



# **SPACE2 S.p.A.**

## **2016 First Quarter Report**

Via Mauro Macchi, 27  
20124 Milan, Italy  
Share capital: Euro 30,845,000.  
Tax and VAT No.: 09105940960



## CORPORATE BOARDS

### BOARD OF DIRECTORS

Chairman	Gianni Mion
Directors	Roberto Italia
	Carlo Pagliani
	Edoardo Carlo Maria Subert
	Francesca Prandstraller
	Margherita Zambon
	Gabriele Villa

### CONTROL AND RISKS COMMITTEE

Chairman	Francesca Prandstraller
Independent Directors	Gabriele Villa
	Margherita Zambon

### BOARD OF STATUTORY AUDITORS

Chairman	Pier Luca Mazza
Standing Auditors	Marco Giuliani
	Virginia Marini
Alternate Auditors	Simona Valsecchi
	Fabio Massimo Micaludi

### INDEPENDENT AUDIT FIRM

KPMG S.p.A.

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## 2016 FIRST QUARTER REPORT

### Operations and strategy

The 2016 First Quarter Report was approved by the Board of Directors on May 11, 2016 and provides an outline of the financial position and operating performance of SPACE2 S.p.A. (hereafter “Space2” or the “Company”) for the first quarter of 2016.

Space2 S.p.A. was incorporated on May 28, 2015, with registered office in Milan and was enrolled in the Milan Company’s Registration Office on June 3, 2015. The Company is an Italian registered Special Purpose Acquisition Company (SPAC), established as an SIV (Special Investment Company) in accordance with the Borsa Italiana regulation, whose shares were listed on the Professional Segment of the Investment Vehicles Market (M.I.V.) organised and managed by Borsa Italiana S.p.A..

The listing of Space2 was concluded on July 28, 2015, with trading from July 31 following the placement with qualified Italian investors and international institutional investors of 30 million ordinary shares at a set price of Euro 10 per share, for a total of Euro 300 million (the “Offer”).

The ordinary shares placed are granted free market warrants in the ratio of 2 market warrants for every 4 ordinary shares subscribed. Against the subscription of 30 million ordinary shares, 15 million market warrants were therefore granted, of which 7.5 million issued contemporaneously with the ordinary shares, while 7.5 million will be issued and begin trading on completion of the “Significant Transaction”. This transaction concerns the acquisition of a company, entity, business or business unit (the “Target”) by any means - including business combinations on the basis of contribution or merger, also combined with the subscription of equity investments.

In addition, Space Holding S.r.l., the sponsor company of Space2, subscribed 795,000 special shares, not to be listed, at a set price of Euro 10 per share for a total of Euro 7.95 million, increasing the total number of special shares to 800,000 (subsequent to the conversion into special shares of the 5,000 ordinary shares subscribed on incorporation), which are granted sponsor warrants in the ratio of 2 sponsor warrants for every special share, for a total of 1,600,000 sponsor warrants held by Space Holding S.r.l.

The capital raised by Space2 will be deployed within twenty four months from the initial trading of the ordinary shares on the MIV for the completion of the Significant Transaction. On the successful completion of the Significant Transaction the shares of the resultant company will be listed on the Stock Exchange, while if the Significant Transaction is not completed within the established duration of the Company, it will be wound up and placed into liquidation.

In accordance with the investment policy, approved by the Shareholders’ Meeting of June 17, 2015, the objective of Space2 is to identify a non-listed Target company with high

growth potential, representative of Italian industrial excellence and interested in opening up its ownership to institutional investors through listing on a regulated market.

As described in greater detail in the Prospectus, the Company has opened several escrow accounts with leading domestic banks (principally held by the escrow agent SPAFID S.p.A.) and in which 98.5% of the total proceeds from the Offer have been deposited, comprising the “Restricted Amounts”, available, on authorisation by the Shareholders’ Meeting, essentially for the execution of the Significant Transaction or, where such is not completed within the established duration of the company, for the liquidation of shareholders.

The amount equal to: (i) the Initial Resources, (ii) 1.5% of the total income of the Offer; and (iii) the amount of interest matured and maturing on the Restricted Amounts, net of taxes, expenses and charges relating to the escrow accounts, after the deduction of expenses and commissions relating to the Offer, represents the so-called “Unrestricted Sums”.

These “Unrestricted Sums” are available to management to finance - in addition to the listing and operating expenses of the company (i.e. general and administrative expenses) - the pursuit of the company mission, such as research, selection and due diligence expenses for potential Targets and in execution of the Significant Transaction.

Pursuant to Article 20 of the By-Laws, the financial year-end of the Company is December 31.

Following the listing on July 31, 2015 and pursuant to Article 4 of the By-Laws, the duration of the Company is extended up to twenty-four months after the listing, although where at that date an agreement has been signed for the realisation of the Significant Transaction, and the subject of a market communication pursuant to Article 114 of Legislative Decree No. 58/1998 (Finance Act), the duration of the Company will be automatically extended until June 30, 2018.

The 2016 First Quarter Report was approved by the Board of Directors on May 11, 2016 and reports a net profit of Euro 144,315.

## Operating performance

### Operational overview

The operations of Space2 in the first quarter of 2016 principally focused on the research and selection of the Target company according to the investment policy guidelines approved by the Shareholders' Meeting of June 17, 2015.

As a SPAC the company did not generate operating revenue in the period, reporting therefore an operating loss of Euro 353,255. The comprehensive net profit in the period of Euro 144,315 substantially relates to financing activities (deposit accounts and Savings Bonds).

The equity of the Company at March 31, 2016 was Euro 305,537,084. A net cash position of Euro 305,002,693 was reported, including liquidity of Euro 882,428.

As the Company was incorporated on May 28, 2015, no comparable income statement is available, while the balance sheet may be compared with December 31, 2015.

### Key Financial Highlights

The reclassified income statement is reported below:

<i>in Euro</i>	<b>Q1 2016</b>
Net revenue	-
External costs	(353,255)
<b>Value added</b>	<b>(353,255)</b>
Personnel costs	-
<b>EBITDA</b>	<b>(353,255)</b>
Amortisation, depreciation & write-downs	-
<b>EBIT</b>	<b>(353,255)</b>
Other income	-
Financial income and charges	497,570
<b>Ordinary profit</b>	<b>144,315</b>
<b>Pre-tax profit</b>	<b>144,315</b>
Income taxes	-
<b>Net Profit</b>	<b>144,315</b>

EBIT essentially comprises costs incurred in the normal operating activities of the

Company. Net financial income in the first quarter of 2016 includes income from the Savings Bonds, escrow accounts and interest on liquidity held by the Company.

## Balance sheet

The reclassified balance sheet is reported below:

<i>(in Euro)</i>	At March 31, 2016	At December 31, 2015
<i>Other receivables</i>	609,005	472,304
<i>Trade and other payables</i>	(84,614)	(87,816)
<i>Other current assets/ (liabilities)</i>	-	-
Total net current assets/ (liabilities) (A)	524,391	384,488
Fixed assets and other long-term assets (B)	10,000	10,000
Long-term liabilities (C)	-	-
<b>Total net assets / (liabilities) (A+B+C)</b>	<b>534,391</b>	<b>394,488</b>
<i>Cash and cash equivalents</i>	882,428	140,206
<i>Other current liabilities</i>	-	-
<i>Other current financial assets</i>	304,120,265	304,858,075
Net cash position (D)	305,002,693	304,998,281
Equity (E)	(305,537,084)	(305,392,769)
<b>Equity &amp; net cash position (D+E)</b>	<b>(534,391)</b>	<b>(394,488)</b>

“Other receivables” increased on December 31, 2015 and mainly relate to the VAT receivable matured in the period, amounting to Euro 421,508, and prepaid expenses relating to consultancy services provided to the Company by Space Holding S.r.l..

“Other current financial assets”, including the “Restricted Amounts” and the “Unrestricted Sums”, as explained in greater detail in Note 2 of the Explanatory Notes, comprise:

- for Euro 183,398,663 the investment in Savings Bonds, managed both under trust by SPAFID S.p.A and directly by the Company;
- for Euro 120,721,602 sums deposited in accounts administered under trust by SPAFID S.p.A..

Compared to December 31, 2015, “Other current financial assets” decreased following the repayment on maturity at January 4, 2016 of the Savings Bonds of a nominal value of Euro 1 million. Such liquidity is allocated to ensure the operating functionality of the Company.

In relation to the other net financial position accounts, reference should be made to Note 8 of the Explanatory Notes.

With reference to the market risk, credit risk and liquidity risk, reference should be made to Note 16 of the Explanatory Notes.



## **Other information**

### **Significant Events in the period**

During the period, the Company focused on the research and selection of the Target company, in accordance with the company mission and investment policy guidelines approved by the Shareholders' Meeting of June 17, 2015.

The Board of Directors of Space2 S.p.A., meeting on January 28, 2016, co-opted Mr. Gabriele Villa as a new Independent Director, appointing him also to the Control and Risks Committee in replacement of the resigning independent director Mr. Alberto Amodio Tazartes.

In addition, in view of recent economic/financial events on the markets in the final months of 2015, as noted by the Board of Directors on January 28, 2016, the Company approved the closure of the escrow account held at Monte dei Paschi di Siena and the transfer on February 2, 2016 of the relative funds to an escrow account at Banca Nazionale del Lavoro – BNP Paribas Group.

### **Significant Events after March 31, 2016**

No events subsequent to period-end were noted which could have impacted the amounts reported or require further disclosure.

## CONDENSED INTERIM FINANCIAL STATEMENTS

### FINANCIAL STATEMENTS

#### Condensed Balance Sheet

<i>in Euro</i>	Note	At March 31, 2016	of which related parties	At December 31, 2015	of which related parties
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	1	882,428	-	140,206	-
Other current financial assets	2	304,120,265	-	304,858,075	-
Trade receivables		-	-	-	-
Other receivables	3	609,005	86,667	472,304	87,608
<b>Total current assets</b>		<b>305,611,698</b>	<b>86,667</b>	<b>305,470,585</b>	<b>87,608</b>
<b>Non-current assets</b>					
Other non-current financial assets	4	10,000	-	10,000	-
<b>Total non-current assets</b>		<b>10,000</b>	<b>-</b>	<b>10,000</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>305,621,698</b>	<b>-</b>	<b>305,480,585</b>	<b>-</b>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade payables	5	67,409	-	78,827	-
Other payables	6	17,205	-	8,989	-
<b>Total current liabilities</b>		<b>84,614</b>	<b>-</b>	<b>87,816</b>	<b>-</b>
Share capital		30,845,000	-	30,845,000	-
Share premium reserve		277,155,000	-	277,155,000	-
Other reserves		(2,912,159)	-	(2,912,159)	-
Retained earnings		304,928	-	-	-
Net profit for the period		144,315	-	304,928	-
<b>Equity</b>	7	<b>305,537,084</b>	<b>-</b>	<b>305,392,769</b>	<b>-</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>305,621,698</b>	<b>-</b>	<b>305,480,585</b>	<b>-</b>

## Condensed Income Statement

<i>in Euro</i>	Note	Q1 2016	of which related parties
Revenue	9	-	-
Other revenue	9	-	-
Consumable materials	10	(7,117)	-
Personnel costs	11	-	-
Other net operating costs	12	(346,138)	(260,942)
<b>EBIT</b>		<b>(353,255)</b>	<b>(260,942)</b>
Financial income	13	497,570	-
<b>Pre-tax profit</b>		<b>144,315</b>	-
Income taxes	14	-	-
<b>Net profit for the period</b>		<b>144,315</b>	-
<b>Basic earnings per share</b>	<b>15</b>	<b>0.006</b>	
<b>Diluted earnings per share</b>	<b>15</b>	<b>0.005</b>	

## Condensed Statement of Comprehensive Income

<i>in Euro</i>	Q1 2016
<b>Net profit for the period</b>	<b>144,315</b>
Other comprehensive income statement items not subsequently reclassified to profit and loss	-
Other comprehensive income statement items subsequently reclassified to profit and loss	-
<b>Total Comprehensive Income</b>	<b>144,315</b>

## Statement of Changes in Equity

	Share capital	Share premium reserve	Other Reserves	Retained earnings	Net profit for the period	Total Equity
<b>Balance at May 28, 2015</b>	-	-	-	-	-	-
Share capital increase by Space Holding Srl of May 28, 2015 (on incorporation), against ordinary shares	50,000	-	-	-	-	50,000
Share capital increase from placement of ordinary shares on July 31, 2015	30,000,000	270,000,000	-	-	-	300,000,000
Share capital increase by Space Holding Srl of July 31, 2015, against special shares	795,000	7,155,000	-	-	-	7,950,000
Share capital increase costs	-	-	(2,912,159)	-	-	(2,912,159)
Net profit for the period	-	-	-	-	304,928	304,928
Other comprehensive income statement items	-	-	-	-	-	-
<i>Total comprehensive profit, net of taxes</i>	-	-	-	-	304,928	304,928
<b>Balance at December 31, 2015</b>	<b>30,845,000</b>	<b>277,155,000</b>	<b>(2,912,159)</b>	<b>-</b>	<b>304,928</b>	<b>305,392,769</b>
Allocation of 2015 result	-	-	-	-	-	-
- retained earnings	-	-	-	304,928	(304,928)	-
Net profit for the period	-	-	-	-	144,315	144,315
Other comprehensive income statement items	-	-	-	-	-	-
<i>Total comprehensive profit, net of taxes</i>	-	-	-	-	144,315	144,315
<b>Balance at March 31, 2016</b>	<b>30,845,000</b>	<b>277,155,000</b>	<b>(2,912,159)</b>	<b>304,928</b>	<b>144,315</b>	<b>305,537,084</b>

## Condensed Statement of Cash Flow

<i>in Euro</i>	Q1 2016	Period ended December 31, 2015
<b><u>Operating activities</u></b>		
Pre-tax profit	144,315	304,928
<i>Changes due to:</i>		
- investment income (interest and dividends received)	(497,570)	
<i>Adjustments reconciling pre-tax profit with net cash flows:</i>		
- Share capital increase costs	-	(2,912,159)
<i>Changes in working capital:</i>		
- Increase in current trade and other payables	(5,451)	87,816
- Increase in current trade and other receivables	(6,638)	(472,304)
- Other changes in working capital	(128,620)	-
- Taxes paid	807	-
<b>Net cash flow from operating activities</b>	<b>(493,158)</b>	<b>(2,991,719)</b>
<b><u>Investing activities</u></b>		
Savings Bonds	662,785	(184,061,448)
Escrow Bank Deposits	75,024	(120,796,627)
Interest income	497,570	-
<b>Net cash flow from investing activities</b>	<b>1,235,380</b>	<b>(304,858,075)</b>
<b><u>Financing activities</u></b>		
Share capital increase	-	30,845,000
Share premium reserve	-	277,155,000
Settlement current financial assets	-	-
Other non-current financial assets	-	(10,000)
<b>Net cash flow from financing activities</b>	<b>-</b>	<b>307,990,000</b>
-		
<b><i>(Decrease)/increase in current cash and cash equivalents and deposits</i></b>	<b><i>742,222</i></b>	<b><i>140,206</i></b>
Cash and cash equivalents & deposits at beginning of period	140,206	-
<b>Cash and cash equivalents and deposits at end of period</b>	<b>882,428</b>	<b>140,206</b>

## EXPLANATORY NOTES

SPACE2 S.p.A. (“Space2” or the “Company”) is a company which is subject to the laws of the Italian Republic, with registered office in Milan, via Mauro Macchi, 27.

As illustrated previously, the Company does not have an operating history and in the period since incorporation (My 28, 2015) until the reporting date has mainly focused on building the organisational structure, on the process for listing on the M.I.V. of the Ordinary Shares and Warrants and the research and selection of the Target company.

### Form, content and other information

The 2016 First Quarter Report of Space2 was drawn up in accordance with Article 154-ter of the Consolidated Finance Act (CFA), introduced by Legislative Degree 195/2007 and according to Consob Communication DEM/8041082 of April 30, 2008.

The financial statements were prepared as per IAS/IFRS issued by the International Accounting Standards Board and approved by the European Commission.

The Interim Report was not subject to audit by the independent audit firm.

## NOTES TO THE BALANCE SHEET

### Current assets

#### 1- *Cash and cash equivalents*

“Cash and cash equivalents” at March 31, 2016 amount to Euro 882,428.

<i>in Euro</i>	At March 31, 2016	At December 31, 2015	Change
Bank and postal deposits	882,428	140,206	742,222
Cash on hand and similar	-	-	-
Total cash and cash equivalents	882,428	140,206	742,222

The account comprises unrestricted and escrow bank deposits at the reporting date.

This account increased Euro 742,222 compared to December 31, 2015, following:

- the repayment on maturity at January 4, 2016 of the Savings Bond of a nominal value of Euro 1 million, plus interest of Euro 1,082, invested in the Intesa Sanpaolo S.p.A. current account held by the Company; this amount was made available to the Company at the Unicredit S.p.A. operating account to support ordinary operations, which in the period reduced liquidity by approx. Euro 438,000;

- the receipt of the interest matured of Euro 141,833 on the restricted amounts at Monte dei Paschi di Siena S.p.A., of a nominal Euro 75,000,000, against their advance settlement on January 22, 2016;
- the receipt of the interest matured on the Time Deposit undertaken on February 2, 2016 for a nominal Euro 75,000,000 at Banca Nazionale del Lavoro S.p.A., which in the period amounted to Euro 26,385;
- payment of interest income matured on liquidity available at March 31, 2016, of a approx. Euro 11,000.

## 2- Other current financial assets

“Other current financial assets” at March 31, 2016 amounted to Euro 304,120,265.

<i>in Euro</i>	At March 31, 2016	At December 31, 2015	Change
Savings Bonds	183,398,663	184,061,448	(662,785)
Escrow Bank Deposits	120,721,602	120,796,627	(75,024)
Total other current financial assets	304,120,265	304,858,075	(737,809)

Savings Bonds relates to part of the Offer proceeds, deposited at two current accounts at Intesa Sanpaolo S.p.A and invested in Savings Bonds, redeemable in advance subject to an interest rate reduction. The table below reports the breakdown of the investment, prudently assuming the interest rate in the event of advance redemption:

No. securities	Total Nominal Value	Interest Rate annual maturity	Annual interest rate for early release	Maturity of the investment	Type of management
70	175,000,000	0.83%	0.75%	04/08/2017	Through trustee SPAFID S.P.A.
5	5,000,000	0.83%	0.75%	03/08/2017	Direct
5	2,500,000	0.78%	0.70%	07/08/2017	Direct

These amounts may be utilised, following Shareholders’ Meeting approval, for the execution of the Significant Transaction or, where such is not completed within the company’s duration, to liquidate the shareholders.

As described in Note 1, in the first quarter of 2016, the Savings Bond of Euro 1,000,000 was repaid on maturity, invested at the Intesa Sanpaolo S.p.A. current account held by the Company.

“Escrow Bank Deposits”, as illustrated in the table below, comprise amounts deposited at the other two escrow accounts managed by the company SPAFID S.p.A.:

- the deposit account at Banca Akros S.p.A. decreased compared to December 31, 2015 following the recharge of the stamp duty on financial products and therefore at March

31, 2016 the deposit account comprised invested amounts of Euro 45,492,247 and interest matured of Euro 229,335.

- the Time Deposit of a nominal value of Euro 75,000,000, invested at Banca Nazionale del Lavoro S.p.A..

Total Nominal Value	Interest Rate annual maturity	Annual interest rate for early release	Maturity of the investment	Type of management
75,000,000	0.30%	0.27%	02/02/2018	Through trustee SPAFID S.P.A.
45,492,247	0.80%	0.76%	03/08/2016	Through trustee SPAFID S.P.A.

On the deposit of Euro 45,492,247 the annual interest rate in the case of early release is prudently applied, while on the Euro 75,000,000 deposit, interest is debited quarterly to the current account.

The fair value is assumed as equal to the book value as concerning short-term receivables.

### 3- Other receivables

“Other receivables” at March 31, 2016 amount to Euro 609,005.

<i>in Euro</i>	At March 31, 2016	At December 31, 2015	Change
Tax agency and public administration	504,977	375,829	129,148
Supplier advances for services	915	0	915
Deferred tax asset	0	0	-
Other	103,113	96,475	6,638
Total other receivables	609,005	472,304	136,701

As highlighted above, the account principally concerns the “Tax agency and public administration” receivable, comprising the VAT receivable matured at March 31, 2016 of Euro 421,508 and the receivable for withholding taxes on bank interest of Euro 71,050.

The “Others” account includes prepaid expenses, specifically:

- for Euro 86,667 concerning consultancy services provided by Space Holding S.r.l., as described in greater detail at Note 18 “Transactions with related parties”, to which reference should be made.
- for Euro 9,131 concerning financial communication activities;
- for Euro 3,981 relating to the insurance policy in favour of the Board of Directors under the remuneration policy;



- for Euro 3,173 relating to the half-yearly fee paid to Borsa Italiana S.p.A. for listing on the MIV.

## Non-current assets

### 4- *Other non-current financial assets*

The account at March 31, 2016 was unchanged on December 31, 2015 at Euro 10,000 and comprises non-interest bearing deposits relating to administration assistance services.

## Current liabilities

### 5- *Trade payables*

The account at March 31, 2016 totalled Euro 67,409.

<i>in Euro</i>	At March 31, 2016	At December 31, 2015	Change
Trade payables	67,409	78,827	(11,418)
Total trade payables	67,409	78,827	(11,418)

Trade payables refer to expenses incurred for the undertaking of the business activities of the Company. The account includes provisions for invoices to be received relating to services received amounting to Euro 58,741.

### 6- *Other payables*

“Other payables” at March 31, 2016 amount to Euro 17,205.

<i>in Euro</i>	At March 31, 2016	At December 31, 2015	Change
Tax agency and public administration	3,510	2,702	807
Social security institutions	2,665	1,224	1,441
Due to directors	-	-	-
Other payables	11,030	5,063	5,967
Total other payables	17,205	8,989	8,216

## Non-current liabilities

### 7- Equity

The account at March 31, 2016 amounts to Euro 305,537,084.

<i>in Euro</i>	At March 31, 2016	At December 31, 2015	Change
Share Capital - Ordinary Shares	30,000,000	30,000,000	-
Share Capital - Special Shares	845,000	845,000	-
<b>Share Capital – Total</b>	<b>30,845,000</b>	<b>30,845,000</b>	-
Share premium reserve	277,155,000	277,155,000	-
Other reserves	(2,912,159)	(2,912,159)	-
Retained earnings	304,928	-	304,928
Net profit for the period	144,315	304,928	(160,613)
<b>Total Equity</b>	<b>305,537,084</b>	<b>305,392,769</b>	144,316

The movement in the period is reported in the present financial statements.

The Company at the incorporation date (May 28, 2015) reported a share capital of Euro 50,000, comprising 5,000 ordinary shares, without nominal value, issued at an implied par value of Euro 10. On June 17, 2015, the Extraordinary Shareholders' Meeting, with the commencement of trading of the ordinary shares of the Company on the MIV, approved the conversion of all 5,000 ordinary shares into the same number of special shares.

In addition, the above-mentioned Shareholders' Meeting approved the paid-in share capital increase for a maximum amount, including share premium, of Euro 300,000,000, through the issue of a maximum of 30,000,000 ordinary shares. The subscription price of each ordinary share was Euro 10, recognised as Euro 1 as the implied par value and Euro 9 as share premium. Also on June 17, 2015, the Extraordinary Shareholders' Meeting approved the paid-in share capital increase allocated to Space Holding S.r.l. (promoter of Space2) for a maximum amount, including the share premium, of Euro 6,950,000, through the issue of a maximum of Euro 695,000 special shares. The subscription price of each special share paid-in of Euro 10 was allocated as Euro 1 as the implied par value and Euro 9 as the share premium.

Finally, the Shareholders' Meeting approved the divisible paid-in share capital increase for a maximum amount, including the share premium, of Euro 18,200,000, to be reserved for the exercise of 1,400,000 SPACE2 S.p.A. Sponsor Warrants, through the issue of a maximum 1,400,000 ordinary shares, without nominal value, at a price of Euro 13, through the allocation of Euro 1 as the implied par value and Euro 12 as the share premium.

On July 7, 2015, the Shareholders' Meeting approved, supplementing that approved at the Shareholders' Meeting of July 17, 2015, the further sponsor share capital increase for Euro 1,000,000 (of which Euro 100,000 as the implied par value and Euro 900,000 as the share

premium). The above-mentioned Shareholders' Meeting also approved the increase in the sponsor warrant share capital of Euro 2,600,000 (of which Euro 200,000 as the implied par value and Euro 2,400,000 as the share premium).

At March 31, 2016 the share capital, unchanged on December 31, 2015, amounted to Euro 30,845,000, fully subscribed and paid-in, represented by 30,800,000 shares, of which 30,000,000 ordinary shares and 800,000 special shares.

In addition, the equity was reduced by incorporation costs and Borsa Italiana listing service charges, recognised to a specific reserve for a negative Euro 2,912,159.

The equity incorporates the value of the Market Warrants issued by Space2 together with the ordinary shares and freely allocated, as considered equity instruments as per IAS 32, permitting the undertaking of conversion shares at the pre-set exercise price of Euro 0.10, according to an established ratio related to the market price of the ordinary shares and up to a limit of Euro 13 per share in accordance with the relative Market Warrant Regulation.

## 8- Net Financial Position

The net financial position, as outlined in the following table, was a cash position of Euro 305,002,693, comprising the cash and cash equivalents at the bank accounts for Euro 882,428, Savings Bonds of Euro 183,398,663 and deposits at Banca Akros S.p.A. for Euro 45,721,602 and Banca Nazionale del Lavoro S.p.A. for Euro 75,000,000.

<i>in Euro</i>	At March 31, 2016	May 28, 2015 – December 31, 2015
A Cash	-	-
B Other cash equivalents	882,428	140,206
C Other current financial assets	304,120,265	304,858,075
<b>D Liquidity (A+B+C)</b>	<b>305,002,693</b>	<b>304,998,281</b>
<b>E Current financial receivables</b>	-	-
F Current bank payables	-	-
G Current portion of non-current debt	-	-
H Other current financial payables	-	-
<b>I Current debt</b>	-	-
<b>J Net current cash position</b>	<b>305,002,693</b>	<b>304,998,281</b>
K Non-current bank payables	-	-
L Bonds issued	-	-
M Other non-current payables	-	-
<b>N Non-current debt</b>	-	-
<b>O Net cash position</b>	<b>305,002,693</b>	<b>304,998,281</b>

The net cash position increased following the repayment on maturity of the Savings Bond of a nominal value of Euro 1 million, the receipt of interest for the early settlement of the restricted amounts at Monte dei Paschi di Siena S.p.A. of a nominal Euro 75,000,000 and the simultaneous receipt of interest matured on these amounts reinvested in a Time Deposit at Banca Nazionale del Lavoro S.p.A..

## NOTES TO THE INCOME STATEMENT

### 9- Revenue

As a SPAC, the company did not generate revenue in the period. The Company increased the focus on the research and selection of a potential operating Company as per the investment policy based on the guidelines and general requirements adopted by the Shareholders' Meeting on June 17, 2015 for the identification of a Target.

## 10- Consumable materials

“Consumable materials” amounted to Euro 7,117 and comprise expenses incurred for the operational offices.

## 11- Personnel costs

At March 31, 2016, the Company did not have any employees.

## 12- Other net operating costs

The account for the period amounted to Euro 346,138.

<i>in Euro</i>	<b>Q1 2016</b>
Consultancy expense from Space Holding Srl	260,942
Other costs	24,396
Professional charges	11,773
Administrative services	10,962
Board of Statutory Auditors	10,107
Independent directors	9,524
Financial communication	8,461
Trusteeship services	5,273
Audit	4,699
<b>Total other net operating costs</b>	<b>346,138</b>

“Other net operating costs” includes costs incurred by the Company during the period to support the business activities of the Company. Other operating costs principally include consultancy provided by Space Holding Srl, as per the prospectus and the contract of July 7, 2015.

“Other costs” essentially include stamp duties on current and escrow accounts in the period.

“Professional charges” relate to legal consultancy and notary services and the remuneration of the Supervisory Board.

“Administrative services” essentially concern accounting services.

“Financial communication” refers to services for the dissemination and disclosure of Company information to the financial markets, through actions and instruments in support of relations with the media and institutional investors in Italy and abroad.

Finally, “Trusteeship services” concern the ordinary assistance of the trustee company in the administration of the liquidity deposited in the escrow bank accounts.

## 13- Financial income

Financial income in the period totalled Euro 497,570.

<i>in Euro</i>	<b>Q1 2016</b>
Interest income from bank deposits	158,894
Financial income on Savings Bonds	338,677
<b>Total financial income</b>	<b>497,570</b>

This income principally related to interest matured in the first quarter of 2016 on the investments reported at Note 2 “Other financial assets”. Interest is prudently calculated utilising the interest rate recognised in the case of the early settlement of the Time Deposit at Banca Nazionale del Lavoro S.p.A., for which the effective interest rate on maturity is used, given that every quarter the interest matured is debited to the relative current account.

#### **14- Income taxes**

For the preparation of the 2016 First Quarter Report, the Company did not recognise current taxes as availing of the tax losses reported in the previous year in excess of the IRES matured in the period of Euro 6,331.

For IRAP regional tax purposes, the company reports a fiscal loss for the period.

Deferred tax assets were also not recognised, as plans were not yet available at the reporting date which would indicate the presence of future assessable income. These plans may only be prepared on the execution of the Main Operation.

The Company will benefit from the present tax period, and in the presence of assessable income, of a deferred tax effect generated from (i) the availability of a tax loss, amounting to Euro 249,616, not yet offset and utilisable fully as arising in the first tax period and (ii) from listing charges recognised under equity still deductible in future tax periods, equal to Euro 1,747,296, for which the Company did not record deferred tax assets. The Company will in addition benefit from the surplus relating to the Economic growth assistance (ACE) deductible from future company income. With the entry into force of Legislative Decree No. 91/2014, companies whose shares have been listed on regulated markets since June 25, 2014 may benefit from a 40% increase of the “share capital increase change” compared to that reported on the closing of each preceding period. The amount of excess ACE available at March 31, 2016 was Euro 8,187,445.

#### **15- Basic earnings (and diluted) per share**

The basic earnings per share is calculated by dividing the result by the number of ordinary shares in circulation and amounts to Euro 0.006.

The following table outlines the calculation of the basic and diluted earnings per share:

<i>(in Euro)</i>	<b>Q1 2016</b>
Net profit	144,315
Number of ordinary shares at end of period	30,000,000
Basic earnings per share	0.006
Diluted earnings per share	0.005

At March 31, 2016, the diluted earnings per share, calculated considering - in addition to ordinary shares - also special shares and the market warrants, corresponds to 0.005. The dilutive effect deriving from the exercise at March 31, 2015 of the market warrants and from the conversion of the special shares would be minimal, therefore the diluted earnings per share is approximately the same as the basic earnings per share (Euro 0.006 per share).

## **16- Risk Management**

The management of financial risks is undertaken according to the guidelines drawn up by the Board of Directors. The objective is the management of the financial resources collated and necessary to undertake the Significant Transaction in accordance with the investment policy approved.

98.5% of the total proceeds from the Offer were deposited in escrow accounts which may be utilised by the Company exclusively through Shareholders' Meeting authorisation in accordance with Article 8.2 of the By-Laws, except for the settlement of the liquidation value of the ordinary shares in exercise of the Withdrawal Right.

During the period, no positions were assumed or operations undertaken which exposed the company to credit risk or significant liquidity risk.

The Company implemented the Organisational, Management and Control Model pursuant to Legislative Decree. No. 231/2001.

## **17- Guarantees, commitments and contingent liabilities**

At March 31, 2016, no guarantees, commitments or contingent liabilities existed.

## **18- Transactions with related parties**

In line with that described in the listing prospectus, the Company signed a services agreement with Space Holding Srl concerning consultancy, both for the research and selection of the Target company with whom the Significant Transaction will be undertaken

and, once such a Target has been identified, the analysis, assessment of the structure and negotiations with the counterparty. The agreement also covers investor relations and media management consultancy and other operating support activities for Space2. The annual fees, recognised to Space Holding S.r.l., amount to 0.33% of the total institutional placement income from the listing, increased by the expenses incurred for the undertaking of the service and established in the amount of Euro 50,000 annually.

During the period, the Company utilised this service for a total amount of Euro 260,942.

### **19- Operating segments**

In accordance with IFRS 8 Operating segments, no specific operating segments were identified as the Company during the first quarter of 2016 did not undertake any operating activities.

### **20- Positions or transactions arising from exceptional and/or unusual transactions**

In accordance with Consob Communication No. DEM/6064293 of July 28, 2006, in the first quarter of 2016 the company did not undertake any atypical or unusual transactions as set out in the Communication.

### **21- Significant non-recurring events and operations**

During the period, no non-recurring events or operations took place, as established by Motion No. 15519 and Communication DEM/6064293 of Consob.

### **22- Remuneration of the Board of Directors and key management personnel**

The Company fixed, for independent directors only, a total gross annual remuneration of Euro 12,000 each.

For the members of the Board of Directors in office, supplementary benefits are not applicable prior to the natural conclusion of the mandate. Non-monetary benefits are also not provided, except for the corporate boards' third party liability coverage and the reimbursement of expenses incurred in discharge of office.

Therefore, the remuneration matured in the first quarter of 2016 for the members of the Board of Directors was Euro 9,558.



### **23- Remuneration of the Board of Statutory Auditors**

The Company agreed with the Board of Statutory Auditors an annual emolument of Euro 39,300.

For the Board of Statutory Auditors, no supplementary benefits in the case of conclusion of employment before the scheduled expiry of mandate, nor non-monetary benefits, are provided for.

Therefore, the remuneration of the Board of Statutory Auditors matured in the first quarter of 2016 was Euro 10,162.

Milan, May 11, 2016  
For the Board of Directors,

The Chairman,  
Gianni Mion

**Declaration of the Executive Officer**

**Declaration of the Interim Report as per Article 154-bis, paragraph 2 of the CFA**

The undersigned Edoardo Subert, Executive Officer for Financial Reporting of Space2 S.p.A.

DECLARES

In accordance with paragraph 2 of Article 154-bis of Legislative Decree No. 58 of February 24, 1998, the 2016 First Quarter Report corresponds to the underlying accounting documents, records and accounting entries.

Milan, May 11, 2016

Edoardo Subert

(Executive Officer)