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

**ILLUSTRATIVE REPORT OF GIMA TT 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 GIMA 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: (i) improvement in ease of trading of the shares and their attractiveness for investors and (ii) sensible benefit for the shareholders of GIMA, given that their shares have recently undergone a gradual reduction in the average trading value, accompanied by an increase in the volatility of Stock Market prices; and of enabling 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.

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.

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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*.

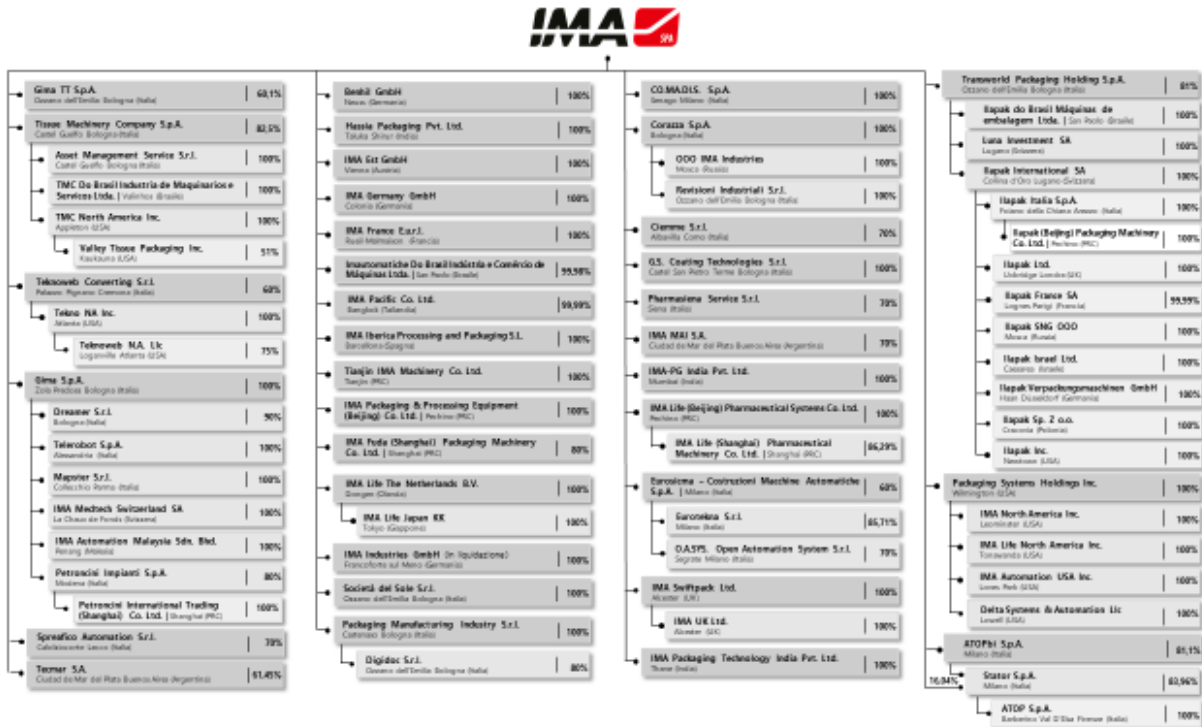
In 2019, IMA decided to implement a programme to simplify its corporate structure by merging with the following (directly or indirectly) controlled companies: GIMA S.p.A., GS Coating Technologies S.r.l., Mapster S.r.l. and Revisioni Industriali S.r.l.

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., Eurosicma 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](http://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](http://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](http://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](http://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, for IMA; and
- Equita SIM S.p.A. (“**Equita**”), 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](http://www.ima.it) and [www.gimatt.it](http://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](http://www.1info.it)) and "eMarketStorage" ([www.emarketstorage.it](http://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.

In particular, 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.

The Independent Committee, pursuant to Article 7, paragraph 1, of the Related Parties Regulation, was involved in both the initial phase and the appraisal phase of the transaction through the transmission of a constant and timely flow of information on the terms and conditions of the Merger, being constantly updated on the evolution of the procedure. The information flows concerned, among other things, the main terms and conditions of the transaction, the expected timing of its implementation, the proposed evaluation procedures, the motivations underlying the transaction, as well as any risks for GIMA. In this context, the Independent Committee exercised its right to request information and make observations, receiving prompt response to its requests and observations from the management involved in the transaction.

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.

For a complete description of the procedure implemented, as well as the activities carried out by

the Independent Committee and the contents of its opinion, *see* the Information Document drawn-up pursuant to Art. 5 of the Related Parties Regulation and Art. 7 of the Related Parties Procedure, made available to the public at GIMA's registered office, as well as on its website ([www.gimatt.it](http://www.gimatt.it)) and on the authorised storage mechanism "eMarketStorage" ([www.emarketstorage.it](http://www.emarketstorage.it)).

For the sake of completeness, it should be noted that, as regards IMA, 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**

The by-laws of the Merging Company 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 GIMA's interest in the Merger can be identified as follows:

- to allow management to (a) to devote itself fully to the operational management of the "tobacco" division, without being involved in heavy corporate obligations in terms, among others, of administration and procedures, which the management of a listed legal entity implies, and (b) to minimise distractions attributable to the recent volatility in the sector, which have led to an increase in commitments in terms of communication and contact with financial operators;
- to ease the burden on management of such volatility;
- to simplify the corporate governance structure, resulting in synergies for the benefit of all shareholders;
- to reduce the operating costs associated with maintaining two listed companies;
- to create a company resulting from the Merger with a higher free float, both in terms of percentage of capital and value, from which it is expected to result in:



- an improvement in ease of trading of the shares and their attractiveness for investors;
- a sensible benefit for GIMA's shareholders, 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 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; and
- an opportunity for the development and diffusion of sophisticated technologies, which today allow GIMA to design, produce and assemble open architecture automatic machines with high electronic content for the packaging of tobacco products, whose distinctive feature is the high degree of flexibility, for the creation of innovative packaging solutions also in other sectors; hence the identification of a strong possibility of an effective exploitation of diversification opportunities arising from the incorporation of GIMA into IMA.

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

#### **3.1 Merger Supporting Financial Documents and Fairness Opinion on the Exchange Ratio**

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 GIMA concerned, in addition to the above-mentioned financial statements and among other things, the following documents:

- periodic financial information at 31 March 2019 of IMA and GIMA;
- press releases published by the Companies Participating in the Merger in the last 12 months;

- the Companies Participating in the Merger’s economic and financial projections for the years 2019 – 2023, provided by the respective management;
- financial analysts’ research on the Companies Participating in the Merger;
- data and information collected through Borsa Italiana, FactSet, Bloomberg and Mergermarket relating to the Companies Participating in the Merger and to specific listed companies; 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 each of their operating activities and to the main assumptions and economic and financial projections made in the context of the analysis.

The Board of Directors of GIMA determined the Exchange Ratio following a weighted evaluation of the Companies Participating in the Merger, taking into account the nature of the transaction 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.

The Board of Directors of GIMA approved the Merger Plan after receiving a favourable opinion of the Independent Committee on the interest of the Merged Company in the execution of the Merger, as well as on the substantive convenience and fairness of its terms and conditions.

In order to issue its opinion, the Independent Committee was supported by Houlihan Lokey and Prof. Francesco Denozza as independent financial advisor and independent legal advisor, respectively. For a complete description of the procedure implemented, as well as of the activities carried out by the Independent Committee and the contents of its opinion, *see* the Information Document drawn-up pursuant to Art. 5 of the Related Parties Regulation and Art. 7 of the Related Parties Procedure, made available to the public at GIMA’s registered office, as well as on its website ([www.gimatt.it](http://www.gimatt.it)) and on the authorised storage mechanism “eMarketStorage” ([www.emarketstorage.it](http://www.emarketstorage.it)).

Equita was appointed as financial advisor to assist and advise the Board of Directors of GIMA on several matters, including the analysis and definition of financial terms of the transaction and in the determination of the Exchange Ratio.

### **3.2 Description of the Evaluation Methods Used**

In the context of this transaction, the methods for evaluating the economic capital of the

Companies Participating in the Merger were identified taking into account the characteristics of their reference sector and their operating activities, as well as the objectives of the evaluation.

For the purposes of determining the Exchange Ratio, the economic assets of the Merged Company and the economic assets of the Merging Company must be evaluated. In general, the basic principle of the evaluations aimed at determining the Exchange Ratio consists in the homogeneity of the analysis and estimation criteria relating to the Companies Participating in the Merger.

In other words, the fact that the economic assets of the Merging Company and the Merged Company are valued in a “homogeneous” manner, in order to allow their “comparability” and therefore the correct determination of the Exchange Ratio, is of fundamental importance.

In fact, the final objective of the evaluations is obtaining homogeneous and comparable values. Consequently, the Companies Participating in the Merger must be evaluated giving priority to the comparability of the criteria adopted instead of 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.

In order to determine, on the one hand, the economic value of IMA shares and, on the other hand, the economic value of GIMA shares and, therefore, the Exchange Ratio between IMA’s shares and GIMA’s shares, the Board of Directors of GIMA has referred to generally accepted evaluation methods and practices for transactions of a similar nature, with particular reference to the evaluation methods most widely used, nationally and internationally, for companies operating in the industrial sector, with reference to the evaluations made within the scope of transactions which involve the definition of exchange ratios.

In this case, taking into account the characteristics of IMA and GIMA, their operating businesses and the reference market, the purpose of the evaluations, as well as evaluation practices in line with national and international market standards in similar contexts, the following evaluation methods were used:

- a) the method of discounting operating cash flows (so-called “Discounted Cash Flows” or “DCF”);
- b) the stock market prices method;
- c) the target price method.

The unavailability of a sample of listed companies sufficiently comparable to the Companies Participating in the Merger and of previous transactions with similar characteristics to the Merger has made the methods relating to stock market multiples of comparable listed companies and to implicit multiples in previous comparable transactions inapplicable.

The following is a brief illustration, from a theoretical point of view, of the methods adopted in the evaluation of the economic capital of the Companies Participating in the Merger in order to determine the Exchange Ratio.

#### *Description of the Method of Discounting Operating Cash Flows (DCF)*

This evaluation method was adopted in order to take into account the specific characteristics of the Companies Participating in the Merger in terms of profitability, prospective growth, level of risk and capital structure. 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 over the explicit forecast period, and (ii) a discounted terminal value, taking into account the estimated perpetual growth rate (so-called “Perpetual Growth Rate” or “PGR”), net of (iii) net financial debt, third-parties interests and (with opposite sign) investments accounted by means of using the equity method.

The discounting back of the expected cash flows and of the terminal value is calculated on the basis of a rate equal to the weighted average cost of equity capital and financial debt (the so-called “Weighted Average Cost of Capital” or “WACC”). In particular, the cost of debt capital represents the long-term financing rate applicable to companies or economic activities of similar risk, net of the tax effect. The cost of risk capital, on the other hand, reflects the return expected by the investor, taking into account the relative risk of the investment, calculated on the basis of the criterion of the so-called “Capital Asset Pricing Model”.

#### *Description of the Stock Market Prices Method*

The analysis of the stock market prices enables the identification of the economic value of a company with the value attributed to it by the stock market on which the company’s shares are listed.

The methodology consists in evaluating the company’s shares on the basis of the market price at a certain date and of the average share price weighted for the volumes traded, recorded on the stock market where the shares are traded, over a certain period of time.

In particular, the choice of the period of time used to calculate the average price must strike a balance between mitigating any short-term volatility and the need to reflect the most recent market conditions and the situation of the company to be assessed.

#### *Description of the Target Price Method*

The methodology consists in the analysis of target prices (so-called “Target Price”) expressed by research analysts covering the evaluated securities. The results deriving from the application of this method depend on the evaluation approaches used by the financial analysts and are based on their explicit assumptions regarding the selected comparable companies, the expected future cash

flows of the evaluated companies, as well as their current and prospective capital structure. However, in order to complete the reference framework of the evaluation methods used, they represent a useful indication for the purposes of determining the value of companies whose securities are listed on the stock market.

#### **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.**

The Board of Directors of GIMA was supported by Equita in the analysis and definition of financial terms of the transaction and in the determination of the Exchange Ratio.

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 have been applied to the Companies Participating in

the Merger

#### **4.2.1 Determination of the Exchange Ratios Deriving from the Application of the Different Evaluation Methods Adopted**

##### *Application of the DCF Method*

With reference to the DCF method, the Board of Directors of GIMA performed an analysis aimed at calculating the present value of the operating cash flows contained in the economic and financial projections provided by the management of the Companies Participating in the Merger.

In particular:

- GIMA has been evaluated by discounting its prospective operating cash flows (DCF);
- IMA has been evaluated by means of using a “Sum of the Parts” method, according to which the present value of its prospective operating cash flows, excluding those of GIMA, has been added to the value resulting from the application of the DCF method to GIMA, as indicated in the previous point.

This approach takes into account the different growth and risk profiles of the businesses of the Companies Participating in the Merger, for which it was considered appropriate to apply different perpetual growth rates (PGR) and discount rates (WACC).

The application of this method has led to the estimation of an Exchange Ratio range between 10.1 and 13.0 IMA shares for every 100 GIMA shares.

<b>DCF Method</b>	<b>Minimum</b>	<b>Average</b>	<b>Maximum</b>
Exchange Ratio (IMA shares x100 GIMA shares)	10.1x	11.6x	13.0x

##### *Application of the Stock Market Prices Method*

With reference to the stock market prices method, the official prices of IMA and GIMA as of 7 June 2019 and the average official prices weighted for volumes traded over time frames of one month, three months and six months prior to 7 June 2019 (inclusive) were analysed.

The date of 7 June 2019 is the last day of trading prior to the meeting of GIMA’s Independent Committee, in which the latter expressed its favourable binding opinion on the Merger. It should

be noted that from 7 June 2019 to 11 June 2019 – the date of approval of the Merger by the Boards of Directors of the Companies Participating in the Merger – there were no significant changes in the prices of the securities of the Companies Participating in the Merger. The application of this method has led to the estimation of an Exchange Ratio range between 10.5 and 11.2 IMA shares for every 100 GIMA shares.

<b>Stock Market Listing Method</b>	<b>Minimum</b>	<b>Average</b>	<b>Maximum</b>
Exchange Ratio  (IMA shares x100 GIMA shares)	10.5x	10.8x	11.2x

*Application of the Target Price Method*

With reference to the Target Price method, only the research – published after 15 May 2019 or after the publication of the results as of 31 March 2019 of the Companies Participating in the Merger – issued by financial analysts covering the Companies Participating in the Merger, have been taken into consideration.

The evaluation range for IMA and GIMA has been obtained by taking into account the minimum and maximum values of the Target Prices indicated in the above-mentioned research. This interval has led to the estimation of an Exchange Ratio range of 9.1 to 13.7 IMA shares for every 100 GIMA shares.

<b>Target Price Method</b>	<b>Minimum</b>	<b>Average</b>	<b>Maximum</b>
Exchange Ratio  (IMA shares x100 GIMA shares)	9.1x	11.4x	13.7x

*Summary of the Exchange Ratios Resulting from the Evaluation Methods Applied*

The exchange ratios resulting from the application of the above-mentioned methods applied are summarised in the following table:

<b>Method</b>	<b>Exchange Ratio</b> (IMA shares x100 GIMA shares)		
	<b>Minimum</b>	<b>Average</b>	<b>Maximum</b>
DCF	10.1x	11.6x	13.0x
Stock Market Prices	10.5x	10.8x	11.2x
Target Price	9.1x	11.4x	13.7x

The mid-points of the Exchange Ratio ranges determined above are included in a range of values between a minimum of 10.8 IMA shares for every 100 GIMA shares – represented by the mid-point of the Exchange Ratio range obtained by means of applying the stock market prices method - and a maximum of 11.6 IMA shares for every 100 GIMA shares, represented by the mid-point of the Exchange Ratio range obtained by means of applying the DCF method.

#### **4.2.3 Limits of the Analysis and Difficulties of Evaluation**

The evaluations adopted by the Board of Directors of GIMA, with the support of Equita, for the determination of the Exchange Ratio must be considered in the light of certain difficulties and limitations which can be summarised as follows:

- the application of the discounting operating cash flows (DCF) method was carried out using economic and financial projections provided by the management of the Companies Participating in the Merger, which, by their nature, are uncertain and undetermined;
- the use of the stock market prices method implies difficulties and limitations due to the underlying assumption that the market is sufficiently efficient and liquid. In addition, the market price trend was characterized by high volatility, particularly with regard to the GIMA stock;
- the methods applied do not include the stock market multiples method as the Companies Participating in the Merger are not sufficiently comparable to other listed companies – operating in the packaging machinery sector - in terms of type of business and different economic and financial profiles;
- the methods applied do not include methods based on the analysis of multiples or implicit premiums / discounts recognised in previous transactions with similar characteristics to the



Merger. In fact, the previous transactions identified were not sufficiently comparable in terms of (i) type of activity of the companies involved (operating companies vs. financial holding companies), and (ii) structure and purpose of the transaction.

## **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](mailto: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:

<b>Shareholders</b>	<b>% of voting capital</b>	<b>% of share capital</b>
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:

<b>Shareholders</b>	<b>% of voting capital</b>	<b>% of share capital</b>
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:

<b>Declarant</b>	<b>Shareholder</b>	<b>% of share capital</b>
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 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.

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## 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 GIMA’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 regard to the opinion of the Independent Committee on GIMA’s interest in the execution of the Merger, issued on 10 June 2019;*
- (iii) 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;*
- (iv) having acknowledged the supporting financial documents of the Companies Participating in the Merger represented by the financial statements as at 31 December 2018, approved by the ordinary Shareholders’ Meetings of the Companies Participating in the Merger on 30 April 2019;*
- (v) 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; and*
- (vi) 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;*

## 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 grant the Board of Directors, and on its behalf its Chairman and the Chief Executive Officer pro tempore in office, jointly and severally, and 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;*
3. *to grant the Board of Directors, and on its behalf its Chairman and the Chief Executive Officer pro tempore in office, jointly and severally, and 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.”*

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**ANNEXES:**

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

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Ozzano dell'Emilia 8 July 2019

**GIMA TT S.p.A.**

for the Board of Directors

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The Chairman

Sergio Marzo