

BIESSE S.P.A.

DIRECTORS' REPORT FOR THE ORDINARY MEETING OF SHAREHOLDERS OF BIESSE S.P.A. CALLED FOR 29 APRIL 2019 (30 APRIL 2019 IN SECOND CONVOCATION IF NECESSARY), PREPARED PURSUANT TO ARTICLE 125-TER OF LEGISLATIVE DECREE OF 24 FEBRUARY 1998 No. 58 ("TUF" – CONSOLIDATED FINANCIAL LAW) AND ARTICLES 72 AND 84-TER OF THE ISSUERS' REGULATIONS ADOPTED BY CONSOB RESOLUTION No. 11971 OF 14 MAY 1999, AND AS SUBSEQUENTLY AMENDED (THE "ISSUERS' REGULATION").

PESARO, 15 MARCH 2019

Dear Shareholders,

Following publication of the Notice of Meeting in IL GIORNALE of 18 MARCH 2019 and on the website of Biesse S.p.A. (the "**Company**" or "**Biesse**") on the same date, a Meeting of Shareholders has been called, in ordinary session, for 29 and 30 April 2019, in first and second convocations respectively, at the registered offices in Pesaro, Via della Meccanica, 16 at 09:00 to discuss and approve the following:

Agenda

1. Approval of the Financial Statements for the financial year to 31 December 2018; the Directors' report on operations, including the Disclosure of Non-Financial Information pursuant to Legislative Decree 254/2016; the report of the Board of Statutory Auditors and the Independent Auditors' report on the Financial Statements for the financial year to 31 December 2018; Discussion of all matters relating thereto and arising therefrom. Presentation of the Consolidated Financial Statements for the year to 31 December 2018.
2. Allocation of the results for the 2018 financial year of Biesse S.p.A.;
3. Appointment of a new Director, having prior approval of the number of members of the Board of Directors Discussion of all matters relating thereto and arising therefrom.
4. Approval of the Remuneration Policy of Biesse Group .

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1. **APPROVAL OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR TO 31 DECEMBER 2018; THE DIRECTORS' REPORT ON OPERATIONS, INCLUDING THE DISCLOSURE OF NON-FINANCIAL INFORMATION PURSUANT TO LEGISLATIVE DECREE 254/2016; THE REPORT OF THE BOARD OF STATUTORY AUDITORS AND THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR TO 31 DECEMBER 2018; DISCUSSION OF ALL MATTERS RELATING THERETO AND ARISING THEREFROM. PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR TO 31 DECEMBER 2018.**

Dear Shareholders,

The Shareholders' Meeting convened for 29 and 30 April 2019 (in second convocation if required) has been called to approve the Company's Financial Statements for the year to 31 December 2018. Biesse, in accordance with the means and terms set by law, will provide shareholders with the Company's annual Financial Statements for 2018, (including the preliminary Financial Statements for the year to 31 December 2018, the Consolidated Financial Statements, the Directors' Report and the Declaration pursuant to article 154-*bis* of the TUF) by 31 March 2019, together with the Independent Auditors' Report on the aforementioned Parent Company and Consolidated Financial Statements and the report of the Board of Statutory Auditors. Please refer to these documents for further information regarding item 1 on the Agenda .

The Board of Directors, therefore, submits to the Meeting the following proposal with regard to item 1 on the Agenda :

"The Ordinary Meeting of Shareholders of Biesse S.p.A .,

- taking note of the Board of Directors' Report on operations, including the disclosure of Non-Financial information prepared pursuant to Legislative Decree 254/2016,
- taking note of the Reports of the Board of Statutory Auditors and the Independent Auditors ,
- having examined the preliminary Financial Statements of Biesse S.p.A. for the year to 31 December 2018,

APPROVES

(a) the Financial Statements of Biesse S.p.A. for the year to 31 December 2018, which show a net profit of Euro 32,013,093

(b) the distribution of a proportion of profits to Shareholders - in the form of a dividend – of Euro 0.48 per share, allocating the remaining profit to the Company's Extraordinary Reserve. The dividend will be paid on 8 May 2019 by detachment of coupon no. 15 on 6 May 2019, record date 7 May 2019;

(c) to make note of the presentation of the Consolidated Financial Statements for the year ended 31 December 2018.

The said proposals put forward for approval

Are therefore put to the vote and are declared approved with [●] votes in favour. As detailed in the appendices

2. ALLOCATION OF THE RESULT FOR THE FINANCIAL YEAR 2018 OF BIESSE S.P.A.;

Dear Shareholders,

The Shareholders' Meeting convened for 29 and 30 April 2019 (in second convocation if required) is also called to approve the allocation of the result for the financial year ended 31 December 2018. The Board of Directors' Meeting on 15 March 2019, agreed to propose to the Shareholders' Meeting the distribution of a dividend of Euro 0.48 per share, gross of taxes.

The dividend, on approval by the Shareholders' Meeting will be paid, in accordance with the applicable laws and regulations, on 8 May 2019, by detachment of coupon no. 15 on 6 May 2019. In accordance with article 83-*terdecies* of the TUF, all those proven to be registered as shareholders at the end of the accounting day on 7 May 2019 (*record date*) will be entitled to receive the dividend.

3. APPOINTMENT OF A NEW DIRECTOR, HAVING PRIOR APPROVAL OF THE NUMBER OF MEMBERS OF THE BOARD OF DIRECTORS; DISCUSSION OF ALL MATTERS RELATING THERETO AND ARISING THEREFROM .

Dear Shareholders,

The Shareholders' Meeting convened for 29 and 30 April 2019 (in second convocation if required) is also called to appoint a new Director, having prior approval of the number of members of the Board of Directors .

In this regard, the Board of Directors' Meeting of 15 March 2019, proposed that the Meeting of Shareholders appoint a new Director, namely, **Dott.ssa Silvia Vanini**, whose mandate will expire at the same time as the other members of the Board of Directors and, therefore, at the date of approval of the Financial Statements for the financial year 2020. Dott.ssa Vanini has extensive experience in corporate organisation and strategic personnel management as indicated in her *curriculum vitae* attached to the present report, and her proposed appointment is aimed at reinforcing the Group's expertise in these areas.

It is furthermore expected that Dott.ssa Vanini will have an executive role in the Issuer's management structure in this context.

The Board of Directors recommends that the appointment of Dott.ssa Vanini will have operational significance to the organisation and structure of the said body, with the aim of enhancing the efficiency of the Board of Directors, which will benefit from additional professional skills, instrumental to the activities of the business.

The Board of Directors also highlights that in accordance with article 147-ter, paragraph 1-ter, of Legislative Decree 24 February 1998, no. 58 ("**TUF**") and in application of the regulations contained in article 2 of Law 120/2011, the Company must ensure that, for three consecutive mandates, at least one third of the members of the Board of Directors belongs to the less represented gender (the so-called "female quota"). The appointment of Dott.ssa Vanini ensures that the number of Directors belonging to the less represented gender will amount to four Directors in a Board of Directors composed of 8 members.

The Board of Directors also highlights that, as it is expected that Dott.ssa Vanini will have a strategic management role within the Group and may not therefore be classified as an Independent Director, the number of Independent Directors, in compliance with principle 3.C.3, final paragraph, of the Self-Regulatory Code for listed Companies (the "**Self-Regulatory Code**") will remain equal to three members.

Finally, with regard to the remuneration of the new Director, the Board of Directors proposes that the Shareholders' Meeting approves compensation for the new Director equal to Euro 20,000 for each financial period in which she holds office, which consequently requires an increase in the total amount of remuneration approved by the Shareholders' Meeting to appoint the Board of Directors held on 24 April 2018 and, however, taking into consideration the principles set out in the Company's Remuneration Policy and the recommendations proposed by the Remuneration Committee in this regard.

The Board of Directors also highlights that Dott.ssa Vanini has accepted her candidacy as a Director of the Company, declaring that there are no reasons that might invalidate her candidacy for reasons of ineligibility, incompatibility or invalidity as determined by law or the Company's articles of association, and that she is in possession of the credentials required by prevailing law for the assumption of the said position.

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The Board of Directors, therefore, submits to the Shareholders' Meeting the following proposal regarding the third item on the Agenda:

“The Ordinary Meeting of Shareholders of Biesse S.p.A.,

approves

- (a) that the Board of Directors be composed of eight members;*
- (b) the appointment of Dott.ssa Silvia Vanini as a new member of the Board of Directors, and that she will remain in office until the date of approval of the Financial Statements for the year to 31 December 2020;*
- (c) to agree a gross annual compensation of Euro 20,000 for the new member of the Board of Directors, thereby increasing the total amount of remuneration established by the Board of Directors in its meeting of 24 April 2018.*

The said proposals put forward for approval

Are therefore put to the vote and are declared approved with [●] votes in favour.

As detailed in the appendices.

The Chairman specifies that the verification that the newly appointed Director possesses the appropriate credentials will be carried out by the said Board of Directors at the first available meeting of the Board of Directors, as indicated in the Company’s Self-Regulatory Code.

4. APPROVAL OF THE REMUNERATION POLICY OF BIESSE GROUP

Dear Shareholders,

you are called to approve, in accordance with article 123-ter paragraph 6, Consolidated Financial Law - TUF on the section of the remuneration report pursuant to article 123-ter, paragraph 3 - TUF, i.e. the section regarding the Company’s policy regarding the remuneration of the members of its administrative bodies, General Directors and managers with strategic responsibility, and the procedures employed for the adoption and implementation of this policy.

The remuneration report of Biesse Group pursuant to article 123-ter - TUF, containing the relevant policy and the procedures for its adoption and implementation, will be made publicly available in accordance with the relevant law and regulations.

In view of the above, the following proposed resolution regarding item 4 on the Agenda is therefore submitted for the approval of the Meeting:

“The Shareholders’ Meeting, taking note of the matters illustrated by the Chairman and the supporting documentation,

APPROVES

Pursuant to and by effect of article 123-ter, paragraph 6, of Legislative Decree 58/98 the section of the report on remuneration referred to in article 123-ter, paragraph 3 of Legislative Decree 58/98.

The said proposals put forward for approval are hereby put to the vote and declared approved with [●] votes in favour. As detailed in the appendices."

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Pesaro, 15 March 2019

The Chairman of the Board of Directors