

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)

Illustrative Report of the Board of Directors drawn up pursuant to Article 125-ter of Legislative Decree No. 58/1998 and concerning the first item on the agenda of the extraordinary session of the General Shareholders' Meeting called on January 30, 2018 regarding:

“1. Adoption of the new Bylaws following the amendment to Article 14 (Powers and resolutions of the Board of Directors) of the Bylaws; relevant and ensuing resolutions.”

This report has been drawn up pursuant to Article 125-ter, paragraph 1, of Legislative Decree No 58 of February 24, 1998, as further amended and extended (“**TUF**”), and Article 84-ter of the Regulation adopted by Consob resolution No. 11971 of May 14, 1999, as further amended and extended (**Rules for Issuers**), and concerns the first item on the agenda of the extraordinary session of the General Shareholders' Meeting of Aquafil S.p.A. (**Aquafil** or the **Company**) called on January 30, 2018, single call.

This Report will be made available to the public at the Company's registered offices, on the corporate website (www.aquafil.com) and in all other ways specified in Consob regulations.

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

Adoption of the new Bylaws following the amendment to Article 14 (Powers and resolutions of the Board of Directors) of the Bylaws; relevant and ensuing resolutions.

Shareholders,

As known, on December 4, 2017, the business combination between Space3 S.p.A. and Aquafil S.p.A was completed. As a result, Aquafil S.p.A. (the company to be merged) was merged into the Company, which before the merger was named Space3 S.p.A. and afterwards assumed the company name of Aquafil S.p.A. Following the merger, the ordinary shares and market warrants of Aquafil S.p.A. have been listed for trading on the STAR segment of the electronic trade market (MTA) managed by Borsa Italiana S.p.A. (“**Listing**”).

During the Listing process, Consob instructed the Company to bring certain amendments to its Bylaws. To ensure compliance with these instructions, the Board of Directors moves you to amend the Bylaws by inserting into the latter:

- (a) a reference to the provisions of Article 150 of TUF, pertaining to the report to be submitted — at least quarterly — to the Board of Statutory Auditors by the Board of Directors regarding the latter’s activities and any and all transactions of greater importance effected by the Company and/or any of its subsidiaries that could entail a significant impact on the income statement, balance sheet and cash flow;
- (b) a provision aimed at bringing the Bylaws in line with the Procedure for Related Party Transactions approved by the Company’s Board of Directors (“**RPT Procedure**”) specifically including the possibility (as already contemplated in Article 12.3 of the RPT Procedure) to approve — in cases of particular urgency — related party transactions without following the normal authorization process contemplated in the said RPT Procedure, without prejudice to, *inter alia*, the terms, conditions and reporting obligations contemplated in Consob Regulation No. 17221/2010 on related party transactions.

The table below provides an overview of the proposed amendments, side by side with the current text of the Bylaws, for ease of reference, highlighting the amendments introduced.

CURRENT TEXT	AMENDED TEXT
Article 14 Powers and resolutions	Article 14 Powers and resolutions
14.1 The Board of Directors is vested with the broadest powers of ordinary and extraordinary Company management, and is fully entitled to take any and all actions it deems fit in the pursuit of the Company’s corporate objectives, save for those matters placed under law within the sole and exclusive remit of the General Shareholders’ Meeting.	14.1 The Board of Directors is vested with the broadest powers of ordinary and extraordinary Company management, and is fully entitled to take any and all actions it deems fit in the pursuit of the Company’s corporate objectives, save for those matters placed under law within the sole and exclusive remit of the General Shareholders’ Meeting.
14.2 Pursuant to Article 2365, paragraph 2, of the Italian Civil Code, the Board of Directors is moreover empowered to pass	14.2 Pursuant to Article 2365, paragraph 2, of the Italian Civil Code, the Board of Directors is moreover empowered to pass

resolutions on the matters listed below, without prejudice to the authority vested in the General Shareholders' Meeting to regulate the same: (i) the setting up and closing down of secondary offices; (ii) the conferment of powers of corporate and legal representation of the Company on specific members of the Board of Directors; (iii) reductions in share capital arising from the withdrawal of one or more shareholders; (iv) the transfer of the Company's registered office to premises elsewhere within Italy; (v) the merger of the Company in the cases contemplated in Articles 2505 and 2505-*bis* of the Italian Civil Code, including to the extent the same are referred to in the last paragraph of Article 2506-*ter* with regard to de-mergers; and (vi) amendments to the Bylaws to ensure that the latter comply with regulatory provisions.

14.3 Board of Directors' resolutions shall be deemed validly passed with a quorum of a majority of the Directors in office and approval by a majority of the Directors in attendance.

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14.3 Board of Directors' resolutions shall be deemed validly passed with a quorum of a majority of the Directors in office and approval by a majority of the Directors in attendance.

14.4 In cases of particular urgency, related party transactions of greater or lesser importance — as defined in the Procedure for Related Party Transactions approved by the Company's Board of Directors — that are exempt from approval by General Shareholders' Resolution may be concluded even in departure from the normal authorization process contemplated in the aforesaid procedure, provided that all the conditions imposed under the said procedure are met.

14.5 The Board of Directors and the Board of Statutory Auditors must be informed, including through delegated bodies, on the Company's activities, general performance and outlook, as well as any and all transactions of greater importance effected by the Company and/or any of its subsidiaries that could entail a significant impact on the income statement, balance sheet and cash flow; in

	<p><u>detail, delegated bodies are required to report on any and all transactions in which they may hold an interest, on their own account or on account of third parties, or which may be influenced by the party, if any, exercising powers of corporate management or coordination. The aforesaid reports must be submitted in a timely manner — and in any event, at least on a quarterly basis — at meetings, or otherwise, in writing.</u></p>
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In light of all of the above, the Board of Directors moves you, the Shareholders, to pass resolutions on the item placed on the agenda and to approve the adoption of new Bylaws as described above.

Arco (TN), December 19, 2017

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