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For any difference between the two texts, the Italian text shall prevail.*

ILLUSTRATIVE REPORT OF I.M.A. INDUSTRIA MACCHINE AUTOMATICHE S.P.A. BOARD OF DIRECTORS ON THE SUBJECT RELATING TO THE SOLE ITEM ON THE AGENDA OF THE EXTRAORDINARY SHAREHOLDERS' MEETING, CALLED ON 8 AUGUST 2019 "APPROVAL OF THE PLAN FOR THE MERGER BY INCORPORATION OF GIMA TT S.P.A. INTO I.M.A. INDUSTRIA MACCHINE AUTOMATICHE S.P.A.; RELEVANT AND CONSEQUENT RESOLUTIONS", DRAWN UP PURSUANT TO ARTICLE 2501-QUINQUIES OF THE ITALIAN CIVIL CODE AND ARTICLE 70, PARAGRAPH 2, OF THE REGULATION ADOPTED BY CONSOB RESOLUTION NO. 11971 OF 14 MAY 1999, AS SUBSEQUENTLY AMENDED AND SUPPLEMENTED.

Dear Shareholders,

This report (the "**Report**") was prepared by the Board of Directors of your company to illustrate from a legal, economic and industrial standpoint the reasons justifying the merger by incorporation (the "**Merger**") of GIMA TT S.p.A. ("**GIMA**" or the "**Merged Company**") into I.M.A. Industria Macchine Automatiche S.p.A. ("**IMA**" or the "**Merging Company**" and hereinafter, GIMA and IMA, jointly, the "**Companies Participating in the Merger**"), as well as the related Merger plan, approved on 11 June 2019 by the Boards of Directors of the Companies Participating in the Merger (the "**Merger Plan**").

The Report has been prepared in compliance with Article 2501-*quinquies* of the Italian Civil Code and, in light of the fact that the shares of IMA are admitted to trading on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. (the "**MTA**"), also in compliance with Article 70, paragraph 2, of the regulation, concerning the conduct of issuers, implementing Italian Legislative Decree No. 58 of 24 February 1998 as subsequently amended and supplemented (the "**Consolidated Financial Act**") adopted by Consob resolution No. 11971 of 14 May 1999 as subsequently amended and supplemented (the "**Issuers' Regulation**"), in compliance with Scheme 1 of Annex 3A of the Issuers' Regulation.

The Merger, which shall be submitted to the examination and approval of the extraordinary Shareholders' Meeting, has the objective, among other things, of creating a company resulting from the Merger with a higher free float, both in terms of percentage of capital and value, with a consequent improvement in ease of trading of the shares and their attractiveness for investors and of reducing the operating costs associated with maintaining two listed companies and simplifying the ownership structure and corporate governance structure, resulting in synergies for the benefit of all shareholders.

The Report shows the main features of the Companies Participating in the Merger, the terms of the deed of Merger, the reasons motivating the Merger, the means by which it is intended to be implemented and the related benefits for the shareholders.

The newly issued shares of IMA described herein are not to be transferred into the United States and GIMA shareholders that are resident in, located in or otherwise subject to the securities laws of the United States are not eligible to receive newly issued shares of IMA except as set forth in Paragraph 6 below.

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1. Description of the Companies Participating in the Merger

1.1 IMA – Merging Company

1.1.1. Company Data

IMA is a joint-stock company (*società per azioni*) with (i) registered office in Ozzano dell'Emilia (BO), via Emilia 428-442, (ii) share capital, at the date of this Report, of Euro 20,415,200 fully paid-up, divided into 39,260,000 ordinary shares with a nominal value of Euro 0.52 each, (iii) tax code and registration number with the Bologna Company Registry No. 00307140376 and VAT No. 00500931209, and (iv) ordinary shares admitted to trading on the STAR segment of the MTA.

1.1.2. Corporate Purpose

The objects of IMA are to:

- a) carry out industrial engineering activities, directly, on a sub-contract basis or otherwise, particularly with regard to automated machinery and related parts and accessories, electromechanical plant and installations, and add-ons and expansion units for such products, as well as the purchase, sale and/or provision of by-products and services of various kinds, in the interests of third parties and its subsidiary and/or associated companies;
- b) provide support in the areas of sales, marketing and the organization of production, and sell knowhow about production processes and managerial techniques;
- c) buy, sell, administer, lease and manage real estate.

In order to achieve its objectives, the company may carry out all the commercial, industrial, financial, investment and real estate activities deemed necessary and/or useful by the Board of Directors for the achievement of the such objectives, with the exclusion of gathering savings from the public and other activities which are reserved by law.

1.1.3. Description of IMA's Activities

Overview of IMA's Activities

IMA is the parent of a group of companies that designs and manufactures automatic packaging machines for pharmaceuticals (*Pharmaceutical* sector), tea, coffee and other products (*Tea, Food & Other* sector) and tobacco (*Tobacco Packaging* sector) (the “**IMA Group**”).

History of the IMA Group

IMA was founded in 1961 in Italy, near Bologna. The IMA Group's first development was based on its production of machines for packaging tea in filter bags.

In 1974, the IMA Group entered the market of pharmaceutical packaging machines with the production of a machine for packaging medicine blisters.

Between the end of the 1970s and the 1980s, the company expanded internationally through the establishment of its first subsidiaries, created for marketing activities and distribution of the company's products, in Germany, France, the United Kingdom, the United States and Australia.

In the mid-1980s, the IMA Group increased its production capacity in the pharmaceutical sector by selling packaging machines to various established manufacturers in that sector.

In the two decades between 1980 and 2000, IMA continued its growth in Italy and abroad, expanding its production to new market sectors, such as those related to the production of machines for packaging food and cosmetics.

In 1995, IMA's ordinary shares were admitted to trading on the MTA and, since 2 July 2001, IMA's shares have been admitted to trading on the STAR segment of the MTA.

In the following decade, IMA continued its expansion strategy through a series of acquisitions that allowed the IMA Group to increase its presence in developing markets, such as Asia and Brazil, and to consolidate its position in Western markets in both the pharmaceutical and the food sectors.

In 2011, the IMA Group created a new organisational structure with two main sectors: the *Tea, Food & Other* sector and the *Pharmaceutical* sector, which includes IMA Group's pharmaceutical activities. Following the acquisition of Ilapak in 2013, IMA established a third business sector, *Flowpack*, to integrate the Ilapak group into the group structure.

In 2012 IMA, together with a number of minority shareholders, set up GIMA, a company devoted to the production of automatic machines for packaging tobacco products (for a more detailed description of GIMA's history, see Paragraph 1.2.3). On 2 October 2017, GIMA shares were admitted to trading on the STAR segment of the MTA. With the establishment of GIMA, the IMA Group remodelled its organisational structure, bringing the *Flowpack* sector into the *Tea, Food & Other* sector and creating a new third sector, *Tobacco Packaging*.

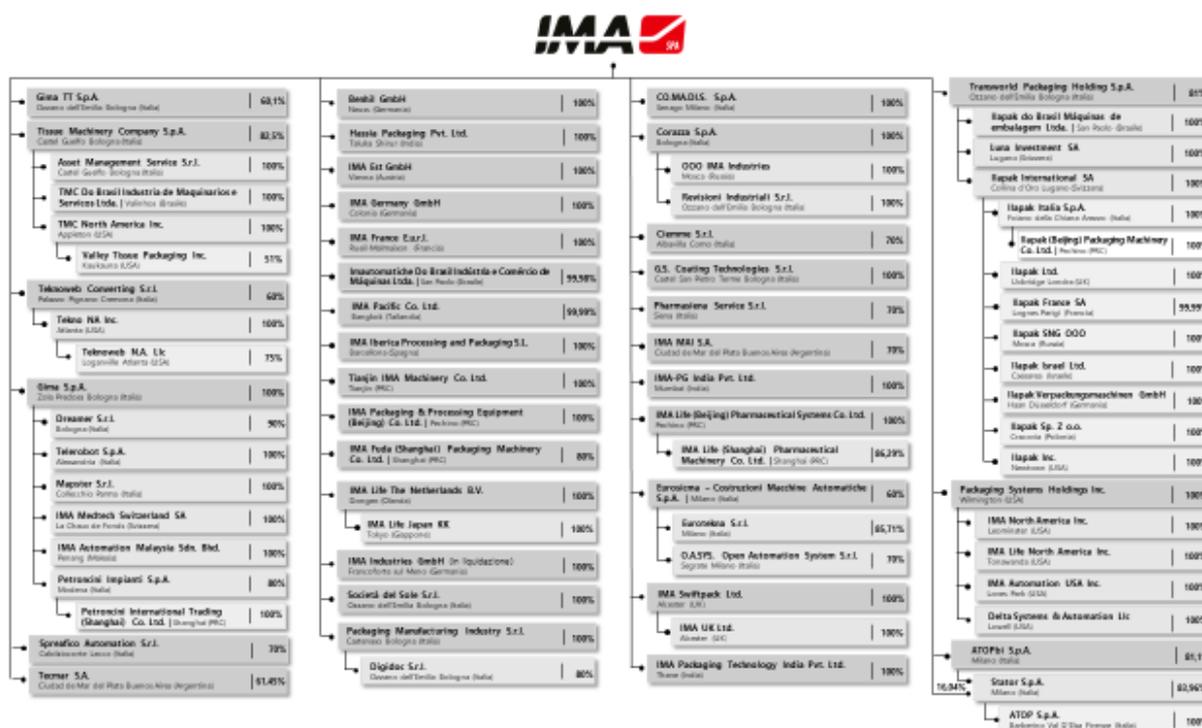
In 2019, IMA decided to implement a programme to simplify its corporate structure by merging with the following (directly or indirectly) controlled companies: GIMA S.p.A., GS Coating Technologies S.r.l., Mapster S.r.l. and Revisioni Industriali S.r.l.

On 21 May 2019, IMA signed an agreement with Charme Capital Partners SGR for the purchase

of 63% of ATOP S.p.A. (“**ATOP**”), a leading company in the sector of machines and automatic lines for the production of electric motors for the automotive sector, and in particular for e-mobility. Through the agreement, IMA, already a shareholder of ATOP since 2017 with a stake of 21%, has acquired the majority of ATOP from Charme and reached a total holding of about 84%.

IMA’s Activities

The corporate macro-structure of the IMA Group as of the date of this Report is illustrated in the chart below:



The activities of the IMA Group are currently organised in the following three areas:

- *Tea, Food & Other*

The *Tea, Food & Other* sector is involved in the production of machines for packaging tea and herbs in filter paper and coffee sachets, for the food and beverage, personal care, end-of-line, dairy and stock cubes sectors and for primary packaging in the food sector with the use of flexible material - flowpack, for the assembly of medical products and for the tissue sector, as well as related services.

The sector includes the activities carried out by the Tea & Herbs, BFB and Fillshape divisions of IMA; by the companies Ciemme S.r.l., Corazza S.p.A., Eurocima S.p.A., GIMA S.p.A., Mapster S.r.l., Petroncini Impianti S.p.A., Revisioni Industriali S.r.l., Spreafico Automation S.r.l., Telerobot S.p.A., Benhil GmbH, Hassia Packaging Pvt. IMA MAI S.A. and Tecmar S.A.; and by the Ilapak, Medtech, Teknoweb and TMC businesses.

Products are marketed and supported after-sales through the network of IMA branches

operating in their respective countries, while all other territories are covered by the other companies of the IMA Group, both directly and through agents.

- *Pharmaceutical*

The *Pharmaceutical* sector is involved in the production of machines for packaging capsules and tablets in blisters and bottles, for filling bottles and vials with liquid and powder products, in sterile and non-sterile environments, for freeze-drying, intubating, cartoning, for the production of tablets and capsules and for coating and granulation, as well as related services. The sector includes the activities carried out by the Active, Safe and Life divisions of IMA; and by the companies CO.MA.D.I.S. S.p.A., G.S. Coating Technologies S.r.l., Pharmasiena Service S.r.l., IMA-PG India Pvt. Shanghai Tianyan Co. Ltd., IMA Swiftpack Ltd., IMA North America Inc., IMA Life The Netherlands B.V., IMA Life North America Inc. and IMA Life (Beijing) Pharmaceutical Systems Co. Ltd.

Products are marketed and supported after-sales through the network of IMA branches operating in their respective countries, as well as through an established network of agents in the rest of the world.

- *Tobacco Packaging*

The *Tobacco Packaging* sector is involved in the design, manufacture and sale of machines and equipment for tobacco packaging, as well as related services.

The activity of this sector is carried out by GIMA.

The three business sectors in which the IMA Group operates include after-sales service activities, which include the production and distribution of replacements and spare parts for machines, as well as technical assistance and other auxiliary services.

1.1.4. Summary of the Most Relevant Data of IMA's Activities

The most relevant economic data of the Merging Company, based on publicly available information, are set out below.

Consolidated financial statements at 31 December 2018

The IMA Group's consolidated revenue for 2018 amounted to Euro 1,500.4 million, an overall increase of 13.6% compared to the same period of the previous year, of which 8.7% was due to organic growth. Research and development costs for the year amounted to Euro 55.3 million – an increase over the previous year (Euro 51.0 million) – and represented 3.7% of consolidated revenue.

In the same year, consolidated EBITA amounted to Euro 216.4 million, with a 14.4% margin on

consolidated revenue, slightly lower than the previous year (14.6%). Operating profit (EBIT) amounted to Euro 210.1 million (Euro 185.8 million in 2017) and was affected by non-recurring expenses mainly related to the reorganisation of the Ilapak business for Euro 4.3 million and the acquisition of the TMC, Ciemme and Petroncini businesses for Euro 2.0 million. The gross operating margin (EBITDA) for the year amounted to Euro 260.0 million, an increase of 16.0% compared to the previous year (Euro 224.1 million).

The IMA Group closed 2018 with a profit for the year of Euro 124.6 million, an increase compared to Euro 99.4 million in 2017.

The net financial debt of the IMA Group as of 31 December 2018 amounted to Euro 184.6 million, an increase of Euro 134.5 million compared to 31 December 2017 (equal to Euro 50.1 million), mainly related to the acquisition of the TMC, Ciemme and Petroncini businesses for a total of Euro 97.7 million and dividends paid by IMA (Euro 66.7 million paid in May 2018), net of the effects of the sale of the *Dairy & Food* business, which amounted to Euro 26.8 million.

At the sector level, in 2018 the revenue of the *Tea, Food & Other* sector amounted to Euro 686.2 million, an increase of 13.9% (+ Euro 83.6 million) compared to the previous year, due to the contribution of the TMC, Ciemme and Petroncini businesses (equal to Euro 64.7 million). Gross operating margin (EBITDA) before non-recurring expenses amounted to Euro 75.5 million (11.0% of revenue) compared to Euro 66.2 million in 2017 (11.0% of revenue). The backlog, compared to the previous year, increased by 68.1%.

The revenue of the *Pharmaceutical* sector amounted to Euro 631.3 million, an increase of 11.6% (+ Euro 65.4 million). The sector recorded a strong increase compared to the previous year, obtaining a gross operating margin (EBITDA) of Euro 111.4 million (17.7% of revenue) compared to Euro 95.0 million (16.8% of revenue) in 2017, following the higher profitability of job orders due to improvement in the sales margins of some products that have reached expected levels of profitability.

Also in 2018, the revenue of the *Tobacco Packaging* sector showed a strong increase of 20.5% (+ Euro 31.2 million) compared to the previous year, amounting to Euro 182.9 million, in revenue and confirming the success of the product. Gross operating margin (EBITDA) also increased compared to the previous year, reaching Euro 73.0 million in 2018 compared to Euro 61.7 million in 2017, mainly due to sales volumes.

For further information, reference should be made to the statutory and consolidated financial statements at 31 December 2018, available on the IMA website www.ima.it, in the “Investor - Financial Reports” section.

Periodic financial information at 31 March 2019

In the first quarter of 2019, the IMA Group’s consolidated revenue came to Euro 326.1 million,

an increase compared to Euro 306.3 million in the first quarter of 2018, due to the larger backlog at the beginning of the period.

The gross operating margin (EBITDA) amounted to Euro 39.2 million, an increase compared to Euro 36.9 million in the first quarter of 2018. Operating profit for the quarter amounted to Euro 21.9 million, compared to Euro 28.1 million in the first quarter of 2018.

Profit for the period amounted to Euro 12.7 million compared to Euro 12.6 million in the same period of the previous year.

As of 31 March 2019, the net financial debt of the IMA Group amounted to Euro 403.1 million, compared to Euro 184.6 million as of 31 December 2018. The increase is mainly due to the introduction of IFRS 16, equal to Euro 137.9 million and to the organic growth of the working capital.

In the first quarter of 2019, the revenue of the *Tea, Food & Other* sector, equal to Euro 140.3 million, increased (+ Euro 25.7 million) compared to the same period of the previous year, due to the effect of the larger backlog at the beginning of the year. The gross operating margin (EBITDA), equal to Euro 5.0 million, improved. The backlog, compared to the same period of the previous year, increased (+ Euro 89.3 million).

The revenue of the *Pharmaceutical* sector amounted to Euro 166.1 million, an increase of 10.4%. The gross operating margin (EBITDA), equal to Euro 28.8 million, increased compared to Euro 24.3 million in the same period of the previous year due to higher volumes and a different sales mix.

Revenue from the *Tobacco Packaging* sector, which amounted to Euro 19.7 million, were down compared to the same period of the previous year. The gross operating margin (EBITDA), which came to Euro 5.4 million, decreased from Euro 14.1 million in the same period of the previous year due to lower sales volumes. The orders flow was lower than in the corresponding period of 2018 (Euro 18.7 million compared to Euro 43.3 million), with a smaller backlog of Euro 52.5 million (compared to Euro 112.4 million in the previous year), but in line with expectations for the current year.

For further information, reference should be made to the periodic financial information as of 31 March 2019, available on the IMA website www.ima.it, in the “Investor - Financial Reports” section.

1.1.5. Share Capital and Relevant Shareholders

As of the date of this Report, IMA’s share capital, fully subscribed and paid up, amounts to Euro 20,415,200 divided into 39,260,000 shares with a nominal value of Euro 0.52. As of the date of

this Report, IMA owns 107,000 treasury shares. Each share of IMA entitles the owner to one vote at the Shareholders' Meeting. As an exception to this principle, pursuant to Article 6 of IMA's by-laws, each ordinary share entitles the owner to two votes, provided that: (i) the share has been owned by the same person, by virtue of a right *in rem* legitimizing the exercise of the voting right (full ownership, bare ownership (*nuda proprietà*) with voting rights and usufruct (*usufrutto*) with voting rights), for a continuous period of at least twenty-four (24) months, and (ii) that the latter condition is certified by the registration of the shares for a continuous period of at least twenty-four (24) months in the special list provided for by IMA pursuant to Article 6 of its by-laws and by a notice, indicating the initial date of the continuous period, issued by the intermediary with which the shares are deposited. For further information on the shareholders with a stake exceeding the threshold indicated in Article 120, paragraph 2, of the Consolidated Financial Act who have requested the inclusion in the special list provided for by IMA, please refer to the publicly available information on the website www.ima.it.

The shareholders who, as of the date of this Report, own – directly or indirectly – more than 3% of IMA's voting shares, on the basis of the communications received pursuant to Article 120 of the Consolidated Financial Act and the information available to IMA, are as follows:

Shareholders	% of voting capital	% of share capital
SO.FI.MA. S.p.A.	72.29	56.789

1.2 GIMA – Merged Company

1.2.1. Company Data

GIMA is a joint-stock company (*società per azioni*) with (i) registered office in Ozzano dell'Emilia (Bologna), Via Tolara di Sotto 121/A, (ii) share capital, at the date of this Report, of Euro 440,000 fully paid-up, divided into 88,000,000 shares without nominal value, (iii) tax code, VAT number and registration number with the Bologna Company Registry No. 03249061205 and (iv) ordinary shares admitted to trading on the STAR segment of the MTA.

1.2.2. Corporate Purpose

The business purpose of the company is the performance of industrial engineering activities, directly, on a sub-contract basis or otherwise, particularly with regard to automated machinery and related parts and accessories, electromechanical plant and installations, and add-ons and expansion units for such products, as well as the purchase, sale and/or provision of by-products and services of various kinds, in the interests of third parties and its subsidiary and/or associated companies; as

well as providing support in the areas of sales, marketing and the organization of production, and sell know-how about production process and managerial techniques.

The company may carry out any and all actions and transactions which may be necessary or useful in order to achieve its business purpose and – by means of example and not limited to – may carry out all the commercial, industrial, financial, investment and real estate activities; use any kind of financing from credit institution, banks, companies and individuals, granting all opportune security-backed or personal guarantees; granting guarantees, granting security-backed or personal guarantees also in favour of third parties; acquire shareholdings and quotas also composed by shares in other companies, businesses or bodies, existing or which will be incorporated; take part in consortia and clustering of businesses; carry out any and all action or transaction which may be necessary or useful in order to achieve its business purpose. Actions which are forbidden under the law applicable from time to time are expressly precluded.

1.2.3. Description of GIMA's Activities

Overview of GIMA's Activities

GIMA is an IMA Group company leader in the design and manufacturing/assembly of open-architecture automatic machines with high electronic content for the packaging of tobacco products and in the supply of after-sales services.

History of GIMA

GIMA was established as a limited liability company in November 2012 by the former GIMA S.p.A., a company belonging to the IMA Group. On October 6, 2015, GIMA resolved to transform the company from a limited liability company into a joint-stock company (*società per azioni*).

During the next four years, GIMA was subject to capital increases that allowed it to extend its shareholder base to minority shareholders, as well as partial demergers, as beneficiary, and mergers by incorporation with companies of the IMA Group, all aimed at completely separating – within the structure of IMA Group – the tobacco and food businesses and achieving a more functional ownership structure with respect to the size, management autonomy and specific market sector in which GIMA operates.

On 2 October 2017, GIMA's ordinary shares were admitted to trading on the STAR segment of the MTA.

In July 2018, GIMA signed an agreement with the company Shanghai Tobacco Machinery Co. Ltd., controlled by the Chinese Government monopoly, for the supply of lines for the packaging of cigarettes.

GIMA's Activities

GIMA generally classifies its revenue into two categories: (i) *Original Equipment* and (ii) *After-Sales*.

- *Original Equipment* consists of the design, development, manufacture and assembly of highly customised automatic machines for the traditional tobacco industry and for “new generation products” (such as open and closed vaporisation systems, disposable products similar to conventional cigarettes, tanks, liquids, refillable electronic cigarettes and their cartridges, closed tanks and heated tobacco products) which include wrapping machines designed for the use of different packaging materials, applicators of labels in different positions, wrapping machines and cartoning machines. The machines thus produced are then assembled in order to provide its customers with a line of packaging for conventional tobacco products and for new generation products;
- *After-Sales* includes (i) assembly and distribution of spare parts for machines, (ii) design and distribution of format changes and upgrade kits, (iii) highly specialized technical support on machines and packaging lines, and (iv) training and other ancillary services.

1.2.4. Summary of the Most Relevant Data of GIMA's Activities

The most relevant economic data of the Merged Company, based on publicly available information, are set out below.

Financial statements at 31 December 2018

GIMA's revenue for 2018 amounted to Euro 182.9 million, compared to Euro 151.8 million in 2017, an increase of 20.5% exclusively due to organic growth. Research and development costs for the year 2018 amounted to Euro 1.7 million, compared to Euro 2.3 million in 2017.

Operating profit for the year 2018 was Euro 72.1 million and represented 39.4% of revenue, compared to operating profit in 2017, which was Euro 61.2 million, representing 40.3% of revenue. The gross operating margin (EBITDA) for the year amounted to Euro 73.0 million, an increase of 16.0% compared to the previous year (Euro 63.0 million).

Profit for the year came to Euro 51.8 million and represented 28.3% of revenue, compared to Euro 44.1 million in 2017 (29.1% of revenue), after deducting taxes for Euro 20.0 million (Euro 17.0 million in 2017).

Periodic financial information at 31 March 2019

In the first quarter of 2019, GIMA's revenue came to Euro 19.7 million, compared to Euro 41.3

million in the first quarter of 2018. This result is due to lower visibility, within the reference market, linked to the slowdown in the introduction of new generation products to the company's customers.

The gross operating margin (EBITDA) amounted to Euro 5.4 million, lower than Euro 14.1 million in the first quarter of 2018. Operating profit for the quarter amounted to Euro 4.9 million compared to Euro 14.0 million in the first quarter of 2018.

The profit for the period amounted to Euro 3.5 million and represents 17.9% of revenue, compared to Euro 10.0 million in the same period of the previous year, representing 24.3% of revenue.

As of 31 March 2019, the net financial position of GIMA was Euro 7.8 million, compared to Euro 17.7 million at 31 December 2018.

1.2.5. Share Capital and Relevant Shareholders

As of the date of this Report, GIMA's share capital, fully subscribed and paid up, amounts to Euro 440,000 divided into 88,000,000 ordinary shares without nominal value. Each ordinary share entitles the owner to one vote. As an exception to this principle, pursuant to Article 6 of GIMA's by-laws, each ordinary share entitles the owner to two votes provided that: (i) the share has been owned by the same person, by virtue of a right *in rem* legitimizing the exercise of the voting right (full ownership, bare ownership (*nuda proprietà*) with voting rights and usufruct (*usufrutto*) with voting rights), for a continuous period of at least twenty-four (24) months, and (ii) that the latter condition is certified by the registration of the shares for a continuous period of twenty-four (24) months in the special list provided for by GIMA pursuant to Article 6 of its by-laws and by a notice, indicating the initial date of the continuous period, issued by the intermediary with which the shares are deposited. For further information on the shareholders with a stake exceeding the threshold indicated in Article 120, paragraph 2, of the Consolidated Financial Act who have requested the inclusion in the special list provided for by GIMA, please refer to the publicly available information on the website www.gimatt.it.

The following table indicates the shareholders that, as of the date of this Report, according to the information communicated to CONSOB, own ordinary shares representing more than 5% of GIMA's voting share capital:

Shareholders	% of voting capital	% of share capital
I.M.A. Industria Macchine Automatiche S.p.A.	60.1	60.1

2. Explanation of the Merger and its Motivations, with Particular Regard to the Management Objectives of the Companies Participating in the Merger and the Projections Formulated to Achieve them

2.1 Structure and Conditions of the Merger

2.1.1. Description of the Merger

Explanation of the Merger

The transaction proposed by the Merger Plan involves the merger by incorporation of GIMA into IMA, pursuant to Articles 2501 *et seq.* of the Italian Civil Code.

In order to achieve this purpose, on 11 June 2019, the Boards of Directors of the Companies Participating in the Merger resolved, *inter alia*:

- a) to approve the Merger Plan – to be filed for registration pursuant to Article 2501-*ter*, paragraph 3, of the Italian Civil Code, attached to this Report – drafted on the basis of the financial statements at 31 December 2018 of the Companies Participating in the Merger as Merger supporting financial documents pursuant to and for the purposes of Article 2501-*quater* of the Italian Civil Code, including IMA’s by-laws that will come into force following the completion of the Merger; and
- b) to set the exchange ratio as follows: 11.4 IMA ordinary shares with a nominal value of Euro 0.52, having the same dividend rights as the ordinary shares of IMA in circulation on the effective date of the Merger, for each 100 GIMA ordinary shares (the “**Exchange Ratio**”).

In order to determine the financial elements of the Merger, the Boards of Directors of the Companies Participating in the Merger have availed themselves of financial advisors of proven standing, in particular:

- Bank of America Merrill Lynch International DAC, Milan Branch (“**Bank of America Merrill Lynch**”), for IMA; and
- Equita SIM S.p.A., for GIMA.

The transaction will be carried out by means of increasing the share capital of IMA (as further detailed in Paragraph 5) with the issuance of new ordinary shares.

The completion of the Merger is subject not only to the approval by the extraordinary Shareholders’ Meetings of the Companies Participating in the Merger, but also to the fulfilment of the following conditions:

- a) issuance of a favourable opinion on the adequacy of the Exchange Ratio by the common expert;
- b) the admission to trading of IMA ordinary shares issued in connection with the Merger on the MTA by Borsa Italiana S.p.A.; and

- c) that, by the date of the signing of the deed of Merger, no events or circumstances have occurred that have or could have a materially negative impact on the businesses, the legal relationships, the liabilities and/or the operating results of the Companies Participating in the Merger or such as to alter the risk profile or the valuations on which the Exchange Ratio is based.

Without prejudice to the above, the deed of Merger should be signed by 31 December 2019.

The Merger Plan, the financial statements at 31 December 2018 of the Companies Participating in the Merger, the illustrative reports prepared by the Boards of Directors of the Companies Participating in the Merger pursuant to Article 2501-*quinquies* of the Italian Civil Code, the opinion attesting the fairness of the Exchange Ratio given by the common expert to be appointed pursuant to Article 2501-*sexies* of the Italian Civil Code, as well as the financial statements for the three financial years 2018, 2017 and 2016 of the Companies Participating in the Merger, have been filed by the Companies Participating in the Merger, as per terms of law, at their registered offices and have been published on the websites www.ima.it and www.gimatt.it pursuant to Article 2501-*septies* of the Italian Civil Code, as well as on their respective authorised storage mechanisms, “1INFO” (www.1info.it) and “eMarketStorage” (www.emarketstorage.it).

Pursuant to Article 1, paragraph 5, letter a, of the EU Regulation 2017/1129, the publication of the listing prospectus in relation to the Merger is not required since the number of IMA’s shares issued in connection with the Merger represents less than 20% of the number of IMA’s ordinary shares already admitted to trading on the MTA in the last 12 months.

From the date of registration of the favourable resolutions of the extraordinary Shareholders’ Meetings of the Companies Participating in the Merger in the Bologna Company Registry, the sixty days within which the creditors of the Companies Participating in the Merger may present their opposition to the Merger pursuant to Article 2503 of the Italian Civil Code will commence.

Pursuant to Article 47 of Italian Law No. 428/1990, as subsequently amended and supplemented, the Companies Participating in the Merger will carry out the union information and consultation procedure in relation to the Merger.

Following the completion of the above-mentioned activities, the Companies Participating in the Merger will sign the deed of Merger.

As a result of the Merger, GIMA’s shares will be delisted from the MTA.

Profiles Connected to the Existence of a Relation between the Companies Participating in the Merger

Pursuant to the regulation adopted by Consob with resolution No. 17221 of 12 March 2010, as subsequently amended (the “**Related Parties Regulation**”) and GIMA’s procedure for

transactions with related parties (the “**Related Parties Procedure**”), the Merger constitutes for GIMA a transaction “of major importance” with a related party. In fact, IMA exercises legal control over GIMA pursuant to Articles 2359 of the Italian Civil Code and Article 93 of the Consolidated Financial Act. In light of the above, the Board of Directors of GIMA approved the Merger Plan after receiving a favourable opinion of a committee composed by only independent directors of GIMA (the “**Independent Committee**”) on the Merged Company’s interest in the execution of the Merger, as well as on the substantive convenience and fairness of the terms and conditions of the Merger.

For the sake of completeness, the Independent Committee examined the Merger on the basis of the activities carried out by the following advisors of proven standing: (i) Houlihan Lokey S.p.A., as financial advisor; and (ii) Prof. Francesco Denozza as legal advisor. At the end of its activities, the Independent Committee – taking into account, among other things, the evaluation findings of its financial advisor and, in particular, the fairness opinion issued by such advisor on the fairness of the Exchange Ratio – on 10 June 2019 issued its favourable opinion on GIMA’s interest in the execution of the Merger, as well as on the substantive convenience and fairness of the terms and conditions of the Merger, which was subsequently forwarded to the Board of Directors of GIMA.

With regard to IMA, it should be noted that the Merger, although carried out with a related party, falls outside the application of the corporate procedure for transactions with related parties (adopted pursuant to the Related Parties Regulation), as it is a transaction carried out with a subsidiary in which there are no material interests of other related parties (pursuant to Article 14, paragraph 2, of the Related Parties Regulation and Article 5.1, letter h, of the aforementioned procedure). In view of the above, IMA’s Independent Committee was not involved in the approval of the Merger Plan.

2.1.2. Amendments to the By-Laws of the Merging Company

Without prejudice to Paragraph 5 of this Report, as a result of the Merger, all ordinary shares of GIMA will be cancelled and exchanged for ordinary shares of IMA, according to the Exchange Ratio (*See* Paragraph 2.1.1 and 4).

For use in the Exchange Ratio, IMA will increase its share capital by issuing up to 4,002,726 new ordinary shares with a nominal value of Euro 0.52 each for a maximum nominal amount of Euro 2,081,417.52, and, consequently, will amend its by-laws to reflect the new share capital amount, as indicated below:

Current Text	Modified Text
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ARTICLE 5	ARTICLE 5
Capital stock amounts to Euro 20,415,200 (twenty million four hundred and fifteen thousand two hundred) represented by 39,260,000 (thirty-nine million two hundred and sixty thousand) ordinary shares, par value Euro 0.52 (zero point fifty-two) each.	Capital stock amounts to Euro <u>22,496,617.52</u> (<u>twenty-two million four hundred ninety-six thousand six hundred and seventeen point fifty-two</u>) represented by <u>43,262,726</u> (<u>forty-three million two hundred and sixty-two thousand seven hundred and twenty-six</u>) ordinary shares, par value Euro 0.52 (zero point fifty-two) each.
<i>omissis</i>	<i>omissis</i>

The by-laws of IMA are attached to the Merger Plan and will be effective on the date of completion of the Merger.

2.2 **Reasons for the Merger; Management Objectives and Programmes Formulated for their Achievement**

The main reasons supporting IMA’s interest in the Merger can be identified as follows:

- to create a company resulting from the Merger with a higher free float, both in terms of percentage of capital and value, with a consequent improvement in ease of trading of the shares and their attractiveness for investors. It is expected that GIMA’s shareholders will benefit from the Merger given that their shares have recently undergone, disregarding one-off effects that can be linked to specific events, a gradual reduction in the average trading value, accompanied by an increase in the volatility of stock market prices;
- to reduce the operating costs associated with maintaining two listed companies and simplify the ownership structure and corporate governance structure, resulting in synergies for the benefit of all shareholders; and
- to allow management to devote itself fully to the operational management of the “tobacco” division, minimising distractions attributable to the recent volatility in the sector, which was not foreseeable at the time of GIMA’s listing in 2017. Such volatility, seen in the significant share price fluctuations of GIMA, is expected to be more manageable following the merger of GIMA into IMA. The proposed transaction will enable GIMA’s shareholders to remain economically exposed, albeit indirectly through their participation in IMA, to the dynamics of the tobacco-packaging sector, and specifically to GIMA’s performance.

3. Values Attributed to the Companies Participating in the Merger for the Purposes of Determining the Exchange Ratio

3.1 Supporting Financial Documents

The Merger Plan was drafted on the basis of the financial statements at 31 December 2018 of the Companies Participating in the Merger and was approved by the respective ordinary Shareholders' Meetings on 30 April 2019, pursuant to Article 2501-*quater*, paragraph 2, of the Italian Civil Code.

IMA's financial statements at 31 December 2018 have been audited by EY S.p.A. which, on 27 March 2019, issued its report with an unqualified opinion.

GIMA's financial statements at 31 December have been audited by EY S.p.A. which, on 27 March 2019, issued its report with an unqualified opinion.

The documentation supporting the determination of the Exchange Ratio by the Board of Directors of IMA concerned, in addition to the above-mentioned financial statements and among other things, the following documents:

- periodic financial information at 31 March 2019 of the Companies Participating in the Merger;
- economic and financial projections relating to the Companies Participating in the Merger provided by their respective management;
- press releases published by the Companies Participating in the Merger in the last 12 months;
- reports of research analysts of the Companies Participating in the Merger and their target prices; and
- other publicly available information deemed relevant to the analysis.

Further analysis was carried out, together with the management of the Companies Participating in the Merger, with the aim of obtaining clarifications in relation to their operating activity and to the main financial assumptions and projections made in the context of the analysis.

3.2 Description of the Evaluation Methods Used

The Board of Directors of IMA determined the Exchange Ratio following a weighted evaluation of the Companies Participating in the Merger, taking into account the nature of the Merger and adopting evaluation methods commonly applied, nationally and internationally, to transactions of this nature, to companies operating in the same sector and suitable to the characteristics of each of the Companies Participating in the Merger.

For this purpose, the Board of Directors of IMA availed itself of the support of Bank of America Merrill Lynch in the analysis and definition of the financial terms of the Merger.

In the case of a merger between companies, the purpose of the evaluation is to determine the relative values of the economic capital and the resulting exchange ratio. Consequently, the Companies Participating in the Merger must be evaluated giving priority to the homogeneity and comparability of the criteria adopted, in order to make the results of such evaluations fully comparable, instead of giving priority to the determination of the absolute value of each company. Therefore, the evaluations made are to be understood only in relative terms and with reference limited to the Merger and cannot be considered as possible indications of market price or value, current or prospective, in other contexts. In addition, the evaluations were carried out on a standalone basis, in continuity and regardless of any effects and impacts deriving from the Merger. In light of the above, taking into account: (i) the objective of such evaluations; (ii) evaluation criteria commonly used nationally and internationally; and (iii) the difficulties referred to at Paragraph 4.3, the following evaluation methods have been adopted:

- main evaluation methods:
 - analysis of stock market prices, considered relevant in light of the status of listed companies of the Companies Participating in the Merger and the significant participation of institutional investors in the share base of both Companies Participating in the Merger;
 - analysis of target prices published by research analysts, considered relevant also in light of the existence of studies published by research firms covering both Companies Participating in the Merger;
 - analysis of Discounted Cash Flows (or “DCF”), considered relevant as it enables understanding of the fundamental values and the specificities of the Companies Participating in the Merger in terms of profitability, growth, risk level and capital structure;
- control evaluation method:
 - analysis of premiums paid in comparable transactions involving listed companies, considered less relevant in light of the specific features of the Merger that significantly limit the sample of significant transactions and their effective comparability.

4. Exchange Ratio Established and Criteria Used for Its Determination

4.1 The Exchange Ratio

On 11 June 2019 (with respect to GIMA, after its Board of Directors acknowledged the favourable opinion of the Independent Committee, formed pursuant to its Related Parties Procedure), the Boards of Directors of the Companies Participating in the Merger approved the Exchange Ratio between IMA ordinary shares and GIMA ordinary shares, on the basis of which the shares of the

Merging Company will be assigned. Specifically, this ratio was determined as follows:

11.4 IMA ordinary shares with a nominal value of Euro 0.52, having the same dividend rights as the ordinary shares of IMA in circulation on the effective date of the Merger, **for each 100 GIMA ordinary shares**.

There is no cash adjustment.

By order issued on 14 June 2019 and filed on 17 June 2019, following a joint application of the Companies Participating in the Merger, the Court of Bologna appointed EY S.p.A. as the common expert responsible for drawing up the report on the fairness of the Exchange Ratio pursuant to and for the purposes of Article 2501-*sexies* of the Italian Civil Code.

At the date of this Report, IMA owns 52,888,365 shares in GIMA, equal to 60.1% of its voting share capital.

Pursuant to Article 2504-*ter*, paragraph 2, of the Italian Civil Code, no IMA shares will be assigned in exchange for the ordinary shares of GIMA owned by IMA at the date of the completion of the Merger, which, in this case, will be cancelled, but not exchanged, pursuant to Article 2504-*ter*, paragraph 2, of the Italian Civil Code.

4.2 Criteria for Determining the Exchange Ratio

This Paragraph illustrates the way in which the criteria for assessing and determining the Exchange Ratio described in Paragraph 3.2 have been applied to the Companies Participating in the Merger.

4.2.1 Analysis of Stock Market Prices

The historical performance of the stock market prices of the Companies Participating in the Merger and the related implied exchange, in the six months prior to and including 7 June 2019, were examined. In the context of the analysis, it was considered that the prices prior to the period analysed (beyond the previous six months) were of lesser importance considering the numerous announcements that could influence the performance of both Companies Participating in the Merger and in particular: (i) the announcement of the Food and Drug Administration's April 30, 2019 authorisation to market the IQOS system in the United States; and (ii) the May 21, 2019 announcement of IMA's acquisition of the majority of ATOP; (iii) as well as the payment of dividends by both Companies Participating in the Merger.

The exchange ratio implied in the stock market prices of the shares of the Companies Participating in the Merger has been analysed over different time intervals, taking into consideration the closing prices of the Companies Participating in the Merger. In particular, the closing prices of the shares

of the Companies Participating in the Merger and the weighted average official prices for the volumes traded for the periods of one, three and six months prior to that date were taken into consideration and the relative exchange ratio was calculated. The results of the analysis are summarised in the following table.

<i>Analysis of Stock Market Prices</i>	<i>Exchange Ratio</i> (# IMA shares = 100 GIMA shares)
<i>Minimum Closing Prices (6 months)</i>	9.0
<i>Weighted Average for Volumes (1 month)</i>	11.1
<i>Weighted Average for Volumes (3 months)</i>	10.6
<i>Weighted Average for Volumes (6 months)</i>	11.2
<i>Maximum Closing Prices (6 months)</i>	13.1

4.2.2 Analysis of Target Prices Published by Research Analysts

The most recent target prices of the Companies Participating in the Merger, published by research analysts since the publication of the respective financial statements at 31 December 2018, have been examined.

For the purposes of this analysis, the exchanges implied in target prices common to the Companies Participating in the Merger were considered, in order to keep the relative evaluation as consistent as possible.

The results of the analysis are summarised in the following table:

<i>Analysis of Target Prices</i>	<i>Exchange Ratio</i> (# IMA shares = 100 GIMA shares)
<i>Minimum</i>	9.3
<i>Maximum</i>	12.8

4.2.3 Analysis of Discounted Cash Flows

In order to capture the specificities of the Companies Participating in the Merger in terms of

profitability, growth, risk levels and capital structure, the Board of Directors of IMA examined the implied value resulting from the analysis of the DCF using the financial projections prepared by the management.

Based on this criterion, the value of the economic capital of a company is estimated as the sum of: (i) the present value of the expected unlevered operating cash flows for the explicit projection period, and (ii) a terminal value, net of (iii) net financial debt, minority interests, payables for acquisitions and investments accounted for using the equity method, as well as any other surplus assets/liabilities.

For the purposes of determining the Exchange Ratio interval, the Board of Directors of IMA decided to use the “Sum of the Parties” criterion, according to which the economic value of a company is determined as the sum of the values of its individual assets. In this regard, an analysis of the DCF for IMA was carried out, evaluating separately its participation in GIMA with a homogeneous criterion. The Board of Directors of IMA considered that this approach, for the purposes of determining the Exchange Ratio, was appropriate in order to maintain a consistent evaluation of GIMA both on a standalone basis and as part of IMA.

The results of the analysis are summarised in the following table:

<i>DCF Analysis</i>	<i>Exchange Ratio</i> (# IMA shares = 100 GIMA shares)
<i>Minimum</i>	10.6
<i>Average</i>	11.4
<i>Maximum</i>	12.1

4.2.4 Analysis of Premiums Paid in Comparable Transactions Involving Listed Companies

In order to verify the accuracy of the exchange ratios determined using the above-mentioned criteria, a control analysis was carried out by means of applying the method described below.

The implicit premiums recognised in transactions involving two companies listed on selected European markets, in which the consideration received by the target shareholders was entirely in shares, were analysed.

The result of this illustrative analysis is summarised in the following table.

<i>Analysis of Premiums Paid in Comparable Transactions</i>	<i>Exchange Ratio</i> (# IMA shares = 100 GIMA shares)
<i>Minimum</i>	10.5
<i>Maximum</i>	12.0

4.3 Limits of the Analysis and Difficulties of Evaluation

The evaluations carried out by the Board of Directors of IMA in order to determine the Exchange Ratio must be considered in the light of certain limits and critical features, typical in this area of analysis, as well as the specific characteristics of the Companies Participating in the Merger. Specifically:

- with reference to the analysis of stock market prices, the volatility of the securities, determined by events specific both to the Companies Participating in the Merger and to the reference market, may influence the trend of the share prices of such companies, potentially limiting their significance for valuation purposes. Consequently, it was deemed appropriate to give greater importance to market data from the six months prior to 7 June 2019, with particular attention to the last month in light of recent events relating both to GIMA (announcement of the authorisation by the Food and Drug Administration to market the IQOS system in the U.S.) and IMA (agreement for the acquisition of the majority of ATOP), which make longer time series less relevant;
- the economic and financial projections used for the purposes of the evaluations depend substantially on macroeconomic and political conditions, as well as on the reference market in which the Companies Participating in the Merger operate. For this reason, current macroeconomic uncertainties and possible changes in the reference market, as well as any changes in the assumptions underlying the aforesaid evaluations, could have an impact, possibly significant, on the results of the analyses and evaluations carried out;
- with reference to the analysis of premiums paid in comparable transactions involving listed companies, the uniqueness of the transaction in question, between two listed operating companies in which one already holds more than 50% of the share capital of the other and exercises management and coordination activities on it, limits the identification of a large sample of significant transactions. Consequently, it was used as a control method; and
- in light of the lack of listed companies considered sufficiently comparable to the Companies Participating in the Merger and the volatility of their stock market multiples, the stock market multiples method was deemed not relevant for the purposes of determining the Exchange Ratio.

4.4 Conclusions

In light of the above-mentioned evaluations, the Board of Directors of IMA approved the Exchange Ratio, which falls within the price ranges resulting from the application of the main evaluation methods and the control evaluation method.

5. Allocation of IMA Shares and Date on Which They Become Exercisable

As a result of the Merger, all the ordinary shares of the Merged Company will be cancelled and exchanged for ordinary shares of the Merging Company, according to the Exchange Ratio referred to in Paragraph 4 above of this Report.

For use in the Exchange Ratio, the Merging Company will increase its share capital by issuing up to 4,002,726 new ordinary shares with a nominal value of Euro 0.52 each for a maximum nominal amount of Euro 2,081,417.52.

Pursuant to Article 2504-*ter*, paragraph 2, of the Italian Civil Code, no IMA shares will be assigned in exchange for the ordinary shares of GIMA owned by IMA at the date of the completion of the Merger, which, in this case, will be cancelled, but not exchanged. At the date of this Report, IMA owns 52,888,365 shares in GIMA, equal to 60.1% of the share capital.

In addition, in the context of the Merger, GIMA will cancel, without exchange, any treasury shares held at the date of the signing of the deed of Merger.

The newly issued shares of the Merging Company issued for use in the exchange will be listed on the MTA in the same manner as its ordinary shares already in circulation and will be available in dematerialized form on the centralized administration system of Monte Titoli S.p.A. in compliance with applicable law.

No charges will be applied to the shareholders for exchange transactions.

A service to enable the shares exchanged to be rounded down or up to the next unit in accordance with the Exchange Ratio, without any charge, stamp duty or commission will be made available to the shareholders of GIMA. Alternatively, different methods can be used to ensure the overall balance of the transaction.

The shares of the Merging Company issued for use in the exchange will be made available to the shareholders of the Merged Company from the effective date of the Merger, if it is a trading day, or from the first subsequent trading day. This date will be communicated in compliance with applicable law. Any further information on the allocation procedures will be communicated in a similar manner.

Increased Voting Rights

In consideration of the option provided for in Article 6 of the by-laws of the Merging Company, it is expected that:

- (a) the newly issued shares of the Merging Company that will be allotted in exchange to the shareholders of GIMA whose increased voting rights have already matured will automatically be granted increased voting rights in IMA on the effective date of the Merger, and therefore without the need to restart the period of continuous ownership;
- (b) the newly issued shares of IMA that will be allotted to the shareholders of GIMA whose increased voting rights have not already matured with respect to their shares of GIMA on the effective date of the Merger will be deemed to have been entered on the special list provided for by Article 6 of IMA's by-laws as from the date of entry on the special list provided for by Article 6 of GIMA's by-laws and will consequently acquire increased voting rights in IMA upon the additional conditions required by Article 6 of IMA's by-laws for the purpose of increased voting rights being met.

6. Important Information for U.S. Holders Regarding Eligibility to Receive Shares

GIMA shareholders that are resident in, located in or otherwise subject to the securities laws of the United States, and any persons that have a contractual or legal obligation to forward this document to any such GIMA shareholder, including any of the depositary intermediaries authorized to provide financial services that are members of the centralized clearing system at Monte Titoli S.p.A. (the “**Depositary Intermediaries**”), should read this section.

The newly issued shares of IMA are not to be transferred into the United States and GIMA shareholders that are resident in, located in or otherwise subject to the securities laws of the United States are not eligible to receive newly issued shares of IMA except as set forth in this Paragraph 6. By receiving this document, each GIMA shareholder will be deemed to have read this document, including this Paragraph 6 in its entirety, and will be deemed to have understood the relevant limitations set forth herein.

Notwithstanding anything in the foregoing, with respect to GIMA shareholders who are resident in, located in or otherwise subject to the securities laws of the United States, the Companies Participating in the Merger are investigating the availability of and intending to structure any issuance and exchange of shares issued by IMA in connection with the Merger (the “**New Shares**”) in the following fashion:

- for any investors who qualify as “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act of 1933 (the “**Securities Act**”)) (such investors, “**Eligible**

Investors”), the exchange will be structured as a private placement between such Eligible Investor and IMA, so long as such Eligible Investor provides the Companies Participating in the Merger an appropriate declaration of eligibility (the “**Declaration of Eligibility**”) in the form which shall be made available on the GIMA website within the terms and in the manner set forth therein and pursuant to applicable law;

- for any investors who do not qualify as Eligible Investors (any such U.S. holder of GIMA shares, an “**Ineligible Holder**”), Companies Participating in the Merger intend to set up a “vendor placement” arrangement. The Companies Participating in the Merger reserve the right to structure the exchange of shares in a manner whereby the Ineligible Holders would not receive New Shares, but instead receive net cash proceeds from the sale of the New Shares that they would otherwise be entitled to receive.

U.S. Transfer Restrictions

This Report is not to be construed as an offer to sell or otherwise distribute or a solicitation of an offer to buy or otherwise acquire any New Shares in any jurisdiction where it is unlawful to do so. The New Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Eligible Investors will be required to acknowledge that the New Shares are “restricted securities” as that term is defined in Rule 144 promulgated under the U.S. Securities Act, and agree that they may be offered, resold, pledged or otherwise transferred (other than pursuant to an effective registration statement under the Securities Act) only: (i) to IMA; (ii) outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act; or (iii) inside the United States only to Eligible Investors in reliance on Rule 144A under the Securities Act or another exemption from registration thereunder; and, in each case, in accordance with any applicable securities laws of any State of the United States or any other applicable jurisdiction.

Declaration of Eligibility

Any GIMA shareholders resident in, located in or otherwise subject to the securities laws of the United States, will receive the New Shares only if such holder has been recognized by the Companies Participating in the Merger as an Eligible Investor by confirming to each of the Companies Participating in the Merger that the distribution of New Shares to such holder may lawfully be made under the applicable securities and other laws of the United States and will not require the Companies Participating in the Merger to comply with any registration requirements under the Securities Act.

Each GIMA shareholder who, according to GIMA's records, is resident in, located in or otherwise subject to the securities laws of the United States and owns GIMA shares on the effective date of the merger (such date, the "**Record Date**") will be deemed to be ineligible to receive the New Shares unless able to confirm their eligibility through the procedure described herein. In order to provide each GIMA Shareholder who, according to GIMA's records, was resident in, located in or otherwise subject to the securities laws of the United States the opportunity to confirm to the Companies Participating in the Merger that such holder may be deemed an Eligible Investor, GIMA will cause to be delivered to each such holder a form of Declaration of Eligibility and will make the Declaration of Eligibility available on the portion of GIMA's website dedicated to the Merger. Each such U.S. holder who wishes to receive the New Shares is required to deliver a completed Declaration of Eligibility to D.F. King Ltd., acting as Information Agent on behalf of the Companies Participating in the Merger (the "**Information Agent**") by a deadline to be determined and communicated to the market separately once the effective date of the Merger is fixed (such date, the "**Eligibility Deadline**"). Such completed Declaration of Eligibility shall be returned in electronic form to the Information Agent, by the Eligibility Deadline to the following address: GIMA@dfkingltd.com. A copy of the completed Declaration of Eligibility shall also be delivered to such shareholder's Depository Intermediary, if any.

Depository Intermediaries may not assist clients who are present in the United States or have an address in the United States in receiving New Shares except to the extent a Declaration of Eligibility has been provided. Any incomplete instruction or instruction that does not meet these requirements will be null and void. Depository Intermediaries shall assist clients who are Ineligible Investors in accordance with the procedures set forth below in "*–Sale of Distributed Shares and Rights on Behalf of Ineligible Holders*".

Based on the information provided in the completed Declaration of Eligibility and such other information as is requested, the Companies Participating in the Merger will determine, in their sole discretion, if such holder may be deemed an Eligible Investor and could be eligible to receive the New Shares. Depository Intermediaries who hold GIMA shares for the account of one or more beneficial holders and who receive a Declaration of Eligibility, are required to complete and deliver such Declaration of Eligibility on behalf of each such beneficial holder who has an address of record in the United States.

Each GIMA Shareholder or any entity who holds GIMA shares for the account of a beneficial holder who has an address of record inside the United States and who fails to deliver a completed Declaration of Eligibility by the Eligibility Deadline and any other information requested, to the satisfaction of the Companies Participating in the Merger, may be deemed to be an Ineligible Holder.

Sale of Distributed Shares and Rights on Behalf of Ineligible Holders

As IMA will not distribute the New Shares to Ineligible Holders, the Companies Participating in the Merger have made arrangements to have such New Shares (the “**Ineligible Shares**”) issued to the Depository Intermediaries and immediately transferred to a selling agent (the “**Selling Agent**”) for sale on the market following their receipt of the Ineligible Shares. The Selling Agent shall be appointed in due course and confirmed to the market upon appointment. The net proceeds, if any, of any such sale will be distributed to the Ineligible Holders in accordance with their entitlement under the Exchange Ratio.

The net proceeds from the sale of the Ineligible Shares will be divided by the number of securities sold and paid as soon as reasonably practicable to each Ineligible Holder on whose behalf such Ineligible Shares were sold, less any applicable withholding taxes or other duties. Any brokerage fees incurred by the Selling Agent will be borne by IMA.

In carrying out the sale of the Ineligible Shares, GIMA, IMA, the Information Agent and the Selling Agent will act on a best efforts basis only. None of GIMA, IMA, the Information Agent or the Selling Agent will incur or accept any responsibility or liability for the price obtained or the terms or manner of the sale of such Ineligible Shares or the inability to sell such securities.

Tax Considerations

In the event the proceeds distributed to an Ineligible Holder exceeds or is less than the value attributed to such Ineligible Shares at the time an Ineligible Holder became entitled to the Ineligible Shares, such holder may realize a gain or loss on the disposition of the Ineligible Shares. Ineligible Holders should be aware that the distribution or disposition of the Ineligible Shares and payment of the net proceeds thereof, if any, may have tax consequences in the jurisdiction in which they reside which are not described in this Merger Plan. Such holders should consult their own legal, financial, tax or other professional advisors about the specific tax consequences of the distribution or disposition by the Selling Agent of the Ineligible Shares and payment of the net proceeds thereof, if any.

Requests of information in relation to the procedures applicable to U.S. Holders, and for any documents or materials relating to U.S. Holders, should be directed to the Information Agent at Tel: +44 207 920 9700 or email: GIMA@dfkingltd.com.

7. Effective Date of the Merger

The Merger will be considered valid and in full effect from the date of the last registration with the Bologna Company Registry as required by Article 2504-*bis* of the Italian Civil Code, or from

a later date indicated in the deed of Merger.

For accounting and tax purposes, the transactions recorded by the Merged Company will be accounted for on the financial statements of the Merging Company starting from 1 January of the year in which the Merger is effective.

8. Tax Consequences of the Merger for the Companies Participating in the Merger

8.1 Income Taxes

Pursuant to Article 172, paragraph 1, of Presidential Decree No. 918 of 22 December 1986 (Consolidated Law on Income Tax – the “**TUIR**”), the Merger is a tax-neutral operation and does not involve the realisation or distribution of gains or losses on the assets of the Companies Participating in the Merger.

In particular, for the Merged Company, the transfer of its assets does not give rise to the realisation of unrealised gains or losses on the assets and liabilities transferred, including those relating to inventories and the value of goodwill.

Symmetrically, any negative or positive differences that may arise for the Merging Company as a result of the Merger do not form part of its taxable income. The assets received by the Merging Company as a result of the Merger are assumed by the Merging Company on the basis of the latest fiscally recognised value that they had for the Merging Company, without prejudice to the possibility of assessing the hypothesis of “redemption” of any higher values emerged as a result of the Merger, through payment of substitute tax.

Any reserves in suspension of taxation recorded in the last financial statements of the Merged Company and still existing at the effective date of the Merger must be treated pursuant to Article 172, paragraph 5, of the TUIR, providing, if necessary, for their reconstitution.

Pursuant to Article 172, paragraph 6, of the TUIR, the capital increase and the merger surplus that remain after the reconstitution of the reserves in suspension of tax pursuant to Article 175, paragraph 5, of the TUIR are subject to the tax regime of the reserves of the Merged Company that have contributed proportionally to its formation. Capital and capital reserves up to the value of the cancelled shareholding shall be considered as non-competitors to the formation of the surplus from cancellation.

8.2 Indirect Taxes

In relation to indirect taxation, the deed of Merger is subject to registration tax at a fixed rate of Euro 200.00, pursuant to Article 4, letter b, Part I, of the Tariff attached to Presidential Decree No. 131 of 26 April 1986.

Furthermore, pursuant to Article 2, paragraph 3, letter f of Presidential Decree No. 633 of 26 October 1972, the transfer of assets as a result of the Merger does not constitute significant transactions for the purposes of value added tax.

8.3 Tax Effects on the Shareholders of the Merged Company

With regard to the shareholders of the Merged Company, pursuant to Article 172, paragraph 3, of the TUIR, the exchange of the shares of the Merged Company with shares of the Merging Company does not constitute the realisation or distribution of capital gains or losses, nor the achievement of revenues, resulting in the mere replacement of the shares of the Merged Company with those of the Merging Company.

9. Forecasts on the Composition of the Relevant Shareholders and on the Ownership Structure of IMA following the Merger

9.1 Relevant Shareholders and Ownership Structure of IMA

The shareholders that, as of the date of this Report, own – directly or indirectly – more than 3% of IMA’s voting shares, on the basis of the communications received pursuant to Article 120 of the Consolidated Financial Act and the information available to IMA, are as follows:

Shareholders	% of voting capital	% of share capital
SO.FI.M.A. S.p.A.	72.29	56.789

SO.FI.M.A. S.p.A. exercises legal control over IMA, without however exercising any management and coordination activity over IMA, pursuant to Article 2497 of the Italian Civil Code.

9.2 Relevant Shareholders and Ownership Structure of GIMA

The shareholders that, as of the date of this Report, own – directly or indirectly – more than 5% of GIMA’s voting shares, on the basis of the communications received pursuant to Article 120 of the Consolidated Financial Act and the information available to GIMA, are as follows:

Shareholders	% of voting capital	% of share capital
I.M.A. Industria Macchine Automatiche S.p.A.	60.1	60.1

IMA exercises legal control over GIMA, as well as management and coordination activity over GIMA, pursuant to Article 2497 of the Italian Civil Code.

9.3 Forecasts on the Composition of the Relevant Shareholders and on the Ownership Structure of IMA following the Merger

Taking into account the proposed Exchange Ratio referred to in Paragraph 4 and assuming that there are no changes in the current ownership structure of the Companies Participating in the Merger, following the Merger, IMA's ownership structure will change as follows:

Declarant	Shareholder	% of share capital
LOPAM-FIN S.p.A.	SO.FI.M.A. S.p.A.	51.53
N.A.	Market	48.47

10. Impact of the Merger on Shareholders' Agreements pursuant to Article 122 of the Consolidated Financial Act

On the basis of the communications pursuant to Article 122 of the Consolidated Financial Act and the applicable provisions of the Issuers' Regulations, there are no shareholders' agreements concerning the Companies Participating in the Merger.

11. Board of Directors' Evaluations on the Entitlement to the Right of Withdrawal

The resolutions approving the Merger and the related amendments to IMA's by-laws will not give rise to any right of withdrawal for the shareholders who have not voted in favour of such resolutions, since: (i) pursuant to Article 2437-*quinquies* of the Italian Civil Code, the Merging Company shares will continue to be listed on the MTA; and (ii) pursuant to Article 2437, paragraph 1, letter a, of the Italian Civil Code, following the Merger, there will be no "change in the corporate purpose clause" integrating "a significant change in the activity" of the Merged Company.

MOTION FOR RESOLUTION

Dear Shareholders,

In light of the above, the Board of Directors hereby submits the following proposed resolution for your approval:

“The Shareholders’ Meeting, which met in extraordinary session:

- (i) having regard to the plan for the merger by incorporation of GIMA TT S.p.A. (“GIMA”) into I.M.A. Industria Macchine Automatiche S.p.A. (“IMA” jointly with GIMA, the “Companies Participating in the Merger”), approved by the Boards of Directors of the Companies Participating in the Merger on 11 June 2019, registered in the Bologna Company Registry pursuant to Article 2501-ter, paragraphs 3 and 4, of the Italian Civil Code, and filed at IMA’s registered office and published on its website pursuant to Article 2501-septies, paragraph 1, of the Italian Civil Code in compliance with the law (the “Merger Plan”);*
- (ii) having examined the Directors’ Illustrative Report on the Merger Plan, drawn-up pursuant to Article 2501-quinquies of the Italian Civil Code and Article 70, paragraph 2, of the Regulation approved by Consob resolution No. 11971 of 14 May 1999, as subsequently amended;*
- (iii) having acknowledged the supporting financial documents of the Companies Participating in the Merger represented by the financial statements at 31 December 2018, approved by the ordinary Shareholders’ Meetings of the Companies Participating in the Merger on 30 April 2019;*
- (iv) having acknowledged the report on the fairness of the exchange ratio, drawn up by the common expert appointed by the Court of Bologna pursuant to Article 2501-sexies of the Italian Civil Code;*
- (v) having acknowledged that, within the terms of the law, the Merger Plan was registered in the Bologna Company Registry pursuant to Article 2501-ter, paragraphs 3 and 4, of the Italian Civil Code and the documentation referred to in Article 2501-quinquies of the Civil Code was also published; and*
- (vi) having acknowledged the statement by the Board of Statutory Auditors that IMA’s current, fully subscribed and paid-up share capital amounts to Euro 20,415,200 (twenty million four hundred and fifteen thousand two hundred) divided into 39,260,000 (thirty-nine million two hundred and sixty thousand) ordinary shares with a par value of Euro 0.52 (zero point fifty-two) each,*

RESOLVES

1. *to approve without any amendment the Merger Plan registered in accordance with the law and*

attached to these minutes, and consequently to proceed with the merger by incorporation of GIMA into IMA under the terms and conditions therein provided. In particular, the exchange of the ordinary shares of GIMA will be carried out by means of the issuance of a maximum of 4,002,726 new ordinary shares, having the same dividend rights as the ordinary shares of IMA in circulation on the effective date of the Merger, for use in the exchange ratio and the share allocation procedures provided for in the Merger Plan;

- 2. to increase IMA's share capital, for use in the Exchange Ratio, by up to 4,002,726 ordinary shares with a nominal value of Euro 0.52 each for a maximum nominal amount of Euro 2,081,417.52;*
- 3. to adopt, with effect from the date of completion of the Merger, the by-laws attached to the Merger Plan under "A";*
- 4. to grant the Board of Directors, and on its behalf its Chairman pro tempore in office, also by means of special proxies appointed for this purpose and with exemption from any conceivable conflict of interest, the widest possible powers to make any non-substantial amendments, additions or eliminations to shareholders' resolutions that may be necessary, at the request of any competent administrative authority or at the time of registration in the Company Registry, on behalf of the Company;*
- 5. to grant the Board of Directors, and on its behalf its Chairman pro tempore in office, also by means of special proxies appointed for this purpose and with exemption from any conceivable conflict of interest, the widest possible powers, without any exclusion, to execute the Merger, in accordance with the terms and conditions provided for in the Merger Plan, as well as in this resolution, and therefore, without any limitation:*
 - (i) to enter into and sign the deed of Merger, as well as any other reconnaissance, supplementary, instrumental and/or rectifying deed that may be deemed necessary or appropriate, defining any agreement, condition, clause, term and manner in compliance with the Merger Plan;*
 - (ii) to provide for anything else that may be requested, necessary, useful or deemed appropriate for the execution of the resolutions above, allowing the transfer, transcription, annotation, modification and correction of headings in public registries and in any other competent place, as well as the submission to the competent authorities of any application, request, communication, or request for authorisation that may be requested or that may become necessary or deemed appropriate for the purposes of the transaction."*

ANNEXES:

Merger Plan, including the post-merger statute *sub A*.

Ozzano dell'Emilia 8 July 2019

IMA S.p.A.

for the Board of Directors

The Chairman

Alberto Vacchi

Annex A – Plan for the merger by Incorporation

*The present is the English translation of the Italian official document.
For any difference between the two texts, the Italian text shall prevail.*

Plan for the Merger by Incorporation

Of

GIMA TT S.p.A.

Into

I.M.A. INDUSTRIA MACCHINE AUTOMATICHE S.p.A.

Drawn up pursuant to and for the purposes of Article 2501-*ter* of the Italian Civil Code

*The present is the English translation of the Italian official document.
For any difference between the two texts, the Italian text shall prevail.*

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The Boards of Directors of each of I.M.A. Industria Macchine Automatiche S.p.A. (“**IMA**” or the “**Merging Company**”) and GIMA TT S.p.A. (“**GIMA**” or the “**Merged Company**” and, together with IMA, the “**Companies Participating in the Merger**”) have drafted and approved, pursuant to Article 2501-ter of the Italian Civil Code, this merger plan (the “**Merger Plan**”) relating to the merger by incorporation of GIMA into IMA (the “**Merger**”).

Introduction

- (a) The Merger is primarily aimed at achieving the following main objectives:
- (i) to create a company resulting from the Merger with a higher free float, both in terms of percentage of capital and value, with a consequent improvement in ease of trading of the shares and their attractiveness for investors. It is expected that GIMA’s shareholders will benefit from the Merger given that their shares have recently undergone, disregarding one-off effects that can be linked to specific events, a gradual reduction in the average trading value, accompanied by an increase in the volatility of Stock Market prices;
 - (ii) to reduce the operating costs associated with maintaining two listed companies and simplify the ownership structure and corporate governance structure, resulting in synergies for the benefit of all shareholders; and
 - (iii) to allow the management to devote itself fully to the operational management of the “tobacco” division, minimising distractions attributable to the recent volatility in the sector, which was not foreseeable at the time of GIMA’s listing in 2017. Such volatility, seen in the significant share price fluctuations of GIMA, is expected to be more manageable following the merger of GIMA into IMA. The proposed transaction will enable GIMA’s shareholders to remain economically exposed, albeit indirectly through their participation in IMA, to the dynamics of the tobacco-packaging sector, and specifically to GIMA’s performance.
- (b) The Companies Participating in the Merger are (i) a company (GIMA) subject to legal control, pursuant to Article 2359, paragraph 1, No. 1, of the Italian Civil Code and Article 93 of Legislative Decree 58 of 24 February 1998, of (ii) the other company (IMA) and, consequently, pursuant to the regulation adopted by Consob under resolution No. 17221

of 12 March 2010, as subsequently amended (the “**Related Parties Regulation**”) and GIMA’s procedure for transactions with related parties (the “**Related Parties Procedure**”), for GIMA, the Merger constitutes a transaction “of major importance” with a related party. In light of the above, GIMA’s Board of Directors approved the Merger Plan after receiving a favourable opinion of a committee composed by only independent directors of GIMA (the “**Independent Committee**”). Specifically, the Independent Committee was involved in the negotiation and inquiry phases of the Merger and on 10 June 2019 approved the Merger Plan, recognising the existence of a business interest of the Merged Company in the execution of the Merger, as well as on the substantive convenience and fairness of the terms and conditions set out in this Merger Plan (*see* Paragraph 4).

- (c) In the course of its activities, GIMA’s Board of Directors and GIMA’s Independent Committee, respectively, resolved to appoint an advisor to support their respective assessments of the Merger.
- (d) In order to support its evaluations, GIMA’s Board of Directors sought the opinion of the financial advisor Equita S.I.M. S.p.A. (“**Equita**”), while GIMA’s Independent Committee has sought the opinion of the independent financial advisor Houlihan Lokey S.p.A..
- (e) With regard to IMA, the Merger, although carried out with a related party, falls outside the application of the corporate procedure for transactions with related parties (adopted pursuant to the Related Parties Regulation), as it is a transaction carried out with a subsidiary in which there are no material interests of other related parties (pursuant to Article 14, paragraph 2, of the Related Parties Regulation and Article 5.1, letter h), of the aforementioned procedure). In view of the above, IMA’s Independent Committee was not involved in the approval of the Merger Plan.
- (f) In order to support its evaluations in relation to the Merger, IMA’s Board of Directors sought the opinion of the financial advisor Bank of America Merrill Lynch International DAC, Milan Branch (“**Bank of America Merrill Lynch**”).
- (g) The terms and conditions of the proposed transaction were the subject of an in-depth analysis by the management and the Boards of Directors of the two Companies Participating in the Merger, following which, on 11 June 2019, the Boards of Directors of IMA and GIMA, after obtaining the favourable opinion of the Independent Committee of

GIMA, issued on 10 June 2019, resolved to propose the Merger for approval to their respective extraordinary shareholders' meetings in accordance with the terms and conditions of this Merger Plan.

1. Companies Participating in the Merger

Merging Company

- **I.M.A. Industria Macchine Automatiche S.p.A.**, with registered office in Ozzano dell'Emilia (BO), via Emilia 428-442, share capital, at the date of approval of this Merger Plan, Euro 20,415,200 fully paid-up, divided into 39,260,000 ordinary shares with a par value of Euro 0.52 each, tax code and registration number with the Bologna Company Registry No. 00307140376 and VAT No. 00500931209, with ordinary shares listed on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. ("MTA").

Merged Company

- **GIMA TT S.p.A.**, with registered office in Ozzano dell'Emilia (BO), via Tolara di Sotto 121/A, share capital, at the date of approval of this Merger Plan, Euro 440,000, fully paid-up, divided into 88,000,000 ordinary shares without par value, tax code, VAT number and registration number with the Bologna Company Registry No. 03249061205, with ordinary shares listed on the MTA. GIMA is directly subject to the control of IMA, pursuant to Articles 2359 of the Italian Civil Code and Article 93 of Legislative Decree 58 of 24 February 1998, which holds 60.1% of the share capital of GIMA and exercises management and coordination activities over the Merged Company pursuant to Articles 2497 *et seq.* of the Italian Civil Code.

At the date of the Merger Plan, IMA and GIMA held, respectively, 107,000 and 440,500 treasury shares. Neither IMA nor GIMA has an incentive plan that offers financial instruments.

2. By-laws of the Merging Company

The Merger will result in, on the date of its completion, the dissolution of the Merged Company.

As explained in further detail below, since IMA will increase its share capital by means of issuing up ordinary shares in connection with the Merger, IMA’s extraordinary shareholders’ meeting called to approve the Merger will be convened to also approve the amendment of its by-laws in relation to the section relating to its share capital. In particular, with effect from the date of completion of the Merger, the by-laws of the Merging Company shall be amended as follows:

Current Text	Modified Text
<p style="text-align: center;">ARTICLE 5</p> <p>Capital stock amounts to Euro 20,415,200 (twenty million four hundred and fifteen thousand two hundred) represented by 39,260,000 (thirty-nine million two hundred and sixty thousand) ordinary shares, par value Euro 0.52 (zero point fifty-two) each.</p> <p style="text-align: center;"><i>omissis</i></p>	<p style="text-align: center;">ARTICLE 5</p> <p>Capital stock amounts to Euro <u>22,496,617.52 (twenty-two million four hundred ninety-six thousand six hundred and seventeen point fifty-two)</u> represented by <u>43,262,726 (forty-three million two hundred and sixty-two thousand seven hundred and twenty-six)</u> ordinary shares, par value Euro 0.52 (zero point fifty-two) each.</p> <p style="text-align: center;"><i>omissis</i></p>

The by-laws of the Merging Company which will be effective on the date of completion of the Merger are attached to this Merger Plan under Annex A – .

3. Exchange Ratio and Cash Adjustment

Pursuant to and for the purposes of Article 2501-*quater*, paragraph 2, of the Italian Civil Code, the Boards of Directors of the Companies Participating in the Merger, held on 11 June 2019, resolved to carry out the Merger on the basis of the financial statements as of 31 December 2018 of the Companies Participating in the Merger, approved by the respective ordinary shareholders’ meetings on 30 April 2019.

The Boards of Directors of the Companies Participating in the Merger have set the exchange ratio (the “**Exchange Ratio**”) as follows:

No. 11.4 IMA ordinary shares with a nominal value of Euro 0.52, having the same dividend rights as the ordinary shares of IMA in circulation on the effective date of the Merger, **for each 100 GIMA ordinary shares**.

There will be no cash adjustments.

In order to consider the financial terms of the Merger, the Boards of Directors of the Companies Participating in the Merger have availed themselves of the services of financial advisors of proven standing, namely:

- (a) Bank of America Merrill Lynch, for IMA; and
- (b) Equita, for GIMA.

Further, on 10 June 2019, the Independent Committee of GIMA, formed pursuant to its Related Parties Procedure, issued a favourable opinion regarding a business interest for the Merged Company in the execution of the Merger, as well as on the substantive convenience and fairness of the terms and conditions of the Merger. This favourable opinion was expressed by the Independent Committee of GIMA on the basis of the activities carried out by the following advisors of proven standing: (i) Houlihan Lokey S.p.A., as financial advisor, which issued a favourable fairness opinion on the Exchange Ratio; and (ii) Prof. Francesco Denozza as legal advisor.

The reasons justifying the Exchange Ratio will be illustrated in the reports drawn up by the Boards of Directors of the Companies Participating in the Merger pursuant to Article 2501-*quinquies* of the Italian Civil Code, which will be made available to the public in compliance with applicable law.

On 12 June 2019, The Companies Participating in the Merger have jointly submitted to the Court of Bologna an application for the appointment of a common expert - specifically, an auditing firm - responsible for drawing up the report on the fairness of the Exchange Ratio pursuant to and for the purposes of Article 2501-*sexies* of the Italian Civil Code.

4. Allocation of the Merging Company Shares

As a result of the Merger, all the ordinary shares of the Merged Company will be cancelled and exchanged for ordinary shares of the Merging Company, according to the Exchange Ratio referred to in Paragraph 3 above of this Merger Plan.

For use in the Exchange Ratio, the Merging Company will increase its share capital by issuing up to No. 4,002,726 new ordinary shares with a nominal value of Euro 0.52 each for a maximum nominal amount of Euro 2,081,417.52.

At the date of this Merger Plan, IMA holds No. 52,888,365 shares in GIMA, equal to 60.1% of the share capital. Pursuant to Article 2504-ter, second paragraph, of the Italian Civil Code, no IMA shares will be assigned in exchange for the ordinary shares of GIMA owned by IMA at the date of the completion of the Merger, which, in this case, will be cancelled, but not exchanged, pursuant to Article 2504-ter, paragraph 2, of the Italian Civil Code. In addition, in the context of the Merger, GIMA will cancel, without exchange, all treasury shares held at the date of completion of the Merger.

The newly issued shares of the Merging Company issued for use in the exchange will be listed on the MTA, in the same way as its ordinary shares already in circulation and will be available in dematerialized form on the centralized administration system of Monte Titoli S.p.A. in compliance with applicable law.

No charges will be applied to the shareholders for exchange transactions.

A service to enable the shares exchanged to be rounded down or up to the next unit in accordance with the Exchange Ratio, without any charge, stamp duty or commission will be made available to the shareholders of GIMA. Alternatively, different methods can be used to ensure the overall balance of the transaction.

The shares of the Merging Company issued for use in the exchange will be made available to the shareholders of the Merged Company from the effective date of the Merger, if it is a trading day, or from the first subsequent trading day. This date will be communicated in compliance with applicable law. Any further information on the allocation procedures will be communicated in a similar manner.

Increased Voting Rights

In consideration of the option provided for in Article 6 of the by-laws of the Merging Company, it is expected that:

- (a) the newly issued shares of the Merging Company that will be allotted in exchange to the shareholders of GIMA whose increased voting rights have already matured will automatically be granted increased voting rights in IMA on the effective date of the Merger, and therefore without the need to restart the period of continuous ownership;

- (b) the newly issued shares of IMA that will be allotted to the shareholders of GIMA whose increased voting rights have not already matured with respect to their shares of GIMA on the effective date of the Merger will be deemed to have been entered on the special list provided for by Article 6 of IMA's by-laws as from the date of entry on the special list provided for by Article 6 of GIMA's by-laws and will consequently acquire increased voting rights in IMA upon the additional conditions required by Article 6 of IMA's by-laws for the purpose of increased voting rights being met.

5. Important Information for U.S. Holders Regarding Eligibility to Receive Shares

GIMA shareholders that are resident in, located in or otherwise subject to the securities laws of the United States, and any persons that have a contractual or legal obligation to forward this document to any such GIMA shareholder, including any of the depositary intermediaries authorized to provide financial services that are members of the centralized clearing system at Monte Titoli S.p.A. (the "Depositary Intermediaries"), should read this section.

The newly issued shares of IMA are not to be transferred into the United States and GIMA shareholders that are resident in, located in or otherwise subject to the securities laws of the United States are not eligible to receive newly issued shares of IMA except as set forth in this Paragraph 5. By receiving this document, each GIMA shareholder will be deemed to have read this document, including this Paragraph 5 in its entirety, and will be deemed to have understood the relevant limitations set forth herein.

Notwithstanding anything in the foregoing, with respect to GIMA shareholders who are resident in, located in or otherwise subject to the securities laws of the United States, the Companies Participating in the Merger are investigating the availability of and intending to structure any issuance and exchange of shares issued by IMA in connection with the Merger (the "**New Shares**") in the following fashion:

- for any investors who qualify as "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act of 1933 (the "**Securities Act**")) (such investors, "**Eligible Investors**"), the exchange will be structured as a private placement between such Eligible Investor and IMA, so long as such Eligible Investor provides the Companies Participating in the Merger an appropriate declaration of eligibility (the "**Declaration of Eligibility**") in the form which shall be made available on the GIMA website within the terms and in the manner set forth therein and pursuant to applicable law;
- for any investors who do not qualify as Eligible Investors (any such U.S. holder of GIMA

shares, an “**Ineligible Holder**”), Companies Participating in the Merger intend to set up a “vendor placement” arrangement. The Companies Participating in the Merger reserve the right to structure the exchange of shares in a manner whereby the Ineligible Holders would not receive New Shares, but instead receive net cash proceeds from the sale of the New Shares that they would otherwise be entitled to receive.

U.S. Transfer Restrictions

This Merger Plan is not to be construed as an offer to sell or otherwise distribute or a solicitation of an offer to buy or otherwise acquire any New Shares in any jurisdiction where it is unlawful to do so. The New Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Eligible Investors will be required to acknowledge that the New Shares are “restricted securities” as that term is defined in Rule 144 promulgated under the U.S. Securities Act, and agree that they may be offered, resold, pledged or otherwise transferred (other than pursuant to an effective registration statement under the Securities Act) only: (i) to IMA; (ii) outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act; or (iii) inside the United States only to Eligible Investors in reliance on Rule 144A under the Securities Act or another exemption from registration thereunder; and, in each case, in accordance with any applicable securities laws of any State of the United States or any other applicable jurisdiction.

Declaration of Eligibility

Any GIMA shareholders resident in, located in or otherwise subject to the securities laws of the United States, will receive the New Shares only if such holder has been recognized by the Companies Participating in the Merger as an Eligible Investor by confirming to each of the Companies Participating in the Merger that the distribution of New Shares to such holder may lawfully be made under the applicable securities and other laws of the United States and will not require the Companies Participating in the Merger to comply with any registration requirements under the Securities Act.

Each GIMA shareholder who, according to GIMA’s records, is resident in, located in or otherwise subject to the securities laws of the United States and owns GIMA shares on the effective date of the merger (such date, the “**Record Date**”) will be deemed to be ineligible to receive the New Shares unless able to confirm their eligibility through the procedure described

herein. In order to provide each GIMA Shareholder who, according to GIMA's records, was resident in, located in or otherwise subject to the securities laws of the United States the opportunity to confirm to the Companies Participating in the Merger that such holder may be deemed an Eligible Investor, GIMA will cause to be delivered to each such holder a form of Declaration of Eligibility and will make the Declaration of Eligibility available on the portion of GIMA's website dedicated to the Merger. Each such U.S. holder who wishes to receive the New Shares is required to deliver a completed Declaration of Eligibility to D.F. King Ltd., acting as Information Agent on behalf of the Companies Participating in the Merger (the "**Information Agent**") by a deadline to be determined and communicated to the market separately once the effective date of the Merger is fixed (such date, the "**Eligibility Deadline**"). Such completed Declaration of Eligibility shall be returned in electronic form to the Information Agent, by the Eligibility Deadline to the following address: GIMA@dfkingltd.com. A copy of the completed Declaration of Eligibility shall also be delivered to such shareholder's Depository Intermediary, if any.

Depository Intermediaries may not assist clients who are present in the United States or have an address in the United States in receiving New Shares except to the extent a Declaration of Eligibility has been provided. Any incomplete instruction or instruction that does not meet these requirements will be null and void. Depository Intermediaries shall assist clients who are Ineligible Investors in accordance with the procedures set forth below in "*Sale of Distributed Shares and Rights on Behalf of Ineligible Holders*".

Based on the information provided in the completed Declaration of Eligibility and such other information as is requested, the Companies Participating in the Merger will determine, in their sole discretion, if such holder may be deemed an Eligible Investor and could be eligible to receive the New Shares. Depository Intermediaries who hold GIMA shares for the account of one or more beneficial holders and who receive a Declaration of Eligibility, are required to complete and deliver such Declaration of Eligibility on behalf of each such beneficial holder who has an address of record in the United States.

Each GIMA Shareholder or any entity who holds GIMA shares for the account of a beneficial holder who has an address of record inside the United States and who fails to deliver a completed Declaration of Eligibility by the Eligibility Deadline and any other information requested, to the satisfaction of the Companies Participating in the Merger, may be deemed to be an Ineligible Holder.

Sale of Distributed Shares and Rights on Behalf of Ineligible Holders

As IMA will not distribute the New Shares to Ineligible Holders, the Companies Participating in the Merger have made arrangements to have such New Shares (the “**Ineligible Shares**”) issued to the Depository Intermediaries and immediately transferred to a selling agent (the “**Selling Agent**”) for sale on the market following their receipt of the Ineligible Shares. The Selling Agent shall be appointed in due course and confirmed to the market upon appointment. The net proceeds, if any, of any such sale will be distributed to the Ineligible Holders in accordance with their entitlement under the Exchange Ratio.

The net proceeds from the sale of the Ineligible Shares will be divided by the number of securities sold and paid as soon as reasonably practicable to each Ineligible Holder on whose behalf such Ineligible Shares were sold, less any applicable withholding taxes or other duties. Any brokerage fees incurred by the Selling Agent will be borne by IMA.

In carrying out the sale of the Ineligible Shares, GIMA, IMA, the Information Agent and the Selling Agent will act on a best efforts basis only. None of GIMA, IMA, the Information Agent or the Selling Agent will incur or accept any responsibility or liability for the price obtained or the terms or manner of the sale of such Ineligible Shares or the inability to sell such securities.

Tax Considerations

In the event the proceeds distributed to an Ineligible Holder exceeds or is less than the value attributed to such Ineligible Shares at the time an Ineligible Holder became entitled to the Ineligible Shares, such holder may realize a gain or loss on the disposition of the Ineligible Shares. Ineligible Holders should be aware that the distribution or disposition of the Ineligible Shares and payment of the net proceeds thereof, if any, may have tax consequences in the jurisdiction in which they reside which are not described in this Merger Plan. Such holders should consult their own legal, financial, tax or other professional advisors about the specific tax consequences of the distribution or disposition by the Selling Agent of the Ineligible Shares and payment of the net proceeds thereof, if any.

Requests of information in relation to the procedures applicable to U.S. Holders, and for any documents or materials relating to U.S. Holders, should be directed to the Information Agent at Tel: +44 207 920 9700 or email: GIMA@dfkingltd.com.

6. Date from which the IMA Shares Exchanged in the Merger will Share in Profits

The ordinary shares of the Merging Company that will be issued and exchanged with the shares held by the shareholders of the Merged Company will have the same dividend rights as the ordinary shares of IMA in circulation at the effective date of the Merger and will grant their holders rights equivalent to those of the holders of ordinary shares of the Merging Company outstanding at the time of assignment.

7. Effective Date of the Merger

The Merger will be considered valid and in full effect from the date of the last registration with the Bologna Company Registry as required by Article 2504-*bis* of the Italian Civil Code, or from a later date indicated in the deed of Merger.

For accounting and tax purposes, the transactions recorded by the Merged Company will be accounted for on the financial statements of the Merging Company starting from January 1 of the year in which the Merger is effective.

8. Possible Treatment for Particular Categories of Shareholders and for Holders of Securities Other Than Shares – Possible Special Advantages Reserved for Directors

In relation to each of the Companies Participating in the Merger, there are no special categories of shareholders or holders of securities other than IMA and GIMA, respectively.

Without prejudice to Paragraph 5, no special treatment, as a result of the Merger, is envisaged for special categories of shareholders or holders of securities other than shares held by the Companies Participating in the Merger.

The resolutions approving the Merger and the related amendments to IMA's by-laws will not give rise to any right of withdrawal for the shareholders who have not voted in favour of said resolutions, since: (i) pursuant to Article 2437-*quinquies* of the Italian Civil Code, IMA's shares will continue to be listed on the MTA; and (ii) pursuant to Article 2437, paragraph 1, letter a) of the Italian Civil Code, following the Merger, there will be no "*change in the corporate purpose clause*" integrating "*a significant change in the activity*" of the Companies Participating in the Merger.

There are no particular benefits for the directors of the Companies Participating in the Merger.

9. Conditions of the Merger

The completion of the Merger is subject not only to the approval by the extraordinary shareholders' meetings of IMA and GIMA, but also to the fulfilment of the following conditions:

- (i) issuance of a favourable opinion on the adequacy of the Exchange Ratio by the common expert;
- (ii) the admission to trading of IMA ordinary shares issued in connection with the Merger on the MTA by Borsa Italiana S.p.A.; and
- (iii) that, by the date of the signing of the deed of the Merger, no events or circumstances have occurred that have or could have a materially negative impact on the businesses, the legal relationships, the liabilities and/or the operating results of the Companies Participating in the Merger or such as to alter the risk profile or the valuations on which the Exchange Ratio is based.

The foregoing is without prejudice to any changes, additions and updates, including numerical updates, to this Merger Plan and to the by-laws of the Merging Company, as set out in the annex, as permitted by law or as may be required by the competent supervisory authorities or the competent offices of the Company Registry.

Ozzano dell'Emilia, *11 June 2019*

I.M.A. INDUSTRIA MACCHINE AUTOMATICHE S.P.A.

The Chairman and Chief Executive Officer – Alberto Vacchi

GIMA TT S.p.A.

The Chairman – Sergio Marzo

Annex A: By-laws of the Merging Company after the Merger

Annex A – By-laws

BY LAWS OF I.M.A. INDUSTRIA MACHINE AUTOMATICHE S.p.A.

Section I NAME, REGISTERED OFFICES, OBJECTS AND DURATION OF THE COMPANY

Art.1

A Company with liability limited by shares is formed under the name of “**I.M.A. Industria Macchine Automatiche S.p.A.**”. The short form of the name, “**IMA S.p.A.**”, may also be used.

Art.2

The registered offices of the company are at Ozzano dell'Emilia, Bologna. By resolution of the Board of Directors, the company may establish and close secondary offices, factories, branches, agencies and representative offices in Italy and abroad.

Art. 3

The objects of the company are to:

- a) carry out industrial engineering activities, directly, on a sub-contract basis or otherwise, particularly with regard to automated machinery and related parts and accessories, electromechanical plant and installations, and add-ons and expansion units for such products, as well as the purchase, sale and/or provision of by-products and services of various kinds, in the interests of third parties and its subsidiary and/or associated companies;
- b) provide support in the areas of sales, marketing and the organization of production, and sell knowhow about production process and managerial techniques;
- c) buy, sell, administer, lease and manage real estate.

In order to achieve its objectives, the company may carry out all the commercial, industrial, financial, investment and real estate activities deemed necessary and/or useful by the Board of Directors for the achievement of such objects, with the exclusion of gathering savings from the public and other activities which are reserved by law.

Art. 4

The duration of the company is fixed until December 31, 2100, and may be extended by a resolution adopted at the Stockholders' Meeting.

Section II CAPITAL STOCK AND SHARES

Art. 5

Capital stock amounts to Euro 22,496,617.52 (twenty-two million four hundred ninety-six thousand six hundred and seventeen point fifty-two) divided into 43,262,726 (forty-three million two hundred sixty-two thousand seven hundred twenty-six) ordinary shares with a nominal value of Euro 0.52 (zero point fifty-two) each.

Capital stock can be increased by a resolution adopted at a Stockholders' Meeting, including by the issue of shares carrying different rights with respect to those of ordinary shares and by conferrals other than cash, to the extent allowed by law and also pursuant to Art. 2441, paragraph 4, second part of the Italian Civil Code, with respect to the terms, conditions and procedures provided for therein; the Extraordinary Shareholders' Meeting may also grant the Directors the power - pursuant to and in accordance with Art. 2443 of the Italian Civil Code - to proceed with a capital increase, free or otherwise, with or without option rights, including in accordance with Art. 2441, paragraph 4 second part and paragraph 5 of the Italian Civil Code.

The company may purchase treasury shares in compliance with the requirements of art. 2357 et seq. of the Italian Civil Code.

The Extraordinary Shareholders' Meeting held on April 27th 2016 voted:

- to grant the Board of Directors, for a period of five years from the date of the resolution, the power, pursuant to Art. 2443 of the Italian Civil Code, to increase share capital for cash, on one or more occasions, in a divisible manner for a maximum amount of Euro 1.950.520, by issuing a maximum of 3,751,000 ordinary shares with a nominal value of Euro 0.52 (zero point fifty two) each to be placed exclusively with third party financial investors, excluding any option rights held by shareholders, pursuant to Art. 2441, paragraph 4, second part, of the Italian Civil Code and/or pursuant to Art. 2441, paragraph 5 of the Italian Civil Code;

- to establish that the powers granted above include the ability to determine, on a case by case basis, the issue price of the shares including any share premiums, dividend rights, as well as part of warrants on the shares to be issued excluding option rights pursuant to Art. 2441, paragraph 4, second part of the Italian Civil Code for a maximum of 3,751,000 shares or, at any rate, 10% (ten per cent) more than the capital prior to the Board of Director's resolution, in accordance with the other conditions provided for at law.

As partial execution of the power granted to the Board of Directors by the Shareholders' Extraordinary and Ordinary Meeting held on 27 April 2016, upon the meeting held on 6 June 2016, the Board of Directors resolved to increase the share capital against payment, in a divisible manner, by a maximum of Euro 910,000.00 and for a maximum amount equal to approximately 4.67% of the company's existing share capital, by issuing up to 1,750,000 new ordinary shares having a nominal value of Euro 0.52 each and standard dividend rights, with exclusion of the pre-emption rights pursuant to Art. 2441, paragraph 4, of the Italian Civil Code, to be offered for subscription to Qualified Investors (as defined pursuant to Art. 34-ter, paragraph 1, let. b of the Consob Regulation) in Italy and to foreign institutional investors (in accordance with the provisions of Regulation Sand Rule 144A of U.S. Securities Act of 1933) and with the express exclusion of any other country or jurisdiction in which the placement would be prohibited by applicable laws or in the absence of any exemptions. Pursuant to Art. 2439, paragraph 2, of the Italian Civil Code, in the event of partial subscription to the resolved capital increase by 30 June 2016, the Company's joint-stock capital shall be deemed to have been increased by an amount equal to the subscriptions carried out as at 30 June 2016.

Art. 6

The company's shares may be transferred freely and to full effect in its regard, in compliance with current legislation. The instructions regarding the representation, legitimation and circulation of shares listed in regulated markets continue to apply.

Each single common share shall entitle to exercising one vote.

As a derogation to such general rule, each single common share shall entitle to exercising two votes provided that (i) such share had belonged to an individual or entity, by means of right *in rem* which entitles to exercise of the voting right (full ownership, bare ownership with voting right and usufruct with voting right), for an uninterrupted period of at least twenty-four (24) months, and (ii) the condition under item (i) is certified by its registration in the register held by the Company pursuant to this article 6 for an uninterrupted period of at least twenty-four (24) months and by a communication served by the intermediary acting as depository of the shares, referring to the initial date of the uninterrupted period.

Pursuant to the applicable laws and regulations, the Company shall create and hold, at its registered office, the register where the shareholders willing to benefit from the multiple vote for all, or part of, the owned shares shall be registered. The individual or entity willing to obtain the registration in such register of all, or part of, the owned shares shall submit such request in writing to the Company, attaching the communication certifying the ownership of the shares, issued by the intermediary acting as depository of such shares.

In case the shareholder is not an individual, such request shall indicate whether the owner of the shares is subject to direct or indirect control by any third parties and, if so, shall contain the information aimed at identifying the controlling party.

The obtainment of the increased voting right shall be effective as from the fifth market day of the calendar month following the month in which the conditions set out under the by-laws for the increased voting right have been satisfied. The increased voting right shall proportionally apply to newly issued shares (the "Newly Issued Shares"): (i) conversion shares, deriving from a free capital increase pursuant to article 2442 et seq. of the Italian Civil Code, to which the shareholder is entitled in relation to shares having already acquired the increased voting right (the "Existing Shares"); (ii) shares to which the shareholder is entitled in exchange of the Existing Shares in the event of merger or de-merger, provided that such exchange is set out in the merger or de-merger project; (iii) subscribed by the owner of the Existing Shares in the framework of a capital increase through new contributions. In such cases, the Newly Issued Shares shall acquire the increased voting right upon registration in the special register, not being necessary the further requirement of the ownership for the uninterrupted period of twenty-four (24) months; in the event the increased voting right has not been acquired yet but will be acquired, the increased voting right shall apply to the Newly Issued Shares as from the moment when the conditions set out under the by-laws for the increased voting right of the Existing Shares have been met.

The increased voting right shall cease in case of transfer of the share, for consideration or free, it being understood that transfer shall also mean the creation of pledge, of usufruct or of any other burden or lien on the share if such transaction shall cause the loss of voting right of the shareholder.

In the events of transfer of the share, for consideration or free, including the creation of pledge, of usufruct or of any other burden or lien on the share if such transaction shall cause the loss of voting right of the shareholder, the transferor shall maintain the increased voting right on the shares other than the transferred ones or those which have been pledged or those on which usufruct rights have been granted, it being understood that the increased voting right benefit shall be maintained in the event the right *in rem* is transferred (i) by means of inheritance, or (ii) as a consequence of a transfer by means of a donation in favour of statutory heirs or for the creation and/or the functioning of a trust or of a family trust or a foundation which the transferor or his/her statutory heirs benefit from. The successors in title are entitled to request the registration with the same registration seniority of the individual legal predecessor.

The increased voting right shall also cease in the event of direct or indirect transfer of controlling shareholdings - as defined under the laws and regulations applicable to issuers of listed securities - held by entities holding an amount shares of the Company entitling to increased voting right exceeding the threshold determining the obligation of communication to the Company and the Consob of major holdings pursuant to the applicable laws and regulations, it being understood that the increased voting right benefit shall be conserved in the event of transfer either (a) by means of inheritance, or (b) as a consequence of a transfer by means of a donation in favour of statutory heirs or for the creation and/or the functioning of a trust or of a family trust or a foundation which the transferor or his/her statutory heirs benefit from, concerning the aforesaid controlling shareholdings .

The entity or individual entitled to increased voting right may waive the increased voting right for all, or part of all, his shares by means of written communication to be served to the Company. The waiver is irrevocable, but the

increased voting right may be obtained again with reference to the shares for which it has been waived, by means of a new registration in the register and the expiration of the uninterrupted period of at least twenty-four (24) months.

The Company shall delete from the register in the following circumstances: (i) waiver of the entitled entity or individual; (ii) communication from the entitled entity or individual or from the intermediary, giving evidence of the cessation of the conditions for increased voting right exercise or the cessation of the ownership of the right in rem entitling to increased voting right and/or of the relevant voting right; (iii) automatically, should the Company be made aware of the occurrence of events which cause the cessation of the conditions for increased voting right exercise or the cessation of the ownership of the right in rem entitling to increased voting right and/or of the relevant voting right.

The register is updated by the Company within the fifth open market day as from the end of each calendar month and, in any case, within the date of obtainment of the eligibility to attend the shareholders' meeting and to exercise the voting right (the record date).

Art. 7

The company may issue bonds in any form to the extent allowed by law. Resolutions for the issue of convertible bonds and warrants to subscribe for new shares must be adopted at extraordinary stockholders' meetings, unless this right is delegated pursuant to arts. 2420 ter and 2443 of the Italian Civil Code. In other cases, resolutions to issue bonds must be adopted by the Board of Directors.

Art. 8

The domicile of stockholders with regard to their relations with the company is deemed to be that recorded in the stockholders' register. Accordingly, the stockholders are responsible for ensuring that this register is updated for any changes in their domicile.

The shares are not divisible, except in the case of multiple shares which can be subdivided at the request of the holder.

Art.9

The right to withdraw can be exercised to the extent and in accordance with the provisions laid down by current legislation.

Section III STOCKHOLDERS' MEETINGS

Art. 10

Stockholders' meetings are called by the directors through a notice to be published on the company website as well as according to the related regulations. The stockholders' meeting is held in the municipality where the company has its registered offices, or elsewhere in Italy, the European Union or Switzerland.

The date of the single call is indicated in the notice of calling; alternatively, an ordinary and extraordinary shareholders' meeting may be convened in more than one call; under this hypotheses, the notice of calling will indicate the date of the second and third call, in the event the required quorum is not met at previous meetings. Requests to add items to the agenda of Shareholders' Meetings may be presented by Shareholders, to the extent allowed by law.

The legitimate attendance of the shareholders' meetings and the exercise of voting rights is regulated in accordance with current law.

Participation at the Shareholders' Meeting, in compliance with the law, is available to the holders of voting rights having a statement issued by the certified intermediary that legitimates the right to attend and vote; the statement must reach the company in compliance with the regulations.

Art.11

All subjects with the right to vote may indicate one representative for Shareholders' Meetings in compliance with the limits of the laws in force by proxy that may be notified through a certified e-mail address in accordance with the rules indicated in the meeting notice.

The Company doesn't grant the designation of a shareholders' representative for shareholders' meetings to whom the shareholders may confer a proxy with voting instructions on all or some of the proposals on the agenda.

The participants at Stockholders' Meetings may be present in different physical locations, either adjoining or distant, that are linked via telecommunications, on condition that business is conducted on a collective basis, in good faith and with equal treatment for all stockholders.

In this case:

1. the notice of meeting indicates the places where participants may attend with audio/visual links provided by the company, and the meeting is deemed to be held at the place where both the chairman and the person taking the minutes are present;
2. the chairman of the meeting, assisted by his staff or by appointed personnel present at the places with audio-visual links, must be able to guarantee the presence of a quorum, verify the identity and rights of those present, moderate the proceedings and verify the results of voting;
3. the person taking the minutes must be able to follow on an appropriate basis the events of the meeting to be minuted;
4. those present must be able to take part in the discussions and in simultaneous voting on the items on the agenda.

Art. 12

The quorums for Stockholders' Meetings and for the validity of resolutions adopted in both ordinary and extraordinary session are governed by current legislation. The provisions of art. 15 and art. 23 below apply to the appointment of the Board of Directors and Board of Statutory Auditors respectively.

The increased voting right shall be computed for the calculation of the presence and voting quorum referring to quotas of share capital, but shall be ineffective on rights, other than voting right, granted because of the ownership of certain quotas of share capital.

Art. 13

The Stockholders' Meeting is chaired by the Chairman of the Board of Directors or, if absent or unavailable, by another person present at the Meeting appointed by a simple majority of the subjects with the right to vote.

The Meeting appoints a Secretary, who may be a person with the right to vote, and, where necessary, two Scrutineers. Resolutions are adopted properly by show of hands, having regard for the number of votes held by each participant. Alternate forms of voting may be agreed by the Meeting on a proposal from its chairman.

Art. 14

The ordinary stockholders' meeting must be called at least once each year, not more than one hundred and twenty days from the end of the financial year; where allowed by law, the meeting may be called not more than 180 days from the end of the financial year.

Chapter IV MANAGEMENT

Art. 15

The company is administered by a Board of Directors comprising between 5 and 15 members, in accordance with regulatory of gender balance in force from time to time established in art. 147-ter paragraph 1-ter of Decree 58/1998. The Stockholders' Meeting that appoints the Board determines the number of directors and their duration in office, which cannot exceed three years, expiring on the date of the stockholders' meeting called to approve the financial statements for the final year of their mandate. The Directors must satisfy the legal requirements for their appointment and the related regulations; they may be re-elected.

The directors are appointed at the Shareholders' Meeting with reference to lists presented by the Shareholders; each list must include, using consecutive numbering, a number of candidates equal to the maximum number of members of the Board of Directors indicated in the first paragraph of this article. The lists must expressly state which directors meet the requirements for being considered independent. Each candidate may only be present on one list or, otherwise, will be ineligible for election.

Lists may only be presented by shareholders who alone or together with other shareholders own at least 2.5% (two point five percent) of the Company's share capital, or such different threshold as is established by law or the regulations (including, in particular, the regulations approved by Consob). The Board of Directors will specify the ownership threshold required for the presentation of lists of candidates in the notice that calls the Shareholders' Meeting held to appoint the directors.

Each shareholder acting directly, or via an intermediary or a trust company, may present, or contribute to the presentation of, just one list. The lists, accompanied by the professional curriculums of each nominated person and signed by the Shareholders presenting them, must be filed at the registered offices by the twenty-fifth day prior to the date of the Shareholders' meeting called to appoint the members of the Board of Directors.

In order to provide evidence of the ownership of the minimum investment necessary to present the lists, the shareholders have to submit, together with the list, the relevant statement including any information related to the identity of the shareholder/shareholders presenting the list, the share capital percentage of their legal ownership applicable at the time of the list submission and the certification of the percentage required by the laws applicable at the time of the list submission at the company's offices. The related certification may also be submitted after filing, provided submission is within twenty one day prior to the date established for the Shareholders' meeting at first calling.

Each list must be filed together with declarations from each candidate accepting their nomination and declaring, under their own responsibility, that there are no reasons for ineligibility or incompatibility, as defined by law, and that they satisfy the requirements specified by law or in the related regulations.

In respect of the gender balance each list must contain at least two candidates meeting the independence requirements established for statutory auditors in art. 148.3 of Decree 58/1998 (the "Independent Directors").

Lists which do not comply with the above instructions will be treated as though they had not been presented. Each bearer of voting rights may vote for just one list.

On the completion of voting, the candidates on the two lists that obtained the largest number of votes are elected, on condition that these exceed half of the percentage of capital required for the presentation of lists, to be determined at the time of voting, on the following basis:

- (a) the number of directors drawn from the list that obtains the largest number of votes (the "Majority List") is one less than the total number of members of the Board of Directors established previously by the Shareholders' Meeting; within this numeric limit, the candidates are elected in the numerical order in which they appear on the list;
- (b) one director, being the first candidate on the list, is drawn from the list obtaining the second largest number of votes that is not related in any way, directly or indirectly, with the Shareholders who presented or voted for the Majority List (the "Minority List").

In the event of a tie between two or more lists, the votes obtained by these lists are divided successively by one, by two, by three and so on, depending on the number of directors to be appointed.

The resulting quotients are allocated progressively to the candidates indicated on each list, depending on the order in which they appear on them. The quotients attributed on this basis to the candidate on each list are then ranked on one new list in decreasing order. The candidates with the highest quotients are elected. With regard to candidates obtaining the same quotient, the candidate from the list containing the smallest number of candidates is elected; again referring to candidates with the same quotient, if there are several lists with the same number of candidates, the eldest candidate is elected.

If only one list is presented, all the directors will be drawn in numerical order from that single list.

If the election of candidates using the above procedure does not secure the appointment of the number of Independent Directors required by current regulations:

(i) if there is a Majority List, the number of candidates who are not independent (representing the number of missing Independent Directors) and who were elected last in numerical order on the Majority List will be replaced in numerical order by the unelected Independent Directors on that list;

(ii) in the absence of a Majority List, the number of candidates who are not independent (representing the number of missing Independent Directors) and who were elected last in the lists from which no Independent Director was drawn will be replaced in numerical order by the unelected Independent Directors on those lists.

Furthermore in the case in which, applying the procedures previously described, the composition of the Board of Directors does not allow the compliance with the regulatory of gender balance, the last candidate taken from the only one list presented will be excluded or, where more lists are presented, from Majority List, and will be replaced by the first unelected candidate belonging to the gender less represented, drawn from the same list as the candidate excluded; the same procedure shall be applied such as to ensure the requirements provided by the regulatory of gender balance in force from time to time.

If it is not possible to comply, totally or partially, with regulatory of gender balance, the Assembly integrates the body with a majority vote, ensuring the fulfilment of the requirements.

In the absence of lists, the Board of Directors is appointed, in respect of the gender balance in force from time to time, at the Shareholders' Meeting with the majorities established by law.

If one or more Directors cease to serve for whatever reason, they are freely replaced in accordance with the law, in respect of the gender balance in force from time to time. Except that if a Director who ceases to serve is the Director elected from the Minority List, the Director appointed in replacement must be drawn from that Minority List, in respect of the gender balance in force from time to time.

The directors are not required to comply with the no-competition restrictions laid down by art. 2390 of the Italian Civil Code, unless decided otherwise by the stockholders' meeting.

If the majority of the serving directors, or the majority of the directors appointed by the stockholders in general meeting, should cease to serve for whatever reason, the entire Board lapses and a Stockholders' Meeting must be called as soon as possible to make new appointments. The Stockholders' Meeting fixes the remuneration of the members of the Board of Directors and, where appointed, of the Executive Committee. The remuneration of directors with special duties is determined by the Board of Directors, having heard the opinion of the Board of Statutory Auditors.

In compliance with an overall amount that the Shareholders' meeting may determine for the compensation of all the Directors, including those vested with particular offices.

Art. 16

The Board elects a Chairman and, if required, one or more Deputy Chairmen, if they have not already been appointed by the Stockholders' Meeting.

In addition, the Board may appoint from among its members one or more Managing Directors and/or an Executive Committee, determining their powers and, with regard to the Executive Committee, the number of members and the regulations that govern its activities. The Board may also appoint the committees envisaged by the codes of conduct prepared by companies that administer regulated markets, determining their duties, the number of members and the regulations governing their activities.

The Chairman and, where elected, the Managing Directors, have a right to be members of the Executive Committee, if appointed.

The meetings of the Executive Committee may be held by "video-conference" or "phone-conference" pursuant to Art. 19 below.

Appointment as Chairman is compatible with that of Managing Director.

Art. 17

The Board of Directors meets in Italy or within the European Union, not necessarily at the registered offices, when called by the Chairman or his deputy or whenever requested by at least two Directors or two Statutory Auditors; in this last case, the meeting must be called within ten days of the request.

The Directors with delegated powers report at least every quarter to meetings of the Board or the Executive Committee or in writing to the Board of Directors and the Board of Statutory Auditors on their activities, and on the principal transactions of economic and financial significance carried out by the Company and its subsidiaries; in particular, they report on transactions in which the directors have an interest, either directly or on behalf of third parties, or which are influenced by any parties that direct and coordinate the company's activities.

Meetings are called by written communication, sent - by fax, telegram, e-mail or otherwise - at least four days prior to the meeting, listing the items to be discussed.

In urgent cases, the Board may be called giving at least two days' notice.

The meetings of the Board and its resolutions are valid, even without formal convocation, when all the serving Directors and Statutory Auditors are present, or the majority of the serving Directors and Statutory Auditors are present and those absent have been informed in advance, in writing, about the matters to be discussed at the meeting and have given their written consent for such discussions to take place.

Art. 18

The Board of Directors exercises the widest powers to manage the company, except for those specifically reserved by law for the stockholders in general meeting. Without prejudice to the limits imposed by law and without the right to delegate, the Board of Directors is responsible for resolving on the opening and closing of secondary offices, the appointment of directors as legal representatives of the company, the reduction of capital if required upon the withdrawal of stockholders, the modification of the Statute to comply with legal requirements, decisions regarding mergers and spinoffs in the situations covered by arts. 2505 and 2505 bis of the Italian Civil Code, as referred to in art. 2506 ter of the Italian Civil Code, or otherwise, and the issue of bonds to the extent described in art. 7 above.

The allocation to the management body of powers that by law are reserved for the Shareholders' Meeting, as described in this art. 18, does not impoverish the principal role of the Shareholders' Meeting, which retains the power to decide on the matters concerned.

Art.19

Resolutions adopted by the Board of Directors are valid when the majority of appointed directors is present and when they are carried with an absolute majority of the votes of those present.

Meetings of the Board of Directors may be held by "videoconference" or "telephone conference", without need for the physical presence of the Directors in the same place, on condition that all those participating can be identified and are able to follow the discussions, contribute in real time to the matters under discussion and receive, transmit and examine documents.

If these conditions are met, the Board meeting is deemed to be held at the place where the Chairman or, in his absence, his deputy and the Secretary are both present, so that the minutes can be recorded in the minute book and signed.

Art. 20

The resolutions adopted by the Board are recorded in a minute book by the Secretary, who is chosen from time to time by the Board and who need not be a Board member. The minutes are signed by the Chairman or, in his absence, his deputy and by the Secretary.

Art. 21

The Board of Directors, the Directors or the Managing Directors and the Executive Committee may, to the extent of their powers, appoint or arrange for the appointment of general and other senior managers, who need not be Board members, and grant them or delegate powers to grant them the related mandates, and appoint special representatives for specific deeds or classes of deed, fixing any applicable remuneration.

Section V COMPANY SIGNATURE AND REPRESENTATION

Art. 22

The Chairman of the Board of Directors is the company's legal representative and signs on its behalf in dealings with third parties and in judgement, with the power to promote judicial, arbitration and administrative actions, applications and appeals at all levels of judgement, including the high court and the appeal court. The Board of Directors may however grant powers to the Managing Directors to represent the company and sign on its behalf in dealings with third parties and in judgement.

Section VI BOARD OF STATUTORY AUDITORS - ACCOUNTING VERIFICATION - MANAGER FOR PREPARING COMPANY'S ACCOUNTING DOCUMENTATION

Art. 23

1. The Board of Statutory Auditors comprises, in accordance with regulatory of gender balance in force from time to time established in art. 148 paragraph 1-bis of Decree 58/1998, three serving auditors and three alternates, who may be re-elected. Their duties and term in office are those established by current legislation.

2. Persons who hold more than the number of directorships and audit positions allowed by law and current regulations cannot be elected as statutory auditors and, if elected, their appointments lapse.

3. The honorability, professionalism and independence requirements for candidates are those established by current regulations. The components of the Board of Statutory Auditors are selected from those with the requisites of professionalism and honour indicated in. For the purposes of the disposition of which at Ministry of Justice Decree No. 162 of 30 March 2000 Article 1, paragraph 2, letters b) and c), matters pertaining to commercial and company economy and finance are considered strictly pertinent within the sphere of activities of the Company, as well as the matter and activity sector pertaining to mechanical.

4. Statutory Auditors are appointed using the list-voting procedures described in the law and current regulations, to ensure the compliance with regulatory of gender balance in accordance with Article 148 paragraph 1-bis of Decree 58/1998 and to ensure that the minority stockholders can appoint one serving Auditor and one alternate Auditor. The lists presented have two sections: one for the appointment of serving Auditors and the other for the appointment of alternate Auditors. The lists contain a number of candidates that does not exceed the number of Auditors to be elected, listed in numerical sequence. Each candidate may only be included on one list or, otherwise, will be ineligible for election; the first two candidates in the respective sections of the lists must be of both genders.

5. Lists may only be presented by Shareholders who alone or together with other shareholders own at least 2.5% (two point five percent) of the shares with voting rights, or such different threshold as is established in the third paragraph of mi. 15 of these articles of association. The Board of Directors will specify the ownership threshold required for the presentation of lists of candidates in the notice that calls the Shareholders' Meeting held to appoint the Statutory Auditors. At the time of presenting the list, the total percentage ownership held must be specified, together with all the other documentation required by law and the regulations. In order to provide evidence of the ownership of the minimum investment necessary to present the lists, the shareholders have to submit, together with the list, the relevant statement including any information related to the identity of the shareholder/shareholders presenting the list, the share capital percentage of their legal ownership applicable at the time of the list submission and the certification of the percentage required by the laws applicable at the time of the list submission at the company's offices. The related certification may also be submitted after filing, provided submission is within twenty one day prior to the date established for the Shareholders' meeting at first calling. Each Shareholder acting directly, or via an intermediary or a trust company, may contribute to the presentation of, just one list. In the event of non-compliance, the support given to all the lists concerned is ignored.

The lists, signed by those presenting them, must be filed at the company's registered offices by the twenty-fifth day prior to the date of the Shareholders' meeting at first calling called to appoint the members of the Board of Statutory Auditors. By the above deadline, a description of the professional curriculums of each candidate is filed together with each list, including a declaration from each candidate accepting the nomination and confirming, under their own responsibility, that there are no conflicts of interest or reasons why they cannot be elected, and that they meet the requirements of office set down in the regulations and the Statute.

Lists presented without complying with the above requirements are treated as though they were not presented.

6. Each person with the right to vote shall vote for just one list.

7. The first two candidates in the respective sections of the list that obtains the largest number of votes (the "Majority List") are elected as serving Auditors and alternate Auditors, together with the first candidate in the respective sections of the list obtaining the second largest number of votes that is not related in any way, directly or indirectly, with the Shareholders who presented or voted for the Majority List (the "Minority List").

In the event of a voting tie involving two or more lists, the eldest candidates, in respect of the gender balance in force from time to time, will be elected as Auditors to the extent of the places available. The candidate on the Minority List is the Chairman; the previous period applies if two or more lists obtain the same number of votes.

The provisions of the law and current regulations apply if just one list is presented, or just lists from shareholders who are associated with the shareholders who presented or voted for the Majority List.

8. In respect of the gender balance in force from time to time, if a serving Auditor has to be replaced, the first alternate on the same list as the retired person takes over until the next Stockholders' Meeting.

If just one list is presented, or in the case of a voting tie between two or more lists, the first serving auditor drawn from the list of the past Chairman will serve as Chairman until the next Shareholders' Meeting.

In respect of the gender balance in force from time to time, if a serving Auditor or the Chairman has to be replaced in circumstances where only one list was presented, their places are taken until the next Stockholders' Meeting by, respectively , the next alternate Auditor or serving Auditor in sequence on the corresponding sections of the list.

9. If, pursuant to current legislation, the Shareholders' Meeting is required to appoint serving and/or alternate Auditors and the Chairman in order to reconstitute the Board of Statutory Auditors following replacements, the appointments will be made by the Shareholders' Meeting with the majorities established by law, in accordance with the law and current regulations. In particular:

- if it is necessary to replace the (i) serving Auditor and/or the President or (ii) the serving Auditor drawn from the Minority List, the candidates for serving Auditor in case (i) above and for alternate Auditor in case (ii) above are those not previously elected from the corresponding sections of the same Minority List and the persons obtaining the largest number of votes in favour are elected, in respect of the gender balance in force from time to time;

- if there is a lack of candidates available pursuant to the previous paragraph and it is necessary to replace one or more serving and/or alternate Auditors appointed from the Majority List, the provisions of the Italian Civil Code are applied, in respect of the gender balance in force from time to time, and the appointments are made by a simple majority of the votes cast at the Stockholders' Meeting.

If, pursuant to current legislation, serving and/or alternate Auditors or the Chairman have to be appointed to reconstitute the Board of Statutory Auditors following replacements in circumstances where only one list was presented, the provisions of the Italian Civil Code are applied, in respect of the gender balance in force from time to time, and the appointments are made by a simple majority of the votes cast at the Stockholders' Meeting.

Only those persons who present by the date of the Stockholders' Meeting the documents and certificates required by paragraph five above are eligible for nomination as candidates, in accordance with the law and current regulations.

Art. 24

Accounting audit is performed by a subject who is member of the applicable official board.

Art. 25

The Board of Directors, having heard the required opinion of the Board of Statutory Auditors, appoints the party responsible for preparing the company's accounting documentation. This opinion must be given by the Board of Statutory Auditors within 15 (fifteen) days of receipt of the request from the Board of Directors.

The manager responsible for preparing the company's accounting documentation must have accumulated at least three years' of experience in the area of administration, finance and control and possess the honorability requirements established for the directors. The loss of these requirements causes the appointment to lapse and must be communicated to the Board of Directors within 30 (thirty) days of becoming aware of the fact that gives rise to the loss of the requirements to be met by the manager responsible for preparing the company's accounting documentation .

In order to obtain the required opinion of the Board of Statutory Auditors, the Board of Directors sends the curriculum of the candidate to the Chairman of the Board of Statutory Auditors at least 20 (twenty) days prior to the date of the Board meeting called to make the appointment. The opinion of the Board of Statutory Auditors is not binding; nevertheless, the Board of Directors must explain its decision if it differs from the opinion given by the Board of Statutory Auditors.

The party responsible for preparing the company's accounting documentation exercises the powers and performs the duties attributed to him in accordance with the requirements of art. 154-bis of Decree 58 dated 24 February 1998, as well as the related enabling regulations.

Section VII FINANCIAL STATEMENTS AND NET INCOME

Art. 26

The accounting reference date is December 31 (thirty-one) of each year.

Art. 27

Net income for the financial year is allocated as follows:

- a) 5% (five per cent) to the legal reserve, until this reaches an amount equal to one fifth of capital stock;
- b) the allocation of the residual amount is decided at the Stockholders' Meeting.

Art. 28

Dividends are paid by the time established at the Stockholders' Meeting and amounts that are not collected within five years of the date on which they become payable lapse in favour of the company.

During the course of the year and if deemed appropriate based on the results of operations, the Board of Directors, after having verified the conditions established by law, may authorise the payment of an interim dividend for the year.

**Section VIII
WINDING-UP AND LIQUIDATION OF THE COMPANY**

Art. 29

The company will be wound-up in accordance with current legislation.

The extraordinary meeting that appoints one or more liquidators will determine their powers and remuneration.

**Section IX
GENERAL PROVISIONS**

Art. 30

For everything not specifically covered by this Statute, reference is made to the provisions of the Italian Civil Code and the related special legislation.