

DANIELI & C. OFFICINE MECCANICHE S.p.A.

Headquarters: Buttrio (UD), via Nazionale 41

Fully-Paid Share Capital of Euro 81,304,566

Tax and Registration Number with the Register of Companies of Udine: 00167460302.

**ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF OCTOBER 28,
2020**

SINGLE CONVOCATION

**EXPLANATORY REPORT CONSIDERING THE ITEM 6 ON THE AGENDA FOR THE
ORDINARY SESSION OF THE MEETING: "DISTRIBUTION OF AN EXTRAORDINARY
DIVIDEND SUBJECT TO MANDATORY CONVERSION AS PER ITEM 9 ON THE
AGENDA. RESOLUTIONS PERTAINING THERETO AND RESULTING THEREFROM."**

Dear Shareholders,

this explanatory report is drawn up to explain the proposal to distribute an extraordinary dividend, in accordance with the Company's available reserves, which is part of a broader transaction proposed to ordinary and savings shareholders, and which primarily involves the mandatory conversion of savings shares into ordinary shares (cf. also item 9 on the agenda).

Amount of the extraordinary dividend, reasons and conditions of the proposal

The Board of Directors proposes the distribution of a maximum extraordinary dividend of Euro 73.956.126,00, equal to Euro 1.20 for each ordinary share already issued and for the newly issued shares resulting from the mandatory conversion of savings shares, if the proposal under item 9 on the agenda is approved by extraordinary shareholders meeting, mandatory by the extraordinary savings shareholders meeting and in the event that all the related conditions of effectiveness are met (cf. the report of the Board of Directors on the proposal under item 9 on the

agenda). This amount is calculated without considering the currently Company own shares and assuming that savings shareholders do not exercise their right to withdrawal.

The proposed distribution of the extraordinary dividend considers the amount of the Company's available reserves and - in general - of the financial structure, as well as the absence of specific purposes required for such reserves in the short and medium term and, finally, the possibility that this distribution is rewarding for all shareholders - both for those who are already ordinary shareholders and those who become shareholders after the mandatory conversion transaction - in relation to the proposed mandatory conversion of savings shares into ordinary shares. Taking into account this last aspect, it is therefore proposed that the extraordinary dividend be distributed only subject to the mandatory conversion under item 9 on the agenda, namely only if such conversion is approved both during the extraordinary shareholders' meeting and during the extraordinary meeting of the savings shareholders, and if the other conditions of effectiveness of such conversion have been fulfilled (please refer to the report on the proposal under item 9 on the agenda). As a result, both current ordinary shareholders and savings shareholders - whose shares will be converted into ordinary shares - will benefit from the extraordinary dividend. The distribution of the extraordinary dividend will thus benefit not only the current ordinary shareholders, but also the current savings shareholders whose shares will be converted into ordinary shares.

This extraordinary dividend will therefore only be paid following the mandatory conversion of savings shares into ordinary shares, on a date to be defined with the Italian Stock Exchange (Borsa Italiana S.p.A.) and made public as required by and in the manner prescribed by the law, and - considering the fulfillments required by

the law regarding this conversion - that is expected to be in the first quarter of next year.

Available reserves

The Company has a liquidity that allows it to distribute available reserves without compromising its capital, financial and economic stability.

More specifically, the entire amount of this dividend shall be taken from the extraordinary reserve which, for the year ended June 30, 2020, amounts to Euro 774.423 (thousand).

Considering that the total amount to be taken from the reserve to distribute the extraordinary dividend is Euro 73.956.126 the extraordinary reserve is such that it allows the proposed distribution of the extraordinary dividend (Euro 1.20 each share).

It should also be noted that, as shown in the financial statements of the Company for the financial year ended June 30, 2020, the amount of the legal reserve is Euro 18.576(thousand). Therefore, this amount, in compliance with the provisions under art. 2430, paragraph 1 of the Italian Civil Code, is significantly greater than one-fifth of the share capital (equal to Euro 16.261 (thousand)).

As regards the tax treatment resulting from the distribution of the extraordinary dividend, considering the origin of the extraordinary reserve, that comes from profits subject to taxation, the extraordinary dividend shall be subject to ordinary taxation applicable only to the earner, according to his/her fiscal status and to the provisions of Presidential Decree n. 917 dated December 22, 1986, and Presidential Decree 600/1973. It should be noted that the entire amount of dividend is contained in the available reserves of the Equity of Danieli & C. Officine Meccaniche S.p.A. at June 30, 2020, reserve created before June 30, 2017, pursuant to Ministerial Decree dated 26.05.2017.

Draft resolution

In view of the above, we wish therefore to submit the following draft resolution for your approval:

“The ordinary Shareholders’ meeting of Danieli & C. Officine Meccaniche S.p.A.,
- having read the draft financial statements of Danieli & C. Officine Meccaniche S.p.A. for the financial year ended June 30, 2020, subject to the approval of shareholders during the Company’s ordinary meeting of today
- having read the Report on operations regarding the financial statements;
- having considered the mandatory conversion transaction of savings shares into ordinary shares proposed during the extraordinary meeting of today, and having acknowledged the related conditions and the explanatory report of the Board of Directors of Danieli & C. S.p.A. on the item 9 on the Agenda;
- having acknowledged the Report of the Board of Directors regarding the proposed distribution of an extraordinary dividend of Euro 1.20 per share through the use of the extraordinary reserve for a total of Euro 73.956.126,00.;
- having acknowledged the statement of the Board of Directors regarding the current amount and availability of the extraordinary reserve equal to Euro 774.423(thousand), as well as the current amount of the legal reserve equal to Euro 18.576(thousand)..., significantly greater than one-fifth of the share capital;
- having acknowledged that the Board of Statutory Auditors confirms the above-mentioned statement of the Board of Directors

resolves

1) to distribute an extraordinary dividend of Euro 1.20 for each ordinary share already issued and for the newly issued shares following the conversion transaction of savings shares into ordinary shares through the use of the extraordinary reserve,

resulting from the Company's financial statements for the year ended June 30, 2020, for a total of Euro 73.956.126,00, provided that the mandatory conversion of savings shares into ordinary shares under item 9 on the agenda of today's meeting is fulfilled, by specifying that the extraordinary dividend shall be paid, upon prior detachment of coupon n. 43, after the fulfillment of the above-mentioned mandatory conversion, on a date to be defined with the Italian Stock Exchange (Borsa Italiana S.p.A.), and that will be made public as required by and in the manner prescribed by the law ;

3) to grant to the Chairman and to the Vice-Presidents, separately and with the right to sub-delegate, all the necessary powers, including, but not limited to, the power to set, in agreement with the competent Authorities, the date of payment of the extraordinary dividend under the previous item 1, so that each of them can implement the resolutions under the previous items 1 and 2".

This is an English courtesy translation of the original documentation prepared in Italian language. Please consider that only the original version in Italian language has legal value.

September 24, 2020

On behalf of the Board of Directors:

The Chairman (signed)