

CARRARO GROUP: The Shareholders' Meeting approves the 2020 Financial Statements

- **2020 consolidated turnover at 478.7 million Euros**
- **Consolidated EBITDA equal to 32.6 million Euros (6.8% of turnover)**
- **Consolidated EBIT equal to 12.2 million Euros (2.5% of turnover)**
- **Net consolidated loss of 3,3 million Euros (-0.7% of turnover)**
- **Consolidated net financial position as at 31.12.2020 negative at -143.8 million Euros**

New members join the Board of Directors and Board of Statutory Auditors: Enrico Carraro confirmed as Chairman.

The Shareholders' Meeting resolved not to distribute any dividend.

At the end of the Shareholders' Meeting, the Board of Directors appointed Andrea Conchetto as Chief Executive Officer of the Group.

Campodarsego (Padua), 29 June 2021 – The Shareholders' Meeting of Carraro SpA, global leader in transmission systems for off-highway vehicles and specialised tractors, today approved - under the chairmanship of Enrico Carraro - the 2020 Financial Statements and appointed a new Board of Directors for the period 2021 -2023.

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*“With the approval of the 2020 financial statements, we are filing a year strongly characterized by the impact resulting from the lockdowns due to the Covid-19 pandemic. Now it is time to look at the first results of 2021. If the present moment marks the return of a positive order collection, in line with expectations, it is also suffering from an important increase in the cost of raw materials with some negative impacts on profitability. – commented **Enrico Carraro, Group Chairman** – Last but not least, an important criticality on the logistics front at a global level completes the actual scenario. In particular on India, our first reference market, delays are highlighted which in turn involve our entire production system. The Group has promptly reacted to minimize any possible inconvenience with its customers ”.*

*“The appointment of Andrea Conchetto, General Manager of the Group since the beginning of 2020, as Chief Executive Officer is a happy confirmation. – **Enrico Carraro** added – Andrea Conchetto has been part of the Group for over 15 years and knows our activities in every area of the world very well, having successfully held various positions of great responsibility in Italy and abroad over time. This growth represents an excellent example of internal growth of our management”.*

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Appointment of the new Board of Directors and Board of Statutory Auditors

Today's **Shareholders' Meeting** appointed the new Board of Directors that will remain in office for three years, until approval of the Financial Statements as at 31 December 2023, and determined the compensation for its members.

Enrico Carraro was **confirmed as Group Chairman**.

The new Carraro Board, appointed according to the procedures and majorities required by law in compliance with the proportions between genders, **sees the confirmation of all outgoing directors** – – Enrico Carraro, Tomaso Carraro, Virginia Carraro, Riccardo Arduini, Enrico Gomiero, Andrea Conchetto, Marina Pittini (independent), Marina Manna (independent), Fabio Buttignon (independent) – **in addition to Susanna Galesso (independent director)**.

The Meeting also appointed the new Board of Statutory Auditors, appointed according to the procedures and majorities required by law in compliance with the proportions between genders, that will remain in office for the three-year period 2021-2023, simultaneously determining its fees.

The following Auditors were appointed:

- Carlo Pesce (Chairman of the Board of Statutory Auditors)
- Stefania Centorbi (standing auditor)
- Maria Teresa De Lorenzo (standing auditor)
- Barbara Cantoni (standing auditor)
- Gabriele Andreola (standing auditor)

The curricula of the newly appointed Board Directors and Auditors may be viewed at www.carraro.it, in the section Investor Relations / Assemblea degli azionisti.

Analysis of consolidated economic and financial data of 2020

After a very positive year start, with significantly growing volumes, at the end of the first and during the second quarter, the Group suffered a drastic slowdown due to the impact of the lockdowns imposed in the various areas of the world with the aim of containing the spread of the Covid-19 pandemic.

Despite the significant sales contraction, the economic data analysis highlights an encouraging stability in margins, essentially due to the positive effect of the various actions implemented over the past few years on production factors; despite the stoppage of activities and the resulting slowdown, all Group companies were able to optimise the use of internal resources, significantly limiting the use of social security benefits in Italy, holidays and other government incentives.

Turnover in 2020 amounted to 478.7 million Euros, down 13% compared to the turnover for the same period of the previous year (548.8 million Euros).

This decrease was mainly due to the consequences of the production lockdowns imposed globally with the aim of containing the spread of the Covid-19 pandemic.

EBITDA as at 31 December 2020 came to 32.6 million Euros (6.8% of turnover), down 23.7% compared to 42.7 million Euros (7.8% of turnover) in 2019. **2020 EBIT amounted to 12.2 million Euros** (2,5% of turnover), down 46% compared to 22.5 million Euros (4.1% of turnover) in 2019.

Having eliminated non-recurring effects, adjusted EBITDA and EBIT were down compared to 2019 in absolute terms; as a percentage of turnover, on the other hand, they were in line with the previous year.

2020 closed with a loss of 3.3 million Euros (-0.7% of turnover), a deterioration compared to the profit of 2019 (8.1 million Euros (1.5 % of turnover)).

In 2020, investments of 16.2 million Euros were made for the purchase of machinery and the maintenance and modernisation of facilities. The decrease compared to the previous year is due to the slowdown in business caused by the pandemic crisis.

Research and innovation expenses in 2020 amounted to 26.7 million Euros, 5.6% of turnover (compared to 22.6 million Euros in 2019, 4.12% of turnover).

The consolidated net financial position at 31 December 2020 was negative at 143.8 million Euros, a deterioration compared to 31 December 2019 (negative at 123.6 million Euros), but an improvement compared to 149.6 million Euros as at 30 June 2020.

Dividend distribution

The Shareholders' Meeting voted by majority vote against the Board's proposal to distribute the dividend. As announced to the market on 24 June 2021, Finaid SpA voted against the distribution of the dividend.

At the end of the Shareholders' Meeting, the new Board of Directors met, under the chairmanship of Enrico Carraro, and appointed (i) Tomaso Carraro Deputy Chairman of the Board of Directors and (ii) Andrea Conchetto Chief Executive Officer, who both accepted the position.

Andrea Conchetto, 50 years old, already Managing Director since January 2020, has been part of the Group for about fifteen years, holding different roles in various of its companies such as: Chief Operating Officer at Carraro SpA - Agritalia Division, Managing Director at Carraro Argentina, Operations Director at Gear World, Chief Operations Officer & Logistics Director of the whole Group.

The Board of Directors also:

(A) **ascertained**, to the extent of its responsibilities, the existence: (i) of the requisites required by the applicable law for the appointment as Director and (ii) of the independence requirements for directors Fabio Buttignon, Marina Manna, Marina Pittini e Susanna Galessio, pursuant to art. 148, paragraph 3, of Legislative Decree 58/1998, as referred to in art. 147-ter, paragraph 4, of Legislative Decree 58/1998 and of the Corporate Governance Code.

(B) **renewal of the composition** (i) of the **Control, Risks and Sustainability Committee** with the appointment of the independent directors, Fabio Buttignon, Marina Pittini and Marina Manna (Chairwoman), who immediately accepted the position and (ii) of the **Appointments and Remuneration Committee**, with the appointment of the independent directors Marina Manna, Marina Pittini and Fabio Buttignon (Chairman), who immediately accepted the position.

It should also be noted that the Board of Statutory Auditors verified the existence of the independence requirements of all its members, also on the basis of the principles established by the Code of Corporate Governance with reference to the independence of Directors and informed the Board of Directors.

The undersigned Enrico Gomiero, the Financial Reporting Officer, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Finance Act, that the accounting information contained in this document is consistent with the accounting records.

For a correct comparison and better understanding of the actual results of the period, adjustments of actual data have been highlighted in this disclosure. In particular, the adjusted data take account of transactions not related to ordinary operations, such as restructuring activities, which mainly concerned Carraro Argentina, the impairment of certain intangible assets and other non-recurring income and expenses. The following alternative performance indicators are also used: EBITDA: the sum of operating profit/(loss) of the income statement, amortisation, depreciation and impairment of fixed assets EBIT: earnings before tax taxes and financial income and expenses, with no adjustments; Net Working Capital: difference between Trade Receivables, Net Inventories and Trade Payables in the balance sheet; Net financial position: ESMA net debt determined in accordance with the provisions of paragraph 127 of the recommendations contained in the ESMA document no. 319 of 2013, implementing Regulation (EC) 809/2004, deducting, where applicable, non-current receivables and financial assets, and the effects of the application of IFRS 16.

Carraro is an international group, a leader in transmission systems for off-road vehicles and specialised tractors, with consolidated turnover in 2020 of 478.7 million euros.

The Group's activities are divided into two Business Areas:

- **Transmission systems (axles and transmissions) and components** mainly for agricultural and construction equipment, and also markets a wide range of gears for very diverse sectors, from the automotive industry to material handling, agricultural applications and construction equipment.
- **Specialised** (vineyard and orchard, from 60 to 100 hp) **Tractors** for third parties, namely John Deere, Massey Ferguson, Valtra and Claas, as well as a specialist range under the Carraro brand; Agritalia also provides engineering services for the design of innovative tractor ranges.

The Group's holding company, Carraro S.p.A., has been listed on the Italian Stock Exchange since 1995 (CARR.MI) and has its headquarters in Campodarsego (Padua). As at 31.12.2020, the Group had 3.455 employees – of which 1,480 based in Italy – and has manufacturing facilities in Italy (4), India, China, Argentina and Brazil. For additional information visit carraro.com.

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