



RenoDeMedici

*Registered office at Viale Isonzo, 25, Milan
share capital Euro 140,000,000 fully paid up
Milan Companies Register and Fiscal Code no. 00883670150*

Report of the Directors on the item on the agenda of the Shareholders' Meeting called in Extraordinary session for April 29th, 2019 on first call (April 30th, 2019 for any possible second call.)

In accordance with Annex 3A - Scheme 1 - of Consob Regulation 11971/1999.



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Merger by incorporation of Bellim S.r.l. into Reno De Medici S.p.A.

Board of Directors Report

Dear Shareholders,

We have convened this Extraordinary General Meeting to submit, pursuant to Article 2502 of the Italian Civil Code, the resolutions for your approval regarding the merger by incorporation of the wholly-owned company, Bellim S.r.l. into Reno De Medici S.p.A, as drawn up by the Board of Directors pursuant to Article 2501-ter of the Italian Civil Code, registered as provided by law.

The information, where applicable, according to Schedule 1 of Appendix 3A of Consob Regulation 11971/1999 and the information relating to the merger by incorporation submitted for your approval is set out below.

It should be noted that the proposed merger does not constitute the case referred to in Article 117-bis of Legislative Decree No. 58 of 24 February 1998, and the significant parameters determined by Consob in relation to Article 70, paragraph 6 of Regulation 11971/1999 do not subsist.

With reference to the legislation referred to in “Regulation containing provisions on related-party operations” adopted by Consob with resolution No. 17221 of March 12th, 2010 as amended (the “Regulation”), it should also be noted that the merger occurs between related parties, as identified by the aforementioned legislation, but it does not amount to a transaction of major importance and, moreover, being concluded with a fully controlled company, does not entail the application of the provisions of the Regulation, pursuant to Article 14, paragraph 2 of said Regulation and the relative procedures adopted by Reno De Medici S.p.A.

Finally, it should be noted that the transaction does not constitute a merger following acquisition with debt pursuant to Article 2501-bis of the Italian Civil Code.



Explanation of the transaction and its reasons, with particular regard to the management objectives of the merging companies and the programmes formulated for their achievement.

Description of the incorporated company

Bellim S.r.l., with registered office at Via Sebastiano Giacomelli 6, Padova and share capital equal to Euro 10,000.00, fully held by Reno De Medici S.p.A..

The object of the company is financial activity and it holds as its sole asset a share equal to 40% of the share capital, worth Euro 549,138.29, in PAC Service S.p.A., a company operating in the cardboard cutting and processing sector, whose controlling interest was acquired by Reno De Medici S.p.A. in December 2017 with effect from January 1st, 2018.

The remaining 60% share in PAC Service S.p.A. is held directly by Reno De Medici S.p.A..

Description of the transaction and its reasons

The transaction, governed by Articles 2501 and subsequent of the Italian Civil Code, is legally constituted as a merger into Reno De Medici S.p.A. of the subsidiary Bellim S.r.l. on the basis of the respective Financial Statements as at December 31st, 2018 used as referential financial statements for the merger pursuant to Article 2501 quarter of the Italian Civil Code.

The transaction is aimed at administrative and management rationalisation, due to the concentration in Reno De Medici S.p.A. of the direct ownership of the entire equity investment in PAC Service S.p.A., with the consequent simplification of the control chain and the elimination of a level relating to the flow of dividends from the equity investment, as well as the reduction of administrative costs relating to the incorporated company.

The merger in question does not entail the determination of any exchange rate since the acquiring company directly owns all the shares representing the entire share capital of the incorporated company.

Consequently, in accordance with the prohibition on allocation referred to in Article 2504-ter, second paragraph of the Italian Civil Code, the acquiring company will not increase its capital by issuing new shares to be allocated in exchange for the shares of the incorporated company, and



as a result of the merger, the shares representing the entire share capital of the incorporated company will be cancelled without replacement.

Date from which the transactions of the incorporated company are recorded, including for tax purposes, in the Financial Statements of the acquiring company.

The merging company's transactions will be included in the acquiring company's Financial Statements, also for tax purposes pursuant to Article 172 of Presidential Decree No. 917 of December 22nd, 1986, with effect from January 1st, 2019 or in any case from January 1st of the year of the last entries of the deed of merger into the register of companies, pursuant to Article 2504 of the Italian Civil Code.

The deed of merger shall determine the start date of the effects of the merger with regard to third parties pursuant to Article 2504-bis of the Italian Civil Code, which may also be after the date of the final deed of merger registrations pursuant to Article 2504 of the Italian Civil Code.

Tax effects of the transaction on the merging companies

For income tax purposes, the merger is regulated according to Article 172 of DPR 917/1986.

From the fiscal point of view, the merger does not constitute realization neither distribution of capital gains and losses of the assets of the incorporated company. From the effective date of the merger, the incorporating company takes over the rights and obligations of the incorporated company related to the income tax, except for the provisions of the paragraph 5 and 6 of the above-mentioned Article of the DPR 917/1986.

The merger does not constitute a relevant operation for VAT purposes according to the provision of the Article 2, paragraph 3, letter F) of DPR 633/1972, and the merger act is subject to fixed register tax.

Effects of the transaction on the composition of shareholdings and the control structure of the incorporating company.



As specified above, since the transaction does not involve the issue and allotment of shares of the incorporating company, it will therefore not have any effect on the composition of shareholdings or the control structure of the incorporating company.

It should also be noted that there is no shareholders' agreement concerning the shares of companies participating in the merger.

Assessments regarding the recurring right of withdrawal pursuant to Article 2437 quinquies of the Italian Civil Code.

The transaction does not amount to the Reno De Medici S.p.A. shareholders' withdrawal right pursuant to Article 2437 quinquies of the Italian Civil Code, as the merger does not entail exclusion from listing.

Resolution Proposals

Dear Shareholders, if you agree with the proposal described above, we invite you to adopt the following resolutions:

"The Extraordinary General Meeting of Reno De Medici S.p.A.,

- *given the report of the Board of Directors*
- *given the merger plan, registered with the Milan Companies Register on March 26th, 2019 and with the Padua Companies Register on March 25th, 2019;*

resolves

- 1) *on the basis of the respective Financial Statements as at December 31st, 2018 - used as balance sheets of reference pursuant to Article 2501 quater of the Italian Civil Code - to adopt the merger by incorporation into the company Reno De Medici S.p.A., with registered office at Viale Isonzo 25, Milan, of the company Bellim S.r.l., with registered office at Via Sebastiano Giacomelli No. 6, Padua, paid-up share capital of Euro 10,000.00, registered with the Padua Companies Register with registration and tax identification number: 02305970283*



All this in the manner, terms and conditions provided for in the relative merger plan, attached to the Board of Directors' report and to the minutes of the Shareholders' Meeting, which is approved in all its parts and pursuant to which the following resolutions in particular are adopted:

(a) the Articles of Association of the acquiring company will not be affected by the merger;

(b) in view of the fact that the incorporating company "Reno De Medici S.p.A." holds all of the share capital of the incorporated company "Bellim S.r.l.", and provided that this premise remains until the merger takes place, the merger will be carried out without a capital increase of the incorporating company and without any exchange of the shares representing the entire share capital of "Bellim S.r.l.", which will be wholly annulled with no substitution;

(c) the transactions of the merging company will be included in the financial statements of the acquiring company, also to tax effects pursuant to Article 172 of the DPR No. 917 of December 22nd, 1986, with effect from January 1st, 2019, or in any case from January 1st of the year of the last registrations of the merger deed in the Business Register prescribed by Article 2504 of the Civil Code, acknowledging that both companies participating in the merger close their financial years as at December 31st. In the merger deed will be set the effects of the merger towards third parties pursuant to Article 2504 bis of the Civil Code, which may also be later than the date of the last registrations of the merger deed in the Company Register prescribed by the Article 2504 of the Civil Code.

2) to grant the Board of Directors, and severally to each member of the Board of Directors, the broadest powers to execute the approved merger, and then stipulate, possibly in advance, in compliance with the provisions of the law, including by means of special representatives, with the power to contract with itself as a possible representative of the incorporating company, the relevant merger act; establishing the conditions, methods and clauses, which will result in the



registration of the merger itself within the limits of the effects permitted by the law and in compliance with the merger plan, allowing transfers and transactions where necessary in relation to the assets and in any case the balance sheet items included in the assets of the merging company, as well as to make any changes or additions to this memorandum or merger plan as may be required for the purposes of entry to the Companies Register and/or from the supervisory authorities”

Reno De Medici S.p.A.
For the Board of Directors
The Chief Executive Officer;
(Michele Bianchi)