



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 6 November 2023 (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 November 2028 with a denomination of €1,000 each (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, 6 November 2028, at a rate of 7.75 per cent. per annum (the “**Rate of Interest**”) payable semi-annually in arrear on 6 May and 6 November each year (each an “**Interest Payment Date**”), commencing on 6 May 2024. 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 6 November 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 6 May 2025, the Issuer may redeem the Notes in whole or in part from time to time at the redemption prices specified in “*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 (<https://www.carrarofinance.lu/en/>) (the “**Issuer’s Website**”) and the website of the Luxembourg Stock Exchange (www.luxse.com) (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 18 October 2024. 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. FIA-000028 dated 18 October 2023, subject to the approval of this Prospectus by the CSSF and the completion of the Offering. 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 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 second business day prior to the Issue Date (the “**Offering Results Notice**”). No trading in the Notes will start before the Issue Date.

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 issued and held in dematerialised form, until redemption or cancellation thereof, through Euronext Securities Milan (“**Euronext Securities Milan**”, the commercial name of Monte Titoli S.p.A.) for the account of the ESM Accountholders (as defined below) and on behalf of any person whose name appears as being entitled to such Notes in the books of the relevant ESM Accountholders (the “**Noteholders**”). The Notes will at all times be in book entry form and title to the Notes will be evidenced by book entry in accordance with the provisions of (i) article 83-bis of the Legislative Decree No. 58 of 24 February 1998, as amended from time to time, and (ii) the joint regulation of the Bank of Italy and the CONSOB dated 13 August 2018 and published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) 30 August 2018, No. 201, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Notes. The Notes have been assigned the following securities codes: ISIN: IT0006756438; Common Code: 262383342.

PLACEMENT AGENT
EQUITA SIM S.p.A.

Prospectus dated 18 October 2023

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SUMMARY

Section A – Introduction and warnings

Introduction to the Notes	The Notes are fixed rate senior unsecured debt securities due November 2028 issued by Carraro Finance S.A. (the “ Issuer ” or “ Carraro Finance ”) on or about 6 November 2023 (the “ Issue Date ”) of between €100,000,000 (the “ Minimum Offer Amount ”) and €120,000,000 (the “ Maximum Offer Amount ”) and with a denomination of €1,000 each (the “ Notes ”) (the “ Offering ”). 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 ”). The International Securities Identification Number (“ ISIN ”) for the Notes is IT0006756438 and the Common Code is 262383342. The prospectus relating to the Notes (the “ Prospectus ”) is dated 18 October 2023.
Who is issuing the Notes?	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 85.54% shareholding in the Issuer is held by the Guarantor, with the remaining 14.46% 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 (“ LEI ”) number is 529900DEL39VEQFR1B86.
Who is the offeror?	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.
Who is the competent authority approving the Prospectus?	The Prospectus was approved by the <i>Commission de Surveillance du Secteur Financier</i> of the Grand Duchy of Luxembourg (the “ CSSF ”) as prospectus for the purposes of the Regulation (EU) 2017/1129 (the “ Prospectus Regulation ”) on 18 October 2023. The business address of the CSSF is 283, Route d’Arlon, L-1150 Luxembourg, Grand Duchy of Luxembourg. CSSF’s telephone number is (+352) 2625 1-1. CSSF’s fax number is (+352) 2625 1-2601. CSSF’s e-mail address is direction@cssf.lu . 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 ”). Furthermore, the Issuer has requested the CSSF to provide the competent authority in Italy, <i>Commissione Nazionale per le Società e la Borsa</i> (“ 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 <i>Mercato delle Obbligazioni Telematico</i> market (the “ MOT ”). Borsa Italiana has admitted the Notes to listing on the MOT with order No. FIA-000028 dated 18 October 2023 subject to the approval of the Prospectus by the CSSF and the completion of the Offering.
Warnings	<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 the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the 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 the Prospectus, or where it does not provide, when read together with the other parts of the 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 “PRIIPs Regulation”) 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 (“EUWA”) (the “UK PRIIPs Regulation”).</p>

Section B – Key Information on the Issuer

Who is the Issuer of the Notes?	<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 85.54% shareholding in the Issuer is held by the Guarantor, with the remaining 14.46% 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 Auditor of the Issuer is Deloitte Audit Société à responsabilité limitée at 20 Boulevard de Kockelscheuer, L-1821 Luxembourg, Grand Duchy of Luxembourg. Deloitte Audit Société à responsabilité limitée is registered with the Luxembourg Trade and Companies Register under registration number B 67895.</p>
What is the key financial information	The following tables set out selected financial information relating to the Issuer. The Issuer was incorporated on 30 October 2020. The information below has been extracted from the audited non-consolidated financial statements of the Issuer as of and for the periods ended 31 December 2021

regarding the Issuer?	and 31 December 2022 and from the unaudited condensed interim financial statements of the Issuer as of and for the periods ended on 30 June 2022 and 30 June 2023, which are incorporated by reference in the Prospectus.																																																																																																																								
	<p>ISSUER INCOME STATEMENT OVERVIEW</p> <p>(amounts in Euro thousands)</p> <table border="1"> <thead> <tr> <th></th> <th>For the six month period ended 30.06.2023 (unaudited)</th> <th>For the six month period ended 30.06.2022 (unaudited)</th> <th>As at 31.12.2022 (audited)</th> <th>As at 31.12.2021 (audited)</th> </tr> </thead> <tbody> <tr> <td>Total revenues from sales</td> <td>618</td> <td>524</td> <td>1,058</td> <td>622</td> </tr> <tr> <td>Total operating costs</td> <td>1,345</td> <td>1,083</td> <td>2,028</td> <td>1,310</td> </tr> <tr> <td>Operating profit/(loss)</td> <td>(727)</td> <td>(559)</td> <td>(970)</td> <td>(688)</td> </tr> <tr> <td>Net gains/(losses) on financial assets</td> <td>(267)</td> <td>(1,431)</td> <td>(2,423)</td> <td>(4,310)</td> </tr> <tr> <td>Profit/(loss) before taxes</td> <td>(994)</td> <td>(1,990)</td> <td>(3,393)</td> <td>(4,998)</td> </tr> <tr> <td>Current and deferred income taxes</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Net Profit/(Loss)</td> <td>(994)</td> <td>(1,990)</td> <td>(3,393)</td> <td>(4,998)</td> </tr> </tbody> </table> <p>ISSUER BALANCE SHEET OVERVIEW</p> <p>(amounts in Euro thousands)</p> <table border="1"> <thead> <tr> <th></th> <th>As at 30.06.2023 (unaudited)</th> <th>As at 30.06.2022 (unaudited)</th> <th>As at 31.12.2022 (audited)</th> <th>As at 31.12.2021 (audited)</th> </tr> </thead> <tbody> <tr> <td>Total non-current assets</td> <td>154,816</td> <td>90,643</td> <td>90,756</td> <td>85,677</td> </tr> <tr> <td>Total current assets</td> <td>210,329</td> <td>243,033</td> <td>274,842</td> <td>249,642</td> </tr> <tr> <td>Total assets</td> <td>365,145</td> <td>333,676</td> <td>365,598</td> <td>335,319</td> </tr> <tr> <td>Total shareholders' equity</td> <td>364</td> <td>2,760</td> <td>1,358</td> <td>4,751</td> </tr> <tr> <td>Total non-current liabilities</td> <td>359,094</td> <td>326,159</td> <td>358,597</td> <td>325,709</td> </tr> <tr> <td>Total current liabilities</td> <td>5,687</td> <td>4,757</td> <td>5,643</td> <td>4,859</td> </tr> <tr> <td>Total liabilities</td> <td>364,781</td> <td>330,916</td> <td>364,240</td> <td>330,568</td> </tr> <tr> <td>Total shareholders' equity and liabilities</td> <td>365,145</td> <td>333,676</td> <td>365,598</td> <td>335,319</td> </tr> </tbody> </table> <p>ISSUER CASH FLOW STATEMENTS OVERVIEW</p> <p>(amounts in Euro thousands)</p> <table border="1"> <thead> <tr> <th></th> <th>For the six month period ended 30.06.2023 (unaudited)</th> <th>For the six month period ended 30.06.2022 (unaudited)</th> <th>As at 31.12.2022 (audited)</th> <th>As at 31.12.2021 (audited)</th> </tr> </thead> <tbody> <tr> <td>Cash flows from operating activities</td> <td>(2,878)</td> <td>(287)</td> <td>(2,178)</td> <td>(8,998)</td> </tr> <tr> <td>Cash flows from Investing activities</td> <td>21,377</td> <td>(17,195)</td> <td>(44,941)</td> <td>188,570</td> </tr> <tr> <td>Cash flows from financing activities</td> <td>-</td> <td>-</td> <td>32,000</td> <td>2,530</td> </tr> <tr> <td>Total cash flows for the period</td> <td>18,499</td> <td>(17,482)</td> <td>(15,119)</td> <td>182,102</td> </tr> <tr> <td>Opening cash and cash equivalents</td> <td>166,983</td> <td>182,102</td> <td>182,102</td> <td>-</td> </tr> <tr> <td>Closing cash and cash equivalents</td> <td>185,482</td> <td>164,620</td> <td>166,983</td> <td>182,102</td> </tr> </tbody> </table>		For the six month period ended 30.06.2023 (unaudited)	For the six month period ended 30.06.2022 (unaudited)	As at 31.12.2022 (audited)	As at 31.12.2021 (audited)	Total revenues from sales	618	524	1,058	622	Total operating costs	1,345	1,083	2,028	1,310	Operating profit/(loss)	(727)	(559)	(970)	(688)	Net gains/(losses) on financial assets	(267)	(1,431)	(2,423)	(4,310)	Profit/(loss) before taxes	(994)	(1,990)	(3,393)	(4,998)	Current and deferred income taxes	-	-	-	-	Net Profit/(Loss)	(994)	(1,990)	(3,393)	(4,998)		As at 30.06.2023 (unaudited)	As at 30.06.2022 (unaudited)	As at 31.12.2022 (audited)	As at 31.12.2021 (audited)	Total non-current assets	154,816	90,643	90,756	85,677	Total current assets	210,329	243,033	274,842	249,642	Total assets	365,145	333,676	365,598	335,319	Total shareholders' equity	364	2,760	1,358	4,751	Total non-current liabilities	359,094	326,159	358,597	325,709	Total current liabilities	5,687	4,757	5,643	4,859	Total liabilities	364,781	330,916	364,240	330,568	Total shareholders' equity and liabilities	365,145	333,676	365,598	335,319		For the six month period ended 30.06.2023 (unaudited)	For the six month period ended 30.06.2022 (unaudited)	As at 31.12.2022 (audited)	As at 31.12.2021 (audited)	Cash flows from operating activities	(2,878)	(287)	(2,178)	(8,998)	Cash flows from Investing activities	21,377	(17,195)	(44,941)	188,570	Cash flows from financing activities	-	-	32,000	2,530	Total cash flows for the period	18,499	(17,482)	(15,119)	182,102	Opening cash and cash equivalents	166,983	182,102	182,102	-	Closing cash and cash equivalents	185,482	164,620	166,983	182,102
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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?	<p><i>Transferability</i> – The Notes are freely transferable. However, the offer and the sale of the Notes and the distribution of the Prospectus is subject to specific restrictions that vary depending on the jurisdiction where the Notes are offered or sold or the Prospectus is distributed.</p> <p><i>Negative Pledge</i> – The terms and conditions of the Notes (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>Dividend distribution</i> – The Conditions contain limitations on dividend distribution.</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 (“Taxes”) imposed or levied by or on behalf of Luxembourg or Italy, unless the withholding or deduction of the Taxes (the “Tax Deduction”) 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 after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction. All the above is nevertheless subject to customary market exceptions.</p>
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Events of Default – Upon the occurrence and continuation of an Event of Default, any Note may be declared, by written notice addressed by the Noteholder to the Issuer and delivered to the Issuer or to the specified office of the Paying Agent, immediately due and payable at its principal amount outstanding together (if applicable) with accrued interest.

Cross Default – The Conditions include a cross default provision.

Interest – Interest on the Notes will accrue at a fixed rate of 7.75 per cent per annum (the “**Rate of Interest**”) starting from the Issue Date, payable semi-annually in arrear on 6 May and 6 November of each year (each an “**Interest Payment Date**”) commencing on 6 May 2024.

Issue Price – The Notes will be issued at a price of 100.00 per cent. of their principal amount (the “**Issue Price**”).

Maturity Date – Unless previously redeemed, or purchased and cancelled, the Notes will mature on 6 November 2028.

Indication of yield – On the basis of the Issue Price of the Notes of 100 per cent. of their principal amount and the Rate of Interest of 7.75 per cent. per annum, the gross yield of the Notes will be 7.75 per cent. per annum.

Early Redemption at the Option of the Issuer – At any time on or after 6 May 2025, the Issuer may redeem the Notes, in whole or in part and from time to time, at the following redemption prices:

Redemption Period	Price
6 May 2025 (inclusive) to 5 May 2026 (inclusive)	Principal amount outstanding of the Notes to be redeemed plus the amount equal to 3% of the principal amount outstanding of the Notes to be redeemed on the date fixed for redemption
6 May 2026 (inclusive) to 5 May 2027 (inclusive)	Principal amount outstanding of the Notes to be redeemed plus the amount equal to 1.5% of the principal amount outstanding of the Notes to be redeemed on the date fixed for redemption
6 May 2027 (inclusive) to 5 November 2028 (inclusive)	Principal amount outstanding of the Notes on the date fixed for redemption

Early Redemption for Taxation Reasons – 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.

Redemption at the option of the Noteholders upon the occurrence of a Change of Control – 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).

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 million aggregate principal amount of the Notes (the “**Minimum Offer Condition**”), the Issuer is expected to issue on or about 6 November 2023, between the Minimum Offer Amount and the Maximum Offer Amount, senior unsecured notes due 6 November 2028 (the “**Notes**”). The Maximum Offer Amount may be reduced by the Issuer prior to 25 October 2023 (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: IT0006756438 and Common Code: 262383342.

Ranking – Pursuant to the Conditions, the Notes 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.

Where will the securities be traded? Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on its regulated market (the “**Market**”). Application has also been made for the Notes to be admitted to trading on the regulated *Mercato delle Obbligazioni Telematico* market (the “**MOT**”) of Borsa Italiana S.p.A. (“**Borsa Italiana**”). Borsa Italiana has admitted the Notes to listing on the MOT with order No. FIA-000028 dated 18 October 2023, subject to the approval of the Prospectus by the CSSF and the completion of the Offering.

Is there a guarantee attached to the securities? 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 “*Terms and Conditions of the Notes – Negative Pledge*”) 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.

The Guarantor is a joint stock company (*società per azioni*) 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.

The following tables set out selected consolidated financial information relating to the Guarantor and its subsidiaries (the “**Carraro Group**” or the “**Group**”). The information below has been extracted from the audited consolidated financial statements of the Guarantor as of and for the years ended 31 December 2022 and from the unaudited condensed consolidated interim financial statements of the Guarantor as of and for the period ended 30 June 2023, incorporated by reference in the Prospectus.

CONSOLIDATED INCOME STATEMENT OVERVIEW	For the six month period ended 30.06.2023	As at 31 December 2022
(amounts in Euro thousands)	(unaudited)	(audited)
Total revenues from sales	424,960	762,125
Total operating costs	398,417	730,217
Operating profit/(loss)	26,543	31,908
Net gains/(losses) on financial assets	(12,058)	(21,082)

Profit/(loss) before taxes	14,485	10,826
Current and deferred income taxes	7,671	5,144
Net profit/(loss)	6,814	5,682
Minority interests	(217)	(115)
Group consolidated profit/(loss)	6,597	5,567
CONSOLIDATED BALANCE SHEET OVERVIEW	As at 30.06.2023	As at 31 December 2022
<i>(amounts in Euro thousands)</i>	<i>(unaudited)</i>	<i>(audited)</i>
Non-current assets	380,521	374,756
Current assets	585,466	582,221
Total assets	965,987	956,977
Shareholders' equity	89,701	84,290
Non-current liabilities	492,904	505,227
Current liabilities	383,382	367,460
Total liabilities	876,286	872,687
Total shareholders' equity and liabilities	965,987	956,977
CONSOLIDATED CASH FLOW STATEMENTS OVERVIEW	For the six month period ended 30.06.2023	As at 31 December 2022
<i>(amounts in Euro thousands)</i>	<i>(unaudited)</i>	<i>(audited)</i>
Cash flows from operating activities	5,328	61,640
Cash flows from Investing activities	(23,040)	279,474
Cash flows from financing activities	(1,093)	(48,481)
Total cash flows for the period	(18,805)	292,633
Opening cash and cash equivalents	289,842	-
<i>Exchange changes in cash and cash equivalents</i>	<i>(2,024)</i>	<i>(2,791)</i>
Closing cash and cash equivalents	269,013	289,842
CONSOLIDATED OTHER FINANCIAL INFORMATION OVERVIEW	For the six month period ended 30.06.2023	As at 31 December 2022
<i>(amounts in Euro thousands)</i>	<i>(unaudited)</i>	<i>(audited)</i>
Consolidated EBITDA	40,152	59,036
Consolidated Adjusted EBITDA	40,157	59,078
Net Consolidated Financial Position	226,687	207,888
Net Consolidated Financial Position of Operations	222,963	205,378
The information below has been extracted from the audited consolidated financial statements of the Guarantor as of and for the year ended 31 December 2021, incorporated by reference in the Prospectus. Such information are not presented as comparative data in light of the reverse merger by absorption of Fly S.r.l. with Carraro S.p.A. and in accordance with IFRS 3 Business Combinations.		
CONSOLIDATED INCOME STATEMENT OVERVIEW	As at 31 December 2021	
<i>(amounts in Euro thousands)</i>	<i>(audited)</i>	
Total revenues from sales	643,958	
Total operating costs	609,285	
Operating profit/(loss)	34,673	
Net gains/(losses) on financial assets	(15,741)	
Profit/(loss) before taxes	18,932	
Current and deferred income taxes	7,543	
Net profit/(loss)	11,389	
Minority interests	(779)	
Group consolidated profit/(loss)	10,610	
CONSOLIDATED BALANCE SHEET OVERVIEW	As at 31 December 2021	
<i>(amounts in Euro thousands)</i>	<i>(audited)</i>	
Non-current assets	243,948	
Current assets	594,156	
Total assets	838,104	
Shareholders' equity	60,539	
Non-current liabilities	471,204	
Current liabilities	306,361	
Total liabilities	777,565	
Total shareholders' equity and liabilities	838,104	
CONSOLIDATED CASH FLOW STATEMENTS OVERVIEW	As at 31 December 2021	
<i>(amounts in Euro thousands)</i>	<i>(audited)</i>	
Cash flows from operating activities	43,196	
Cash flows from Investing activities	(31,120)	
Cash flows from financing activities	(38,850)	
Total cash flows for the period	(26,774)	
Opening cash and cash equivalents	347,263	
<i>Exchange changes in cash and cash equivalents</i>	<i>2,013</i>	
Closing cash and cash equivalents	322,502	
CONSOLIDATED OTHER FINANCIAL INFORMATION OVERVIEW	As at 31 December 2021	
<i>(amounts in Euro thousands)</i>	<i>(audited)</i>	
Consolidated EBITDA	55,178	
Consolidated Adjusted EBITDA	56,321	
Net Consolidated Financial Position	160,156	
Net Consolidated Financial Position of Operations	152,913	

What are the key risks that are specific to

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>the Guarantor?</p>	<ol style="list-style-type: none"> 1. 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 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. 2. Risks relating to the financial performance of the Group: <ul style="list-style-type: none"> • There can be no assurance that the Group will succeed in maintaining this trend of growth in future years; and • the Group’s consolidated statement of financial position includes significant intangible assets, which could become impaired. 3. Financial risks: <ul style="list-style-type: none"> • The Group’s significant outstanding indebtedness may limit both its access to additional funding and its financial and operating flexibility; • exchange rate fluctuations may negatively affect the Group’s business; and • the use of instruments to hedge against interest or exchange rates may expose the Group to contingent liabilities. 4. Risks relating to the Group’s business model and facilities: <ul style="list-style-type: none"> • A meaningful percentage of the Group’s revenues is concentrated among a small number of clients; • the Group relies upon a limited number of suppliers of materials; • non-performance by the Group’s strategic partners and other third-party contractors could harm its business; • the Group depends on the experience and expertise of its senior management team and certain key employees; • risks associated with the Group’s employment relationships may impair its flexibility in reshaping its business activities; and • the Group’s manufacturing facilities face risks from interruptions, industrial accidents and compliance with regulations. 5. Risks relating to the sector in which the Group operates: <ul style="list-style-type: none"> • Product defects could impose significant costs or liabilities on the Group, and could damage the Group’s reputation; • the Group may be adversely affected by rising supply costs; • the Group faces challenges from current pressures on the global supply chain and logistics; • reduced demand for equipment would reduce the Group’s sales and profitability; • global operations pose risks such as political and socio-economic conditions and changes in the regulatory environment; • the Group may be unable to develop new technologies or to keep pace with the technological development of competitors; • the Group depends on its ability to develop, manufacture and market products that meet customer demand; • the Group is exposed to the risk that clients may change their strategy with respect to outsourcing; • competitive activity, or failure by the Group to respond to actions by its competitors, could adversely affect its results of operations; • the agricultural equipment industry is highly seasonal, causing fluctuations in results of operations and working capital; and • fluctuations in demand for products may lead to under-utilisation of its production. 6. Risks relating to macro-economic factors which may have a material adverse impact on the Group: <ul style="list-style-type: none"> • Uncertainties in the macroeconomic, financial and political environment on the performance of the Group; • the Group’s business may be affected by unfavourable weather conditions, climate change or natural disasters; and • changes in demand for food and alternate energy sources could affect the Group’s revenues. 7. Legal risks: <ul style="list-style-type: none"> • The Group faces risks related to possible changes to national and international laws and regulations; • international trade policies may affect demand for the Group’s products and its competitive position; • increasingly stringent engine emission standards could limit the Group’s ability to manufacture and distribute engines or equipment; • new or more stringent greenhouse gas emission standards may increase costs; • the Group is subject to extensive anti-corruption and antitrust laws and regulations, including enterprise liability under Italian law; • the Group is subject to risks from legal, administrative and arbitration proceedings; • IT security threats, more sophisticated computer crime and strict privacy laws could disrupt the Group’s business; and • the Group may be unable to protect its intellectual property effectively and may infringe intellectual property rights of third parties.
<p>What are the key risks that are specific to the Notes?</p>	<ol style="list-style-type: none"> 1. Risk relating to the specific characteristics of the Notes: <ul style="list-style-type: none"> • the Notes are fixed rate securities and are vulnerable to fluctuations in market interest rates; • the Notes are unsecured and claims of Noteholders are structurally subordinated; • the Notes may be redeemed prior to maturity; • limitations on indebtedness under the Notes and other indebtedness may limit the Group’s ability to operate its business; and • a Noteholder is bound by decisions taken at meetings of Noteholders, regardless of whether it voted in favour of the proposal. 2. Risks relating to the specific characteristics of the Guarantee: <ul style="list-style-type: none"> • the Guarantee may be limited by applicable laws or subject to certain defences that may limit its validity and enforceability; and • enforcing rights as a Noteholder or under the Guarantee across multiple jurisdictions may be difficult. 3. Risks relating to the terms of the Offering: 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

	<p>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. Risks relating to the tax treatment of the Notes and risks related to change of law and administrative practice:</p> <ul style="list-style-type: none"> • payments in respect of the Notes may in certain circumstances be made subject to withholding or deduction of tax; • 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 the Prospectus. <p>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.</p> <p>6. Risks relating to the market:</p> <ul style="list-style-type: none"> • 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. <p>7. Risks relating to exchange rates and exchange controls: the Issuer will pay principal and interest on the Notes in Euro and this presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency other than Euro.</p>
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Section D – Key Information on the offer of the Notes to the public and/or admission to trading on a regulated market

<p>Under which conditions and timetable can I invest in this security?</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 the Prospectus by the CSSF 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 “Luxembourg Prospectus Law”), and the effective notification of the Prospectus by the CSSF to the competent authority in Italy, the CONSOB in accordance with article 25 of the Prospectus Regulation.</p> <p><i>Offering Period</i></p> <p>The Offering will open on 25 October 2023 at 09:00 (CET) and will expire on 31 October 2023 at 17:30 (CET) (the “Offering Period End Date”), subject to amendment, extension or postponement by the Issuer and Equita SIM S.p.A. (the “Placement Agent”) (the “Offering Period”). Any such amendment, extension or postponement shall be carried out by way of the publication of a supplement to this Prospectus (a “Supplement”) to the extent that any 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 Rate of Interest of the Notes is 7.75 per cent. per annum.</p> <p><i>Disclosure of the Results of the Offering</i></p> <p>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 (https://www.carrarofinance.lu/en) and the Luxembourg Stock Exchange (www.luxse.com) and released through the Issuer's account for the dissemination and storage of regulated information system (“Issuer's SDIR Account”) no later than the second business day prior to the Issue Date. No trading in the Notes will start before the Issue Date.</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> <p>The Offering will occur prior to the start date of the official admission to trading on the Luxembourg Stock Exchange and on the MOT. The Offering will take place on the MOT electronic platform through the distribution of the Notes by the Placement Agent to the Intermediaries (as defined below) and subsequent Purchase Offers made by Investors through Intermediaries and coordinated by the Placement Agent. The Placement Agent 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</p>
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	<p>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 “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. 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 6 November 2023. Payments and transfers of the Notes will be settled through Euronext Securities Milan. 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>Why is the prospectus being produced?</p>	<p>The Prospectus is being produced in order for the Notes to be admitted to trading on the regulated markets of the Luxembourg Stock Exchange and the MOT and also for the purpose of the offers to the public to occur in Italy and Luxembourg.</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).</p> <p>The Issuer intends to use the net proceeds from the Offering towards the early redemption, by 31 December 2023, of the €180,000,000 3.50% senior unsecured unrated and non-convertible notes due January 2025.</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

Each of the Issuer and the Guarantor believes that the following factors may affect its ability to fulfil its obligations under the Notes and the guarantee, respectively. 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.

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.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

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.

The risks below have been classified into the following categories:

- A. Risk factors relating specifically to the Issuer and to the Guarantor;*
- B. Risk factors relating to the Group as a whole;*
- C. Risk relating to the specific characteristics of the Notes;*
- D. Risks relating to the specific characteristics of the Guarantee;*
- E. Risks relating to the terms of the Offering;*
- F. Risks relating to the tax treatment of the Notes and risks related to change of law and administrative practice;*
- G. Risks relating to the fact that the Notes are not rated;*
- H. Risks related to the primary and secondary market of the Notes; and*
- I. Risks relating to exchange rates and exchange controls.*

A. 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. 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.

B. 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, 2022 and first half of 2023. 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 30 June 2023, the carrying amount of intangible assets on its consolidated statement of financial position was €113.20 million, representing 11.7 per cent. of the Group's total assets (compared to €115.45 million, representing 12.1 per cent. of the Group's total assets as at 31 December 2022).

This carrying amount includes €61.27 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 2021, 2022 and the first half of 2023, 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 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.

3. 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 30 June 2023, the Group had an aggregate of €222.96 million of net consolidated Financial Position of Operations, and its equity was €89.70 million including non-controlling interests (compared to €205.38 million of net consolidated Financial Position of Operations, and an equity of €84.29 million including non-controlling interests as of 31 December 2022). 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, exchange rates, commodities, utilities 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.

4. 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 2022, the Group's top five and ten clients accounted for 47.84 per cent. and 62.57 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 them 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.

5. 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.

6. 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 OEM 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, freights 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

(a) 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.

(b) 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.

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

Uncertainties in the macroeconomic, financial and political environment on the performance of the Group

The economic results of the Group, in view of their activities, are influenced by the dynamics of the financial markets as well as by the macroeconomic environment (with particular regard to growth prospects) of Italy. In particular, the national and global macroeconomic framework is marked by significant profiles of uncertainty, including of the economic fallout from the conflict affecting Ukraine and Russia, especially in terms of price dynamics, monetary and economic policy responses to high inflation, growing geopolitical tensions. With particular reference to the aforementioned war conflict, in addition to the plausible return to a scenario characterized by power blocs with negative effects on trade exchanges and the possibility of conflict escalation on a global scale, the war and sanctions imposed on the Russian Federation impact international price dynamics.

Indeed, the Russian Federation emerges as the main supplier of gas to Europe and Italy. The continuation of the aforementioned hostilities has therefore generated an increase in energy costs with a consequent increase in costs and financial requirements at the head of industrial companies. Despite government efforts to preserve households and companies from high energy costs, the persistence of this scenario over time could jeopardize the companies that could be impacted by the trend in the prices and availability of energy and raw materials.

Moreover, the global macroeconomic picture is also affected by uncertainty about: (a) the magnitude of the monetary policy tightening conducted by the authorities and the spillover effects of a restrictive policy on the global economic and financial system; (b) an announcement of EU fiscal policies that may return to a less expansionary stance in the medium term with risk of political fragmentation in Europe; and (c) geopolitical tensions between the U.S. and China.

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 or 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. If 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.

8. 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 most of tractors manufactured by the Group and to OEM customers’ vehicles equipped with components they purchase from the Group. 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 a 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 – 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 because of different legal requirements which vary in each country, but all are subject to guidelines based on the purpose of the Organisational, Management and Control Model. 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 their 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.

9. 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 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.

10. OECD related tax measures

Anti-avoidance tax directives

The Organisation for Economic Co-operation and Development (“**OECD**”), together with the G20 countries, have committed to address abusive global tax avoidance, referred to as BEPS through 15 actions detailed in reports released on 5 October 2015. As part of the BEPS project, new rules dealing, inter alia, with abuse of double tax treaties, the definition of permanent establishments, controlled foreign companies and hybrid mismatch arrangements, are being introduced into respective domestic law of BEPS member states via EU directives and a multilateral instrument.

In effect, the European Council has adopted two Anti-Tax Avoidance Directives (being, Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market (“**ATAD I**”) and Directive 2017/952/EU of 29 May 2017 amending ATAD I as regards hybrid mismatch rules (“**ATAD II**”) that address many of the above-mentioned issues. The measures included therein have already been implemented into Luxembourg law on 21 December 2018 (the “**ATAD I Law**”) and 20 December 2019 (the “**ATAD II Law**”).

The ATAD I Law and the ATAD II Law may affect the Issuer, the Noteholders and could result in reduced returns to the Issuer and hence the Noteholders.

DAC6

On 25 May 2018, the EU Council adopted a directive (2018/822 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation) that imposes a reporting obligation on parties involved in transactions that may be associated with aggressive tax planning (“**DAC6**”). More specifically, the reporting obligation will apply to cross-border arrangements that, among others, satisfy one or more “hallmarks” provided for in DAC6 (the “**Reportable Arrangements**”).

In the case of a Reportable Arrangement, the information that must be reported includes the name of all relevant taxpayers and intermediaries as well as an outline of the Reportable Arrangement, the value of the Reportable Arrangement and identification of any member states likely to be concerned by the Reportable Arrangement.

The reporting obligation in principle rests with persons that design, market or organise the Reportable Arrangement and professional advisors (intermediaries). However, in certain cases, the taxpayer itself can be subject to the reporting obligation. The information reported will be automatically exchanged between the tax authorities of all Member States.

DAC6 has been implemented into Luxembourg law on 25 March 2020 (the “**DAC6 Law**”). Non-exempt intermediaries or, if there are no such intermediaries, the taxpayer itself shall report cross-border reportable arrangements within 30 days beginning (i) on the day after the reportable cross-border arrangement is made available for implementation, (ii) on the day after the cross-reportable arrangement is ready for implementation or (iii) when the first step in the implementation of the reportable cross-border arrangement has been made; whichever occurs first.

In light of the broad scope of DAC6, transactions carried out by the Issuer may fall within the scope of DAC6 and thus be reportable.

C. Risk relating to the specific characteristics of the Notes

1. 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.

2. 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.

3. *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.

4. *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 Condition 7(b) (*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 or in part, at any time on or after 6 May 2025 pursuant to Condition 7(c) (*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.

5. *Upon the occurrence and continuation of an Event of Default, the Notes may become immediately due and payable prior to maturity save that they will automatically become immediately due and payable in the case of Event of Default 10(f) (Insolvency)*

The Conditions provide that, upon the occurrence and continuation of an Event of Default other than Event of Default 10(f) (*Insolvency*), the Notes may become immediately due and payable if any Noteholder, by written notice addressed to the Issuer and delivered to the Issuer or to the specified office of the Paying Agent and specifying one or more of the Events of Default to which such notice relates (each such notice in respect of each Event of Default specified therein (even if contained in a single document), a separate "**Acceleration Request**"), declare that all (but not some only) of the Notes are immediately due and payable at their principal amount together (if applicable) with accrued interest without any further action or formality.

The abovementioned effect shall take place upon the receipt of Acceleration Requests by or on behalf of the Issuer from Noteholders holding not less than 10 per cent. in aggregate principal amount of the Notes then outstanding specifying the same Event of Default or the delivery by the Issuer or, where appointed, by the Representative of the Noteholders to the specified office of the Paying Agent of a notice that it accepts any Acceleration Request (or more than one).

Noteholders should be aware that, without prejudice to the above, in the case of Event of Default 10(f) (*Insolvency*) the Notes will automatically become immediately due and payable without further action or formality.

A Representative of the Noteholders may be appointed pursuant to Condition 12(a) in order to represent the Noteholders' interests under the Conditions and to give effect to resolutions passed at a meeting of the Noteholders.

6. *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.

7. 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.

D. Risks relating to the specific characteristics of the Guarantee

1. 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 of 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 Deed of Guarantee which includes 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.

2. 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*" above. In the event of any judicial liquidation, 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 judicial liquidation, 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.

E. 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*”.

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

1. *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 the exceptions set forth under Condition 9 (*Taxation*), 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.

2. *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.

3. *Risk related to envisaged change of Italian tax system regarding financial income*

With Law 9 August 2023, No 111, the Italian Parliament delegated power to the Italian Government to enact, within twenty-four months from the entry into force of the mentioned law, one or more legislative decrees envisaging the reform of the Italian tax system. According to the mentioned law, the tax reform should change the taxation of financial income and introduce various amendments in the Italian tax systems at different levels. The precise nature, extent, and impact of these amendments cannot be quantified or foreseen with certainty at this stage. The relevant information provided in this Prospectus with respect to Italian taxation may not reflect the future tax landscape accurately. Prospective investors should be aware of the envisaged changes and should consult their own tax advisors regarding the tax consequences and the impact of the described changes on the return of their investment.

4. *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.

G. 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.

H. Risks related to the primary and secondary market of the Notes

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

1. *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.

2. *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 their 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.

3. *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.

4. *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).

5. *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.

6. *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. *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*”.

8. *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.

I. *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 31 December 2021 and 31 December 2022 (the “**2021 Audited Issuer Financial Statements**” and the “**2022 Audited Issuer Financial Statements**”) and the unaudited condensed interim financial statements of the Issuer as of 30 June 2022 and 30 June 2023 (the “**2022 Unaudited Issuer Condensed Interim Financial Statements**” and the “**2023 Unaudited Issuer Condensed Interim Financial Statements**”) incorporated by reference in this Prospectus have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Issuer’s accounting reference date is 31 December.

The audited consolidated financial statements of the Group as of and for the years ended 31 December 2021 and 31 December 2022 and the unaudited condensed consolidated interim financial statements of the Guarantor as 30 June 2023 incorporated by reference in this Prospectus have been prepared in accordance with International Financial Reporting Standards as adopted by European Union (“**IFRS**”). These consolidated financial statements are referred to in this Prospectus as the “**2021 Audited Guarantor Consolidated Financial Statements**”, the “**2022 Audited Guarantor Consolidated Financial Statements**” and the “**2023 Unaudited Guarantor Condensed Consolidated Interim Financial Statements**” respectively.

Financial data of the Guarantor included in this Prospectus have been derived from the 2021 Audited Guarantor Consolidated Financial Statements, the 2022 Audited Guarantor Consolidated Consolidated Financial Statements and the 2023 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, the 2022 Audited Issuer Financial Statements, the 2022 Unaudited Issuer Condensed Interim Financial Statements and the 2023 Unaudited Issuer Condensed Interim Financial Statements.

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**”, understood as operating profit/loss in the income statement. The directors consider EBIT to be a significant indicator for understanding the operating result;

“**EBITDA**”, means the sum of operating profit/loss of the income statement, amortisation, depreciation (including any adjustments) and impairment of fixed assets. The directors consider EBITDA as an useful additional indicator that enables users to evaluate the operating performance;

“**Net Financial Position of Operations**”, means ESMA Net Debt determined in accordance with the recommendations contained in the ESMA document n. 32-382-1138 dated March 4, 2021, deducted, where applicable, non-current receivables and financial assets, in addition to the effects deriving from the application of IFRS 16. The directors consider the net financial position of operations is relevant to the enable users as it is a metric on the overall debt situation.; and

“**Net Working Capital of operations**”, means the difference between trade receivables, net inventories and trade payables in the balance sheet. The directors consider net working capital of operations to be significant, as it is representative of the Group’s financial performance in operative terms.

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 2021 Audited Guarantor Consolidated Financial Statements and the 2022 Audited Guarantor Consolidated 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 this 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.

This Prospectus has been prepared on the basis that any offer of Notes in the United Kingdom will be made pursuant to an exemption under the Financial Services and Markets Act 2000 (the “**FSMA**”) from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in the United Kingdom of Notes which are the subject of the offering contemplated in this Prospectus may only do so in circumstances in which no obligation arises for the Issuer or the Placement Agent to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the “**UK Prospectus Regulation**”), in each case, in relation to such offer. Neither the Issuer nor the Placement Agent have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or the Placement Agent to publish or supplement a prospectus for such offer.

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 or The Bank of New York Mellon, London Branch as paying agent (the “**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 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 and the 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 or the Placement Agent 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 or the Placement Agent 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 or the Placement Agent.

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 or the Placement Agent 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 or the Placement Agent 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 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 or the Placement Agent 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 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 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 2022 Audited Issuer Financial Statements;
- (c) the 2022 Unaudited Issuer Condensed Interim Financial Statements;
- (d) the 2023 Unaudited Issuer Condensed Interim Financial Statements;
- (e) the Carraro Group Annual Report 2021 including the 2021 Audited Guarantor Consolidated Financial Statements;
- (f) the Carraro Group Annual Report 2022 including the 2022 Audited Guarantor Consolidated Financial Statements; and
- (g) the 2023 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/627/0ed/946/annual_financial_and_audit_reports_31122021_carraro_finance_sa__6270ed9465441781346606.pdf;

- (ii) as to the 2022 Audited Issuer Financial Statements:

http://www.carrarofinance.lu/storage/app/uploads/public/645/365/4c7/annual_financial_and_audit_report_31122022_carraro_finance_sa__6453654c73aa3217351522.pdf;

- (iii) as to the 2022 Unaudited Issuer Condensed Interim Financial Statements:

https://www.carrarofinance.lu/storage/app/uploads/public/633/3eb/61e/carraro_finance_sa_interim_financial_statement_1_half_2022__6333eb61edede032977011.pdf

- (iv) as to the 2023 Unaudited Issuer Condensed Interim Financial Statements:

https://www.carrarofinance.lu/storage/app/uploads/public/650/1cf/145/carraro_sa_interim_financial_statement_1_hy_2023__6501cf145dee5741322151.pdf

- (v) as to the 2021 Audited Guarantor Consolidated Financial Statements:

<https://www.carraro.com/en/documents-inline/MTYyNiE1Y2M5MTFmNDMxMzIwYTVlZDA5ZTg0NmMxOTkwMDAwMw==>;

- (vi) as to the 2022 Audited Guarantor Consolidated Financial Statements:

<https://www.carraro.com/en/documents-inline/MTYzOCE2N2UIYzVjYTg5NThiZDg0MjE4MTEzOTljODVhYTkwNA==>; and

- (vii) as to the 2023 Unaudited Guarantor Condensed Consolidated Interim Financial Statements:

<https://www.carraro.com/en/documents-inline/MTY2NSE1NTM0ZDk1ZTQzOWY0NjE2YmE3MDk5OWM0OTIxOTg1OQ==>.

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.

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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.

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 Paying Agent, on the website of the Luxembourg Stock Exchange (www.luxse.com) 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.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions applicable to the Notes (the “Conditions”). In these Conditions, references to the “holder” of the Notes are to the ultimate owners of the Notes, dematerialised and evidenced by book entries with Euronext Securities Milan in accordance with the provisions of (i) the Financial Law and implementing regulations and (ii) the joint regulation of CONSOB and the Bank of Italy dated 13 August 2018 and published in the Official Gazette no. 201 of 30 August 2018, as subsequently amended and supplemented from time to time.

The up to €120,000,000 Notes due November 2028 (the “Notes”, which expression includes any further notes issued pursuant to Condition 13 (*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 6 November 2023 (the “**Issue Date**”) and are constituted by a deed of covenant dated on or about the Issue Date (as amended or supplemented from time to time, the “**Deed of Covenant**”) executed by the Issuer and are subject to (a) a deed of guarantee dated on or about the Issue Date (as amended or supplemented from time to time, the “**Deed of Guarantee**”) executed by the Guarantor as guarantor of the payment of all sums to be payable from time to time by the Issuer to the person whose name appears as being entitled to a Note in the books of an ESM Accountholder (as defined below) (the “**Noteholders**”) and (b) a paying agency agreement relating to the Notes dated on or about the Issue Date (the “**Paying Agency Agreement**”) entered into by and between the Issuer, the Guarantor and the paying agent named therein. The issue of the Notes was authorised by resolutions passed by the shareholders’ meeting of the Issuer on 16 October 2023 and by its board of directors on 16 October 2023. Copies of the Deed of Covenant, the Deed of Guarantee and the Paying Agency Agreement (i) are available for inspection by Noteholders at the specified offices of the paying agent for the time being (the “**Paying Agent**”) and the other paying agents that might be appointed from time to time; or (ii) will, at the option of the Paying Agent, be available by email at a Noteholder’s request (subject to provision of proof of holding satisfactory to the Paying Agent), in each case, during usual business hours and upon reasonable notice on any weekday (excluding Saturdays, Sundays and public holidays). The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of those provisions applicable to them of the Paying Agency Agreement, Deed of Covenant and Deed of Guarantee. 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.

“**ESM Accountholders**” means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Euronext Securities Milan including any depository banks appointed by Euroclear and Clearstream, Luxembourg.

“**Event of Default**” means an event described in Condition 10 (*Events of Default*).

“**Extraordinary Resolution**” means a resolution passed (a) at a meeting of the Noteholders duly convened and held in accordance with the provisions contained in the Paying Agency Agreement and by a majority of at least 75 per cent. of the votes cast or (b) by a resolution in writing signed by the holders of not less than 75 per cent. in nominal amount of the Notes outstanding.

“**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 Noteholders and, to the extent appointed, to the Representative 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 (*Events of Default*) 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 Paying Agent 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.

“**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 or under the Guarantee.

“**Representative of the Noteholders**” means any representative of the Noteholders appointed by the Noteholders in accordance with Condition 12 (*Meetings of Noteholders*).

“**Stock Exchange**” means the Luxembourg Stock Exchange, Borsa Italiana S.p.A. (“**Borsa Italiana**”) and any other stock exchange the Notes may be listed on from time to time.

“**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 T2 is open for the settlement of payments in euro.

“**T2**” means the real time gross settlement system operated by the Eurosystem, or any successor system.

(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 these Conditions or any undertaking given in addition to or substitution for it under the Deed of Covenant;

- (ii) any reference in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to Condition 13 (*Further issues*) and forming a single series with the Notes
- (iii) “**outstanding**” means, in relation to the Notes, all the Notes issued except (a) those which have been redeemed in accordance with these Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable under these Conditions after such date) have been duly paid to the Paying Agent as provided in the Paying Agency Agreement, (c) those which have become void, and (d) those which have been purchased and cancelled as provided in these Conditions; and
- (iv) to the extent a Representative of the Noteholder is appointed, any reference to any direction, instruction, direction, waiver or consent of the Noteholders, shall be read as to include any direction, instruction, direction, waiver or consent given by the Representative of the Noteholders acting on behalf of the Noteholders.

2 Form, Denomination and Title

- (a) **Form and denomination:** The Notes are issued and held in dematerialized form until redemption or cancellation thereof, through Euronext Securities Milan for the account of the relevant ESM Accountholders and on behalf of the Noteholders. The Notes are issued in the denomination of €1,000 each.
- (b) **Title:** The Notes will at all times be in book entry form and title to the Notes will be evidenced by book entry in accordance with the provisions of (i) article 83-*bis* of the Legislative Decree No. 58 of 24 February 1998, as amended from time to time, and (ii) the joint regulation of the Bank of Italy and the CONSOB dated 13 August 2018 and published in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) 30 August 2018, No. 201, as subsequently amended and supplemented.
- (c) **Holder as absolute owner:** Except as ordered by a court of competent jurisdiction or as required by law, the Issuer and, where appointed, the Representative of the Noteholders may (to the fullest extent permitted by applicable laws) deem and treat the ESM Accountholder, whose account is at the relevant time credited with a Note, as the absolute owner of such Note for the purposes of payments to be made to the holder of such Note (whether or not the Note is overdue and notwithstanding any notice to the contrary, any notice of ownership or writing on the Note or any notice of any previous loss or theft of the Note) and shall not be liable for doing so.
- (d) **Transfer:** Without prejudice to any other applicable transfer restrictions, Notes may be transferred solely in accordance with the applicable rules and operating procedures specifically set out by Euronext Securities Milan.

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 Notes and the Deed of Covenant. Its obligations in that respect (the “**Guarantee**”) are contained in the the Deed of Guarantee. 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 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 remain outstanding, 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 3.5:1 for the year ended 31 December 2023 onward (the “**Indebtedness Ratio**”), 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 the Issuer shall not be required to certify compliance with Condition 4(a) (*Covenants and Suspension of Covenants – Limitation on Indebtedness*) in any Compliance Certificate delivered while a Rating Event is outstanding.
- (c) **Annual Consolidated Financial Statements and Annual Consolidated Financial Information:** For so long as any Notes remain outstanding,
- (i) starting from the Financial Year ended 31 December 2023, 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 publish on its website a copy of such Annual Consolidated Financial Statements and, to the extent appointed, provide them to the Representative of the Noteholders, 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 Consolidated Financial Statements have been prepared using the same Accounting Principles used to prepare the immediately preceding Annual Consolidated Financial Statements; and
- (iii) upon preparation of each of the Annual Consolidated Financial Statements, the Issuer shall publish on its website an overview of such Audited Consolidated 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 (all such information, the “**Annual Consolidated Financial Information**”) confirming that such Annual Consolidated Financial Information has been derived from its Annual Consolidated Financial Statements.
- (d) **Dividends distribution:** For so long as any Notes remain outstanding, the Guarantor shall not declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital) as long as the Consolidated Net Leverage Ratio relating to the Relevant Period referred to in the latest Compliance Certificate is higher than or equal to 3.5:1. In addition, the Guarantor shall ensure that the Consolidated Net Leverage Ratio resulting from a dividend distribution shall not be higher than 3.5:1.
- (e) **Compliance Certificate:** For so long as any Notes remain outstanding, the Guarantor shall deliver, or procure delivery of, the Compliance Certificate to the Noteholders or, to the extent appointed, the Representative of the Noteholders, through Euronext Securities Milan on each Reporting Date starting from 31 December 2023 confirming:
- (i) the Issuer’s and the Guarantor’s compliance with Conditions 4(a) (*Covenants and Suspension of Covenants – Limitation on Indebtedness*) (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*)), and

4(d) (*Covenants and Suspension of Covenants – Dividends distribution*) since the previous Reporting Date, or in the case of the first Reporting Date, since the Issue Date; and

- (ii) that not earlier than five days prior to the date of the Compliance Certificate (the “**Certified Date**”) the Issuer and the Guarantor have complied with their respective obligations under the Notes, the Deed of Guarantee 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 Notes and the Deed of Guarantee (including, but not limited to, the covenants in Conditions 4(a) (*Covenants and Suspension of Covenants – Limitation on Indebtedness*) and 4(d) (*Covenants and Suspension of Covenants – Dividends distribution*)) 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.

To the extent appointed, the Representative of the Noteholders, 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*) and the Deed of Guarantee 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 S&P Global Ratings Europe Limited 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.

“**Authorised Signatory**” means, with respect to the Issuer or the Guarantor, a person or persons duly authorised to execute documents on the Issuer’s or, as the case may be, the Guarantor’s behalf.

“**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 of the Guarantor certifying the matters set out in Condition 4(e);

“**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) invest substantially all their assets in securities of the types described in paragraphs (a) to (c) 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 an Extraordinary Resolution of the Noteholders or, to the extent appointed, by the Representative of the Noteholders, 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) above 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 13 (*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's 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, 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 Noteholders (through Euronext Securities Milan) and, to the extent appointed, the Representative of the Noteholders, have been provided with a certificate signed by two Authorised Signatories of the Issuer certifying the matters referred to in (i) and (ii)

above provided that the Issuer shall deliver or shall procure delivery of a further certificate to the Noteholders and, to the extent appointed, the Representative of the Noteholders, 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 60 (sixty) days after the approval by the Guarantor’s Board of Directors of the Annual Consolidated Financial Statements and in any event by no later than 30 April of the following calendar year. The first Reporting Date shall be the date falling no later than 60 (sixty) days after the approval by the Guarantor’s Board of Directors of the Annual Consolidated Financial Statements as of and for the year ended 31 December 2023 and in any event by no later than 30 June 2024;

“**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 the Guarantee or compliance by the Issuer or the Guarantor with its respective obligations under the Notes, the Deed of Covenant and the Deed of Guarantee;

“**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 (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment.

5 Negative pledge

So long as any Note remains outstanding, 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 ensuring that all amounts payable by them under the Notes or the Guarantee are secured equally and rateably with the Relevant Indebtedness, guarantee or indemnity or such other security as is approved by an Extraordinary Resolution of the Noteholders.

6 Interest

- (a) **Rate of Interest and Interest Payment Date:** The Notes bear interest from and including the Issue Date to but excluding 6 November 2028 at a rate of 7.75 per cent. per annum (the “**Rate of Interest**”), payable in equal instalments semi-annually in arrear on 6 May and 6 November in each year (each an “**Interest Payment Date**”), with the first Interest Payment Date falling on 6 May 2024.
- (b) **Interest accrual:** 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 Paying Agent has notified the 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).
- (c) **Method of calculation:** 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 6 November 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 (which notice shall be irrevocable), at their principal amount, together with interest accrued to the date fixed for redemption, if (i) the Issuer (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 Paying Agent and, to the extent appointed, the Representative of the Noteholders (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.
- (c) **Redemption at the option of the Issuer:** The Issuer may, at any time on or after 6 May 2025, on giving not more than 30 nor less than 15 days’ notice to the Noteholders, redeem the Notes in whole or in part at the following redemption prices (expressed as a percentage of the principal amount of the outstanding Notes to be redeemed on the date fixed for redemption), plus accrued and unpaid interest outstanding to the relevant redemption date, provided that in the event of early partial redemption pursuant to this Condition 7(c) such redemption shall occur on a pro rata basis:

Redemption Period	Price
6 May 2025 (inclusive) to 5 May 2026 (inclusive)	Principal amount outstanding of the Notes to be redeemed plus the amount equal to 3% of the principal amount outstanding of the Notes to be redeemed on the date fixed for redemption
6 May 2026 (inclusive) to 5 May 2027 (inclusive)	Principal amount outstanding of the Notes to be redeemed plus the amount equal to 1.5% of the principal amount outstanding of the Notes to be redeemed on the date fixed for redemption
6 May 2027 (inclusive) to 5 November 2028 (inclusive)	Principal amount outstanding of the Notes to be redeemed 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; (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, to the extent appointed, the Representative of the Noteholders confirming that such is the case and that no Notes will be redeemed; and (iii) the notice specifies the relevant redemption date and the relevant redemption amount.

Any notice of redemption given by the Issuer pursuant to this Condition 7(c) shall be also given to Borsa Italiana by no later than the fourth Business Day prior to the relevant redemption date.

- (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 14 (*Notices*) and, to the extent appointed, to the Representative of the Noteholders, 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 any Stock Exchange and the rules of such exchange so require, the Issuer shall also notify the relevant 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, to the Paying Agent, through Euronext Securities Milan, on any Business Day before the Change of Control Response Date, a duly signed and completed notice of exercise (in any form acceptable to such clearing system and delivered in any manner acceptable to such clearing system) (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. 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. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to the 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, will be cancelled and may not be re-issued or resold.

8 Payments

- (a) **Method of payment:** Payments of principal, interest and any applicable premium shall be made by credit or transfer, in accordance with the instructions of Euronext Securities Milan, by the Paying Agent on behalf of the Issuer, to the accounts with Euronext Securities Milan of those banks and authorised investment firms which are credited with those Notes, and thereafter credited by such banks and authorised brokers from such aforementioned accounts to the accounts of the beneficial owners of those Notes. Payments made by or on behalf of the Issuer according to the instructions of Euronext Securities Milan to the accounts with Euronext Securities Milan of the banks and authorised brokers whose accounts are credited with those Notes will relieve the Issuer pro tanto from the corresponding payment obligations under the Notes. Such payments to the accounts with Euronext Securities Milan or to its order shall, to the extent of amounts so paid, constitute the discharge of the Issuer from its liability under the Notes.
- (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 in respect of such payments.
- (c) **Payments on business days:** A Note 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 may be presented for payment under this Condition 8 falling after the due date.
- (d) **Paying Agent:** The initial Paying Agent and its initial specified office is listed in the Paying Agency Agreement. The Issuer and the Guarantor reserve the right at any time to vary or terminate the

appointment of any paying agent and appoint additional or other paying agents, provided that they will maintain a 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 Agent or additional or other paying agents or their specified office(s) will promptly be given to the Noteholders.

9 Taxation

All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes 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 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 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 under the Guarantee:

- (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 by reason of his having some present or former connection with any Relevant Jurisdiction other than the mere holding of the Note; 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 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, and of other Italian tax laws, if applicable; or
- (e) on account of *imposta sostitutiva* pursuant to Decree 239 with respect to any Note, 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) for any Note presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the thirtieth such day; or
- (g) 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
- (h) for any Note that is (i) voluntarily registered with the Luxembourg Administration de l'Enregistrement, et des Domaines et de la TVA, (ii) appended (*annexé(s)*) to a document that is mandatorily subject to registration with the Luxembourg Administration de l'Enregistrement, des Domaines et de la TVA or (iii) deposited in the minutes of a Luxembourg notary (*déposés au rang des minutes d'un notaire*); or
- (i) 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 and is continuing (each an “**Event of Default**”), then, in the case of Event of Default 10(f) (*Insolvency*) the Notes shall automatically become immediately due and payable without further action or formality and, in the case of each of the other Events of Default, any Noteholder may, by written notice addressed to the Issuer and delivered to the Issuer or to the specified office of the Paying Agent and specifying one or more of the Events of Default to which such notice relates, declare that all (but not some only) of the Notes are immediately due and payable at their principal amount together (if applicable) with accrued interest (each such notice in respect of each Event of Default specified therein (even if contained in a single document), a separate “**Acceleration Request**”) and all of the Notes then outstanding shall become immediately due and payable at their principal amount together (if applicable) with accrued interest without further action or formality upon the earlier to occur of:

- (i) Acceleration Requests being received by or on behalf of the Issuer from Noteholders holding not less than 10 per cent. in aggregate principal amount of the Notes then outstanding specifying the same Event of Default; and
- (ii) the Issuer or, where appointed, the Representative of the Noteholders, delivering to the specified office of the Paying Agent notice that it accepts any Acceleration Request (or more than one),

and the Issuer shall immediately, upon the earlier to occur of (i) or (ii), send a notice to the Noteholders of the same in accordance with Condition 14 (*Notices*):

- (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 under the Notes, the Deed of Covenant or the Deed of Guarantee (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 not remedied within 30 days after notice of such default shall have been given to the Issuer or the Guarantor by the Noteholders (or, to the extent appointed, the Representative of the Noteholders) or has been delivered to the specified office of the Paying Agent; 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 or the Guarantor to perform or comply with any one or more of its respective obligations under any of the Notes, the Deed of Covenant or the Deed of Guarantee; 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 .

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 Meetings of Noteholders

- (a) **Meetings of Noteholders:** The Paying Agency Agreement 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 meetings of the Noteholders attached to the Paying Agency Agreement. Any such modification may be made if sanctioned by an Extraordinary Resolution. 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 the Issuer and shall be convened by it upon the request in writing of 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 approve the substitution of any person for the Issuer (or any previous substitute) as principal obligor under the Notes and/or

for the Guarantor under the Deed of Guarantee or sanction any scheme or proposal of the Issuer for the exchange or sale of Notes for or the conversion of Notes into or the cancellation of the Notes in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, and/or for or into or in consideration of cash, (ii) to modify the maturity of the Notes or the dates on which interest is payable in respect of the Notes, (iii) to reduce or cancel the principal amount of, or interest on, the Notes, (iv) to change the currency of payment of the Notes, or (v) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, or (vi) 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). 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.

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.

A representative of the Noteholders (*rappresentante comune*) (the “**Representative of the Noteholders**”) may be appointed in order to represent the Noteholders interests under these Conditions and to give effect to resolutions passed at a meeting of the Noteholders.

- (b) **Representative of the Noteholders:** The Representative of the Noteholders may be a person who is not a Noteholder and may be (i) a company duly authorised to carry on investment services (*servizi di investimento*) or (ii) a trust company (*società fiduciaria*). The Representative of the Noteholders may be appointed by an Extraordinary Resolution passed at a Noteholders’ meeting. If a Noteholders’ meeting fails to appoint the Representative of the Noteholders, the appointment may be made by a competent court upon the request of one or more Noteholders or the directors of the Issuer. The appointment of any Representative of the Noteholders shall be subject to the prior delivery by it to the Paying Agent, Issuer and Guarantor of all the documentation necessary in order to enable them to carry out and be satisfied that they have complied with all necessary “know your customer” or other similar identification procedures under internal policies and applicable laws. The Representative of the Noteholders shall remain in office for a period not exceeding three financial years from appointment and may be reappointed; remuneration shall be determined by a meeting of Noteholders.
- (c) **Modification and waiver:** The Notes and these Conditions, the Deed of Guarantee and the Deed of Covenant may be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the Paying Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of the Issuer, not materially prejudicial to the interests of the Noteholders.

Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 (*Notices*) as soon as practicable thereafter.

13 Further issues

The Issuer may, from time to time, without the consent of the Noteholders, 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 13 and forming a single series with the Notes.

14 Notices

Except as otherwise provided in the Conditions, all notices to the Noteholders and, to the extent appointed, to the Representative of 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 of the 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). 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 held through Euronext Securities Milan, notices required to be given to Noteholders pursuant to these Conditions shall be given by the delivery of the relevant notice to Euronext Securities Milan and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with this Condition 14 (*Notices*) on the date of delivery to Euronext Securities Milan.

15 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.

16 Governing law

- (a) **Governing law:** The Paying Agency Agreement, the Deed of Covenant, the Deed of Guarantee, the Notes 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 exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes, and, accordingly, any legal action or proceedings arising out of or in connection with the Notes ("**Proceedings**") may be brought in such courts. The Issuer and the Guarantor irrevocably submit to the exclusive jurisdiction of such courts. For the purposes of this Condition 16 the Issuer and the Guarantor waive any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Proceedings. This submission is made for the benefit of each of the Noteholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).
- (c) **Agent for service of process:** Each of the Issuer and the Guarantor have irrevocably appointed Law Debenture Corporate Services Limited at 8th Floor, 100 Bishopsgate, London EC2N 4AG, England to receive service of process in any proceedings in England.

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 €1,500,000 and €2,500,000 (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 towards the early redemption, by 31 December 2023, of the €180,000,000 3.50% senior unsecured unrated and non-convertible notes due January 2025, partly also using the Group's existing cash reserves.

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 website can be found at following address: <https://www.carrarofinance.lu/it>. 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 €3,770,000, fully paid-up, represented by 37,700 ordinary shares with a nominal value of €100 each. Carraro International S.E. (“**Carraro International**”) holds 14.46% of the Issuer’s share capital, with the remaining 85.54% 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 3,781 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.

On February 2023 the Carraro’s subsidiary Siap S.p.A. signed an agreement with its Indian partner Bhavani Industries to set up a Joint Venture that will have as its core business the manufacture of synchronisers for the Carraro Group's internal needs and for the market.

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 started in 2022. Carraro’s 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.

Carraro’s subsidiary Siap S.p.A. is increasing its business quota in automotive applications, in parallel with the customary destination market, by new businesses with trucks’ manufacturers and, namely, for electric vehicles.

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) €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**”) 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 (the “**Takeover Bid**”), representing approximately 26.76% of its share capital (the “**Shares**”), with the aim, in the event of positive result of the Takeover Bid, of delisting the Guarantor’s shares from the *Mercato Telematico Azionario* of Borsa Italiana.

At the end of the offer period, as extended, and of the subsequent reopening of the terms, the legal requirements for exercising the squeeze-out right were met with reference to the remaining shares of the Guarantor that had not been sold, representing approximately 4.72% of its share capital (the “**Residual Shares**”).

On 6 August 2021, the Offeror exercised its squeeze-out right and at the same time fulfilled its squeeze-out obligation by through a joint procedure (the “**Joint Procedure**”) concerning all of the Residual Shares. With effect from the same date, the Guarantor’s shares were delisted.

For further details on the Takeover Bid, please refer to what is published on the Guarantor’s website: <https://www.carraro.com/en/investor-relations/opa-fly>.

On 1 January 2022, the reverse merger by incorporation of FLY into the Guarantor took effect for accounting purposes, resulting in the "transfer of control" of the latter. Therefore, as defined by the accounting standard IFRS 3 Business Combinations, the 2022 Audited Guarantor Consolidated Financial Statements, drawn up by the Guarantor (accounting acquired), are described in the notes thereto as referring to FLY (accounting acquirer). Comparative figures as at 31 December 2021 are not shown in the financial statements as at 31 December 2022, as FLY was not required at that date to prepare consolidated financial statements as it did not hold equity investments in subsidiaries.

Recapitalization of the Issuer

In order to strengthen the Issuer’s financial position, on 11th September 2023 the Extraordinary Shareholders’ Meeting of Carraro Finance SA resolved to increase the share capital of the Company for Euro 3,000,000, by issuing 30,000 (thirty thousand) new registered shares fully subscribed and paid up by Carraro SpA which leads to Carraro SpA reaching the majority stake of the Company.

Transaction involving Friulia S.p.A.

On 23 September 2022, as envisaged by the agreement in force between the Carraro Group and Friulia S.p.A. (the regional finance company (*finanziaria regionale*) of the Friuli Venezia Giulia Region) (“**Friulia**”), Carraro Drive Tech Italia S.p.A. (“**Carraro Drive**”) exercised its purchase option on 50% of the total shareholding held by Friulia in SIAP S.p.A. (“**SIAP**”).

On 23 January 2023, as envisaged by the agreement in force between the Carraro Group and Friulia, Carraro Drive repurchased the remaining 50% of the shareholding held by Friulia in SIAP.

Subsequently, on 22 February 2023, as a new investment agreement was signed between Carraro Drive and Friulia, a capital increase in SIAP in cash from Euro 19,953,000 to Euro 24,725,000 was underwritten and fully paid up by Friulia. As at the date of this Prospectus, Carraro Drive holds a shareholding in SIAP equal to the 80.70% of its total share capital while the remaining 19.30% is held by Friulia.

Joint Venture with Bhavani Industries

On 16 February 2023, SIAP signed an agreement with its Indian partner Bhavani Industries to establish a joint venture that will have as its core business the manufacture of synchronizers for the Carraro Group's internal needs and for marketing in the market.

Approval of Business Plan 2024-2027

On 12 September 2023, the Board of Directors of the Guarantor has approved the new business plan for the Group for the period 2024-2027.

Agreement signed between Agritalia and Antonio Carraro S.p.A.

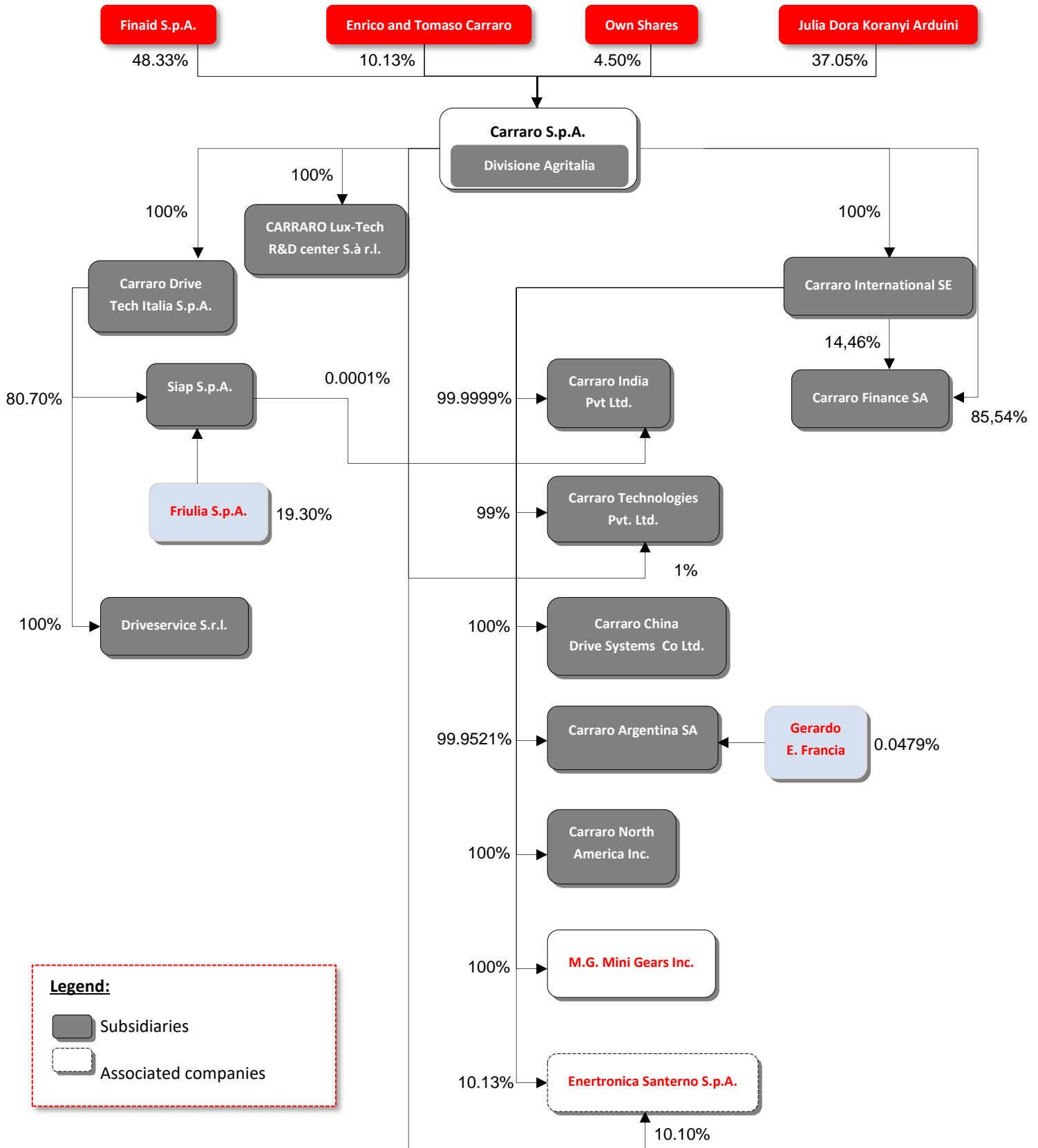
On 28 September 2023, Carraro Agritalia Business (as defined below) and Antonio Carraro S.p.A. entered into an agreement on the basis of which new ranges of specialized tractors will be designed and produced at Carraro’s Rovigo plant under the Antonio Carraro brand.

Organisational Structure

The Group consists of the Guarantor, which is the parent company, and 12 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 93.24 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 8.35 per cent. of the Group's revenues in 2022).

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 over 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 47.08 per cent. of the Group's revenues in 2022. 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 35.82 per cent. of the Group's revenues in 2022. 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 1.99 per cent. of the Group's revenues in 2022.

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 period ended on 30 June 2023, the Group’s total revenues and EBITDA were €424.96 million and €40.2 million, respectively (compared to €369.27 million and €26.1 million, respectively, for June 2022). 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 traditional business is integrated with electric solutions in products but also offering single electric modules (motor’inverter) to the OEM’s of the construction equipment and agricultural world.

Carraro Drive Tech Business

The Carraro Drive Tech Business represents the Group’s core business. For the year ended on 31 December 2022, total revenues for the Carraro Drive Tech Business were €664.48 million, net of intra-group revenues, representing 87.19 per cent. of the Group’s total revenues, net of intra-group revenues (compared to €535.2 million, net of intra-group revenues, representing 83.11 per cent. of the Group’s total revenues, for 2021); the EBITDA was €61.61 million (9.27 per cent of the revenues of this business) for 2022, compared to €52.9 million for 2021 (9.88 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 2022, total revenues for the Carraro Agritalia Business were €118.02 million, net of intra-group revenues, representing 15.49 per cent. of the Group's total revenues (compared to €131.56 million, net of intra-group revenues, representing 20.43 per cent. of the Group's total revenues, for 2021); the EBITDA was €-5.42 million (-4.6 per cent. of the revenues of this business) for 2022, compared to €4.08 million for 2021 (3.1 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, Claas, Valtra and Antonio Carraro S.p.A.. 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 64 per cent. of sales in 2022. 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 2022 accounted for approximately 62.6% of total revenues, with the top three clients accounting for over 36.5% 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.

Electronics and Electric solutions

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.

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.

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 is the model set out in Legislative Decree 231/2001 (see also “*Information about the Group – Anti-Corruption Compliance System*” below).

Employees

As at 30 June 2023, the Group employed 3,899 persons (of which 1,781 were in Italy, 1,717 in India, 267 in China, 120 in Argentina and 14 in other locations).

The following table shows a breakdown of the Group companies’ employees by category as at 30 June 2023 and 31 December 2022.

Employees	As at 30 June	As at 31 December
	2023	2022
Executives	31	30
Clerical staff.....	763	737
Factory workers.....	2,182	2,188
Temporary workers	923	826
Total	3,899	3,781

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 30 June 2023.

Company	Property	Use	Size (sqm)	Net book value	
				Land	Buildings
				<i>(€ thousand)</i>	
Carraro S.p.A.	Campodarsego (PD), via Olmo 37, 35011	Production	115,785	17,721	15,253

Company	Property	Use	Size (sqm)	Net book value	
				Land	Buildings
	Campodarsego (PD), via Olmo 37, 35011	Office	4,392		
	Rovigo (RO), viale del Lavoro 1, 45100	Production	25,400		
	Rovigo (RO), via Achille Grandi 25, 14100	Sales	6,624	3,590	5,599
	Gorizia (GO), via Brigata Casale 70, 34170	Sales	19,938	439	71
Carraro Drive Tech Italia S.p.A.....	Poggiofiorito (CH), Contrada Mortella 64, 66030	Production	30,192	563	3,394
Siap S.p.A.....	Maniago (PN), via Monfalcone 4, 35085	Production	90,673	1,931	8,972
Carraro India Pvt. Ltd.	Pune (India), B2/3 MICD Ranjangoan	Production	52,373	1,352	10,388
Carraro China Drives Systems Co. Ltd.....	No.5, Ronghai 4 th Road, Jihongtan Subdistrict, Chengyang District, Qingdao, Shandong Province, PRC	Production	65,293	172	8,193

The following table sets out the properties leased by the Group as at 30 June 2023.

Company	Property	Use	Term	Annual Rent ⁽¹⁾
				(€ thousand)
Carraro S.p.A.....	Rovigo (Italia), Viale Porta Po 92/A	Land	01/07/22 – 30/06/28	8
Carraro Technologies Pvt Ltd.	Pune (India), Gaspac Building Beta 1, Viman Nagar, 41100	Office	09/09/16 – 09/03/21	124
Carraro North America Inc ..	Sandy Springs (United States), Northridge Pavillion, 1301 & 1303 Hightower Trail, GA 30350	Office	01/04/20 – 31/03/21	17
Carraro Finance S.A.	11 Rue Beaumont L-1219, Luxembourg	Office	01/05/2021 - 01/05/2024	161
Carraro Argentina S.A.	Valentin Gomez 577 – 1706 Haedo – Buenos Aires –Argentina	Production	01/05/2017 – 30/04/2023	113

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 30 June 2023.

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 30 June 2023 and 31 December 2022.

Items	Land and buildings	Plant and machinery	Industrial equipment	Other assets	Investments in progress and deposits	Total
Historical cost.....	110,036	257,389	138,567	17,346	9,699	533,037
Provisions for amortisation and depreciations	(33,516)	(153,415)	(101,869)	(12,297)	-	(301,097)
Net as at 31.12.2022.....	76,520	103,974	36,698	5,049	9,699	231,940
Movements in 2023:						
Increases.....	708	7,654	4,761	1,130	6,632	20,885
Decreases.....	(1)	(48)	(100)	(44)	-	(193)

Items	Land and buildings	Plant and machinery	Industrial equipment	Other assets	Investments in progress and deposits	Total
	<i>(€ thousands)</i>					
Hyperinflation effect in Argentina	-	447	264	65	-	776
Depreciation and amortisation	(1,115)	(5,352)	(3,648)	(730)	-	(10,845)
Write-downs	-	216	(54)	(12)	(235)	(85)
Other Changes	537	1,460	(256)	(92)	(3,785)	(2,136)
Net as at 30.06.2023.....	76,649	108,351	37,665	5,366	12,311	240,342
Made up of:						
Historical cost	110,914	264,347	141,687	17,767	12,311	547,026
Provisions for amortisation and depreciations	(34,265)	(155,996)	(104,022)	(12,401)	-	(306,684)

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 aimed to pollution reduction.

The Stage V standard is a European Regulation which has introduced new standards for emissions of off-highway machineries to be sold in Europe starting from 2019. The “Mother Regulation” (EU Regulation no. 167/2013) applies to all the agricultural vehicles sold in Europe starting from 2018 and its main purpose is harmonizing and simplifying 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

It should be noted that, with reference to the Indian company, a tax dispute is underway following disputes by the local tax authority over several years and mainly relating to the benchmark used for transfer pricing and 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 produced in court to support the company’s defense arguments. Supported by the opinions of its tax advisors, the company has classified the risk for some findings as remote and for some as not quantifiable in the amount.

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 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 early redeem, by 31 December 2023, the €180,000,000 3.50% senior unsecured unrated and non-convertible notes due January 2025, using the net proceeds of the issue of the Notes and 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;
- 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;
- a €32 million loan granted under an agreement entered into by and among the Issuer and the EIB in December 2022; and
- loans versus Italian lenders covered by guarantees granted by SACE S.p.A. or Mediocredito Centrale - Banca del Mezzogiorno S.p.A. for whole amount as at 31 December 2022 equal to €44.7 million.

Furthermore, the Issuer provides financial, treasury and consulting services to subsidiaries, affiliates and to Carraro, in accordance with the approved policies and the strategic needs of the Carraro Group. The Issuer in particular, works to 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 currently holding office, who were appointed to serve by a resolution of the general meeting of the Issuer’s shareholders on 28 April 2022 and will serve until the annual general meeting of the shareholders approving the statutory annual financial statements of Carraro Finance for the year ended 31 December 2023.

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
	Antal S.r.l.	Administrative company’s representative
	Go&Co S.r.l.	Director
	Fer Holding S.r.l.	Sole Director
Fabio Morvilli	Fer Holding S.r.l.	Shareholder
	Italian Chamber of Commerce for Luxembourg	President
Sergio Marusso	Italian Chamber of Commerce for Belgium	President
	-	-

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 of this Prospectus, 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.

External auditors

As at the date hereof, Carraro Finance has appointed as its external auditor the Luxembourg company Deloitte Audit Société à responsabilité limitée, with its registered offices at 20, Boulevard de Kockelscheuer, L-1821 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et Sociétés*) under registration number B 67895. Deloitte Audit Société à responsabilité limitée was appointed by a resolution of the general meeting of the Issuer’s shareholders on 18 April 2023 and will hold office as external auditor until the annual general meeting of the shareholders approving the statutory financial statements of Carraro Finance for the year ending 31 December 2023.

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.

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

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

⁽²⁾ 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 Chiara e Francesco Carraro Nord Est Multimedia S.r.l.	Director
Tomaso Carraro	Finaid S.p.A.	Shareholder
	Finaid S.p.A.	Chief Executive Officer
Riccardo Arduini	Rumo S.A.	Director
	Balaton Empreendimentos Ltda	Shareholder
	CPE Companhia de Participacoes e Empreendimentos	Director
	EPE Empresas de Participações e Empreendimentos S.A.	Shareholder
	Novocim S.A.	Director
	Naldiluz S.A.	Director
	Consultora Sindau S.A.	Director
	Clastown Corporation S.A.	Director
Virginia Carraro	—	—
Alessandro Giuliani	Gianni & Origoni	Partner
Enrico Gomiero	Tecnostrutture S.r.l.	Director
	Fondazione Chiara e Francesco Carraro	Director

Name	Company	Position
	Antal S.r.l.	Administrative company's representative
	Go&Co S.r.l.	Director
	Fer Holding S.r.l.	Sole Director
	Fer Holding S.r.l.	Shareholder

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 with respect to Enrico Gomiero (see "*Management – Issuer – Interests of directors*" above), none of the other 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.

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
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.

Name	Company	Office
Carlo Pesce	Zignago Servizi S.r.l.	Sole Auditor
	BLM S.p.A.	Chairman
	Adige S.p.A.	Chairman
	Adige sys S.p.A.	Chairman
	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.	Advisory Board member
	Zignago Vetro "Polska"	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
Probest Service S.p.A.	Statutory Auditor	
Ceu – S.p.A.	Statutory Auditor	

Name	Company	Office
	Immobiliare Tre B S.r.l. Cantina Mesa S.r.l. Società Agricola	Sole Director Chairman of the Board of Statutory Auditors
	Ca' Maiol S.r.l. Società Agricola S.M. Tenimenti Pile e Lamole e Vistarenni e San Disdagio S.r.l. - Società Agricola Santa Margherita e Kettmeir e Cantine Torreselle S.p.A.	Statutory Auditor Statutory Auditor Statutory Auditor
Marina Manna	Università degli Studi di Padova Carel Industries S.p.A. Alta Vita – Istituzioni Riunite di Assistenza Cavour S.r.l. Sinloc S.p.A. – Sistemi Iniziative Locali BLM S.p.A. UNUS INTERNATIONAL S.p.A. Slowear S.p.A. Fonderie Pandolfo S.p.A. BeNice Holding S.p.A. FPT Industrie S.p.A. Pagnan Finanziaria S.p.A. - Pa.Fin. S.p.A. Clodia – Società immobiliare S.p.A. Celenit S.p.A. Fondazione Istituto di Ricerca Pediatria Città della Speranza Aquafil S.p.A. Multichimica S.p.A. Munari F.lli S.p.A. Tiche S.p.A. Adige-Sys S.p.A. Adige S.p.A. Superauto S.p.A.	Director Director Director Sole Director Chairman of the Board of Statutory Auditors Chairman of the Board of Statutory Auditors Chairman of the Board of Statutory Auditors Statutory Auditor Statutory Auditor Statutory Auditor Statutory Auditor Statutory Auditor Statutory Auditor Statutory Auditor Chairman of the Audit Body Alternate Auditor Alternate Auditor Alternate Auditor Alternate Auditor Alternate Auditor Alternate Auditor Alternate Auditor
Antonio Guarnieri	Distillerie Bonollo S.p.A. Impresa di Costruzioni Ing. E. Mantovani S.p.A. in concordato preventivo IVG Colbacchini S.p.A. Stabilimento Colbacchini S.p.A. Idra S.r.l. Viribus S.a.p.a. di Gottardo Tiziano Gottardo S.p.A. Lundbeck Pharmaceuticals Italy S.p.A. Serenissima Holding S.p.A. Molino Quaglia S.p.A. Auxilia I SOLISTI VENETI GSG S.p.A.	Chairman of the Board of Statutory Auditors Chairman of the Board of Statutory Auditors Statutory Auditor Chairman of the Board of Statutory Auditors Sole Auditor Chairman of the Board of Statutory Auditors Statutory Auditor Statutory Auditor Statutory Auditor Chairman of the Board of Statutory Auditors Chairman of the Board of Statutory Auditors Accounting Supervisor Statutory Auditor

Name	Company	Office
	Fondazione Cassa di Risparmio di Padova e Rovigo	Chairman of the Board of Statutory Auditors
Sarah Benettin	Albaran S.p.A. Industessile S.p.A.	Statutory Auditor Statutory Auditor
Gabriele Andreola	Ance – Associazione Costruttori Edili ed Affini di Venezia e Area Metropolitana Barovier & Tosio Vetriere Artistiche Riunite S.r.l. Eurospital S.p.A. Fin.Ve.Cos S.r.l. Finkappa S.r.l.	Accounting Supervisor Statutory Auditor Chairman of the Board of Statutory Auditors Director Chairman of the Board of Statutory Auditors

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 Italian Group companies may be held liable for crimes (including corruption, fraud against the state, crimes of falsehood against the public administration, 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, tax and smuggling crimes) 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 the Guarantor or one of the Group companies, each entity 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 27 July 2022.

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 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 w-quarter 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> ⁽¹⁾⁽²⁾	5,912,275	10.13%
Finaid S.p.A. ⁽¹⁾	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. This section 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. This section 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 section 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 section to reflect changes in laws and/or in practice and if such a change occurs, the information in this section 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

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) to Luxembourg residents and non-residents. There is also no Luxembourg withholding tax, with the possible exception of payments made to certain resident individual Noteholders, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

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 (the “**Relibi Law**”), interest payments made by Luxembourg paying agents to Luxembourg individual residents are subject to a 20 per cent. withholding tax (the “**20% WHT Discharge**”). The 20% WHT Discharge also applies on accrued or capitalised interest received upon disposal, redemption, repurchase or conversion of the Notes. Responsibility for the 20% WHT Discharge will be assumed by the Luxembourg paying agent within the meaning of the Relibi Law, including the Issuer, to the extent it qualifies as a Luxembourg paying agent. The 20% WHT Discharge will operate a full discharge of income tax for Luxembourg resident individual Noteholders acting in the course of the management of their private wealth.

In the event that interest is paid to Luxembourg resident individual Noteholders by a paying agent established in a Member State (other than Luxembourg) or a Member State of the EEA, the Luxembourg resident individual Noteholders may opt to self-declare and pay a 20% tax in full discharge of income tax in accordance with the Relibi Law (the “**20% Tax Discharge**”). Responsibility for such self-declaration and the relevant payment of the 20% Tax Discharge is assumed by the individual resident beneficial owner of the interest.

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.

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.

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.

A non-resident Noteholder having a fixed place of business, a permanent establishment or permanent representative in Luxembourg to which the notes are attributable, is subject to Luxembourg taxation on interest accrued or received, redemption premiums or issue discounts under the Notes and on any gains realized upon the sale or disposal in any form whatsoever of the notes as set forth above for a Luxembourg resident corporate holders of notes.

Taxation of Luxembourg residents individuals

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 20% WHT Discharge or the 20% Levy applies.

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% WHT Discharge or the 20% Levy, 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% WHT Discharge levied will be credited against their final income tax liability.

Taxation of Luxembourg resident corporate entities

Luxembourg resident corporate Noteholders 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 (as applicable).

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 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 (vi) specialized investment funds subject to the law of 13 February 2007 relating to specialized investment funds; or (vii) a professional pension institution governed by the law of 13 July 2005 on institutions for occupational retirement provision in the form of pension savings companies with variable capital and pension savings associations 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, (b) physically appended to a document that requires mandatory registration in Luxembourg or (c) where the Notes are deposited in the minutes of a notary (*déposé au rang des minutes d'un notaire*).

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, where applicable, 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.

Exchange of Information

Common Reporting Standard

The Organisation for Economic Co-operation and Development (“**OECD**”) has developed a common reporting standard (“**CRS**”) to achieve a comprehensive and multilateral automatic exchange of information on a global basis. A number of jurisdictions (including Luxembourg) signed the OECD’s multilateral competent authority agreement (“**Agreement**”) to automatically exchange information under the CRS.

The CRS requires certain financial institutions to report information regarding certain accounts (which may include the notes credited to such accounts) to their local tax authority and follow related due diligence procedures. A jurisdiction that has signed the Agreement may provide this information to other jurisdictions that have signed the Agreement.

Consequently, Noteholders may be requested to provide certain information and certifications to any financial institutions through which payments on the notes are made.

Noteholders should consult their professional advisors on the individual impact of CRS.

Foreign Account Tax Compliance

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments they make (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements.

A number of jurisdictions (including Luxembourg) have entered into intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdiction. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the notes, such withholding would not apply before two years after issuance of final regulations defining the term “foreign passthru payment”.

A foreign financial institution resident in an IGA jurisdiction must comply with specific due diligence procedures to identify its accountholders and provide the U.S. Internal Revenue Service (directly or indirectly through its local tax authority) with information on financial accounts held by U.S. persons and recalcitrant accountholders.

Consequently, Noteholders may be requested to provide certain information and certifications to any financial institutions through which payments on the notes are made.

Noteholders should consult their professional advisors on the individual impact of FATCA.

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

For the purposes of taxation in Italy, the Notes fall within the scope of 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**”).

Decree 239 sets forth the 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), having certain characteristics and even if issued 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).

Subject to certain limitations and requirements (including a minimum holding period), Interest in respect of notes that qualify as bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) received by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the 26 per cent. *imposta sostitutiva* on Interest if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraphs 100 – 114, of Law No. 232 of 11 December 2016 (as further amended and applicable from time to time, “**Law No. 232**”) and Article 1, paragraphs 211-215, of Law no. 145 of 30 December 2018 (as further amended and applicable from time to time, “**Law No. 145**”) and in Article 13-*bis* of Law Decree No. 124 of October 26, 2019 (as further amended and applicable from time to time, “**Law Decree No. 124**”). Pursuant to Article 1, paragraphs 219-225-*bis* of Law n. 178 of 30 December 2020 as further amended and applicable from time to time (“**Finance Act 2021**”), it is further provided that Italian resident individuals investing in long-term individual savings account compliant with Article 13-*bis*, paragraph 2-*bis* of Decree 124 may benefit from a tax credit corresponding to possible capital losses, losses and negative differences realised in respect of certain qualifying financial instruments comprised in the long-term individual savings account, provided that certain conditions and requirements are met (*e.g.* including the loss of the possibility to subsequently set off the relevant capital losses, losses and negative differences against future capital gains).

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 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).

Subject to certain limitations and requirements (including minimum holding period), Interest relating to the Notes may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraphs 100-114 of Law No. 232 and Article 1, paragraphs 211-215, of Law No. 145, and in Article 13-*bis* of Law Decree No. 124 as amended and applicable from time to time. Pursuant to Article 1, paragraphs 219-225-*bis* of the Finance Act 2021, it is further provided that Italian resident individuals investing in long-term individual savings account compliant with Article 13-*bis*, paragraph 2-*bis* of Decree 124 may benefit from a tax credit corresponding to possible capital losses, losses and negative differences realised in respect of certain qualifying financial instruments comprised in the long-term individual savings account,

provided that certain conditions and requirements are met (e.g. including the loss of the possibility to subsequently set off the relevant capital losses, losses and negative differences against future capital gains).

Application of the imposta sostitutiva

Pursuant to Decree 239, the *imposta sostitutiva* is applied by banks, brokerage companies (*società di intermediazione mobiliare*, or “SIM”), fiduciary companies, asset management companies (*società di gestione del 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.

In respect of the application of such *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

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 a 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 (Regime del risparmio gestito). In the *Regime del risparmio gestito*, 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.

Subject to certain conditions, capital gains in respect of notes that qualify as bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) realised upon sale, transfer or redemption by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity may be exempt from taxation, including the *imposta sostitutiva* of 26 per cent., if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) pursuant Article 1, paragraph 100 – 114, of Law No. 232 and Article 1, paragraphs 211-215, of Law No. 145, and in Article 13-*bis* of Law Decree No. 124 as amended and applicable from time to time. Pursuant to Article 1, paragraphs 219-225-*bis* of the Finance Act 2021, it is further provided that Italian resident individuals investing in long-term individual savings account compliant with Article 13-*bis*, paragraph 2-*bis* of Decree 124 may benefit from a tax credit corresponding to possible capital losses, losses and negative differences realised in respect of certain qualifying financial instruments comprised in the long-term individual savings account, provided that certain conditions and requirements are met (*e.g.* including the loss of the possibility to subsequently set off the relevant capital losses, losses and negative differences against future capital gains).

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.

Subject to certain limitations and requirements (including minimum holding period), capital gains in respect of Notes realised upon sale, transfer or redemption by Italian resident pension fund may be excluded from the taxable base of the Pension Fund Tax, if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraphs 100 - 114 of Law No. 232 and Article 1, paragraphs 211-215, of Law No. 145, and in Article 13-*bis* of Law Decree No. 124 as amended and applicable from time to time. Pursuant to Article 1, paragraphs 219-225-*bis* of the Finance Act 2021, it is further provided that Italian resident individuals investing in long-term individual savings account compliant with Article 13-*bis*, paragraph 2-*bis* of Decree 124 may benefit from a tax credit corresponding to possible capital losses, losses and negative differences realised in respect of certain qualifying financial instruments comprised in the long-term individual savings account, provided that certain conditions and requirements are met (*e.g.* including the loss of the possibility to subsequently set off the relevant capital losses, losses and negative differences against future capital gains).

Non-Italian resident Noteholders

Capital gains realised by non-Italian-resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected from the sale or redemption of Notes traded on regulated markets in Italy or abroad are not subject to the *imposta sostitutiva*, regardless of whether the Notes are held in Italy or not.

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 €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, if falling within the scope of application of Italian inheritance and gift tax provisions, 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 SIM S.p.A., having its registered address in Via Filippo Turati 9, 20121 Milan, Italy, as placement agent (the “**Placement Agent**”) has, according to Article 2.4.3 of the trading rules of Borsa Italiana, been appointed pursuant to a placement agreement (the “**Placement Agreement**”) by the Issuer and the Guarantor to, subject to the Placement Agreement, offer and display the Notes for sale on the MOT. The fees payable to the Placement Agent according to the Placement Agreement and 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**”). Under the Placement Agreement, 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 Results of the Offering

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.luxse.com) and

released through the Issuer's SDIR Account no later than the second business day prior to the Issue Date. No trading in the Notes will start before the Issue Date.

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 25 October 2023 at 09:00 (CET) (the "**Launch Date**") and will expire on 31 October 2023 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 6 November 2023. 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 (6 November 2023).

The Offering Period has been determined by the Issuer, who 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 and Borsa Italiana through the publication of a supplement to this Prospectus (a "**Supplement**") (to the extent 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 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 and Borsa Italiana, 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, 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, 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 occur prior to the start date of the official admission to trading on the Luxembourg Stock Exchange and on the MOT. The Offering will take place on the MOT electronic platform through the distribution of the Notes by the Placement Agent to the Intermediaries (as defined below) and subsequent Purchase Offers made by Investors through Intermediaries (as defined below) and coordinated by the Placement Agent. The Placement Agent 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 6 November 2023. 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 Euronext Securities Milan or persons that hold interests in the Notes through any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Euronext Securities Milan, including any depository banks appointed by Euroclear and Clearstream, Luxembourg (the “**ESM Accountholders**”). Euronext Securities Milan will hold interests in the Notes on behalf of the owners of interests in the Notes through customers’ securities accounts in their respective names on the books of their respective ESM Accountholders. Payments and transfers of the Notes will be settled through Euronext Securities Milan.

None of the Issuer, the Guarantor, the Paying Agent 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 and in Luxembourg.

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 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, 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 Member 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 Member 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), 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 Member 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 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 the United Kingdom other than:

- (a) to any legal entity which is a qualified investor, as defined in Article 2 of the UK Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom, subject to obtaining the prior consent of the Placement Agent; or
- (c) in any other circumstances falling within section 86 of the FSMA, provided that no such offer of Notes shall require the Issuer or the Placement Agent to publish a prospectus pursuant to section 85 of the FSMA 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 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.

No sales to retail in the UK

The Placement Agent has further represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to retail investors in the United Kingdom.

For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- (b) the expression “**offer**” includes 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 for the Notes.

Italy

The Placement Agent has represented and agreed that, in addition to the restrictions under section “*EEA*” above, any 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 16 October 2023 and by its board of directors on 16 October 2023. The guarantee of the Notes was authorised by a resolution of the board of directors of the Guarantor passed on 16 October 2023.

Expenses related to Admission to Trading

2. The total expenses related to the admission to trading of the Notes are expected to amount to €5,200 in respect of the admission to trading of the Notes on the Luxembourg Stock Exchange and an amount ranging between €10,000 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. FIA-000028 dated 18 October 2023. 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 DBVUGB. The FISN Code for the Notes is CARRARO FINANCE/TS OB STR 20290531.

Legal and Arbitration Proceedings

5. Other than as described in the section "*Legal Proceedings*" on page 75 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 December 2022 there has been no material adverse change in the prospects of the Issuer and the Guarantor and since 30 June 2023 there has been no significant change in the financial position of the Issuer, the Guarantor and the Group.

Auditors

7. The current Auditor of the Issuer is Deloitte Audit Société à responsabilité limitée ("**Deloitte Luxembourg**"), whose registered office is at 20 Boulevard de Kockelscheuer, L-1821 Luxembourg, Grand Duchy of Luxembourg.
8. The current Auditor of the Guarantor is Deloitte & Touche S.p.A. ("**Deloitte Italy**"), whose registered office is at Via Tommaseo 78/c, 35131 Padua, Italy. Deloitte Italy 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 for the period starting on the date of the shareholders' meeting of the Issuer resolving the appointment (18 April 2023) and until the date of the shareholders' meeting convened to approve the Issuer's financial statements for the financial year ending 31 December 2023.

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;
 - (d) the Deed of Covenant;
 - (e) the Deed of Guarantee;
 - (f) the 2021 Audited Issuer Financial Statements;
 - (g) the 2022 Audited Issuer Financial Statements;
 - (h) the 2022 Unaudited Issuer Condensed Interim Financial Statements;
 - (i) the 2023 Unaudited Issuer Condensed Interim Financial Statements;
 - (j) the 2021 Audited Guarantor Consolidated Financial Statements;
 - (k) the 2022 Audited Guarantor Consolidated Financial Statements; and
 - (l) the 2023 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 Euronext Securities Milan. The ISIN is IT0006756438 and the common code is 262383342. The address of Euronext Securities Milan is Piazza degli Affari 6, 20123 Milan, Italy.

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 the Rate of Interest of 7.75 per cent. per annum, the gross real yield of the Notes is 7.75 per cent. on an annual basis. The yield indicated in this paragraph is 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 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 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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20121 Milan
Italy

PAYING AGENT

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London EC4V 4LA
United Kingdom

LISTING AGENT

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To the Guarantor

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To the Issuer

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To the Issuer as to Luxembourg law

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Grand Duchy of Luxembourg

To the Issuer as to Luxembourg tax law

Your Tacs SA
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Grand Duchy of Luxembourg

To the Issuer as to Italian tax law

Legance Avvocati Associati
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