

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

Registered Office: Buttrio (UD), via Nazionale 41

Share Capital Euro 81.304.566 I.V.

Number of Registration in the Companies Register of Udine and Taxpayer's Id. Code: 00167460302.

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**ORDINARY AND EXTRAORDINARY MEETING OF THE SHAREHOLDERS OF 28  
OCTOBER 2020  
ON A SINGLE CALL**

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**EXPLANATORY REPORT ON THE ISSUE UNDER ITEM 8 OF THE AGENDA FOR THE  
EXTRAORDINARY PART OF THE MEETING  
CANCELLATION OF THE NOMINAL VALUE OF THE ORDINARY AND SAVINGS  
SHARES OF DANIELI, AND CONSEQUENT AMENDMENTS TO THE COMPANY  
CHARTER, RELATED AND CONSEQUENT RESOLUTIONS.**

Dear Shareholders,

we are hereby submitting to your approval a proposal for the cancellation of the express nominal value of the savings and ordinary shares of the Company, currently equal to Euro 1.00, and the consequent amendment of articles 6 (“share capital”), 7 (“shares”), 24 (“profits”) and 26 (“dissolution and winding-up”) of the Company Charter.

Please note that the possibility to issue shares without a nominal value is expressly stated in the Italian Civil Code (arts. 2328 and 2346).

The cancellation of the express nominal value represents a flexibility and administrative simplification tool that may prove useful, for instance, in case of operations on the capital or the shares, such as the one under item nine of the agenda

for the extraordinary part of the Meeting, as it removes the problems related to the presence of a nominal value set at a predefined value. This flexibility has great interest for the Company, particularly in periods of high volatility in stock market prices.

We wish to point out that the cancellation of the share nominal value has already been adopted by a number of issuers listed on regulated markets, essentially for the reason illustrated above.

The proposed cancellation of the nominal value regards both ordinary shares and savings shares, which, moreover, will be the object of another, separate proposal of conversion.

If the indication of the nominal value is removed, art. 6 of the Company Charter will only indicate the nominal share capital and the number of ordinary and savings shares issued, with no indication of their nominal value. The interest held in the capital by each shareholder will be expressed as a percentage of the total number of shares issued, and not as an amount of money. In any event, it will still be possible for these shares, although there is no longer an express nominal value, to identify an “accounting par value” by comparing the total amount of the share capital to the total number of the shares issued (so-called “implied par value of each share”).

We wish to specify that arts. 7 and 24 of the Company Charter, in their current version, identify the nominal value per unit as a parameter for the allocation of profits and the reimbursement of the capital in favor of savings shares, by stating that the preference is determined as a certain percentage of the nominal value.

As a consequence of the cancellation of the reference to the nominal value per unit, we suggest that the current reference to such value be replaced with the reference to the “implicit accounting par value of each share”.

When profits are distributed, therefore, savings shares will have a preference, equal to 5.16% of the “implicit accounting par value of each share” per each share, with a total dividend that is higher than that of ordinary shares by 2.07% of the “implicit accounting par value of each share”.

In the same perspective, we suggest an adjustment to the rules governing the right of preferred shareholders to postponed participation in losses, by stating in art. 7 of the Company Charter, that any capital losses shall not affect savings shares except for the part that does not find coverage in the portion of capital represented by ordinary shares.

Likewise, in case of dissolution of the Company, the preference granted to savings shares in the reimbursement of the capital under art. 26 of the Company Charter shall no longer be referred, after the charter amendment, to the nominal value, but to the “implicit accounting par value of each share”.

The above being stated, we propose to amend the Company Charter in order to remove all references to the nominal value of ordinary and savings shares, therefore indicating, in art. 6, the total amount of the share capital and the number of shares in which it is divided and removing all indication of their express value. Moreover, articles 7 and 24 of the Company Charter will be amended – as indicated above – to reflect the inclusion of the “implicit accounting par value of each share” within the regulation of certain rights of preferred shareholders (art. 7), of the determination of the dividend to which the shareholders are entitled (arts. 7 and 24) and of the determination of the preference in case of winding up (art. 26). Please note that the proposal reported below does not factorize the proposal under item 9 of the agenda, which – where approved – will supersede the following.

<b>CURRENT TEXT</b>	<b>PROPOSED TEXT</b>
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<b>Article 6 – Share capital</b>	<b>Article 6 – Share capital</b>
<p>The share capital amounts to euro 81,304,566 (eighty-one million three hundred four thousand five hundred and sixty six) divided into 81,304,566 (eighty-one million three hundred four thousand five hundred and sixty six) shares of 1 (one) euro each, namely 40,879,533 ordinary shares and 40,425,033 non-convertible savings shares.</p> <p>By resolution of the shareholders’ meeting on October 28, 2014, the following powers were also granted to the board of directors:</p> <p>a) authority to increase the share capital, in one or more operations, in accordance with art. 2443 of the Italian Civil Code, within a maximum period of five years from the resolution, by a maximum total amount of € 100,000,000 (one hundred million), through issue of ordinary and/or non-convertible savings shares, to be issued free to those with the right and/or offered with a payment option, defining in such case, on each occasion, the category of shares being issued, their characteristics, the issue price of the shares, date of issue, any contribution to costs, any allocation of the increase in share capital to service conversion of debentures issued, with the power to reserve, within the limits of the law, part of the issued shares for directors and employees of the Company and its subsidiaries;</p> <p>b) the right to issue, in accordance with art. 2420 ter of the Italian Civil Code, in one or more operations, within a maximum period of five years from the resolution, by a maximum total amount of € 150,000,000 (one hundred and fifty million), debentures, including convertible debentures and/or with rights (warrants) to subscribe to and purchase, in euro and/or foreign currencies, where permitted, on each occasion, within legal limits and with the necessary increases in share capital to service the loans.</p>	<p>The share capital amounts to euro 81,304,566 (eighty-one million three hundred four thousand five hundred and sixty-six) divided into 81,304,566 (eighty-one million three hundred four thousand five hundred and sixty-six) <del>shares of 1 (one) euro each,</del> <b><u>shares without indication of their nominal value,</u></b> namely 40,879,533 ordinary shares and 40,425,033 non-convertible savings shares.</p> <p>By resolution of the shareholders’ meeting on October 28, 2020, the following powers were also granted to the board of directors:</p> <p>a) authority to increase the share capital, in one or more operations, in accordance with art. 2443 of the Italian Civil Code, within a maximum period of five years from the resolution, by a maximum total amount of € 100,000,000 (one hundred million), through issue of ordinary and/or non-convertible savings shares, to be issued free to those with the right and/or offered with a payment option, defining in such case, on each occasion, the category of shares being issued, their characteristics, the issue price of the shares, date of issue, any contribution to costs, any allocation of the increase in share capital to service conversion of debentures issued, with the power to reserve, within the limits of the law, part of the issued shares for directors and employees of the Company and its subsidiaries;</p> <p>b) the right to issue, in accordance with art. 2420 ter of the Italian Civil Code, in one or more operations, within a maximum period of five years from the resolution, by a maximum total amount of € 150,000,000 (one hundred and fifty million), debentures, including convertible debentures and/or with rights (warrants) to subscribe to and purchase, in euro and/or foreign currencies, where permitted, on each occasion, within legal limits and with the necessary increases in share capital to service the loans.</p>

Article 7 – Shares	Article 7 - Shares
<p>Ordinary shares are registered and are indivisible. Each ordinary share has the right to one vote. Savings shares are bearer shares - subject to other mandatory provision of the law - and carry no votes in either the ordinary and extraordinary meetings.</p> <p>That part of the share capital represented by savings shares will not be considered for the purposes of the composition of the shareholders' meeting and of the validity of resolutions nor for calculating the percentages in Art. 2393, fourth and fifth paragraphs, of the Italian Civil Code.</p> <p>Savings shares have preference in distribution of profits and reimbursement of capital, namely:</p> <ol style="list-style-type: none"> <li>1) of the net profits in the duly approved financial statements, less that part going to the legal reserves, the savings shares shall receive a dividend up to 5.16% of the nominal value of said shares;</li> <li>2) the profits remaining after the allocation to the reserve fund and to the savings shares of the said preferred dividend, which the shareholders' meeting has voted to distribute, are shared among all shares in such a way that the savings shares receive an overall increased dividend versus the dividend on ordinary shares equal to 2.07% of the nominal value of the shares; in the event that during a financial year the savings shares receive a dividend smaller than 5.16% of their nominal value, the difference will be added to the amount of the 5.16% preferred dividend in the two following financial years;</li> <li>3) the reduction of share capital for losses does not involve any reduction of the nominal value of savings shares except for that part of the loss which exceeds the overall nominal value of the other shares; also the provisions of para. 5, art. 145 of Legislative decree No. 58 of February 24, 1998 shall be applied;</li> </ol>	<p>Ordinary shares are registered and are indivisible. Each ordinary share has the right to one vote. Savings shares are bearer shares - subject to other mandatory provision of the law - and carry no votes in either the ordinary and extraordinary meetings.</p> <p>That part of the share capital represented by savings shares will not be considered for the purposes of the composition of the shareholders' meeting and of the validity of resolutions nor for calculating the percentages in Art. 2393, fourth and fifth paragraphs, of the Italian Civil Code.</p> <p>Savings shares have preference in distribution of profits and reimbursement of capital, namely:</p> <ol style="list-style-type: none"> <li>1) of the net profits in the duly approved financial statements, less that part going to the legal reserves, the savings shares shall receive a dividend up to 5.16% <del>of the nominal value of said shares</del> <b><u>of the implicit accounting par value of each share;</u></b></li> <li>2) the profits remaining after the allocation to the reserve fund and to the savings shares of the said preferred dividend, which the shareholders' meeting has voted to distribute, are shared among all shares in such a way that the savings shares receive an overall increased dividend versus the dividend on ordinary shares equal to 2.07% of the <del>nominal value</del> <b><u>implicit accounting par value of each share;</u></b> in the event that during a financial year the savings shares receive a dividend smaller than 5.16% of the implicit accounting par value of each share, the difference will be added to the amount of the 5.16% preferred dividend in the two following financial years;</li> <li>3) the reduction of share capital for losses <del>does not involve any reduction of the nominal value of</del> <b><u>shall not affect</u></b> the savings shares, except for the part of the loss <del>which exceeds the overall nominal value of the other shares that does not find coverage in the portion of capital represented</del> <b><u>represented</u></b> by the other shares; also the provisions of para. 5, art. 145 of Legislative</li> </ol>

<p>4) in the event of an increase in share capital, the holders of savings shares are entitled to an option on new issue savings shares and, failing that, or for any shortfall, on ordinary shares;</p> <p>5) in the event of distribution of reserves, savings shares and ordinary shares have the same rights;</p> <p>6) upon the winding-up of the Company, the savings shares have priority in reimbursement of the share capital.</p> <p>In order to ensure that the common representative of the holders of savings shares is kept suitably informed on operations that could influence the trend in quoted share values, he will be provided, through the legal representatives, with information in connection with the above-mentioned matters.</p> <p>7) If the savings or the ordinary shares are excluded from the negotiations, the savings shares maintain their rights and characteristics.</p>	<p>decree No. 58 of February 24, 1998 shall be applied;</p> <p>4) in the event of an increase in share capital, the holders of savings shares are entitled to an option on new issue savings shares and, failing that, or for any shortfall, on ordinary shares;</p> <p>5) in the event of distribution of reserves, savings shares and ordinary shares have the same rights;</p> <p>6) upon the winding-up of the Company, the savings shares have priority in reimbursement of the share capital.</p> <p>In order to ensure that the common representative of the holders of savings shares is kept suitably informed on operations that could influence the trend in quoted share values, he will be provided, through the legal representatives, with information in connection with the above-mentioned matters.</p> <p>7) If the savings or the ordinary shares are excluded from the negotiations, the savings shares maintain their rights and characteristics.</p>
<p><b>Article 24 – Profits</b></p>	<p><b>Article 24 – Profits</b></p>
<p>The net profits shown in the duly approved financial statements, minus 5% to be allocated to the legal reserve until this has reached at least one-fifth of the share capital, will be allocated to the savings shares until 5.16% of the nominal value of shares is reached.</p> <p>The residual profits, distribution of which is resolved by the shareholders’ meeting, are allocated between all shares in such a way that the savings shares receive a higher overall dividend, compared with that for ordinary shares, equivalent to 2.07% of nominal share value.</p> <p>The same criteria will be applied to interim dividends which may be resolved, complying with the requirements of the law.</p> <p>Profits due but not encashed within the terms of the law will become statute-barred and used to increase the extraordinary reserve.</p>	<p>The net profits shown in the duly approved financial statements, minus 5% to be allocated to the legal reserve until this has reached at least one-fifth of the share capital, will be allocated to the savings shares until 5.16% <del>of the nominal value</del> <b><u>of the implicit accounting par value of each share is reached.</u></b></p> <p>The residual profits, distribution of which is resolved by the shareholders’ meeting, are allocated between all shares in such a way that the savings shares receive a higher overall dividend, compared with that for ordinary shares, equivalent to 2.07% <del>of nominal share value</del> <b><u>of the implicit accounting par value of each share.</u></b></p> <p>The same criteria will be applied to interim dividends which may be resolved, complying with the requirements of the law.</p> <p>Profits due but not encashed within the terms of</p>

	the law will become statute-barred and used to increase the extraordinary reserve.
<b>Article 26 – Dissolution and Winding-up</b>	<b>Article 26 – Dissolution and Winding-up</b>
Should the Company be dissolved, the residual moneys after winding-up operations have been completed shall be distributed among the shareholders in proportion to their respective holdings, with preference to the savings shares for their full nominal value.	Should the Company be dissolved, the residual moneys after winding-up operations have been completed shall be distributed among the shareholders in proportion to their respective holdings, with preference to the savings shares for their full <del>nominal</del> <b><u>implicit accounting par value.</u></b>

This proposal for removal of the indication of the express nominal value of ordinary and savings shares and introduction of the reference to the implicit accounting par value for determining the preferred dividend to be paid to preferred shareholders does not fall within the cases in which ordinary and preferred shareholders may exercise a right of withdrawal under art. 2437 of the Italian Civil Code. Therefore, in case of approval, the shareholders will not be entitled to withdraw from the Company.

Moreover, the proposal is not subject to approval by the special Meeting of preferred shareholders under art. 146 para. 1, letter b) of Legislative Decree 58 of 24 February 1998, as it does not bring any prejudice to the rights of this class.

Where approved, the proposal will be effective as of the date of registration of the relevant resolution in the Companies Register.

### **Proposed resolution**

In light of the above considerations, the Board of Directors wishes to submit the following resolution proposal to your approval:

*“The extraordinary Meeting of the Shareholders of Danieli & C. Officine Meccaniche S.p.A.:*

*- having examined the Board of Directors’ report and the proposal contained therein*

*resolves*

*1) to remove the indication of the nominal value of ordinary and savings shares of Danieli & C. Officine Meccaniche S.p.A. under arts. 2328 and 2346, Italian Civil Code;*

*2) to replace all references, to the nominal value of shares as contained in arts. 7 and 24 of the Company Charter with references to the implicit accounting par value;*

*3) to adjust the provisions, contained in art. 7 of the Company Charter, regarding the right of preferred shareholders to postponed participation in losses, to reflect the removal of the indication of the nominal value of shares;*

*4) In consequence of the above, to amend arts. 6, 7, 24 and 26 of the Company Charter as follows:*

*Article 6 – Share capital*

*The share capital amounts to euro 81,304,566 (eighty-one million three hundred four thousand five hundred and sixty-six) divided into 81,304,566 (eighty-one million three hundred four thousand five hundred and sixty-six) shares without indication of their nominal value, namely 40,879,533 ordinary shares and 40,425,033 non-convertible savings shares.*

*By resolution of the shareholders' meeting on October 28, 2020, the following powers were also granted to the board of directors:*

*a) authority to increase the share capital, in one or more operations, in accordance with art. 2443 of the Italian Civil Code, within a maximum period of five years from the resolution, by a maximum total amount of € 100,000,000 (one hundred million), through issue of ordinary and/or non-convertible savings shares, to be issued free to those with the right and/or offered with a payment option, defining in such case, on each occasion, the category of shares being issued, their characteristics, the issue*



*price of the shares, date of issue, any contribution to costs, any allocation of the increase in share capital to service conversion of debentures issued, with the power to reserve, within the limits of the law, part of the issued shares for directors and employees of the Company and its subsidiaries;*

*b) the right to issue, in accordance with art. 2420 ter of the Italian Civil Code, in one or more operations, within a maximum period of five years from the resolution, by a maximum total amount of € 150,000,000 (one hundred and fifty million), debentures, including convertible debentures and/or with rights (warrants) to subscribe to and purchase, in euro and/or foreign currencies, where permitted, on each occasion, within legal limits and with the necessary increases in share capital to service the loans.*

#### Article 7 – Shares

*Ordinary shares are registered and are indivisible. Each ordinary share has the right to one vote.*

*Savings shares are bearer shares - subject to other mandatory provision of the law - and carry no votes in either the ordinary and extraordinary meetings.*

*That part of the share capital represented by savings shares will not be considered for the purposes of the composition of the shareholders' meeting and of the validity of resolutions nor for calculating the percentages in Art. 2393, fourth and fifth paragraphs, of the Italian Civil Code.*

*Savings shares have preference in distribution of profits and reimbursement of capital, namely:*

*1) of the net profits in the duly approved financial statements, less that part going to the legal reserves, the savings shares shall receive a dividend up to 5.16% of the implicit accounting par value of each share;*

2) *the profits remaining after the allocation to the reserve fund and to the savings shares of the said preferred dividend, which the shareholders' meeting has voted to distribute, are shared among all shares in such a way that the savings shares receive an overall increased dividend versus the dividend on ordinary shares equal to 2.07% of the implicit accounting par value of each share in the event that during a financial year the savings shares receive a dividend smaller than 5.16% of the implicit accounting par value of each share, the difference will be added to the amount of the 5.16% preferred dividend in the two following financial years;*

3) *the reduction of share capital for losses shall not affect the savings shares, except for the part of the loss that does not find coverage in the portion of capital represented by the other shares; also the provisions of para. 5, art. 145 of Legislative decree No. 58 of February 24, 1998 shall be applied;*

4) *in the event of an increase in share capital, the holders of savings shares are entitled to an option on new issue savings shares and, failing that, or for any shortfall, on ordinary shares;*

5) *in the event of distribution of reserves, savings shares and ordinary shares have the same rights;*

6) *upon the winding-up of the Company, the savings shares have priority in reimbursement of the share capital.*

*In order to ensure that the common representative of the holders of savings shares is kept suitably informed on operations that could influence the trend in quoted share values, he will be provided, through the legal representatives, with information in connection with the above-mentioned matters.*

7) *If the savings or the ordinary shares are excluded from the negotiations, the savings shares maintain their rights and characteristics.*

#### Article 24 – Profits

*The net profits shown in the duly approved financial statements, minus 5% to be allocated to the legal reserve until this has reached at least one-fifth of the share capital, will be allocated to the savings shares until 5.16% of the implicit accounting par value of each share is reached.*

*The residual profits, distribution of which is resolved by the shareholders' meeting, are allocated between all shares in such a way that the savings shares receive a higher overall dividend, compared with that for ordinary shares, equivalent to 2.07% of the implicit accounting par value of each share.*

*The same criteria will be applied to interim dividends which may be resolved, complying with the requirements of the law.*

*Profits due but not encashed within the terms of the law will become statute-barred and used to increase the extraordinary reserve.*

#### Article 26 – Dissolution and Winding-up

*Should the Company be dissolved, the residual moneys after winding-up operations have been completed shall be distributed among the shareholders in proportion to their respective holdings, with preference to the savings shares for their full implicit accounting par value.*

*5) to entrust the Chairman of the Board of Directors and the Managing Director, individually and with permission to appoint substitutes, with all powers to take all necessary actions for the full implementation of the above resolutions, including, without limitation, the power to deposit and register the Company Charter, updated with the approved amendments, with the competent Companies Register.”*

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This Explanatory Report has been drawn up in accordance with art. 125-ter of

Legislative Decree 58 of 24 February 1998 (the “TUF”) and art. 72 of the Implementing Regulation of the TUF, no. 11971/1999 (the “Issuers’ Regulation”), and subsequent amendments and additions, and following scheme 3 of Annex 3A to the mentioned Issuers’ Regulation.

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*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.*

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24 September 2020

For the Board of Directors: the Chairman (signed)