

Management Report on the consolidated financial statements for the period ending on 31/12/2018

Dear Shareholders,

These consolidated financial statements as at 31/12/2018 show a profit for the year of € 2,263,765, after deducting € 1,113,294 tax, of which € 39,735 is from minority interests. The Consolidated Explanatory Notes contain the breakdown of the consolidated financial statements for the financial year ending on 31/12/2018; this document, in accordance with the provisions of Article 2428 of the Civil Code, contains information regarding the Group situation and the progress of management, as well as the expected future business performance, the net financial position and the main risk and contingencies to which the Group is exposed.

This report, prepared with value expressed in Euro, is presented as an accompaniment to the Consolidated Financial Statements for the financial year in order to provide financial and management information about the Group together with, where possible, historic data and forward-looking assessments.

Details of the companies included in the consolidation

In addition to parent company data, those of the following subsidiary companies are included in the consolidated financial statements:

Name	Registered Office	Share Capital	Share held
Edac Versilia Srl	Via Filippo Turati 29,20121, Milan	50,000	85%
Edac Sicilia Srl	Via Filippo Turati 29,20121, Milan	50,000	55%
Edac Biella Srl	Via Filippo Turati 29,20121, Milan	50,000	95%
Edac Roma Trastevere Srl in Liquidation	Via Filippo Turati 29,20121, Milan	50,000	100%

As for the Group's companies, it is worth noting that Edac Roma Trastevere Srl went into liquidation on 6 December 2018, and thus it no longer belongs to the Group. The related Business Unit's operations have been incorporated to controlling company EdiliziAcrobatica.

These consolidated financial statements presented for your approval represent fully the financial situation of our parent company, EdiliziAcrobatica Spa and its subsidiaries, jointly referred to as the “EdiliziAcrobatica Group” or “Edac”

Industry trends

The Edac Group is active in the building renovation sector in Italy, a subset of the construction industry. One of the main elements determining trends in the building renovation sector is the level of investment in renovations. For this reason, a chart showing levels of private investment in building renovation works is shown below (Figure 1).

Year	Total residential and non-residential buildings (million €)	of which residential buildings (million €)
1998	39,961	26,222
1999	42,998	28,801
2000	47,415	31,940
2001	48,847	32,669
2002	49,084	32,819
2003	49,506	33,415
2004	51,164	34,691
2005	52,943	36,091
2006	55,696	38,179
2007	58,480	40,066
2008	59,474	40,700
2009	58,759	41,201
2010	60,955	43,372
2011	64,033	45,466
2012	61,838	43,896
2013	64,150	45,801
2014	66,109	47,242
2015	67,402	47,925
2016	69,734	49,879

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2017	71,062	50,444
2018	72,639	51,356
TOTAL	1,212,250	842,175

Figure 1. – Investments in restructuring works 1998-2018, (Prepared by Cesme, from various sources). *For 2018, estimation based on projected data over the first 8 months of that year

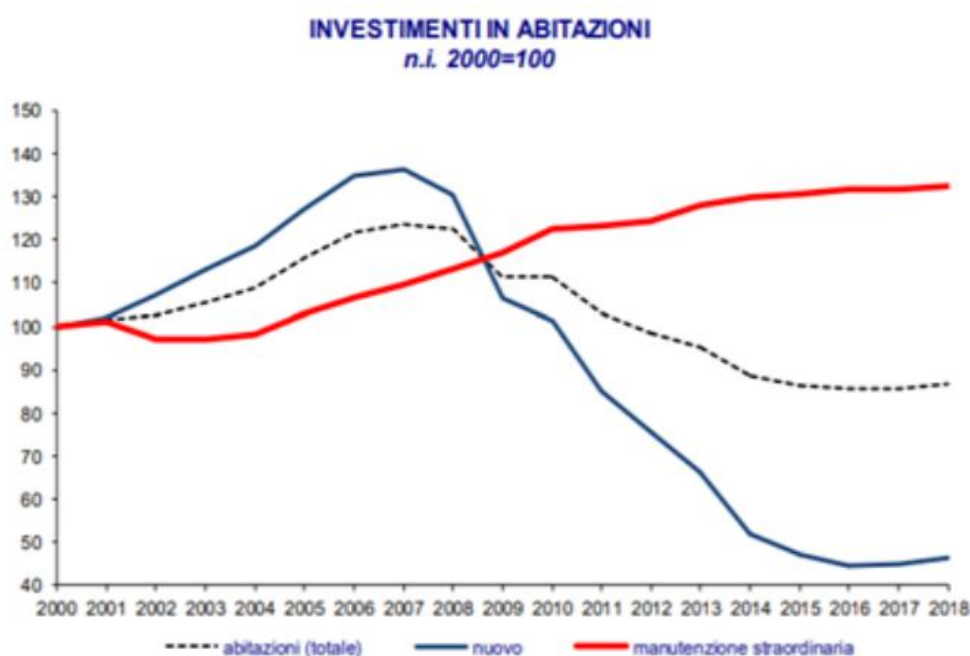


Figure 2 – Source: Economic Observatory of the National Association of Builders (ANCE), February 2019

INVESTMENTS IN HOMES

Base value 2000 = 100

Homes (total)

new

extraordinary maintenance

In 2018, projected investments in building renovation has increased further from the previous two years; forecasts show that investments in restructuring works amounted to 72.6 billion Euros.

This is around a 2.25% grown from 2017 (€71 billion), a 1998-2018 CAGR of around 2.89%. Approximately 71% of total investments (€51.3 billion) were made in residential buildings.

The main trends of the last few years certainly include the following:

- Professionalization of the sector, with a growing presence of well-organized operators who are active in building management (facility and property management companies);
- Renewed attention, whether in Italy or in the whole of Europe, in historical buildings, which has led to investments in building conservation in the form of ordinary and extraordinary recovery and maintenance;
- The growing tendency to plan ordinary and extraordinary maintenance of buildings.

In seeking to carry out estimates of the market for buildings in Italy, the number of residential buildings is identified using ISTAT (National Institute of Statistics) data dating back to the previous survey while the new one is not yet available. That survey had already been proposed in the Management Report of the previous year, and given the lack of updates, it has been proposed once again this year.

In 2011, ISTAT carried out a census of buildings and building complexes in Italy, and found they amounted to 14,515,795 in total, 13.1% more than in 2001. Going into greater detail, the number of buildings totalled 14,452,680 and building complexes 63,115, with an increase compared to the previous census of 13.1% and 64.4% respectively.

The number of buildings by type is shown in the graph below: (Figure 3)

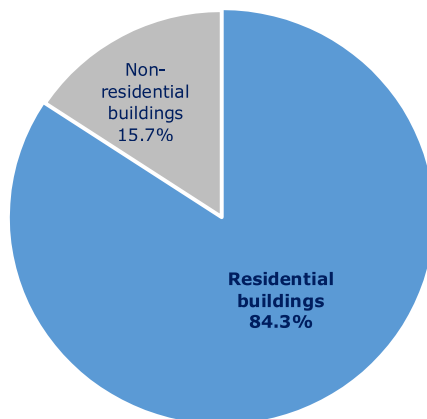


Figure 3. – Breakdown of the number of buildings in Italy by type, 15th Population and Housing Census, 2011, ISTAT

Residential buildings account for 84.3% of the total number buildings covered by the census, equal to 12,187,698, growth of 8.6% during the ten years between censuses.

The geographical breakdown of the number of buildings is as follows:

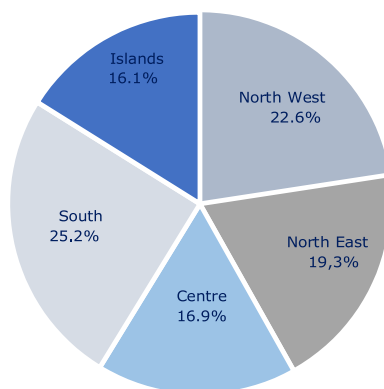
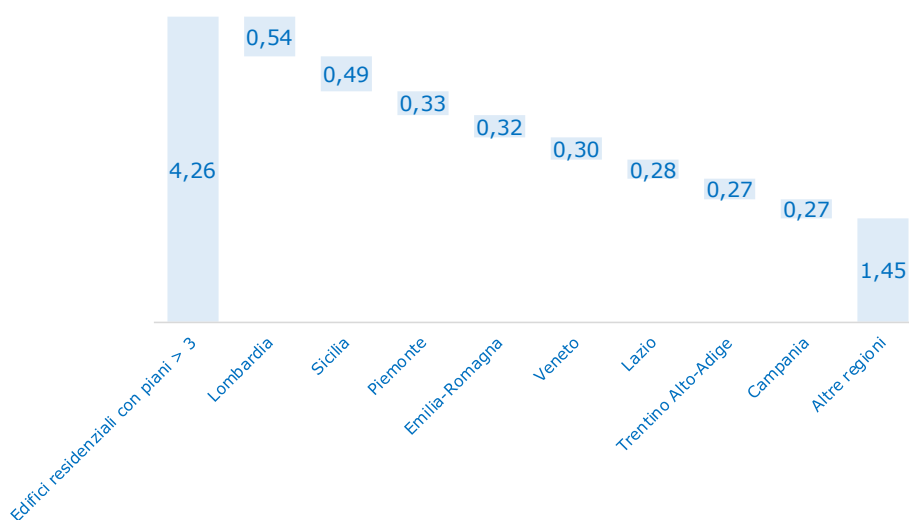


Figure 4. - Number of buildings by geographical area – 2011 Census (absolute values)

With reference to geographical distribution, Northern Italy is the geographical area with the greatest number of buildings, namely 6,049,086, representing 41.9% of the national total, followed by the South (3,627,768), the Centre (2,440,643) and the Islands (2,324,463).

In order to identify the market of buildings which are Edac's target, i.e. buildings suitable for the type of work carried out by the Group (double safety rope systems), only buildings at least three storeys high have been considered, and these total 4,257,815 residential units in Italy, approximately 35% of buildings identified as being for residential use.

The distribution by region of residential units suitable for double safety rope system works is shown below:



"Residential buildings with >3 stories, Lombardy, Sicily, Piedmont, Emilia-Romagna, Veneto, Lazio, Trentino Alto-Adige, Campania, Other regions"

Figure 5. – Breakdown by region of number of residential units in Italy (in millions), with a height of at least three storeys, 15th Population and Housing Census, 2011, ISTAT

The five regions with the largest number of residential buildings of three or more stories are: Lombardy (12.7%), Sicily (11.5%), Piedmont (7.7%), Emilia-Romagna (7.5%) and Veneto (7%).

Operating performance and results with regard to costs, revenues and investments.

In relation to financial performance, we note that production volume has grown from the € 17,355,294 achieved in 2017 to € 26,205,169 in 2018, an overall increase of 50.99%; production costs amount to €22,552,823 against the € 15,402,804 recorded in 2017.

Within costs of production, personnel costs were equal to €10,794,126, an increase compared to the prior year (+43.40%) whereas amortization, depreciation and write-downs total €703,659.

The positive operating margin was equal to €3,652,346, an increase of 87,07% compared to the €1,952,490 recorded in 2017.

The sum of financial income and charges was minus €293,804, compared to minus €98,002 for 2017; the increase was due to interest charges associated with the unsecured loans taken out in 2016 and 2017, as well as interest charges deriving from the issuance on 29/09/2017 of two bonds (maturing on 29/09/2023) listed on the ExtraMOT Pro segment of the Italian Stock Exchange:

Issue Currency	ISIN Code	Outstanding	Repayment on maturity	Coupon	Annual Coupon Rate
EUR	IT0005283467	2,000,000	Amortising	Fixed rate	5%
EUR	IT0005283475	3,000,000	Amortising	Fixed rate	4%

Financial value adjustments comprise the revaluation of the nominal value of the Life Assurance Policy contracted from the company Aviva Spa for €18,517

The Group's profit and loss, excluding 2018 minority interests, amounts to a net profit of €2,224,030 (€1,037,588 in 2017).

Company tax amounts to €1,113,294.

There is ample analysis of revenues and costs in the Explanatory Notes.

Behaviour of the competition

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In the Italian market, the Parent Company and its companies operating under the same brand recovered its undisputed leading role, with small competitors identified, in terms of turnover and the geographical area in which they operate, and their safety rope work is sometimes offered in addition to traditional construction, or in some cases within niche sectors (decontamination, environmental projects, etc.).

The table below provides details of various Italian competitors who operate using double safety rope systems, with an indication of the type of business, the geographical area of operation and their 2016 revenues (Figure 6).

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Numero	Competitor Italia 	Logo	Attività	Area Operativa	Ricavi Medi Dichiarati 2016 (Milioni di Euro)
1	Recotech		Lavori post eventi accidentali ed edilizia su fune	Nazionale	3,89
2	Gico System		Lavoro su fune e interventi biologici ed ambientali	Nord e Centro Italia	3,30
3	Mazzaferri		Lavori su corda, barriere stradali, ingegneria naturalistica	Nazionale ed Estero	1,64
4	Fratelli Gianni		Ristrutturazioni e lavori speciali (anche su corda)	Roma e provincia	1,24
5	Fly Original		Manutenzione su corda	Nazionale	1,19
6	ArchIngegno		Manutenzione e lavori su corda, bonifica amianto, altri lavori edili	Milano e provincia	1,07
7	Vertical Service		Manutenzioni e ristrutturazioni	Palermo	N.A. (< 1,00)
8	EVER Edilizia Verticale		Manutenzioni e ristrutturazioni	Torino e provincia	N.A. (< 1,00)
9	Ediliziaarea		Ristrutturazioni, manutenzioni su corda	Milano e provincia	N.A. (< 1,00)
10	Edil Climber		Manutenzioni e lavori su corda	Nazionale	N.A. (< 1,00)
11	A&G		Ristrutturazioni e manutenzioni su corda	Roma e provincia	N.A. (< 1,00)
12	Climbing Works		Manutenzioni e ristrutturazioni	Lazio	N.A. (< 1,00)
13	Icarus Lavori in Quota		Manutenzioni e lavori su corda	Nord e Centro Italia	N.A. (< 1,00)
14	OperàVertical		Manutenzioni e lavori su corda	Roma e provincia	N.A. (< 1,00)
15	MCEdilizia su fune		Manutenzioni e lavori su corda	Milano e provincia	N.A. (< 1,00)
16	AlpinismoEdile		Manutenzioni e lavori su corda	Genova	N.A. (< 1,00)
17	Edilizia Alternativa		Manutenzioni e lavori su corda	Nazionale	N.A. (< 1,00)
18	Servizi Verticali		Lavori su corda per la potatura di alberi e arbusti	Lazio	N.A. (< 1,00)
19	Vertical Edil		Manutenzioni e lavori su corda	Torino e provincia	N.A. (< 1,00)

Figure 6. Italian competitors.

In order to identify the company's competitive positioning at a European level, market research from Cerved has been used as suggested by the Company; its purpose was to identify European companies with a similar business model, in other words companies operating in the same sector offering services such as building renovations and works using a double safety rope system.

The first study was conducted in 2017 and covered the following countries: France,

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Switzerland, Spain and Portugal.

The success of that survey then led to the Group's scouting policy in two target countries: France and Spain.

The strong spirit of expansion thus led resulted in 2019, via Newco, wholly owned by EdiliziAcrobatica France SAS, in EdiliziAcrobatica France being awarded the assets of ETAIR – Entreprise de Travaux Aériens et d'Interventions Rapides Méditerranée, in court-ordered liquidation, a leading French company in the double safety rope construction sector in South West France.

The table below covers the first assessment conducted by Cerved, where Etair can be identified from among the Edac Group's Prospects. (Figure 7)

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Numero	Competitor Francia	Logo	Attività	Area Operativa	Ricavi Medi Dichiarati 2016 (Milioni di Euro)
1	JADE		Lavori di edilizia su fune	Nazionale e Internazionale	da 5,00 a 10,00
2	TPGH TRAVAUX PRESTAT GRANDE HAUTEUR		Lavori di edilizia su fune	Regionale	da 2,00 a 5,00
3	EVEREST		Lavori di edilizia su fune	Nazionale	da 2,00 a 5,00
4	ETAIR ILE DE FRANCE		Lavori di edilizia su fune	Regionale	da 2,00 a 5,00
5	CIE INTERVENTION TRAVAUX MONTAGNE		Lavori di edilizia su fune	Nazionale	da 2,00 a 5,00
6	PROFIL ARMOR		Lavori di edilizia su fune	Nazionale	da 2,00 a 5,00
7	JARNIAS TRAVAUX SPECIAUX		Lavori di edilizia su fune	Nazionale	da 2,00 a 5,00
8	ACROTIR		Lavori di edilizia su fune	Nazionale e Internazionale	da 2,00 a 5,00
9	ACROBART		Lavori di edilizia su fune	Regionale	da 1,00 a 2,00
10	ADRET FRANCE		Lavori di edilizia su fune	Regionale	da 1,00 a 2,00
11	IMOTEP		Lavori di edilizia su fune	Regionale	da 1,00 a 2,00
12	VOLTIGE		Lavori di edilizia su fune	Nazionale e Internazionale	da 1,00 a 2,00
13	LES CORDISTES PARISIENS		Lavori di edilizia su fune	Regionale	da 1,00 a 2,00
14	SKY SCRAPPER		Lavori di edilizia su fune	Regionale	da 1,00 a 2,00
15	EASYCORDE		Lavori di edilizia su fune	Nazionale e Internazionale	da 1,00 a 2,00
16	IMEAUX SERVICES		Lavori di edilizia su fune	Regionale	da 1,00 a 2,00
17	ACCSYS		Lavori di edilizia su fune	Nazionale e Internazionale	da 1,00 a 2,00
18	ASCENSION		Lavori di edilizia su fune	Nazionale e Internazionale	fino a 1,00
19	ATELIER SUR CORDES		Lavori di edilizia su fune	Regionale	fino a 1,00
20	S O S VOLTIGE		Lavori di edilizia su fune	Regionale	fino a 1,00
21	SUD VERTICAL		Lavori di edilizia su fune	Regionale	fino a 1,00
22	ALPIPROBAT		Lavori di edilizia su fune	Nazionale e Internazionale	fino a 1,00
23	VERTICALE SOLUTION		Lavori di edilizia su fune	Nazionale e Internazionale	fino a 1,00
24	ALPIBAT-SERVICES		Lavori di edilizia su fune	Regionale	fino a 1,00
25	ACCEDE ATOUT		Lavori di edilizia su fune	Regionale	fino a 1,00
26	ALP'SOLUTION		Lavori di edilizia su fune	Regionale	fino a 1,00
27	ALPINISTE SERVICE		Lavori di edilizia su fune	Regionale	fino a 1,00
28	ACROSITE		Lavori di edilizia su fune	Nazionale	fino a 1,00
29	SKYWORK		Lavori di edilizia su fune	Nazionale	fino a 1,00

Figure 7. French competitors.

In 2018, a second survey was commissioned to the Cerved Group, which as mutually agreed on with the company was in the form of a telephone questionnaire, targeted at companies in the German and Anglo-Saxon markets. The goal of the questionnaire was to identify target businesses interested in coming into contact with the Edac Group.

Said analysis identified new opportunities which the Group will consider with the goal of future expansion in Europe (Figure 8).

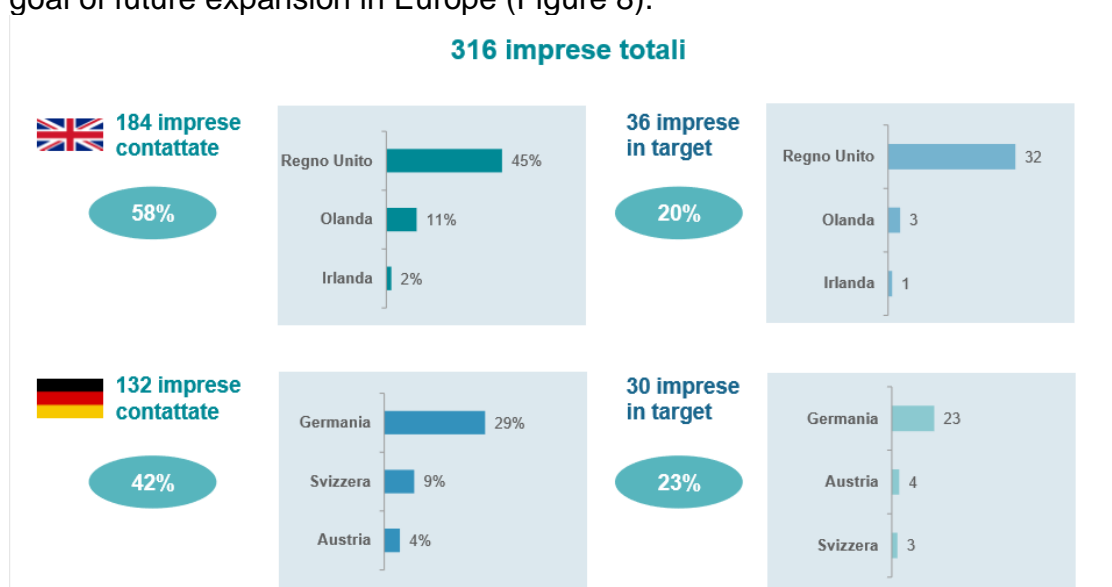


Figure 8. Cerved's 2018 Internationalisation Assessment

184 contacted companies	United Kingdom	316 companies in total	United Kingdom
	Holland	36 targeted companies	Holland
	Ireland		Ireland
132 contacted companies	Germany	30 targeted companies	Germany
	Switzerland		Austria
	Austria		Switzerland

Group situation and performance

During the course of 2018 the Group has continued to make investments in order to open new offices in Novara, Rome Tuscolana and Rome Talenti, Bologna, Monza, Catania, Chiavari, Milan 4, Perugia, Alessandria, Turin 3, Palermo 2,

and Syracuse in pursuit of the objective of acquiring new market share through widespread penetration of markets across Italy, thus totalling 39 directly-owned offices by the end of the year, including the three head offices.

In addition, there has been increased development of market share through the opening of 9 new franchisees in 2018, bringing the total number of franchising arrangements to 31 at the end of the year.

The main factors contributing to the profit before taxation in the period are the following:

- Rise of sales revenue from Senior and Junior departments.
- Review of production process featuring greater accuracy in site planning.
- Ad-hoc training for the heads of department based on the commission margins expected from the business.
- Cost-saving in existing credit lines with the main national banking institutions.

Analysis of the company situation

In order to provide a clearer view of the company's financial situation, the tables which follow a reclassified balance sheet and profit and loss account, as well as various profitability indicators

Profit and Loss Statement.

A summary consolidated profit and loss account as at 31/12/2018, with comparatives from the same period of the prior year, is presented below:

RECLASSIFIED CONSOLIDATED PROFIT AND LOSS ACCOUNT	31.12.2018	31.12.2017
Sales	26,205,169	17,355,294
Production costs, excluding depreciation, amortization and write-downs	21,849,165	14,890,203
EBITDA	4,356,005	2,465,091
Depreciation, amortization and write-downs	703,659	512,601

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EBIT	3,652,346	1,952,490
Financial income and charges	-293,804	-98,002
Value adjustments to financial assets	18,517	0
Profit-Loss before tax	3,377,059	1,854,488
Corporation tax	1,113,294	773,673
Net Profit-Loss	2,263,765	1,080,815
Profit (loss) due to minorities	39,735	43227
Group profit (loss)	2,224,030	1,037,588

EBITDA %	16.6%	14.2%
EBIT %	13.9%	11.3%
Profit-Loss before tax %	12.9%	10.7%
Net Profit-Loss %	8.6%	6.2%

SALES	31.12.2018	Inc.%	31.12.2017	Inc.%
1) Revenues from sales of goods and services	24,984,852	95.3%	16,275,721	93.8%
4) Work performed for internal purposes and capitalized	56,871	0.2%	0	0.0%
5) Other revenues and income	1,163,446	4.5%	1,079,573	6.2%
a) grants received during the year	1,030,557	3.9%	686,387	4.0%
b) others	132,889	0.6%	393,186	2.2%
TOTAL SALES	26,205,169	100%	17,355,294	100%

PRODUCTION COSTS	31.12.2018	Inc.%	31.12.2017	Inc.%
For raw materials	3,676,443	16.83%	2,387,063	16.03%
Costs for services	6,181,335	28.29%	4,349,861	29.21%
For use of third party assets	1,458,763	6.68%	797,187	5.35%
For employees	10,794,126	49.40%	7,527,376	50.55%
Changes in inventory levels	-724,574	-3.32%	-551,506	-3.70%
Other costs	463,072	2.12%	380,222	2.55%
TOTAL PRODUCTION COSTS	21,849,165	100%	14,890,203	100%

DEPRECIATION, AMORTISATION AND WRITE-DOWNS	31.12.2018	Inc. %	31.12.2017	Inc. %
Depreciation of Fixed Assets Fixed assets	305,043	44%	298,424	58%
Depreciation of Fixed Assets Materials	115,102	16%	76,342	15%
Write-downs	283,513	40%	137,835	27%
TOTAL DEPRECIATION, AMORTISATION & WRITE-DOWNS	703,659	100%	512,601	100%

FINANCIAL INCOME AND CHARGES	31.12.2018	Inc. %	31.12.2017	Inc. %
Financial income	20,947	7%	4,195	4.0%
Financial charges	314,751	107%	102,197	104.0%
TOTAL FINANCIAL INCOME AND CHARGES	293,804	100%	98,002	100%

Adjusted EBITDA represents EBITDA excluding the extraordinary cost and income booked in 2018 and 2017. EBITDA thus defined is a further indicator used by the directors to monitor and evaluate company performance but stripping out the effect of extraordinary events which took place during the period.

ADJUSTED EBITDA	31.12.2018	Inc. %	31.12.2017	Value Inc. %
		Production costs		Production costs
CONSOLIDATED EBITDA	4,356,005	16.6%	2,465,091	14.2%
Extraordinary income	38,902		105,847	
Extraordinary costs	167,602		448,259	
ADJUSTED EBITDA	4,484,705	17.1%	2,807,503	16.2%

It can be seen that adjusted EBITDA, €4,356,005 in 2018, accounts for 16.62% of sales, an increase in 242 basis points compared to the figures for 2017, which

were €2,465,091, or 14.20%.

It can be seen that Adjusted EBITDA, €4,484,705 in 2018, accounts for 17.1% of sales, an increase in 93 basis points compared to the figures for 2017, which were €2,807,503, or 16.18%.

Adjusted EBITDA is above the EBITDA target of €4,200,000 forecast by the PAS (Price Adjustment Share) mechanism established during listing. Below is the calculation method, as per the Articles of Association of EdiliziAcrobatica SpA:

“The Board of Directors shall draft and approve a prospectus indicating the 2018 EBITDA (the “PAS Prospectus”), following the approval of the financial statements for the financial year ended on 31 December 2018 at the Shareholders’ Meeting. The Company’s Board of Directors shall submit to the company conducting the statutory audit of the Company’s accounts (the “Auditing Firm”) an irrevocable mandate to verify within 10 days of the approval date of the PAS Prospectus by the Board of Directors the compliance with the drafting standards of the PAS Prospectus indicated below. The Auditing Firm shall issue a report on the compliance with the international auditing standards, and in particular ISRS 4400 – “Engagements to perform agreed upon procedures” in accordance with the standards listed below. The standards to determine 2018 EBITDA under the PAS Prospectus are as follows: A. “2018 EBITDA”: the profit or loss, before finance costs, tax, depreciation and amortisation in paragraph 10), provisions for risks in paragraph 12), the other provisions in paragraph 13) the provisions of Article 2,425 B) of the Civil Code net of extraordinary or non-recurring income and expenses as described below; B. for extraordinary or non-recurring income and expenses, excluded from the calculation of 2018 EBITDA, as defined in (A) above, if necessary, which must be considered as extraordinary or non-recurring items in the profit and loss statement, and thus net of section A) above, the following items: (i) realised capital gains, contingent and non-existent assets falling under Article 2,425 A) of the Civil Code; (ii) unrealised capital losses, contingent and non-existent liabilities falling under Article 2,425 B) of the Civil Code; (iii) all direct and indirect costs strictly related to

the listing and ongoing items, on AIM Italia. C. If the scope of consolidation of the profit and loss statement is amended from that existing when the Company is admitted to AIM Italia, as a result of a purchase of a majority stake which, based on the accounting principles adopted by the Company, amounts to a controlling interest, a pro forma profit and loss statement with the original scope must be prepared, which must thus not include: (i) the purchased controlling interest; (ii) the direct costs related to the financial, legal, and commercial due diligence reports incurred to complete the aforementioned transactions, as well as any additional direct consultancy costs incurred to complete the aforementioned transactions. (II) “

Balance Sheet and Financial Situation

The Balance Sheet is compared to the data from the previous year end

BALANCE SHEET - ASSETS	31.12.2018	Inc. %	31.12.2017	Inc. %
Intangible fixed assets	1,736,962	6%	750,435	4%
Tangible fixed assets	777,006	3%	346,125	2%
Investments	-	0%	50,000	0%
TOTAL NON-CURRENT ASSETS	2,513,968	8%	1,146,560	7%
Inventory	1,748,546	6%	1,023,970	6%
Trade receivables	9,489,322	32%	6,727,645	40%
Other current assets	7,573,555	25%	2,170,889	13%
Cash at bank and in hand	8,439,616	28%	5,756,420	34%
TOTAL CURRENT ASSETS	27,251,039	92%	15,678,924	93%
TOTAL ASSETS	29,765,008	100%	16,825,484	100%

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BALANCE SHEET - LIABILITIES	31.12.2018	Inc. %	31.12.2017	Inc. %
SHAREHOLDERS' EQUITY	10,069,157	34%	2,085,090	12%
NON-CURRENT LIABILITIES				
Employee severance indemnity	655,301	2%	377,716	2%
Provisions for risks and charges	47,493	0%	5,213	0%
Non-current financial liabilities	6,567,534	22%	5,927,064	35%
Non-current taxation liabilities	130,288	1%	119,437	1%
				0
TOTAL NON-CURRENT LIABILITIES	7,400,616	25%	6,429,430	38%
				0
CURRENT LIABILITIES				0
Current financial liabilities	3,787,559	13%	2,170,363	13%
Trade payables	4,847,544	16%	2,276,161	14%
Current taxation liabilities	1,331,198	4%	1,619,890	10%
Other current liabilities	2,328,934	8%	2,244,549	13%
				0
TOTAL CURRENT LIABILITIES	12,295,235	41%	8,310,963	49%
TOTAL LIABILITIES	29,765,008	100%	16,825,483	100%

Net Financial Position, in other words the value of investments that are not covered by capital and reserves and by trade payables (due to suppliers) shows that the company needs to access third party sources of financing. The data for our company can be represented in the table showing the short- and medium-term net financial situation.

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RECLASSIFIED BALANCE SHEET	31.12.2018	31.12.2017
Trade receivables	9,489,322	6,727,645
Inventory	1,748,546	1,023,970
Trade payables	-4,847,544	-2,276,161
Net Operating Working Capital	6,390,324	5,475,454
Other current receivables	3,555,038	2,170,889
Other current liabilities	-2,328,934	-2,244,549
Taxation liabilities	-1,331,198	-1,619,890
Net Working Capital	6,285,230	3,781,904
Tangible fixed assets	777,006	750,435
Intangible fixed assets	1,736,962	346,125
Investments	0	50,000
Fixed assets	2,513,968	1,146,560
Employee severance indemnity	-655,301	-377,716
Deferred taxation provision	-47,493	-5,213
Long-term taxation payables	-130,288	-119,437
Net Invested Capital	7,966,117	4,426,098
Shareholders' Equity	10,069,157	2,085,091
Cash at bank and in hand	8,439,616	5,756,420
Current financial payables	4,018,517	
Current financial liabilities	-3,787,559	-2,170,363
Non-current financial liabilities	-6,567,534	-5,927,064
(Net Financial Position) Cash	2,103,039	-2,341,007
Capital and Reserves and Net Financial Indebtedness	12,172,197	-255,916
(Short-Term Net Financial Position) Cash	8,670,573	3,586,057

	31.12.2018	31.12.2017
CURRENT ASSETS		
Inventory	1,748,546	1,023,970
Short-term receivables	12,974,867	8,864,851
Prepayments and accrued income	69,494	33,683

CURRENT LIABILITIES		
Short-term payables	-8,452,071	-6,081,745
Accruals and deferred income	-55,605	-58,855
Net Working Capital	6,285,230	3,781,904

Principal indicators

OTHER DISCLOSURE 2428 c.2 of the Civil Code, are various indicators and other information which help provide a complete illustration of the company's situation, and how it has evolved over previous financial periods.

Financial structure indicators

The purpose of the financial structure ratios is to quantify the percentage "weight" of certain asset and liability aggregates in relation to total assets and liabilities.

	31.12.2018	31.12.2017
Fixed assets (I)		
a) Weight of fixed assets = -----	8.45%	6.83%
Total assets (K)		
Working capital (C)		
b) Weight of working capital = -----	91.55%	93.17%
K		
Equity capital		
c) Weight of equity capital = -----	33.83%	12.43%
Total liabilities		
Third party capital		
d) Weight of third party capital = -----	66.17%	87.57%
Total liabilities		

Profitability (or financial situation) indices

DESCRIPTION	31.12.2018	31.12.2017
ROE (Return On Equity)	22.09%	49.78%
ROE gross, before taxation	33.54%	88.98%
ROI (Return On Investment)	12.27%	16.68%
ROS (Return On Sales)	17.22%	16.18%

Note 1) = ROE, which reports the profitability of investing in the capital of the Group compared to other sorts of investments is provided in both “after tax” and “gross, before tax” versions.

Note 2) = ROI stands for the return on investment from operational management: it measures the business’s capacity to generate profit while transforming input into output.

Financial position indicators

The principal financial situation indices are shown below. Their purpose is to identify any imbalances due to inappropriate relationships between certain asset and liability components, with the same indicators shown for the years 2017 and 2018.

	31.12.2018	31.12.2017
Working capital (C)		
a) Current ratio = -----	2.22	1.88
Current Liabilities		
Trade and other current receivables from intangible assets		
b) Liquidity ratio = -----	1.01	1.76
Current Liabilities		
Shareholders' Equity		
c) Capital Hedging Fixed Assets = -----	4.01	1.82
Fixed assets		

Risks relating to industry sector and competitive environment

As previously stated, the Group operates in the building renovation sector in Italy, a subset of the construction industry.

The primary requirement is to acquire new customers to guarantee the company continuity of production, in view of the high returns achievable compared to the size of investments. Our policy is oriented towards opening new directly-owned offices to achieve broad penetration of the Italian market, and develop a retail policy focused on personalizing the offering for each individual customer. The company is analysing and experimenting with the production process in order to reduce related costs, taking on less overall risk compared to other operational solutions, thus allowing us to be still more competitive.

Given the above, and considering:

- the limited number of employers
- the absence of sub-contracting
- the absence of the risk of interference between companies
- historic statistics covering accident prevention events

it is evident that the overall risk level can be defined as equal to if not in fact less than the overall risk levels involved in working with any collective protection device. Over the years there has been a considerable reduction in the time spent using other working methods on site, thus reducing overall risk exposure.

Risks connected with dependence on suppliers

Since it began trading the Group has made use of a sufficiently broad range of suppliers for its purchases of raw materials and supplies of services, the effect being that it is completely independent of said suppliers.

The business is not particularly conditioned by the ability of suppliers to

guarantee certain quality standards, or to respond to specific requests from the parent company or to comply with agreed delivery times, since it is possible to identify suppliers to substitute the existing ones without any difficulty.

Risks connected with financial indebtedness

The Group has always had the support of its banking partners to provide financing. The use of credit during the year increased in part due to the need for new investments to set up the new directly-owned offices.

Through the project for Stock Market Listing, Company has also pursued a financing policy intended to differentiate the sources, thus not just capital from banking financing, but also from other sources, in order to reduce the risk of indebtedness.

Liquidity risk

Cash flows, financing requirements and liquidity of the Group are monitored and managed with the objective of achieving effective and efficient management of financial resources. Short- and medium/long-term liquidity requirements are constantly monitored, so as to ensure that financing is raised effectively and in timely fashion, or the available liquidity is suitably invested. Information regarding the maturity dates of bank debts is disclosed in the Notes to the Financial Statements.

In 2018, subsidiaries have been able to access thanks to EdiliziAcrobatica SpA's existing Guarantees for short-term credit lines in the form of "Advances on Invoices", thus further reducing the Group's liquidity risk.

The following is a breakdown of employment and sources of consolidated positive NFP balance (Figure 10).

CASH FLOW ANALYSIS

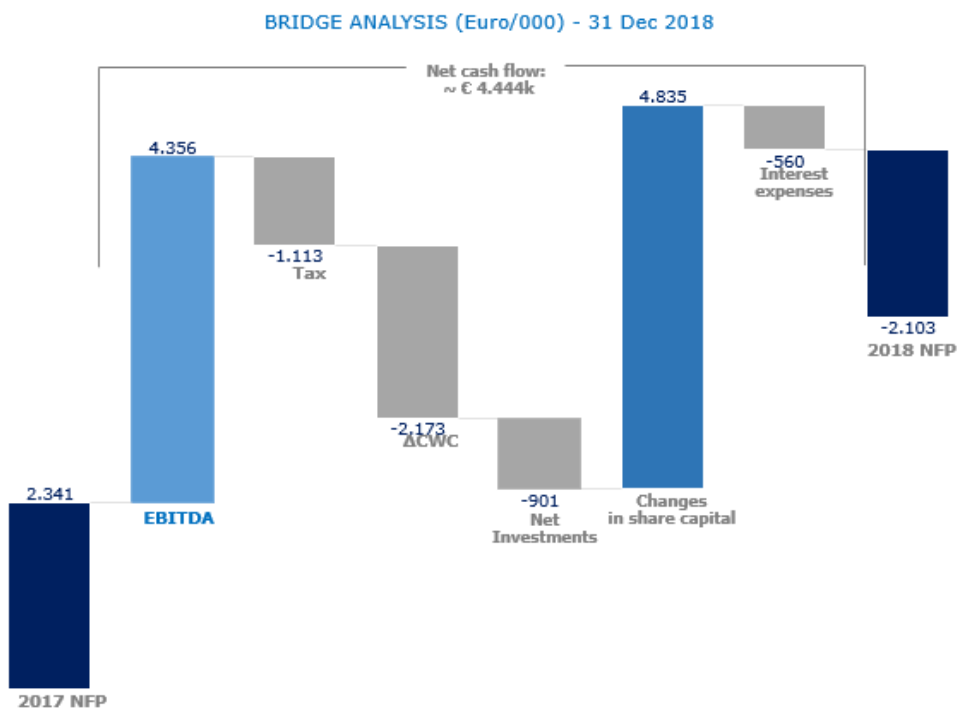


Figure 10. Cash Flow Analysis

Credit risk

The Group is exposed to risks connected with the sale of its own services. For the year 2017 it was necessary to make a provision of € 277,485 in the financial statements against possible credit losses, relating to receivables overdue by more than one year, divided into a €244,232 fund for the Parent Company and €33,253 for the subsidiary Edac Biella Srl.

In order to mitigate that risk, the Company has established a credit liability which brings together, firstly, the sales representative, the officer closest to customers, secondly, Credit Management, and lastly, the Company resorts to the credit

recovery services provided by the company Cerved Credit Collection SpA, part of the Cerved Group.

Disclosure relating to environment impact

During the course of the year no damage was caused to the environment.

During the course of the year no Group company has suffered definitive sanctions or penalties in relation to environmental crimes or damages.

Disclosure relating to employee relations

In the course of the financial year, the Group has complied with its safety obligations, carrying out all the initiatives for some time, needed to protect the workplace, as set forth under applicable legislation.

The Group has spent the whole year training its own staff, and in terms particular workers on ropes, the focus has changed to the improvement of knowledge on procedures to limit risks related to completed works.

The activities we have performed on the subject of health and safety involve:

- training of employees and contractors;
- carrying out of periodic medical examinations;
- monitoring of the company by the Prevention and Protection Officer (RSPP);
- preparation and distribution of the documents provided for by Legislative Decree 81/2008.

As mentioned above, the Group has been awarded the UNI EN ISO 9001:2008 quality certification (quality management systems), as well as the certification specific to occupational health and safety: OHSAS 18001.

In 2018, the Group was not involved in any work incidents related to the use of the double safety rope technique, and its work incidents have always been

historically lower than the average frequency and seriousness reported by the National Labour Assistance Italy (INAIL).

In 2018, the Parent Company's Human Resources Department, in accordance with the Law of 27 December 2017 no. 205, supported by a third party consultancy, has prepared the necessary documentation to be granted Training tax credit 4.0

Application of privacy legislation

Group companies have complied with the provisions of Law 675/1996 on the subject of privacy.

Taxation situation

During 2018, the Group's companies have achieved the goal of improving timing in terms of tax deadlines. As of 31.12.2018, regional tax (IRAP) has also been paid, whereas company income tax (IRES) has been offset against tax withholdings by the banks and co-owners on amounts received from customers as prescribed by law (Stability Act 2015 and Presidential Decree of 29/09/1973, no. 600, Article 25-ter). The company regularly tax instalments for previous years, and the situation is constantly monitored.

Research and development activities

During 2017 registration has been requested for the patents summarized below:

Owner	Subject of the patent	Category	Date lodged/application reference number	Date of registration/registration number
Edilziacrobatica S.p.A.	supporting structure usable in carrying out	utility model patent	10 July 2017 202017000077262	not available

	work at height on a rope			
Edilziacrobatica S.p.A.	supporting structure usable in carrying out work at height on a rope	Invention payment	3 July 2017 102017000073986	08 November 2018 702018000059658
Edilziacrobatica S.p.A.	supporting structure usable in carrying out work at height on a rope	Invention payment	10 July 2017 102017000077253	08 November 2018 782018000059649

In the course of 2018, the request for withdrawal for practice number 102017000073986 and the request for research for practice number 102017000077253.

The Edac Group also began in 2017 studying development of an innovative project for building a mechanical device which will facilitate working on ropes in the presence of minor adverse weather conditions, such as for example light rain, and this project is continuing in 2018.

During 2018, costs of €1,603,484 were incurred, in relation to which a tax credit equal to €801,742 has been recognized in the appropriate part of the balance sheet, in accordance with the provisions of the Economy & Finance Ministry's enabling decree dated 27 May 2015 ("Research and development tax credit implementation") and the latest updates linked to the Italian Revenue Agency circular number 13/E dated 27 April 2017.

Relationships with companies forming part of the Group

During the period the following relationships were maintained between the Parent Company and subsidiaries; these transactions, of a commercial and financial nature, were carried out on an arm's length basis.

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	Financial debts	Financial credits	Trade receivables	Trade payables	Sales	Purchases
Edac Roma Trastevere Srl	3,337	4,840	57,878	4,859	1,147	3,893
Edac Versilia Srl	87,424	5,044	398,358	37,459	319,607	27,309
Edac Biella Srl	7,996	90,092	396,330	26,896	264,291	35,250
Edac Sicilia Srl	1,040	-	193,949	6,956	304,437	5,104
Total	99,797	99,976	1,046,515	76,170	889,482	71,557

Notwithstanding the foregoing, it is worth noting the conversion of the financing provided during the year by the Parent Company to Edac Biella Srl to capitalise the latter after the loss sustained by the subsidiary as of 31.12.2018, as specified in the note herein.

Branches/Secondary Locations

In accordance with the provisions of Article 2,428 of the Civil Code, the branches/secondary locations of the company are shown below:

	Type	Address	Location
Local Branch no. MI/4	Depot	Via Sforza Ascanio Cardinale 87	Milan
Local Branch no. MI/5	Office	Alzaia Naviglio Pavese 52	Milan
Local Branch no. MI/6	Office	Via Filzi Fabio 5	Milan
Local Branch no. AL/1	Office	Corso Crimea 13	Alessandria
Local Branch no. CT/1	Office	Via G. D'Annunzio 63C-63D	Catania
Local Branch no. GE/5	Office	Via Magenta 41	Chiavari
Local Branch no. MB/1	Office	Corso Milano 38	Monza
Local Branch no. NA/1	Office	Via Kerbaker 27	Napoli
Local Branch no. FI/1	Office	Via del Ghirlandaio 9	Florence
Local Branch no. GE/2	Office	Viale Brigate Partigiane 18/2	Genoa
Local Branch no. RM/1	Office	Via Spalato 45	Rome
Local Branch no. RM/2	Uffico	Via Trastevere 111	Rome
Local Branch no. RM/3	Office	Via Antonio Lo Surdo 47/49	Rome
Local Branch no. TO/2	Office	Via Sospello 2	Turin
Local Branch no. TO/3	Office	Corso Siracusa 139/B	Turin
Local Branch no. VE/1	Office	Sestiere di Santa Croce 297	Venice
Local Branch no. LU/1	Office	Via Aurelia 171 Camaiole	Lucca
Local Branch no. BI/1	Office	Via Asti 4 Biella	Biella
Local Branch no. PA/2	Office	Via Enrico Albanese 92 Palermo	Palermo
Local Branch no. BA/1	Office	VIA CAMPIONE 16 BARI (BA)	Bari

Local Branch no. CO/1	Office	VIA MENTANA 13 E COMO (CO)	Como
Local Branch no. GE/4	Office	CORSO BUENOS AYRES 162 R. GENOVA (GE)	Genoa
Local Branch no. LI/1	Office	VIALE DELLA LIBERTA' 45/47/49 LIVORNO (LI)	Livorno
Local Branch no. NO/1	Office	CORSO TORINO 41 NOVARA (NO)	Novara
Local Branch no. PE/1	Office	VIA PIERO GOBETTI 194	Pescara

Number and nominal value of treasury shares and shares/quotas in parent companies possessed by the company

The Parent Company and subsidiary companies do not possess, directly or indirectly, any treasury shares of shares in parent companies.

IPO on AIM Italia Alternative Investment Market, organised and managed by Borsa Italiana S.p.A.

On 19 November 2018, the Group has successfully completed the listing process on the AIM Italia market. As a result of the aforementioned IPO, the Issuer's Capital Stock as of 31 December 2018 amounts to 772,530 Euros, divided into 7,725,301 ordinary shares.

The price to place ordinary shares was set at 3.33 Euros with a capitalisation of the Company as of the start of negotiations of around 21.7 million Euros (€25.7 million, including Price Adjustment Shares).

The admission to listing took place following a placement of 1,725,300 newly issued and numbered ordinary shares, of which:

- i. 1,499,850 numbered ordinary shares from the capital increase reserved to the market;
- ii. 75,600 numbered ordinary shares from the capital increase reserved to staff and management;
- iii. 149,850 ordinary shares, accounting for around 8.7% of the share plan, from

the Greenshoe capital increase;

In addition, investors (including staff and management) were provided at no extra charge with 431,332 numbered Warrants.

The holders of these financial instruments will have the power to subscribe during 3 exercise periods (September 2019, September 2020 and September 2021) for the conversion shares, at a ratio of one conversion share per warrant held, at the same strike price as in the IPO, increased by 10% on an annual basis.

The Company, in conjunction with Global Coordinator Banca Profilo S.p.A., in light of the quantity and characteristics of the statements of intent received within the placement and in order to prioritise a book composition featuring major investors, has set the price per share at 3.33 Euros for ordinary shares reserved to the market and 3 Euros for ordinary shares reserved to staff and management.

The value of the placement, including shares from the Greenshoe option, amounts to 5,720,301 Euros (of which 499,001 Euros are from the Greenshoe option at the placement price). Within the transaction, an “adjustment” mechanism had also been planned, in the event that the Group did not reach a certain consolidated profitability target in terms of EBITDA in the financial year ended on 31 December 2018 (the so-called Price Adjustment Shares).

The Company’s post-placement capital consists of 7,725,300 no par value shares, of which 6,525,300 numbered ordinary shares and 1,200,000 numbered unlisted Price Adjustment Shares.

Shareholding structure as of 28 March 2019:

- Arim Holding Srl 78,46%

- Group Staff and Management 0.98%
- Market 20.56%

Events following the closing of the financial year

On 22 February 2019, the Euronext committee ruled in favour of the Parent Company, admitting it into the Growth market starting on 28 February 2019 (ticker symbol ALEAC).

Euronext is a Pan-European stock exchange comprising the stock exchanges of Amsterdam, Brussels, Dublin, Lisbon and Paris. It consists of around 1,300 issuers, accounting for a market capitalisation of around 3,400 billion Euros. Euronext Growth is the market for small and medium-sized enterprises which allows access to a large number of international investors, thus making the Company more visible.

As of 22 February 2019, the price of the shares in EdiliziAcrobatika SpA was 4.2175 Euros and the market capitalisation amounts to 32,581,453 Euros (which includes the 1,200,000 Price Adjustment Shares).

As of 6 March 2019, EdiliziAcrobatika SpA, via Newco, wholly owned by EdiliziAcrobatika France SAS, was awarded the assets of ETAIR – Entreprise de Travaux Aériens et d'Interventions Rapides Méditerranée, in court-ordered liquidation, a leading French company in the double safety rope construction sector in South West France.

- The value of the transaction is 110,001 Euros
- EdiliziAcrobatika implements its internationalisation strategy by entering the French market
- Closing scheduled by June 2019

Below are the characteristics of the assets in question

The company ETAIR – Entreprise de Travaux Aériens et d’Interventions Rapides Méditerranée, in court-ordered liquidation, was founded in 2002, based in Perpignan, operating in the double safety rope construction sector in South West France.

IN 2018, ETAIR reported revenues of around 6.29 million Euros, with negative EBITDA and net loss in the amount of -0.13 million Euros and -0.26 million Euros respectively.

The purchase of ETAIR’s assets will be completed within the liquidation proceedings ordered by the Perpignan Court. As a result of said proceedings, on 6 March 2019, EdiliziAcrobatica France, as named by EdiliziAcrobatica SpA, acquired ETAIR’s assets as recorded in its financial statements and inventory prepared by the court.

The agreed price was €110,001, broken down as follows:

- Intangible fixed assets totalling €55,000
- Tangible fixed assets totalling €40,000
- Inventory totalling €15,000
- The Order Book containing ongoing projects as of 28/02/2019 totalling €1.

ETAIR had a staff of 52 employees and as of 28 February 2019, the value of equipment tools and the order book for ongoing projects is around 3.18 million Euros.

The transaction in question qualified as a significant transaction as defined under Article 12 of the AIM Italia Issuers Rules.

The value of the acquired assets amounting to 110,001 Euros shall be paid to ETAIR on a cash basis.

The price, already transferred by EdiliziAcrobatica Spa to an escrow account,

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shall be paid to ETAIR on the day when the asset transfer documents are signed, which must take place within 4 months after EdiliziAcrobatica France SAS comes into possession of said assets. This period may, however, be extended, upon consent by the Court-appointed liquidator and EdiliziAcrobatica France SAS.

The assets will be transferred to EdiliziAcrobatica France SAS, a company established on an ad hoc basis for such transaction on 5 March 2019.

EdiliziAcrobatica France SAS is a simplified joint-stock company with an initial capital stock of 1,000 Euros, which will be increased when, following the finalised acquisition of ETAIR assets, its due debts against EDAC will be converted to capital stock.

The above-described transaction shall provide EdiliziAcrobatica France SAS with 47 employees from ETAIR's operations team, together with debts owed to employees, amounting to about 177,778 Euros.

The President of EdiliziAcrobatica France SAS is currently Mr. Riccardo Iovino, Chief Executive Officer of EdiliziAcrobatica Spa, while the Managing Director is Mr. Paolo Stella.

Expected future business performance

In 2019, the Group will continue to search for new customers and increase market penetration through the opening of new directly-owned offices and by signing up new franchisees; it will be focused on performance both in the short term through increasing and defending the profitability of its core business, and in the medium-long term through the creation of real and valuable strategies for long term growth.

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The internationalisation policy started in the first months of the year in order to take the EdiliziAcrobatica Model not just to France, but other European countries.

It will pursue policies aimed at maintaining a fruitful relationship with current investors, and it will hold events for the purpose of opening up to the widest possible range of new investors.

It will also continue with its marketing campaign on national television intended to further reinforce the value of the brand among end consumers.

Milan, 28 March 2019

On behalf of the board of directors,

Riccardo Iovino (Director)