

EDILIZIACROBATICA®



EdiliziAcrobatica S.p.A.

Financial Statement as at
31.12.2019

EDILIZIACROBATICA S.P.A.

Registered office in Milan-Via Turati, 29

Share Capital €792,423.70

Tax code and VAT 01438360990 - R.E.A. MI 1785877



2019	
General information about the company	
Master data	
Name	EDILIZIACROBATICA S.p.A
Headquarter	20100 MILANO (MI) VIA TURATI, 29
Share capital	792423,7
Fully paid-in share capital	yes
CCIAA code	
VAT number	1438360990
Social security number	1438360990
REA number	MI - 1785877
Legal form	Joint-Stock Company
Main area of activity (ATECO)	43.99.09
company in liquidation	no
Single-member company	no
Companies subject to management and coordination activities	no
Name of the company or body exercising the activity of management and coordination	
Membership of a group	yes
Name of the parent company	Arim Holding srl
Parent company	Italy
Registration number in the register of cooperatives	

Balance sheet

Assets	31.12.2019	31.12.2018
A. SUBSCRIBED CAPITAL UNPAID, WITH SEPARATE INDICATION OF THE PART WHICH HAS ALREADY BEEN CALLED	-	-
B. FIXED ASSETS		
I. Intangible fixed assets		
1) Formation and start-up costs	2.531,013	907,691
2) Development costs	40,000	95,796
3) Industrial patent rights and rights to use patents of others	113,717	90,750
4) Concessions, licenses, trademarks and similar rights		-
5) Goodwill		-
6) Tangible assets in course of construction and payments on account	237,919	56,871
7) Other intangible fixed assets	594,499	580,824
II. Tangible fixed assets	3,517,148	1,731,932
1) Land and buildings		
2) Plant and machinery	-	-
3) Industrial and commercial equipment	145,876	46,438
4) Other tangible fixed assets	176,556	107,093
5) Tangible assets in course of construction and payments on account	571,752	539,583

Total tangible fixed assets	894,185	693,114
III. Fixed asset investments		
1) Equity investments in:		
a) subsidiary companies	539,250	212,500
b) associated companies	-	-
c) parent companies	-	-
d) companies under the control of parent companies	-	-
d-bis) other companies	-	-
Total fixed assets investments	539,250	212,500
2) Account receivables		
a) subsidiary companies		
<i>Due within one year</i>	511,001	-
<i>Receivable beyond one year</i>	-	-
Total account receivables to subsidiary companies	511,001	-
b) associated companies		
<i>Due within one year</i>	-	-
<i>Receivable beyond one year</i>	-	-
Total account receivables to associated companies	-	-
c) parent companies		
<i>Due within one year</i>	-	-
<i>Receivable beyond one year</i>	-	-
Total account receivables to parent companies	-	-
d) companies under the control of parent companies		
<i>Due within one year</i>	-	-
<i>Receivable beyond one year</i>	-	-
Total account receivables to companies under the control of parent companies	-	-
d-bis) other companies		
<i>Due within one year</i>	-	-
<i>Receivable beyond one year</i>	-	-
Total account receivables to other companies	-	-
3) Other securities	-	-
4) Derivative financial instrument assets	-	-
Total Fixed asset investments	1,050,251	212,500
TOTAL FIXED ASSETS (B)	5,461,584	2,637,546
C. CURRENT ASSETS		
I. Inventory		
1) Raw materials and consumables	2,315,757	1,494,238
2) Work in progress and components	-	-
3) Contract work in progress	-	-
4) Finished products and goods for resale	-	-
5) Advances received	-	-
Total inventory	2,315,757	1,494,238
II. Receivables		
1) Trade receivables		
<i>Due within one year</i>	11,502,077	8,251,837

<i>Receivable beyond one year</i>	-	-
Total trade receivables	11,502,077	8,251,837
2) Receivables from subsidiary companies		
<i>Due within one year</i>	769,385	1,146,491
<i>Receivable beyond one year</i>	-	-
Total receivables from subsidiary companies	769,385	1,146,491
3) Receivables from associated companies		
<i>Due within one year</i>	-	-
<i>Receivable beyond one year</i>	-	-
Total receivables from associated companies	-	-
4) Receivables from parent companies		
<i>Due within one year</i>	-	-
<i>Receivable beyond one year</i>	-	-
Total receivables from parent companies	-	-
5) Receivables from companies under the control of parent companies		
<i>Due within one year</i>	-	-
<i>Receivable beyond one year</i>	-	-
Total receivables from companies under the control of parent companies	-	-
5-bis) Tax receivables		
<i>Due within one year</i>	2,503,250	2,162,840
<i>Receivable beyond one year</i>	-	-
Total tax receivables	2,503,250	2,162,840
5-ter) Deferred tax assets	148,337	96,258
5-quater) Receivables from others	1,765,358	731,407
Total accounts receivable	16,688,406	12,388,833
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	4,105,749	4,018,517
Total current asset investments	4,105,749	4,018,517
IV. Cash and cash equivalents		
1) Bank and postal current accounts	5,317,467	7,902,574
2) Cheques to be deposited		-
3) Cash on hand	18,108	14,371
Total liquid funds	5,335,574	7,916,945
TOTAL CURRENT ASSETS (C)	28,445,487	25,818,533
D. PREPAYMENTS AND ACCRUED INCOME	143,287	75,463
TOTAL ASSETS	34,050,358	28,531,542
LIABILITIES	31.12.2018	31.12.2018
A. CAPITAL AND RESERVES		

I – Share capital	792,424	772,530
II – Share premium reserve	6,255,986	5,547,771
III – Revaluation reserves	-	-
IV – Legal reserve	154,506	120,000
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) retained earnings	3,313,457	1,065,465
IX – Profit (loss) for the year	1,225,175	2,282,498
X – Negative reserve for treasury stock owned	-	-
GROUP NET CONSOLIDATED CAPITAL AND RESERVES	11,741,664	9,788,380
B. PROVISIONS FOR RISKS AND CHARGES		
1) Provisions for employee benefits	-	-
2) Provisions for taxation, including deferred taxation	28,849	41,522
3) Derivative financial instrument liabilities	-	-
4) Others	-	-
TOTAL PROVISIONS FOR RISKS AND CHARGES	28,849	41,522
C. EMPLOYEE SEVERANCE INDEMNITY	1,038,451	580,329
D. DEBTS		
1) Debenture loans		
<i>Due within one year</i>	714,300	-
<i>Payable beyond one year</i>	4,285,700	5,000,000
Total	5,000,000	5,000,000
2) Convertible debenture loans	-	-
3) Shareholder loans	-	-
4) Amounts owed to banks		
<i>Due within one year</i>	6,281,102	3,655,949
<i>Payable beyond one year</i>	765,013	1,552,041
Total amounts owed to banks	7,046,115	5,207,990
5) Amounts owed to other financiers		
<i>Due within one year</i>	15,493	5,923
<i>Payable beyond one year</i>	-	15,493
Totals amounts owed to others financiers	15,493	21,416
6) Advances received	1,090,524	725,169
7) Trade payables		
<i>Due within one year</i>	3,621,966	3,612,132
<i>Payable beyond one year</i>	-	-
Total trade payable	3,621,966	3,612,132
8) Debts represented by bills of exchange	-	-
9) Amounts owed to subsidiary companies		
<i>Due within one year</i>	247,174	175,967
<i>Payable beyond one year</i>	-	-
Total amounts owed to subsidiary companies	247,174	175,967
10) Amounts owed to associated companies	-	-

11) Amounts owed to parent companies	70,423	-
11-bis) Amounts owed to companies under the control of parent companies	-	-
12) Taxation payables		
<i>Due within one year</i>	1,168,539	1,217,257
<i>Payable beyond one year</i>	76,004	130,288
Total taxation payables	1,244,543	1,347,545
13) Amounts owed to social security institutions	1,108,588	662,550
14) Other payables	1,501,412	1,312,937
TOTAL LIABILITIES	20,946,236	18,065,706
E. ACCRUALS AND DEFERRED INCOME	295,158	55,605
TOTAL LIABILITIES	34,050,358	28,531,542

Profit and Loss Statement

PROFIT AND LOSS STATEMENT	31.12.2019	31.12.2018
A. SALES		
1) Revenues from sales of goods and services	32,456,018	21,293,936
2) Change in inventory levels of finished goods and work in progress		
3) Change in contract work in progress		
4) Work performed for internal purposes and capitalized	2,070,775	56,871
5) Other revenues and income		
a) grants received during the period	78,334	1,030,557
b) others	261,757	112,874
TOTAL SALES (A)	34,866,884	22,494,238
B. COST OF PRODUCTION		
6) For raw materials, consumables and goods for resale	4,405,235	3,058,050
7) For services	7,455,868	5,141,313
8) For use of third-party assets	2,247,514	1,265,995
9) For employees:		
a) wages and salaries	8,454,673	4,644,867
b) social security costs	4,972,892	2,664,379
c) provision for employee benefits	599,543	301,418
d) pension costs and similar		
e) other personnel costs	2,268,594	1,452,423
10) Depreciation, amortization and write-downs		
a) amortization of intangible fixed assets	1,356,454	301,313
b) depreciation of tangible fixed assets	184,010	86,061
c) write-downs of intangible and tangible fixed assets		
d) write-downs of receivables shown under current assets	215,000	244,232
11) Change in inventory of raw materials, consumables and goods for resale	(821,519)	(672,872)
12) Provisions for risks and contingencies		
13) Other provisions		
14) Other operating costs	1,117,043	432,883
TOTAL COST OF PRODUCTION (B)	32,455,307	18,920,063
OPERATING MARGIN (A-B)	2,411,577	3,574,175
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		

c) from securities shown under current assets other than equity investments		7,620
d) other income not included above		
- interest and commission from subsidiary companies	1,783	
- interest and commission from associated companies		
- interest and commission from parent companies		
- interest and commission from others and sundry income	19,049	13,121
17) Interest and other financial charges		
a) to subsidiary companies		
b) to associated companies		
c) to parent companies		
d) to others	(366,794)	(304,919)
17-bis) Gains and losses on exchange		(15)
TOTAL INCOME AND FINANCIAL CHARGES (C)	(345,962)	(284,193)
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	87,233	18,517
d) financial derivatives		
19) Write-downs		
a) of shareholdings	(73,619)	(50,000)
b) of financial fixed assets other than equity investments		
c) of securities included in current assets other than equity investments		
d) financial derivatives		
TOTAL VALUE ADJUSTMENTS OF FINANCIAL ASSETS AND LIABILITIES (D)	13,613	(31,483)
PROFIT (LOSS) BEFORE TAXATION (A-B+C+D)	2,079,228	3,258,499
20) Current, deferred and advanced corporation tax for the year	(854,053)	(976,001)
GROUP PROFIT (LOSS)	1,225,175	2,282,498

Cash Flow Statement

	31.12.2019	31.12.2018
Cash flow statement, indirect method		
A) Cash flow from operating activities (indirect method)		
Profit (loss) for the year	1,225,175	2,282,498
Corporation tax	854,053	976,001
Interest charges (income)	345,962	304,919
(Dividends)		
(Gains) losses deriving from the disposal of assets		
1) Profit (loss) for the year before taxation, interest, dividends and gains/losses on disposals	2,245,190	3,563,418
Adjustments for non-cash elements without a corresponding entry from among net working capital		
Provisions	801,870	545,650
Amortization of intangible fixed assets	1,540,464	387,374
Write-downs for permanent diminutions in value	73,619	
Adjustments to the value of derivative financial instrument assets and liabilities not giving rise to flows of cash	(87,233)	(18,517)
Other increasing (decreasing) adjustments for non-cash elements		316,648
Total adjustments for non-cash elements without a corresponding entry from among net working capital	2,328,720	1,231,155
2) Cash flow before variations in net working capital	4,753,911	4,794,573
Variations in net working capital		
Decrease/(increase) in inventory	(821,519)	(672,872)
Decrease/(increase) in trade receivables	(3,465,240)	(2,767,947)
Increase/(decrease) in trade payables	9,833	1,621,168
Decrease/(increase) in prepayments and accrued income	(67,824)	(26,967)
Increase/(decrease) in accruals and deferred income	239,553	(450)
Other decreases/(other increases) in net working capital	(810,798)	(2,522,640)
Total variations in net working capital	(4,915,995)	(4,369,708)

3) Cash flow after variations in net working capital	(162,084)	424,865
Other adjustments		
Interest received/(paid)	(345,962)	(291,813)
(Corporation tax payments)	(269,135)	
Dividends received		51,834
(Utilization of provisions)		(18,553)
Other receipts/(payments)		
Total other adjustments	(615,097)	(258,532)
Cash flow from operating activities (A)	(777,182)	166,333
B) Cash flow from investing activities		
Tangible fixed assets		
(Investments)	(385,081)	(557,103)
Disinvestments		
Intangible fixed assets		
(Investments)	(3,141,670)	(1,287,604)
Disinvestments		
Fixed asset investments		
(Investments)	(837,751)	
Disinvestments		62,620
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)	(4,364,502)	(5,782,087)
C) Cash flow from financing activities		
Third party finance		
Increase/(decrease) of short-term debt owed to banks	1,955,359	764,841
Opening of loans	2,200,000	2,800,000
(Repayment of loans)	(2,323,275)	(1,352,906)
Own resources		
Increase in share capital for consideration	728,109	5,720,301
(Share capital buy-back)		
Disposal/(purchase) of treasury shares		
(Dividends and payments on account on paid dividends)		
Cash flow from financing activities (C)	2,560,193	7,932,236
Increase (decrease) in cash at bank and in hand (A ± B ± C)	(2,581,491)	2,316,482
Effect of exchange rates on cash at bank and in hand		
Cash and cash equivalents at the beginning of the year		
Depositi bancari e postali	7,902,490	5,583,157
Assegni		565
Danaro e valori in cassa	14,575	16,741
Totale disponibilità liquide a inizio esercizio	7,917,066	5,600,463
Di cui non liberamente utilizzabili		
Cash and cash equivalents at the end of the year		
Bank and postal current accounts	5,317,467	7,902,574
Cheques to be deposited		
Cash on hand	18,108	14,371
Total cash at bank and in hand at the start of the year	5,335,574	7,916,945
Portion which is not freely usable		

Notes to the Financial Statements for the year

ended at

31-12-2019

Introduction, Notes

The asset items in the balance sheet have been classified according to their business purpose. The valuation criteria of each asset item comply with those set out in Article 2426 of the Italian Civil Code and the relevant national accounting standards. The mandatory information required by Article 2427 of the Italian Civil Code, the other provisions of the Civil Code itself, the accounting principles,

together with the information that has been deemed to provide for a fully truthful and correct representation, follow the order of the balance sheet items outlined by Article 2424 of the Italian Civil Code.

The financial statements at 31 December 2019 have been prepared in accordance with the regulations of the Italian Civil Code, interpreted and supplemented by the accounting principles and criteria developed by the Italian Accounting Body (O.I.C.).

The financial statements have been prepared on a going concern basis, as there are no significant uncertainties, also in accordance with the provisions of the reformulated version of O.I.C 11 dated 23 March 2018.

The financial statements consist of the balance sheet, the income statement, the cash flow statement (prepared in accordance with the formats set out in Articles 2424, 2424 bis of the Italian Civil Code, 2425 and 2425 bis of the Italian Civil Code and Article 2425 ter of the Italian Civil Code respectively) and these explanatory notes.

The explanatory notes have the function of illustrating, analysing and in some cases supplementing the financial statement data and contain the information required by Articles 2427 and 2427 bis of the Italian Civil Code, other provisions of the Italian Civil Code concerning financial statements and other previous laws. In addition, it provides all the additional information deemed necessary to give the most transparent and complete representation, even if not required by specific legal provisions.

No significant events occurred after the end of the financial year.

Amounts are expressed in units of euro, unless otherwise indicated.

Exceptional cases pursuant to art. 2423, fifth paragraph, of the Civil Code

During the financial year there have been no exceptional cases that have required exceptions to the legal provisions relating to the financial statements pursuant to the 5th paragraph of art. 2423 of the Civil Code.

Changes in accounting standard

The company has not made changes in accounting standard compared to the previous year

Correction of material errors

There were no material errors requiring correction in 2019.

Comparability and adaptation issues

There are no comparability or adaptation problems for the 2019 financial year with the previous one.

Following events

Subsidiary merger project

On 27 March 2020 the Board of Directors of the company approved the unitary plan for the merger by incorporation into Ediliziacrobatice Spa of the subsidiaries Edac Biella srl, Edac Roma Nord Ovest srl, Edac Roma Trastevere srl in liquidation, Edac Sicilia srl, Edac Versilia srl in liquidation, Grandaedac srl in liquidation, in which the company holds a 100% stake, with the exception of Edac Versilia srl in liquidation; all the subsidiaries have the same corporate purpose as the parent company and the objective of the merger is to improve the operating efficiency of both the parent company and the subsidiaries, and also to achieve savings in structural costs and in the use of available resources and materials. The merger does not entail any interruption in the activities of the various companies involved and, moreover, the merger operation is fiscally neutral. Since the companies in liquidation Edac Versilia srl, Edac Roma Trastevere srl and Grandaedac srl have not yet started the distribution of assets, they may participate in the merger. As far as Edac Versilia srl in liquidation is concerned, even though it is an incorporation of a company that is not currently wholly owned by Ediliziacrobatice spa, it is nevertheless possible to use the so-called simplified procedure for the merger of wholly owned subsidiaries pursuant to Article 2505 of the Italian Civil Code, even if at the present time there is no requirement to possess the entire share capital, since it is sufficient that the requirement to possess the entire share capital of the subsidiary takes place before the deed of merger is signed.

The merger plan provides for the backdating of the accounting and tax effects of the merger to 1 January 2020 as permitted by Article 2504 bis of the Italian Civil Code and paragraph 9 of Article 172 of the TUIR.

The merger plan assumes the reference date of 31 December 2019, and therefore the balance sheet of the participating companies will be the one shown in the financial statements for the year ended 31 December 2019, pursuant to Article 2501 quater, paragraph 2, of the Italian Civil Code.

As a result of the merger, the parent company will cancel the equity investments held in each of the companies.

Impact of Coronavirus 2019 pandemic

As is well known, since January 2020, the national and international scenario has been characterized by the spread of the "new" Coronavirus and the resulting legal restrictions on mobility and an extensive list of commercial and industrial activities. In compliance with these legal provisions, the Company has significantly reduced its activities in the geographical areas affected by these events. An analysis of alternative scenarios was therefore prepared, assuming the timing of the emergency and the consequences on the Company's turnover volumes. On this basis, by adopting an intermediate scenario for the duration of the emergency, the Company has, since the beginning of the legal measures, set up an internal team to manage extraordinary measures, including the launch of an articulated plan for the

containment and rationalization of operating costs, the evaluation of the use of the tools made available by the legislator for the management of the emergency (social shock absorbers, waivers of certain mandatory obligations), the evaluation of contractual obligations towards third parties, the assessment of the adequacy of financial resources and the consequent actions. With regard to financial resources, if necessary, the Company may avail itself of additional lines of financing.

Moreover, the Company, as announced in the Press Release of March 25, 2020, welcoming the changing needs of the country and its people and in order to face the delicate moment it is experiencing, has taken the necessary steps to launch a new service for the sanitization of residential environments in favour of its customers.

On the basis of these elements, it is believed that, despite the significant economic and financial consequences induced by the Covid-19 emergency situation, the Company operates on a going concern basis.

Evaluation Criteria

The following accounting principles have been adjusted with changes, integrations and news introduced with regards to the Italian Civil Code by Legislative Decree 139/2015, which has transposed in Italy with the accounting Directive 34/2013/UE. In particular, the national accounting principles have been amended by OIC in the version issued on 22 December 2016

The most relevant assessment criteria for the preparation of the financial statements as at 31 December 2019, which are compliant with Article 2426 of the Italian Civil Code and with the above mentioned accounting principles, are the following:

Intangible Assets-- They have been recognized at their acquisition or production cost, including incidental expenses and costs directly attributable to the product and amortized on a straight-line basis each year. Intangible assets are recorded with the consent of the Board of Statutory Auditors in the cases provided by law.

Formation and start-up costs are depreciated on a straight-line basis over a period not exceeding five years. Development costs are amortized over their useful life. In exceptional cases where their useful life cannot be reliably estimated, they are amortized over a period not exceeding five years. Until amortization is completed, dividends may be distributed only if there are sufficient available reserves to cover the amount of the unamortized costs.

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). These asset 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.

In the event of a write/down, the fixed assets are written down accordingly, regardless of the depreciation already accounted for. 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.

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.

Fixed assets recorded at cost in foreign currency are recorded at the exchange rate at the time of purchase or at the lower of the exchange rate at the end of the financial year, if the reduction is deemed to be durable.

Tangible fixed assets are amortized each year on a straight-line basis, over the residual useful economic life of the assets. The amortisation rates applied are shown in the relevant section of the notes dealing with assets. The amortisation 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. Amortisation is also calculated on fixed assets which are temporarily not being used. Land and works of art, the use of which is not exhausted, are excluded from depreciation.

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 amortized 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 statement.

Tangible fixed assets earmarked for disposal are classified 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 held for sale are no longer depreciated.

Equipment grants are recognized when there is reasonable certainty that the conditions for recognition of the grant are met and that the grants will be paid. They are indirectly deducted from the cost as they are charged to the income statement under item A5 "other revenues and income", and then deferred to subsequent years through the recognition of "deferred income".

Equity investments and securities (recorded as fixed assets) -- Equity investments and debt securities recorded under fixed assets are intended to remain in the Company's assets on a long-term basis. Equity investments are valued at cost adjusted for impairment losses. Debt securities are valued using the amortized cost method.

The cost method assumes that the book value is determined on the basis of the purchase or subscription price, including incidental costs. When an impairment loss is recognised, the carrying amount of the investment is reduced to its lower recoverable amount, which is determined on the basis of the future benefits expected to flow to the investor's economy.

In the event that the Company is obliged or intends to cover the losses incurred by the investee company (which are not of a lasting nature), a provision must be made to the liabilities to cover the relevant portion. The original value of the investment is reinstated in subsequent years if the reasons for the write-down no longer apply.

Inventory-- Inventory are valued 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 calculated as the actual purchase price plus ancillary costs, excluding financing costs.

In the case of goods, finished products, semi-finished products and work in progress, the net realizable value of these goods is taken directly from the market trend.

Inventories are written down in the financial statements when the realizable value inferable from market trends is lower than the related book value. Obsolete and slow-moving inventories are written down in relation to their possibility of use or realisation.

Receivables -- Receivables are recognised in the financial statements according to the amortised cost method, taking into account the time factor and the estimated realizable value. The amortized cost method is not applied when its effect 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 using 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 expensed to the profit and loss statement.

Receivables generated by centralised treasury management (i.e. cash pooling) are recorded, if the terms of collectability permit, in a specific item of Current Assets. If the terms of short-term collectability are not met, these receivables are recorded under financial fixed assets.

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 classified 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 statement 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 statement.

Provisions for employee benefits-- The provision for employee benefits 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's severance indemnity provision is recorded in section C of liabilities, and at item B9 in the profit and loss statement.

It should be noted that the amendments made to the TFR regulations by Law no. 296 ("2007 Finance Law") and subsequent Decrees and Regulations implementing it, did not have any impact on the accounting criteria applied to the amounts of employee severance indemnities accrued at December 31, 2006 and those accruing from January 1, 2007, as required by the same regulations. For companies that had fewer than 50 employees on the date the regulations came into force, both the severance indemnities accrued up to December 31, 2006 and those accruing after January 1, 2007 will continue to be held by the Company.

Debts -- 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 based on the amount that would have paid if the employment relationships were terminated on the balance sheet date.

Finance lease transactions -- Finance leases are recorded in the financial statements according to the equity method, recording the rents paid in the income statement on an accruals basis. A specific section of the notes to the financial statements provides the additional information required by law regarding the representation of finance lease contracts according to the financial method.

Revenues -- Revenues from the sale of goods are recognised when there has been a substantial and non-formal transfer of title, assuming the transfer of risks and benefits as a benchmark.

Revenues from the sale of products and goods or the provision of services relating to ordinary operations are recognised net of returns, discounts, rebates and bonuses, as well as taxes directly related to the sale of products and the provision of services.

Revenues from the provision of services are recognised when they are completed and/or mature.

Transactions with related parties are carried out at normal market conditions.

Cost of production – 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 of Subsidiary Company. 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 period – 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 affecting 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 at the exchange rate at the time of purchase, i.e. at the cost of initial recognition.

Assets and liabilities originally expressed in foreign currency of a monetary nature are translated into the balance sheet at the spot exchange rate on the closing date of the financial year; the related exchange gains and losses are recorded in the income statement and any net profit is allocated to a specific non-distributable reserve until they are realised.

Use of Estimates

Preparation of the consolidated financial statements and related explanatory 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 that characterizes the hypotheses and conditions upon which the estimates are based. Estimates and assumptions are periodically reviewed by the Group based on 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 statement.

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

Derogations pursuant to paragraph 4 of Article 2423 -- It should also be noted that there were no exceptional cases that required derogations from the provisions of the law relating to financial statements pursuant to paragraph 4 of Article 2423.

Introduction, notes to the accounts

Below a detailed description of the items making up the balance sheet as at 31 December 2019.

Introduction, intangible fixed assets

The item "Intangible fixed assets" amounts to Euro 3,517,148 as at 31 December 2019 (Euro1,731,932 As at 31 December 2018).

A detailed description about the composition of intangible fixed assets is shown below:

The item "Start-up and formation costs" amounting to Euro 2,531,013 (Euro 907,691 as at 31 December 2018) includes costs with long-term utility relating to the company's incorporation and transformation costs, costs related to the listing on the Italian Stock Exchange AIM and the Euronext Growth market and costs incurred to design and operate the new direct offices.

The item "Development costs" amounted to Euro 40,000 (Euro 95,796 at 31 December 2018). This item is composed of development costs related to the launch of the project for the development of the franchising network in Italy.

The item "Industrial patents and intellectual property rights" for Euro 113,717 (Euro 90,750 as at 31 December 2018) refers to software use rights.

The item "Tangible assets in course of construction and payments on account" for Euro 237,919 is composed of costs incurred for the realization and development of new Software projects not completed as at 31.12.2019.

The item "Other intangible fixed assets", amounting to Euro 594,499 (Euro 580,824 as at 31 December 2018), includes leasehold improvements and long-term costs for the issue of bonds at year end.

At 31 December 2019 there were no commitments relating to intangible assets held.

Introduction, movements of intangible fixed assets

A specific statement of changes has been prepared for the item described in the following pages. It indicates for each item the historical costs, previous amortisation and depreciation and previous revaluations and write-downs, movements during the year, closing balances and total revaluations existing at the end of the year.

Where present, the amount of financial charges charged during the year to the assets in the balance sheet, separately for each item, is indicated in the specific note.

Analysis of movements in intangible assets (table)

	Installation and start-up costs	Development costs	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Goodwill	Real estate - intangible assets in progress and payments on account	Other intangible fixed assets	Total intangible fixed assets
Value at the beginning of the year								
Historical Cost	979,134	278,878	472,444			56,871	840,350	2,627,778
Revaluations								
Depreciation and amortization (provision for depreciation)	71,444	183,182	381,694				259,528	895,848
Write-downs								
Book value	907,690	95,796	90,750			56,871	580,824	1,731,930
Changes for the period								
Increases for acquisitions	2,604,75		74,027			237,919	224,969	3,141,671
Reclassifications (of carrying amount)	56,871					-56,871		

Decreases by alienation and divestments (of the book value)								
Revaluations carried out in the period								
Depreciation for the period	1,038,303	55,796	51,060				211,295	1,356,454
Write-downs during the period								
Other changes								
Total changes	1,623,323	-55,796	22,967			181,048	13,674	1,785,217
Period-end value								
Cost	3,640,760	278,978	546,471			237,919	1,065,320	5,769,448
Revaluations								
Depreciation and amortization (provision for depreciation)	1,109,747	238,978	432,754				470,823	2,252,303
Write-downs								
Book value	2,531,013	40,000	113,717			237,919	594,497	3,517,145

Comments, changes in intangible assets

The increase in the item "Start-up and expansion costs" of Euro 2,604,755 relates to the costs incurred for the listing on the AIM Italia and Euronext Growth market for Euro 306,352, the costs incurred for the establishment of the French company EdiliziaAcrobatica France S.a.S. for Euro 226,026 and the costs incurred during the design, opening, start-up and development of new direct offices, in new territories, not adjacent to existing and already operational offices for Euro 2,054,266. It should be noted that in 2019, in view of the business model reflected in the development plans and the implementation of more refined analyses in the management control of costs incurred in the opening of new direct offices, the Company adopted a new policy (the so-called "On-boarding policy for new direct offices") for the analysis and evaluation of these costs.

In particular, the Company's Business Plan shows that there is a need, in the phase of opening new direct offices and also in the subsequent phase of increasing operational capacity, for intense development of the sales network, logistics and marketing and training courses, also in the form of on-the-job training.

The recoverability of these costs emerges from the Company's Business Plan when the Senior phase is reached. In addition, the management prepares and periodically updates economic plans approved by the Company's directors from which the Company's profitability prospects and the ability to recover the costs incurred in the start-up and development phases of the new direct offices can be seen.

During the year there were decreases in the item "Development costs" due to amortisation and depreciation of Euro 55,796.

The most significant increases in the item "Industrial patents and intellectual property rights" mainly concern the costs incurred for new features related to internally produced management software for Euro 22,967.

The increase in "Assets in course of construction" is due to the implementation of software projects during 2019.

The item "Other intangible fixed assets" increased due to the residual expenses incurred by the Company for the management of bond loans and due to improvements to leased premises for operating offices located in Italy. With reference to costs related to the bond loan, it should be noted that they were recorded under this item and amortized over 5 years, equal to the duration of the loan, as it is believed that there will be future benefits for a period of at least 5 years.

When preparing the financial statements and in the presence of indicators of impairment, the Company assessed the recoverability of the intangible assets held. The analysis carried out did not reveal any indicators of impairment.

Introduction, tangible fixed assets

This asset item includes durable goods forming part of the permanent organisation of the Companies. The reference to durable factors and conditions is not intrinsic to the assets as such, but to their use. They are normally used as instruments for the production of income from ordinary operations and are therefore not intended for sale or for processing to obtain the Company's products.

In the presence of tangible fixed assets that the Company intends to use for sale, they have been classified separately from tangible fixed assets, i.e. in a specific item of current assets.

Ordinary depreciation, shown in the appropriate table, has been calculated on the basis of rates considered representative of the residual useful life of the related tangible fixed 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 tangible assets

For the item in question, a specific statement of changes has been prepared, shown on the following pages, which indicates for each item the historical costs, previous amortisation and depreciation and previous revaluations and write-downs, movements during the year, closing balances and total revaluations existing at the end of the year.

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

	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						
Historical Cost	-	61,957	144,209	890,331		1,096,497
Revaluations	-	-	-	-		-
Depreciation and amortization (provision for depreciation)	-	15,519	37,115	350,749		403,383
Write-downs	-	-	-	-		-
Book value	-	46,438	107,094	539,582		693,114
Changes for the period						
Increases for acquisitions	-	115,809	55,139	215,954		386,901
Reclassifications (of carrying amount)	-	-	-			-
Decreases by alienation and divestments (of the book value)	-	-	-	- 1,821		- 1,821
Revaluations carried out in the period	-	-	-			-
Depreciation for the period	-	16,370	19,231	148,408		184,010
Write-downs during the period	-	-	-			-
Other changes	-	-				
Total changes	-	99,438	35,908	69,366		204,712
Period-end value						
Cost	-	177,766	199,348	1,091,719		1,468,833
Revaluations	-	-	-	-		-
Depreciation and amortization (provision for depreciation)	-	31,889	56,346	486,411		574,647
Write-downs	-	-	-	-		-
Book value	-	145,876	143,001	605,308		894,185

Comments, changes in tangible assets

The main increases in the year were as follows:

- the purchase of electrical plant, entered under "Plant and machinery", for Euro 99,438, net of depreciation for the year, for the purchase of plant for sales outlets opened during the year.
- the purchase of luminous signs used outside the "ConstructionAcrobatica" Points, entered under "Industrial and commercial equipment", for Euro 35,908, net of depreciation for the year.
- the purchase of furniture and fittings for the sales outlets opened during the year, recorded under "Other tangible fixed assets", for Euro 132,808 net of the depreciation charge for the year.

When preparing the financial statements and in the presence of indicators of impairment, the Company assessed the recoverability of the intangible assets held. The analysis carried out did not reveal any indicators of impairment.

Introduction, leasing operations

Finance leases are accounted for in accordance with current statutory and tax regulations: these provide for the recognition in the income statement of lease payments accrued during the year (€ 38,632 in 2019). On the other hand, the adoption of the financial method, provided for by the international accounting standards, would have led to the recording in each financial year of interest on the financed capital and depreciation charges on the value of the assets acquired under the lease, in addition to the recording of the assets as assets and the residual debt as liabilities.

If the Company had adopted the aforementioned financial method, in accordance with Article 2427, no. 22 of the Italian Civil Code, the following effects would have been provided: shareholders' equity at 31 December 2019 would have been €6,228 higher net of the theoretical tax effect, while assets, liabilities and the result for the year would have shown the following values.

Leasing transactions (lessee) (statement)

	Amount
Total amount of leased assets at the end of the year	137,732
Depreciation that would have been charged during the year	29,498
Present value of lease instalments not yet due at the end of the year	114,795
Financial charges for the year based on the effective interest rate	5,796

Introduction, financial fixed assets

At 31 December 2019, the Company held "Financial fixed assets" totalling 1,050,251 Euros (212,500 Euros at 31 December 2018).

This item consists entirely of Equity Investments and Receivables in "Subsidiaries".

Introduction, movements in financial fixed assets: equity investments, other securities, derivative financial instruments assets

The most significant changes that occurred during the year with regard to investments in subsidiaries are shown in the following statement of changes.

Analysis of changes in financial fixed assets: equity investments, other securities, derivative financial instruments assets (statement)

	Equity investments in subsidiary companies	Equity investments in associated companies	Equity investments in parent companies	Equity investments in companies under the control of parent companies	Equity investments in other companies	Total equities investments	Securities	active derivative financial instruments
Value at the beginning of the year								
Historical Cost	212,500					212,500		
Revaluations								
Write-downs								
Book value	212,500					212,500		
Changes for the period								
Increases for acquisitions								
Reclassifications (of carrying amount)								
Decreases by alienation and divestments (of the book value)								
Revaluations carried out in the period	400,369					400,369		
Write-downs during the period	-73,619					-73,619		
Other changes								
Total changes	326,750					326,750		
Period-end value								
Cost	212,500					212,500		
Revaluations	400,369					400,369		
Write-downs	-736,19					-736,19		
Book value	539,250					539,250		

In addition to the details provided regarding movements in financial fixed assets/participations, it should be noted that the amount of Euro 511,001 refers to the receivable from the newly incorporated subsidiary Ediliziacrobatica France sas.

Comment, changes in financial fixed assets: equity investments

With reference to the changes in financial fixed assets during the period, it mainly refers to the following transactions:

- On 7 March 2019 the Company set up the company EdiliziAcrobatica France S.a.S. under French law with share capital of Euro 150,000.
- Acquisition of the remaining 45% stake in Edac Sicilia S.r.l. for a total amount of Euro 123,750.
- Acquisition of the 100% stake in the company Granda Edac S.r.l. for a total amount of Euro 73,619. However, the investment was totally written down as the Directors valued the difference between the book value and the pro-rata share of Shareholders' Equity at 31 December 2019 as an impairment loss.
- Acquisition of the remaining 5% stake in Edac Biella S.r.l. for a total amount of Euro 5,000.
- Acquisition of the 100% stake in Edac Roma Nord Ovest S.r.l. for a total amount of Euro 48,000.

Introduction, details on investments in subsidiaries

At 31 December 2019, the Company held "Investments in subsidiaries" for a total of Euro 539,250 (Euro 212,500 at 31 December 2018). Equity investments in subsidiaries are recorded at purchase or incorporation cost, including ancillary costs consisting of costs directly attributable to the purchase or incorporation, such as, for example, bank and financial brokerage costs, commissions, expenses and taxes.

Details of investments in subsidiaries owned directly or through a trust company or a third party (prospectus)

Equity investments in subsidiary companies		Total						
Company name		Edac Biella Srl	Edac Roma Trastevere	Edac Sicilia	Edac Versilia	Edac Roma Nord Ovest	Granda Edac	Edac France
City, if in Italy, or foreign country		Milano	Milano	Milano	Milano	Milano	Milano	Rivestaites
Social security number (for Italian companies)		2603290020	9306770968	9277830965	9228990967	13955131001	3655890048	
Share capital in Euros		50000	50000	50000	50000	50000	10000	150000
Net profit (loss) in Euros		-3932	47640	-73215	-34008	26224	-36078	-426872
Equity in Euros		46267	26425	114780	313786	34114	-73874	-276872
Equity held in euros		5000	-	123750	-	48000	-	150,000
Equity held in %		100%	100%	55%	85%	100%	100%	100%
Book value	539250	147500	-	1511250	42500	48000		150000

Introduction, movements in financial fixed assets: receivables

Introduction

The most significant changes that occurred during the year with regard to long-term financial receivables are shown in the following statement of changes:

Analysis of changes and maturity of financial fixed assets: receivables (statement)

	Fixed receivables from subsidiary companies	Fixed receivables from associated companies	Fixed receivables from parent companies	Fixed receivables from companies under the control of parent companies	Other fixed receivables	Total fixed receivables
Value at the beginning of the year	-					-
Changes during the year	511001					511001
Period-end value	511001					511001
Due over 5 years						

Comment, movements in financial fixed assets: receivables

Comment

The changes that occurred during the year and are reflected in the relevant table mainly concern:

- The increase in the interest-bearing loan receivable from the subsidiary EdiliziAcrobatica France S.a.S. for Euro 511,001.

Introduction, current assets

For the item in question, special detailed schedules have been prepared, shown on the following pages, which highlight the nature of the individual items and the related changes during the period.

Introduction, inventory

Inventories" amounted to Euro 2,315,787 at 31 December 2019 (Euro 1,494,238 at 31 December 2018).

Inventories recorded in the financial statements include 469,259 Euros in inventories at the Company's warehouses (247,979 Euros as at 31 December 2018) relating to building materials used to carry out the works. In addition, the Company records inventories of Euro 1,846,498 (Euro 1,246,259 as at 31 December 2018) relating to goods that contribute to the production of the services provided by the Company, and more specifically, they consist of equipment that each team of rope operators must be equipped with such as harnesses, ropes and safety equipment.

Analysis of changes in inventories (statement)

	Raw materials and consumables	Work in progress and components	Contract work in progress	Finished products and goods for resale	Advances received	Total inventory
Value at the beginning of the year	1494238					1494238
Changes during the year	821519					821519
Period-end value	2315757					2315757

Inventories, comment

The increase of Euro 821,519 compared to the previous year is attributable for Euro 600,239 to the "Rope operator kit" equipment due to the increase in the number of rope operators, which increased by 93 units compared to the previous year. In addition, in order to comply with regulations on safety at work, the unit value of the kit increased by 725 Euros compared to 2018. In addition, it should be noted that during the year the Company purchased 219 "pedestrian tunnels" for a unit value of 370 Euros, which together contributed to the increase in the value of inventories by 81,080 Euros. Also the inventory of products used in the "Construction" processing attributable to the main suppliers increased compared to the previous year in proportion to the increase in the number of processing carried out.

Introduction, current assets: receivables

The item in question totalled 16,688,407 Euros as of 31 December 2019 (12,388,833 Euros as of 31 December 2018) and mainly includes trade receivables from third parties and receivables from group companies amounting to 11,502,077 Euros (8,251,836 Euros as of 31 December 2018) and 769,385 Euros (1,146 Euros) respectively. 490 at 31 December 2018) - net of an allowance for doubtful accounts of Euro 567,181 (Euro 414,232 at 31 December 2018), tax receivables of Euro 2,503,250 (Euro 2,162,840 at 31 December 2018), deferred tax assets of Euro 148,337 (Euro 96,258 at 31 December 2018) and other receivables of Euro 1,765,358 (Euro 731,406 at 31 December 2018).

Trade receivables" due within the year are mainly due from domestic customers and they are related to receivables arising from normal sales transactions. The Company has not used the amortised cost method for these receivables, which are expected to be recovered within normal commercial terms.

The increase in the "Allowance for doubtful accounts" during the year is due to the allocation made during the year to adjust the value of receivables to their estimated realizable value, partially offset by the use during the year to cover receivables no longer due or partially collected. Changes in the provision are shown in the following table:

	31.12.2018	Provision for the year	Uses	31.12.2019
Provision for doubtful accounts	414,232	215,000	62,051	567,181
Provision for doubtful accounts taxed		-	-	-
Total	414,232	215,000	62,051	567,181

Receivables under current assets include receivables from Group companies for a total of 769,385 Euros (1,146,491 Euros as at 31 December 2018); the main balances are from Edac Versilia S.r.l. for 377,806 Euros, from Edac Biella S.r.l. for 215,557 Euros, from Edac Sicilia S.r.l. for 191,165 Euros and from Edac Roma Trastevere S.r.l. for 53,037 Euros. For further comments on these transactions, please refer to the Report on Operations.

The item "Tax receivables" mainly includes:

- receivables for withholding taxes of Euro 1,443,488,
- the tax credit for Research and Development activities pursuant to art. 3 DL 23/12/2013 n.145 carried out during 2018 for Euro 801,742,
- the IRES credit relating to the previous year for Euro 87,257

- Credit for training activities 4.0 ex art.1 c.46-56 Law 27/12/2017 n.205 carried out during the year 2018 for Euro 163,386
- credit Art bonus Teatro Stabile di Genova ex art 17.c1 Art bonus of DL 17/10/2016 n.1809 for Euro 7.377

Deferred tax assets of Euro 148,337 relate to temporary differences between statutory profit and taxable income; these receivables have been recorded because, on the basis of the long-term plans drawn up by the Company's management, there is reasonable certainty that the Company will produce sufficient taxable income in future years to recover them.

The item "Receivables from others" mainly includes Euro 59,519 for advances to suppliers, Euro 138,482 for security deposits, Euro 579,590 for receivables from social security institutions, Euro 600,000 from the associated company Cine 1 Italia SRL.

Introduction, changes and maturity of receivables recorded under current assets

The most significant changes that occurred during the year with regard to receivables recorded under current assets are shown in the following table:

Analysis of changes and maturity of receivables recorded under current assets (schedule)

	Receivables from subsidiary companies	Receivables from associated companies	Receivables from parent companies	Receivables from companies under the control of parent companies	Other receivables	Total receivables
Value at the beginning of the year	5,725,122	569,661	1,340,604	25,384	421,539	8,082,310
Changes during the year	5,776,955	199,724	1,162,646	122,953	1,343,819	8,606,097
Period-end value	11,502,077	769,385	2,503,250	148,337	1,765,358	16,688,407
Due within one year	11,502,077	769,385	2,503,250	148,337	1,765,358	16,688,407
Receivable beyond one year						
Amount due over 5 years						

Comments, changes and maturity of receivables recorded in current assets

The increase of Euro 3,250,240 in trade receivables from third party customers compared with the previous year is essentially due to the increase in sales during the year. The company has implemented a credit management system by creating a specific department which has provided for the assistance of a person working alongside the Credit Manager so as to be able to focus on the recovery of invoices recently due or falling due.

Introduction, breakdown of receivables recorded under current assets by geographical area

The breakdown of receivables by geographical area is not reported because it is not relevant.

Introduction, changes in financial assets not constituting fixed assets

Financial assets not constituting fixed assets amount to Euro 4,105,749 and relate to two investments made in previous years by the Company in capitalized financial products. In particular, EdiliziAcrobatica SpA made investments in the following financial instruments:

- "Aviva soluzione valore UBI Edition 2017", the contract was signed on 27 February 2018 for a value of Euro 1,000,000;
- "Eurovita Valore Private", the contract was stipulated on 13 December 2018 for a value of Euro 3,000,000.

The Directors made these investments with a prospect of temporary use of cash with an option to redeem the first instrument granting a redemption option from 27 February 2019 and for the second instrument from the end of 2019.

The valuation is carried out at acquisition cost adjusted by a revaluation, equal to Euro 87,233, to take into account the higher realisable value at 31 December 2019.

	Current asset investments in subsidiary companies	Current asset invest in associated companies	Current asset investments in parent companies	Current asset investments in other companies	derivative financial instruments assets not held as fixed assets	other securities not held as fixed assets	Financial assets for centralised treasury management	Total financial assets not constituting fixed assets
Value at the beginning of the year						4,018,517		4,018,517
Changes in the period						-87,232		-87,232
Value at the end of the period						4,105,749		4,105,749

Introduction, changes in cash and cash equivalents

Cash and cash equivalents" totaled 5,335,574 Euros (7,917,066 Euros at December 31, 2018) and mainly include bank accounts receivable for 5,317,467 Euros and cash on hand for 18,108 Euros.

Analysis of changes in cash and cash equivalents (statement)

	Bank and postal current accounts	Cheques to be deposited	Cash on hand	Total liquid funds
Value at the beginning of the year	7,902,490		14,576	7,917,066
Changes in the period	2,585,023		3,532	2,581,491
Value at the end of the period	5,317,467		18,108	5,335,575

Comments, changes in cash and cash equivalents

The decrease in "Cash and cash equivalents" is due to the difference between positive and negative cash flows. In particular, the investments made during the year concern the expansion abroad and the establishment of the new Società EdiliziAcrobatica France S.a.S., the investment of financial resources in film production, investments in marketing activities and the opening of new direct offices.

Introduction, information on prepayments and accrued income

The item in question includes prepayments of Euro 143,287 due to insurance premiums, mortgage investigation costs and rents.

Analysis of changes in prepayments and accrued income (statement)

	Accrued income	Prepayments	Total prepayments and accrued income
Value at the beginning of the year	-	75,463	75,463
Changes in the period		67,824	67,824
Value at the end of the period	-	143,287	143,287

Introduction, notes on liabilities

With reference to the year-end period, comments on the main items of shareholders' equity and liabilities are provided below.

Intruduction, equity

Changes in the items making up the shareholders' equity in the last two years are provided below.

Introduction, changes in equity

The main components of shareholders' equity and related changes are commented below:

Analysis of changes in shareholders' equity (statement)

	Share capital	Share premium reserve	Legal reserve	Statutory reserves	Other reserves	Retained earnings (losses)	Profit (loss) for the year	Total equity
Beginning for the year value	772,530	5,547,771	120,000	-	116	1,065,465	2,282,498	9,778,379
Allocation for the operating result of the previous year			34,506			2,247,992	-2,287,498	-
Dividends distribution								-
Other allocations								-
Other changes								-
Increases	19,894	708,215						728,109
Decreases								-
Reclassifications								-
Fiscal year result							1,225,175	1,225,175
Year end value	792,424	6,255,986	154,506	-	116	3,313,457	1,225,175	11,741,664

Comments, changes in equity items

Share capital

The share capital was fully subscribed and paid in at 31 December 2019 and amounted to 792,424 Euros, represented by 7,924,237 ordinary shares. Compared to the previous year, the share capital increased by Euro 19,894.

Reserves

Legal reserve: the reserve recorded in the financial statements amounts to Euro 154,506 and has increased compared to the previous year (Euro 34,506) due to the allocation of 2018 profits as per the shareholders' resolution of 26 April 2019.

Share premium reserve: the reserve recorded in the financial statements amounts to Euro 6,255,986 and increased by Euro 708,215 as a result of the exercise of the Warrants at 30 September 2019 for a total amount of Euro 728,109, of which Euro 19,894 is allocated to the share capital increase and the remaining portion to the share premium reserve.

Retained earnings

As at 31 December 2019, retained earnings amounted to Euro 3,313,457; during the Shareholders' Meeting held on 26 April 2019, it was resolved to allocate as retained earnings the portion of the year's profit not allocated to reserves equal to Euro 2,247,992.

Net profit

The 2019 financial year ended with a profit of Euro 1,225,175.

Introduction, availability and use of equity

Shareholders' equity items are broken down according to origin, possibility of use, possibility of distribution and use in the two previous years as follows:

Origin, possibility of use and distributable of equity items (statement)

	Amount	Provenance/ Nature	Possibility of use	Available quota
Share capital	792,424			
Share premium reserve	6,255,986	Capital	A,B	6,255,986
revaluation reserve				
Legal reserve	154,506	Profit	A,B,C	154,506
Statutory reserves				
Other reserves				
Extraordinary reserve	116	Profit	A,B,C	116
Reserve for deregulation under Article 2423 civil code				
Reserve or controlling companies shares				
Revaluation reserve holdings				
Payments in capital increase account				
Payments into future capital increase account				
Capital payments				
Payments to cover losses				
Share capital reduction reserve				
Surplus reserve for fusion				
Reserve for unrealised foreign exchange gains				
On-going surplus equalisation reserve				
Other reserves				
Total other reserves	116			116
Reserve to hedge expected cash flows				
Retained earnings	3,313,456	Profit	A,B,C	3,313,456
Negative reserve for treasury shares in portfolio				
Total	10,516,488			
Non-distributable share				
Residual distributable share				
Legend: A: for capital increase B: to cover losses C: for distribution to shareholders D: for other statutory constraints E: other				

Introduction, information on provisions for risks and charges

As at 31 December 2019, there was a provision for risks and charges of €28,849 (€41,522 as at 31 December 2018). Specifically, this item consists solely of the allocation of a deferred tax provision arising from temporary differences between statutory and fiscal profits generated by the annual calculation of taxes for the year.

Analysis of changes in provisions for risks and charges (schedule)

	Provisions for employee benefits	Provisions for taxation, including deferred taxation	Derivative financial instrument liabilities	Other funds	Total provisions for risk and charges
Beginning of the year value		41,522			41,522
Changes during the period					
Provision for the year		28,849			
Uses during the year		41,522			
Other changes					
Total changes		-12,673			
Year end value		28,849			28,849

Comments, information on provisions for risks and charges

"Provisions for taxation, including deferred taxation " consist of the provision for deferred taxes set aside to cover items for which the tax burden has been deferred over a number of years.

Introduction, information on provisions for employee benefits

"Provisions for employee benefits" of Euro 1,038,451 (Euro 580,329 as at 31 December 2018), determined in accordance with the provisions of Article 2120 of the Italian Civil Code, show the following movements:

	Importo
Fund as at 31.12.2018	580,329
Provisions for the year	599,543
Delivered	- 141,421
Fund as at 31.12.2019	1,038,451

Comment, information on provisions for employee benefits

The provision set aside represents the Company's actual debt at 31 December 2019 to employees on that date, net of advances paid.

Introduction, debts

Payables are valued at their nominal value.

Introduction, changes and maturity of debts

The composition, maturity and movements during the year of the items making up this grouping are as follows:

Analysis of changes and maturity of payables (statement)

Debt loans	Debt loans	Amounts owed to banks	Amounts owed to others financers	Advances received	Trade payables	Payables to subsidiaries	Payables to parent company	Payable to companies under parent company control	Tax payables	Payables to social securities institution	Other payables	Total debts
Value at the beginning of the year	5,000,000	5,208,108	21,416	725,169	3,612,132	175,966			1,347,547	662,55	1,312,937	18,065,825
Change during the year		1,838,007	-5923	365,355	9,834	71,208	70,423		-103004	446,038	188,473	2,880,411
Year-end value	5,000,000	7,046,115	15,493	1,090,524	3,621,966	247,174	70,423		1,244,543	1,108,588	1,501,410	20,946,236
Amount due within the financial year	714.3	6,281,101	15,493	1,090,524	3,621,966	247,174	70,423		1,244,543	1,108,588	1,501,410	15,895,522
Amount due after the financial year	4,285,700	765,013										5,050,713
Of which a residual duration of more than 5 years												

Comments, changes and maturity of debts

Bonds" are made up of a debenture loan of Euro 5,000,000. By notary resolution dated 21 September 2017, registered in the Milan Companies' Register on 28 September 2017, the Company's Board of Directors approved the issue of the following two bonds to be listed on the professional segment of the ExtraMOT Market:

1. bond called "EdiliziAcrobatica S.p.A. 4% 2017 - 2023" consisting of 30 bonds with a nominal value of Euro 100,000 each, for a nominal amount of Euro 3,000,000, ISIN code IT0005283475;
2. bond called "EdiliziAcrobatica S.p.A. 5% 2017 - 2023", consisting of 20 bonds with a nominal value of Euro 100,000,000 each, for a total nominal amount of Euro 2,000,000, ISIN code T0005283467.

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

These are two amortising loans with 30 months of pre-amortisation and will be repaid at par in seven instalments starting from 29 September 2020. The bonds bear interest at a fixed annual gross nominal interest rate of 4% and 5%, respectively, from the accrual date until the first of the two:

- the maturity date;

and

- the date of early redemption, if the Bondholders exercise their right to early redemption;

The amount of each coupon is determined by multiplying the residual nominal value of each bond by the interest rate.

As at 31.12.2019, the Company has verified that it has complied with the Covenants set out in the agreement signed with ICCREA BANCA IMPRESA S.p.A..

"Amounts due to banks" include 4,380,027 Euros in ordinary credit lines with primary credit institutions with which the Company maintains relations regulated at rates in line with the market and 2,666,088 Euros in loans for the investments necessary to strengthen production activities.

Payables to other lenders" consist of a loan for a company car.

The item "Advances" includes advances received from customers for services not yet provided.

Payables to suppliers" relate to commercial transactions within normal payment terms, all due within the year.

The Company has therefore not used the amortised cost method for these payables.

The increase in the year, of Euro 1,621,168, is due to the increase in the volume of business. In fact, the company does not have any significant payables to suppliers falling due beyond the year.

Payables to subsidiary companies" are due to Edac Versilia S.r.l. for Euro 131,368, Edac Sicilia S.r.l. for Euro 96,308 and Edac Biella S.r.l. for Euro 19,498.

The balance of "Tax payables" mainly relates to the IRAP/IRES payable for the year for Euro 743,289. In addition to these, there are some open debt positions relating to the VAT payable for Euro 169,307 and for withholding tax to be paid in January 2020 for Euro 183,564.

The item "Payables to pension and social security institutions" consists of contributions, duly paid during the first part of the 2020 financial year: INPS for Euro 453,703, INAIL for Euro 251,866, Cassa Edile for Euro 386,090, supplementary pension funds for Euro 8,324.

Other payables" mainly refer to €1,196,784 in payables to employees for amounts accrued in December 2019 and paid in January 2019, Euro 85,000 in payables to shareholders for profits to be paid and Euro 90,000 in payables arising from the acquisition of subsidiaries.

Introduction, breakdown of debts by geographical area

A breakdown of payables by geographical area has not been provided as the Company operates almost exclusively on the Italian market and such a breakdown would not be significant.

Introduction, information on accrued expenses and deferred income

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

The item includes accrued expenses for Euro 295,158 as follows:

Analysis of changes in accrued expenses and deferred income (statement)

	Accrued expense	Deferred income	Accrued expenses and deferred income
Value at the beginning of the year	55,605	-	55,605
Changes in the period	-1,209	240,762	239,553
Value at the end of the period	54,396	240,762	295,158

Comments, information on accrued expenses and deferred income

The balance as at 31 December 2019 mainly relates to deferred income recorded after the MISE and the Inland Revenue obtained authorisation from the MISE and the Inland Revenue to record in the financial statements and to offset the tax credit for the IPO accrued against the costs of consultancy fees for the listing on the stock exchange. The contribution of Euro 391,670 has been deferred over 5 years in line with the amortisation period of the consultancy fees to which it refers.

As at 31 December 2019, there were no accruals and deferrals with a duration of more than five years.

Introduction, notes to the income statement

Before analysing the individual items, it should be noted that comments on the general trend of costs and revenues are set out, pursuant to Article 2428, paragraph 1, of the Italian Civil Code, in the Report on Operations.

Introduction, production value

The value of production amounts to Euro 34,866,884 (Euro 22,494,238 at 31 December 2018).

Revenues from sales and services of Euro 32,456,018 are recognized net of returns, discounts, allowances and premiums, as well as taxes directly related to the sale of products and the provision of services.

Item A4) "Increases in fixed assets for internal work" includes capitalized costs that generated increases in assets in the balance sheet under "Intangible fixed assets" and includes €1,669,048 in costs for personnel employed in the opening, start-up and development of new direct offices and €220,648 in costs for personnel employed in the development of projects for the development of internal software.

Item A5) "Other revenues and income" includes the following:

	31.12.2019	31.12.2018
Income from ancillary activities	170,262	107,883
Contingencies and non-existent assets	90,416	84,075
Other non-financial revenues and income	3,998	1,079
Operating grants	78,334	1,030,557
Total	343,010	1,223,544

Introduction, breakdown of revenues from sales and services by activity category

A breakdown of revenues by category of activity is provided below:

Details of revenues from sales and services by category of activity (table)

	31.12.2019	31.12.2018
Services sales	29,297,683	18,849,298
Royalties	1,675,438	1,506,089
Revenues from the secondment of employees	240,871	239,747
Sales of raw materials (franchising)	482,027	415,716
Fee franchising	860,000	643,094
Total	32,456,018	21,293,944

Comment, breakdown of revenues from sales and services by category of activity

As at 31 December 2019 the item "Revenues from sales and services" includes revenues from production carried out at work sites for Euro 29,197,683 (in 2018 for Euro 18,489,298); this increase is due to both the opening of new direct operating areas and the further development in terms of sales and production activities of those already present; at the end of the year the number of 45 production areas was reached. The increase in royalties is due to the increase in the production volume of the areas managed by franchisees; this has also led to an increase in sales of material to the latter. During 2019, 860,000 agreements were signed, for an amount of Euro 860,000, for new franchise office openings, which thus reached the number of 33 at the end of the year.

Introduction, breakdown of revenues from sales and services by geographical area

A breakdown of revenues by geographical area has not been provided as the Company operates almost exclusively on the Italian market and such a breakdown would not be significant.

Comment, production costs

Production costs" amounted to 32,455,307 Euros (18,920,063 Euros at 31 December 2018).

The cost of raw materials and consumables, amounting to 4,405,235 Euros (3,058,051 Euros as of December 31, 2018), are recognized net of returns, discounts, allowances and bonuses. This item is mainly composed of costs for the purchase of harnesses, equipment and materials for operating teams.

Item B7) of Euro 7,455,868 (Euro 5,141,313 at 31 December 2018) includes costs arising from the acquisition of services in the ordinary course of business. This item is mainly made up of consultancy costs relating to administrative personnel (Euro 478,799), costs for commercial, legal and safety consultancy (Euro 2,368,665), costs for services for temporary and administered work (Euro 156,707), reimbursement of expenses for workers, collaborators, coordinators and directors (Euro 809,855), labour costs at construction sites (Euro 387,314), waste disposal costs (Euro 233). 278), insurance costs (Euro 93,707), training courses (Euro 191,595), advertising and marketing costs (Euro 505,096), employees' travel and travel expenses (Euro 1,382,555), utilities costs (Euro 283). 940), software assistance (€98,983), fuel (€420,247), new vehicle and point logistics costs (€114,167), bank commissions and expenses (€87,087) and debt collection service (€83,314).

Item B8) includes Euro 2,247,514 (Euro 1,265,995 as at 31 December 2018) in costs for the use of third-party tangible assets. This item mainly includes rentals for the rental of buildings for direct operating offices for 885,868 Euros, rentals for software licenses for 145,704 Euros, leasing rentals for 38,632 Euros, vehicle rentals for 465,407 Euros, site and office equipment rentals for 290,107 Euros and 100,154 Euros respectively, and other rentals for 30,109 Euros.

These costs increased by 78% compared to the previous year, mainly due to the increase in costs strictly related to the opening of new operating areas, which led to higher vehicle and truck rental fees and rental fees for Points located throughout Italy.

Item B9) amounting to Euro 16,295,703 (Euro 9,063,087 at 31 December 2018) includes the costs incurred during the year for employees, including temporary work.

In detail, item B9a) includes wages and salaries including amounts accrued and not paid relating to additional monthly salaries and holidays not taken before withholding taxes and social security charges payable by the employee; item B9b) charges payable by the company, item B9c) provisions made during the period for employee severance indemnities, item B9d) provisions for supplementary pension funds other than employee severance indemnities.

Item B9e) of Euro 2,268,594 mainly consists of costs for temporary agency work and personnel on secondment from other Group companies, travel allowances and company bonuses to workers.

Amortisation and depreciation of intangible and tangible fixed assets is characterised by a straight-line depreciation process according to the rates defined by Italian Accounting Principles.

Item B10d) "Write-downs of receivables included in current assets and cash and cash equivalents", includes Euro 215,000 in write-downs of trade receivables from customers included in current assets.

Item B14 "Other operating expenses" amounts to € 1,117,043 (€ 470,685 as at 31 December 2018) and includes all those types of costs that do not fall under the previous items but are part of ordinary operations. The increase is mainly due to the sponsorship activities pursued during the year.

Introduction, financial income and expenses

In class C, all the positive and negative components of the economic result for the year related to the company's financial activity were recorded.

Net financial income shows a positive balance of Euro 20,832 and derives mainly from interest income linked to the loan agreement with EdilizAcrobatica France S.a.S. for an amount of Euro 1,783 and interest income from third parties for Euro 19,049-

Financial charges include bank interest expense and interest on bonds for Euro 366,794.

Introduction, breakdown of interest and other financial charges by type of debt

The amount of "Interest and other financial charges" for the year ended 31 December 2019 amounts to Euro 366,794 (Euro 304,919 as at 31 December 2018).

Below is a breakdown of interest and other financial charges by type of debt.

Breakdown of interest and other financial charges by type of debt (statement)

	31.12.2019
Interest expense	66,343
Interest on bonds	218,791
Interest on loans	35,860
Interest expense on third-party loans	6,818
Others	38,982
Total	366,795

Comments, breakdown of interest and other financial charges by type of debt

The change compared to the previous year, equal to 61,874 Euros, is mainly due to the increase in bank interest expense linked to the taking out of new unsecured loans.

Comment, value adjustments to financial assets

The balance of "Value adjustments from financial assets" amounts to Euro 73,619.

Item D19a) "Write-down of equity investments" as at 31 December 2019 amounts to Euro 73,619 and includes the total write-down of the equity investment in the company Grandaedac srl in liquidation.

Introduction, current deferred and prepaid taxes

The company has provided for the allocation of taxes for the year on the basis of the application of current tax regulations. Current taxes refer to taxes for the year as resulting from tax returns; taxes relating to previous years include direct taxes for previous years, including interest and penalties, and also refer to the positive (or negative) difference between the amount due following the settlement of a dispute or an assessment with respect to the value of the provision set aside in previous years. Deferred and prepaid taxes, finally, refer to positive or negative income components respectively subject to taxation or deduction in different years compared to the statutory accounting periods.

	31.12.2019
Irap	365,876
Ires	646,548
Deferred and prepaid taxes	-64,752
Taxes relating to previous years	-93,619
Total	854,053

The theoretical rate determined on the basis of the configuration of taxable income for IRES tax purposes is 24%. The reconciliation with the effective rate is shown below:

eft ires reconciliations	
Profit (loss) before taxation	3,258,499
Theoretical tax burden (%)	24%
Ires	782,040
Permanent differences	-263,262
Temporary differences	204,018
Taxable income	3,226,255
Effective ires	774,301
Actual tax burden	23,76%

The theoretical rate determined on the basis of the configuration of taxable income for IRAP tax purposes is 1,93 %. The reconciliation with the effective rate is shown below:

Eft ires reconciliations	
Ebit	2,412,401
Immaterial costs	16,510,703
Theoretical production value	18,923,104
Theoretical tax burden (%)	3,9%
Theoretical Irap	738,001
Permanent differences	-10,023,416
Temporary differences	-
Taxable income	8,899,688
Effective ires	365,876
Actual tax burden	1,93%

Deferred and prepaid taxes

This item includes the impact of deferred taxation on these financial statements. This is due to the temporary differences between the values attributed to an asset or liability according to statutory criteria and the corresponding values recognised for tax purposes.

The company has determined the deferred taxation with exclusive reference to IRES (corporate income tax), since there are no temporary changes in IRAP (regional business tax).

Deferred tax assets and liabilities were calculated using the following rates respectively:

Aiquote	FY. n+1	Over
IRES	24%	24%

Below is the information required by Article 2427 no. 14 of the Italian Civil Code, where present:

- a description of the temporary differences that led to the recognition of deferred tax assets, specifying the rate applied and the changes with respect to the previous year, the amounts credited or debited to the income statement or shareholders' equity;
- the amount of deferred tax assets recognised in the financial statements relating to losses for the year or previous years and the reasons for their recognition; the amount not yet recognised and the reasons for not recognising them;
- the items excluded from the calculation and the reasons for their exclusion.

Recognition of deferred and prepaid taxes and consequent effects:

IRES	
A) Temporary differences	
Total deductible temporary differences	-618073
Total taxable temporary differences	120,200
Net temporary differences	-497,873
B) Fiscal effects	
Provision for deferred (prepaid) taxes at the beginning of the year	-54,737
Deferred (prepaid) taxes at the beginning of the year	-64,753
Provision for deferred (prepaid) taxes at year-end	-119,490

Details of deductible temporary differences are shown below:

Description	amount at the end of the previous financial year	Changes during the year	Amount at the end of the year	Ires	Ires fiscal effect	Irap	Irap fiscal effect
Directors' remuneration not paid	-	21,666	21,666	24	5,200	-	-
Write-down of investments	-	77,861	77,861	24	18,687	-	-
Provision for bad debts	105,767	-195,783	301,550	24	72,372	-	-

Details of taxable temporary differences are shown below:

Description	amount at the end of the previous financial year	Changes during the year	Amount at the end of the year	Ires	Ires fiscal effect	Irap	Irap fiscal effect
Bond issue	-	173,006	173,006	24	41,521	-	-
Dividend	2,592	-2,592	-	24	-	-	-

Introduction, notes on other information

Corporate size

The company employed 355 AWU in 2019, which puts the size of the company under scrutiny, although it is premature to change it from SME status to large enterprise.

In this regard, the reference text is EU Recommendation 361/2003, which sets out the following size parameters in Art. 2:

The micro, small and medium-sized enterprises (SMEs) category consists of enterprises which employ fewer than 250 persons, have an annual turnover not exceeding EUR 50 million or an annual balance sheet total not exceeding EUR 43 million.

This definition, not without doubts of interpretation, was supplemented by a Decree of the Ministry of Production Activities which, on 18/04/2005, clarified that Employees and Size are joint conditions, but within the Assets and Turnover dimensions are separate parameters, specifying the following in Art. 2:

1. The category of micro, small and medium-sized enterprises (collectively referred to as SMEs) is made up of enterprises which:

(a) have fewer than 250 employees, and

(b) they have an annual turnover not exceeding EUR 50 million, or a balance sheet total annual maximum of EUR 43 million.

[...]

4. The two requirements set out in points (a) and (b) of paragraphs 1, 2 and 3 are cumulative in the sense that they both have to be met.

Therefore, the Company must jointly comply with the following requirements:

a) Employees < 250

b) Turnover < 50 mln Assets < 43 mln

Edac condition that it respects in the year 2018.

Having established the dimensional parameters of the enterprise to be micro, small or medium (and a contraariis the Large Enterprise is established) the Recommendation specifies the following (Art. 4 c.2):

2. If, at the date of closure of the accounts, an enterprise finds that, on an annual basis, it has exceeded the headcount or financial thresholds set out in Article 2, either way, it loses or acquires the status of medium-sized, small or micro enterprise only if this is exceeded for two consecutive financial years.

A reading of the text shows that Edilizia Acrobatica SpA becomes a full-fledged large enterprise only after it exceeds the size limits for two consecutive years.

Given that:

in 2018 the company had occupied less than 250 annual work units, and did not have a turnover of more than 50 million; the overrun of the 250 AWU only occurred in 2019.

until the closing of the 2020 accounts it can be said that the Company is an SME; only after the closing of the 2020 financial statements, as the 250 AWU parameter is still exceeded, will it become a Large Enterprise.

In fact, the same Recommendation in art. 4, paragraph 1 specifies the same:

1. The data used to calculate the headcount and financial amounts are those relating to the last accounting year closed and are calculated on an annual basis. They shall be taken into account from the date of closure of the accounts.

It can therefore be said, without any doubt, that the company is currently an average company.

Introduction, employment data

The average number of employees in 2019, broken down by category, was as follows.

Average number of employees by category (table)

	31.12.2019	31.12.2018
Executives	3	
Employees	54	35
Workers	305	187
Total	362	222

Introduction, remuneration of directors and statutory auditors

In 2019, the fees paid to Directors and Statutory Auditors amounted to 181,628 euros, broken down as follows:

- 154,228 Euros to Directors;
- 27,400 euros to Statutory Auditors.

Introduction, Statutory Auditor or Auditor fees

The total fee for the statutory audit of the 2019 financial statements is Euro 18,000 corresponding to the total amount of the fees due to the independent auditors for the statutory audit of the annual accounts and Euro 5,000 for other additional services.

Introduction, securities issued by the company

The company was listed on the AIM segment of the Italian Stock Exchange on 19 November 2018. In the listing process the company issued 7,449,850 ordinary shares, 149,850 Greenshoe Options and placed 431,325 Warrants (1 for every 4 shares).

The company was admitted to listing following the placement of 1,725,300 ordinary shares, all newly issued, for a total value of Euro 5,720,301 of which:

- 1,499,850 ordinary shares resulting from the capital increase reserved for the market;
- 75,600 ordinary shares resulting from the share capital increase reserved for employees and directors;
- 149,850 ordinary shares, corresponding to approximately 8.7% of the offer, deriving from the greenshoe capital increase.

On 30 September 2019, on the basis of the provisions of the "Warrant EDAC 2018-2021" regulation, warrants number 198,937 were exercised during the first exercise period, therefore 198,937 shares were issued for a total amount of Euro 728,109 of which Euro 19,894 were allocated to the share capital increase and the remaining portion to the share premium reserve.

Following the exercise of warrants, the free float is 22.43% and the Company's share capital is represented by 7,924,237 shares and is held as follows:

Shareholders	Number of shares	Percentage of share capital
Arim Holding S.r.l.	6,071,175	76,62%
Employees and directors	75,600	0,95%
Market	1,777,462	22,43%
Total shares	7,924,237	100,00%

Analysis of securities issued by the company (Statement)

	deeds of enjoyment	Convertible bonds	Warrants	Options	Other securities or similar values
Number	-	-	232,398	-	-
Attributed rights	-	-	-	-	-

Introduction, commitments, guarantees and contingent liabilities not shown on the balance sheet

There are no commitments, guarantees and contingent liabilities resulting from the balance sheet at 31 December 2019.

Comments, commitments, guarantees and contingent liabilities not shown on the balance sheet

Guarantees and endorsements

There are no guarantees and endorsements at 31/12/2019.

Information on transactions with related parties

The following table shows the balance sheet and income statement transactions with related parties in the year ended 31 December 2019

	Receivable	Revenues	Debts	Costs
Edac I-Profile Srl	114	-	70.908	30,962
Ediliziacrobatica Italia Srl	-	-	76,156	567,719

Allocation of the result for the year (Article 2427, paragraph 1, number 22 septies, of the Italian Civil Code)

The Board of Directors proposes to allocate the result for the year of Euro 1,225,175 as follows:

- Euro 3,979 to the legal reserve, which with this allocation reaches the legal limit of 20% of the share capital.
- Euro 1,221,196 in dividends to be distributed (with the clarification set out below)***.

It also proposes to draw on retained earnings in previous years for Euro 125,924.00 in order to round the coupon per share to Euro 0.17.

*** The possible resolution of what is proposed could lead to a potential misalignment with the provisions on the distribution of dividends in the regulations of the bonds "EdiliziAcrobatica S.p.A. 5% 2017 - 2023" and "EdiliziAcrobatica S.p.A. 4% 2017 - 2023". In this sense, in the period prior to the Shareholders' Meeting, the Board of Directors will initiate in-depth studies and discussions with bond subscribers to assess these issues. With respect to all of the above, the Board of Directors reserves the right to propose, until the date of the Shareholders' Meeting or during the same, a different allocation of profits or a more detailed proposal for the distribution of dividends, for example, with indications of deferred dividend payments, in order to make the resolution compatible with the interpretation that will be given with respect to the regulatory requirements and with the solutions that will be learned with respect to the provisions of the loan regulations, always in the primary interest of the Company and, therefore, of its shareholders.

Comment, Information pursuant to art. 1, paragraph 125, of Law no. 124 of 4 August 2017

Law No 124/2017 provides for the obligation to provide information on subsidies, contributions, paid assignments and economic advantages of any kind received by Italian public administrations. In this regard, it should be noted that during 2019 EdiliziAcrobatica S.p.A. did not receive any form of subsidy, contribution, paid assignment or other economic advantage from Italian public administrations. It should be noted that the revenues:

- generated by services provided to entities belonging to the public administrations as part of the company's core business and regulated by contracts for the provision of services, and
- the tax benefits available to all firms that meet certain conditions on the basis of predetermined general criteria, which are, moreover, the subject of specific declarations (see CNDCEC Document March 2019)

are not considered relevant for the purposes of the information obligations provided for by Law no. 124/2017.

Comment, notes

These financial statements, consisting of the Balance Sheet, Income Statement, Cash Flow Statement and Notes to the Financial Statements, give a true and fair view of the financial position and results of operations for the year and correspond to the results in the accounting records.

Milan, 27 March 2020

On behalf of the Board of Directors,
Riccardo Iovino (The Administrator)