

EDILIZIACROBATICA SPA

Consolidated Financial Statements as at 31.12.2018

Financial statements

ASSETS [Amounts expressed in thousands of Euro]	31.12.2018	31.12.2017
A. SUBSCRIBED CAPITAL UNPAID, WITH SEPARATE INDICATION OF THE PART WHICH HAS ALREADY BEEN CALLED	-	20,262
B. FIXED ASSETS		
I. Intangible fixed assets		
1) Formation and start-up costs	910,005	34,734
2) Development costs	95,796	151,591
3) Industrial patent rights and rights to use patents of others	90,750	107,125
4) Concessions, licenses, trademarks and similar rights	2,346	32,699
5) Goodwill	-	-
6) Tangible assets in course of construction and payments on account	56,871	62,726
7) Other intangible fixed assets	581,194	361,560
8) Consolidation difference	-	-
Total Intangible fixed assets	1,736,962	750,435
II. Tangible fixed assets		
1) Land and buildings	-	-
2) Plant and machinery	49,290	6,404
3) Industrial and commercial equipment	107,093	3,791
4) Other tangible fixed assets	620,623	335,930
5) Tangible assets in course of construction and payments on account	-	-
Total tangible fixed assets	777,006	346,125
III. Fixed asset investments		
1) Equity investments in:		
a) subsidiary companies	-	-
b) associated companies	-	-
c) parent companies	-	-
d) companies under the control of parent companies	-	-
d-bis) other companies	-	-
Total shareholdings	-	-
2) Loans due from:		
a) subsidiary companies		
<i>Due within one year</i>	-	-
<i>Payable beyond one year</i>	-	-
Total receivables from subsidiaries	-	-
b) associated companies		
<i>Due within one year</i>	-	-
<i>Payable beyond one year</i>	-	-

Total receivables from subsidiaries	-	-
c) parent companies		
<i>Due within one year</i>	-	-
<i>Payable beyond one year</i>	-	-
Total receivables from parent companies	-	-
d) companies under the control of parent companies		
<i>Due within one year</i>	-	-
<i>Payable beyond one year</i>	-	-
Total receivables from companies under the control of parent companies	-	-
d-bis) other companies		
<i>Due within one year</i>	-	-
<i>Payable beyond one year</i>	-	-
Total receivables from others		
3) Other securities	-	50,000
4) Derivative financial instrument assets	-	-
Total investments	-	50,000
TOTAL FIXED ASSETS (B)	2,513,968	1,146,560
C. CURRENT ASSETS		
I. Inventory		
1) Raw materials and consumables	1,748,546	1,023,970
2) Work in progress and components	-	-
3) Contract work in progress	-	-
4) Finished products and goods for resale	-	-
5) Advances received	-	-
Total inventory	1,748,546	1,023,970
II. Receivables		
1) Trade receivables		
<i>Due within one year</i>	9,489,322	6,727,645
<i>Payable beyond one year</i>	-	-
Total trade receivables	9,489,322	6,727,645
2) Receivables from subsidiary companies		
<i>Due within one year</i>	-	-
<i>Payable beyond one year</i>	-	-
Total receivables from subsidiaries	-	-
3) Receivables from associated companies		
<i>Due within one year</i>	-	-
<i>Payable beyond one year</i>	-	-
Total receivables from subsidiaries	-	-
4) Receivables from parent companies		
<i>Due within one year</i>	-	-
<i>Payable beyond one year</i>	-	-
Total receivables from subsidiaries	-	-
5) Receivables from companies under the control of parent companies		
<i>Due within one year</i>	-	-
<i>Payable beyond one year</i>	-	-
Total receivables from companies under the control of parent companies	-	-

5-bis) Tax receivables		
<i>Due within one year</i>	2,534,496	1,566,168
<i>Payable beyond one year</i>	-	-
Total tax receivables	2,534,496	1,566,168
5-ter) Deferred tax assets	105,573	54,853
5-quater) Receivables from others	845,476	495,923
Total accounts receivable	12,974,867	8,844,589
III. III. Current asset investments.		
1) Investments in subsidiary companies	-	-
2) Investments in associated companies	-	-
3) Investments in parent companies	-	-
3-bis) Investments in companies under the control of parent companies	-	-
4) Other investments	-	-
5) Derivative financial instrument assets	-	-
6) Other securities	4,018,517	-
Total current asset investments	4,018,517	-
IV. Cash at bank and in hand		
1) Bank and postal current accounts	8,425,242	5,737,679
2) Cheques to be deposited	-	565
3) Cash on hand	14,374	18,176
Total liquid funds	8,439,616	5,756,420
TOTAL CURRENT ASSETS (C)	27,181,546	15,624,979
D. PREPAYMENTS AND ACCRUED INCOME	69,494	33,683
TOTAL ASSETS	29,765,008	16,825,484
BALANCE SHEET LIABILITIES	31.12.2018	31.12.2017
A. CAPITAL AND RESERVES		
I – Share capital	772,530	600,000
II – Share premium reserve	5,547,771	-
III – Revaluation reserves	-	-
IV – Legal reserve	120,000	90,917
V – Reserves provided for by the articles of association	-	-
VI – Other reserves, with separate indication	116	116
VII – Reserve for expected hedging transactions	-	-
VIII – Profit (loss) brought forward	1,282,431	273,927
IX – Profit (loss) for the year	2,224,030	1,037,587
X – Negative reserve for treasury stock owned	-	-
GROUP NET CONSOLIDATED CAPITAL AND RESERVES	9,946,878	2,002,548
Minority interest capital and reserves	82,545	39,316
PROFIT (LOSS) FOR THE YEAR INCLUDING MINORITY INTEREST SHARE	39,735	43,226
GROUP AND MINORITY INTEREST NET CONSOLIDATED CAPITAL AND RESERVES	10,069,158	2,085,090
B. PROVISIONS FOR RISKS AND CHARGES		
1) Provisions for pensions and similar obligations	-	-
2) Provisions for taxation, including deferred taxation	44,293	5,213

3) Derivative financial instrument liabilities	-	-
4) Others	3,200	-
TOTAL PROVISIONS FOR RISKS AND CHARGES	47,493	5,213
C. EMPLOYEE SEVERANCE INDEMNITY	655,301	377,716
D. DEBTS		
1) Debenture loans		
<i>Due within one year</i>	-	-
<i>Payable beyond one year</i>	5,000,000	5,000,000
Total Debenture Loans	5,000,000	5,000,000
2) Convertible debenture loans	-	-
3) Shareholder loans	-	-
4) Amounts owed to banks		
<i>Due within one year</i>	3,735,313	2,131,196
<i>Payable beyond one year</i>	1,552,041	859,309
Total amounts owed to banks	5,287,354	2,990,505
5) Amounts owed to other financiers		
<i>Due within one year</i>	52,247	39,167
<i>Payable beyond one year</i>	15,493	67,755
Total amounts owed to financiers	67,740	106,922
6) Advances received	815,039	263,939
7) Trade payables		
<i>Due within one year</i>	4,032,505	2,276,161
<i>Payable beyond one year</i>	-	-
Total trade payables	4,032,505	2,276,161
8) Debts represented by bills of exchange	-	-
9) Amounts owed to subsidiary companies		
<i>Due within one year</i>	-	-
<i>Payable beyond one year</i>	-	-
Total from subsidiaries	-	-
10) Amounts owed to associated companies	-	-
11) Amounts owed to parent companies	-	-
11-bis) Amounts owed to companies under to the control of parent companies	-	-
12) Taxation payables		
<i>Due within one year</i>	1,331,198	1,561,035
<i>Payable beyond one year</i>	130,288	119,437
Total taxation payables	1,461,486	1,680,472
13) Amounts owed to social security institutions	829,160	493,558
14) Other payables	1,444,168	1,487,052
TOTAL DEBTS	18,937,452	14,298,609
E. ACCRUALS AND DEFERRED INCOME	55,604	58,855
TOTAL LIABILITIES	29,765,008	16,825,484

<u>PROFIT AND LOSS ACCOUNT</u>	31.12.2018	31.12.2017
A. SALES		
1) Revenues from sales of goods and services	24,984,852	16,275,721
2) Change in inventory levels of finished goods and work in progress	-	-
3) Variation in contracts in progress	-	-
4) Work performed for internal purposes and capitalized	56,871	-
5) Other revenues and income		
a) grants received during the period	1,030,557	686,387
b) others	132,889	393,186
Total revenues and income	1,163,446	1,079,573
TOTAL SALES (A)	26,205,169	17,355,294
B. COST OF PRODUCTION		
6) For raw materials, consumables and goods for resale	3,676,443	2,387,063
7) For services	6,181,335	4,349,861
8) For use of third-party assets	1,458,763	797,187
9) For employees	-	-
a) wages and salaries	5,581,820	4,093,844
b) social security costs	3,348,649	2,483,774
c) provision for severance indemnity	353,531	299,199
d) pension costs and similar	-	-
e) other personnel costs	1,510,126	650,559
Total costs of personnel	10,794,126	7,527,376
10) Depreciation, amortization and write-downs		
a) amortization of intangible fixed assets	305,043	298,424
b) depreciation of tangible fixed assets	115,102	76,342
c) write-downs of intangible and tangible fixed assets	2,828	-
d) write-downs of receivables shown under current assets	277,485	137,835
11) Changes in inventory levels of raw materials, consumables and goods for resale	(724,574)	(551,506)
12) Provisions for risks and contingencies	-	-
13) Other provisions	3,200	-
14) Other operating costs	463,072	380,222
TOTAL COST OF PRODUCTION (B)	22,552,823	15,402,804
OPERATING MARGIN (A-B)	3,652,346	1,952,490
C. FINANCIAL INCOME AND CHARGES		
15) Income from equity investments	-	-
16) Other financial income:		
a) from loans shown under fixed assets	-	-
b) from securities shown under fixed assets other than equity investments	7,620	-
c) from securities shown under current assets other than equity investments	-	-
d) other income not included above		
- interest and commission from subsidiary companies	-	-
- interest and commission from associated companies	-	-

- interest and commission from parent companies	-	-
- interest and commission from others and sundry income	13,327	4,195
17) Interest and other financial charges		
a) to subsidiary companies	-	-
b) to associated companies	-	-
c) to parent companies	-	-
d) to others	(314,736)	(102,197)
17-bis) Gains and losses on exchange	(15)	-
TOTAL INCOME AND FINANCIAL CHARGES (C)	(293,804)	(98,002)
D. VALUE ADJUSTMENTS OF FINANCIAL ASSETS AND LIABILITIES		
18) Revaluations		
a) of shareholdings	-	-
b) of financial fixed assets other than equity investments	-	-
c) of securities included in current assets other than equity investments	-	-
d) financial derivatives	-	-
19) Write-downs		
a) of shareholdings	-	-
b) of financial fixed assets other than equity investments	-	-
c) of securities included in current assets other than equity investments	18,517	-
d) financial derivatives	-	-
TOTAL VALUE ADJUSTMENTS OF FINANCIAL ASSETS AND LIABILITIES (D)	18,517	-
PROFIT (LOSS) BEFORE TAXATION (A-B+-C+-D)	3,377,059	1,854,488
20) Current, deferred and advanced corporation tax for the year	1,113,294	773,673
21) RESULT FOR THE YEAR INCLUDING MINORITY INTEREST SHARE	2,263,765	1,080,815
PROFIT (LOSS) FOR THE YEAR INCLUDING MINORITY INTEREST SHARE	39,735	43,227
GROUP PROFIT (LOSS)	2,224,030	1,037,588

	31.12.2018	31.12.2017
Cash flow statement, indirect method		
A) Cash flow from operating activities (indirect method)		
Profit (loss) for the year	2,263,765	1,080,814
Corporation tax	1,113,294	773,673
Interest charges (income)	293,804	98,002
(Dividends)	-	-
(Gains) losses deriving from the disposal of assets	-	-
1) Profit (loss) for the year before taxation, interest, dividends and gains/losses on disposals	3,670,863	1,952,489
Adjustments for non-cash elements without a corresponding entry from among net working capital		
Provisions	319,865	436,559
Amortization of intangible fixed assets	420,145	374,766
Write-downs for permanent diminutions in value	2,828	-
Adjustments to the value of derivative financial instrument assets and liabilities not giving rise to flows of cash	(18,517)	-
Other increasing (decreasing) adjustments for non-cash elements	-	-
Total adjustments for non-cash elements without a corresponding entry from among net working capital	724,321	811,325
2) Cash flow before variations in net working capital	4,395,184	2,763,814
Variations in net working capital		
Decrease/(increase) in inventory	(724,576)	(551,506)
Decrease/(increase) in trade receivables	(2,761,677)	(1,624,714)
Increase/(decrease) in trade payables	1,756,344	815,471
Decrease/(increase) in prepayments and accrued income	(35,811)	(18,968)
Increase/(decrease) in accruals and deferred income	(3,251)	40,578
Other decreases/(other increases) in net working capital	(1,824,518)	(819,750)
Total variations in net working capital	(3,593,489)	(2,158,889)
3) Cash flow after variations in net working capital	801,695	604,925
Other adjustments		
Interest received/(paid)	(293,804)	(98,002)
(Corporation tax payments)	(12,282)	(132,580)
Dividends received	-	-
(Utilization of provisions)	-	(205,316)
Other receipts/(payments)	-	-
Total other adjustments	(306,086)	(435,898)
Cash flow from operating activities (A)	495,609	169,027
B) Cash flow from investing activities		
Tangible fixed assets		
(Investments)	(532,066)	(233,971)
Disinvestments	-	-
Intangible fixed assets		
(Investments)	(1,308,315)	(618,758)
Disinvestments	-	-
Fixed asset investments		
(Investments)	-	-
Disinvestments	50,000	-
Non-fixed asset investments		
(Investments)	(4,000,000)	-
Disinvestments	-	-
(Purchase of business units net of cash at bank and in hand)	-	-
Disposal of business units net of cash at bank and in hand	-	-

Cash flow from investing activities (B)	(5,790,381)	(852,729)
C) Cash flow from financing activities		
Third party finance		
Increase/(decrease) of short-term debt owed to banks	1,564,935	-
Opening of loans	2,800,000	6,693,008
(Repayment of loans)	(2,107,268)	(474,499)
Own resources		
Increase in share capital for consideration	5,720,301	12,262
(Share capital buy-back)	-	-
Disposal/(purchase) of treasury shares	-	-
(Dividends and payments on account on paid dividends)	-	(720,000)
Cash flow from financing activities (C)	7,977,968	5,510,771
Increase (decrease) in cash at bank and in hand (A ± B ± C)	2,683,196	4,827,069
Effect of exchange rates on cash at bank and in hand		
Cash at bank and in hand at the start of the year		
Bank and postal current accounts	5,737,679	891,282
Cheques to be deposited	565	-
Cash on hand	18,176	38,069
Total cash at bank and in hand at the start of the year	5,756,420	929,351
Portion which is not freely usable	-	-
Cash at bank and in hand at the end of the year		
Bank and postal current accounts	8,425,242	5,737,679
Cheques to be deposited	-	565
Cash on hand	14,374	18,176
Total cash at bank and in hand at the end of the year	8,439,616	5,756,420
Portion which is not freely usable	-	-

Notes to the Financial Statements

STRUCTURE AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements of Ediliziacrobativa S.p.A. and its subsidiaries (together the "Ediliziacrobativa Group" or "EDAC") have been prepared in compliance with the Civil Code, supplemented and interpreted by the accounting principles adopted by the Italian Accounting Body (O.I.C.).

They are comprised of a balance sheet and profit and loss account (prepared in conformity with the structure set out respectively in article 2424, 2424-bis, article 2425 and 2525-bis and article 2425-ter of the Civil Code) and by these notes to the financial statements.

The purpose of the notes to the financial statements is to illustrate, analyse and in some cases supplement information in the financial statements; they contain the information required by articles 2427 and 2427-bis of the Civil Code, by other provisions of the Civil Code dealing with financial statements and other earlier legislation. In addition, they disclose all complementary information deemed necessary for providing a clear and complete view, even if not required by specific provisions of the law.

The consolidated financial statements comprise the financial statements of Ediliziacrobativa S.p.A. ("Company" or "Parent Company"), the financial statements of the following companies controlled by the Parent Company:

- EDAC Biella S.r.l., with registered office in Milan, share capital € 50,000, 95% owned;
- EDAC Roma Trastevere S.r.l., with registered office in Milan, share capital € 50,000, 100% owned in total;
- EDAC Sicilia S.r.l., with registered office in Milan, share capital € 50,000, 55% owned in total;
- EDAC Versilia S.r.l., with registered office in Milan, share capital € 50,000, 85% owned in total.

Please see the relevant comment in the management report for discussion of the main initiatives undertaken by the subsidiary companies.

The financial statements of EDAC Biella S.r.l., EDAC Roma Trastevere S.r.l., EDAC Sicilia S.r.l. and EDAC Versilia S.r.l. used in the consolidation are those which have been prepared by the Boards of Directors of the subsidiary companies, duly modified or reclassified where necessary to adapt them to the Group's accounting principles, which comply with the legislation in force.

Edac Roma Trastevere S.r.l. was put into liquidation by deed dated 18 December 2018. As at 31 December 2018, the Directors of the Parent Company have decided to maintain the Company within the scope of consolidation. The consolidated situation was prepared in accordance with group accounting principles. In consideration of the assets and liabilities of the Company, a provision of € 3,200 was envisaged for risks.

BASIS OF CONSOLIDATION

The consolidation principles which have been used are outlined below:

- The book values of the investments in EDAC Biella S.r.l., EDAC Roma Trastevere S.r.l., EDAC Sicilia S.r.l. and EDAC Versilia S.r.l. have been eliminated against related net shareholder equity, in view of the inclusion of the assets and liabilities of the subsidiary companies using the full consolidation method. Differences between the cost of investments and corresponding share of shareholder equity have been recorded in their entirety among the capital and reserves under "Profit (loss) brought forward".
- Transactions giving rise to payable and receivable balances, and costs and revenues, between the companies consolidated by the full consolidation method have been eliminated.
- Unrealized gains deriving from intra-group transactions between the companies, and which have been included in the valuation of intangible fixed assets, have been eliminated.
- The portions of capital and reserves and profit accruing to minority interests in the four subsidiary companies have been shown separately in a specific balance sheet item.

ACCOUNTING PRINCIPLES

The accounting principles detailed below have been adapted in line with the modifications, additions and new treatments introduced into the Civil Code by Legislative Decree 139/2015, incorporating the EU accounting directive 34/2013/UE into Italian law. In particular, national accounting principles have been applied in the version reformulated by the O.I.C. on 22 December 2016.

The application of these principles has, where required, been agreed with the Board of Statutory Auditors.

BASIS OF VALUATION

The criteria adopted in valuing and adjusting values of the various categories of assets are those set out in article 2426 of the Civil Code, interpreted and supplemented by the accounting principles drawn up by the Italian Accounting Body (O.I.C.) and, where these are lacking and where they do not conflict with Italian accounting rules and principles, by those issued by the International Accounting Standards Board (I.A.S.B.), on a going concern basis, with further clarifications as follows.

They have been applied on a prudent basis, considering the economic function of the relevant asset or liability being valued.

The most significant criteria adopted in valuing items in the consolidated financial statements in compliance with article 2426 of the Civil Code and the aforesaid accounting principles are the following:

Intangible fixed assets – These are recorded at purchase or production cost, including ancillary costs and costs directly attributable to the asset, and are amortized on a straight-line basis over the expected remaining useful life of the assets.

Formation and start-up costs and applied research and development costs with long-term utility are amortized on a straight-line basis, based on their estimated future usefulness of five years. Until fully-amortized, dividends may only be distributed to the extent that sufficient available reserves remain to cover the total costs which remain to be amortized. Costs sustained for basic research are charged to the profit and loss account in the year they are incurred.

Formation and start-up costs are amortized over a period of five years, with amortization on a straight-line basis. Development costs are amortized over the useful economic life; in exceptional cases when it is not possible to reliably estimate their useful economic life, they are amortized over a period not exceeding five years. Until fully-amortized, dividends may only be distributed to the extent that sufficient available reserves remain to cover the total costs which remain to be amortized.

Advertising and research costs are fully expensed in the year they are incurred.

Leasehold improvements are capitalized and recorded under "other intangible assets" if they cannot be separated from the leased assets (otherwise they are recorded under "tangible fixed assets" in the category to which they belong), and are amortized over the shorter of the expected useful economic life and the residual period of the lease, considering possible lease renewal periods if these are at the choice of the company.

If, in subsequent years, the reasons for the write-down no longer apply, the original value is reinstated, within the limits of the value that the asset would have had if the write-down had never taken place, with the exception of the item "Goodwill and deferred charges" as per number 5 of Article 2426 of the Italian Civil Code.

The recognition and valuation of intangible fixed assets is carried out with the consent of the Board of Statutory Auditors in the cases provided for by law.

Tangible fixed assets – These are recorded at purchase or internal construction cost, net of depreciation charged in the year. The cost includes ancillary costs and the share of direct and indirect costs reasonably attributable to the asset which relate to the time of their manufacture up until the time from when the asset may be used. Tangible fixed assets may be revalued in the case that specific laws require or permit it.

Tangible fixed assets are depreciated each year on a straight-line basis, over the residual useful economic life of the assets. The depreciation rates applied are shown in the relevant section of the notes dealing with assets. The depreciation rates for fixed assets brought into use during the year are reduced by 50%, based on the assumption that purchases are distributed evenly across the year. The depreciation rates applied are shown in the relevant section of the notes dealing with assets. For fixed assets that came into operation during the year the rates are reduced to 50%, in that it is considered representative of the average annual date of entry into operation of the assets.

Depreciation is also calculated on fixed assets which are temporarily not being used.

In cases of a permanent diminution in value, independently of the depreciation already accounted for, the asset is written down accordingly; if in subsequent years the causes of the write-down no longer apply the original value is reinstated, limited to the value the asset would have had if the value adjustment had never taken place.

Ordinary maintenance and repair costs are charged in full to the income statement. Costs of maintenance which increase an asset's value are attributed to the relevant asset and depreciated over the residual useful economic life of said asset.

Costs incurred to extend, modernize or improve the structural elements of a tangible fixed assets may be capitalized if they produce a significant and measurable increase in production capacity, safety or useful economic life. If these costs do not produce such effects they are treated as ordinary maintenance costs and charged to the profit and loss account.

Tangible fixed assets earmarked for disposal are reclassified in a specific section under working capital and then valued at the lower of net book value and realizable value, deduced from market conditions. Assets destined for sale are no longer depreciated.

Tangible fixed assets are depreciated on a straight line basis using depreciation rates determined with reference to the residual useful economic life of the assets.

Assets with a value of less than € 516 and subject to rapid use are fully expensed during the year of purchase.

Write-downs for a permanent diminution in value of tangible and intangible fixed assets – at each balance sheet date the Group assesses the existence of indications of potential permanent diminutions in value of tangible and intangible fixed assets, including goodwill. If there are such indications, the value of said assets is reduced to the recoverable amount, understood as the higher of value in use and fair value.

The diminution in value is recognized if the recoverable amount is lower than the net book value of the fixed asset.

Any write-downs for diminution in value are written back should the cause of the write-down no longer apply, limited to the original value of the asset net of depreciation.

Investments – These represent investments in subsidiary, associated and other companies not consolidated using the full consolidation method, and receivables and payables classified as fixed assets since they are expected to form part of the Group's assets over the long term.

Investments in other companies where a stake of less than 30% is held, in non-operative subsidiary and associated companies, in companies in liquidation or that are barely significant in the context of the Group, or in the case that the information needed to perform a full consolidation cannot be obtained in timely fashion or without incurring disproportionate expense, are valued at cost. The balance sheet carrying value is calculated on the basis of the purchase price. The cost is reduced when the company's share of the net assets of the company invested in is lower than the balance sheet carrying value, if these circumstances represent a permanent diminution in value; the original value is reinstated in subsequent years if the reasons for the write-down are no longer applicable. Losses exceeding the carrying value of investments are set aside in a specific provision under liabilities.

Receivables recognized as financial fixed assets are shown at their estimated realizable value by adjusting the nominal value of the receivables to take account of the risks of non-collection.

Inventory – Inventory is recorded at the lower of purchase or production cost and the estimated realizable value based on market conditions (article 2426 number 9 of the Civil Code). Purchase cost is understood to be the actual purchase price plus ancillary costs, excluding financing costs.

Receivables – The amortized cost method is not applied when its effects would be immaterial, or when transaction costs, commission paid between the parties and any other difference between initial value and value at maturity are of minor importance, or if the receivables are short term (due in less than 12 months).

The value of receivables, as determined above, is adjusted where necessary through the use of a bad debt provision, applied directly to the value of the receivables in order to align them with their estimated realizable value.

The value of the write-down in the year is charged to the profit and loss account.

Cash at bank and in hand – Cash at bank and in hand at the year-end are carried at their nominal value. Cash denominated in foreign currencies are valued using the year end exchange rate.

Prepayments and accruals – Costs and revenues relating to the current year but payable or receivable in subsequent years, and the portion of costs and revenues paid or received during the year but relating to subsequent years, are shown under prepayments and accruals in accordance with the accruals concept.

Provisions for risks and charges – Provisions for risks and charges are set aside to cover losses or liabilities of a given nature, whose existence is certain or probable, but for which the value or date of crystallization is not known at the year end. The size of the provisions reflects the best possible estimate based on the available information. Risks which may only possibly give rise to a liability are outlined in the comments to the note dealing with provisions, without a provision for risks and charges being booked in the balance sheet. Provisions made for risks and charges are primarily recorded as costs in the profit and loss account in the relevant section (B, C or D). When it is not possible to associate the nature of the provision with one of the abovementioned sections, the provisions for risks and charges are recorded under items B12 and B13 of the profit and loss account.

Employee severance indemnity – The employee severance indemnity provision shows the amounts employees would have the right to receive on termination of their employment as at the balance sheet date. The seniority indemnities making up this item, i.e. the accrued portion of the provision for the year and the annual revaluation of the pre-existing fund, are determined in accordance with the following rules in force. The employee severance indemnity provision is recorded in section C of liabilities, and at item B9 in the profit and loss account.

Payables – Payables are recorded using the amortized cost method, taking account of the time factor. The amortized cost method is not applied to payables when its effects would be immaterial. Its effects are considered immaterial for short-term payables (namely those falling due in less than 12 months). For more details of the amortized cost method reference should be made to the comments relating to receivables, above.

Payables for holidays accrued by employees and for deferred remuneration, including the component due to social security institutions, have been booked on the basis of the amount which would have to be paid if the employment relationships were terminated on the balance sheet date.

Finance lease transactions – In conformity with consolidated practice in Italy, assets leased under finance leases are accounted for as fixed assets in the statutory accounts only after the final redemption payment is made, whereas lease payments, spread over the duration of the finance lease, are charged to the profit and loss account (equity method).

The finance lease method of accounting for finance leases in the attached consolidated financial statements is as follows:

- the value of the asset held under a finance lease is recorded as a tangible fixed asset and depreciated over its useful economic life;
- the residual debt due to the lease company is recorded under payables due to other financiers;
- the interest incurred and included in lease payments made during the year is recorded under financial charges, whereas the remaining portion of lease payments made in the year is eliminated from the profit and loss account;
- prepayments for lease payments are eliminated from the balance sheet.

The reconciliation between consolidated and Parent Company capital and reserves and profit illustrate the effects of accounting for assets held under finance leases from third parties using the finance lease method, as part of the consolidation adjustments.

Revenues – Revenues for the sale of services are recognized when they mature and/or are delivered. Transactions with related parties take place on an arm's length basis.

Costs – Costs are recorded on an accrual basis, independently of collection or payment date, net of returns, discounts, rebates and bonuses.

Dividends – Dividends are recorded in the year in which they are deliberated by the shareholders' meeting. Dividends are recognized as financial income, independently of the nature of the reserves which are the subject of the distribution.

Financial income and charges – Financial income and charges are recorded on an accrual basis. Costs relating to credit factoring of any type (with and without recourse) and of whatever nature (commercial, financial, other) are charged in the year to which they relate.

Corporate tax for the year – Corporation tax is recorded on the basis of taxable profits estimated in accordance with the rules in force, considering applicable exemptions and tax credits.

Deferred taxation liabilities and assets are calculated based on the temporary differences arising between values of assets and liabilities recognized in the statutory accounts and the corresponding values applicable for tax purposes. The valuation is made taking account of the estimated tax rates that the company is expected to sustain in the years when the reversal of these differences impacts taxable profit, considering the tax rates in force or that have already been announced at the balance sheet date. They are shown respectively as "provision for deferred taxation" under provisions for risks and charges in liabilities, and under "deferred tax assets" in working capital. Deferred tax assets are recognized for all deductible temporary differences if, in accordance with the prudence concept, there is reasonable certainty that during the year when the differences reverse there will be taxable profit of a value no lower than the value of the reversing differences.

However, deferred tax liabilities are recognized on all temporary differences impacting taxable profits.

Deferred taxation over reserves for which taxation is suspended have not been recognized if there is a low degree of probability that these reserves will be distributed to shareholders.

CONVERSION CRITERIA FOR ITEMS DENOMINATED IN FOREIGN CURRENCY

Assets and liabilities of a non-monetary nature originally expressed in foreign currency are recorded in the balance sheet at the exchange rate which prevailed at the date of their purchase, in other words at historic cost.

Assets and liabilities of a monetary nature originally expressed in foreign currency are converted in the financial statements at the spot rate prevailing on the balance sheet date; related gains and losses on exchange are recorded in the profit and loss account, and any net gains are booked to a specific non-distributable reserve until they are realized.

USE OF ESTIMATES

Preparation of the consolidated financial statements and related notes to the financial statements requires the use of estimates and assumptions, which impact the value of the assets and liabilities recorded, related disclosure and contingent assets and liabilities at the balance sheet date, as well as revenues and costs for the year.

Estimates are used in various areas, such as the bad debt provision, amortization/depreciation, employee benefits, income taxes, other risk provisions and the assessment of possible losses in value of tangible, intangible and financial fixed assets (including investments).

Actual outcomes may differ from those estimated due to the inherent uncertainty which characterizes the hypotheses and conditions upon which the estimates are based. Estimates and assumptions are periodically reviewed by the Group on the basis of the best available knowledge of the Group itself and other factors which may reasonably be inferred from current circumstances. The effects of each change are immediately reflected in the profit and loss account.

BUSINESS CONTINUITY

In preparing these Consolidated Financial Statements, the Directors considered that the going concern assumption fully existed and was adequate for the objective and the following table illustrates the reasons for this in detail in the Report on Operations, to which reference should be made.

CASH FLOW STATEMENT

The cash flow statement includes all cash outflows and inflows of cash and cash equivalents during the period. In the cash flow statement, the individual cash flows are presented separately in one of the following categories:

- a. operational management;
- b. investment activities;
- c. financing activities;

The cash flow categories are presented in the sequence indicated above.

The cash flow from operating activities is determined using the indirect method, i.e. by adjusting the profit or loss for the year reported in the income statement.

The algebraic sum of the cash flows of each of the above categories represents the net change (increase or decrease) in cash and cash equivalents during the year. The form of presentation of the cash flow statement is indirect.

Interest paid and received is presented separately between the cash flows from operations, except in particular cases where it relates directly to investments (investment activities) or financing (financing activities).

Dividends received and paid are presented separately in the income statement and in the financing activities, respectively. Cash flows relating to income taxes are indicated separately and classified in the income statement.

OTHER INFORMATION

Exemptions permitted under article 2423 sub-section 4 – It is hereby stated that none of the exceptional circumstances requiring the exemptions to the laws governing financial statements permitted by the article 2423 sub-section 4 have arisen.

Pursuant to article 2427 of the Civil Code it is stated that:

- financial costs have not been attributed to balance sheet asset values during the year;
- there are no other pledges or commitments in addition to those highlighted in the notes to the financial statements;

COMMENTS RELATING TO THE PRINCIPAL ASSET BALANCES

Introduction, explanatory note - assets

Introduction

Below is a detailed description of the items that comprise the balance sheet assets as at 31 December 2018.

Introduction, changes in receivables from shareholders for outstanding payments

Introduction

The item in question is zero as at 31 December 2018 (€ 20,262 as at December 31, 2017) following the payment by the minority shareholders of Edac Sicilia Srl of their share for the period.

	Due from equity holders - unpaid capital contributions (of which called up)
Value at the beginning of the year	20,262
Changes in the financial year	- 20,262
Year-end value	-

Comment, changes in receivables from shareholders for outstanding payments

The change during the year is due to the payment by the minority Shareholders of a subsidiary of the share capital for the period of € 20,262.

Fixed Assets

Revaluations carried out in the financial year	-	-	-	-	-	-	-	-
Depreciation for the year	36,660	55,795	74,699	673	-	-	124,053	291,880
Write-downs during the year	2,829	-	-	-	-	-	-	2,829
Other changes	-	-	-	(2,978)	-	-	-	(2,978)
Total changes	875,271	(55,795)	(16,375)	(33,331)	-	(5,855)	219,634	983,549
Year-end value								-
Cost	988,453	297,976	472,444	3,362	-	56,871	831,116	2,650,222
Revaluations	-	-	-	2,978	-	-	-	2,978
Depreciation and amortization (provision for depreciation)	75,619	202,180	381,694	3,994	-	-	249,922	913,409
Write-downs	2,829	-	-	-	-	-	-	2,829
Book value	910,005	95,796	90,750	2,346	-	56,871	581,194	1,736,962

Changes in intangible fixed assets

The item Start-up and expansion costs amounted to € 910,005 (€ 34,734 the previous year). The increase compared to the previous year, of € 875,272, is attributable to the costs incurred by the Parent Company for admission to Mercato AIM di Borsa Italiana (Italian Stock Exchange). They are amortized over a 5-year period, which takes account of the cost/benefit ratio the Group believes will be derived from this asset.

Development costs, equal to € 95,796 (€ 151,591 in the prior year), covers the costs incurred by the Parent Company for launching the project to develop the franchising network across Italy. During the year there were no increases in this balance sheet item, the reduction in the net book value compared to the previous year is attributable to the amortisation rate for the year.

Industrial patent rights and rights to use patents of others amount to € 90,750 at year-end (€ 107,125 in the prior year) is principally made up of software costs. The increases for the year concern the costs incurred for new features connected to the management software produced internally for € 58,324.

Concessions, licenses, trademarks and similar rights total € 2,346 at year-end (€ 32,699 in the prior year). The decrease in the year almost entirely due to an accounting reclassification of luminous signs under property, plant and equipment

The item Assets under construction and payments on account as at 31 December 2017 recorded a balance of € 56,871 made up of costs for the execution of the listing project of Ediliziacrobatica S.p.A. on the Italian Stock Exchange market called AIM Italia. As at 31 December 2018, the listing project was completed and, therefore, these costs were capitalized regularly and depreciated under the item Installation and Expansion Costs. The increase for the year relates to the costs incurred by the Parent Company for the construction and development of seven new direct offices across the national territory that as of 31 December 2018 are not yet operational.

Other intangible fixed assets, totalling € 581,194 (€ 361,560 in the prior year) cover mainly leasehold improvements and multi-year costs for the issuing of bonds. An increase was recorded during the year due to the residual expenses incurred by the Company for the management of debenture loans and due to the improvements made to leased premises for the operational offices located throughout Italy.

Assessment of recoverability of investments

While preparing the financial statements the Group has undertaken an assessment of the recoverability of intangible fixed assets, the outcome of which was to confirm the carrying values, absent any permanent diminution in value based on a 3-year period, as outlined in the 2019-2021 Business Plan approved by the Board of Directors on 12 November 2018.

Introduction, property, plant and equipment

Property, plant and equipment net of accumulated depreciation amounted to € 777,006 (€ 346,125 as at 31 December 2017). Ordinary depreciation, shown in the appropriate table, has been calculated on the basis of rates considered representative of the residual possibility of use of the related tangible assets. The rates applied are as follows:

- Plant and machinery 15%
- Industrial and commercial equipment 20.00%
- Other assets:
- Electronic office machines 20.00%
- Furniture and office equipment 12.00%
- Vehicles 25.00%

Introduction, changes in property, plant and equipment

Changes in tangible fixed asset items are detailed below:
final balances as well as the total revaluations existing at year-end.

Analysis of changes in property, plant and equipment (table)

Table 1.2

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Tangible fixed assets in progress and payments on account	Total tangible fixed assets
Value at the beginning of the year						
Cost	-	22,220	23,210	522,907	-	568,337
Revaluations						
Depreciation and amortization (provision for depreciation)	-	15,816	19,419	186,977	-	222,212
Write-downs						
Book value	-	6,404	3,791	335,930	-	346,125
Changes in the financial year						
Increases for acquisitions	-	44,490	84,980	403,235	-	532,705
Reclassifications (of carrying amount)	-	-	33,926	-	-	33,926
Decreases by alienation and divestments (of the book value)	-	-	-	-	-	-
Revaluations carried out in the financial year	-	-	-	-	-	-
Depreciation for the year	-	1,604	15,604	174,716	-	191,924
Write-downs during the year	-	-	-	-	-	-
Other changes	-	-	-	56,174	-	56,174
Total changes	-	44,338	103,302	284,693	-	432,333
Year-end value						
Cost	-	66,710	142,116	982,316	-	1,191,142
Revaluations	-	-	-	-	-	-
Depreciation and amortization (provision for depreciation)	-	17,420	35,023	361,693	-	414,136
Write-downs	-	-	-	-	-	-
Book value	-	49,290	107,093	620,623	-	777,006

Changes in tangible fixed assets

Plant and machinery totalled € 49,290 (€6,404 as at 31 December 2017). The increase for the year is mainly attributable to the electrical installation and air conditioning costs incurred for the restructuring of the new points opened during the 2018 financial year.

Industrial and Commercial Equipment amounted to € 107,093 (€ 3,791 as at 31 December 2017). The increase in the year is mainly due to the purchase of the signs for the new points opened during the year.

Other assets totalled € 620,623 (€ 335,930 as at 31 December 2017). This item is mainly composed of the costs for furniture and furnishings present at the sales points. The increase for the year, before depreciation for the year, amounts to € 403,235 and refers to the purchase of furniture, furnishings, computers and tablets for the new points.

Leasing transactions (lessee) (table)

In accordance with the provisions of IAS 17, existing finance leases have been reclassified using the following format:

- the cost of leased assets was recognized as a property, plant and equipment under "Industrial and commercial equipment" and depreciated on a straight-line basis over their estimated useful lives;
- any lump sum fee initially paid is considered to be an immediate repayment of the principal financing;
- lease instalments are accounted for in such a way as to separate interest expense from the principal, which reduces the residual debt.

Table 1.3

	Amount
Total amount of assets under financial lease at year-end	56,174
Depreciation for the period	23,743
Adjustments and write-backs for the period	7,657
Current value of rent payments not due at year-end	46,324
Financial charges for the year based on the actual interest rate	1,499

Assessment of recoverability of investments

While preparing the financial statements the Group has undertaken an assessment of the recoverability of tangible fixed assets, comparing the depreciation scheduled for future years with the net book value of the assets in the balance sheet.

This assessment has not highlighted any cases of permanent diminution in value which would make it necessary to write down the value of tangible fixed assets. The assessment was carried out based on a 3-year time period, as per the 2019-2021 business plan approved by the Board of Directors on 2 November 2018.

Introduction, financial fixed assets

Financial fixed assets had a zero balance as at 31 December 2018. The change of €50,000 compared with 31 December 2017 is due to the sale in March 2018 of BPM securities held by the Parent Company. This transaction generated a capital gain of € 7,620, which was recognized in the Income Statement under item C.16 b).

Introduction, working capital

Specific details have been prepared for the item in question, detailed on the following pages, which highlight the nature of the individual items and the related movements during the period.

Introduction, inventories

Inventory is comprised of goods used in the production and supply of the company's services, and more specifically are made up of equipment with which each rope operations team must be equipped such as harnesses, ropes and safety equipment, and in stocks of building materials used to carry out building works.

At as 31 December, the value of goods on hand at Group level consisted of € 260,728 of building materials (€ 152,261 as at 31 December 2017) used to carry out the works and € 1,487,818 (€ 871,709 as at 31 December 2017) of equipment used by rope operators.

Analysis of changes in inventories (table)

	Raw materials, ancillaries and consumables
Value at the beginning of the year	1,023,970

Changes in the financial year	724,576
Year-end value	1,748,546

Comment, inventories

The increase compared to the previous year of € 724,576 of which € 616,109 ascribable to the increase in the inventory relating to the "Rope operator kit" due to the increase in the number of rope operators that has increased from 195 to 323 operators and the increase in the number of areas that has increased from 27 to 31. Furthermore, it is noted that during the year the Parent Company purchased 221 "pedestrian tunnels" for a unit value of € 380 which contributed to the increase in the value of inventories for an amount equal to € 83,980. The building stock has increased compared to the previous year in proportion to the increase in work executed during the year.

Introduction, working capital; receivables

Trade receivables

Trade receivables due within the year amount to € 9,489,322 (€ 6,727,645 as at 31/12/2017) and relate to receivables deriving from normal sales transactions solely with domestic customers. For these receivables, which are expected to be recovered under normal commercial terms, the Group has not used the amortised cost method. As at 31 December 2018, trade receivables are recorded net of a provision for doubtful accounts allocated to adjust their value to the estimated realizable value. The allowance for impairment as at 31 December 2018 amounted to € 447,485.

The write down of receivables is considered reasonable in light of trends in collection of disputed receivables through legal proceedings. Details of the composition and movement in the write-down provision is shown below:

The bad debt provision as per article 106 of the Consolidated Tax Code comprises write-downs made at a flat rate across the total receivables shown in the balance sheet, within the limits provided for by the tax rules.

Trade receivables, all of which are due in under 12 months, are receivables deriving from standard sales operations in the domestic market.

Table 1.4

	31.12.2018	31.12.2017
Opening balance	170,000	170,000
Allocation for the year	277,485	-
Use	-	-
Final balance	447,485	170,000

Tax receivables and deferred tax assets

The tax receivables item includes certain amounts, determined and in some cases allocated, resulting from receivables for which a right of realization has been created through reimbursement or compensation. Details on receivables by type are as follows:

Table 1.5

	within the financial year
Receivables for withholdings deducted	1,112,889
Tax credits for Research and Development activities	801,358
Receivables for IRES taxes deriving from the previous year	196,000
Other tax receivables	182,208
Training tax credit 4.0	163,386
VAT	78,655
Total	2,534,496

The item "Other tax receivables" in the table above includes the tax credit for training expenses for employees for the acquisition of skills in the technology sector envisaged by the "4.0 Company Nation Plan" and pursuant to and by effect of the Ministerial Decree of the Ministry of Economic Development drawn up in agreement with the Ministry of Economy and Finance and of the Ministry of Labour and Social Policy of 4 May 2018, published in the Official Gazette no. 143 of 22 June 2018, implementing Law no. 2015 of 27 December 2017. The tax credit, recorded in the financial statements of the Parent Company, amounts to € 163,386.

Furthermore, pursuant to Article 4, paragraph 2 of the Prime Ministerial Decree no. 90 of 16 May 2018, the tax credit for incremental advertising investments made in the 2018 financial year has been recorded under "Other tax receivables" in the table above. The tax credit, recorded in the financial statements of the Parent Company, amounts to € 65,429.

Tax receivables for Research and Development activities pursuant to article 3 of Legislative Decree 145 of 23 December 2013, as amended as supplemented for the research and development projects that the company set off in 2015 and will continue until 2017, notwithstanding future additional researches are considered posted in assets under tax receivables and in the revenue section of the Profit and loss account under entry A 5 – other revenues.

Deferred tax assets of € 105,573 pertain to temporary differences between statutory profit and taxable income; these receivables were recorded as at 31 December 2018 as, based on the Business Plan approved by the Directors of the Parent Company on November 12, 2018, there is reasonable certainty that the Company will produce sufficient income in future years for their recovery.

Other receivables

Other Receivables, which total € 845,476 thousand (€ 495,923 thousand as at 31 December 2017), consist of receivables for CIG/inps for Meteo events (€ 396,098), security deposits (€ 95,995), Supplier advances (€ 155,832) and Advances to consultants (€ 131,163 thousand). With regard to this last item, it is noted that the Parent Company as at 31 December 2018 entered a receivable from commercial consultants following the re-determination of the annual premiums due to each commercial consultant based on the final data as at 31 December 2018 which are results lower than those calculated during the year for the payment of the amounts due.

Introduction, change and due dates of receivables under current assets

The most significant changes that occurred during the year with regard to the receivables recorded in current assets are shown in the appropriate subsequent table.

Analysis of changes and due dates of receivables under current assets (table)

Table 1.6

	Receivables from customers under current assets	Tax receivables recorded under current assets	Assets for prepaid taxes recorded under current assets	Receivables from others recorded under current assets	Total receivables recorded under current assets
Value at the beginning of the year	6,727,645	1,566,168	54,853	495,923	8,844,589
Change during the year	2,761,677	968,328	50,720	349,554	4,130,279
Year-end value	9,489,322	2,534,496	105,573	845,476	12,974,867
Part due within the year	9,489,322	2,534,496	105,573	845,476	12,974,867
Part due after the year	-	-	-	-	-
Of which with duration of more than 5 years	-	-	-	-	-

Geographical split of receivables shown in the financial statements as at 31 December 2018

The breakdown of receivables by geographical area is not shown due to it not being meaningful, given that they relate to Italy in their entirety.

Introduction, changes in current financial assets

Current financial assets amount to € 4,018,517 and relate to two investments made during the year by the Parent Company in capitalization financial products. In particular, the Parent Company made investments in the following financial instruments:

- "Aviva soluzione valore UBI Edition 2017", the contract was stipulated on 27 February 2018 for a value of € 1,018,517;
- "Eurovita Valore Private", the contract was stipulated on 31 December 2018 for a value of € 3,000,000.

The Directors have made these investments with a view to temporary use of liquidity. In fact, the first instrument grants a redemption option as from 27 February 2019, while the second instrument can be liquidated by the end of 2019.

The valuation is made at acquisition cost, adjusted by a revaluation of € 18,517 to reflect the higher realizable value as at 31 December 2018.

Table 1.7

	Equity investments held as fixed assets in subsidiaries	Equity investments held as fixed assets in associated companies	Equity investments held as fixed assets in parent companies	Investments in companies under the control of parent companies	Other equity investments	Derivative financial instrument assets	Other instruments held for trading	Financial activities for centralised cash pooling	Total current financial assets
Value at the beginning of the year	-	-	-	-	-	-	-	-	-
Changes in the financial year	-	-	-	-	-	-	4,018,517	-	4,018,517
Year-end value	-	-	-	-	-	-	4,018,517	-	4,018,517

Introduction, changes in cash equivalents

The breakdown of this item is already shown in the balance sheet.

It is noted that the Group's cash and cash equivalents totalled € 4,815,993 (€ 5,756,420 as at 31.12.2017).

It is noted that the liquid assets of the different companies within the group are allocated by the Parent Company for an overall sum of € 7,916,945, Edac Biella S.r.l. for € 79,306, Edac Versilia S.r.l. for € 133,665, Edac Sicilia S.r.l. for € 300,860, Edac Roma Trastevere S.r.l. for € 8,840.

Analysis of changes in cash and cash equivalents (table)

Below is the analysis of changes in cash and cash equivalents.

Table 1.8

	Bank and postal current accounts	Cheques to be deposited	Cash and cash equivalents	Total liquid funds
Value at the beginning of the year	5,737,679	565	18,176	5,756,420
Change during the year	2,687,563	(565)	(3,802)	2,683,196
Year-end value	8,425,242	-	14,374	8,439,616

Comment, changes in cash and cash equivalents

The increase in "Cash and cash equivalents" derives from the difference between positive and negative cash flows, specifically the positive cash flows were influenced by the funding due to the Listing on Mercato di Borsa AIM and the new mortgages opened during the year, while negative cash flows are mainly due to the investments made during the year for the development of the business across the Italian territory.

Accrued income and deferred charges

The item "Accrued income and deferred charges" includes deferred tax assets of € 69,494, of which € 33,048 on prepaid lease payments. The remaining amounts relate to costs pertaining to subsequent years and relating to lease payments and preliminary expenses incurred at the time of stipulating the new loan agreements with Unicredit and Credem.

Table 1.9

	1) Debt securities and other similar charges on loans.	2) Other accruals and deferrals	Total accrued income and deferred charges
Value at the beginning of the year	-	33,683	33,683
Change during the year	-	35,811	35,811

Year-end value	-	69,494	69,494
----------------	---	--------	--------

COMMENTS RELATING TO THE PRINCIPAL LIABILITY BALANCES

Introduction, explanatory note - assets

With reference to the closing year below, comments are provided with respect to the main items of shareholders' equity and liabilities.

Introduction, net equity

Introduction

The movements of the items making up the net equity of the last two years are provided below.

Before proceeding with the illustration of the Net Equity entries, it is noted that on 19 November 2018 the Group completed the listing process on the AIM Italia market. As a result of the listing operation, the Share Capital of the Parent Company as at 31 December 2018 is of € 772,530 composed of 7,725,301 ordinary shares.

The placement price of the ordinary Shares was set at € 3.33 with a capitalization of the Company at the date of the start of trading equal to approximately € 21.7 million (€ 25.7 million, including the Price Adjustment Shares).

Admission to listing took place following the placement of 1,725,300 ordinary shares, as deliberated by the Board of Directors of 15 November 2018, of which:

- i. no. 1,499,850 ordinary shares, deriving from the capital increase reserved for the market, without the nominal value at a subscription price of € 3.33 of which € 3.23 for premium. The capital increase was carried out for an amount equal to € 4,994,500.50, of which € 149,985 to be attributed to share capital and € 4,844,515.5 for premium;
- ii. no. 75,600 ordinary shares, deriving from the capital increase reserved for employees and administrators, without the nominal value at a subscription price of € 3 of which € 2.9 for premium. The capital increase was carried out for an amount equal to € 226,800, of which € 7,560 to be attributed to share capital and € 219,240 for premium;
- iii. no. 149,850 ordinary shares, corresponding to approximately 8.7% of the offer, deriving from the greenshoe capital increase, without the nominal value at a subscription price of € 3.33 of which € 3.23 for premium. The capital increase was carried out for an amount equal to € 499,000, of which € 14,985 to be attributed to share capital and € 484,015 for premium;

Statement of changes in shareholders' equity

Table 1.13

	Share capital	Share premium reserve	Revaluation reserves	Legal reserve	Statutory reserves	Other reserves Extraordinary reserve	Retained earnings (losses)	Group Profit (loss) for the year	Total Group Equity	Share capital and reserves	Total Group and third-party equity
Beginning of the year value	600,000			90,917		116	273,927	1,037,587	2,002,547	82,545	2,085,092
Allocation of the operating result of the previous year											
Dividends distribution											
Other allocations				29,083			1,008,504	(1,037,587)			
Other changes											
Increases/ (Decreases)	172,530	5,547,771							5,720,301		5,720,301
Reclassifications											
Fiscal year result								2,224,030	2,224,030	39,735	2,263,765
Year-end value	772,530	5,547,771	-	120,000	-	116	1,282,431	2,224,296	9,946,878	122,280	10,069,158

Our comments regarding the principal components of Capital and Reserves and changes during the year are shown below.

SHARE CAPITAL

As at 31 December 2018 share capital, fully subscribed and paid-up, amounts to € 772,530 and is made up of 7,725,300 shares.

LEGAL RESERVE

The legal reserve of Euro 120,000 is comprised of the allocation of 5% of the profits of previous years that the shareholders' meeting of the Parent Company has allocated to this reserve until it reaches one-fifth of the share capital, as provided for by Article 2430 of the Italian Civil Code.

SHARE PREMIUM RESERVE

The share premium reserve, amounting to € 5,547,77 was set up following the placement of the Shares on Borsa Italiana AIM Italia.

PROFIT (LOSS) CARRIED FORWARD

This item, which is shown at € 1,282,431 thousand, covers the profits brought forward of the Parent Company and its subsidiaries.

Table showing reconciliation between capital and reserves and net profit for the year of EdiliziAcrobatica S.p.A. and capital and reserves and net profit for the year of the consolidated financial statements.

A comparison between the composition of capital and reserves shown in the financial statements of the Parent Company as at 31 December 2018 and the corresponding values shown in the consolidated financial statements at the same date is as follows (amounts expressed in thousands of Euro).

Table 1.10

	EdiliziAcrobatica S.p.A	Consolidated Financial Statements
- Share capital	772,530	772,530
- Share premium reserve	5,547,771	5,547,771
- Legal reserve	120,000	120,000
- Other reserves, separately indicated	116	116
- Profit brought forward	1,065,465	1,282,431
- Net profit for the year	2,282,498	2,224,030
Total	9,788,380	9,946,878

These differences can be explained as follows:

Table 1.11

<i>Amounts expressed in thousands of Euro</i>	Capital and reserves	Net profit
Financial statements Edac S.p.A.	9,788	2,283
- Consolidation of Edac Biella S.r.l.	(93)	(231)
- Consolidation Edac Roma Trastevere S.r.l.	1	(40)
- Consolidation Edac Sicilia S.r.l.	160	90
- Consolidation Edac Versilia S.r.l.	224	69
- Elimination of entry fees for subsidiaries	(10)	42
- IAS 17	(1)	1
- Impairment Edac Rome Trastevere	-	50
Consolidated Financial Statements	10,069	2,264
- Amounts attributable to minority interests	123	40
Amounts attributable to the Group	9,946	2,224

Minority interest capital and reserves

As at 31 December 2018 minority interest capital and reserves and net profit relate to the minority holders held by shareholders in group companies.

Here is a detail of the portion of Capital and Profit attributable to minority interests:

Table 1.12

	31.12.2018
Minority interest capital and reserves	82,545
Minority interest in profit (loss) for the year	39,735

Introduction, information on provisions for liabilities and charges

Introduction

As at 31 December 2018 they amounted to € 47,493 (€ 5,213 as at 31 December 2017) and are as follows:

Analysis of changes in provisions for liabilities and charges (table)

Table 1.14

	Provisions for pensions and similar obligations	Provisions for taxes, incl. deferred	Derivative financial instrument liabilities	Other funds	Total provisions for risks and charges
Value at the beginning of the year	-	5,213	-	-	5,213
Changes in the financial year					
Allocation for the year	-	39,080	-	3,200	42,280
Utilization during the year	-	-	-	-	-
Other changes	-	-	-	-	-
Total changes	-	39,080	-	3,200	42,280
Year-end value	-	44,293	-	3,200	47,493

Comment, information on provisions for liabilities and charges

The provision reflects the amounts recognized for the year, while the use represents the scope of previous provisions for the purposes for which they were intended.

The item contains mainly a provision for deferred taxes allocated during the year and referable to taxes of the Parent Company for € 41,521 to which deferred taxes in consolidation for an amount of € 2,771 deriving from the accounting of the leasing according to the financial method are added.

Introduction, information on employee severance indemnity

Employee severance indemnity amounts to € 377,313 (€ 655,301 as at 31 December 2017), determined in accordance with the provisions of art. 2120 of the civil code, highlighting the following movements:

Table 1.15

	31.12.2018
Fund as at 31.12.2017	377,313
Fund increase as at 31.12.2018	302,147
Delivered	24,159
Fund as at 31.12.2018	655,301

Comment, information on employee severance indemnity

The provision set up represents the effective debt of the Company as at 31 December 2018 towards employees on that date, net of advances paid.

Introduction, payables

Payables are valued at their nominal value.

Introduction ,changes in payables and due dates

Our comments regarding the composition, expiry date, and movements of the principal items which make up payables are as follows.

Table 1.16

	Bonds	Amounts owed to banks	Amounts owed to other financiers	Advances received	Trade payables	Tax payables	Payables to pension and social security institutions	Other payables	Total payables
Value at the beginning of the year	5,000,000	2,990,505	106,922	263,939	2,276,161	1,680,472	493,558	1,487,052	14,298,609
Change during the year	-	2,296,849	(39,182)	551,100	1,756,344	(218,986)	335,602	(42,884)	4,638,843
Year-end value	5,000,000	5,287,354	67,740	815,039	4,032,505	1,461,486	829,160	1,444,168	18,937,452
Part due within the year	-	3,735,313	52,247	815,039	4,032,505	1,331,198	829,160	1,444,169	12,239,630
Part due after the year	5,000,000	1,552,041	15,493			130,288			6,697,822

Comment, changes in payables and due dates

The total amount of payables is placed in the "liabilities" section of the Balance Sheet in class "D" for a total amount of € 18,937,452 (€ 14,298,609 as at 31.12.2017). The new wording of Article 2426 of the Italian Civil Code provides that receivables and payables must be recorded in the financial statements according to the amortized cost criterion, taking into account the time factor (and, as far as receivables are concerned, the estimated realizable value). The effect of applying amortized cost to debt items in the financial statements was immaterial compared to a valuation at nominal value.

The composition of the main items making up this group is described below.

Bonds

By notarial resolution of 21 September 2017, registered with the Milan Companies Register on 28 September 2017, the Board of Directors of the Parent Company approved the issue of the following two bonds to be listed on the professional segment of the ExtraMOT Market:

1. "EdiliziAcrobatica S.p.A. 4% 2017 – 2023" debenture loan, made up of 30 bond securities each with a nominal value of € 100,000 for a total nominal value of € 3,000, thousand, code ISIN IT0005283475;
2. "EdiliziAcrobatica S.p.A. 5% 2017 – 2023" debenture loan, made up of 20 bond securities each with a nominal value of € 100,000 for a total nominal value of € 2,000 thousand, code ISIN IT0005283475;

On 28 September 2017, ICCREA BANCA IMPRESA S.p.A. undersigned all the bonds issued by the Company.

As at 12.31.2018 the Covenants envisaged by the agreement between CapoGruppo and ICCREA BANCA IMPRESA S.p.A. were complied with.

Amounts owed to banks

Amounts owed to banks are made up as follows:

Table 1.17

	Balance 31.12.2018	Balance 31.12.2017
Advances on invoices	2,494,914	1,645,514
Credit cards	8,970	8,616
Loans	2,783,470	1,336,375
Total	5,287,354	2,990,505

"Advances on invoices", equal to € 2,494,914 thousand, relating to ordinary credit lines granted by various of the Parent Company's banks. It should be noted that utilization is largely within the limits of the credit lines granted.

The following table shows the breakdown of amounts due to banks due within one year and due after one year.

Table 1.18

	Balance 31.12.2018
Due within one year	3,735,313
Payable beyond one year	1,552,041
Total	5,287,354

The following table shows the breakdown by maturity of the principal loans with instalments due within or after the financial year:

Table 1.19

	within the financial year	beyond the financial year
BPM loan	104,126	268,176
Banco di Sardegna loan	84,518	21,381
Unicredit loan	69,771	160,208
BPM loan 2018	16,797	-
Deutsche Bank loan	150,000	112,500
Intesa San Paolo loan 2018	372,723	788,979
Unicredit loan 2018	334,290	-
Credem loan	99,203	200,797

Amounts owed to other financiers

These are made up of a loan for a company car and finance lease payments. The breakdown of the payments due in future years is as follows :

Table 1.20

	Balance 31.12.2018
Due within one year	52,247
Payable beyond one year	15,493
Total	67,740

Advances received

The "Advances" item, equal to € 815,039, includes advances received from customers relating to the supply of goods and services not yet performed.

The most significant amounts relate to advances received from clients of the Parent Company for an amount of € 725,169.

Trade payables

The total consolidated trade payables as at 30 June 2018 was € 4,032,505, all due within one year.

Tax payables

The item "Tax payables", amounting to € 1,461,486, relates mainly to the payable for current taxes for the year, net of advances for the months of June and November, equal to € 1,065,504, to the VAT payable to the Parent Company and to Edac Sicilia and relating to the settlement of December for € 68,657, to the debt of the Parent Company for instalment taxes or under extended payment terms for € 173,720 and to payables for withholding taxes on employees and self-employed for € 105,546.

This item is made up as follows:

Table 1.21

	Balance 31.12.2018
Income taxes and minor taxes	1,065,504
VAT payable	68,657
Withholding tax relating to employees	87,772
Withholding tax relating to contractors	17,774
Taxes paid in instalments	173,720
Taxes under extended payment terms	26,192
Amounts due to IRES from previous years	21,867
Total	1,461,486

The breakdown of the due dates of taxation payables is the following:

Table 1.22

	31.12.2018
Due within one year	1,331,198
Payable beyond one year	130,288
Total	1,461,486

Payables to pension and social security institutions

This item refers to welfare and social security contributions of the Parent Company for € 662,550, the subsidiary Edac Versilia S.r.l. for € 68,305 thousand, the subsidiary Edac Biella S.r.l. for € 56,619 and the subsidiary Edac Sicilia S.r.l. for € 41,686. In particular, payables are mainly referable to INPS for € 343,683 repaid through F24 in January 2019, of Cassa Edile for € 249,296 and INAIL for € 231,106.

Other payables

The item "Other payables", amounting to € 1,444,168, is mainly made up of payables to employees for salaries for the month of December duly paid in January 2019 for € 624,237, payables to personnel for deferred remuneration for € 229,639 and the debt of the Parent Company towards Ediliziacrobatika Italia S.r.l. for the amount yet to be paid relating to the distribution of dividends resolved by the Shareholders' Meeting on the 2015 and 2016 net income of € 489,500.

The composition of the item is shown below:

Table 1.23

	Balance 31.12.2018	Balance 31.12.2017
Payables due to employees	853,876	637,277
Payables due to shareholders for profits	489,500	830,000
Other sundry payables	100,794	19,775
Total	1,444,170	1,487,052

Geographical split of payables shown in the financial statements as at 31 December 2018

The breakdown of payables by geographical area is not shown due to it not being meaningful, given that they relate mainly to Italy.

Introduction, information on accrued liabilities and deferred income

According to art. 2424 bis, paragraph 6, of the Civil Code, these are costs pertaining to the financial year that are payable in subsequent years and income received by end year but pertaining to subsequent years.

Comment, information on accrued liabilities and deferred income

As at 31 December 2018, the item accrued liabilities and deferred income, totalling € 58,854, includes € 56,055 in interest expense related to the first half of the year for debenture loans maturing on 31/03/2019.

COMMENTS RELATING TO THE PRINCIPAL PROFIT AND LOSS ACCOUNT BALANCES

Before proceeding with the analysis of the individual items, please note that the comments on the general trend of costs and revenues are expounded upon, pursuant to art. 2428, paragraph 1, of the civil code, in the context of the management report.

Introduction, value of production

The value of production amounts to € 26,205,169 (€ 17,355,294 as at 31 December 2017).

Revenues at 31 December 2018 amount to € 24,948,852 (€ 16,275,721 as at 31 December 2017) and pertain to the provision of services related to operations are stated net of product returns, discounts, allowances or bonuses, as well as taxes directly associated with the sale of the products or the provision of the services.

Item A4) "Increases of non-current assets from in-house production" includes the capitalized costs that generated increases in the assets of the balance sheet under the item "Assets under construction and payments on account" posted for € 56,871 to intangible fixed assets. For details of the increases, please refer to the comment on the item "Assets under construction and payments on account".

Item A5) "Other revenues and income" includes grants for current expenses recorded in the item "Grants for current expenses" for € 1,030,557 and other revenues recorded under "Others" for € 132,889.

Operating grants are recorded in the Parent Company's financial statements for € 1,030,557 and relate to the contribution for Research and Development carried out by the Company during the year for € 801,742, to the contribution for personnel training 4.0 for € 163,386 and the contribution for advertising investments for € 65,429.

The item "Others" mainly includes the revenues deriving from recharges of expenses contractually provided for franchises for € 100,906.

Breakdown of sales and service revenues by business category

Introduction

The following is a breakdown of the value of production by category of assets, net of the increases of non-current assets from in-house production:

Table 1.24

<i>Amounts expressed in thousands of Euro</i>	Balance	Balance
	31.12.2018	31.12.2017
Revenue from direct operating locations	22,902	14,761
Revenues operating franchise locations	2,083	1,515
Grants for current expenses	1,030	686
Other minor operating revenues	133	393
Total	26,148	17,355

Comment

We analyse below the changes in the respective categories of activity:

In terms of gross production, there is an increase in the volume of revenues of the direct offices between 2017 and 2018 of 55% deriving from production sites of € 7,117,882 from 2017 to 2018 with a transfer of direct operating areas from 25 to 39 and an average gross production value per area in 2018 of approximately € 587,000 with a slight increase compared to 2017 when it recorded approximately € 509,000.

Revenues deriving from operating franchised offices have increased by 37% compared to the previous year; the increase is mainly due to the rise in the number of franchises and the simultaneous achievement of operational maturity by many of them.

For details on grants for current expenses, refer to table 1.25

Table 1.25

<i>Grants for current expenses</i>	<i>legislative reference</i>	<i>Amount</i>
------------------------------------	------------------------------	---------------

R&D tax credit	Implementation decree 27 May 2015 of the Ministry of the Economy and Finance - Implementation of the tax credit for research and development activities and subsequent amendments	€ 801,742
Tax credit in incremental advertising investments	Article 57- <i>bis</i> of decree-law no. 50 of 24 April 2017, converted with amendments by law no. 96 of 21 June 2017, and modified by article 4 of decree-law no. 148 of 16 October 2017, converted with amendments by law no. 172 of 4 December 2017. 172	€ 65,429
Tax credit on training expenses for Industry 4.0 plan	Art. 1, paragraphs 46 - 56, Law no. 205 of 27 December 2017. 205	€ 163,386

The item related to other revenues decreased due to the reduction of non-ordinary revenues for the company

Costs of production

The costs and expenses in category B of the profit and loss account, of € 22,552,823 (€ 15,402,804 as at 31 December 2017) which have been classified according to their nature, are shown net of returns, commercial discounts, rebates and bonuses, whereas financial discounts have been recorded under item C.16, constituting financial income. Costs for the purchases of assets include the ancillary purchasing expenses (transport, insurance, loading/unloading, etc.) if the supplier has included them within the purchase price of the relevant materials. Otherwise, these costs have been booked under costs for services (item B.7). It is stated that unrecoverable VAT has been incorporated in the asset purchase cost. Not only have the costs derived from invoices received from suppliers been charged to items B.6, B.7 and B.8, but also estimated amounts for which invoices have not yet been received, in relation to which specific accruals have been made. It should also be noted that, since costs have been classified according to their nature, the accruals made have been treated the same way.

Costs for Raw materials, Subsidiaries and consumables

Costs for raw materials, consumables and goods for resale amount to € 3,676,443 thousand (€ 2,387,063 thousand in the prior year). This cost is mainly made up of the costs for purchasing harnesses, equipment and material for the working teams.

Costs for services

Costs for services are shown as equal to € 6,181,335 thousand (€ 4,349,861 thousand in the prior year). This item consists mainly of consultancy costs relating to administrative staff (€ 541,726), business consultancy costs (€ 1,230,981 thousand), temporary staff costs (€ 197,194), and expense reimbursement for workers, collaborators and coordinators (€ 394,678), labour costs at construction sites (€ 290,419), waste disposal costs (€ 201,670), insurance costs (€ 52,194), fuel costs (€ 267,760), general travel expenses (Euro 1,166,764), entertainment and advertising expenses (€ 565,005 thousand) and utility costs (€ 206,290).

Costs for leased assets

This item is made up of fees for the rental of the buildings for direct operating offices for € 551,417, fees for the use of software licenses for € 124,437, site equipment rental for € 234,464, and the rental of cars, vans, equipment and other accessories for € 525,705.

Personnel costs

Personnel costs are recorded under production costs in the income statement for a total of € 10,794,126 (€ 7,527,376 as at 31 December 2017). The breakdown of these costs is already supplied in the profit and loss account.

The item includes the entire cost of employees, including meritorious improvements, contingency adjustments, the cost of unused holidays and provisions required by law and collective agreements. In addition, the "Other costs" item included the cost for temporary work of € 747,349 which, as at 31 December 2017, had been reclassified to the item "Costs for services" for € 648,661.

The table below shows the number of employees divided by employment category.

	31.12.2018	31.12.2017	Average for the year
Executives / Middle Managers	-	-	-
Office Staff	37	32	35
Workers	238	155	197
Total	275	187	232

Depreciation, amortization and write-downs

The breakdown between the four sub-categories is already shown on the face of the profit and loss account.

The item "write-down of receivables shown under current assets" is made up of the provision for bad debts accounted for in the year by the Parent Company and by Edac Biella S.r.l.

Change in inventory levels of raw materials, consumables and goods for resale

The change in the Group's consolidated inventories amounts to € 724,574, of which € 672,872 only referring to the Parent Company due to the increase in the "Rope Operator Kit" and the building inventory.

Other operating costs

The item "Other operating expenses" shows a balance of € 463,072 (€ 380,222 for the same period of the previous year) and is mainly composed of € 140,536, recorded in the financial statements of the Parent Company, relating to extraordinary losses related to receivables issued in 2018 pertaining to the previous year, € 111,511 relating to sanctions, penalties and fines mainly for the Edilziacrobatica S.p.A., € 38,743 for contingent liabilities of various nature reclassified under this item and € 56,486 relating to entertainment expenses.

Interest and other financial charges

Other financial income

The item other financial income is composed of € 7,620 for a capital gain deriving from the sale of shares in the portfolio.

Table 1.27

	31.12.2018
from securities included in fixed assets other than equity investments	7,620
Total	7,620

Income other than the above

The item includes interest income deriving from interest linked to payment concessions deferred over time to some customers of the Parent Company for € 13,121.

Interest and other financial charges

This item, of € 314,736 (€ 102,197 as t 31 December 2018) includes mainly charges related to interest accrued on bonds and loans recorded under the item "Due to banks".

Details on key items of interest are provided below.

Table 1.28

	31.12.2018
Interest on bank debt	22,032
Interest expense on bonds issued	219,550
Interest paid on loans	34,753
Interest paid on third-party loans	9,559
Other	28,842
Total	314,736

Value adjustments of financial assets and liabilities

The item revaluations of securities recorded in current assets which do not constitute equity investments is made up of € 18,517 for the revaluation of the item "Other securities" posted to Working Capital.

Table 1.29

	31.12.2018
from securities included in current assets that do not constitute equity investments	18,517
Total	18,517

Income tax for the year

These are recorded on the basis of an estimate of taxable income in compliance with the regulations in force.

Deferred and prepaid current taxes

Introduction

Taxes have been calculated on the basis of the tax legislation in force, and represent the amount of taxation which relate to the year referred to in the financial statements.

The total charge amount to € 1,113 thousand (€ 774 thousand as at 31 December 2017) and relates to:

- a) current taxation on taxable profits for the year;
- b) deferred (prepaid) taxes
- c) current taxation relating to prior years.

"Tax" includes current, advanced and deferred tax, and tax relating to prior periods, as set out below:

Table 1.30

	31.12.2018
Current taxes	
Current IRES (tax on company revenue)	839,882
Current IRAP (Italian regional tax on productive activities)	325,843
Deferred taxation	
Deferred IRES	38,478
Deferred IRAP	386
Pre-paid tax	
Advance IRES	(57,515)
Advance IRAP	-
Tax sanctions relating to previous years	30,857
Tax relating to previous years	(64,638)
Total	1,113,292

The theoretical tax rate calculated based on the composition of taxable income for IRES purposes is equal to 24%.

The reconciliation to the effective tax rate is shown below:

Table 1.31

Effective IRES tax rate reconciliation
--

Profit before taxation	3,531,051
Theoretical tax charge (%)	24%
Theoretical IRES amount	847,452
Permanent differences	(239,044)
Temporary differences	204,018
Taxable income	3,496,025
Actual IRES amount	839,882
Effective tax charge (%)	23.79%

The theoretical tax rate calculated based on the composition of taxable income for IRAP purposes is equal to 3.9%.
The reconciliation to the effective tax rate is shown below:

Table 1.32

Effective IRAP tax rate reconciliation	
EBIT	3,593,649
Costs not relevant	11,190,785
Theoretical value of production	14,784,434
Theoretical tax charge (%)	3.90%
Theoretical IRAP amount	576,593
Permanent differences	(6,841,953)
Temporary differences	-
Sales	7,942,481
Actual IRAP amount	325,843
Effective tax charge (%)	4.10%

NOTES TO THE FINANCIAL STATEMENTS, OTHER INFORMATION

Introduction, employment data

The average number of employees in the 2018 financial year broken down by category was as follows:

Average number of employees broken down by category (table)

Table 1.33

	Executives	Managers	Office staff	Workers	Other employees	Total Employees
Average number	-	-	37	238	-	275

Introduction, emoluments paid to directors and statutory auditors

Relating to the 2017 financial year the total emoluments paid to directors and statutory auditors of the Parent Company for € 105,666 was broken down as follows:

- € 81,666 for directors;
- € 24,000 for auditors.

Introduction, compensation of statutory auditor or auditing firm

The total fee for the statutory audit of the financial statements as at 31.12.2018 is € 15 thousand corresponding to the total amount of the fees due to the legal auditing firm for the statutory audit of the annual accounts of Ediliziacrobatica S.p.A. and for the limited audit of the other companies of the Group.

Table 1.34

	Statutory audit of annual accounts	Total auditing fees for auditing firm
Value	15,000	15,000

Introduction, categories of shares issued by the company

On 9 November 2018, the Parent Company was listed on the AIM segment of the Italian Stock Exchange. In the listing process, the company issued 7,449,850 ordinary shares, 149,850 Greenshoe Options.

Admission to listing took place following the placement of no. 1,725,300 ordinary shares, all newly issued, for a value of € 5,720,301 of which:

- no. 1,499,850 ordinary shares resulting from the capital increase reserved for the market;
- no. 75,600 ordinary shares resulting from the capital increase reserved for employees and directors;
- no. 149,850 ordinary shares, corresponding to approximately 8.7% of the offer, resulting from the greenshoe capital increase.

Following the full exercise of the Greenshoe Option on 20 December 2018, the outstanding shares are of 21.27% and the Company's share capital is represented by no. 7,725,300 shares, held as follows:

Table 1.35

Shareholders	Number of shares	Percentage of share capital
Arim Holding S.r.l.	6,006,300	77.75%
Employees and administrators	75,600	0.98%
Market	1,643,400	21.27%
Total Shares	7,725,300	100.00%

Introduction, securities issued by the company

The company, together with the Listing process, placed 431,325 Warrants (1 for every 4 shares).

Analysis of securities issued by the company (Table)

Table 1.36

	Dividend-right shares	Convertible bonds	Warrants	Option	Other securities or similar
Number	-	-	431,325	-	-
Rights granted	-	-	-	-	-

Disclosure regarding relationships with related parties

Pursuant to article 2427, sub-section 1, number 22-bis of the Civil Code, it has been decided to show the information regarding related party transactions in the Directors' Report, even though these have been conducted on an arm's length basis.

The following table shows the balance sheet and profit and loss account relationships for related parties in the balance sheet as at 31 December 2017.

Table 1.37

	Receivables	Revenues	Payables	Costs
Edac I-Profile Srl	114	114	55,899	23,075
Ediliziacrobatica Italia Srl	3,904	600	112,124	583,302

Commitments, guarantees and potential liabilities not included in the balance sheet

Following the changes made to the financial statements by Legislative Decree 139/2015 from 2016, the accounts at the foot of the balance sheet must no longer be listed. Any commitments, guarantees and contingent liabilities not shown in the Balance Sheet are therefore described in this specific section of the report.

Sureties

The main sureties, as shown in the table at the end of the financial statements, are in favour of banks and amount to a total of Euro 160 thousand. These amount to € 160 thousand in favour of Banco BPM Spa

These are used to guarantee credit lines provided by the banking system to the Ediliziacrobatika Spa group.

Table 1.38

Beneficiary	Guarantor	Debtor	Value Guarantee	Guaranteed amount
Banco BPM Spa	Ediliziacrobatika Spa	Edac Biella Srl	80,000	43
Banco BPM Spa	Ediliziacrobatika Spa	Edac Versilia Srl	80,000	-
		Total	160,000	43

At the balance sheet date there were no pledges, guarantees and contingent liabilities in relation to the Group.

INFORMATION ON CAPITAL AND FUNDING INTENDED FOR A SPECIFIC BUSINESS

Assets intended for a specific business

We certify that at the closing date of the financial statements there were no assets intended for a specific transaction pursuant to Article 2427(20) of the Italian Civil Code.

Financing for a specific business

We certify that at the closing date of the financial statements there were no loans for a specific transaction pursuant to Article 2427, paragraph 21, of the Italian Civil Code.

INFORMATION ON AGREEMENTS NOT SHOWN IN THE BALANCE SHEET

During the year, no agreement was entered into that did not appear in the balance sheet.

INFORMATION ON SIGNIFICANT EVENTS OCCURRING AFTER 30 JUNE 2018

With reference to point 22-quarter of Article 2427 of the Italian Civil Code, there are no significant events subsequent to 31/12/2018 that had a significant impact on the financial and economic performance.

INFORMATION ON FINANCIAL DERIVATIVES PURSUANT TO ARTICLE - 2427 - BIS OF THE ITALIAN CIVIL CODE

It is hereby certified that no financial derivatives have been issued.

INFORMATION PURSUANT TO ART. 1, PARAGRAPH 125, OF LAW 124 OF 4 AUGUST 2017

Law 124/2017 sets forth the obligation to provide information relating to grants, contributions, paid assignments and economic advantages of any kind received from Italian public administrations. In this regard, it is noted that during 2018 EdiliziAcrobatika SpA did not receive any form of grant, contribution, paid assignment or other economic advantage from Italian public administrations. Please note that revenues:

- generated by services provided to entities belonging to public administrations in the context of the company's typical activity and regulated by contracts with corresponding services, as well as
 - tax benefits accessible to all companies that meet certain conditions on the basis of predetermined general criteria, which, moreover, fall under the scope of specific declarations (see CNDCEC Document March 2019)
- are not considered relevant for the purposes of the disclosure obligations envisaged by Law 124/2017.

Genoa, 28 March 2019

For the Board of Directors

Riccardo Iovino

(Director)