Notes are subject to transaction costs and charges.***

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the purchase or sale price of the Notes. These incidental costs may significantly reduce or eliminate any profit from holding the Notes. Credit institutions as a rule charge commissions which are either fixed minimum commissions or pro-rata commissions, depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including, but not limited to, domestic dealers or brokers in foreign markets, Noteholders may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

***The trading market for debt securities may be volatile and may be adversely affected by many events***

The market for debt securities issued by the Issuer is influenced by a number of interrelated factors, including economic, financial and political conditions and events in Italy and Luxembourg, as well as economic conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the market price of the Notes or that economic and market conditions will not have any other adverse effects. Accordingly, the price at which an Investor will be able to sell the Notes prior to maturity may be discounted, even substantially, from the Issue Price or the purchase price paid by such Investor.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to the purchase or pledge of any Notes. Financial institutions should consult their legal and other professional advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## **7. Risks relating to the secondary market of the Notes**

***Transfers of the Notes may be restricted, which may adversely affect the secondary market liquidity and/or trading prices of the Notes***

The ability to transfer the Notes may also be restricted by securities laws or regulations of certain jurisdictions or regulatory bodies. See “*Sale and Offer of the Notes*”. The Notes have not been, and will not be, registered under the Securities Act or any state securities laws or the securities laws of any other jurisdiction. Noteholders may not offer the Notes in the United States or for the account or benefit of a U.S. person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. It is the obligation of each Noteholder to ensure that offers and sales of Notes comply with all applicable securities laws. In addition, transfers to certain persons in certain other jurisdictions may be limited by law, or may result in the imposition of penalties or liability. For a description of restrictions which may be applicable to transfers of the Notes, see “*Sale and Offer of the Notes*”.

***The Notes may have no established trading market***

The Notes may have no established trading market when issued and one may never develop (see “Risk Factors – An active and liquid trading market for the Notes may not develop or be maintained” above). If a market does develop, it may not be very liquid and, consequently, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes.

The market value of the Notes may also be significantly affected by factors such as variations in the Group’s annual and interim results, news announcements or changes in general market conditions. In addition, broad market fluctuations and general economic and political conditions may adversely affect the market value of the Notes, regardless of the actual performance of the Group.

**8. Risks relating to exchange rates and exchange controls**

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “Investor’s Currency”) other than Euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of the Euro or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the Euro would decrease (i) the Investor’s Currency-equivalent yield on the Notes, (ii) the Investor’s Currency-equivalent value of the principal payable on the Notes and (iii) the Investor’s Currency-equivalent market value of the Notes.

In addition, government and monetary authorities may impose, as some have done in the past, exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

## PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

The audited financial statements of the Issuer as of and for the period from 30 October 2020 to 31 October 2021 incorporated by reference in this Prospectus have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. These audited financial statements (the “**2021 Audited Issuer Financial Statements**”) have been prepared by the Issuer solely for the purposes of the issue of the Notes. The Issuer’s accounting reference date is 31 December and, accordingly, its first statutory audited financial statements will be in respect of the period from incorporation to 31 December 2021.

The audited consolidated financial statements of the Group as of and for the years ended 31 December 2019 and 31 December 2020 incorporated by reference in this Prospectus have been prepared in accordance with International Financial Reporting Standards as adopted by European Union (“**IFRS**”). These audited consolidated financial statements are referred to in this Prospectus as the “**2019 Audited Guarantor Consolidated Financial Statements**” and the “**2020 Audited Guarantor Consolidated Financial Statements**” respectively.

The unaudited condensed interim consolidated financial statements of the Group as of and for the ten months ended 31 October 2021 incorporated by reference in this Prospectus have been prepared in accordance with IFRS applicable to interim financial reporting (IAS 34), adopted by the European Union. These unaudited financial statements are referred to in this Prospectus as the “**2021 Unaudited Guarantor Condensed Consolidated Interim Financial Statements**”.

Except where stated otherwise, financial data of the Guarantor included in this Prospectus have been derived from the 2020 Audited Guarantor Consolidated Financial Statements and the 2021 Unaudited Guarantor Consolidated Interim Financial Statements. In particular, the Guarantor’s financial information as at and for the periods ended 31 December 2019 and 31 October 2021 included in this Prospectus has been taken respectively from the comparative information included in the 2020 Audited Guarantor Consolidated Financial Statements, and in the 2021 Unaudited Guarantor Condensed Consolidated Interim Financial Statements.

Financial data of the Issuer included in this Prospectus has been derived from the 2021 Audited Issuer Financial Statements. As the Issuer was incorporated on 30 October 2020, this Prospectus contains no comparative financial information relating to the Issuer for any period prior to that date.

### Alternative Performance Measures

In order to better evaluate the Group’s financial management performance, management has identified Alternative Performance Measures (each an “**APM**”). Each of the Issuer and the Guarantor believes that these APMs provide useful information for investors as regards the financial position, cash flows and financial performance of the same, because they facilitate the identification of significant operating trends and financial parameters. This Prospectus contains the following alternative performance measures as defined by the European Securities and Markets Authority’s Guidelines on Alternative Performance Measures (ESMA/2015/1415), which are used by the management of the Issuer and the Guarantor to monitor its financial and operating performance:

“**EBIT**”, which means earnings before tax taxes and financial income and expenses, with no adjustments;

“**EBITDA**”, which means the sum of operating profit/(loss) of the income statement, amortisation, depreciation and impairment of fixed assets;

“**Net Financial Position**”, means ESMA Net Financial Debt determined in accordance with the provisions of paragraph 127 of the recommendations contained in the ESMA document no. 319 of 2013, implementing Regulation (EC) 809/2004;; and

“**Net Financial Position of Operations**”: means ESMA Net Financial Debt determined in accordance with the provisions of paragraph 127 of the recommendations contained in the ESMA document no. 319 of 2013, implementing Regulation (EC) 809/2004, deducted, where applicable, non-current receivables and financial assets and deducted, where applicable, the effects of IFRS 16 – Leases; and

“**Net Working Capital of operations**”, which means the difference between trade receivables, net inventories and trade payables in the balance sheet.

EBIT and EBITDA can also be adjusted in order to take into account any Exceptional Items (as defined in the Conditions).

These indicators are also the instruments which make it easier for management themselves to identify operational trends and to take decisions regarding investments, allocation of resources and other operational decisions.

With reference to the interpretation of these APMs, the following factors are also to be taken into consideration:

- (i) these indicators are constructed exclusively from the Group's historic data and are no indication of the future direction of the Group;
- (ii) APMs are not taken into consideration by IFRS and, despite being derived from the Guarantor's consolidated accounts, are not subject to auditing;
- (iii) APMs should not be seen as substitutes for the indicators set out pursuant to IFRS;
- (iv) the APMs should be read in conjunction with the financial information of the Carraro Group taken from the 2019 Audited Guarantor Consolidated Financial Statements, the 2020 Audited Guarantor Consolidated Financial Statements and the 2021 Unaudited Guarantor Condensed Consolidated Interim Financial Statements;
- (v) the definitions of the indicators used by the Carraro Group, in so far as they are not derived from IFRS, may not align with those adopted by other companies/groups and, accordingly, may not be comparable with them; and
- (vi) the APMs used by the Carraro Group are calculated with continuity and homogeneity of definition and representation for all the periods for which financial information is included in the present Prospectus.

## **IMPORTANT LEGAL INFORMATION**

This Prospectus has been prepared on a basis that permits offers of the Notes that are not made within an exemption from the requirement to publish a prospectus under Article 1(4) of the Prospectus Regulation (a “**Public Offer**” and together, “**Public Offers**”) in the Grand Duchy of Luxembourg and the Republic of Italy (each a “**Public Offer Jurisdiction**” and together, the “**Public Offer Jurisdictions**”). Any person making or intending to make a Public Offer of Notes on the basis of this Prospectus must do so only with the Issuer's consent – see “*Consent given in accordance with Article 5(1) of the Prospectus Regulation (Retail Cascades)*” below.

### **CONSENT GIVEN IN ACCORDANCE WITH ARTICLE 5(1) OF THE PROSPECTUS REGULATION (RETAIL CASCADES)**

#### **Consent**

In the context of any Public Offer of Notes, each of the Issuer and, to the extent required pursuant to the Prospectus Regulation and in respect of the information contained in this Prospectus which relates to the Guarantor only, the Guarantor, accepts responsibility, in each of the Public Offer Jurisdictions, for the content of this Prospectus in relation to any person (an “**Investor**”) who purchases any Notes in a Public Offer made by the Placement Agent (as defined below) or another “**Authorised Offeror**” (as defined in “*Sale and Offering of the Notes - Offering Period, Early Closure, Extension and Withdrawal*”), where that offer is made during the Offering Period (as defined in “*Sale and Offer of the Notes*” below).

Except in the circumstances described below, neither the Issuer nor the Guarantor has authorised the making of any offer by any offeror and neither the Issuer nor the Guarantor has consented to the use of this Prospectus by any other person in connection with any offer of the Notes in any jurisdiction. Any offer made without the consent of the Issuer and the Guarantor is unauthorised and neither the Issuer, the Guarantor nor, for the avoidance of doubt, the Placement Agent accepts any responsibility or liability in relation to such offer or for the actions of the persons making any such unauthorised offer.

If, in the context of a Public Offer, an Investor is offered Notes by a person which is not an Authorised Offeror, the Investor should check with such person whether anyone is responsible for this Prospectus for the purpose of the

relevant Public Offer and, if so, who that person is. If an Investor is in any doubt about whether it can rely on the Prospectus and/or who is responsible for its contents, the Investor should take legal advice.

### Conditions to Consent

Each of the Issuer and the Guarantor consents to the use of this Prospectus in connection with any Public Offer of Notes in any of the Public Offer Jurisdictions during the Offering Period (as defined in “*Sale and Offer of the Notes*” below) by:

- (i) the Placement Agent; and
- (ii) any other financial intermediary appointed after the date of this Prospectus and whose name is published on the Issuer’s Website and on its website and, in each case, identified as an Authorised Offeror in respect of the Public Offer (together with the Placement Agent, the “**Authorised Offerors**”).

Furthermore, the conditions to the Issuer and the Guarantor’s consent are that such consent:

- (i) is only valid during the Offering Period (as defined in “*Sale and Offering of the Notes - Offering Period, Early Closure, Extension and Withdrawal*”); and
- (ii) only extends to the use of this Prospectus to make Public Offers in the Grand Duchy of Luxembourg and the Republic of Italy.

**Any Authorised Offeror using the Prospectus has to state on its website that it uses the Prospectus in accordance with the Issuer’s consent and its conditions.**

### Arrangements between an Investor and the Authorised Offeror who will distribute the Notes

Neither the Issuer nor the Guarantor has any responsibility for any of the actions or omissions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer. Neither, for the avoidance of doubt, does the Placement Agent or any other Authorised Offeror have any responsibility for any such actions or omissions of another Authorised Offeror.

**An Investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so, and offers and sales of the Notes to such Investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between that Authorised Offeror and such Investor including as to price, allocations and settlement arrangements (the “Terms and Conditions of the Public Offer”). Neither the Issuer nor the Guarantor will be a party to any such arrangements with such Investor and, accordingly, this Prospectus does not contain such information. The Terms and Conditions of the Public Offer shall be provided to such Investor by that Authorised Offeror at the time the offer is made. None of the Issuer, the Guarantor or, for the avoidance of doubt, the Placement Agent or other Authorised Offerors has any responsibility or liability for such information.**

**MIFID II product governance / Retail investors target market, professional investors and ECPs target market** – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

## RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Prospectus and declares that the information contained in this Prospectus, to the best of its knowledge, is in accordance with the facts and contains no omission likely to affect its import.

The Guarantor, to the extent required pursuant to the Prospectus Regulation and in respect of the information contained in this Prospectus which relates to the Guarantor only, accepts responsibility for the information contained in this Prospectus and declares that such information, to the best of its knowledge, is in accordance with the facts and contains no omission likely to affect its import.

Each of the Issuer and the Guarantor has confirmed to Equita SIM S.p.A. (the “**Placement Agent**”) that (a) this Prospectus contains all information with respect to the Issuer, to the Guarantor, to the Group and to the Notes which is material in the context of the issue and offering of the Notes (including all information required by applicable laws and the information which, according to the particular nature and circumstances of the Issuer and to the type of the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer, the rights attaching to the Notes and the reasons for the issuance and its impact on the Issuer) (where “**Group**” or the “**Carraro Group**” means the Guarantor and its consolidated subsidiaries) (b) the statements contained in this Prospectus and any other material approved by the Issuer for use in connection with the offering of the Notes (including roadshow materials and investor presentations) relating to the Issuer, to the Guarantor and to the Group, are in every material particular true and accurate and not misleading, (c) the opinions and intentions expressed in this Prospectus with regard to the Issuer, to the Guarantor and to the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, (d) there are no other facts in relation to the Issuer, the Guarantor, the Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in the Prospectus misleading in any material respect, (e) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements, and (f) the Prospectus has been made available to the public as required under Article 3 of the Prospectus Regulation.

To the fullest extent permitted by law, none of the Placement Agent, Lucid Trustee Services Ltd as trustee (the “**Trustee**”) or The Bank of New York Mellon, London Branch as principal paying agent (the “**Principal Paying Agent**”) accepts any responsibility for the contents of this Prospectus or for any other statements made or purported to be made by the Placement Agent or on its behalf or by the Trustee or on its behalf or by the Principal Paying Agent or on its behalf in connection with the Issuer, the Guarantor or the issue and offering of any Note. Each of the Placement Agent, the Trustee and the Principal Paying Agent disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Prospectus or any such statement.

## IMPORTANT INFORMATION

The offer, sale and delivery of the Notes and the distribution of this Prospectus in certain jurisdictions are restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Guarantor and the Placement Agent to inform themselves about and to observe any such restrictions. None of the Issuer, the Guarantor, the Placement Agent or the Trustee represents that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Placement Agent or the Trustee which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Placement Agent has represented that all offers and sales by them will be made on the same terms. In particular, the Notes have not been, and will not be, registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.



For a further description of certain restrictions on offerings and sales of the Notes and distribution of this Prospectus (or of any part thereof) see “*Sale and Offer of the Notes - Selling Restrictions*”.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Information Incorporated by Reference*”). This Prospectus should be read and construed on the basis that such documents are incorporated in and form part of this Prospectus.

Investors should rely only on the information contained in this Prospectus. Neither the Issuer nor the Guarantor have authorised anyone to provide investors with different information. Neither the initial purchasers, nor the Issuer nor the Guarantor is making any offer of the Notes in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the cover of this Prospectus regardless of the time of delivery of this Prospectus or of any sale of the Notes.

Neither the Issuer nor the Guarantor have authorised the making or provision of any representation or information regarding the Issuer, the Guarantor or the Notes other than as contained in this Prospectus or as approved for such purpose by the Issuer and the Guarantor. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Guarantor, the Placement Agent or the Trustee.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that the information contained herein concerning the Issuer, the Guarantor and/or its Group is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise), results of operations, business or prospects of the Issuer, the Guarantor and/or the Group since the date of this Prospectus.

Neither this Prospectus nor any other information supplied in connection with the offering, sale or delivery of any Note (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Guarantor, the Placement Agent or the Trustee that any recipient of this Prospectus or any other information supplied in connection thereto should purchase any Note. Each investor contemplating purchasing any Note should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, the Guarantor and the Group.

Save for the Public Offer in the Public Offer Jurisdiction, neither this Prospectus nor any other information supplied in connection with the issue of the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Guarantor, the Placement Agent or the Trustee to any other Person to subscribe for or to purchase any Notes.

Each recipient of this Prospectus shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer, the Guarantor and the Group (as defined below) and of the rights attaching to the Notes.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus, the Interest Rate, Yield and Redemption Prices Notice, the Offering Results Notice or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor’s currency;

- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal and other professional advisers prior to investing in the Notes to determine whether and to what extent (i) the Notes are permitted investments for it, (ii) where relevant, the Notes can be used as collateral for various types of borrowing, and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal and other professional advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules. Each investor should also consider the tax consequences of investing in the Notes and consult its own tax advisers with respect to the acquisition, holding, sale and redemption of the Notes in light of its personal situation.

The legally binding language of this Prospectus, according to Article 27 of the Prospectus Regulation, is English, however certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law. For the purposes of the offer of the Notes to the public in Italy a courtesy translation in Italian of the section entitled “*Summary*” will be made available separately with this Prospectus.

In this Prospectus, unless otherwise specified, references to a “**Member State**” are references to a Member State of the European Economic Area and references to “**€**”, “**EUR**” or “**Euro**” are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended. References to “**US Dollar**” are to the lawful currency of the United States of America, references to “**Indian Rupee**” are to the lawful currency of the Republic of India, and references to “**Chinese Renminbi**” are to the lawful currency of the People’s Republic of China. References to “**billions**” are to thousands of millions.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

This Prospectus may only be used for the purpose for which it has been published.

**This Prospectus does not constitute, and may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.**

#### **Forward-looking statements**

This Prospectus may contain forward-looking statements, including (without limitation) statements identified by the use of terminology such as “anticipates”, “believes”, “estimates”, “expects”, “intends”, “may”, “plans”, “projects”, “will”, “would” or similar words. These statements are based on the Issuer’s and the Guarantor’s current expectations and projections about future events and involve substantial uncertainties. All statements, other than statements of historical facts, contained herein regarding the Issuer’s, the Guarantor’s or the Group’s strategy, goals, plans, future financial position, projected revenues and costs or prospects are forward-looking statements. Forward-looking statements are subject to inherent risks and uncertainties, some of which cannot be predicted or quantified. Future events or actual results could differ materially from those set forth in, contemplated by or underlying forward-looking statements. Neither the Issuer nor the Guarantor undertake any obligation to publicly update or revise any forward-looking statements.

#### **Market share information and statistics**

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to the Group’s business contained in this Prospectus consists of estimates based on data reports compiled by professional organisations and analysts, on data from other external sources, and on the Issuer’s and the

Guarantor's knowledge of its reference markets. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring the Issuer and the Guarantor to rely on internally developed estimates. While the Issuer and the Guarantor have compiled, extracted and accurately reproduced market or other industry data from external sources, including third parties or industry or general publications, none of the Issuer, the Guarantor, the Placement Agent or the Trustee have independently verified that data. As far as each of the Issuer and the Guarantor are aware, no facts have been omitted which would render the reproduced information inaccurate or misleading. Neither the Issuer nor the Guarantor can assure investors of the accuracy and completeness of, or take any responsibility for, such data other than the responsibility for the correct and accurate reproduction thereof.

#### **Independent review and advice**

Each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, the suitability of such investment and that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks specific to the Issuer, the Guarantor and the Group and inherent in investing in or holding the Notes.

In particular, each prospective investor should have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus, the Interest Rate, Yield and Redemption Prices Notice, the Offering Results Notice or any applicable supplement to this Prospectus and should be able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment in the Notes and its ability to bear the applicable risks.

Each prospective investor should consult its own advisers as to legal, tax and any other aspects of an investment in the Notes. A prospective investor may not rely on the Issuer, the Placement Agent, the Trustee, the Principal Paying Agent, or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes.

## INFORMATION INCORPORATED BY REFERENCE

The following documents which have been previously published or published simultaneously with this Prospectus and have been filed with the CSSF shall be incorporated by reference in, and form part of, this Prospectus:

- (a) the 2021 Audited Issuer Financial Statements;
- (b) the Carraro Group Annual Report 2019 including the 2019 Audited Guarantor Consolidated Financial Statements;
- (c) the Carraro Group Annual Report 2020 including the 2020 Audited Guarantor Consolidated Financial Statements; and
- (d) the 2021 Unaudited Guarantor Condensed Consolidated Interim Financial Statements.

Such documents will be available, without charge, on the Carraro Group's website, as follows:

- (i) as to the 2021 Audited Issuer Financial Statements:

[https://www.carrarofinance.lu/storage/app/uploads/public/61f/a6d/0ad/annual\\_report\\_carraro\\_finance\\_sa\\_2021\\_signed\\_\\_61fa6d0adfa1b920745438.pdf](https://www.carrarofinance.lu/storage/app/uploads/public/61f/a6d/0ad/annual_report_carraro_finance_sa_2021_signed__61fa6d0adfa1b920745438.pdf)

- (ii) as to the 2019 Audited Guarantor Consolidated Financial Statements:

[https://www.carraro.com/storage/app/uploads/public/613/750/db4/annual\\_report\\_2019\\_en\\_\\_613750db46499753434840.pdf](https://www.carraro.com/storage/app/uploads/public/613/750/db4/annual_report_2019_en__613750db46499753434840.pdf);

- (iii) as to the 2020 Audited Guarantor Consolidated Financial Statements:

[https://www.carraro.com/storage/app/uploads/public/613/76e/a91/ar\\_report\\_2020\\_en\\_\\_61376ea910204630698812.pdf](https://www.carraro.com/storage/app/uploads/public/613/76e/a91/ar_report_2020_en__61376ea910204630698812.pdf); and

- (iv) as to the 2021 Unaudited Guarantor Condensed Consolidated Interim Financial Statements:

[https://www.carrarofinance.lu/storage/app/uploads/public/61f/a6c/7e1/bilancio\\_consolidato\\_e\\_relazione\\_revisione\\_lr\\_31102021\\_\\_61fa6c7e10a67203048670.pdf](https://www.carrarofinance.lu/storage/app/uploads/public/61f/a6c/7e1/bilancio_consolidato_e_relazione_revisione_lr_31102021__61fa6c7e10a67203048670.pdf)

Any statement contained in this Prospectus or in any of the documents incorporated by reference in, and forming part of, this Prospectus shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any document subsequently incorporated by reference, by way of supplement prepared in accordance with Article 23 of the Prospectus Regulation, modifies or supersedes such statement.

### Cross-reference lists

The following table shows where the information incorporated by reference in this Prospectus can be found in the above-mentioned documents. The page numbers referred to in the cross reference list below refer to the page numbers in the electronic PDF document.

<b>2021 Audited Issuer Financial Statements</b>	<b>PDF Page (s)</b>
Income statement	2
Statement of comprehensive income	3
Statement of financial position	4-5
Statement of changes in shareholders' equity	6
Statement of cash flows	7
Explanatory and supplementary notes to the accounts	8-34
Audit Report	35-37

<b>Carraro Group Annual Report 2019 including the</b>	<b>PDF Page (s)</b>
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## **2019 Audited Guarantor Consolidated Financial Statements**

Consolidated income statement	106
Consolidated comprehensive income statement	107
Consolidated statement of financial position	107-108
Statement of changes in consolidated shareholders' equity	109
Consolidated statement of cash flows	110
Explanatory and supplementary notes to the consolidated accounts as at 31 December 2019	111-177
Independent auditors' report pursuant to art. 14 of Legislative Decree no. 39 of 27 January 2010 and article 10 of the EU Regulation 537/2014	194-198

## **Carraro Group Annual Report 2020 including the 2020 Audited Guarantor Consolidated Financial Statements**

### **PDF Page (s)**

Consolidated income statement	106
Consolidated comprehensive income statement	107
Consolidated statement of financial position	107-108
Statement of changes in consolidated shareholders' equity	109
Consolidated statement of cash flows	110
Explanatory and supplementary notes to the consolidated accounts as at 31 December 2020	111-178
Independent auditors' report pursuant to art. 14 of Legislative Decree no. 39 of 27 January 2010 and article 10 of the EU Regulation 537/2014	194-200

## **2021 Unaudited Guarantor Condensed Consolidated Interim Financial Statements**

### **PDF Page(s)**

Condensed income statement	2
Consolidated Comprehensive Interim Income Statement	3
Consolidated statement of financial position	4-5
Statement of changes in consolidated shareholders' equity	6
Consolidated statement of cash flows	7
Explanatory and supplementary notes	8-29
Report on review of the consolidated interim financial statements	30-31

Any information which is not contained within the page numbers of the documents specified above is not incorporated by reference in this Prospectus and is either not relevant to investors or is covered elsewhere in this

Prospectus and the information incorporated by reference that is not included in the cross reference lists above considered additional information and is not required by the relevant schedules of Commission Regulation (EU) N 2019/980 (as amended).

Copies of the documents specified above as containing information incorporated by reference in this Prospectus have been filed with the Luxembourg Stock Exchange and may be inspected, free of charge, at the specified offices of the Principal Paying Agent, on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and on the Issuer's Website.

The information on the website of the Issuer (<https://www.carrarofinance.lu/en>), as well as any information on any other website mentioned in this Prospectus does not form part of this Prospectus and has not been scrutinised or approved by the CSSF unless specific information is expressly incorporated by reference herein.



## OVERVIEW OF FINANCIAL INFORMATION

Set out below is an overview of the following:

- (i) income statement and issuer balance sheet data of the Issuer derived from the 2021 Audited Issuer Financial Statements, which are incorporated by reference in this Prospectus; and
- (ii) income statement and issuer balance sheet data of the Group derived from the 2019 Audited Guarantor Consolidated Financial Statements, the 2020 Audited Guarantor Consolidated Financial Statements and the 2021 Unaudited Guarantor Condensed Consolidated Interim Financial Statements, which are each incorporated by reference in this Prospectus.

An overview of other consolidated financial information of the Group is also set out below in the table entitled “Overview of Other Consolidated Financial Information.”

The financial information reported below has been extracted from and should be read in conjunction with, and is qualified in its entirety by reference to, the 2021 Audited Issuer Financial Statements, the 2019 Audited Guarantor Consolidated Financial Statements, the 2020 Audited Guarantor Consolidated Financial Statements and the 2021 Unaudited Guarantor Condensed Consolidated Interim Financial Statements. The financial information reported below should also be read in conjunction with the information set forth in the sections of this Prospectus entitled “*Presentation of Financial and Certain Other Information*” and “*Information Incorporated by Reference*”.

## ISSUER BALANCE SHEET OVERVIEW

<i>(amounts in Euro thousands)</i>	<b>As of 31.10.2021</b>
	<b>Audited</b>
<b>A) NON-CURRENT ASSETS</b>	
1) Property, plant and equipment	413
2) Intangible fixed assets	155
3) Real estate investments	-
4) Investments	-
5) Financial assets	85,013
5.1) <i>Loans and receivables</i>	85,000
5.2) Other financial assets	13
6) Deferred tax assets	-
7) Trade receivables and other receivables	94
7.1) <i>Trade receivables</i>	-
7.2) <i>Other receivables</i>	94
<b>TOTAL NON-CURRENT ASSETS</b>	<b>85,675</b>
<b>B) CURRENT ASSETS</b>	
1) Closing inventory	-
2) Trade receivables and other receivables	62
2.1) <i>Trade receivables</i>	-
2.2) <i>Other receivables</i>	62
3) Financial assets	54,366
3.1) <i>Loans and receivables</i>	54,346
3.2) <i>Other financial assets</i>	20
4) Cash and cash equivalents	193,552
4.1) <i>Cash</i>	-
4.2) <i>Bank current accounts and deposits</i>	193,552
4.3) <i>Other cash and cash equivalents</i>	-
<b>TOTAL CURRENT ASSETS</b>	<b>247,980</b>
<b>TOTAL ASSETS</b>	<b>333,655</b>
<b>A) SHAREHOLDERS' EQUITY</b>	
1) Share Capital	4,280
2) Other Reserves	5,469
3) Profits/(Losses) brought forward	-
4) Cash flow hedge reserve	-
5) Provision for discounting employee benefits	-
6) Foreign currency translation reserve	-
7) Profit/loss for the year pertaining to the group	-4,287
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>5,462</b>
<b>B) NON-CURRENT LIABILITIES</b>	
1) Financial liabilities	325,546
1.1) <i>Bonds</i>	325,311
1.2) <i>Loans</i>	235
1.3) <i>Other financial liabilities</i>	-
2) Trade payables and other payables	-
2.1) <i>Trade payables</i>	-
2.2) <i>Other payables</i>	-
3) <i>Deferred tax liabilities</i>	-
4) Provision for employee benefits/retirement	-
5) Provisions for risks and liabilities	-
5.1) <i>Provision for warranties</i>	-
5.2) <i>Provision for legal claims</i>	-

<i>5.3) Provision for restructuring and reversion</i>	-
<i>5.4) Other provisions</i>	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>325,546</b>
C) CURRENT LIABILITIES	
1) Financial liabilities	2,292
<i>1.1) Bonds</i>	-
<i>1.2) Loans</i>	158
<i>1.3) Other financial liabilities</i>	2,134
2) Trade payables and other payables	355
<i>2.1) Trade payables</i>	182
<i>2.2) Other payables</i>	173
3) Current taxes payables	-
4) Provisions for risks and liabilities	-
<i>4.1) Provision for warranties</i>	-
<i>4.2) Provision for legal claims</i>	-
<i>4.3) Provision for restructuring and reversion</i>	-
<i>4.4) Other provisions</i>	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,647</b>
<b>TOTAL LIABILITIES</b>	<b>328,193</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>333,655</b>

## ISSUER INCOME STATEMENT OVERVIEW

For the period  
from 30.10.2020 to  
31.10.2021  
Audited

(amounts in Euro thousands)

A) REVENUES FROM SALES	
1) Products	-
2) Services	382
3) Other revenues	-
<b>TOTAL REVENUES FROM SALES</b>	<b>382</b>
B) OPERATING COSTS	
1) Purchases of goods and materials	1
2) Services	498
3) Use of third-party goods and services	10
4) Personnel costs	286
5) Amortisation, depreciation and impairment of assets	89
6) Changes in inventories	-
7) Provision for risks and other liabilities	-
8) Other income and expenses	45
9) Internal construction	-
<b>TOTAL OPERATING COSTS</b>	<b>929</b>
<b>OPERATING PROFIT/(LOSS)</b>	<b>-547</b>
C) GAINS/(LOSSES) ON FINANCIAL ASSETS	
10) Income and expenses from equity investments	-
11) Other financial income	6,033
12) Financial costs and expenses	-9,772
13) Net gains/(losses) on foreign exchange	-1
14) Value adjustments of financial assets	-
<b>NET GAINS/(LOSSES) ON FINANCIAL ASSETS</b>	<b>-3,740</b>
<b>PROFIT/(LOSS) BEFORE TAXES</b>	<b>-4,287</b>
15) Current and deferred income taxes	-
<b>NET PROFIT/(LOSS)</b>	<b>-4,287</b>

## ISSUER CASH FLOW STATEMENTS OVERVIEW

*(amounts in Euro thousands)*

**For the period  
from 30.10.2020 to  
31.10.2021  
Audited**

Cash flows from operating activities	-3,008
Cash flows from Investing activities	-99,713
Cash flows from financing activities	296,273
<b><i>Total cash flows for the period</i></b>	<b>193,552</b>
<b>Opening cash and cash equivalents</b>	<b>-</b>
<b>Closing cash and cash equivalents</b>	<b>193,552</b>

**GUARANTOR CONSOLIDATED BALANCE SHEET OVERVIEW**

<i>(amounts in Euro thousands)</i>	<b>As at 31 December</b>		<b>As at 31 October</b>
	<b>2020</b>	<b>2019</b>	<b>2021</b>
	<b>Audited</b>	<b>Audited</b>	<b>Unaudited</b>
<b>A) NON-CURRENT ASSETS</b>			
1) Property, plant and equipment	152,871	158,785	158,539
2) Intangible fixed assets	46,996	52,544	45,553
3) Real estate investments	755	695	755
4) Investments	-	1,506	-
5) Financial assets	7,223	7,774	5,441
5.1) <i>Loans and receivables</i>	5,385	6,562	5,261
5.2) <i>Other financial assets</i>	1,838	1,212	180
6) Deferred tax assets	19,318	20,389	18,284
7) Trade receivables and other receivables	4,274	4,181	4,029
7.1) <i>Trade receivables</i>	-	-	-
7.2) <i>Other receivables</i>	4,274	4,181	4,029
<b>TOTAL NON-CURRENT ASSETS</b>	<b>231,437</b>	<b>245,874</b>	<b>232,601</b>
<b>B) CURRENT ASSETS</b>			
1) Closing inventory	118,998	123,212	137,151
2) Trade receivables and other receivables	94,689	94,243	141,821
2.1) <i>Trade receivables</i>	61,501	58,315	99,370
2.2) <i>Other receivables</i>	33,188	35,928	42,451
3) Financial assets	3,090	2,048	2,065
3.1) <i>Loans and receivables</i>	1,794	1,456	1,216
3.2) <i>Other financial assets</i>	1,296	592	849
4) Cash and cash equivalents	347,263	76,120	303,346
4.1) <i>Cash</i>	77	72	83
4.2) <i>Bank current accounts and deposits</i>	347,186	76,048	303,263
4.3) <i>Other cash and cash equivalents</i>	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>564,040</b>	<b>295,623</b>	<b>584,383</b>
<b>TOTAL ASSETS</b>	<b>795,477</b>	<b>541,497</b>	<b>816,984</b>
<b>A) SHAREHOLDERS' EQUITY</b>			
1) Share Capital	41,453	41,453	41,453
2) Other Reserves	5,993	7,756	-18,495
3) Profits/(Losses) brought forward	-	-	-
4) Cash flow hedge reserve	-51	113	125
5) Provision for discounting employee benefits	125	284	138
6) Foreign currency translation reserve	9,619	6,476	15,129
7) Profit/loss for the year pertaining to the group	-3,271	8,121	5,975
<b>GROUP SHAREHOLDERS' EQUITY</b>	<b>53,868</b>	<b>64,203</b>	<b>44,325</b>
8) Minority interests	9,347	9,101	9,371
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>63,215</b>	<b>73,304</b>	<b>53,696</b>



**GUARANTOR CONSOLIDATED BALANCE SHEET OVERVIEW (cont'd)**

<i>(amounts in Euro thousands)</i>	<b>As at 31 December</b>		<b>As at 31 October</b>
	<b>2020</b>	<b>2019</b>	<b>2021</b>
	<b>Audited</b>	<b>Audited</b>	<b>Unaudited</b>
<b>B) NON-CURRENT LIABILITIES</b>			
1) Financial liabilities	474,477	194,096	463,864
1.1) Bonds	324,433	176,707	325,311
1.2) Loans	150,044	17,368	138,554
1.3) Other financial liabilities	-	21	-1
2) Trade payables and other payables	62	115	1,747
2.1) Trade payables	-	-	-
2.2) Other payables	62	115	1,747
3) Deferred tax liabilities	1,477	1,899	2,087
4) Provision for employee benefits/retirement	9,379	9,769	9,351
5) Provisions for risks and liabilities	3,024	3,746	3,081
5.1) Provision for warranties	2,311	2,989	2,328
5.2) Provision for legal claims	56	56	56
5.3) Provision for restructuring and reconversion	-	-	-
5.4) Other provisions	657	701	697
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>488,419</b>	<b>209,625</b>	<b>480,130</b>
<b>C) CURRENT LIABILITIES</b>			
1) Financial liabilities	28,476	17,861	26,799
1.1) Bonds	-	-	-
1.2) Loans	23,800	15,067	24,249
1.3) Other financial liabilities	4,676	2,794	2,550
2) Trade payables and other payables	196,774	219,247	235,187
2.1) Trade payables	140,400	150,169	183,837
2.2) Other payables	56,374	69,078	51,350
3) Current taxes payables	2,784	5,331	5,763
4) Provisions for risks and liabilities	15,809	16,129	15,409
4.1) Provision for warranties	10,309	13,317	10,144
4.2) Provision for legal claims	314	461	296
4.3) Provision for restructuring and reconversion	1,071	1,483	1,011
4.4) Other provisions	4,115	868	3,958
<b>TOTAL CURRENT LIABILITIES</b>	<b>243,843</b>	<b>258,568</b>	<b>283,158</b>
<b>TOTAL LIABILITIES</b>	<b>732,262</b>	<b>468,193</b>	<b>763,288</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>795,477</b>	<b>541,497</b>	<b>816,984</b>

## GUARANTOR CONSOLIDATED INCOME STATEMENT OVERVIEW

<i>(amounts in Euro thousands)</i>	For the year ended		For the ten months ended	
	31 December		31 October	
	2020	2019	2021	2020
	Audited	Audited	Unaudited	Unaudited
<b>A) REVENUES FROM SALES</b>				
1) Products	462,617	532,548	511,113	366,496
2) Services	5,322	3,926	3,143	4,786
3) Other revenues	10,739	12,372	13,222	8,630
<b>TOTAL REVENUES FROM SALES</b>	<b>478,678</b>	<b>548,846</b>	<b>527,478</b>	<b>379,912</b>
<b>B) OPERATING COSTS</b>				
1) Purchases of goods and materials	287,925	344,266	341,267	231,580
2) Services	71,434	77,751	81,278	57,205
3) Use of third-party goods and services	118	84	143	85
4) Personnel costs	89,209	91,835	83,668	73,240
5) Amortisation, depreciation and impairment of assets	20,452	20,235	16,951	17,012
6) Changes in inventories	99	-6,635	-17,887	-2,164
7) Provision for risks and other liabilities	1,913	7,359	3,142	2,305
8) Other income and expenses	-4,195	-8,111	-7,058	-5,890
9) Internal construction	-440	-469	-356	-351
<b>TOTAL OPERATING COSTS</b>	<b>466,515</b>	<b>526,315</b>	<b>501,148</b>	<b>373,022</b>
<b>OPERATING PROFIT/(LOSS)</b>	<b>12,163</b>	<b>22,531</b>	<b>26,330</b>	<b>6,890</b>
<b>C) GAINS/(LOSSES) ON FINANCIAL ASSETS</b>				
10) Income and expenses from equity investments	-	280	-	-
11) Other financial income	1,253	934	1,099	974
12) Financial costs and expenses	-14,486	-10,790	-15,126	-11,265
13) Net gains/(losses) on foreign exchange	356	74	14	54
14) Value adjustments of financial assets	-1,506	-2,234	-	113
15) Income (charges) from hyperinflation	493	-359	528	176
<b>NET GAINS/(LOSSES) ON FINANCIAL ASSETS</b>	<b>-13,890</b>	<b>-12,095</b>	<b>-13,485</b>	<b>-9,948</b>
<b>PROFIT/(LOSS) BEFORE TAXES</b>	<b>-1,727</b>	<b>10,436</b>	<b>12,845</b>	<b>-3,058</b>
15) Current and deferred income taxes	1,294	1,640	6,253	30
<b>NET PROFIT/(LOSS)</b>	<b>-3,021</b>	<b>8,796</b>	<b>6,592</b>	<b>-3,088</b>
16) Minority interests	-250	-675	-617	-109
<b>GROUP CONSOLIDATED PROFIT/(LOSS)</b>	<b>-3,271</b>	<b>8,121</b>	<b>5,975</b>	<b>-3,197</b>

**GUARANTOR CONSOLIDATED CASH FLOW STATEMENTS  
OVERVIEW**

<i>(amounts in Euro thousands)</i>	<b>For the year ended</b>		<b>For the ten months ended</b>	
	<b>31 December</b>		<b>31 October</b>	
	<b>2020</b>	<b>2019</b>	<b>2021</b>	<b>2020</b>
	<b>Audited</b>	<b>Audited</b>	<b>Unaudited</b>	<b>Unaudited</b>
Cash flows from operating activities	-7,009	65,707	2,982	-21,014
Cash flows from Investing activities	-13,678	-21,104	-19,178	-10,836
Cash flows from financing activities	293,420	-4,005	-28,938	291,025
<b><i>Total cash flows for the period</i></b>	<b>272,733</b>	<b>40,598</b>	<b>-45,134</b>	<b>259,175</b>
<b>Opening cash and cash equivalents</b>	<b>76,120</b>	<b>35,617</b>	<b>347,263</b>	<b>76,120</b>
<i>Exchange changes in cash and cash equivalents</i>	-1,590	-95	1,217	-861
<b>Closing cash and cash equivalents</b>	<b>347,263</b>	<b>76,120</b>	<b>303,346</b>	<b>334,434</b>

**GUARANTOR CONSOLIDATED OTHER FINANCIAL INFORMATION OVERVIEW**

<i>(amounts in Euro thousands)</i>	<b>As at and for the year ended</b>		<b>As at and for the ten months ended</b>	
	<b>31 December</b>		<b>31 October</b>	
	<b>2020</b>	<b>2019</b>	<b>2021</b>	<b>2020</b>
	<b>Audited</b>	<b>Audited</b>	<b>Unaudited</b>	<b>Unaudited</b>
Consolidated EBITDA	32,567	42,660	43,275	23,854
Consolidated Adjusted EBITDA	37,067	43,961	44,420	23,909
Net Consolidated Financial Position	152,712	133,851	185,604	164,938
Net Consolidated Financial Position of Operations	143,764	123,617	178,060	155,161

## CAPITALISATION

The following table sets forth the Guarantor's net financial position of operations, total shareholders' equity and total capitalisation as of 31 October 2021 on an actual basis, without giving effect to (i) the net proceeds of the issue of the Notes, expected between approximately €100,000,000 and €120,000,000 (before deduction of the commissions and other expenses incurred in connection with the issue of the Notes), or (ii) the use of proceeds therefrom.

Prospective investors should read this table in conjunction with the section entitled "*Use and estimated amount of Proceeds*".

<i>(€ in thousands)</i>	<b>As at 31 October 2021</b>
Current Net financial position	-278,260
Non-Current Net financial position	463,864
<b>Total Net financial position (A)</b>	<b>185,604</b>
Share capital	41,453
Reserves	-3,103
Net income	5,975
Minority interest	9,371
<b>Total shareholders' equity (B)</b>	<b>53,696</b>
<b>Total Capitalisation (A+B)</b>	<b>239,300</b>

## TERMS AND CONDITIONS OF THE NOTES

The up to €120,000,000 Notes due 9 March 2028 (the “**Notes**”, which expression includes any further notes issued pursuant to Condition 16 (*Further issues*) and forming a single series therewith) of Carraro Finance S.A. (the “**Issuer**”) and guaranteed by Carraro S.p.A. (the “**Guarantor**”) are issued on 9 March 2022 (the “**Issue Date**”) and are subject to, and have the benefit of, a trust deed dated 9 March 2022 (as amended or supplemented from time to time, the “**Trust Deed**”) between the Issuer, the Guarantor and Lucid Trustee Services Ltd (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Notes (the “**Noteholders**” and the holders of the interest coupons appertaining to the Notes (the “**Couponholders**” and the “**Coupons**”, respectively). The issue of the Notes was authorised by resolutions passed by the shareholders’ meeting of the Issuer on 31 January 2022 and by its board of directors on 31 January 2022, and the guarantee of the Notes was authorised by a resolution of the board of directors of the Guarantor passed on 26 January 2022. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes and the Coupons. Copies of the Trust Deed and the paying agency agreement (the “**Paying Agency Agreement**”) dated the Issue Date relating to the Notes between the Issuer, the Guarantor, the Trustee and the initial principal paying agent and the other paying agents named in it, (i) are available for inspection by Noteholders at the specified office of the Trustee (presently at One London Wall Buildings, London Wall, London EC2M 5PG, United Kingdom and at the specified offices of the principal paying agent for the time being (the “**Principal Paying Agent**”) and the other paying agents for the time being (the “**Paying Agents**”, which expression shall include the Principal Paying Agent); or (ii) will, at the option of the Trustee and the Paying Agents, be available by email at a Noteholder’s request (subject to provision of proof of holding satisfactory to the Trustee and the Paying Agents), in each case, during usual business hours and upon reasonable notice on any weekday (excluding Saturdays, Sundays and public holidays). The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Paying Agency Agreement. Subject to and as set forth in Condition 9 (*Taxation*), the Issuer will not be liable to pay any additional amounts to holders of the Notes in relation to any withholding or deduction required pursuant to Italian Legislative Decree No. 239 of 1 April 1996 and related implementing regulations, as amended, supplemented or re-enacted from time to time (“**Decree 239**”) where the requirements and the formalities set out by Decree 239 for the non application of any withholding or deduction are not met and otherwise in the circumstance described in Condition 9 (*Taxation*).

### 1 Definitions and interpretation

(a) **Definitions:** In these Conditions:

“**Business Day**” means, a day on which commercial banks and foreign exchange markets in London, Luxembourg and Milan are open and which is a TARGET Settlement Day.

“**Event of Default**” means an event described in Condition 10 which, if so required by that Condition, has been certified by the Trustee to be, in its opinion, materially prejudicial to the interests of the Noteholders.

“**Group**” means the Guarantor and its Subsidiaries from time to time.

“**Interest Period**” means the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

“**Permitted Reorganisation**” means any solvent amalgamation, merger, demerger or reconstruction involving the Issuer, the Guarantor or any Subsidiary under which the assets and liabilities of the Issuer, the Guarantor or the relevant Subsidiary are assumed by the entity resulting from such amalgamation, merger, demerger or reconstruction, and, where the same involves the Issuer or the Guarantor, such entity assumes all the obligations of the Issuer in respect of the Notes, or the Guarantor in respect of the Guarantee and an opinion of an independent legal adviser of internationally recognised standing has been delivered to the Trustee, on behalf of the Noteholders, confirming that such obligations have been assumed prior to the effective date of such amalgamation, merger or reconstruction.



“**Person**” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality.

“**Potential Event of Default**” means an event or circumstance which could with the giving of notice lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 10 become an Event of Default.

“**Relevant Date**” means whichever is the later of (A) the date on which such payment first becomes due and (B) if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Noteholders and to the Trustee.

“**Relevant Indebtedness**” means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be, or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market.

“**Relevant Jurisdiction**” means, in relation to the Issuer, the Grand Duchy of Luxembourg, and, in relation to the Guarantor, the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer, or the Guarantor, as the case may be, becomes subject in respect of payments made by it of principal and interest on the Notes and Coupons or under the Guarantee.

“**Subsidiary**” or “**Subsidiaries**” means (i) in relation to the Issuer, any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the Issuer; and (ii) in relation to the Guarantor, a company controlled by the Guarantor, as such term is defined pursuant to Article 2359, paragraph 1, numbers 1 and 2, of the Italian Civil Code.

“**TARGET Settlement Day**” means any day on which the TARGET System is open.

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(b) **Interpretation:** In these Conditions:

- (i) any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition or any undertaking given in addition to or substitution for it under the Trust Deed; and
- (ii) any reference in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to Condition 16 (*Further issues*) and forming a single series with the Notes.

## 2 Form, Denomination and Title

- (a) **Form and denomination:** The Notes are serially numbered and in bearer form in the denomination of €1,000 each with Coupons attached on issue. No Notes in definitive form will be issued with a denomination above €1,000.
- (b) **Title:** Title to the Notes and Coupons passes by delivery. The holder of any Note or Coupon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no Person will be liable for so treating the holder.

## 3 Guarantee and Status

- (a) **Guarantee:** The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and the Coupons. Its obligations in that

respect (the “**Guarantee**”) are contained in the Trust Deed. The Guarantee is limited to 140 per cent. of the aggregate principal amount of Notes as at the Issue Date.

- (b) **Status of the Notes and the Guarantee:** The Notes and Coupons constitute direct, unconditional and (subject to Condition 5 (*Negative pledge*)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and (subject to Condition 5 (*Negative Pledge*)) unsecured obligations of the Guarantor, and (save for such exceptions as may be provided by applicable legislation) rank at least *pari passu* and equally with all other unsecured and unsubordinated obligations of the Guarantor from time to time outstanding.

#### 4 Covenants and Suspension of Covenants

- (a) **Limitation on Indebtedness:** So long as any of the Notes or Coupons remain outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor shall, and the Issuer and the Guarantor shall procure that none of their respective Subsidiaries will, incur any additional Indebtedness (other than Permitted Indebtedness) if, on the date of the incurrence of such additional Indebtedness, the Consolidated Net Leverage Ratio relating to the Relevant Period referred to in the latest Compliance Certificate is greater than 4:1 for the year ended 31 December 2022 and 3.5:1 starting from the year ending 31 December 2023 onward, determined on a pro forma basis assuming for this purpose, that such additional Indebtedness (together with any other additional Indebtedness already incurred since the end of such Relevant Period) had been incurred, and the net proceeds thereof applied, on the first day of the applicable Relevant Period.
- (b) **Suspension of Covenants:** To the extent that a Rating Event has occurred and for so long as such Rating Event is outstanding, Condition 4(a) (*Covenants and Suspension of Covenants – Limitation on Indebtedness*) shall not apply and no Compliance Certificate shall be required pursuant to Condition 4(d) (*Compliance Certificate*).
- (c) **Annual Consolidated Financial Statements and Annual Consolidated Financial Information:** For so long as any Notes or Coupons remain outstanding,
- (i) starting from the Financial Year ended 31 December 2021, the Guarantor shall prepare, within 180 days after the end of each of its Financial Years, its audited consolidated financial statements for that Financial Year (the “**Annual Consolidated Financial Statements**”);
  - (ii) upon preparation of each of the Annual Consolidated Financial Statements, the Guarantor shall deliver a copy of such Annual Consolidated Financial Statements to the Trustee, together with a statement by a director of the Guarantor stating that, save as otherwise required by law or regulations and as specified therein, such Annual Financial Statements have been prepared using the same Accounting Principles used to prepare the immediately preceding Annual Financial Statements; and
  - (iii) upon preparation of each of the Annual Consolidated Financial Statements, the Issuer shall publish on its website an overview of the Audited Financial Statements which shall include disclosure of the following line items: (a) Revenue (b) Consolidated Adjusted EBITDA of the Group; (c) Net Income; (d) Net Consolidated Financial Position of Operations of the Group; and (e) Equity, in each case for that Financial Year (together, the “**Annual Consolidated Financial Information**”) confirming that such Annual Consolidated Financial Information has been derived from its Annual Consolidated Financial Statements.
- (d) **Compliance Certificate:** For so long as any Notes or Coupons remain outstanding, unless the covenants in Condition 4(a) (*Covenants and Suspension of Covenants – Limitation on Indebtedness*) have been suspended pursuant to Condition 4(b) (*Covenants and Suspension of Covenants – Suspension of Covenants*), the Guarantor will deliver the Compliance Certificate to the Trustee promptly on request and on each Reporting Date starting from 31 December 2021 confirming:

- (i) among other things, the Issuer's and the Guarantor's, compliance with Condition 4(a) (*Covenants and Suspension of Covenants – Limitation on Indebtedness*) since the previous Reporting Date, or in the case of the first Reporting Date, since the Issue Date; and
- (ii) that as at the Certified Date (as defined in the Trust Deed) the Issuer and the Guarantor have complied with their obligations under the Trust Deed and the Paying Agency Agreement and that as at such date there did not exist, nor had there existed since the Certified Date of the last Compliance Certificate, or in the case of the first Compliance Certificate since the Issue Date, any Event of Default or Potential Event of Default, or if such an event has occurred or if the Issuer or the Guarantor is not in compliance, specifying such event or the nature of such non-compliance.

For the avoidance of doubt, any certification by the Guarantor given in the Compliance Certificate with respect to the compliance by the Issuer or the Guarantor with its obligations under the Conditions or the Trust Deed (including, but not limited to, the covenants in Condition 4(a)) shall include a statement that the Issuer or the Guarantor, as the case may be, has complied with its obligation to procure that its respective Subsidiaries comply with the relevant covenant, requirement or obligation as to which the relevant certification is given.

The Trustee shall have no duty to monitor compliance by the Issuer, the Guarantor or any of their respective Subsidiaries with the covenants set out in Condition 4(a) (*Covenants and Suspension of Covenants – Limitation on Indebtedness*) or the Trust Deed and shall rely without liability to any Person and without further enquiry on the Compliance Certificates as to the compliance by the Issuer, the Guarantor and/or their respective Subsidiaries or non-compliance as aforementioned.

For the purpose of these Conditions:

**“Acceptable Bank”** means:

- (a) a bank or financial institution which has a rating for its long term unsecured and non-credit enhanced debt obligations of at least BBB- by Standard & Poor's Rating Services or Fitch Ratings Ltd or at least Baa3 by Moody's Investor Services Limited or a comparable rating from an internationally recognised credit rating agency; or
- (b) any bank or financial institution at which the Issuer, the Guarantor or any of their Subsidiaries holds a bank account as at the Issue Date; or
- (c) any other bank or financial institution approved by the Noteholders;

**“Accounting Principles”** means IFRS or generally accepted accounting principles in Italy;

**“Acquired Indebtedness”** means Indebtedness of a Person or any of its Subsidiaries existing at the time such Person becomes a Subsidiary of the Issuer or the Guarantor or at the time it merges or consolidates with or into the Issuer, the Guarantor or any of their Subsidiaries or assumed in connection with the acquisition of assets from such Person and in each case not incurred by such Person in connection with, or in anticipation or contemplation of, such Person becoming a Subsidiary of the Issuer or the Guarantor or such acquisition, merger or consolidation;

**“Affiliate”** means, at any time and with respect to any Person (the **“First Person”**), any other Person that as such time directly or indirectly through one or more intermediaries controls or is controlled by, or is under common control with, the First Person.

**“Capital Stock”** means:

- (i) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including each class of Common Stock and Preferred Stock of such Person, and all options, warrants or other rights to purchase or acquire any of the foregoing; and
- (ii) with respect to any Person that is not a corporation, any and all partnership, membership or other equity interests of such Person, and all options, warrants or other rights to purchase or acquire any of the foregoing;

“**Common Stock**” of any Person means any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common stock, whether outstanding on the Issue Date or issued after the Issue Date, and includes, without limitation, all series and classes of such common stock;

“**Compliance Certificate**” means the compliance certificate to be delivered on each Reporting Date and signed by an Authorised Signatory (as defined in the Trust Deed) of the Guarantor certifying the matters set out in Condition 4(c);

“**Consolidated Adjusted EBITDA**” means, in respect of any Relevant Period, the consolidated operating profit of the Group before taxation:

- (a) before deducting any interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised by any member of the Group (calculated on a consolidated basis) in respect of that Relevant Period;
- (b) not including any accrued interest owing to any member of the Group;
- (c) after adding back any amount attributable to provisions and the amortisation, depreciation or impairment of assets;
- (d) before taking into account any Exceptional Items;
- (e) before taking into account any unrealised gains or losses on any derivative instrument; and
- (f) before taking into account any gain or loss arising from an upward or downward revaluation of any other asset;

“**Consolidated Cash**” means, in respect of any Relevant Period, cash in hand or at bank and (in the latter case) credited to an account in the name of a member of the Group with a bank and to which a member of the Group is alone (or together with other members of the Group) beneficially entitled and for so long as:

- (a) that cash is repayable within 5 Business Days after the relevant date of calculation;
- (b) repayment of that cash is not contingent on the prior discharge of any other indebtedness (other than that included in the Consolidation Indebtedness of Operations) of any member of the Group or of any other person whatsoever or on the satisfaction of any other condition;
- (c) there is no Security Interest over that cash except for any Permitted Security Interest constituted by a netting or set-off arrangement entered into by members of the Group in the ordinary course of their banking arrangements; and
- (d) the cash is freely and immediately available to be applied in repayment or prepayment of the Notes or any indebtedness included in the Consolidated Indebtedness of Operations without double counting;

“**Consolidated Cash Equivalent Investments**” means, in respect of any Relevant Period:

- (a) certificates of deposit maturing within one year after the relevant date of calculation and issued by an Acceptable Bank;
- (b) any investment in marketable debt obligations issued or guaranteed by the government of the United States of America, the United Kingdom, any member state of the European Economic Area or by an instrumentality or agency of any of them having an equivalent credit rating, maturing within one year after the relevant date of calculation and not convertible or exchangeable into any other security;
- (c) commercial paper not convertible or exchangeable into any other security:
  - (i) for which a recognised trading market exists;
  - (ii) issued by an issuer incorporated in the United States of America, the United Kingdom, any member state of the European Economic Area;

- (iii) which matures within one year after the relevant date of calculation; and
- (iv) which has a credit rating of either “A-1” or higher by Standard & Poor’s or “F1” or higher by Fitch or “P-1” or higher by Moody’s, or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating;
- (d) any investment in money market funds which (i) have a credit rating of either “A-1” or higher by Standard & Poor’s or “F1” or higher by Fitch or “P-1” or higher by Moody’s, (ii) which invest substantially all their assets in securities of the types described in paragraphs (a) to (d) above and (iii) can be turned into cash on not more than 30 days’ notice; or
- (e) any other debt security approved in advance by the Trustee (such approval not to be unreasonably withheld or delayed), in each case, to which any member of the Group is alone (or together with other members of the Group) beneficially entitled at that time and which is not issued or guaranteed by any member of the Group or subject to any Security Interest;

“**Consolidated Indebtedness of Operations**” means, in respect of any Relevant Period:

- (a) moneys borrowed and debit balances at banks or other financial institutions (including any overdraft);
- (b) any acceptance under any acceptance credit or bill discounting facility (or dematerialised equivalent);
- (c) any indebtedness which is in the form of, or represented or evidenced by, bonds, convertible bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;
- (d) receivables sold or discounted (only on a recourse basis);
- (e) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as borrowings under the Accounting Principles;

For the avoidance of doubt, the calculation excludes the effect of IFRS 16 Leases;

“**Consolidated Net Leverage Ratio**” means, for any Relevant Period, the ratio of the Net Consolidated Financial Position of Operations of the Group for such period to the Consolidated Adjusted EBITDA of the Group for such period;

“**Determination Date**” means 31 December in each year;

“**Disqualified Stock**” means, with respect to any Person, any Capital Stock of such Person which, by its terms (or by the terms of any security into which it is convertible or for which it is redeemable or exchangeable), or upon the happening of any event: (1) matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, (2) is convertible or exchangeable for Indebtedness or Disqualified Stock of such Person or (3) is redeemable at the option of the holder thereof, in whole or in part (other than solely as a result of a change of control), in each case prior to 91 days after the earlier of the maturity date of the Notes or the date the Notes are no longer outstanding; provided, however, that only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date shall be deemed to be Disqualified Stock;

“**Equity Interests**” means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock);

“**Exceptional Items**” means, in respect of any Relevant Period, any exceptional, one off, non-recurring or extraordinary items arising for example on:

- (a) the restructuring of the activities of an entity (including the refocusing or restructuring of the Group’s product portfolio) and reversals of any provisions for the cost of restructuring; and

- (b) disposals, revaluations, write downs or impairment of non-current assets or any reversal of any write down or impairment;

“**Financial Year**” means the annual accounting period of the Guarantor ending on 31 December in each year;

“**Fitch**” means Fitch Ratings Ireland Limited or any of its Affiliates or successors;

“**Hedging Obligations**” means, with respect to any Person, the obligations of such Person under currency exchange or interest rate swap, cap and collar agreements, and other similar or like agreements or arrangements;

“**Indebtedness**” means with respect to any Person, without duplication,

- (i) the principal of indebtedness of such Person for borrowed money;
- (ii) the principal of indebtedness of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (iii) the principal component of obligations representing the deferred purchase price of property or services due more than one year after such property is acquired or such services are completed (but excluding trade accounts payable and other accrued liabilities arising in the ordinary course of business that are not overdue by 180 days or more or are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted);
- (iv) obligations representing reimbursement obligations in respect of any letter of credit, banker’s acceptance or similar credit transaction (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of incurrence);
- (v) all Receivables Financing;
- (vi) the mark-to-market value of any Hedging Obligations of such Person;
- (vii) guarantees of the principal component of Indebtedness referred to in paragraphs (i) through (vi) above;
- (viii) the principal component of indebtedness of the type referred to in paragraphs (i) through (vii) which are secured by any lien on any property or asset of such Person, the amount of such obligation being deemed to be the lesser of the fair market value (as determined in good faith by the Board of Directors of the Issuer) of such property or asset or the amount of the obligation so secured; and
- (ix) the principal component of obligations or liquidation preference with respect to all Preferred Stock or Disqualified Stock issued by any Subsidiary of the Issuer (but excluding in each case any accrued dividends) to, and held by, third parties which are not members of the Group;

“**Moody’s**” means Moody’s Investors Service España, S.A. or any of its Affiliates or successors;

“**Net Consolidated Financial Position of Operations**” means, in respect of any Relevant Period, Consolidated Indebtedness of Operations, less Consolidated Cash, less Consolidated Cash Equivalents, less current and non-current financial assets. For the avoidance of doubt the calculation excludes the effects of any outstanding derivatives contracts;

“**Permitted Indebtedness**” means:

- (i) Indebtedness under the Notes and the Guarantees, *provided that* this shall not include any Notes issued after the Issue Date pursuant to Condition 16 (*Further Issues*);
- (ii) Indebtedness outstanding on the Issue Date after giving effect to the use of proceeds of the Notes;
- (iii) Hedging Obligations of the Issuer and the Guarantor or any of their Subsidiaries entered into for non-speculative purposes;
- (iv) Indebtedness of the Issuer to a Subsidiary of the Issuer or Indebtedness of a Subsidiary of the Issuer to the Issuer or another Subsidiary of the Issuer for so long as such Indebtedness is held by a Subsidiary of the Issuer or the Issuer; *provided that* any Indebtedness of the Issuer or the Guarantor to any Subsidiary of the



Issuer is unsecured and subordinated, pursuant to a written agreement, to the Issuer's and the Guarantor obligations under the Notes;

- (v) Indebtedness of the Guarantor to a Subsidiary of the Guarantor or Indebtedness of a Subsidiary of the Guarantor to the Guarantor or another Subsidiary of the Guarantor for so long as such Indebtedness is held by a Subsidiary of the Guarantor or the Guarantor; provided that any Indebtedness of the Guarantor or any Subsidiary of the Guarantor is unsecured and subordinated, pursuant to a written agreement, to the Issuer's and the Guarantor's obligations under the Notes;
- (vi) Indebtedness of the Issuer, the Guarantor or any of their Subsidiaries in respect of performance bonds, performance and completion guarantees, bankers' acceptances, workers' compensation claims, surety or appeal bonds, payment obligations in connection with self-insurance or similar obligations, accrued and unpaid tax liabilities and bank overdrafts (and letters of credit in respect thereof to the extent undrawn, or if and to the extent drawn, is honoured in accordance with its terms and, if to be reimbursed, is reimbursed no later than the 30th Business Day following receipt of a demand for reimbursement) in the ordinary course of business;
- (vii) Refinancing Indebtedness;
- (viii) Indebtedness of the Issuer, the Guarantor or any of their Subsidiaries in respect of any customary cash management, cash pooling or netting or setting off arrangements;
- (ix) Acquired Indebtedness of any Person outstanding on the date on which such Person becomes a Subsidiary of the Issuer or the Guarantor or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer, the Guarantor or any of their Subsidiaries provided, however, that at the time of the acquisition or other transaction pursuant to which such Indebtedness was deemed to be incurred, the Issuer would have been able to incur €1.00 of additional Indebtedness pursuant to Condition 4(a) (*Covenants and Suspension of Covenants*) after giving effect to the incurrence of such Indebtedness pursuant to this paragraph; and
- (x) Subordinated Indebtedness;

**"Permitted Security Interest"** means any Security Interest:

- (a) arising by operation of law;
- (b) existing on the Issue Date;
- (c) to secure Indebtedness over or with respect to any present or future assets, receivables, remittances or payment rights of the Issuer, the Guarantor or any of their Subsidiaries (the **"Charged Assets"**) which is created pursuant to any leasing, factoring, securitisation or like arrangements whereby all or substantially all the payment obligations in respect of such Indebtedness are to be discharged solely from the Charged Assets, where such Indebtedness does not exceed an aggregate amount of 5 per cent. of Consolidated Assets;

**"Preferred Stock"** of any Person means any Capital Stock of such Person that has preferential rights to any other Capital Stock of such Person with respect to dividends or redemptions or upon liquidation;

A **"Rating Agency"** means each of Standard & Poor's, Moody's and Fitch , and any of their respective Affiliates or successors;

A **"Rating Event"** will have occurred if, and will be deemed to be outstanding for so long as: (i) the Notes are rated BBB- (or the equivalent investment grade credit rating) or higher by at least one Rating Agency; (ii) no Event of Default has occurred and is continuing; and (iii) the Trustee has been provided with a certificate signed by two Authorised Signatories of the Issuer certifying the matters referred to in (i) and (ii) above, upon which the Trustee shall rely without liability to any Person, provided that the Issuer shall provide the Trustee with a further certificate to the extent the Rating Event is no longer outstanding;

**"Receivables Financings"** means factoring, securitisations of receivables or any other receivables financing (including, without limitation, through the sale of receivables in a factoring arrangement or through the sale of

receivables to lenders or to special purpose entities formed to borrow from such lenders against such receivables whether or not with recourse to the Issuer and any of its Subsidiaries, but in each case only to the extent that such factoring, securitisation or financing would either be treated as financial payables under Accounting Principles or as indebtedness under IFRS as of the Issue Date;

“**Refinance**” means, in respect of any security or Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue a security or Indebtedness in exchange or replacement for, such security or Indebtedness in whole or in part. “**Refinanced**” and “**Refinancing**” shall have correlative meanings;

“**Refinancing Indebtedness**” means any Refinancing by the Issuer, the Guarantor or any of their Subsidiaries of Indebtedness incurred in accordance with Condition 4(a) (*Covenants and Suspension of Covenants*) and paragraphs (i), (ii), (vi) and (viii) of the definition of “**Permitted Indebtedness**”, in each case that does not:

- (i) result in an increase in the aggregate principal amount of Indebtedness of such Person as of the date of such proposed Refinancing (plus the amount of any premium or accrued interest required to be paid under the terms of the instrument governing such Indebtedness and plus the amount of reasonable fees and expenses incurred by the Issuer in connection with such Refinancing); or
- (ii) create Indebtedness with: (a) a Weighted Average Life to Maturity that is less than the Weighted Average Life to Maturity of the Indebtedness being Refinanced; or (b) a final maturity earlier than the final maturity of the Indebtedness being Refinanced; provided that if such Indebtedness being Refinanced is subordinate or junior to the Notes or any Guarantee, then such Refinancing Indebtedness shall be subordinate to the Notes or such Guarantee, as the case may be, at least to the same extent and in the same manner as the Indebtedness being Refinanced;

“**Relevant Period**” means a 12-month period ending on a Determination Date;

“**Reporting Date**” means a date falling no later than sixty days after the approval by the Guarantor’s Board of Directors of its consolidated financial statements, with respect to a Relevant Period ending on 31 December, and in any event by no later than 30 June of the following calendar year. The first Reporting Date shall be the date falling no later than 60 days after the approval by the Guarantor’s Board of Directors of its audited annual consolidated financial statements as of and for the year ended 31 December 2021 and in any event by no later than 30 June 2022;

“**Security Interest**” means, without duplication, a mortgage, charge, pledge, lien or other security interest or other preferential interest or arrangement having a similar economic effect, excluding any right of set-off, but including any conditional sale or other title retention arrangement or any finance leases;

“**Subordinated Indebtedness**” means Indebtedness of the Issuer, the Guarantor or any of their Subsidiaries that is subordinated or junior in right of payment to the Notes or the Guarantee, as the case may be, *provided that* such Subordinated Indebtedness:

- (i) does not mature or require any amortisation or other payment of principal prior to the first anniversary of the maturity of the Notes (other than through conversion or exchange of any such security or instrument for Equity Interests of the Issuer, the Guarantor or any of their Subsidiaries or for any other security or instrument meeting the requirements of the definition);
- (ii) does not require the payment of cash interest prior to the first anniversary of the maturity of the Notes;
- (iii) is subordinated in right of payment to the prior payment in full in cash of the Notes in the event of any default, bankruptcy, reorganisation, liquidation, winding up or other disposition of assets of the Issuer; and
- (iv) does not restrict the payment of amounts due in respect of the Notes or compliance by the Issuer with its obligations under the Notes and the Trust Deed;

“**Standard & Poor’s**” means S&P Global Ratings Europe Limited or any of its Affiliates or successors; and

“**Weighted Average Life to Maturity**” means, when applied to any Indebtedness at any date, the number of years obtained by dividing (a) the then outstanding aggregate principal amount of such Indebtedness into (b) the sum of the total of the products obtained by multiplying (i) the amount of each then remaining instalment, sinking fund,

serial maturity or other required payment of principal, including payment at final maturity, in respect thereof, by (the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making such payment.

## 5 Negative pledge

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will create or have outstanding any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

## 6 Interest

The Notes bear interest from and including the Issue Date to but excluding 9 March 2028 commencing on 9 September 2022 at the rate of interest per annum (the “**Rate of Interest**”) which is a minimum rate of 2.75 per cent. per annum, payable in equal instalments semi-annually in arrear on 9 March and 9 September in each year (each an “**Interest Payment Date**”).

*Subject to a minimum rate of 2.75 per cent. per annum, the The Rate of Interest will be determined prior to the Issue Date and will be set out in the Interest Rate, Yield and Redemption Prices Notice.*

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day which is seven days after the Trustee or the Principal Paying Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

Save as provided above in relation to equal instalments, the day-count fraction will be calculated on an “Actual/Actual (ICMA)” basis as follows:

- (a) if the Accrual Period is equal to or shorter than the Determination Period during which it falls, the day-count fraction will be the number of days in the Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
- (b) if the Accrual Period is longer than one Determination Period, the day-count fraction will be the sum of:
  - (i) the number of days in such Accrual Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
  - (ii) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (a) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“**Accrual Period**” means the relevant period for which interest is to be calculated (from and including the first such day to but excluding the last); and

“**Determination Period**” means the period from and including each Interest Payment Date to but excluding the next Interest Payment Date.

Interest in respect of any Note shall be calculated per €1,000 in principal amount of the Notes (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the Rate of Interest, the Calculation Amount and the day-count fraction (calculated on an “Actual/Actual (ICMA)” basis, as set out above) for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

## 7 Redemption and Purchase

- (a) **Final redemption:** Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 9 March 2028. The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition 7.
- (b) **Redemption for taxation reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Noteholders and to the Trustee (which notice shall be irrevocable), at their principal amount, together with interest accrued to the date fixed for redemption, if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Grand Duchy of Luxembourg (in the case of a payment by the Issuer) or the Republic of Italy (in the case of a payment by the Guarantor) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee) then due. Prior to the publication of any notice of redemption pursuant to this Condition 7(b), the Issuer shall deliver to the Trustee (A) a certificate signed by two duly Authorised Signatories of the Issuer (or the Guarantor, as the case may be) stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and (B) an opinion of independent legal advisers of recognised international standing to the effect that the Issuer and/or the Guarantor, as the case may be, has or will be obliged to pay such additional amounts as a result of such change and the Trustee shall be entitled to accept and rely on such certificate and legal opinion (without liability to any Person) as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.
- (c) **Redemption at the option of the Issuer:** The Issuer may, at any time on or after 9 March 2024, on giving not more than 30 nor less than 15 days’ notice to the Noteholders and to the Trustee, redeem the Notes in whole or in part at the following redemption prices (expressed as a percentage of the principal amount of the Notes on the date fixed for redemption), plus accrued and unpaid interest outstanding (as defined in the Trust Deed) to the relevant redemption date:

Redemption Period	Price
9 March 2024 (included) to 8 March 2025 (included)	Principal amount of the Notes on the date fixed for redemption plus 50% of the Rate of Interest
9 March 2025 (included) to 8 March 2026 (included)	Principal amount of the Notes on the date fixed for redemption plus 25% of the Rate of Interest
9 March 2026 (included) to 8 March 2027 (included)	Principal amount of the Notes on the date fixed for redemption plus 12.5% of the Rate of Interest
9 March 2027 (included) to 8 March 2028 (included)	Principal amount of the Notes on the date fixed for redemption

Any notice of redemption given pursuant to this Condition 7(c) may be subject to such conditions as the Issuer may specify therein, provided that: (i) the notice specifies the final date by which those conditions must be satisfied, which date shall be no later than the eighth day prior to the due date for redemption; and

(ii) the notice will become unconditional and binding on the Issuer unless such conditions remain unsatisfied on the specified date and the Issuer, no later than the following Business Day, gives a further notice to Noteholders and the Trustee confirming that such is the case and that no Notes will be redeemed.

- (d) **Redemption at the option of the Noteholders upon a Change of Control:** Promptly and in any event within ten Business Days after the occurrence of a Change of Control (as defined below), the Issuer will give written notice thereof (a “**Change of Control Notice**”) to the holders of all outstanding Notes in accordance with Condition 17 (*Notices*) and to the Trustee, which Change of Control Notice shall (i) refer specifically to this Condition 7(d) (*Redemption at the option of the Noteholders upon a Change of Control*), (ii) describe in reasonable detail the event or circumstances resulting in the Change of Control, (iii) specify the date for redemption of the Notes, which shall be a Business Day not less than 30 days and not more than 90 days after the date of such Change of Control Notice (“**Change of Control Redemption Date**”), (iv) offer to redeem, on the Change of Control Redemption Date, all Notes at 101 per cent. of their principal amount (the “**Change of Control Redemption Amount**”) together with interest accrued thereon to the Change of Control Redemption Date and (v) specify the date by which holders must provide written notice to the Issuer of such holder’s redemption, which shall be not less than fifteen days prior to the Change of Control Redemption Date (the “**Change of Control Response Date**”). For so long as the Notes are listed on the regulated market of the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer shall also notify the Luxembourg Stock Exchange promptly of any Change of Control. The Issuer shall redeem on the Change of Control Redemption Date all of the Notes held by Noteholders that require redemption at the Change of Control Redemption Amount. If any holder does not require early redemption on or before the Change of Control Response Date, such holder shall be deemed to have waived its rights under this Condition 7(d) (*Redemption at the option of the Noteholders upon a Change of Control*) to require early redemption of all Notes held by such holder in respect of such Change of Control but not in respect of any subsequent Change of Control.

To exercise the right to require early redemption of any Notes, the holder of the Notes must deliver at the specified office of any Paying Agent, on any Business Day before the Change of Control Response Date, a duly signed and completed notice of exercise in the form (for the time being current and which may, if such Notes are held in a clearing system, be in any form acceptable to such clearing system and may be delivered in any manner acceptable to such clearing system) obtainable from the specified office of any Paying Agent (a “**Put Notice**”) and in which the holder must specify a bank account to which payment is to be made under this Condition 7(d) (*Redemption at the option of the Noteholders upon a Change of Control*) accompanied by such Notes or evidence satisfactory to the Paying Agent concerned that such Notes will, following the delivery of the Put Notice, be held to its order or under its control. A Put Notice given by a holder of any Notes shall be irrevocable except where, prior to the Change of Control Redemption Date, an Event of Default has occurred and is continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Put Notice.

For the purposes of this Condition 7(d):

a “**Change of Control**” shall be deemed to have occurred if one or more Person or Persons (other than the Guarantor) acquire Control of the Issuer; and

“**Control**” means the power to (i) appoint or remove a majority of the directors of the Issuer or (ii) exercise more than 50 per cent. of the voting rights normally exercisable at the Issuer’s ordinary and extraordinary shareholders’ meetings.

- (e) **No other redemption:** The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Condition 7(b) (*Redemption for taxation reasons*), Condition 7(c) (*Redemption at the option of the Issuer*) and 7(d) (*Redemption at the option of the Noteholders upon a Change of Control*).
- (f) **Notice of redemption:** All Notes in respect of which any notice of redemption is given under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition 7.
- (g) **Purchase:** Each of the Issuer, the Guarantor and their respective Subsidiaries may at any time purchase Notes in the open market or otherwise at any price (provided that, if they should be cancelled under



Condition 7(h) (*Cancellation*) below, they are purchased together with all unmatured Coupons relating to them). The Notes so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of these Conditions and the Trust Deed. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to the Principal Paying Agent for cancellation.

- (h) **Cancellation:** All Notes which are (i) purchased by or on behalf of the Issuer, the Guarantor or any such Subsidiary and surrendered for cancellation or (ii) redeemed, and any unmatured Coupons attached to or surrendered with them, will be cancelled and may not be re-issued or resold.

## 8 Payments

- (a) **Method of payment:** Payments of principal and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Notes or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent by transfer to a Euro account specified by the payee with a bank in a city in which banks have access to the TARGET System. Payments of interest due in respect of any Note other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Note.
- (b) **Payments subject to fiscal laws:** All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (c) **Surrender of unmatured Coupons:** Each Note should be presented for redemption together with all unmatured Coupons relating to it, failing which, the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon not later than 10 years after the Relevant Date (for the relevant payment of principal in respect of the relevant Note).
- (d) **Payments on business days:** A Note or Coupon may only be presented for payment on a day which is a business day in the place of presentation and, in the case of payment by credit or transfer to a Euro account as described above, is a TARGET Settlement Day. No further interest or other payment will be made as a consequence of the day on which the relevant Note or Coupon may be presented for payment under this Condition 8 falling after the due date.
- (e) **Paying Agents:** The initial Paying Agents and their initial specified offices are listed in the Paying Agency Agreement. The Issuer and the Guarantor reserve the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that they will maintain (i) a Principal Paying Agent and (ii) a Paying Agent (who may be the Principal Paying Agent) having specified offices in at least one major European city in a jurisdiction other than Italy. Notice of any change in the Paying Agents or their specified offices will promptly be given to the Noteholders and to the Trustee.

## 9 Taxation

All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes and the Coupons or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by, in the case of the Issuer, the Grand Duchy of Luxembourg or the Republic of Italy or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer, or, as the case may be, the Guarantor, shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:



- (a) presented for payment in the Republic of Italy; or
- (b) presented for payment by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some present or former connection with any Relevant Jurisdiction other than the mere holding of the Note or Coupon; or
- (c) presented for payment by, or on behalf of, a holder who is entitled to avoid such withholding or deduction in respect of the Note or Coupon by making a declaration or any other statement to the relevant tax authority, including, but not limited to, a declaration of residence or non-residence or other similar claim for exemption, and fails to do so in due time; or
- (d) with respect to payments made by the Guarantor, on account of any Taxes applicable pursuant to the provisions of Decree No. 600 of 29 September 1973, as amended from time to time, and any related implementing regulations; or
- (e) on account of *imposta sostitutiva* pursuant to Decree 239 with respect to any Note or Coupon, including all circumstances in which the requirements and procedures to obtain an exemption from *imposta sostitutiva* or any alternative future system of deduction or withholding set forth in Decree 239, have not been met or complied with, except where such procedures have not been met or complied with due to the actions or omissions of the Issuer or its agents; or
- (f) presented for payment where such withholding or deduction is imposed by Luxembourg on the basis of the Luxembourg law of 23 December 2005 introducing a final withholding tax on certain savings income, as amended; or
- (g) any combination of the items above.

For the avoidance of doubt, notwithstanding any other provision of the Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer or the Guarantor will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or otherwise imposed pursuant to Sections 1471 to 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer, the Guarantor nor any other Person will be required to pay any additional amounts in respect of FATCA Withholding.

## 10 Events of Default

If any of the following events occurs, the Trustee, at its discretion, may, and, if so directed by an Extraordinary Resolution of the Noteholders, shall (subject in each case to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest:

- (a) **Non payment:** any default is made in the payment of any principal or interest due in respect of the Notes, and such default continues for a period of five Business Days; or
- (b) **Breach of other obligations:** the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed (including, for the avoidance of doubt, any of the Issuer’s or the Guarantor’s obligations set out in Condition 4 (*Covenants and Suspension of Covenants*)), which default is (in the opinion of the Trustee) incapable of remedy or, if, in the opinion of the Trustee, capable of remedy, is not, in the opinion of the Trustee, remedied within 30 days after notice of such default shall have been given to the Issuer or the Guarantor by the Trustee; or
- (c) **Cross-default of the Issuer, Guarantor or a Subsidiary:**
  - (i) any other present or future indebtedness of the Issuer, the Guarantor or any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being

declared) due and payable prior to its stated maturity by reason of any actual or potential default or event of default (howsoever described); or

- (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period; or
- (iii) the Issuer, the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised,

provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(c) have occurred equals or exceeds €7,500,000 or its equivalent; or

- (d) **Enforcement proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or the Guarantor having an aggregate value of at least €4,000,000 or its equivalent unless such distress, attachment, execution or other legal process (i) is being disputed in good faith with a reasonable prospect of success as confirmed by an opinion of independent legal advisers of recognised standing or (ii) is discharged or stayed within 30 days; or
- (e) **Security enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar Person) unless discharged or stayed within 30 days; or
- (f) **Insolvency:** other than for the purposes of, or pursuant to, a Permitted Reorganisation, the Issuer or the Guarantor is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or the Guarantor; or
- (g) **Cessation of business:** the Issuer or the Guarantor ceases or threatens to cease to carry on all or a substantial part of its business (other than for the purposes of, or pursuant to, a Permitted Reorganisation); or
- (h) **Analogous event:** any event occurs which, under any applicable laws has an analogous effect to any of the events referred to in Conditions 10(d) (*Enforcement proceedings*) to 10(g) (*Cessation of business*) (both inclusive); or
- (i) **Guarantee:** the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect; or
- (j) **Unlawfulness:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed; or
- (k) **Delisting:** the Notes cease to be listed on one of either (i) the official list of the Luxembourg Stock Exchange (and admitted to trading on the Luxembourg Stock Exchange's regulated market) or (ii) the MOT.

provided that in the case of Conditions 10(b), (g) and (h) the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of Noteholders.

## 11 Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 8 (*Payments*) within a period of 10 years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

## 12 Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent, subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

### 13 Meetings of Noteholders, modification, waiver and substitution

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including any modifications of the Conditions or of any provisions of the Trust Deed. The provisions of Articles 470-3 to 470-19 of the Luxembourg law on commercial companies of 10 August 1915, as amended, are excluded.

Such a meeting may be convened by Noteholders holding not less than 10 per cent in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons present holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the maturity of the Notes or the dates on which interest is payable in respect of the Notes, (ii) to reduce or cancel the principal amount of, or interest on, the Notes, (iii) to change the currency of payment of the Notes or the Coupons, or (iv) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, or (v) to modify or cancel the Guarantee, in which case the necessary quorum will be one or more persons holding or representing not less than 75 per cent, or at any adjourned meeting not less than 25 per cent, in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders. To be passed, an Extraordinary Resolution requires a majority in favour consisting of not less than 75 per cent. of the votes cast on a show of hands, or, if a poll is duly demanded, not less than 75 per cent on such poll.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in like form, each signed by or on behalf of one or more Noteholders.

- (b) **Modification and waiver:** The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that, in its opinion, is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders. The Trustee may also make a determination that an Event of Default or a Potential Event of Default shall not be treated as such. Any such modification, authorisation, waiver or determination shall be binding on the Noteholders and the Couponholders and such modification shall be notified to the Noteholders as soon as practicable.
- (c) **Substitution:** The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of certain other entities in place of the Issuer or Guarantor, or of any previous substituted company, as principal debtor or guarantor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or Couponholders, to a change of the law governing the Notes, the Coupons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

- (d) **Entitlement of the Trustee:** In connection with the exercise of its functions (including, but not limited to those referred to in this Condition 8), the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders, and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

#### **14 Enforcement**

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such steps, actions or proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Notes and the Coupons, but it need not take any such steps, actions or proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in principal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

#### **15 Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and any entity related to the Issuer or the Guarantor without accounting for any profit.

The Trustee may act and rely, without liability to Noteholders or Couponholders, on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept, and shall be entitled to rely on (without liability to any Person), any such report, confirmation or certificate or advice, and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

#### **16 Further issues**

The Issuer may, from time to time, without the consent of the Noteholders or Couponholders, create and issue further securities, either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them), and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes), or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 16 and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

#### **17 Notices**

Except as otherwise provided in the Conditions or the Prospectus, all notices to the Noteholders will be valid if duly published on the Issuer's website and in a manner which complies with the rules and regulations on any stock exchange on which the Notes are, for the time being, listed. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations on any stock exchange on which the Notes are, for the time being, listed. Any such notice shall be deemed to have been given on the date of first publication (or, if required to be published in more than one manner, on the first date on which publication shall have been made in all the required manners). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition 17. In addition, so long as the Notes are listed on Borsa Italiana, the Issuer shall also provide a copy of any notice to Noteholders published in accordance with these Conditions to Borsa Italiana.

*For so long as the Notes are represented by the Permanent Global Note (or, as the case may be, by the Permanent Global Note and/or the Temporary Global Note) and the Permanent Global Note is (or, as the case may be, the Permanent Global Note and/or the Temporary Global Note are) held on behalf of Euroclear or Clearstream, Luxembourg or an alternative clearing system, notices required to be given to Noteholders pursuant to these Conditions shall be given by the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg or such alternative clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with this Condition 17 (Notices) on the date of delivery to Euroclear and Clearstream, Luxembourg.*

## **18 Contracts (Rights of Third Parties) Act 1999**

No Person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any Person which exists or is available apart from that Act.

## **19 Governing law**

- (a) **Governing law:** The Trust Deed, the Notes and the Coupons, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law. The provisions of Articles 470-1 to 470-19 of the Luxembourg law on commercial companies of 10 August 1915, as amended, are excluded.
- (b) **Jurisdiction:** The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes or the Coupons, and, accordingly, any Proceedings may be brought in such courts. Pursuant to the Trust Deed, the Issuer has irrevocably submitted to the jurisdiction of such courts.
- (c) **Agent for service of process:** Pursuant to the Trust Deed, the Issuer has irrevocably appointed an agent in England to receive service of process in any Proceedings in England based on any of the Notes or the Coupons.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Notes will initially be in the form of a Temporary Global Note which will be deposited on or around the Issue Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

The Notes will be issued in new global note (“NGN”) form. On 13 June 2006, the European Central Bank (the “ECB”) announced that Notes in NGN form are in compliance with the “Standards for the use of EU securities settlement systems in ECB credit operations” of the central banking system for the Euro (the “Eurosystème”), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The Notes are intended to be held in a manner which would allow Eurosystem eligibility – that is, in a manner which would allow the Notes to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. As at the date of this Prospectus, one of the Eurosystem eligibility criteria for debt securities is an investment grade rating and accordingly as no credit rating is currently assigned to the Notes (or to the Issuer or the Guarantor), the Notes are not currently expected to satisfy the requirements for Eurosystem eligibility.

The Notes will be represented by the Global Notes except in certain limited circumstances described in the Permanent Global Note. The Global Notes will be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common depository for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form (“**Definitive Notes**”) in the denomination of €1,000 each, at the request of the bearer of the Permanent Global Note against presentation and surrender of the Permanent Global Note to the Principal Paying Agent if Euroclear or Clearstream, Luxembourg or any alternative clearing system through which the Notes are held is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business.

So long as the Notes are represented by a Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in the minimum authorised denomination of €1,000.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the



Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within 30 days of the occurrence of the relevant Exchange Event.

In addition, the Temporary Global Note and the Permanent Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Temporary Global Note and the Permanent Global Note. The following is a summary of certain of those provisions:

*Payments:* All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

*Payments on business days:* In the case of all payments made in respect of the Temporary Global Note and the Permanent Global Note Condition 8(d)) (*Payments on business days*) shall not apply, and all such payments shall be made on a day on which the TARGET System is open.

*Redemption of the option of the Issuer:* In order to exercise the option contained in Condition 7(b) (*Redemption for taxation reasons*) and 7(c) (*Redemption at the option of the Issuer*) the Issuer shall give notice to the Noteholders, the relevant clearing system and to the Trustee (or procure that such notice is given on its behalf) within the time limits set out in and containing the information required by that condition and Condition 7(f) (*Notice of redemption*). In the case of Condition 7(c) (*Redemption at the option of the Issuer*) and a partial exercise of an option, the rights of accountholders with the relevant clearing system in respect of the Notes will be governed by the standard procedures of the relevant clearing system and shall be reflected in the records of the relevant clearing system as either a pool factor or a reduction in nominal amount, at their discretion. Following the exercise of any option, the Issuer shall procure that the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note shall be reduced accordingly.

*Redemption at the option of the Noteholders:* The option of the Noteholders in Condition 70 (*Redemption at the option of the Noteholders*) may be exercised by the holder of the Permanent Global Note giving notice to the Agent of the principal amount of Notes in respect of which the option is exercised within the time limits specified in Condition 7(d) (*Redemption at the option of the Noteholders*).

*Notices:* Notwithstanding Condition 17 (*Notices*), while all the Notes are represented by the Permanent Global Note (or, as the case may be, by the Permanent Global Note and/or the Temporary Global Note) and the Permanent Global Note is (or, as the case may be, the Permanent Global Note and/or the Temporary Global Note are) held on behalf of Euroclear or Clearstream, Luxembourg or an alternative clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg or such alternative and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 17 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg except that, for so long as such Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

## USE AND ESTIMATED AMOUNT OF PROCEEDS

The Issuer expects the gross proceeds of the Offering will be between €100,000,000 and €120,000,000. The estimated total expenses of the Offering will be between €1,700,000 and €2,200,000 (depending on the final size of the Offering), including the Placement Agent's commission and estimated expenses in respect of the Offering.

The Issuer intends to use the net proceeds from the Offering (i) primarily towards refinancing existing indebtedness, partly also using the Group's existing cash reserves, including in particular the early redemption in whole of the Issuer's €180,000,000 3.50% Senior Unsecured Notes due 31 January 2025 (ISIN: XS1747134564), guaranteed by the Guarantor and originally issued by Carraro International S.E. on 7 February 2018 (the "**2018 Notes**") (see also "*Information about the Group – Contribution and Group reorganisation*" below); and (ii) for general corporate purposes.

## INFORMATION ABOUT THE GROUP

### General

#### *The Issuer*

Carraro Finance S.A. (the “**Issuer**” or “**Carraro Finance**”) was incorporated for an unlimited period as a *société anonyme* under the laws of the Grand Duchy of Luxembourg on 30 October 2020. Carraro Finance’s registered office is located at 11, Rue Beaumont, L-1219 Luxembourg and its telephone number is +352229771. The Issuer’s legal entity identifier (“LEI”) is 529900DEL39VEQFR1B86. The Issuer is registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et Sociétés*) under registration number B248536. The Issuer operates under the legislation of the Grand Duchy of Luxembourg.

As at the date of this Prospectus, the issued share capital of the Issuer amounts to €4,280,000, fully paid-up, represented by 42,800 ordinary shares with a nominal value of €100 each. Carraro International S.E. (“**Carraro International**”) holds 70.79% of the Issuer’s share capital, with the remaining 29.21% of the Issuer’s share capital held by the Guarantor (as defined below). Therefore, the Issuer’s entire share capital is held by the Guarantor, directly or indirectly.

Pursuant to article 4 of its articles of association in force as at the date of this Prospectus, the purpose of Carraro Finance is the participation, in any form whatsoever, in all Luxembourg and foreign companies, the acquisition of all securities and rights, by way of participation, contribution, subscription, underwriting or purchase option and in any other manner, including the acquisition of patents, trademarks and licences, their management and development as well as all operations directly or indirectly related to its corporate purpose. Carraro Finance is entitled to borrow in any form whatsoever, with or without guarantees, in any currency and in particular through the issuance of ordinary loans, subordinated, with warrants or convertibles, in the form of bearer bonds or otherwise. For all purposes, Carraro Finance may in particular lend any assistance, grant all forms of credit, stand surety, in any form whatsoever and in any currency whatsoever, carry out any activity having as its object the centralised management of cash, management and hedging of exchange rate and interest rate risk as well as the coordination of the group’s financial activities, in favour of and with regard to companies in which Carraro Finance itself has a direct or indirect participation, a direct or indirect interest as well as those dependent or directly or indirectly attached to the group of which Carraro Finance itself forms part, including, within the limits set by the Luxembourg Law of 10 August 1915 on commercial companies (as amended), its parent company, either with its own funds or by borrowing with these same group companies or its parent company, or by using funds from any form of loan taken out by Carraro Finance. Carraro Finance may also exercise, through its subsidiaries or branches established abroad, any activity of purchasing, selling and marketing of products relating to the mechanical and electronic industry as well as all activities of providing services, commercial, marketing, research, engineering and technical assistance support relating thereto or which may supplement this activity; in addition, Carraro Finance may carry out all commercial, financial, movable and real estate transactions directly or indirectly related to its object or likely to facilitate its achievement.

The Issuer performs the financial management and treasury functions of the Group (as defined below), and provides financial support to the Guarantor and its subsidiaries (together, the “**Group**” or the “**Carraro Group**”). This support is provided by way of, for example, intercompany loans, financial services, financial arranger deals for local credit lines or guaranteeing local credit lines. It is currently also a financial vehicle through which the Guarantor controls some of the Guarantor’s foreign commercial subsidiaries.

#### *The Guarantor*

Carraro S.p.A. (the “**Guarantor**” or “**Carraro**”) was incorporated on 6 December 1960 with a duration until 31 December 2061. The registered and administrative office of the Guarantor is currently Via Olmo, 37, 35011, Campodarsego, Italy and it is registered in the Companies Registry of Padua (*Registro delle Imprese di Padova*) under registration number and fiscal code 00202040283. The Guarantor’s LEI number is 815600F3EC59FFEC6594. As at the date of this Prospectus, the Guarantor’s shares are not listed on any regulated market. The Guarantor operates under the legislation of Italy.

The Guarantor is the parent company of the Group which principally designs, manufactures and markets drivetrain components and systems for original equipment manufacturers for use mainly in connection with agricultural, construction and industrial applications. The Group also produces specialised tractors for third-party brands (including

John Deere, Massey Ferguson, Claas and Valtra), in addition to the Group's specialist own-brand range. Carraro also provides services related to the Group companies' strategic guidance, control and coordination and is also the entity within the Group centralising Research and Development (“R&D”) operations.

As of the date of this Prospectus, the issued share capital of the Guarantor amounts to €41,452,543.60, represented by 58,385,555 shares without a nominal value.

Pursuant to article 3 of its articles of association, the corporate purpose of the Guarantor is as follows:

- (a) the production, sale and design of axles, drives and mechanical components for tractors, construction machinery, fork-lift trucks, automobiles, trucks, buses and special machines, both on its own account and on behalf of third parties, and the production and sale of tractors both on its own account and on behalf of third parties;
- (b) the assumption of equity investments in other companies or entities; to finance and coordinate technically and financially the companies and entities in which it has an interest. Carraro may also buy, sell, exchange, build at low cost or through contracts urban and rural real estate, both for residential and industrial purposes, let and manage such real estate properties;
- (c) to assume agencies, for the same or similar businesses, or for businesses connected in any way with those specified in point (a); sale of replacement parts;
- (d) to give endorsements and sureties of any kind and nature, for any amount and period of time, with or without security, in favour of third parties, persons, entities, or companies;
- (e) to enter into and execute including through the signing of atypical contracts, any other financial transaction that interests the Guarantor or that involves or is connected even indirectly with its corporate purpose or with that of any company in which it has an interest; and
- (f) to obtain from its shareholders contributions on account of future capital increases or other contributions whether or not with a repayment obligation or, in compliance with the rules from time to time applicable to deposit taking from shareholders, obtaining loans, in whichever form, from its shareholders, with a repayment obligation whether or not with interest payments, or obtain funds from shareholders on other grounds, always with a reimbursement obligation.

## History and Overview

The origins of the Carraro Group date back to the early 1930s in Campodarsego, Italy, when the business was founded by Giovanni Carraro, with a vision to find solutions to improve the quality of life and work for people working every day in agriculture and in 1958 Carraro produced its first “*Tre Cavallini*” branded tractor.

Market developments drove the technological evolution of Carraro tractors, which became four-wheel drive. Then, in the 1970s, Carraro diversified its strategy by moving its core business from complete vehicles to components of the vehicles, principally transmission systems (axles and transmissions).

In the 1970s and 1980s, Carraro experienced a period of growth with the development of core business activities and the progressive decentralisation of production. In 1973, Carraro developed its ‘axles and drives’ division, specialising in the design and construction of axles and drives for agricultural tractors and earth-moving machines. In the years that followed, the activities associated with this division developed into the company’s core business.

Supported by the development of Carraro’s core activities, since the mid-80s the Group has been implementing an ongoing process of decentralisation of ancillary production, through the acquisition and establishment of companies specialising in activities linked to its core business. This was followed by opening up to increasingly global markets and, in order to support this growth abroad, a structure that went beyond its national borders became necessary. To do so, with the objective of raising new capital for the development of Carraro, on 27 December 1995, the holding company Carraro S.p.A. was listed on the *Mercato Telematico Azionario* of the Italian Stock Exchange. After this, Carraro began the expansion of its manufacturing presence on a global scale. Carraro India, in 1997, was the first international industrial step, soon joined by plants in each strategic area of the world: from China to South America and Europe. See “*Business of the Group – Business Areas – Carraro Drive Tech Business*” below.

In parallel, Carraro was focusing on technological development in the direction of increasingly value added products such as axles with electronically controlled independent suspension for tractors or powershift transmissions for backhoe loaders. Management believes that the combination of advanced product solutions together with its wide industrial global platform has led to the expansion of the Group's customer network to new partners in a variety of geographic areas. With eight plants, four R&D centres and approximately 3,500 employees as of the date of this Prospectus, Carraro sees itself as an important partner in the power transmission field of the main manufacturers of agriculture and construction machinery.

The main transaction recently performed by the Group, which has had a significant impact on its capital base, reduced its fixed cost structure and rationalised its manufacturing footprint, was the delisting from Borsa Italiana's Mercato Telematico Azionario of the ordinary shares of the Guarantor, completed in August 2021.

In addition, in June 2020 the Group decided to discontinue the activities of the plant run by Carraro Drive Tech do Brasil Comércio e Indústria de Sistemas Automotivos Ltda ("**Carraro do Brasil**"), due to the current negative outlook on the local market. In July 2021, Carraro do Brasil completed the liquidation of its assets and the ongoing trade relationships with suppliers was allocated to other companies belonging to the Group. Carraro Do Brasil was then dissolved in September 2021.

## Strategy

In October 2021, the Group approved its 2021-2025 Business Plan. The Group's key strategic pillars are set out below.

1. *Sustainable growth*: Size is a success factor in order to achieve the necessary efficiency – in purchasing, production and R&D – to defend, strengthen and widen Carraro's market position. This is the way to consolidate a solid and sustainable growth path to unlock value for Carraro shareholders and partners.
2. *Valuable solutions*: The Product Development Programme is aimed both at improving margins on the current offer (gears, axles, transmissions and specialised tractors) and at expanding the business scope in the direction of value-added solutions (i.e. complementary components, modules, etc). In the meantime electronics and electrifications is expected to provide a fundamental boost to exploit new technologies within off-highway sector.
3. *R&D*: The Group plans to invest more than €100 million in R&D in the period 2021-2025 after having invested over approximately €200 million in R&D over the last ten years. The new R&D programmes focus on higher value-added and innovative products, such as new transmissions (able to supply agricultural & construction equipment with a higher horse power than in the past) and new platforms of specialised tractors for vineyards and orchards and an acceleration in product development. The new tractors would be sold to third parties and also under Carraro's proprietary brand. In addition, the Group is investing in R&D for the different markets and locations in which it does business, to support its "local for local" model aimed at developing products able to satisfy local client bases across the globe. Management believes that the R&D investments are vital to bring new products, new solutions and new services to the market in order to improve the Group's competitiveness, as well as to identify new processes able to maximise production efficiencies. See "*Research and Development*".
4. *Agile and performing operations*: Continuous improvement activities and strategic investments in industrial processes and footprint allows Carraro to maintain its competitiveness and resilience to exogenous shocks through the lowering of the break-even point. Further verticalisation will be included in order to gather service flexibility and margin improvement. Quality is, and will be, the basement to guarantee response effectiveness and efficiency for all global customers.
5. *Clients*: A longstanding relationship with key clients is an important driver of the Group's success. The Group is pursuing a "local for local" model in order to stay close to its clients across the globe, and be able to respond to their requirements. Customer intimacy is a fundamental pillar of the Group's strategy and allows for the understanding of each client's requirements and adapting the Group's products and services as appropriate. See "*Production and Sales – Key clients*".

Management aims to achieve the first and second key strategic pillars through a new investment phase sustained and accelerated by potential external acquisitions. In more detail, the "Sustainable growth" pillar aims to sustain the expansion of the Group in different markets which are compatible with the Group's business. The "Valuable solutions" pillar, which is interlinked with the "Sustainable growth" pillar, is also intended to accelerate the development of

technology driven products for high value applications, such as electrification and other complementary technologies. In particular, the Group is currently evaluating potential targets that have shown a solid track record over recent years and with which management believes potential synergies, both in terms of sales as well as market and industrial optimisation, can be achieved. In terms of the potential mergers and acquisitions pipeline, as at the date of this Prospectus, the Group is currently evaluating and performing preliminary analyses on companies located in South-East Asia, North America, Northern Europe and Southern Europe with total revenues ranging between approximately Euro 10 and more than 200 million.

## Recent Developments

### *Automotive business*

In December 2019 the Carraro Group entered into a strategic agreement with Ineos Automotive Ltd. for an overall value of €420 million over a period of ten years, for the supply of front and rear axles for the new off-road car “Grenadier”, which is expected to be marketed starting from 2022. Management believes this agreement to be a first but important step to expand the Carraro Group's presence across the automotive sector, which has great potential of development and which is a sector in which the Carraro Group has only been marginally present in the past.

It is also expected that the experience gained in such an ambitious and technically challenging project, due to the very high technological requirements of the component destined for Ineos Automotive Ltd., will have positive effects not only on the production and marketing of special axles for commercial vehicles, minivans and off-road vehicles, but also with respect to the Group's traditional sectors, for example, agricultural and construction equipment.

### *Contribution and Group reorganisation*

With effect from 1 February 2021, the contribution in kind (the “**Contribution**”) to the Issuer by Carraro International of its entire business relating to the finance and treasury functions (including all the assets, liability and legal relationships relating to such activities) in favour of Carraro Finance was completed. As a consequence of the Contribution, the Issuer was substituted for Carraro International as issuer of (i) the 2018 Notes and (ii) €150,000,000 3.75 Senior Unsecured Notes due 25 September 2026, guaranteed by Carraro S.p.A. (ISIN: XS2215041513) and originally issued by Carraro International (the “**2020 Notes**”).

The Contribution was part of a larger reorganisation of the Group, which was put in place by the parent company Carraro with a view to further supporting international growth, which directly involves its affiliates. The transfer of business to Luxembourg was carried out with the aim of benefitting, in the whole Group's interest, from market opportunities in terms of access to the international credit market and from the presence in Luxembourg of the main sector operators and institutions.

### *Takeover and delisting of Carraro*

On 28 March 2021, FLY S.r.l. (“**FLY**” or the “**Offeror**”) launched a voluntary public takeover bid on 21,331,916 ordinary shares of the Guarantor, representing approximately 26.76% of its share capital, with the aim of delisting the Guarantor's shares from the *Mercato Telematico Azionario* of Borsa Italiana. At the end of the offer period, the requirements were satisfied for exercising the right to acquire the remaining shares of the Guarantor that had not been sold, representing approximately 4.72% of its share capital. On 6 August 2021, the Offeror exercised that right and purchased all of the remaining shares in the Guarantor. On the same date, the Guarantor's shares were delisted.

On 11 October 2021, the shareholders' meetings of Carraro and FLY resolved in favour of a reverse merger by way of incorporation of FLY into Carraro pursuant to Article 2501-*bis* of the Italian Civil Code (i.e. a so-called merger leveraged buy out, FLY having obtained financing in order to acquire the share capital of Carraro). Following the expiry of a 60-days term from the registration of the merger resolution with the relevant Companies' Registry, with no objections raised by any creditor of the two companies involved in the merger, in accordance with Article 2503 of the Italian Civil Code, on 15 December 2021, the merger deed was entered into, with effect from 3 January 2022, in accordance with Article 2504-*bis*, paragraph 2, of the Italian Civil Code. From such date, the incorporating company Carraro has assumed all rights and obligations of FLY by operation of law.



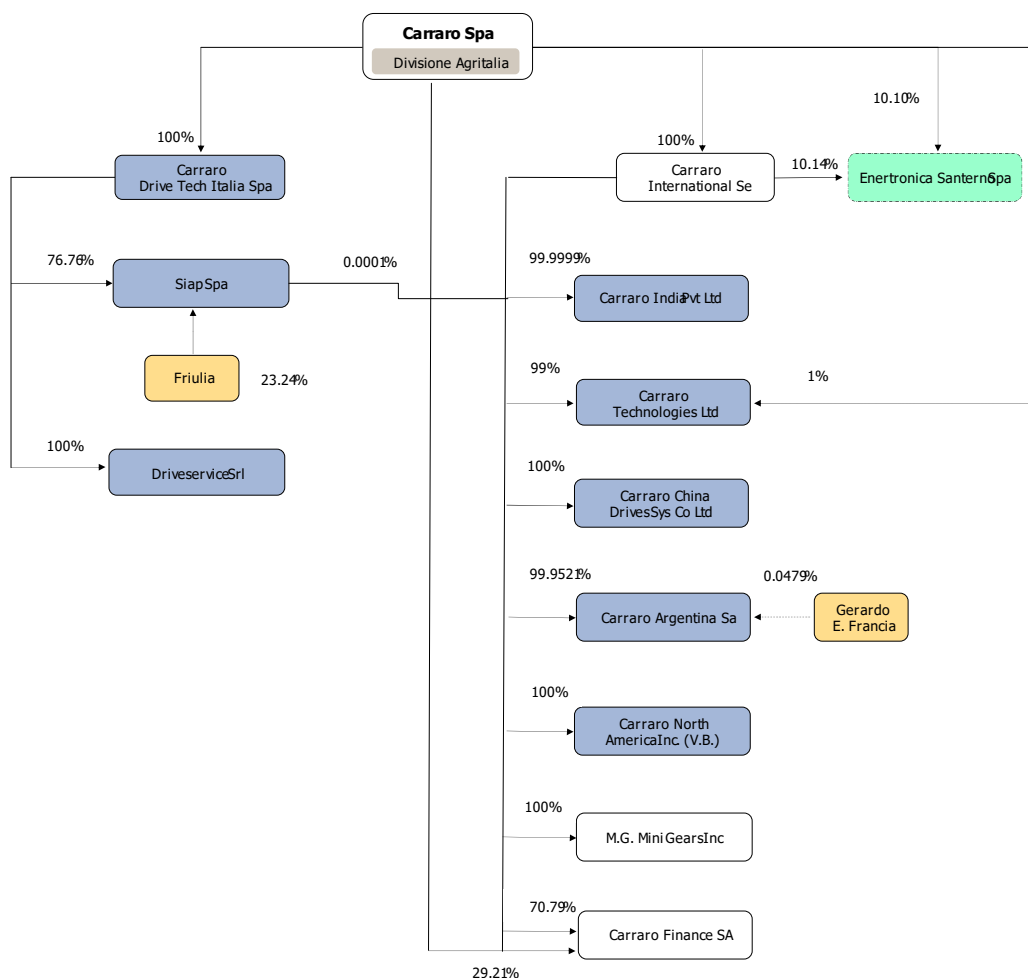
The overall cost incurred by FLY in connection with the takeover and delisting of Carraro was approximately €62 million, which, following completion of the reverse merger of FLY into Carraro, was added to the Net Financial Position of the Carraro Group (*Source: Internal management data (unaudited)*).

## Organisational Structure

The Group consists of the Guarantor, which is the parent company, and 11 subsidiaries, one of which is the Issuer.

### Group Structure

The following diagram sets out the Group's corporate structure in simplified form as of the date of this Prospectus:



## Business of the Group

The following is a description of the business activities of the Group. Management believes that a presentation of the business as that of the consolidated Group and not of individual Group companies is most representative of the business of the Issuer and the Guarantor and their subsidiaries.

### Industry and market position

The information in this section is based on internal data and estimates of the Group. The Group operates principally in the off-road vehicle industry, which represents over 90 per cent. of its consolidated revenues. The off-road market is made up of three different segments, and relates to over 3.3 million vehicles per year:

- agricultural machinery;
- construction; and
- material handling machinery.

The Group manufactures products in all three segments with an offering that ranges from complete vehicles (agricultural tractors), transmission systems (axles – complete control unit transmissions) and parts (gears), with 80 per cent. of the Group's revenues attributable to the agricultural and construction segments (including sales of products and spare parts, with spare parts amounting to approximately 10 per cent. of the Group's revenues in 2020).

The competitive outlook and dynamic of each segment is different from the other and a summary is set out below.

#### *Agricultural machinery*

Agriculture is the off-road segment with the largest number of vehicles manufactured and sold globally, and 90 per cent. of them are tractors and the remaining ones are a broad range of harvesting and other specialised machinery. Sales of products (other than spare parts) in this segment made up approximately 50 per cent. of the Group's revenues in 2020. The Group is one of the leading producers of driving axles and transmissions for agricultural tractors worldwide (*Source: ANFAVEA, Off-Highway Research, Starks, OEM Interviews, Carraro Market Intelligence*).

Countries across the world provide direct or indirect subsidies to the agriculture sector in different forms, such as minimum prices for agricultural raw materials, tax incentives for purchase of equipment, direct financing for new technologies. Both the prices for agricultural raw materials and local incentive policies affect the demand for new agricultural machinery.

After a strong growth in all the regions in 2021 following the downturn of 2020, management believes that mature markets such as Europe and North America may face a more limited growth, while emerging markets may still offer interesting opportunities, although China's introduction of new regulations relating to emissions and reduction of subsidies seem to have contributed recently to the slowdown in demand in its region.

#### *Construction*

The Group's sales of products (other than spare parts) in this segment made up approximately 31 per cent. of the Group's revenues in 2020. The mature markets such as Western Europe, North America and Japan, are gradually focusing demand for compact equipment on specialised machinery (compact wheel loaders, mini-excavators) because of their higher productivity in small construction works and in civil maintenance activities. Mature markets are also characterised by the ever-increasing importance of rental companies as large purchasers of machinery. The emerging markets trend, especially India, is positive and focused on backhoe loaders.

The Group is one of the leading producers of transmission systems for backhoe loaders, compact wheel loaders and other applications of light construction equipment worldwide (*Source: ANFAVEA, Off-Highway Research, Starks, OEM Interviews, Carraro Market Intelligence*).

#### *Material handling machinery*

The material handling machinery segment growth generally follows global gross domestic product and historically has been a relatively stable and predictable market. Sales of products (other than spare parts) in this segment made up approximately 3.1 per cent. of the Group's revenues in 2020.

#### **Business areas**

Carraro is the parent company of the Group and is a global player in the power transmission system industry. The Group is one of the leading international players (*Source: ANFAVEA, Off-Highway Research, Starks, OEM Interviews, Carraro Market Intelligence*) in the design and manufacturing of axles and transmission systems for agricultural, construction and material handling vehicles, which it has developed together with global Original Equipment Manufacturers (OEMs) of these vehicles, see "*Key clients*".

The Guarantor plays a coordinating role in the Group and carries out the following functions for the Group as a whole: administration and finance, HR, internal audit, IT, communications and legal (including intellectual property). In addition, the R&D and marketing activities of the Group sit within the Guarantor. The Issuer, on the other hand, carries out finance and treasury functions for the Group, obtaining funding for the different subsidiaries and business areas of the Group.

For the year ended on 31 December 2020, the Group's total revenues and EBITDA were €478.68 million and €32.57 million, respectively (compared to €548.85 million and €42.66 million, respectively, for 2019). The Group's business is divided into two principal business areas, Carraro Drive Tech ("**Carraro Drive Tech Business**"), which specialises in the

manufacturing and marketing of transmission systems, and Carraro Agritalia (“**Carraro Agritalia Business**”), which specialises in the design of specialist tractors for orchards and vineyards and in general tractors of between 60 and 100 horsepower. In addition, the ePower Systems division was created to support the traditional business by integrating electric solutions in products but also offering single electric modules (motor+inverter) to the OEM's of the construction equipment and agricultural world (“**Carraro e-Power Systems Business**”).

### *Carraro Drive Tech Business*

The Carraro Drive Tech Business represents the Group's core business. For the year ended on 31 December 2020, total revenues for the Carraro Drive Tech Business were €366.79 million, net of intra-group revenues, representing 76.6 per cent. of the Group's total revenues, net of intra-group revenues (compared to €435.83 million, net of intra-group revenues, representing 79.4 per cent. of the Group's total revenues, for 2019); the EBITDA was €41.63 million (11.3 per cent of the revenues of this business) for 2020, compared to €41.54 million for 2019 (9.5 per cent. of the revenues of this business for that year). The Carraro Drive Tech Business manufactures and markets axles, transmission systems, parts and steel gears of medium and large size for the off-road sector (vehicles used in the agricultural industry, such as tractors, and the construction industry, such as diggers). In relation to the on-road sector (vehicles used in the automotive industry, such as cars and lorries, and material handling industry, such as fork lift trucks) in addition to axles, parts and gears, the Group also designs and develops integrated transmission systems (powertrain) for application in a broad range of vehicles using both endothermic and electric traction engines. The design, branding and marketing requirements of Carraro Drive Tech Business are provided by Carraro S.p.A..

Carraro Drive Tech Business has a global industrial platform as follows.

In Italy, Carraro Drive Tech Business operates through Carraro Drive Tech Italia and its subsidiaries in the following production and logistic sites (the Campodarsego site is operated by Carraro Drive Tech Italia while the site at Maniago is operated by SIAP S.p.A. and the Poggiofiorito site by Driveservice S.r.l.):

- (a) *Campodarsego (Padua, Italy)*: the headquarters of the business and production site for off-road axles (tractors and earthmoving machinery), transmission systems for construction equipment, specialised axles for commercial vehicles as well as powertrain for forklift trucks;
- (b) *Maniago (Pordenone, Italy)*: specialising in production of high quality gears and cut steel parts, for both on-road and off-road application, as well as production of integrated transmission systems for the earthmoving and automotive sector and, starting from 2021, axles for on-highway and off-road vehicles; and
- (c) *Poggiofiorito (Chieti, Italy)*: in early 2018 this production site was converted into the Group's Italian logistics centre. See “*History and Overview*” above.

Outside Italy, Carraro Drive Tech Business operates through the subsidiaries of Carraro International in the following production sites:

- (a) *Pune (Ranjangaon, India)*: this production site is divided into two areas with the main area used for the production of axles and transmissions for off-road application (tractors and earthmoving machinery) and the other area used for the production of cut steel gears (used within the Group and sold to third parties);
- (b) *Qingdao (Qingdao, China)*: this production site covers the most recently opened production site of the Group, covering the production of transmission systems for off-road application (tractors and earthmoving machinery) and forklift trucks; and
- (c) *Haedo (Buenos Aires, Argentina)*: this production site specialises in axles and transmissions for off-road applications (tractors and earthmoving machinery).

In addition, from 2006 Pune also houses the R&D centre of Carraro Technologies India, which is a design centre for the Group, coordinated by the Group's central R&D functions, looking at updates and maintenance of products as well as customising products for different customer applications and developing new products for the local market.

### *Carraro Agritalia Business*

The Carraro Agritalia Business is carried out directly by Carraro S.p.A. and represents the “Carraro” heritage of designing and producing vehicles. For the year ended on 31 December 2020, total revenues for the Carraro Agritalia Business were

€108.9 million, net of intra-group revenues, representing 22.7 per cent. of the Group's total revenues (compared to €112.51 million, net of intra-group revenues, representing 20.5 per cent. of the Group's total revenues, for 2019); the EBITDA was €1.90 million (1.7 per cent of the revenues of this business) for 2020, compared to €3.05 million for 2019 (2.7 per cent. of the revenues of this business for that year). Carraro Agritalia Business has historically operated from the Group's headquarters in Rovigo, designing and manufacturing specialised tractors (principally for vineyards and orchards, in the range of 60-100 horse power) mainly for third parties and, to a limited extent, under its own brand.

The key clients for the Carraro Agritalia Business are the companies operating under the brands John Deere, Massey Ferguson and Claas. In addition, in 2010 the Group relaunched its tractor range under the Carraro "Tre Cavallini" brand. This decision was taken both to maintain contact with end-users and as a means to try out new technological solutions which can be offered to the market.

#### *Carraro e-Power Systems*

Carraro has developed its e-Power Systems division, which offers innovative solutions for electronic control of vehicle transmission systems, as well as complete engine units for e-mobility. The combination of mechanical know-how and electrical and electronic expertise has made it possible to design a wide range of vehicle architecture, sizing and integrating the most suitable electric modules (motors and inverters), appropriately controlled from proprietary software and hardware platforms. See "*Research and Development*".

#### ***Production and sales***

The Group's "local for local" model means that production facilities are located in areas close to key clients in order to provide better services to clients by allowing both the Group and its clients to take a more active role in each other's production processes (see "*Business Areas*" above). Management believes that the quality of its products is one of the Group's competitive strengths, and has a number of certifications and processes that seek to ensure and maintain quality levels (see "*Competitive Strengths*" below).

#### *Suppliers*

The Group's raw materials and semi-processed raw materials purchases accounted for approximately 60 per cent. of sales in 2020. The Group has a network of suppliers principally in relation to castings, gears, steel and bearings. Each supplier of the Group has to be validated as a supplier, such process consisting of meeting certain quality requirements which are periodically monitored (see also "*Competitive Strengths*" below). The Group ensures that there are a number of suppliers who can provide any particular product at any time (in the case of highly specialised products, for example, there would always be at least two suppliers validated to supply the Group). The Group has framework agreements with most suppliers which set out certain tariffs, delivery times and invoicing arrangements. Most of the framework agreements also provide for renegotiation of tariffs in the event of changes in international market prices of key raw materials.

The Group generally places orders with suppliers on the basis of orders the Group receives from clients (see "*Key Clients*" below), notifying suppliers of the expected pipeline of orders and placing firm orders once it receives a firm order from clients. In order to obtain better pricing from suppliers the Group may place bulk orders and hold some stock which it expects to be able to use to satisfy future client orders.

#### *Key clients*

Other than its own brand tractor range, the Group designs and develops the majority of its products in partnership with its clients. For the most part, the Group's clients are original equipment manufacturers with which it has long-standing relationships and to whom it has supplied products for many years. The Group engages in active discussions with clients in order to design products specific to their needs, by adapting its basic product offering to satisfy their requirements. Each client validates the Group as a supplier in a similar way to the process used by the Group to validate its own suppliers, with a view to ensuring that quality requirements are met and maintained. Given the bespoke nature of most of the Group's products, finding an alternative supplier would be likely to result in some delay and increased cost for clients.

The Group has framework agreements with most of its clients which set out certain tariffs, delivery times and invoicing arrangements and most of the framework agreements provide for renegotiation of tariffs in the event of changes in international market prices of key raw materials.

Each client will generally inform the Group on an annual basis of its expected orders, and will then place firm orders from time to time during the year. The orders may increase or decrease depending on the client's business and the Group works to manage its suppliers in order to meet these orders as efficiently as possible. In line with its "local for local" model, the Group has design and production facilities close to its main clients in order to be able to actively manage the design and production process with its clients and reduce delivery times and costs.

The Group's top ten clients for the year ended 31 December 2020 accounted for approximately 66% of total revenues, with the top three clients accounting for over 40% of total revenues (*Source*: Internal management data (unaudited)).

#### *Post sales*

The Group provides ongoing assistance to clients in relation to products sold by it and supplying spare parts for the life of the machinery in which its products are installed.

#### ***Research and development***

The Group is focused on developing transmission systems with a view to increasing productivity, efficiency and environmental sustainability. On average for the last five years, the Group has non-capitalised costs for R&D activities equal to approximately 3-4 per cent. of its revenues every year. A significant part of the Group's R&D function is focused on developing new products complying with changing regulation (see "*Regulation*" below) and maintaining efficiency in production processes to manage costs.

Since 2015, all R&D activities (including testing) related to the Carraro Drive Tech Business and the Carraro Agritalia Business are carried out by the Guarantor, which also houses the Group's strategic marketing and prototypes division. The Guarantor also coordinates Carraro Technology India and R&D centres in Haedo (Argentina) and Qingdao (China). As such, the R&D activities for Carraro Drive Tech Business are carried out outside of this business area and recorded as services provided by the Guarantor, whereas the Carraro Agritalia Business R&D activities are within the Carraro Agritalia Business area as Carraro Agritalia Business is a division of the Guarantor.

The Group's policy is to patent the output of its R&D activities, where possible. Carraro has applied for and obtained a list of patents addressing crucial technology aspects for its products, such as:

- Power Shift Dual Clutch and Continuous Variable Transmissions for Agricultural Machines (Lay-out and Control);
- Hydrostatic Transmissions for Construction Equipment Machines (Lay-out and Control);
- Steering System for Off-Highway Axles;
- Braking System for Off-Highway Axles; and
- Suspension System for Off-Highway Machines.

#### *Transmissions for agricultural and construction machinery*

In the developed markets, new machines are bought to replace the existing ones based on demonstrable advantages in productivity together with lower energy consumption. In those markets it is also mandatory to comply with stringent regulations for emissions and machine safety, which require significant investments starting from the development phase. For developing markets, on the other hand, requirements are still mostly driven by robustness and accessible first purchase cost.

The Group has developed new product solutions in line with different market demands, spanning from simple mechanical transmissions with manual control to more complex ones, powershift and power shuttle or continuous variable transmissions fully electronically controlled. Further efforts have been spent by the Group in increasing its internal R&D capabilities in the electronic control development both for its complete vehicle and its powertrain systems.

#### *Axles for agricultural and construction machinery*

The Group is gradually extending to its whole off-highway axle range a new design based on the modularity and scalability approach. This evolution is expected to enable the Group to further maximize the part synergies granting cost optimisation, as well as to minimise the development cost with the use of identical architecture from the small axles to the

large ones. Using such module commonality concept is intended to be easier and more cost effective to obtain all the required axle configurations and new options for both the agriculture and construction vehicle applications, thereby serving the Group's original equipment manufacturer customers.

### *Tractors*

The tractor business division has developed complete powertrain platforms (powertrain is the combination of transmission and engine) for specialised tractors from 75 to 110 horse power, which allows the Group to improve synergies in product development by increasing efficiency and reducing complexity.

Carraro Agritalia is also proceeding with an extension of its range: in higher power specialised tractors (up to 120 horse power) and lower power (between 50 and 75 horse power) tractors, as well as developing different types of tractors, such as specialised compact tractors and alpine utility tractors. All those new tractors are using the new complete drivetrain developed by Carraro Group with improved electronic control and connectivity capability.

### *E-Power Systems*

Carraro R&D is also focusing significant resources on electronics and on electric solutions, to develop both hybrid and electric powertrains for agriculture and construction equipment applications.

In the agriculture sector the Group continues to extend its transaxle range for tractors from 40 to 250 horse power, adopting the design modularity to address the more advanced solutions and the ones using more "frugal" technology, maintaining among them as much as possible the part commonality to obtain the best balance between cost and performances. e-Power Systems has partnered with global OEM's in the specialised tractor sector to introduce hybridisation and electrification systems. The reduction in internal combustion engines is effectively offset by electric motors that offer greater responsiveness, precision and comfort to the end user. For certain applications where working in closed environments is required, solutions have been designed to offer zero-emission transitions in full-electric mode.

In construction machinery the Group has extended its coverage of vehicle applications developing different powertrain architectures based on new hydrostatic, torque converter or electrical transmissions. The most significant construction equipment applications for Carraro include: backhoe loaders, telescopic handlers, wheel loaders, wheel excavators, soil compactors. Thanks to the complete powertrain electronic control based on the Carraro electronic control unit with dedicated and proprietary software, this new generation of transmissions improves vehicle productivity and reduces energy consumption and, consequently, also emissions.

## **Competitive Strengths**

Management believes that the Group's competitive strengths are focused on three points:

- Innovation
- Quality
- Values

### ***Innovation***

Throughout its history the Group has often been a pioneer in its sector. This started with automatic seeders, followed by four-wheel drive tractors right up to the transmission systems that the Group manufactures today and continues to develop technology seeking to improve efficiency in the vehicles in which they are installed.

Today the Group's product range is aimed at improving end-user experience – be that a farmer or a machine operator. The Group's vision is to put together design with an increasing electronic component, targeting efficiency and reduction in emissions and consumption – applying this to parts, transmission systems and vehicles.

Examples of the Group's innovation are: the "Direct Drive" solution for backhoe loader transmissions, which can improve productivity by up to 12 per cent.; the ECOlogy Mode system, which can reduce kW consumption of earthmoving machinery; and the new generation of continuously variable transmission (CVT), which can increase productivity and improve comfort on the field.



## Quality

Attention to detail and advanced processes are key to designing and manufacturing excellent products. The Group has adopted a “Total Quality” approach since the 1980’s, striving to implement the most advanced processes and planning tools. The Group monitors each step of the process from beginning to end, with the aim of optimising product quality and minimising defects, and then provides client service for as long as the product is used.

The Group has obtained and maintains a broad range of quality certifications and recognition for its processes, such as ISO 9001 / 1994; ISO 9002 / 1994; QS 9000 / 1996; SAE Company of the Year / 1998; QS 9000 / 1998; ISO/TS 16949 / 1999; ISO 9001 / 2000; ISO/TS 16949 / 2000; ISO/TS 16949 / 2002; ISO 14001 /2004; OSHAS 18001 / 2007; ISO 9001 /2008; ISO/TS 16949 / 2009; EH&S Management System / 2013; ISO 9001 / 2015; ISO 14001 / 2015; IATF 16949 / 2016; UNI ISO 45001:2018.

The Group’s quality control processes can be summarised in three phases:

- (a) *Suppliers:* parts are purchased from suppliers with third party certifications that are approved by the Group’s supplier quality assurance department. Each supplier is checked and monitored by the Group to ensure the correct quality is obtained. Any change in supplier needs to be approved by a team made up of individuals carrying out different functions within the Group, and a process is implemented to minimise the risk of product defects linked to any change in supplier.
- (b) *Manufacturing process and quality control:* each internal manufacturing and assembly process has a quality control protocol to minimise the risk of supplying products with any defects. Each employee who can contribute to the final product quality is trained and there are quality checks on the final products where appropriate before delivering to clients.
- (c) *Processes and continuous improvement:* the Group carries out periodic internal audits on its processes and systems. At the start of each year quality targets are set for year end and strategies are defined to achieve them.

## Values

The Carraro Culture Project was launched in 2010, aimed at creating and implementing a set of shared values and behaviours for everyone in the Group. This is a continually evolving project which involves all of the Group’s employees and stakeholders, and the five values of the Group are as follows:



### We Are Accountable

Ethics, Respect, Quality, Accountability



### We Create Value

Economic Consciousness, Standardization, Simplicity



### We Develop Talents

Teamwork, International Development



### We Stimulate Innovation

Change, Innovation, Know How



### We Work Together

Partnership, Passion, Reliability

## Environment and Sustainability

The Group is committed to operating its business while respecting the environment and other social considerations. The business activities comprise a large amount of mechanical processes and assembly of mechanical parts. Management believes that the risks relating to health and safety and environmental impact are typical of any manufacturing process. In 2016 the Group implemented its Environment, Health and Safety (EH&S) System which encapsulates the use of end-to-end business processes and requirements that are designed to systematically achieve continuous improvement in EH&S

performance. The EH&S System is in line with ISO-14001 and ISO-45001 standards and UNI-INAIL guidelines which the model set out in Legislative Decree 231/2001 (see also “*Information about the Group – The Anti- Corruptive Compliance System*” below).

## Employees

As at 30 June 2021, the Group employed 3,505 persons (of which 1,536 were in Italy, 1,634 in India, 227 in China, 102 in Argentina and six in other locations).

The following table shows a breakdown of the Group companies’ employees by category as at 30 June 2021 and 2020.

Employees	As at 30 June	
	2021	2020
Executives .....	30	25
Clerical staff.....	712	716
Factory workers.....	2,012	1,940
Temporary workers .....	751	335
<b>Total .....</b>	<b>3,505</b>	<b>3,016</b>

The Group has recently carried out a general reorganisation process reducing the number of managers, mainly of the Guarantor and Carraro Drive Tech.

## Property and Equipment

The Group carries out its activities at production sites either owned or leased by it. Management believes that the Group’s facilities, which are of varying ages and types of construction, are in good condition, suitable for operations and generally provide sufficient capacity to meet the Group’s requirements in the foreseeable future.

The following table sets out the properties owned by the Group as at 31 December 2020.

Company	Property	Use	Size (sqm)	Net book value	
				Land	Buildings
Carraro S.p.A.....	Campodarsego (PD), via Olmo 37, 35011	Production	115,785		
	Campodarsego (PD), via Olmo 37, 35011	Office	4,392	14,853	12,874
	Rovigo (RO), viale del Lavoro 1, 45100	Production	25,400		
	Rovigo (RO), via Achille Grandi 25, 14100	Sales	6,624	—	5,509
	Gorizia (GO), via Brigata Casale 70, 34170	Sales	19,938	439	109
Carraro Drive Tech Italia S.p.A.....	Poggiofiorito (CH), Contrada Mortella 64, 66030	Production	30,192	563	3,523
Siap S.p.A.....	Maniago (PN), via Monfalcone 4, 35085	Production	90,673	1,276	5,894
Carraro India Pvt. Ltd. ....	Pune (India), B2/3 MICD Ranjangoan	Production	52,373	1,392	4,217
Carraro China Drives Systems Co. Ltd.....	No.5, Ronghai 4th Road, Jihongtan Subdistrict, Chengyang District, Qingdao, Shandong Province, PRC	Production	65,293	173	4,826

The following table sets out the properties leased by the Group as at 31 December 2020.

Company	Property	Use	Term	Annual Rent <sup>(1)</sup> (€ thousand)
Carraro Technologies Pvt Ltd. ....	Pune (India), Gaspac Building Beta 1, Viman Nagar, 41100	Office	09/09/16 – 09/03/21	116
Carraro North America Inc ...	Sandy Springs (United States), Northridge Pavillion, 1301 & 1303 Hightower Trail, GA 30350	Office	01/04/20 – 31/03/21	20
Carraro International S.E. ....	Luxembourg, 15 Rue de Bains	Office	01/01/09 – renews annually	25
Carraro Argentina S.A. ....	Valentin Gomez 577 – 1706 Haedo – Buenos Aires –Argentina	Production	01/05/2017 – 30/04/2023	108

Notes:

- (1) For foreign companies, the values of the annual rents have been changed into Euro from the local value, by applying the relevant exchange rate as at 31 December 2020.

With respect to other fixed assets, the Group owns machines relating to its activities. Management believes that its equipment is generally in good condition, suitable for operations and usable within the Group. The following table sets out the fixed assets of the Group and details of amortisation and depreciation as at 31 December 2020 and 2019.

Items	Land and buildings	Plant and machinery	Industrial equipment	Other assets	Investments in progress and deposits	Total
<i>(€ thousands)</i>						
Historical cost.....	84,947	197,309	113,396	14,894	3,192	413,738
Provisions for amortisation and depreciations	-28,344	-130,466	-85,709	-10,435	1	-254,953
<b>Net as at 31.12.2019.....</b>	<b>56,603</b>	<b>66,843</b>	<b>27,687</b>	<b>4,459</b>	<b>3,193</b>	<b>158,785</b>
<b>Movements in 2020:</b>						
Increases .....	417	1,929	5,927	1,244	5,937	15,454
Decreases.....	-90	145	-192	-95	-1	-233
Capitalisation.....	1,431	1,352	632	67	-3,482	-
Hyperinflation effect in Argentina .....	-	417	393	31	-266	575
Depreciation and amortisation .....	-1,821	-8,401	-5,678	-1,228	-	-17,128
Reclassification.....	-	-	-	-	-	-
Write-downs .....	-	6	1	1	-	8
Foreign exchange translation difference	-783	-2,349	-997	-157	-304	-4,590
<b>Net as at 31.12.2020.....</b>	<b>55,757</b>	<b>59,942</b>	<b>27,773</b>	<b>4,322</b>	<b>5,077</b>	<b>152,871</b>
<b>Made up of:</b>						
Historical cost.....	85,091	193,200	116,743	15,302	5,075	415,411
Provisions for amortisation and depreciations	-29,334	-133,258	-88,970	-10,980	2	-262,540

## Regulation

The Group's equipment operations must meet increasingly stringent engine emission reduction standards, including the European Union's Stage V standard and the “Mother Regulation” (EU Regulation No. 167/2013). In addition, governmental agencies throughout the world are enacting more stringent laws and regulations to reduce off-road engine emissions.

The Stage V standard is a European Regulation which has introduced the new standards for emissions of earth moving machineries to be sold in Europe starting from 2019, while the “Mother Regulation” (EU Regulation no. 167/2013) applies to all the agricultural vehicles sold in Europe starting from 2018. The main object of this regulation is to harmonize and simplify the procedures for the homologation of agricultural vehicles, aimed at granting functional safety and rendering European manufacturers more competitive.

## Insurance

The Group maintains insurance coverage under various liability and property insurance policies for, among other things, damages in the areas of operations, environmental liabilities and business interruption. The Group also maintains product risk insurance in the event of any defects or malfunctioning of the Group's products. Fixed assets, information technology and office equipment are protected by a bundled industrial insurance policy (damages from fire, catastrophes, theft, flood and severe weather) that includes insurance for business interruption when caused by an insured property damage. The Group also maintains various transportation, accident and motor vehicle insurance policies as well as a directors' and officers' liability insurance. Management believes that the level of insurance maintained by the Group is appropriate for the risks of its business and is comparable, in each case, to that maintained by other companies in the market operating in the same business lines.

## Legal Proceedings

In the ordinary course of its business, the Group is subject to various legal and arbitral proceedings. The Group believes that those proceedings are routine in nature and incidental to the conduct of its business. Management believes that none of those proceedings would have a material adverse effect on the Group, should any of them be determined adversely to the Group. As a result, Group has not recorded provisions in respect of all of the proceedings to which it is subject. In particular, it has not recorded provisions in cases in which it is not possible to quantify any negative outcome and in cases in which it currently believes that negative outcomes are not likely.

### *Indian Tax Dispute*

In relation to Carraro's operations in India, claims have been raised by the local tax authorities concerning several years and mainly related to the benchmark used for transfer pricing and to the evidence of services and related benefits received by the Indian plant for the deductibility of royalties and intercompany services. Extensive documentation has already been submitted in court in support of the defence arguments of the company. Supported by the opinions of its tax consultants, the risk of losing the case in court in relation to the claims of the Indian financial administration is estimated as at 31 December 2020 to be possible for a total of €8.3 million and as at 30 June 2021 for a total of €9.1 million.

## Material Financings of the Group

The Issuer's liquidity risk is mainly connected to the sourcing and maintenance of adequate funding to support the Group's industrial operations and its ability to provide that funding through cash flow. The raising of funds, consistent with the latest 2021-2025 Business Plan, is intended to finance both working capital and investments in R&D and innovation, as well as investments in fixed assets necessary to ensure sufficient and technologically advanced production capacity. This requirement is directly proportional to the trend in customer orders and the resulting trend in the volume of business, and also to the Group's efforts in directing its research and innovation. The management of finance, the need to fulfil funding requirements and to guarantee adequate cash flow for the Group, is the responsibility of Carraro whose objective is to manage the available resources as efficiently as possible.

Following the issue of the Notes, the Group intends to repay a number of its existing financings, using either the net proceeds of the issue of the Notes or its current cash reserves (see "*Use and Estimated Amount of Proceeds*" above). Following this process, the Group's principal financings are expected to be:

- the 2020 Notes; and
- a €50 million loan granted under an agreement entered into by and among Carraro, Carraro International and the European Investment Bank (the "**EIB**") in December 2019.

The loan from the EIB was drawn-down in its entirety in January 2020 to support up to 50% of the Group's projects relating to investments in research, development and innovation activities in the agricultural machinery sector and in the power transmission systems for tractors and off-road vehicles, as well as to the development of its digital infrastructure. Pursuant to an amendment agreement entered into in February 2021, Carraro Finance acceded to the loan agreement as guarantor under a first demand guarantee (*garantie autonome à première demande*) up to a maximum amount of €57.5 million plus any interest, taxes or fiscal charges, duties, expenses, fees, rights, levies, indemnities, damages or any other sum which may from time to time become due or payable under such guarantee. The loan is repayable in instalments on a half-yearly basis, starting from 31 January 2021 and until the final maturity date on 31 January 2027.

Furthermore, the Issuer provides financial, treasury and consulting services to subsidiaries, affiliates and to Carraro, accordance with the approved policies and the strategic needs of the Carraro Group. The Issuer in particular, works provide financial resources to the Carraro Group’s European companies, whereas the Asian and South American companies source their funds from the local markets, utilising the strategic consulting services provided by the Issuer. In addition, the Issuer coordinates the factoring activities of the Italian operating companies, including factoring without recourse transactions, and the exchange rate risk hedging policies for all Group companies.

## Material contracts of the Group

Other than the financing agreements described under “Material Financings of the Group” above, no material contracts are currently in place.

None of the framework agreements currently in place with clients include minimum purchase obligations for the latter; these agreements set forth only the reciprocal commitments of the parties in the context of a commercial relationship governed by purchase orders.

## Management

### Issuer

#### Corporate governance

The Issuer adopts a “one-tier” system, whereby a Board of Directors, appointed by the general meeting of the shareholders, is the administrative organ that manages the company. The supervision of the company is entrusted to statutory auditors, or to an external auditor (*réviseur d’entreprises*), who are appointed by the general meeting of the shareholders.

#### Board of Directors

In accordance with its by-laws, in case of plurality of shareholders, the Issuer must be managed by a Board of Directors composed of at least three members. The Board of Directors of the Issuer is vested with the powers to perform all acts of administration and disposition in the best interest of the company; all powers that the Luxembourg law on commercial companies of 10 August 1915, as amended, does not expressly reserve to the general meeting of the shareholders fall within the competence of the Board of Directors. The Board of Directors of the Issuer currently holding office is composed of three members.

The following table sets out the names of the members of the Board of Directors of the Issuer, who were appointed to serve until the annual general meeting of the shareholders approving the statutory annual accounts of Carraro Finance for the year ended 31 December 2021. Sergio Marusso was appointed at the date of incorporation of the Company (30 October 2020), while the other two directors were appointed by a resolution of the general meeting of the Issuer’s shareholders on 25 February 2021.

Name	Position	Place and Date of Birth
Enrico Gomiero	Chairman of the Board of Directors	Padua, Italy, 27 October 1958
Fabio Morvilli	Director	Rome, Italy, 17 September 1956
Sergio Marusso	Managing Director ( <i>administrateur délégué</i> )	Venice, Italy, 19 July 1965

#### Interests of directors

The following table sets out the principal activities performed by the members of the Board of Directors of the Issuer outside the Issuer and the Guarantor.

Name	Company	Position
Enrico Gomiero	Tecnostrutture Srl	Director
	Fondazione Francesco e Chiara Carraro	Director
Fabio Morvilli	Italian Chamber of Commerce for Luxembourg	President
	Italian Chamber of Commerce for Belgium	President
Sergio Marusso	-	-

The business address of each of the Issuer’s current Board of Directors members is as follow:

Enrico Gomiero	Via Olmo n. 37, I-35011 Campodarsego, Italy
Fabio Morvilli	Rue du Chateau n. 12, L-7463 Pettingen, Grand-Duchy of Luxembourg
Sergio Marusso	Rue Beaumont n. 11, L-1219 Luxembourg, Grand-Duchy of Luxembourg

As at the date hereof, the above-mentioned members of the Board of Directors of the Issuer do not have conflicts of interests between any duties to the Issuer and their private interests or other duties. A member of the immediate family of Enrico Gomiero has a holding of €80,000 in the 2018 Notes, which the Issuer intends to redeem early following the issue of the Notes (see “*Use and Estimated Amount of Proceeds*” above).

#### *External auditors*

As at the date hereof, the supervision of Carraro Finance is entrusted to an external auditor, the Luxembourg company Deloitte Audit S.à r.l., with its registered offices at 20, Boulevard de Kockelscheuer, L-1821 Luxembourg, registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et Sociétés*) under registration number B 67895. Deloitte Audit S.à r.l. was appointed on the date of incorporation of Carraro Finance (30 October 2020) for the period until the annual general meeting of the shareholders approving the statutory annual accounts of Carraro Finance for the year ended 31 December 2021.

#### **Guarantor**

##### *Corporate governance*

The Guarantor has adopted a “traditional” system of corporate governance, based on a conventional organisational model involving shareholders’ meetings, a board of directors, a board of statutory auditors and independent auditors. Pursuant to its by-laws, the management of the Guarantor is entrusted to a collegial body made up of seven members, appointed by an ordinary shareholders’ meeting (collectively the “**Board of Directors**” and each member so appointed a “**Director**”).

Pursuant to the Guarantor’s by-laws, the board of statutory auditors (*collegio sindacale*) is composed of three auditors and two alternate auditors, each of which must meet the requirements provided for by applicable law and the Guarantor’s by-laws (collectively, the “**Board of Statutory Auditors**”).

The Board of Statutory Auditors is responsible for monitoring (i) the Guarantor’s compliance with the law and its By-laws, as well as compliance with proper management principles in carrying out the Guarantor’s activities; (ii) the process of financial disclosure and the adequacy of the Guarantor’s organisational structure, internal auditing system, and administration and accounting system; and (iii) the audit of the standalone and the consolidated financial statements and the independence of the external auditing firm.

##### *Board of Directors*

The Guarantor is managed by a Board of Directors composed of seven members. The following tables shows the names of the members of the Board of Directors, who have been appointed for a term expiring upon approval of the Guarantor’s financial statements for the financial year ended 31 December 2023.

<u>Name</u>	<u>Position</u>	<u>Place and Date of Birth</u>
Enrico Carraro <sup>(1)</sup>	Chairman	Padua, 17 April 1962
Tomaso Carraro <sup>(1)</sup>	Deputy Chairman	Padua, 23 April 1966
Andrea Conchetto <sup>(1)</sup>	Chief Executive Officer	Vicenza, 2 August 1970
Riccardo Arduini <sup>(1)</sup>	Director	Peschiera del Garda, 26 September 1948
Virginia Carraro <sup>(1)</sup>	Director	Padua, 30 August 1988
Alessandro Giuliani <sup>(2)</sup>	Director	Lecce, 7 November 1961
Enrico Gomiero <sup>(1)</sup>	Director	Padua, 27 October 1958

<sup>(1)</sup> Appointed by a resolution of the Guarantor’s shareholders at a meeting held on 29 June 2021.

<sup>(2)</sup> Appointed by a resolution of the Guarantor’s shareholders at a meeting held on 16 September 2021, with effect from 30 September 2021.



### Interests of directors

The following table sets out the principal activities performed by the members of the Board of Directors outside the Guarantor and the Issuer.

Name	Company	Position
Enrico Carraro	Finaid S.p.A.	Shareholder
	Finaid S.p.A.	Chief Executive Officer
	Confindustria Veneto	Chairman
	Confindustria Veneto SIAV S.p.A.	Chairman
	Fondazione il Campiello	Chairman
	Fondazione Nordest	Director
	Fondazione Francesco e Chiara Carraro	Chairman
Tomaso Carraro	Finaid S.p.A.	Shareholder
	Finaid S.p.A.	Chief Executive Officer
Riccardo Arduini	For Rumo and Sao Carlos Holding	Shareholder
	CINPAL	Shareholder
	CINPAL	Chairman of the Board of Directors
	Rumo Logistica Operadora Multimodal S.A.	Shareholder
	Rumo Logistica Operadora Multimodal S.A.	Director
	Balaton Empreendimentos Ltda	Director
	CPE Companhia de Participacoes e Empreendimentos	Director
	EPE Empresa de Participações e Empreendimentos S.A.	Director
	Bamburi Importadora e Locadora de Veiculos Nauticos Ltda	Director
	Virginia Carraro	—
Alessandro Giuliani	Gianni & Origoni	Partner
Enrico Gomiero	Tecnostrutture S.r.l.	Director
	Fondazione Francesco e Chiara Carraro	Director

The business address of each member of the Guarantor’s Board of Directors is the registered office of Carraro S.p.A., Via Olmo 37, 35011 Campodarsego, Italy.

Save as set out above, none of the members of the Board of Directors of the Guarantor has conflicts of interests between any duties to the Guarantor and their private interests or other duties. Regarding Enrico Gomiero, see “*Management – Issuer –Interests of directors*” above.

### Board of Statutory Auditors

The current members of the Board of Statutory Auditors were appointed by a resolution of the Guarantor’s shareholders at a meeting held on 16 September 2021 with effect from 30 September 2021, and will hold office until the approval of the Guarantor’s financial statements for the financial year ended 31 December 2023. At the end of their term in office, the Statutory Auditors may be re-appointed.

The names and business addresses of the members of the Board of Statutory Auditors are set forth in the following table.

Name	Position	Place and Date of Birth	Business address
Carlo Pesce	Chairman	San Martin (Argentina), 8 March 1951	Via Pescheria Vecchia 4 30174 Mestre Venice
Marina Manna	Effective Auditor	Foggia, 26 July 1960	Via Niccolò Tommaseo, 68 35131 Padua PD
Antonio Guarnieri	Effective Auditor	Padua, 26 July 1964	Via Porciglia 14 35121 Padua

<b>Name</b>	<b>Position</b>	<b>Place and Date of Birth</b>	<b>Business address</b>
Sarah Benettin	Alternate Auditor	Padua, 27 September 1975	Via Porciglia 14 35121 Padua
Gabriele Andreola	Alternate Auditor	Venice, 2 November 1959	Via Pescheria Vecchia 4 30174 Mestre Venice

### *Interests of statutory auditors*

The following table sets out the principal activities performed by the members of the Board of Statutory outside the Guarantor and the Issuer.

<b>Name</b>	<b>Company</b>	<b>Office</b>	
Carlo Pesce	Zignago Servizi S.r.l.	Sole Auditor	
	Pometon S.p.A.	Statutory Auditor	
	Ca' Maiol Società Agricola S.r.l.	Statutory Auditor	
	BLM S.p.A.	Chairman	
	Adige S.p.A.	Chairman	
	Adige sys S.p.A.	Chairman	
	Cantina Mesa S.r.l.	Chairman of the Board of Statutory Auditors	
	Banca di Credito Cooperativo di Venezia, Padova e Rovigo – Banca Annia Società Cooperativa	Chairman of the Board of Statutory Auditors	
	ACB Group S.p.A.	Director	
	Zignago Vetro “Polska” ( <i>ex huta szkła “czechy” polska akcyjna</i> )	Supervisory Board Member	
	BeNice Holding S.p.A.	Chairman of the Board of Statutory Auditors	
	Vetri Speciali S.p.A.	Chairman of the Board of Statutory Auditors	
	Zignago Vetro S.p.A.	Statutory Auditor	
	Zignago Holding S.p.A.	Chairman of the Board of Statutory Auditors	
	Società Agricola Immobiliare tre b S.r.l.	Sole Director	
	Probest Service S.p.A.	Statutory Auditor	
	Ceu – Centro Esposizioni Ucimu S.p.A.	Statutory Auditor	
	Santa Margherita e Kettmeir e Cantine Torresella S.p.A.	Statutory Auditor	
	Marina Manna	Università degli Studi di Padova	Director
		Carel Industries S.p.A.	Director
Alta Vita – Istituzioni Riunite di Assistenza		Director	
Cavour S.r.l.		Sole Director	
Sinloc S.p.A. – Sistemi Iniziative Locali		Chairman of the Board of Statutory Auditors	
BLM S.p.A.		Chairman of the Board of Statutory Auditors	
Slowear S.p.A.		Statutory Auditor	
Fonderie Pandolfo S.p.A.		Statutory Auditor	
BeNice Holding S.p.A.		Statutory Auditor	
FPT Industrie S.p.A.		Statutory Auditor	
Pagnan Finanziaria S.p.A. - Pa.Fin. S.p.A.		Statutory Auditor	
Clodia – Società immobiliare S.p.A.		Statutory Auditor	
Celenit S.p.A.		Statutory Auditor	
Veneto Logistica S.r.l.		Sole Statutory Auditor	
Fondazione Istituto di Ricerca Pediatrica Città della Speranza		Chairman of the Audit Body	
Aquafil S.p.A.		Alternate Auditor	
Munari F.lli S.p.A.		Alternate Auditor	
Multichimica S.p.A.	Alternate Auditor		
Tiche S.p.A.	Alternate Auditor		

<b>Name</b>	<b>Company</b>	<b>Office</b>
Antonio Guarnieri	Adige-Sys S.p.A.	Alternate Auditor
	Adige S.p.A.	Alternate Auditor
	Superauto S.p.A.	Alternate Auditor
	Distillerie Bonollo S.p.A.	Chairman of the Board of Statutory Auditors
	Ausico Scpa	Chairman of the Board of Statutory Auditors
	Impresa di Costruzioni Ing. E. Mantovani S.p.A.	Chairman of the Board of Statutory Auditors
	Stabilimento Colbachini S.p.A.	Chairman of the Board of Statutory Auditors
	Idra S.r.l.	Sole Auditor
	Viribus S.a.p.a. di Gottardo Tiziano	Chairman of the Board of Statutory Auditors
	Fidia Holding S.p.A.	Statutory Auditor
	Gottardo S.p.A.	Statutory Auditor
	Lundbeck Pharmaceuticals Italy S.p.A.	Statutory Auditor
	Serenissima Holding S.p.A.	Statutory Auditor
Molino Quaglia S.p.A.	Chairman of the Board of Statutory Auditors	
Sarah Benettin	Società delle Autostrade Serenissima S.p.A.	Chairman of the Board of Statutory Auditors
	G.R.A. di Padova	Statutory Auditor
	Prodocimi G.M. S.p.A.	Statutory Auditor
	IVG Colbachini S.p.A.	Statutory Auditor
	Albaran S.p.A.	Statutory Auditor
Gabriele Andreola	Industessile S.p.A.	Statutory Auditor
	Ance – Associazione Costruttori Edili ed Affini di Venezia e Area Metropolitana	Accounting Supervisor
	Barovier & Toso Vetriere Artistiche Riunite S.r.l.	Statutory Auditor
	Eurospital S.p.A.	Chairman of the Board of Statutory Auditors
	Fin.Ve.Cos S.r.l.	Director
	Finkappa S.r.l.	Chairman of the Board of Statutory Auditors
	Vetresco S.r.l.	Member of the Board of Supervisory Body ex d. lgs. 231/2001

None of the members of the Board of Statutory Auditors of the Guarantor has conflicts of interests between any duties to the Guarantor and their private interests or duties.

### **Anti-Corruption Compliance System**

Italian Legislative Decree No. 231 of 8 June 2001, as amended, (“**Decree 231**”) introduced a regime of quasi-criminal liability applicable to legal entities doing business in Italy (“quasi-criminal” liability, as it involves rules and sanctions that are different from those applicable to individuals).

Under Decree 231, any of the Group companies may be held liable for crimes (including corruption, fraud against the state, corporate offences and insider trading, environmental crimes and crimes relating to health and safety at work), computer crimes, crimes relating to receiving stolen goods, money laundering and utilisation of money, goods or benefits of unlawful origin, organised crime, crimes relating to fraudulent use or exploitation of trademarks, patents and distinctive labels, crimes relating to the employment of illegal workers, crimes against industry and commerce, crimes of copyright infringement, crimes relating to the employment of illegal workers and crimes against the individual) that are committed or attempted, in its interest or for its benefit, by individuals having a functional relationship with any of these

Group companies. When a crime subject to Decree 231 is committed, both the individual who commits the crime and the entity in the interests of which, or for the benefit of which, it is committed are subject to trial.

Quasi-criminal sanctions applicable to companies may include, partly depending on the relevance of the criminal offence and the degree of inadequacy of the measures adopted to prevent that offence, the shutdown of a company's business, the suspension or cancellation of its licenses and permits, exclusion from contracts with public entities, ineligibility for special schemes, financing or subsidies, a ban on the marketing of goods or services or seizures of profits arising from the crime and pecuniary sanctions. Under certain circumstances, Decree 231 also applies when the above-mentioned offences are committed outside Italy.

If a crime subject to Decree 231 is committed by an individual within one of the Group companies, the Guarantor may avoid sanctions if it can prove that, among other things, the relevant Group company has adopted and effectively implemented, before the crime was committed, the so-called "231 Model" (i.e. a model providing for organisational and operational controls that are suitable to prevent crimes that are similar in nature to the crime that was committed) (the "**231 Model**").

As at the date of this Prospectus, each of the Guarantor and its main Italian subsidiaries have adopted a 231 Model, which was last updated on 17 December 2020.

As part of the Group's aim to comply with the best international practices in its risk control functions, and in light of the Group's periodic review of its internal controls system, on 29 March 2007 the Board of Directors approved an anti-corruption model ("**Organisational, Management and Control Model**"), aiming at providing a systematic reference framework of regulatory instruments and anti-corruption policies implementing the Group's 231 Model.

Accordingly, the Guarantor adopted with this organisational model its anti-corruption compliance principles with the aim of preventing active and passive corruption, in particular, for offers or requests for money, advantages and/or other benefits, or payments, made or received, by any party acting in the name or on behalf of the Guarantor in relation to business activities, ensuring compliance with applicable anti-corruption legislation.

The Organisational, Management and Control Model consists of the following documents and activities:

- the components of the preventative control system;
- the adoption of an anti-corruption policy;
- the implementation of specific controls, in accordance with detailed guidelines ("Evaluation of Relevant Third Parties" and "Third Parties' Benefit Management") and procedures, in order to define roles and responsibilities and to provide operating instructions in relation to procedures and control tools under the above-mentioned documents;
- the establishment of supervisory body in charge of supervising compliance with the 231 Model by recipients of the same and the effectiveness and suitability of the 231 Model in relation to the company structure and the effective capacity to prevent crimes from being committed and to suggest amendments to the 231 Model to the Board of Directors in the case of changes to the company structure or relevant regulations;
- the definition of a dedicated sanctions system; and
- the establishment of a whistleblowing system meant to facilitate and encourage reporting of alleged violations of the anti-corruption principles.

The Guarantor, as the parent company, encourages adoption of the anti-corruption compliance system by the Group companies and other entities other than subsidiaries (consortia, joint ventures, etc.) in which it holds an interest.

### **Principal Shareholders of the Guarantor**

As at the date of this Prospectus, the issued and fully paid-up share capital of the Guarantor is €41,452,543.60, divided into 58,385,555 shares without a nominal value.

The Guarantor is categorised as a small to medium-sized enterprise (“SME”) pursuant to Article 1, paragraph 1, letter v quater 1) of the TUF. As an SME, the minimum shareholding reporting threshold is a 5 per cent. holding of the share capital (with voting rights). The following table sets out the persons and entities having shareholdings in the Guarantor as at the date of this Prospectus, pursuant to such reporting threshold.

Shareholder	Shareholding	
	(No. of shares)	(% of total)
Enrico and Tomaso Carraro <i>pro-indiviso</i> <sup>(1)(2)</sup> .....	5,912,275	10.13%
Finaid S.p.A. <sup>(1)</sup> .....	28,216,036	48.33%
Julia Dora Koranyi Arduini .....	21,630,256	37.05%
Carraro S.p.A. (treasury shares) .....	2,626,988	4.50%

**Note:**

- (1) Enrico and Tomaso Carraro are joint controlling shareholders of Finaid S.p.A.
- (2) Mario Carraro has retained voting rights at extraordinary shareholder’s meetings with respect to a portion of 3,774,640 of these shares. Enrico and Tomaso Carraro have full ownership and voting rights on the remaining 2,137,635 shares.

As at the date of this Prospectus, Enrico and Tomaso Carraro jointly exercise *de facto* control over the Guarantor.

## TAXATION

*The statements herein regarding taxation are based on the laws, and the interpretation thereof, in force as at the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description or analysis of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. The following summary is not intended to be, nor should it construed to be, legal or tax advice. This discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes. This summary is based upon the laws and/or practice in force as at the date of this Prospectus. Tax laws and interpretations may be subject to frequent changes which could be made on a retroactive basis. Neither the Issuer nor the Guarantor will update this summary to reflect changes in laws and/or in practice and if such a change occurs, the information in this summary could become invalid.*

*Furthermore, the tax legislation of the investor's country of tax residence may have an impact on the income received from the Notes.*

### **LUXEMBOURG**

The comments below are intended as a basic summary of certain tax consequences in relation to the purchase, ownership and disposal of the Notes under Luxembourg law. Potential investor in the Notes are recommended to consult a professional tax adviser.

#### **Withholding Tax**

##### *Non-resident Noteholders*

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to certain individual Noteholders, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to certain individual Noteholders, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

##### *Luxembourg residents Noteholders*

In accordance with the law of 23 December 2005, as amended, on the introduction of a withholding tax on certain interest payments on savings income, interest payments made by Luxembourg paying agents to Luxembourg individual residents are subject to a 20 per cent. withholding tax. Responsibility for withholding such tax will be assumed by the Luxembourg paying agent.

#### **Income Taxation on Principal, Interest, Gains on Sales or Redemption**

Please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), employment fund's contribution (*contribution au fonds pour l'emploi*), and personal income tax (*impôt sur le revenu*) generally.

##### ***Luxembourg tax residency of the Noteholders***

Noteholders will not be deemed to be resident, domiciled or carrying on business in Luxembourg solely by reason of holding, execution, performance, delivery, exchange and/or enforcement of the Notes.

##### *Taxation of Luxembourg non-residents*

Noteholders who are non-residents of Luxembourg and who do not have a permanent establishment, a permanent representative or a fixed base of business in Luxembourg with which the holding of the Notes is connected, will not be subject to taxes (income taxes and net wealth tax) or duties in Luxembourg with respect to payments of principal or interest (including accrued but unpaid interest), payments received upon redemption, repurchase or exchange of the Notes or capital gains realised upon disposal or repayment of the Notes.



### *Taxation of Luxembourg residents*

Noteholders who are residents of Luxembourg will not be liable for any Luxembourg income tax on repayment of principal.

Interest received by an individual resident in Luxembourg is, in principle, reportable and taxable at the progressive rate unless the interest has been subject to withholding tax (see above “**Withholding Tax**” - *Luxembourg residents*) or to the self-applied tax, if applicable. Indeed, in accordance with the Luxembourg law of 23 December 2005, as amended, Luxembourg resident individuals, acting in the framework of their private wealth, can opt to self-declare and pay a 20 per cent. tax on interest payments made by paying agents located in an EU Member State other than Luxembourg, or a Member State of the European Economic Area other than an EU Member State.

The withholding tax or self-applied tax are the final tax liability for the Luxembourg individual resident taxpayers receiving the interest payment in the framework of their private wealth. Individual Luxembourg resident Noteholders receiving the interest as business income must include this interest in their taxable basis. If applicable, the 20 per cent. Luxembourg withholding tax levied will be credited against their final income tax liability.

Luxembourg resident individual Noteholders are not subject to taxation on capital gains upon the disposal of the Notes, unless the disposal of the Notes precedes the acquisition of the Notes or the Notes are disposed of within six months of the date of acquisition of these Notes. Upon the sale, redemption or exchange of the Notes, accrued but unpaid interest will be subject to the 20 per cent. withholding tax or the self-applied tax, if applicable. Individual Luxembourg resident Noteholders receiving the interest as business income must include the portion of the price corresponding to this interest in their taxable income. The 20 per cent. Luxembourg withholding tax levied will be credited against their final income tax liability.

Luxembourg resident corporate Noteholders, or non-resident Noteholders which have a permanent establishment, a permanent representative or a fixed base of business in Luxembourg with which the holding of the Notes is connected, must for income tax purposes include in their taxable income any interest (including accrued but unpaid interest) as well as the difference between the sale or redemption price and the lower of the cost or book value of the Notes sold or redeemed.

Luxembourg resident corporate Noteholders which are companies benefiting from a special tax regime (such as (a) family wealth management companies subject to the law of 11 May 2007, (b) undertakings for collective investment subject to the law of 17 December 2010, (c) specialised investment funds subject to the law of 13 February 2007, or (d) reserved alternative investment funds governed by the law of 23 July 2016, provided it is not foreseen in the incorporation documents that (i) the exclusive object is the investment in risk capital and that (ii) article 48 of the aforementioned law of 23 July 2016 applies) are tax exempt entities in Luxembourg, and are thus not subject to any Luxembourg tax (i.e., corporate income tax, municipal business tax and net wealth tax) other than the annual subscription tax calculated on their (paid up) share capital (and share premium) or net asset value.

### **Net Wealth tax**

Luxembourg net wealth tax (*impôt sur la fortune*) will not be levied on a corporate Noteholder, unless (a) such Noteholder is a Luxembourg resident other than a Noteholder governed by (i) the laws of 17 December 2010 and 13 February 2007 on undertakings for collective investment; (ii) the law of 22 March 2004 on securitisation; (iii) the law of 15 June 2004 on the investment company in risk capital; or (iv) the law of 11 May 2007 on family wealth management companies, or (v) the law of 23 July 2016 on reserved alternative investment funds, or (b) the Notes are attributable to an enterprise or part thereof which is carried on in Luxembourg through a permanent establishment or a permanent representative.

An individual holder of Notes, whether Luxembourg resident or not, is not subject to Luxembourg Wealth tax on such Notes.

### **Other taxes**

No stamp, registration, transfer or similar taxes or duties will be payable in Luxembourg by Noteholders in connection with the issue of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer or redemption of the Notes, unless the documents relating to the Notes are (a) voluntarily registered in Luxembourg, or (b) voluntarily appended to a document that requires mandatory registration in Luxembourg.

There is no Luxembourg value added tax payable in respect of payments in consideration for the issuance of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of the Notes. Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value added tax purposes such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg value added tax does not apply with respect to such services.

Noteholders not permanently resident in Luxembourg at the time of death will not be subject to inheritance or other similar taxes in Luxembourg in respect of the Notes. No Luxembourg gift tax is levied upon a gift or donation of the Notes, if the gift is not passed before a Luxembourg notary or recorded in a deed registered in Luxembourg.

## ITALY

The statements herein regarding Italian taxation are based on the laws in force in Italy and on published practices of the Italian tax authorities in effect in Italy as of the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary will not be updated to reflect changes in laws and if such a change occurs the information in this summary could become invalid. The following is a summary of certain material Italian tax consequences of the purchase, ownership, redemption and disposition of Notes for Italian resident beneficial owners only and it is not intended to be, nor should it be constructed to be, legal or tax advice. This summary also assumes that the Notes are listed from their issue and traded, for the entire duration of the plan, on a regulated market or on a multi-lateral trading platform of member states of the EU or the EEA which allow a satisfactory exchange of information with Italian tax authorities, as listed in the Decree of the Minister of Finance of 4 September 1996, as amended and supplemented. Where in this summary English terms and expressions are used to refer to Italian concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Italian concepts under Italian law. The following summary does not purport to be a comprehensive description of all tax considerations which may be relevant to make a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to additional or special rules. Prospective Investors are advised to consult their own tax advisors concerning the overall tax consequences of their acquiring, holding and disposing of Notes and receiving payments on interest, principal and/or other amounts under the Notes, including, in particular, the effect of any state, regional and local tax laws.

### *Tax treatment of interest*

Decree 239 sets forth the applicable regime regarding the tax treatment applicable to interest, premium and other income (including the difference between the redemption amount and the issue price, hereinafter collectively referred to as “**Interest**”) deriving from Notes falling within the category of bonds (*obbligazioni*) and similar securities (pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented), issued, *inter alia*, by non-Italian tax resident companies.

For these purposes, securities similar to bonds (*titoli similari alle obbligazioni*) are securities that incorporate an unconditional obligation for the issuer to pay, at maturity (or at any earlier redemption of the securities), an amount not lower than their nominal/face value/principal and that do not provide any right of direct or indirect participation in, or control on, the management of the issuer or of the business in connection with which they are issued.

### *Italian-resident Noteholders*

#### *Noteholders not engaged in an entrepreneurial activity*

Where an Italian-resident beneficial owner of the Notes (a “**Noteholder**”) is:

- a) an individual not engaged in an entrepreneurial activity to which the Notes are connected; or
- b) a non-commercial partnership (*società semplice*); or
- c) a professional association; or
- d) a non-commercial private or public institution (other than Italian undertakings for collective investment) or a trust not carrying out commercial activities; or

- e) an investor exempt from Italian corporate income taxation;

then interest derived from the Notes, and accrued during the relevant holding period, is subject to a tax withheld at source (*imposta sostitutiva*), levied at a rate of 26%, unless the relevant Noteholder holds the Notes in a discretionary investment portfolio managed by an authorized intermediary and has validly opted for the application of the *risparmio gestito regime* under Article 7 of Legislative Decree No. 461 (see also “—Tax treatment of capital gains—Discretionary investment portfolio regime (*Risparmio gestito regime*)” below).

#### *Noteholders engaged in an entrepreneurial activity*

If the Italian-resident Noteholders mentioned under a) and d) above are engaged in an entrepreneurial activity to which the Notes are connected, Interest is included in their overall year-end taxable income on an accrual basis and subject to ordinary income taxation. In such cases, the *imposta sostitutiva* is levied as a provisional tax and may be recovered as a deduction from income tax due.

Where a Noteholder is an Italian-resident company or similar commercial entity, or a permanent establishment in Italy of a non-resident company to which the Notes are effectively connected, and the Notes are deposited with an authorized intermediary, Interest from the Notes is not subject to the *imposta sostitutiva*, but it is included in the Noteholder’s overall year-end income as accrued and is therefore subject to general Italian corporate income taxation and, in certain circumstances, depending on the status of the Noteholder, also to the Italian regional tax on productive activities (“**IRAP**”).

#### *Real estate investment funds and real estate SICAFs*

Payments of Interest deriving from the Notes made to Italian resident real estate investment funds and real estate closed-ended investment companies (*società di investimento a capitale fisso*, or “**SICAFs**”) are subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund or the real estate SICAF, provided that the Notes, together with the coupons relating thereto, are timely deposited directly or indirectly with an Italian authorized financial intermediary (or permanent establishment in Italy of non-resident intermediary). However, a withholding or substitute tax of 26% will apply, in certain circumstances, to income realized by unitholders or shareholders in the event of distributions, redemption or sale of the units or shares. Moreover, subject to certain conditions, income realized by Italian real estate investment funds or real estate SICAFs is attributed pro rata to the Italian resident unitholders irrespective of any actual distribution on a tax transparency basis.

#### *Funds, SICAVs and non-real estate SICAFs*

If an Italian resident Noteholder is a non-real estate open-ended or a closed-ended collective investment fund (“**Fund**”) or an open-ended investment company (*società di investimento a capitale variabile*, or “**SICAVs**”) or a non-real estate SICAF established in Italy and either (i) the Fund, the SICAV or the non-real estate SICAF or (ii) their manager is subject to the supervision of a regulatory authority and the Notes are deposited with an authorized intermediary, Interest accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund, the SICAV or the non-real estate SICAF. The Fund, the non-real estate SICAF or the SICAV are subject neither to *imposta sostitutiva* nor to any other income tax at their level, but a withholding tax of 26% will be levied, in certain circumstances, by the Fund’s manager, the non-real estate SICAF or the SICAV on proceeds distributed in favour of their unitholders or shareholders.

#### *Pension funds*

If an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorized intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the results of the relevant portfolio accrued at the end of the tax period (which will be subject to a 20% substitute tax).

#### *Application of the imposta sostitutiva*

Pursuant to Decree 239, the *imposta sostitutiva* is applied by banks, brokerage companies (*società intermediazione mobiliare*, or “SIM”), fiduciary companies, asset management companies (*società di gestione di risparmio*, or “SGR”), stockbrokers and other entities identified by decrees of the Minister of Economy and Finance (each, an “Intermediary”).

An Intermediary must:

- a) be resident in Italy or be the Italian permanent establishment of a non-resident financial intermediary or non-Italian resident entities acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Ministry of Finance (which includes Euroclear and Clearstream); and
- b) intervene, in any way, in the collection of Interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change in ownership of the relevant Notes or in a change in the Intermediary with which the Notes are deposited.

If the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying the Interest to a Noteholder.

*Non-Italian resident Noteholders with no permanent establishment in Italy to which the Notes are effectively connected*

No Italian income tax is applicable to payments of Interest made to non-Italian resident Noteholders who do not have a permanent establishment in Italy through which the Notes are held, provided that such Noteholders make a statement to that effect, if and when required according to the applicable Italian tax regulations.

### ***Tax treatment of capital gains***

#### *Italian-resident Noteholders*

*Noteholders not engaged in an entrepreneurial activity.*

Where an Italian-resident Noteholder is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected, (ii) a non-commercial partnership, or (iii) a non-commercial entity, any capital gain realized by such Noteholders from the sale or redemption of the Notes would be subject to a capital gain tax (*imposta sostitutiva*, or “CGT”) levied at a rate of 26%, pursuant to one of the following regimes.

*Tax return regime.* Under the tax return regime (*regime della dichiarazione*), which is the default regime for the Noteholders under (i) to (iii) above, to the extent that they do not opt for the non-discretionary investment portfolio regime or the discretionary investment portfolio regime, the CGT on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any offsettable capital losses) realized during any given tax year. The above mentioned Noteholders must indicate the overall capital gains realized in any tax year, net of any relevant incurred capital loss, in their annual tax return, and pay the CGT on such gains, together with any balance of income tax due for such year. Within the same time limit, capital losses in excess of capital gains may be carried forward against capital gains realized in any of the four succeeding tax years.

*Non-discretionary investment portfolio regime.* As an alternative to the tax return regime, the Noteholders under (i) to (iii) above may elect to pay the CGT separately on capital gains realized on each sale or redemption of the Notes (*regime del risparmio amministrato*). Such separate taxation of capital gains is allowed subject to:

- (a) the Notes being deposited with an Italian bank, SIM or certain authorized financial intermediaries; and
- (b) the Noteholder making a timely election in writing for the *risparmio amministrato* regime, addressed to any such intermediary.

The depository must account for the CGT in respect of capital gains realized on each sale or redemption of the Notes (as well as in respect of capital gains realized upon the revocation of its mandate), net of any relevant incurred capital loss. The depository must also pay the CGT to the Italian tax authorities on behalf of the Noteholder, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by

the Noteholder for this purpose. Under the *risparmio amministrato* regime, any possible capital loss resulting from sale or redemption or certain other transfer of the Notes may be deducted from capital gains subsequently realized within the same securities management, in the same tax year or in the following tax years, up to the fourth tax year. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains/losses realized within said regime in the annual tax return.

*Discretionary investment portfolio regime (Risparmio gestito regime).* In the *risparmio gestito regime*, any capital gains realized by the Noteholders under (i) to (iii) above who have entrusted the management of their financial assets (including the Notes) to an authorized intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realized, at tax year-end, subject to a 26% substitute tax, to be paid by the managing authorized intermediary. Any decrease in value of the managed assets accrued at the tax year-end may be carried forward against any increase in value of the managed assets accrued in any of the four succeeding tax years. The Noteholder is not required to declare the capital gains or losses realized within said regime in its annual tax return.

#### *Noteholders engaged in an entrepreneurial activity*

Any gain obtained from the sale or redemption of the Notes will be treated as part of taxable business income (and, in certain circumstances, depending on the “status” of the Noteholder, also as part of net value of the production for IRAP purposes), if realized by an Italian company, a similar commercial entity (including the Italian permanent establishment of non-resident entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

#### *Real estate investment funds and real estate SICAFs*

Any capital gains realized by a Noteholder which qualifies as an Italian real estate investment fund or an Italian real estate SICAF will be subject neither to CGT nor to any income tax at the level of the real estate investment fund or the real estate SICAF (see “*Tax treatment of Interest— Real estate investment funds and real estate SICAFs*”). However, a withholding or substitute tax of 26% will apply, in certain circumstances, to income realized by unitholders or shareholders in the event of distributions, redemption or sale of the units or shares. Moreover, subject to certain conditions, income realized by Italian real estate investment funds or real estate SICAFs is attributed pro rata to the Italian resident unitholders irrespective of any actual distribution on a tax transparency basis.

#### *Funds, SICAVs and non real estate SICAFs*

Any capital gains realized by a Noteholder which is a Fund, a SICAF (other than a real estate SICAF) or a SICAV will not be subject to CGT but will be included in the result of the relevant portfolio accrued at the end of the relevant fiscal year. Such result will not be taxed at the level of the Fund, the SICAF or the SICAV, but income realized by the unitholders or shareholders in case of distributions, redemption or sale of the units or shares may be subject to a withholding tax of 26% (as applicable).

#### *Pension funds*

Any capital gains realized by a Noteholder which qualifies as an Italian pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of 5 December 2005) will not be subject to CGT but will be included in the result of the relevant portfolio accrued at the end of the relevant tax period, and subject to 20% substitute tax.

#### *Non-Italian resident Noteholders*

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of the Notes are not subject to Italian taxation, provided that the Notes are held outside of Italy.

#### *Certain reporting obligations for Italian-resident Noteholders*

Under Law Decree No. 167 of 28 June 1990, as subsequently amended and supplemented, individuals, non-business entities and non-business partnerships that are resident in Italy and, during the tax year, hold investments abroad or have financial assets abroad (including possibly the Notes) must, in certain circumstances, disclose these investments or financial assets to the Italian tax authorities in their income tax return (or, in case the income tax

return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return, regardless of the value of such assets (save for deposits or bank accounts having an aggregate value not exceeding the €15,000 threshold throughout the year, which per se do not require such disclosure). The requirement applies also where the persons above, being not the direct holder of the financial assets, are the actual economic owners thereof for the purposes of anti-money laundering legislation.

No disclosure requirements exist for investments and financial assets (including the Notes) under management or administration entrusted to Italian resident intermediaries (Italian banks, SIMs, fiduciary companies or other professional intermediaries, indicated in Article 1 of Decree No. 167 of 28 June 1990) and for contracts concluded through their intervention, provided that the cash flows and the income derived from such activities and contracts have been subjected to Italian withholding or substitute tax by the same intermediaries.

#### ***Italian inheritance tax and gift tax***

The transfer of Notes by reason of gift, donation or succession proceedings is subject to Italian gift and inheritance tax as follows:

- (a) 4% for transfers in favour of the spouse or direct relatives exceeding, for each beneficiary, a threshold of €1.0 million;
- (b) 6% for transfers in favour of siblings exceeding, for each beneficiary, a threshold of €0.1 million;
- (c) 6% for transfers in favour of relatives up to the fourth degree and to all relatives in law in direct line and to other relatives in law up to the third degree, on the entire value of the inheritance or the gift; and
- (d) 8% for transfers in favour of any other person or entity, on the entire value of the inheritance or the gift.

If the heir/heirress or the donee is a person with a severe disability pursuant to Law No. 104 of 5 February 1992, inheritance tax or gift tax is applied to the extent that the value of the inheritance or gift exceeds €1.5 million.

#### ***Wealth tax—direct holding***

Under Article 19 of Law Decree No. 201 of 6 December 2011, Italian resident individuals, non-commercial partnerships and non-commercial entities holding financial products, including the Notes, outside Italy without the involvement of an Italian financial intermediary are required to pay a wealth tax currently at the rate of 0.2% (the level of tax being determined in proportion to the period of ownership). The wealth tax applies on the market value at the end of the relevant year or, in the absence of a market value, on the nominal value or redemption value of such financial products held outside Italy. Taxpayers are generally permitted to deduct from the wealth tax a tax credit equal to any wealth taxes paid in the State where the financial products are held (up to the amount of the Italian wealth tax due).

#### ***Stamp taxes and duties—holding through financial intermediary***

Under Article 13(2ter) of the Tariff, Part I (*Tariffa, Parte I*) attached to the Italian Presidential Decree No. 642 of 26 October 1972, a 0.2% stamp duty generally applies on communications and reports that Italian financial intermediaries periodically send to their clients in relation to the financial products that are deposited with such intermediaries. The Notes are included in the definition of financial products for these purposes. Communications and reports are deemed to be sent at least once a year even if the Italian financial intermediary is under no obligation to either draft or send such communications and reports.

The stamp duty cannot exceed €14,000.00 for Noteholders other than individuals.

The taxable base of the stamp duty is the market value or, in the lack thereof, the nominal value or the redemption amount of any financial product.

#### ***Registration tax***

Contracts relating to the transfer of the Notes are subject to the registration tax as follows:

- a) public deeds and private deeds with notarized signatures (*atti pubblici e scritture private autenticate*) executed in Italy are subject to registration tax at the fixed rate of € 200.00; and



- b) private deeds (*scritture private non autenticate*) are subject to registration tax at the fixed rate of 200.00 only if the so-called “case of use” (*caso d’uso*) pursuant to Article 6 of Italian Presidential Decree No. 131 of 26 April 1986 (“**Decree No. 131**”) occurs, in case of voluntary registration or in case of cross reference (*enunciazione*) pursuant to Article 22 of Decree No. 131.

***General—payments by a guarantor***

According to a certain interpretation of applicable Italian laws, payments on the Notes made by an Italian resident guarantor under a guarantee should be treated, in certain circumstances, as payment by the relevant issuer and should be subject to the relating tax regime. However, there is no authority directly addressing the Italian tax regime of payments on notes made by an Italian resident guarantor. Accordingly, there can be no assurance that the Italian tax authorities will not assert an alternative treatment of such payments or that the Italian courts would not support such an alternative treatment.

In particular, according to a different interpretation, if a guarantor makes any payments in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of principal under the Notes), it is possible that such payments may be subject to withholding tax at applicable rates, pursuant to Italian Presidential Decree No. 600 of 29 September 1973, subject to such relief as may be available under the provisions of any applicable double tax treaty, or to any other exemption which may apply.

## SALE AND OFFER OF THE NOTES

### General

In connection with the Offering, Equita S.I.M. S.p.A. as placement agent (the “**Placement Agent**”) has, according to Article 2.4.3 of the trading rules of Borsa Italiana, been appointed by the Issuer and the Guarantor to offer and display the Notes for sale on the MOT. The fees payable to the Placement Agent in connection with the structuring and placement of the Offering will be up to 1.20 per cent. of the total principal amount issued pursuant to offers to purchase the Notes (“**Purchase Offers**”). The Placement Agent considers its clients to be each of the Issuer, the Guarantor and potential investors in the Notes. The Placement Agent and its affiliates have provided from time to time, and expect to provide in the future, investment services to the Issuer, the Guarantor or their respective affiliates, for which the Placement Agent and its affiliates have received or will receive customary fees and commissions. In addition, in the ordinary course of their business activities, the Placement Agent and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantor or their respective affiliates. Typically, the Placement Agent and its affiliates would hedge and do hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Placement Agent and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. There are no interests of natural and legal persons other than the Issuer, the Guarantor and the Placement Agent involved in the issue of the Notes, including conflicting ones that are material to the issue.

### Offering of the Notes

#### *Offering Amount*

Subject to the Minimum Offer Condition, the Issuer is offering for subscription and listing and admission to trading on the MOT a minimum of €100,000,000 aggregate principal amount of the Notes (the “**Minimum Offer Amount**”) and a maximum of €120,000,000 aggregate principal amount of the Notes (the “**Maximum Offer Amount**”). The Maximum Offer Amount may be reduced by the Issuer prior to the Launch Date. If the Maximum Offer Amount is reduced below €120,000,000 the Issuer will publish a notice specifying the revised Maximum Offer Amount on the Issuer’s Website and the Luxembourg Stock Exchange Website, and released through the Issuer’s account for the dissemination and storage of regulated information system (“**Issuer’s SDIR Account**”). Moreover, in such a case a supplement to this Prospectus will be published by the Issuer in accordance with Article 23 of the Prospectus Regulation.

For the purpose of this section, the “**Minimum Offer Condition**” will not be satisfied if, at the expiration of the Offering Period, Purchase Offers have not been placed sufficiently for the sale of at least the Minimum Offer Amount, in which case the Offering will be withdrawn.

#### *Pricing Details*

The Notes will be issued at a price of 100 per cent. of their principal amount (the “**Issue Price**”).

#### *Disclosure of the Interest Rate, Yield, Redemption Prices and the Results of the Offering*

The interest rate (which shall not be less than the Minimum Interest Rate) will be determined on the basis of the tenor of the Notes, the yield and the demand by investors in the course of the determination of the conditions (the bookbuilding procedure) prior to the start of the Offering Period. In the course of the bookbuilding procedure, the Placement Agent will accept within a limited period of time indications of interest in subscribing for the Notes from investors, including credit spreads usually within a predetermined spread range. Subsequently, the Placement Agent will determine, in consultation with the Issuer and the Guarantor based on, among other things, the quantity and quality of the expressions of interest received from Investors during the bookbuilding procedure, the interest rate

(coupon), the final yield and the redemption prices (expressed as a percentage of the principal amount on the redemption date, plus accrued and unpaid interest and additional amounts, if any, to the relevant redemption date). The interest rate of the Notes (which shall not be less than the Minimum Interest Rate), the yield and the minimum prices will be set out in the Interest Rate, Yield and Redemption Prices Notice, which will be filed with the CSSF, published on the Issuer's Website (<https://www.carrarofinance.lu/en>) and the Luxembourg Stock Exchange Website ([www.bourse.lu](http://www.bourse.lu)) and released through the Issuer's SDIR Account prior to the start of the Offering Period.

The aggregate principal amount of the Notes, the number of Notes sold and the proceeds of the Offering will be set out in the Offering Results Notice which will be filed with the CSSF, published on the Issuer's Website (<https://www.carrarofinance.lu/en>) and the Luxembourg Stock Exchange Website ([www.bourse.lu](http://www.bourse.lu)) and released through the Issuer's SDIR Account no later than the third business day after the end of the Offering Period. No trading in the Notes will start before the Offering Results Notice is published.

### ***Conditions of the Offering***

Except for the Minimum Offer Condition, and except as set out in the section "Offering Period, Early Closure, Extension and Withdrawal" below, the Offering is not subject to any conditions.

Subscription rights for the Notes will not be issued. Therefore, there are no procedures in place for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised.

### ***Offering Period, Early Closure, Extension and Withdrawal***

The Offering will open on 23 February 2022 at 09:00 (CET) (the "**Launch Date**") and will expire on 1 March 2022 at 17:30 (CET) (the "**Offering Period End Date**"), subject to amendment, extension or postponement by the Issuer and the Placement Agent (the "**Offering Period**").

Investors will be required to remit payment in exchange for the issuance of the Notes for which they have placed Purchase Offers on the Issue Date, which will initially be 9 March 2022. In the case of an extension of the Offering Period, the Issue Date will be the fifth business day following the closure of the Offering Period. Notwithstanding any early closure of the Offering, the Notes will be issued on the original Issue Date (9 March 2022).

The Offering Period is an approximate period and has been determined by the Issuer. The Issuer expressly reserves the right to postpone or extend the Offering Period or modify the Launch Date and/or the Offering Period End Date in agreement with the Placement Agent by giving due notice to the CSSF, Borsa Italiana and the Trustee through the publication of a supplement to this Prospectus (a "**Supplement**") (as such postponement or extension will be a significant new factor, as defined in Article 23 of the Prospectus Regulation) and, by way of a notice published on the Issuer's Website and the Luxembourg Stock Exchange Website, and released through the Issuer's SDIR Account, to the general public. Any notice of postponement or modification of the Offering Period will be given no later than the business day prior to the Launch Date. If, following the Launch Date and before the Offering Period End Date, the Notes have not been placed for an amount equal to the Maximum Offer Amount or the Minimum Offer Amount because of market conditions and the Issuer decides to extend the Offering Period in agreement with the Placement Agent, a notice of extension of the Offering Period will be published before the last day of the Offering Period.

If, during the Offering Period, Purchase Offers exceed the Maximum Offer Amount, the Placement Agent, in agreement with the Issuer, will close the Offering prior to the expiration of the Offering Period, and no Purchase Offers in excess of the Maximum Offer Amount will be executed. The Issuer will promptly communicate an early closure of the Offering Period to the CSSF, Borsa Italiana, the Trustee and, by way of a notice published on the Issuer's Website, the general public.

The Issuer and the Placement Agent expressly reserve the right to withdraw the Offering at any time prior to 17:30 (CET) on the Offering Period End Date, including if Purchase Offers are lower than the Minimum Offer Amount. The Issuer will promptly communicate a withdrawal of the Offering to the CSSF, Borsa Italiana and the Trustee, first, and, subsequently, to the general public, by way of a specific notice published on the Issuer's Website and the Luxembourg Stock Exchange Website, and released through the Issuer's SDIR Account.

The Placement Agent, in agreement with the Issuer, expressly reserves the right to cancel the launch of the Offering at any time between the date of this Prospectus and the Launch Date or to withdraw the Offering at any time after the Launch Date and before 17:30 (CET) on the Offering Period End Date in the case of (i) any extraordinary change in the political, financial, economic, regulatory, currency or market situation of the markets in which the Group operates which could have a materially adverse effect on the Offering, or the economic, financial and/or operating condition of the Issuer, the Guarantor and/or the Group or on their business activities, or (ii) any act, fact, circumstance, event, opposition or any other extraordinary situation which has not yet occurred at the date of this Prospectus which may have a materially adverse effect on the Offering, or the economic, financial and/or operating condition of the Issuer, the Guarantor and/or the Group or on their business activities. If the launch of the Offering is cancelled or the Offering is withdrawn, the Offering itself and all submitted Purchase Offers will be deemed cancelled. Prompt notice of any decision to cancel the launch of the Offering or withdraw the Offering after the Launch Date will be communicated to the CSSF, Borsa Italiana and the Trustee and, by way of a notice published on the Issuer's Website, and released through the Issuer's SDIR Account, to the general public.

If, prior to the Issue Date, Borsa Italiana has failed to set the start date of official trading of the Notes on the MOT (the "**MOT Trading Start Date**"), the Offering will be automatically withdrawn by giving notice to CSSF and the Trustee and, no later than the day after notice has been given to CSSF, by notifying the general public by way of a notice published on the Issuer's Website and the Luxembourg Stock Exchange Website, and released through the Issuer's SDIR Account.

### ***Technical Details of the Offering on the MOT***

The Offering will take place through Purchase Offers made by Investors on the MOT through Intermediaries (as defined below) and coordinated by the Placement Agent, who has been appointed by the Issuer to offer and display the Notes for sale on the MOT according to the trading rules of Borsa Italiana. Purchase Offers may only be made with the MOT through an investment company, bank, wealth management firm, registered financial intermediary, securities house and any other intermediary authorised to make Purchase Offers directly on the MOT or - if such institution is not qualified to perform transactions on the MOT - through an intermediary or agent authorised to do so (each an "**Intermediary**"). Purchase Offers must be made during the operating hours of the MOT for a minimum quantity of aggregate par value of €1,000 of the Notes, and may be made for any multiple thereof.

During the Offering Period, Intermediaries may make irrevocable Purchase Offers directly or through any agent authorised to operate on the MOT, either on their own behalf or on behalf of third parties, in compliance with the operational rules of the MOT.

The Notes shall be assigned, up to their maximum availability, based on the chronological order in which Purchase Offers are made on the MOT. The acceptance of a Purchase Offer on the MOT does not alone constitute the completion of a contract with respect to the Notes requested thereby. The perfection and effectiveness of contracts with respect to the Notes are subject to confirmation of the correct execution of the Purchase Offer and issuance of the Notes. Each Intermediary through whom a Purchase Offer is made will notify Investors of the number of Notes they have been assigned within the Issue Date.

After the end of the Offering Period, the Luxembourg Stock Exchange, in conjunction with the Issuer, shall set and give notice of the start date of the official admission to trading on the regulated market of the Luxembourg Stock Exchange and Borsa Italiana shall set and give notice to the MOT Trading Start Date. The MOT Trading Start Date shall correspond to the Issue Date.

Investors wishing to make Purchase Offers who do not have a relationship with any Intermediary may be requested to open an account or make a temporary deposit for an amount equivalent to that of the Purchase Offer. In case of partial sale of the Notes or a cancellation or withdrawal of the Offering, all amounts paid as temporary deposits, or any difference between the amount deposited with the Intermediary and the aggregate value of the Notes actually sold to the Investor, will be repaid to the Investor who initiated the Purchase Offer by the Issue Date. See "*Terms and Conditions of the Payment and Delivery of the Notes*".

Except as otherwise set forth herein, Purchase Offers, once placed, may not be revoked. See "*—Revocation of Purchase Offers*".

Any Purchase Offer received outside the Offering Period, or within the Offering Period but outside the operating hours of the MOT, will not be accepted. Investors may place multiple Purchase Offers. Purchase Offers placed by Italian Investors through telecommunication means are not subject to the existing withdrawal provisions applicable to distance marketing of consumer financial services, services in accordance with articles 67-bis and 67-duodecies of Legislative Decree No. 206 of 6 September 2005 as regards the public offer in Italy.

### ***Revocation of Purchase Offers***

If the Issuer publishes any Supplement, any Investor who has placed a Purchase Offer prior to the publication of the Supplement shall be entitled to revoke such Purchase Offer by delivering a written notice to the Intermediary through whom the Purchase Offer was made by no later than the second business day following the publishing of the Supplement in accordance with Article 23(2) of the Prospectus Regulation. The Intermediary will in turn notify the Placement Agent of such revocation.

### ***Terms and Conditions of the Payment and Delivery of the Notes***

Investors will pay the Issue Price to the Intermediaries through whom they have placed Purchase Offers on the Issue Date.

A press release will be published to inform Investors and potential Investors of any early closure of the Offering or extension of the Offering Period. In case of an extension of the Offering Period the Issue Date will be postponed to the fifth Business Day following the closure of the Offering Period, as extended. In case of an early closure of the Offering Period, the Issue Date will remain unchanged and the Notes will be issued on 9 March 2022. For more information about the circumstances in which the Offering Period may be closed early or extended, see “Offering Period, Early Closure, Extension and Withdrawal” above.

Ownership of interests in the Notes will be limited to persons that have accounts with Euroclear and/or Clearstream, Luxembourg or persons that hold interests in the Notes through participants in Euroclear and/or Clearstream, Luxembourg, including Monte Titoli. Euroclear and Clearstream, Luxembourg will hold interests in the Notes on behalf of their participants through customers’ securities accounts in their respective names on the books of their respective depositories. Payments and transfers of the Notes will be settled through Euroclear and Clearstream, Luxembourg.

None of the Issuer, the Guarantor, the Trustee, the Paying Agents or any of their respective agents will have any responsibility, or be liable, for any aspect of the records relating to the ownership of interests in the Notes.

### ***Costs and Expenses Related to the Offer***

The Issuer will not charge any costs, expenses or taxes directly to any Investor. Investors must, however, inform themselves about any costs, expenses or taxes in connection with the Notes which are generally applicable in their respective country of residence related to the opening of a bank account or a temporary deposit account with an Intermediary, if necessary, and/or any costs related to the execution, acceptance and transmission of Purchase Offers imposed by such Intermediaries. See “—*Technical Details of the Offering on the MOT*”.

### ***Consent to the Use of this Prospectus***

The Issuer has granted its consent to the use of this Prospectus for the Offering of the Notes during the Offering Period and accepts responsibility for the content of the Prospectus also with respect to the subsequent resale or final placement of the Notes by any financial intermediary which was given consent to use this Prospectus in Italy.

### ***Public Offer and Selling Restrictions***

The Offering is addressed to the general public in Luxembourg and Italy and to qualified investors (as defined in the Prospectus Regulation) and institutional investors, as set out in paragraphs below, following the approval of this Prospectus by the CSSF for the purposes of the Prospectus Regulation, and the effective notification of this Prospectus by the CSSF to CONSOB according to Article 25 of the Prospectus Regulation.

Purchase Offers may only be placed through Intermediaries. Any persons who, at the moment of making a Purchase Offer, even if they are resident in Luxembourg or Italy, may be considered as being resident in the United States or in any other country in which the offer of financial instruments is not permitted to be made unless it has been

authorised by the competent authorities of such country (the “**Other Countries**”) are not entitled to subscribe for the Notes in the Offering.

If, according to the Intermediaries, Purchase Offers were made by persons resident in Luxembourg or Italy in breach of the provisions in force in the United States or in Other Countries, the Intermediaries shall adopt any adequate measure to remedy the unauthorised Purchase Offers and shall promptly notify the Placement Agent.

**The Notes are not intended to qualify as PRIIPs and, as such, no key information document required by the PRIIPs Regulation or the UK PRIIPs Regulation has been or will be prepared by the Issuer.**

#### *United States and its Territories*

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes have not been, and will not be, offered or sold within the United States or to U.S. Persons except in accordance with Rule 903 of Regulation S. Neither the Issuer, the Guarantor nor the Intermediaries, nor any persons acting on their behalf, have engaged, or will engage, in any directed selling efforts with respect to the Notes. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are in bearer form and are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder, including TEFRA D.

In accordance with TEFRA D, the Placement Agent and each Intermediary represents and agrees that:

- except to the extent permitted under TEFRA D, (a) it has not offered or sold, and until 40 days after the later of the commencement of the offering and the Closing Date (the “**Restricted Period**”) will not offer or sell, the Notes to a person who is within the United States or its possessions or to, or for the account or benefit of, a United States person and (b) it has not delivered and will not deliver within the United States or its possessions definitive Notes (if any) that are sold during the Restricted Period;
- it has, and throughout the Restricted Period will have, in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling the Notes are aware that such Notes may not be offered or sold during the Restricted Period to a person who is within the United States or its possessions or to, or for the account or benefit of, a United States person, except as permitted by TEFRA D;
- if the Intermediary is a United States person, it represents that it is acquiring the Notes for purposes of resale in connection with their original issuance and, if such Intermediary retains the Notes for its own account, it will only do so in accordance with TEFRA D;
- with respect to each affiliate (if any) that acquires from such Intermediary the Notes for the purpose of offering or selling such Notes during the Restricted Period, such Intermediary either (a) hereby represents and agrees on behalf of such affiliate to the effect set forth in the three bullet points above or (b) agrees that it will obtain from such affiliate, for the benefit of the Issuer, the representations and agreements contained in the three bullet points above; and
- such Intermediary will obtain for the benefit of the Issuer the representations and agreements contained in the four bullet points above from any person other than its affiliate with whom it enters into a written contract, as defined under TEFRA D, for the offer and sale during the Restricted Period of the Notes.

Terms used in this paragraph have the meanings given to them by Regulation S,

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes or the Guarantee within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.



## **EEA**

In relation to each Member State of the European Economic Area (each, a “**Member State**”), the Placement Agent has represented and agreed that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant State other than the offers contemplated in this Prospectus in Luxembourg and Italy from the time the Prospectus has been approved by the competent authority in Luxembourg and published and notified to the relevant competent authorities (including in Italy to the Commissione Nazionale per le Società e la Borsa) in accordance with the Prospectus Regulation, and provided that the Issuer has consented in writing to use of the Prospectus for any such offers, except that it may make an offer of such Notes to the public in that Relevant State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), as permitted under the Prospectus Regulation subject to obtaining the prior consent of the Placement Agent; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes shall require the Issuer or the Placement Agent to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

## **UK**

The Placement Agent has represented, warranted and undertaken that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in the United Kingdom, except that it may make an offer of such Notes to the public in the United Kingdom:

- (a) to any legal entity which is a qualified investor, as defined in Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK Prospectus Regulation**”);
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the UK Prospectus Regulation), subject to obtaining the prior consent of the Placement Agent; or
- (c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation,

provided that no such offer of Notes shall require the Issuer or the Placement Agent to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

The Placement Agent has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

## **Italy**

The Placement Agent has represented and agreed that, in addition to the restrictions under section “EEA” above, an offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy must be made:

- (a) by *soggetti abilitati* (including investment firms, banks or financial intermediaries), as defined by Article 1, first paragraph, letter r), of Legislative Decree No. 58 of 24 February 1998, as amended from time to time (the “**Financial Services Act**”), permitted to conduct such activities in the Republic of Italy in accordance with the relevant provisions of the Financial Services Act, CONSOB regulation No. 20307 of 15 February 2018, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993, as amended from time to time (the “**Italian Banking Act**”) and any other applicable laws and regulations;
- (b) in compliance with Article 129 of the Italian Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy issued on 25 August 2015 and amended on 10 August 2016 and 2 November 2020, as further amended from time to time, pursuant to which the Bank of Italy may request periodic reporting, data and information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy and/or any other competent authority.

## GENERAL INFORMATION

### Authorisation

1. The issue of the Notes was authorised by resolutions passed by the shareholders' meeting of the Issuer on 31 January 2022 and by its board of directors on 31 January 2022. The guarantee of the Notes was authorised by a resolution of the board of directors of the Guarantor passed on 26 January 2022.

### Expenses related to Admission to Trading

2. The total expenses related to the admission to trading of the Notes are expected to amount to €6,250 in respect of the admission to trading of the Notes on the Luxembourg Stock Exchange and an amount ranging between €7,500 and €12,000 (depending on the size of the Offering) in respect of the admission to trading of the Notes on the MOT.

### Listing and Admission to Trading

3. Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to its Official List and admitted to trading on its regulated market. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the MIFID II.

Application has also been made to list the Notes on the regulated MOT segment of Borsa Italiana. Borsa Italiana has admitted the Notes to listing and trading on the regulated MOT segment under order No. LOL-004653 dated 8 February 2022. The MOT Trading Start Date will be set by Borsa Italiana, and shall correspond to the settlement date of the purchase agreements with respect to the Notes and the Issue Date. See "*Sale and Offer of the Notes—Offering of the Notes—Technical Details of the Offering on the MOT*".

### Legal Entity Identifier

4. The Issuer's Legal Entity Identifier (LEI) is 529900DEL39VEQFR1B86. The CFI Code for the Notes is DBFXFB. The FISN Code for the Notes is CARRARO FINANCE/BD 20280228.

### Legal and Arbitration Proceedings

5. Other than as described in the section "Legal Proceedings" on page 89 of this Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer or the Guarantor is aware) which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer and the Group.

### Significant/Material Change

6. Since 31 October 2021 there has been no material adverse change in the prospects of the Issuer and since 31 December 2020 there has been no material adverse change in the prospects of the Guarantor. Since 31 October 2021 there has been no significant change in the financial performance of the Group and, save as set out in "*Information about the Group – Recent Developments – Takeover and delisting of Carraro*", since 31 October 2021 there has been no significant change in the financial position of the Group taken as a whole.

### Auditors

7. The current Auditors of the Issuer are Deloitte Audit Société à responsabilité limitée ("**Deloitte Luxembourg**") , whose registered office is at 20 Boulevard de Kockelscheuer, L—18201 Luxembourg B.P. 1173 L-1011 Luxembourg.

8. The current Auditors of the Guarantor are Deloitte & Touche S.p.A. (“**Deloitte Italy**”), whose registered office is at Via Tortona 25, Milan, Italy. Deloitte is registered under No. 132587 in the Register of Independent Auditors held by the Ministry of Economy and Finance pursuant to Legislative Decree No. 39 of 27 January 2010 and the relevant implementing regulations and is also a member of ASSIREVI (*Associazione Nazionale Revisori Contabili*), the Italian association of auditing firms.
9. The independent Auditors’ appointment by the Issuer was conferred on the date of the Issuer’s incorporation (30 October 2020) and will expire on the date of the shareholders’ meeting convened to approve the Issuer’s financial statements for the financial year ended 31 December 2021.  
  
The independent Auditors’ appointment by the Guarantor was conferred for the period by the shareholders’ meeting held on 16 September 2021 and will expire on the date of the shareholders’ meeting convened to approve the Guarantor’s financial statements for the financial year ending 31 December 2023.
10. The reports of the auditors of the Issuer and the Guarantor are included or incorporated in this Prospectus in the form and context in which they are included or incorporated, with the consent of the relevant auditors who have authorised the contents of that part of this Prospectus.

### **Documents on Display**

11. For so long as any Notes remain outstanding, copies of the following documents will, when published, be available for inspection at <https://www.carrarofinance.lu/en>:
  - (a) the memorandum and articles of association (*statuto*) of each of the Issuer and the Guarantor;
  - (b) this Prospectus;
  - (c) the Paying Agency Agreement and the Trust Deed (including the Guarantee);
  - (d) the 2021 Audited Issuer Financial Statements;
  - (e) the 2019 Audited Guarantor Consolidated Financial Statements;
  - (f) the 2020 Audited Guarantor Consolidated Financial Statements; and
  - (g) the 2021 Unaudited Guarantor Condensed Consolidated Interim Financial Statements.

In addition, the full year financial statements of the Issuer and the Guarantor will be published on the website of the Issuer at <https://www.carrarofinance.lu/en>.

### **Clearing Systems**

12. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN is XS2432299365 and the common code is 243229936. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

### **Potential Conflicts of Interest**

13. The Placement Agent and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions (including, without limitation, the provision of loan facilities) with, and may perform services for, the Issuer, the Guarantor and their respective affiliates in the ordinary course of business.
14. In addition, in the ordinary course of their business activities, the Placement Agent and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantor or the Issuer’s or the Guarantor’s affiliates or any entity related to the Notes. The

Placement Agent and its affiliates that have a lending relationship with the Issuer or the Guarantor routinely hedge their credit exposure to the Issuer or the Guarantor, as the case may be, consistent with their customary risk management policies. Typically, the Placement Agent and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's or the Guarantor's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Placement Agent and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. In particular, the Placement Agent will receive a commission (as further described in "*Sale and Offer of the Notes*").

### **Foreign Languages used in the Prospectus**

15. The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

### **Yield**

16. On the basis of the issue price of the Notes of 100 per cent. of their principal amount and a Minimum Interest Rate of 2.75 per cent. per annum, the gross real yield of the Notes is a minimum of 2.75 per cent. on an annual basis. The final yield will be set out in the Interest Rate, Yield and Redemption Prices Notice (see "*Sale and Offer of the Notes – Disclosure of the Results of the Interest Rate, Yield, Redemption Prices and the Offering*"). The yield indicated in this paragraph is calculated, and the final yield set out in the Interest Rate, Yield and Redemption Prices Notice will be calculated, as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

### **Websites**

17. In this Prospectus, references to websites or uniform resource locaters ("**URLs**") are inactive textual references. The contents of any such website or URL (other than the contents of the URL's contained in the section entitled "*Documents Incorporated by Reference*" which is incorporated by reference herein) shall not form part of, or be deemed to be incorporated by reference into, this Prospectus and have not been scrutinised or approved by the CSSF or the MOT.

### **Legend Concerning US Persons**

18. The Notes and any Coupons appertaining thereto will bear a legend to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

### **Post-issuance Information**

19. The Issuer will not provide any post-issuance information, except if required by any applicable laws and regulations.

### **Rating**

20. Neither the Issuer, the Guarantor nor the Notes are rated.

### **Third Party Information**

21. Certain third-party information has been extracted from external sources as described in this Prospectus. The Issuer confirms that such information has been accurately reproduced and, as far as it is aware and is able to

ascertain from published information, no facts have been omitted which would render the reproduced information inaccurate or misleading. Neither the Issuer, the Trustee, the Principal Paying Agent nor the Placement Agent makes any representation as to, and is not responsible for, the accuracy or completeness of such third-party information provided herein.



**REGISTERED OFFICE OF THE ISSUER**

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Grand Duchy of Luxembourg

**REGISTERED OFFICE OF THE GUARANTOR**

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Italy

**PLACEMENT AGENT**

**Equita S.I.M. S.p.A.**  
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Italy

**TRUSTEE**

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London Wall  
London EC2M 5PG  
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**PRINCIPAL PAYING AGENT**

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United Kingdom

**LISTING AGENT**

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Grand Duchy of Luxembourg

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*To the Issuer as to Luxembourg tax law*

**Your Tacs SA**

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*To the Trustee as to English law*

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**AUDITORS TO THE ISSUER**

**Deloitte Audit Société à responsabilité limitée**

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