

Aquafil S.p.A.  
Via Linfano 9, Arco (Trento)  
Subscribed and paid-in share capital €49,672,545.68  
VAT and Tax code and registration number in the Trento Register of Company 09652170961

**AQUAFIL S.p.A.**  
**GENERAL SHAREHOLDERS' MEETING**

January 30, 2018, at 10:30 single call

(*pursuant to Article 125-ter of Legislative Decree No. 58/1998, and Article 84-ter of Consob Regulation No. 11971/1999*)

Director's Report illustrating the motions pertaining to item 2 on the Agenda of the ordinary session of the Shareholders' Meeting scheduled for January 30, 2018, submitted pursuant to Article 125-ter of Legislative Decree No. 58/1998, and regarding:

"2. Termination, by mutual consent, of the assignment of independent auditors entrusted by Space3 S.p.A. to KPMG S.p.A. and simultaneous engagement of the new independent auditors; relevant and ensuing resolutions.

This report is submitted pursuant to Article 125-ter, paragraph 1, of Legislative Decree No. 58 dated February 24, 1998, as further amended and extended (**TUF**), as well as Article 84-ter of the Regulation No. 11971 issued by Consob on May 14, 1999, as further amended and extended (**Rules for Issuers**), and pertains to the second item placed on the agenda of the Ordinary session of the Shareholders' Meeting of Aquafil S.p.A. (**Aquafil** or the **Company**) scheduled for January 30, 2018, single call.

This Report will be made available to the public at the registered offices, on the corporate website ([www.aquafil.com](http://www.aquafil.com)) and in the other ways specified in Consob regulations.

The Illustrative Report on other items on the agenda shall be made available to the public according to the terms and methods required under applicable legislation.

**Termination, by mutual consent, of the assignment of independent auditors entrusted by Space3 S.p.A. to KPMG S.p.A. and simultaneous engagement of the new independent auditors; relevant and ensuing resolutions.**

The Shareholders are called upon to approve the premature termination, by mutual consent, of the appointment as Independent Auditors, conferred by Space3 S.p.A. on KPMG S.p.A. (**KPMG**), and taking due account of the related opinion issued by the Board of Statutory Auditors, to concurrently appoint as new Independent Auditors the firm PricewaterhouseCoopers S.p.A. (**PwC**) for a term extending from the financial year ending December 31, 2017 through to the end of the financial year 2025.

**Regulatory Framework of Reference**

Article 7 of Ministerial Decree No. 261/2012 issued by the Ministry of the Economy and Finances lays down the conditions and procedures under which the appointment of independent auditors may be terminated by mutual consent, within the meaning of Article 13, paragraph 4, of Legislative Decree No. 39/2010, and more specifically, provides that: “*The independent auditors or auditing firm and the company subject to auditing may, by mutual consent, terminate the agreement for the supply of auditing services, provided that there is no interruption whatsoever in the continuous statutory auditing of the aforesaid company's accounts. Taking due account of the comments and observations put forward by the independent auditors or the auditing firm, as well as the opinion of the internal control body, including in respect of the said observations, the Shareholders' Meeting approves the termination, by mutual consent, of the agreement for the supply of auditing services, with the simultaneous appointment of new independent auditors or auditing firm. In any event, the previously appointed independent auditors or auditing firm shall continue to remain in office until the appointment conferred on the new independent auditors or auditing firm takes effect, it being understood that such period may not extend for more than six months following the termination of the agreement for the supply of auditing services.*”

Pursuant to Article 16, paragraph 4, of European Regulation No. 537/2014, “EIPs” (including listed companies) that also qualify as SMEs are not required to apply the selection procedure for the new auditing firm.

As expressly stated in the Listing Prospectus available for consultation on the corporate website [www.aquafil.com](http://www.aquafil.com), Investors section, the Company is an SME.

**Grounds underlying the motion**

The motion pertaining to the premature termination, by mutual consent, of the appointment as independent auditors, currently held by KPMG, and the replacement of the latter by PwC is based on the following considerations:

- (a) Space3 S.p.A. (**Space**) was a Special Investment Vehicle (SIV) within the meaning of the Rules of the Markets organized and managed by Borsa Italiana, and as such, was set up for the sole purpose of completing a merger with a target company, to be preferably carried out as a merger by incorporation of the target company;
- (b) Space3 selected Aquafil S.p.A. as the target company for the business combination to be carried out *inter alia* through a merger;
- (c) the structural peculiarities of the merger and the nature of the corporate entities involved led to the merger of Aquafil, an operating company heading an international group, with a complex production and commercial layout, into a SIV whose sole corporate purpose was to invest in a company and whose business operations

- consisted entirely in identifying a target company for the purposes of completing a merger;
- (d) upon completion of the said merger (*Merger*), the business operations of Space3, the merging company, underwent a significant change since it started engaging, for all intents and purposes, in Aquafil S.p.A.'s business operations, as of the effective merger date (December 4, 2017);
  - (e) following the effective merger date, KPMG have continued to serve as independent auditors for the post-merger company Aquafil, even though Aquafil's independent auditors prior to the merger were PwC (appointed on April 29, 2016, by Aquafil Shareholders' Resolution in accordance with Article 13 of Legislative Decree No. 39/2010).

The motion to proceed with the premature termination, by mutual consent, of the appointment of KPMG as independent auditors is therefore aimed at promoting continuity and timeliness, cost effectiveness and efficiency in respect of the auditing of the merging company's annual and consolidated financial statements (and interim reports), and to ensure that the company's books provide a true and fair view of its operations — the main role of the independent auditors — a goal whose attainment would be certainly facilitated if the said role were discharged by the Aquafil S.p.A.'s previous independent auditors who have acquired in-depth knowledge of the corporate, organizational and operating structure of the merged company and the group it heads.

Prior to the Merger, on September 13, 2017, Space3 notified KPMG of the reasons warranting their replacement as independent auditors (following the effective Merger date).

In response to the aforesaid notice and agreeing with the Company's above-mentioned grounds for proceeding with their replacement as independent auditors, KPMG stated that they were ready and willing to prematurely terminate, by mutual consent, within the meaning of Article 13 of Legislative Decree No. 39/2010 and Article 7 of Ministerial Decree No. 261/2012, their appointment as independent auditors, subject to the condition precedent of the completion of the Merger and appointment of new independent auditors by Shareholders' Resolution.

In such regard, it must be borne in mind that the premature termination, by mutual consent, of the appointment of the independent auditors, is contemplated under Article 13, paragraph 4, of Legislative Decree No. 39/2010 and under Article 7 of Ministerial Decree No. 261/2012 issued by the Ministry of the Economy and Finances, which empower the Shareholders' Meeting to approve such termination, after taking due account of the observations put forward by the auditing firm and the opinion of the Board of Statutory Auditors.

In respect of the above, it must be pointed out that, the Company's Board of Statutory Auditors has in fact expressed its opinion on this motion to prematurely terminate, by mutual consent, the appointment of KPMG as independent auditors and to replace the said auditing firm by appointing PwC as the new independent auditors, and more specifically, has issued:

- (i) an Opinion on the premature termination by mutual consent of the appointment of KPMG as the Company's Independent Auditors; and
- (ii) a motion, with a statement of grounds, for the appointment of PwC as the new independent auditors.

In its opinion, the Board of Statutory Auditors agreed with the reasons underlying the motion to prematurely terminate, by mutual consent, the appointment of KPMG as the Company's

independent auditors and the replacement of the said auditing firm by PwC as the Company's new Independent Auditors, stating further that there were sufficient grounds to replace the auditing firm through the termination, by mutual consent, of their current mandate, and highlighting, in particular, *inter alia*, (i) the structural peculiarities of the Merger and the nature of the corporate entities involved, as the Merger regarded the merger by incorporation of Aquafil S.p.A., an operating company heading an international group, with a complex production and commercial layout, into a SIV whose sole corporate purpose was to identify a target company with which to carry out a business combination; and (ii) the significant change in the operations of Space3, the merging company, which started engaging, for all intents and purposes, in Aquafil S.p.A.'s business operations as of December 4, 2017.

The Board of Statutory Auditors also acknowledged that the Merger entailed a change of control in favor of the company GB&P S.r.l., which controlled Aquafil prior to the Merger and that the appointment of PwC as independent auditors would generate organizational synergies and enhance the effectiveness and efficiency of the auditing of the Company's accounts, without any interruption in the ongoing statutory auditing of the accounts of the post-merger company Aquafil, as well as of the group it heads. The Board of Statutory Auditors further found that, in any event, there would be no interruption in the ongoing statutory auditing of the Company's accounts.

In consideration of all of the above, the Board of Directors moves the General Shareholders' Meeting to approve, after taking due account of this Directors' report, as well as all of the documents to be submitted under law, resolutions regarding the premature termination, by mutual consent, of the appointment of KPMG as Space3 S.p.A.'s independent auditors, and the concurrent appointment of PwC as the Company's new Independent Auditors for a term of 9 financial years (2017-2025), pursuant to applicable regulations and subject to the terms and conditions, including the fee structure, set forth in the offer submitted by PwC and attached hereto.

Arco (TN), December 19, 2017

For the Board of Directors  
The Chairman of the Board of Directors  
(Giulio Bonazzi)

#### Annexes

- Annex A: Copy of Space3's notice to KPMG, stating the grounds for the proposed termination, by mutual consent, of their appointment as independent auditors;
- Annex B: Acceptance, subject to conditions precedent, signed by KPMG, of the proposed termination, by mutual consent, of their appointment as independent auditors;
- Annex C: Opinion, with a statement of grounds, of the Board of Statutory Auditors, regarding the termination, by mutual consent, of the appointment as independent auditors, currently held by KPMG;

- Annex D: Motion, accompanied by a statement of grounds, raised by the Board of Statutory Auditors at the Shareholders' Meeting, regarding the appointment of PwC as Independent Auditors;
- Annex E: Price quotation submitted by PwC for the statutory auditing of the Company's accounts for 9 financial years (2017-2025).



To  
KPMG S.p.A.  
Via Vittor Pisani, 25  
20124 MILANO

Milan, 13 September 2017

*To the kind attention of Ms. Paola Maiorana*

**Subject: Statutory audit assignment granted by Space3 S.p.A. to KPMG S.p.A. – Mutual termination**

Further to previous discussions regarding the statutory audit assignment granted to your audit firm, KPMG S.p.A., in the context of the incorporation of Space3 S.p.A. (*Space3*), pursuant to Legislative Decree 27 January 2010 no. 39 (*Legislative Decree No. 39/2010*) and, therefore, for the financial years from 2016 to 2024 (hereinafter, also the *Audit Engagement*).

In this regard, the following should be noted:

- a) Space3, a company whose ordinary shares are listed on the Mercato Telematico degli Investment Vehicle MIV/SIV segment, is a special investment vehicle (SIV) as defined in the Rules of the Market organized and managed by Borsa Italiana S.p.A. and, as such, it was incorporated with the sole purpose of achieving, within 31 July 2018 (with possible postponement up to 31 January 2019), a business combination with a target company, to be carried out in any manner, including by combination through contribution or merger, also in connection with the acquisition or purchase of interests (the *Relevant Transaction*);
- b) as you know, Space3 has identified Aquafil S.p.A. (*Aquafil*) – leading company in the production and commercialization of synthetic fibers for textile flooring and clothing industry - as target company to implement the Relevant Transaction with. Therefore, on 15 June 2017, an agreement has been entered into (*inter alia* by Aquafil and Space3) for the purpose of regulating the implementation of the Relevant Transaction, which envisages, among other things, the merger by incorporation of Aquafil into Space3 (the *Merger*), as a result of which the latter will change its name into Aquafil S.p.A. (hereinafter *Aquafil post-Merger*);
- c) the company PricewaterhouseCoopers S.p.A., with registered office in Milan, Via Monte Rosa n. 91, acted as external auditor of Aquafil on the basis of a three-year mandate given by the Shareholders' meeting of Aquafil on 29 April 2016, pursuant to Article 13 of Legislative Decree no. 39/2010 (as subsequently amended) and, as of the effective date of the Merger, your Company is expected to also be in charge of the statutory audit on the accounts of Aquafil post-Merger.



Now therefore, given the specific structure of the Merger and the nature of the companies involved, we note that the Merger will imply the incorporation of Aquafil, an operating company at the head of an international group characterized by a complex production and commercial organization, into a SIV which, up to the effective date of the Merger, will have the sole corporate purpose of investing in another company, and the business of which solely consisted, up to the date hereof, in searching for the target company to carry out the Relevant Transaction with.

Therefore, as a result of the Merger, a substantial change will occur in the activity carried out by Space3 as incorporating company, which starting from the effective date of the Merger, will start to operate in the business field operated by Aquafil.

Given the foregoing, we believe that the substantial changes in terms of business that will characterize Aquafil post-Merger justify the opportunity to change, following the effective date of the Merger, the audit firm.

Therefore, on the basis of the foregoing considerations, which, should you agree to the early termination of the Audit Engagement, will be included in the "*Board of Directors' Report on the reasons justifying the early termination, pursuant to Art. 9, paragraph 1, c) of Ministerial Decree no. 261 of 28 December 2012 of the Ministry of Economy and Finance*", we hereby ask for your availability – subject to the consummation of the Merger – to mutually terminate the Audit Engagement in accordance with Legislative Decree no. 39 of 27 January 2010 and the Regulation subsequently adopted by Ministerial Decree no. 261 of 28 December 2012 of the Ministry of Economy and Finance, implementing Article 13, paragraph 4 of Legislative Decree 39/2010, with effect as of the appointment of the new external auditor in accordance with the applicable law.

The mutual termination, if accepted by you in writing by separate correspondence to be sent to the undersigned company at the address herein provided, will be effective as of the appointment of the new external auditor in accordance with the applicable law.

We will determine and pay to your Company, within the agreed contractual deadlines, the fees accrued for the services provided by you up to that date.

We thank you for your commitment and high professional integrity in the performance of the assignment and for performing the duties under the Audit Engagement with due diligence and technical expertise, as well as in compliance with the principles of independence required by the applicable laws.

We look forward to your kind reply. Yours faithfully.

[Illegible signature]

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Roberto Italia  
Managing Director



KPMG S.p.A.  
Revisione e organizzazione contabile  
Via Vittor Pisani, 25  
20124 MILANO MI  
Telefono +39 02 6763.1  
Email [It-fmaudititaly@kpmg.it](mailto:It-fmaudititaly@kpmg.it)  
PEC [kpmgspa@pec.kpmg.it](mailto:kpmgspa@pec.kpmg.it)

**Via letter with acknowledgment of receipt (anticipated via email)**

Confidential

To  
Space3 S.p.A.  
Via Mauro Macchi n. 27  
20124 Milano MI

To the kind attention of Mr. Gianni Mion, Chairman of the Board of Directors

with copy to  
Mr. Pier Luca Mazza, Chairman of the Board of Statutory Auditors

13 September 2017

**Subject: Statutory audit assignment granted pursuant to Legislative Decree 39/10 and Legislative Decree 58/98 – Mutual termination – Observations by KPMG S.p.A.**

Dear Sirs,

We make reference to your letter on 13 September 2017, concerning the statutory audit assignment granted to our firm in the context of the incorporation of Space3 S.p.A., occurred on 6 October 2016, for the financial years from 2016 to 2024 pursuant to Legislative Decree 27 January 2010 no. 39 and Legislative Decree 24 February 1998 no. 58 (hereinafter also referred to as *Audit Engagement*).

In particular, you informed us that following the envisaged merger by incorporation of Aquafil S.p.A. – an operating company at the head of an international group and characterized by a complex production and commercial organization – into Space3 S.p.A. – a SIV which, until the effective date of such merger, will have the sole corporate purpose of investing in another company and the business of which solely consisted, up to the date hereof, in searching for the target company to carry out a business combination with – a substantial change will occur in the activity carried out by Space3 S.p.A. which, following the abovementioned merger, will commence to operate in the business field operated by Aquafil S.p.A..

In this respect, you notified us that you believe “*that the substantial changes in terms of business that will characterize Aquafil S.p.A. post-Merger, justify the opportunity to change, following the effective date of the Merger, the audit firm*”.

Based on the above considerations, you proposed us to mutually terminate the Audit Engagement.



In respect of your request, we hereby confirm you that we have no comments on the reasons you provided and that we are therefore available to early terminate our engagement following the effectiveness of the merger by incorporation of Aquafil S.p.A..

By signing this letter we accept the agreement to mutually terminate the above Audit Engagement, provided that the mutual termination will take effect and will be subject to the prior shareholders' meeting resolution of your company and the appointment of the new audit firm, in accordance with the provisions of Legislative Decree 39/10 and the Regulation adopted by Decree no. 261 of the Ministry of Economy and Finance of 28 December 2012.

It is hereby understood that should the merger by incorporation of Aquafil S.p.A. not be completed and/or the shareholders' meeting of your Company not approve the mutual termination of the Audit Engagement and the simultaneous appointment of a new external auditor or audit firm, this letter will automatically become null and void.

Please promptly send us a copy of the minutes of the shareholders' meeting approving the early termination of the Audit Engagement and the simultaneous appointment of a new external auditor or audit firm.

In accordance with the provisions of the aforementioned Regulation, we will forward a copy of this letter to Consob within the deadlines and in the manner provided by the applicable provisions.

Yours faithfully,

KPMG S.p.A.  
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Paola Maiorana  
Partner

**Observations of the Board of Statutory Auditors  
on the mutual termination  
of the audit assignment  
pursuant to article 7 of Ministerial Decree no. 261/2012**

To the Shareholders of the company Aquafil S.p.A.

The undersigned Board of Statutory Auditors

**WHEREAS**

- Space3 S.p.A. (hereinafter, *Space3*) has been incorporated as SIV (Special Investment Vehicle) as defined in the Rules of the Market organized and managed by Borsa Italiana S.p.A. and, as such, it had the sole purpose of achieving, within a maximum period of approximately 24 months from the date of commencement of trading of its ordinary shares, a business combination with a target company (hereinafter, *Relevant Transaction*), preferably through a merger by incorporation of the target company into Space3;
- by shareholders' meeting resolution on 9 October 2016 Space3 granted the statutory audit assignment for the nine-year period 2016 - 2024 to the audit firm KPMG S.p.A. (hereinafter, *KPMG*);
- Space3 has identified Aquafil S.p.A. (hereinafter, *Aquafil Pre-Merger*) as target company pursuant to the guidelines defined in its investment policy;
- on 15 June 2017, an agreement has been entered into (*inter alia* by Aquafil Pre-Merger and Space3) for the purpose of regulating the implementation of the Relevant Transaction, which envisages, among other things, the merger by incorporation of Aquafil Pre-Merger into Space3 (hereinafter, the *Merger*);
- on 4 December 2017, the Merger was consummated and Space3 changed its name into Aquafil S.p.A. (hereinafter *Aquafil or Company*);
- The company PricewaterhouseCoopers S.p.A., (hereinafter, *PwC*) with registered office in Milan, Via Monte Rosa n. 91, acted, until the Merger became effective, as external auditor of Aquafil Pre-Merger on the basis of a three-year mandate given by the Shareholders' meeting of Aquafil Pre-Merger on 29 April 2016, pursuant to Article 13 of Legislative Decree no. 39/2010;
- the Merger resulted in the incorporation of Aquafil Pre-Merger an operating company at the head of an international group and characterized by a complex production and commercial organization, leader in the production and commercialization of synthetic fibers for textile flooring and clothing, into a SIV which, until the Merger became effective, had as its sole corporate purpose the searching for the target company to carry out the Relevant Transaction with;
- as a result of the Merger, therefore, a substantial change occurred in Space3, as incorporating company, in respect of (i) the activity carried out by the same, which became the same carried out by Aquafil Pre-Merger and (ii) its shareholding;

- Space3 agreed with KPMG to mutually and early terminate the aforementioned audit assignment, subject to the completion of the Merger and the appointment of a new external auditor by the Shareholders' meeting of Aquafil, as per the letters dated 13 September 2017;
- On 4 December 2017 the Board of Directors of Aquafil required the undersigned Board of Statutory Auditors to express its opinion on mutual termination of the existing audit assignment with KPMG, as well as its reasoned proposal on the appointment of the new external auditor, submitting, in particular, to the evaluation of the undersigned Board of Statutory Auditors the sole offer submitted by PwC for the performance of the audit activity pursuant to art. 17, paragraph 1, of Legislative Decree 39/2010 and Regulation no. 537/2014, the terms and conditions of which are detailed in the offer itself. In particular, the Board of Directors underlined how the reasons and grounds to proceed with the replacement of the audit firm by means of mutual termination, without the need to carry out a competitive bid lie:
  - (a) in the changes occurred in the shareholding of the Company since, as a result of the Merger, a change of control occurred in favour of the company GB&P S.r.l., the controlling company of Aquafil Pre-Merger, which had PwC as audit firm;
  - (b) in the provisions of art. 16, paragraph 4 of EU Regulation no. 537/2014, which provides that the selection procedure for the appointment of the new audit auditors is not applicable to the "EIPs" (*Enti di Interesse Pubblico*) (including companies listed on regulated markets) qualified as SMEs (among which, Aquafil);
  - (c) upon the consideration that(i) the assessment of the correct entry of management facts into the accounting records (in which the new audit assignment for the years 2017-2025 would consist) would be clearly eased in terms of timeliness, efficiency and effectiveness if carried out by the audit firm of Aquafil Pre-Merger, thanks to the in-depth knowledge acquired by the same throughout the years on the corporate, organizational and operating structure of the incorporated company and of its group and (ii) the appointment of a sole external auditor company for the whole group would be convenient from an organizational standpoint, through an increased efficiency and effectiveness of the audit activity, ensured as well by the continuity of the audit activity on Aquafil.
- Art. 7 of Ministerial Decree of the Minister of Economy and Finance no. 261 of 28.12.2012, issued pursuant to art. 13, paragraph 4, of Legislative Decree no. 39 of 27 January 2010, provides that "*The auditor or audit firm and the audited company may consensually decide to terminate the audit agreement, provided that the statutory audit activity continues to be ensured*";

#### **CONSIDERED THAT**

- the reasons behind the opportunity for Aquafil to mutually resolve the audit assignment with KPMG in order to enable, in terms of timeliness, economy and efficiency, the audit activity on the financial statements and consolidated financial statements of the incorporating company, as resulting as of the effective date of the merger, thanks to the in-depth knowledge acquired by PwC, the current external auditor of Aquafil, in respect of the corporate, organizational and operating structure of the incorporated company and of its group;
- the undersigned Board of Statutory Auditors does not recognize any potential prejudicial intention against the shareholders of Space3 or third parties underlying the agreement between Space3 and KPMG;

- in the context of the Shareholders' Meeting of Aquafil that will be convened to resolve simultaneously upon the early termination of the audit assignment in place with KPMG and the granting of the audit assignment on Aquafil to PwC, KPMG will ensure the continuity of the audit activity;
- on the date hereof, the undersigned Board of Statutory Auditors prepared its reasoned proposal pursuant to articles 13 and 17 of the Legislative Decree no. 39 of 27 January 2010, for the granting of the audit assignment to be submitted to the Shareholders' Meeting of Aquafil to be convened.

#### EXPRESSES FAVOURABLE OPINION

to the mutual termination of the statutory audit assignment currently in place with KPMG, regarding the audit assignment for the nine-year period for the financial years as of 31 December of the years 2016 – 2024 of the aforementioned Space3, subject to the appointment of a new external auditor by the Shareholders Meeting of Aquafil.

This opinion, together with the Report of the Directors, as resulting from the minutes of the abovementioned meeting of the Board of Directors of Aquafil dated 4 December 2017, and from the resolution of early termination and granting of the new assignment by the Shareholders' Meeting of Aquafil, will be sent by the latter to Consob, pursuant to art. 9 of the Ministerial Decree of the Minister of Economy and Finance no. 261 of 28 December 2012.

Milan, 6 December 2017

The Chairman of the Board of Statutory Auditors, Pier Luca Mazza  
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The effective member of the Board of Statutory Auditors, Marco Giuliani  
[Illegible signature]

The effective member of the Board of Statutory Auditors, Virginia Marini  
[Illegible signature]

**Reasoned proposal  
of the Board of Statutory Auditors for the granting of  
the audit assignment  
pursuant to articles 13, paragraph 1, and 17, paragraph 1, of Legislative Decree  
no. 39/2010**

To the Shareholders of the company Aquafil S.p.A.

The undersigned Board of Statutory Auditors

**WHEREAS**

- Space3 S.p.A. (hereinafter, *Space3*) has been incorporated as SIV (Special Investment Vehicle) as defined in the Rules of the Market organized and managed by Borsa Italiana S.p.A. and, as such, it had the sole purpose of achieving, within a maximum period of approximately 24 months from the date of commencement of trading of its ordinary shares, a business combination with a target company (hereinafter, *Relevant Transaction*), preferably through a merger by incorporation of the target company into Space3;
- by shareholders' meeting resolution on 9 October 2016 Space3 granted the statutory audit assignment for the nine-year period 2016 - 2024 to the audit firm KPMG S.p.A. (hereinafter, *KPMG*);
- Space3 has identified Aquafil S.p.A. (hereinafter, *Aquafil Pre-Merger*) as target company pursuant to the guidelines defined in its investment policy;
- on 15 June 2017, an agreement has been entered into (*inter alia* by Aquafil Pre-Merger and Space3) for the purpose of regulating the implementation of the Relevant Transaction, which envisaged, among other things, the merger by incorporation of Aquafil Pre-Merger into Space3 (hereinafter, the *Merger*);
- on 4 December 2017, the Merger was consummated and Space3 changed its name into Aquafil S.p.A. (hereinafter *Aquafil* or *Company*);
- the company PricewaterhouseCoopers S.p.A., (hereinafter, *PwC*) with registered office in Milan, Via Monte Rosa n. 91, acted, until the Merger became effective, as external auditor of Aquafil Pre-Merger on the basis of a three-year mandate given by the Shareholders' meeting of Aquafil Pre-Merger on 29 April 2016, pursuant to Legislative Decree no. 39/2010;
- the Merger resulted in the incorporation of Aquafil Pre-Merger, an operating company at the head of an international group and characterized by a complex production and commercial organization, leader in the production and commercialization of synthetic fibers for textile flooring and clothing, into a SIV which, until the Merger became effective, had as its sole corporate purpose the searching for the target company to carry out the Relevant Transaction with;
- as a result of the Merger, therefore, a substantial change occurred in Space3, as incorporating company, in respect of (i) the activity carried out, which became the same carried out by Aquafil Pre-Merger and (ii) its shareholding;

- Space3 agreed with KPMG to mutually and early terminate the aforementioned audit assignment, subject to the completion of the Merger and the appointment of a new external auditor by the Shareholders' Meeting of Aquafil, as per the letters dated 13 September 2017;
- on 4 December 2017 the Board of Directors of Aquafil required the undersigned Board of Statutory Auditors to express its opinion on the mutual termination of the existing audit assignment with KPMG, as well as its reasoned proposal on the appointment of the new external auditor, submitting, in particular, to the evaluation of the undersigned Board of Statutory Auditors the sole offer submitted by PwC for the performance of the audit activity pursuant to art. 17, paragraph 1, of Legislative Decree 39/2010 and Regulation no. 537/2014, the terms and conditions of which are detailed in the offer itself. In particular, the Board of Directors underlined how the reasons and grounds to proceed with the replacement of the audit firm by means of mutual termination, without the need to carry out a competitive bid lie:
  - (a) in the changes occurred in the shareholding of the Company since, as a result of the Merger, a change of control occurred in favour of the company GB&P S.r.l., the controlling company of Aquafil Pre-Merger, which had PwC as audit firm;
  - (b) in the provisions of art. 16, paragraph 4 of EU Regulation no. 537/2014, which provides that the selection procedure for the appointment of a new audit firm is not applicable to "EIPs" (*Enti di Interesse Pubblico*) (including companies listed on regulated markets) qualified as SMEs (among which, Aquafil);
  - (c) upon the consideration that (i) the assessment on the correct entry of management facts into the accounting records (in which the new audit assignment for the years 2017-2025 would consist) would be clearly eased in terms of timeliness, efficiency and effectiveness if carried out by the audit firm of Aquafil Pre-Merger, thanks to the in-depth knowledge acquired by the same throughout the years on the corporate, organizational and operating structure of the incorporated company and of its group and (ii) the appointment of a sole external auditor for the whole group would be convenient from an organizational standpoint, through an increased efficiency and effectiveness of the audit activity, ensured as well by the continuity of the audit activity on Aquafil.
- Article 13 of Legislative Decree 27 January 2010 no. 39 provides that the Shareholders' Meeting grants the audit assignment based on reasoned proposal of the Board of Statutory Auditors;

#### **EXAMINED**

- the assignment proposal dated 1 December 2017 of the audit firm PwC for the nine-year period ending on 31 December of the years 2017 – 2025;
- the letter dated 13 September 2017, by which Space3 communicated to KPMG the reasons behind the opportunity to mutually resolve the audit assignment, subject to the Merger and the appointment of a new independent external auditor by the Shareholders' Meeting of the Company;
- the letter dated 13 September 2017, by which KPMG communicated to Space3 to have no observations on the reasons provided by the latter and confirmed its availability to mutually resolve the audit assignment, subject to the Merger and the appointment of a new external auditor by the Shareholders' Meeting of the Company;

- the reasons provided by the Board of Directors of Aquafil to the Board of Statutory Auditors in the meeting held on 4 December 2017 justifying the circumstance that the offer of PwC, external auditor of Aquafil Pre-Merger, has been the only one submitted to the Board of Statutory Auditors;

### **CONSIDERED THAT**

- PwC declared that, on the basis of the information obtained and the assessment carried out, did not identify, as of 1 December 2017, circumstances that might jeopardize its independency and reasons of ineligibility or ceasing as per the applicable laws;
- PwC has an organization and technical-professional skills adequate to the scope and complexity of the assignment to be carried out;
- the estimated number of hours that the audit firm is willing to dedicate to the assignment, as resulting from the assignment proposal, appears adequate and the relevant fee appears congruous;
- that the granting of the audit assignment to PwC appears appropriate also considering that such firm was already in charge of the audit of financial statements and consolidated financial statements of the incorporated Aquafil Pre-Merger and its group,

### **PROPOSES**

- on the basis of the reasons illustrated, pursuant to article 13, paragraph 1, and article 17, paragraph 1, of Legislative Decree no. 39/2010, that the audit assignment regarding the financial statements of Aquafil, the consolidated financial statements of its group and limited audit of the half-yearly shortened consolidated financial statements for the financial years as of 31 December of the years from 2017 to 2025 is granted to the audit firm PwC, in accordance to the offer submitted by the same.

Milan, 6 December 2017

The Chairman of the Board of Statutory Auditors, Pier Luca Mazza  
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The effective member of the Board of Statutory Auditors, Virginia Marini  
[Illegible signature]

The effective member of the Board of Statutory Auditors, Marco Giuliani  
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