

EDILIZIACROBATICA S.P.A. -

Registered Office in Milan - Via Turati 29

Share Capital €772,530 -

Tax code and VAT number 01438360990 - Economic and Administrative Index MI 1785877

Management Report for the year ended 31 December 2020

Dear Shareholders, these financial statements for the year ended 31/12/2020, closed with a profit for the period of €2,293,612, net of taxes for €1,079,164.

The Explanatory Notes provide information about the financial statements as at 31/12/2020. In this document, in accordance with article 2428 of the Italian Civil Code, information concerning the company's situation and the trends of operations, as well as on the foreseeable outlook, the net financial position and the main risks and uncertainties the Company is exposed to be presented.

This report, drawn up with values expressed in euros, is presented to supplement the financial statements for the purpose of providing income, equity, financial and operating information on the Company, accompanied where possible by historical elements and forecasts.

Sector trends

EdiliziAcrobatica SpA is active in the building renovation sector in Italy, a segment of the construction industry. Investments in renovations are identified as one of the main elements of the building renovation sector. In this context, the market for private investments in building renovation works until 2018 is reproduced here (Figure 1)

Year	Total residential and non-residential buildings (€)	of which residential buildings (€ million)
1998	39,961	26,222
1999	42,998	28,801
2000	47,415	31,940
2001	48,847	32,669
2002	49,084	32,819
2003	49,506	33,415
2004	51,164	34,691
2005	52,943	36,091
2006	55,696	38,179
2007	58,480	40,066
2008	59,474	40,700
2009	58,759	41,201
2010	60,955	43,372
2011	64,033	45,466
2012	61,838	43,896
2013	64,150	45,801
2014	66,109	47,242
2015	67,402	47,925
2016	69,734	49,879
2017	71,062	50,444
2018	72,639	51,356
TOTAL	1,212,250	842,175

*Figure 1. - Investments in restructuring works 1998-2018, (Cesme elaboration based on various sources). *For 2018 the estimate is based on the projection of data from the first 8 months of 2018 on the entire year.*

Pending the official data from Ance, according to initial estimates 2019 closed with the same trend of the last 10 years, confirming the growth of the building maintenance market from 2007 to 2019 of +23.5% (Figure 2). Growth is increasingly being driven by a sharp decline in the new construction sector, which in the last 10 years has seen a drop of -68%. Indeed, the attention of the construction market is focused on the maintenance of buildings, especially in city centres and urban areas, all reinforced this year by the Façade Bonus. In fact, the façade bonus will fuel even more growth in renovations, and is the

proof that more and more people want to stimulate the market for medium, small and large maintenance projects. The 2020 Façade Bonus is the new tax discount to beautify the buildings of our cities. It allows recovering 90% of the costs incurred in 2020 without a spending limit and is available to all taxpayers.

NEW HOUSING AND EXTRAORDINARY HOUSING MAINTENANCE - 2000=100

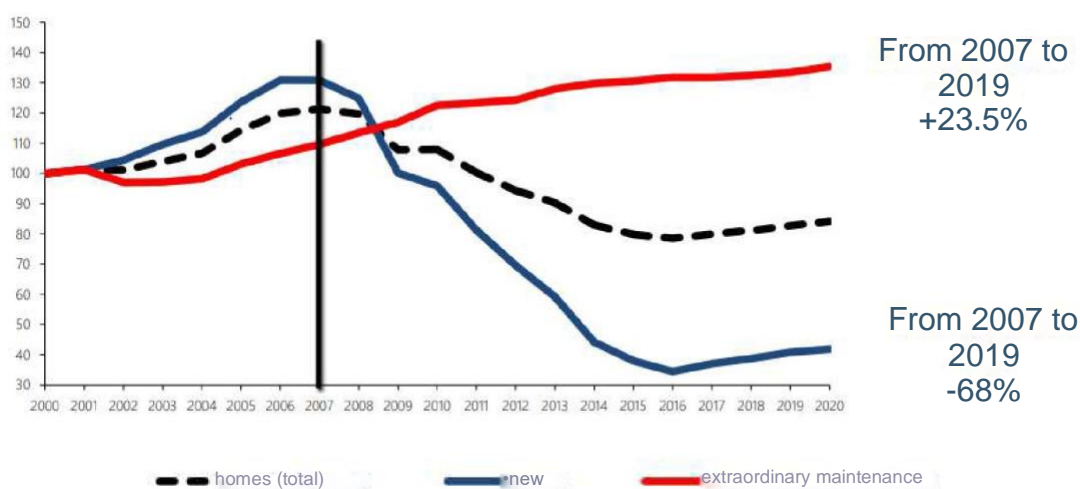


Figure 2 Ance elaboration of ISTAT data

Specifically, investments in the redevelopment of residential buildings confirm the positive dynamics of previous years, accounting for about 37% of the value of construction investments, effectively driving the entire construction sector.

The renovation and maintenance market in general continues to rise. The estimates for 2020 see a projection of investments in building renovation increasing even more compared to previous years.

Among the main trends of recent years is certainly the professionalization of the sector, with the growing presence of structured operators, active in the management of buildings (facility and property management companies). Increasingly large real estate management groups are also approaching the market of condominium

administration. For Ediliziacrobatika, the evolution of the market is a great advantage as it is the lone company in its sector present throughout the country, and is increasingly becoming a point of reference for large customers that require a single standard for projects in different Italian cities.

Another advantage of the transformation of the market is the renewed attention in Italy and in Europe to historic buildings, which led to investments in the conservation thereof through recovery and ordinary and extraordinary maintenance as well as the introduction of the 2020 Façades Bonus.

The growing tendency to plan ordinary and extraordinary maintenance of buildings is strongly driving the rope construction sector. Since there are no scaffolding or aerial platforms installation costs, the condominium managers are increasingly oriented towards the scheduled maintenance of properties. That is, the possibility of carrying out the entire external renovation of buildings through medium-small interventions scheduled in several phases, with completion of the works over the course of 3-5 years. This trend is increasingly dominant thanks also to the possibility of spreading out the payments for works on buildings over time, and therefore thanks to advance planning of property maintenance there is a reduced need for emergency repairs and having to pay for large interventions in a single solution, generating dissatisfaction on the part of families who have to deal with unexpected large expenditures. This tendency to schedule maintenance is part of the evolution of the role of the condominium manager, who is increasingly transforming from a custodian of assets to a Building Manager.

With the aim of estimating the market for buildings in Italy, the number of residential buildings is based on ISTAT data dating back to the last survey until a new one is published.

This survey had already been proposed in the management report for the previous year, but in the absence of an update it is proposed once again this year.

In 2011, ISTAT performed a census of buildings and complexes in Italy, which totalled 14,515,795, 13.1% more than in 2001. More specifically, there are 14,452,680 buildings and 63,115 complexes, with an increase of 13.1% and 64.4% respectively.

Below is a graphic representation of the number of buildings by type: (Figure 3)

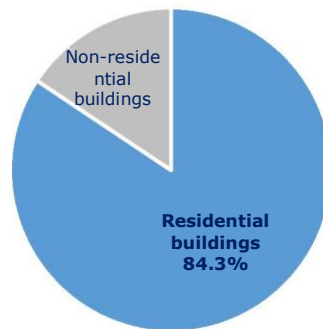


Figure 3. - Breakdown of the number of buildings in Italy by type, 15th Census of Population and Housing, 2011, ISTAT

84.3% of the total number of buildings surveyed are residential buildings, equal to 12,187,698, up 8.6% in the decade.

Below is a representation of the buildings by geographical area (Figure 4).

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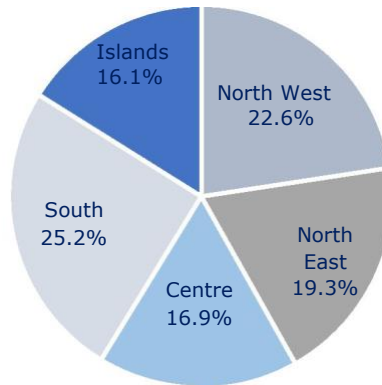


Figure 4. - Number of buildings by geographical area - 2011 Census (absolute values)

With regard to the geographical distribution, Northern Italy is the geographical area that has the largest number of buildings with 6,049,086, corresponding to 41.9% of the national total, followed by the South (3,627,768), the Centre (2,440,643) and the Islands (2,324,463). In order to identify the target building market of EdiliziAcrobatica SpA, i.e. buildings suitable for the type of works carried out by the Group (on double rope), only buildings with a height equal to or greater than three floors were considered, which are equal to 4,257,815 residential units in Italy, approximately 35% of the buildings identified for residential use.

The distribution of residential units suitable for work on double rope by region is shown below: (Figure 5)

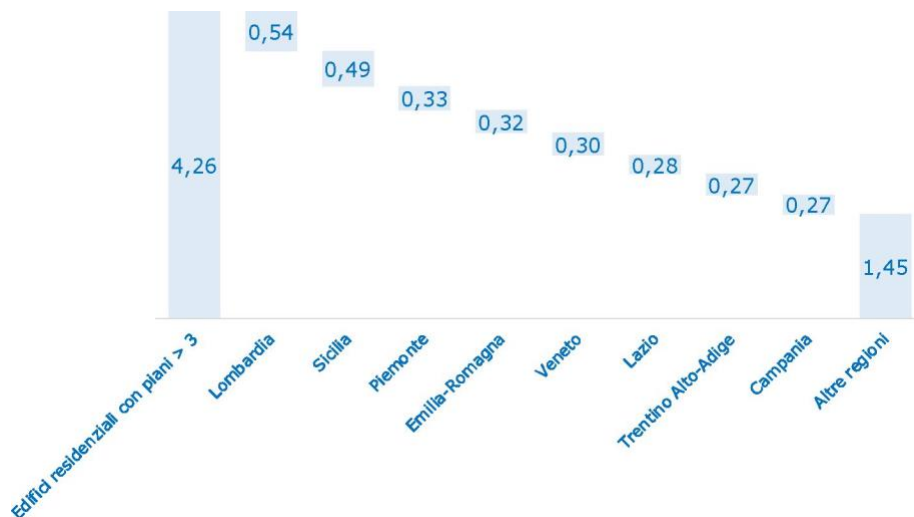


Figure 5. - Breakdown of the number of residential buildings in Italy (in millions) with a height equal to or greater than three floors, by region, 15th Census of Population and Housing, 2011, ISTAT

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

Behaviour of the competition

The Group is the undisputed leader of the Italian and European markets as its competitors are small in size, both in terms of turnover and geographical extension, and carry out interventions on ropes sometimes as additional services to traditional construction, or in some cases within niche segments (reclamation, environmental interventions, etc.). Again in 2020 there were no new competitors on a national scale and the trend of small competitors on a local scale remained unchanged, that is within their own cities without a real expansion plan.

Below is a representation of some Italian competitors who operate using double ropes, with an indication of the type of activity, operations at the geographical area level and revenues for the year 2016 (Figure 6).

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Number	Italian competitors 	Logo	Business	Operational Area	Average Revenues Declared 2016 (Millions of euros)
1	Recotech		Post-accidental event and construction work on rope	Domestic	3.89
2	Gico System		Rope work and biological and environmental interventions	North and Central Italy	3.30
3	Mazzaferri		Rope work, road barriers, naturalistic engineering	Domestic and International	1.64
4	Fratelli Gianni		Renovations and special works (including using ropes)	Rome and vicinity	1.24
5	Fly Original		Maintenance on ropes	Domestic	1.19
6	Arch Ingegno		Maintenance and work on ropes, asbestos remediation, other construction work	Milan and vicinity	1.07
7	Vertical Service		Maintenance and renovations	Palermo	N/A (< 1.00)
8	EVER Edilizia Verticale		Maintenance and renovations	Turin and vicinity	N/A (< 1.00)
9	Ediliziaerea		Renovations, maintenance on ropes	Milan and vicinity	N/A (< 1.00)
10	Edil Climber		Maintenance and works on ropes	Domestic	N/A (< 1.00)
11	A&G		Renovations and maintenance on ropes	Rome and vicinity	N/A (< 1.00)
12	Climbing Works		Maintenance and renovations	Lazio	N/A (< 1.00)
13	Icarus Lavori in Quota		Maintenance and works on ropes	North and Central Italy	N/A (< 1.00)
14	Opera Vertical		Maintenance and works on ropes	Rome and vicinity	N/A (< 1.00)
15	MCEdilizia su fune		Maintenance and works on ropes	Milan and vicinity	N/A (< 1.00)
16	AlpinismoEdile		Maintenance and works on ropes	Genoa	N/A (< 1.00)
17	Edilizia Alternativa		Maintenance and works on ropes	Domestic	N/A (< 1.00)
18	Servizi Verticali		Rope work for pruning trees and shrubs	Lazio	N/A (< 1.00)
19	Vertical Edil		Maintenance and works on ropes	Turin and vicinity	N/A (< 1.00)

Figura 6. Italian competitors

In order to identify the competitive positioning of the Group at a European level, the market research promoted by the company Cerved was used with the aim of identifying European companies with a similar business model, i.e. companies active in the same sector with services such as building renovations and interventions in the industrial sector using the double rope technique.

The first study was done in 2017 and was concentrated only

certain countries such as France, Spain, Portugal and Switzerland.

Based on the results of the Cerved market study, the Company launched an international expansion selecting France as the first target country.

The strong drive to expand internationally led to the acquisition in the first few months of 2019 of the assets of the French company in judicial liquidation "ETAIR - Entreprise de Travaux Aériens et d'Interventions Rapides Méditerranée". Ediliziacrobatica S.p.A. therefore established the 100% controlled EdiliziAcrobatica France SAS, into which the assets of the French company were merged. The company is a leader in the sector of construction with double ropes in the southwest of France. Also in 2019 Edilziacrobatica implemented its successful systems in France by retracing the steps already taken in Italy, reorganising the headquarters in Perpignan and launching an expansion plan that saw the opening of offices in Toulouse, Nice, Montpellier and a new B.U. in Perpignan, also structuring the Wind and Industrial sectors. During 2020 three other operating offices were opened in Lyon, Marseille and Narbonne, thus reaching a total of eight offices.

The French market looks to be successful and prosperous for the rope sector. Some of the most important benefits include:

- Small, fragmented competitors at a local level and not at a national level. Condominium Managers (in French *Syndic*) are mostly structured companies situation throughout the country. The large size of the customers can be an advantage for a company like Ediliziacrobatica, as the attention of these customers to quality standards and professionalism is very high. Finally, within *Syndic* companies there is positive word of mouth between colleagues of the same brand from different cities or belonging to the same city that greatly facilitates the development and commercial propensity of Ediliziacrobatica.

Below is the Cerved market analysis from 2017.

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Number	French competitors 	Logo	Business	Operational Area	Average Revenues Declared 2016 (Millions of euros)
1	JADE		Construction work on rope	Domestic and International	from 5.00 to 10.00
2	TPGH TRAVAUX PRESTAT GRANDE HAUTEUR		Construction work on rope	Regional	from 2.00 to 5.00
3	EVEREST		Construction work on rope	Domestic	from 2.00 to 5.00
4	ETAIR ILE DE FRANCE		Construction work on rope	Regional	from 2.00 to 5.00
5	CIE INTERVENTION TRAVAUX MONTAGNE		Construction work on rope	Domestic	from 2.00 to 5.00
6	PROFIL ARMOR		Construction work on rope	Domestic	from 2.00 to 5.00
7	J ARNI AS TRAVAUX SPECIAUX		Construction work on rope	Domestic	from 2.00 to 5.00
8	ACROTIR		Construction work on rope	Domestic and International	from 2.00 to 5.00
9	ACROBART		Construction work on rope	Regional	from 1.00 to 2.00
10	ADRET FRANCE		Construction work on rope	Regional	from 1.00 to 2.00
11	IMOTEP		Construction work on rope	Regional	from 1.00 to 2.00
12	VOLTIGE		Construction work on rope	Domestic and International	from 1.00 to 2.00
13	LES CORDISTES PARISIENS		Construction work on rope	Regional	from 1.00 to 2.00
14	SKY SCRAPPER		Construction work on rope	Regional	from 1.00 to 2.00
15	EASYCORDE		Construction work on rope	Domestic and International	from 1.00 to 2.00
16	IMEAUX SERVICES		Construction work on rope	Regional	from 1.00 to 2.00
17	ACCSYS		Construction work on rope	Domestic and International	from 1.00 to 2.00
18	ASCENSION		Construction work on rope	Domestic and International	up to 1.00
19	ATELIER SUR CORDES		Construction work on rope	Regional	up to 1.00
20	SOS VOLTIGE		Construction work on rope	Regional	up to 1.00
21	SUD VERTICAL		Construction work on rope	Regional	up to 1.00
22	ALPI PROBAT		Construction work on rope	Domestic and International	up to 1.00
23	VERTICALE SOLUTION		Construction work on rope	Domestic and International	up to 1.00
24	ALPI BAT-SERVICES		Construction work on rope	Regional	up to 1.00
25	ACCEDE ATOUT		Construction work on rope	Regional	up to 1.00
26	ALP'SOLUTION		Construction work on rope	Regional	up to 1.00
27	ALPINISTE SERVICE		Construction work on rope	Regional	up to 1.00
28	ACROSITE		Construction work on rope	Domestic	up to 1.00
29	SKYWORK		Construction work on rope	Domestic	up to 1.00

Figure 7. French competitors

In 2018 a new market survey was commissioned from the Cerved Group using a telephone questionnaire addressed to companies operating in the German and Anglo-Saxon markets with the aim of identifying target companies interested in having contact with the EdiliziAcrobatica Group.

From the analyses performed, which remains current, new opportunities have been identified that the Company will consider with a view to future expansion in Europe in the coming years (Figure 8).



Figure 8. Cerved Analysis of International Expansion 2018

Performance and management result with regard to costs, revenues and investments.

With regard to economic performance, we note that the value of production increased from €34,866,884 in 2019 to €42,825,453 in 2020, with an increase of 22.8%. Production costs amounted to €39,168,891 versus €32,622,440 in 2019, an increase of 20.7%.

Among the production costs, personnel costs amounted to €19,274,380, with a

increase compared to the previous year (€16,295,703) of 18.2% and amortisation and depreciation amounted to €897,750, a decrease of 41.7% compared to 2019 (€1,540,464). With regard to amortisation and depreciation, note that the option to "suspend the annual amortisation and depreciation of tangible and intangible fixed assets" was used, as already described in the Explanatory Notes. (article 60 of Italian Law no. 126 of 13 October 2020, converting with amendments Italian Decree-Law no. 104 of 14 August 2020)" consistent with the period in which business was halted or reduced due to the COVID-19 pandemic. Finally, in 2020, write-downs of receivables included in working capital were recorded for €728,134, while write-downs in 2019 amounted to €215,000. The difference between production value and costs was positive for €3,656,563 (in 2019 €2,389,365), up 53%.

Financial management generated net financial charges of €374,441, compared to the net financial charges incurred during 2019 of €323,750. In reality the modest increase in the absolute value of net financial charges translates into a lower average cost of collection than in the past (in 2019 about 3.7% compared to about 2.5% in 2020) and is due to a series of factors such as the more favourable conditions of the new unsecured loans, the early repayment of the two bond loans listed on the ExtraMOT Pro segment of Borsa Italiana for €5 million, the issuance of a bond loan of €10,000,000.00 on 31 July and finally the investment of excess liquidity in financial instruments with guaranteed capital, but with a high rate of return.

The result for 2020 was a net profit of €2,293,621, an increase of €1,225,175 compared to the 2019 net profit.

Income taxes amounted to €1,079,164.

The analysis of revenues and costs is amply illustrated in the Explanatory Notes.

Company situation and operational performance

During 2020 the Company continued its strategy that for the moment is focused on territorial expansion both in Italy and abroad rather than the optimisation of company profitability.

As far as the domestic market is concerned, other new offices were opened in pursuit of the objective of acquiring new market share through the widespread penetration of the Italian territory, the number of which therefore reached a total of 59 at the end of the year.

As regards the activity carried out by the foreign subsidiary, three other operating offices were opened in France in Lyon, Marseille and Narbonne, thus reaching a total of eight offices, including the two offices in Perpignan, where the company's headquarters are located.

The negotiation to acquire a company in Spain, which had the objective of finalising the operation by the end of 2020, is still being defined, mainly due to the COVID pandemic.

The main factors that contributed to the result are as follows:

- Revenues: while in the first half of the year there was a slight decrease in sales revenues due to the contraction of volumes sold and produced because of the COVID-19 pandemic, the second half saw a recovery in sales and production volumes and therefore in revenues, driven by the tax benefits issued by the Conte government for the recovery of real estate assets in order to promote an economic recovery. The year therefore closed with sales and performance revenues of €42,825,453, an increase of 22.8% (€34,866,884 in 2019). In any case production volumes

exploited production capacity only in part. In fact, in March, April and May there was an almost total stoppage of production as a result of the restrictive measures contained in the "Close Italy" Decree, while the following months, until September, saw little activity since once halted the organisational machine required time to return to normal.

- New line of business: following the restrictive measures contained in the "Close Italy" Decree, which imposed the temporary suspension of construction sites, it was decided to expand the company's offer of services, also to respond to the urgent requests received from many customers, to proceed with the renovation and sanitisation of hallways, stairwells and elevators of buildings throughout Italy.
- Condominium meeting app: an app was created, to be provided free of charge to the company's condominium administrator customers, for the purpose of holding condominium meetings remotely, also guaranteeing the legal validity of the votes expressed by the residents and therefore of the voting. This first of all to allow them to continue with the deliberations necessary to submit orders to Ediliziacrobatica, which could thus continue in the sale of its services using an innovative tool that is unique in Italy, and then to provide the administrators with a useful tool to make condominium meetings easier, even once the difficult period of the pandemic has been overcome.
- Marketing campaign: the marketing campaign on national television stations aimed at further reinforcing the value of the Brand for the final consumer also continued.
- Renewal of the sponsorship agreement with Torino F.C.: on 14 September 2020 the extension of the sponsorship agreement with Torino F.C. for the 2020-21 2021-22 seasons was signed, with the concession of the so-called "back sponsor package" of the First Team which consists of the affixing of the Ediliziacrobatica

logo on the back of the official game jersey used by the First Team for all official sporting activities of a national nature (championship, Tim Cup and friendlies) and the right to use the qualification of "Back Sponsor" of the First Team (with or without matching the Turin Marks and/or the official photograph of the First Team) and the related logo in its communication, advertising and promotional campaigns, including with customers.

- Strengthening of central functions: the centralised functions responsible for providing support both to direct Italian operating offices and franchisees as well as to the French subsidiary have been reinforced, with the hiring of some high-profile managers with proven experience, in order to build a corporate structure that is sufficient to support the planned development and requirements of a listed company.
- New openings in Italy and expansion abroad: in continuity with previous years, the offices opened during the year and those that are in the phase of increasing operational capacity have led to an absorption of costs due to design, opening and development activities and the intense training of new personnel. The performance of the operations for the year is in line with the provisions of the onboarding policy for new offices that underscores the need at opening and also in the subsequent phase of operational capacity growth for an intense development of the commercial network, logistics, marketing and training courses, including in the form of on-the-job training.
- Fundraising and containment of financing costs: during the year a thorough review of the sources of funding was performed, with the dual result of reducing the cost of funding and finding the funds to support the development

of the group. In this regard, on 31 July 2020 the company issued a €10 million bond underwritten by the Intesa Sanpaolo bank while simultaneously repaying the bond loans listed on the ExtraMOT Pro segment of Borsa Italiana for €5 million.

Analysis of the company situation

For a better view of the economic, financial and management situation, the following tables show the reclassified balance sheet and income statement, as well as some performance ratios.

The Income Statement

The summary data of the Reclassified Income Statement at 31/12/2020 are compared with those of the same period of the previous year:

RECLASSIFIED INCOME STATEMENT	31.12.2020	31.12.2019
Value of production	42,825,453	34,866,884
Costs of production net of amortisation, depreciation and write-downs	37,543,007	30,722,055
EBITDA	5,282,447	4,144,829
Amortisation, depreciation and write-downs	1,625,884	1,755,464
EBIT	3,656,563	2,389,365
Financial income and charges	-374,441	-323,750
Adjustments of financial assets	90,654	13,613
Profit/(loss) before tax	3,372,776	2,079,229
Income taxes	1,079,164	854,053
Net Result	2,293,612	1,225,175
EBITDA %	12.33%	11.9%
EBIT %	8.54%	6.9%
Profit/(loss) before tax %	7.88%	6.0%
Net Result %	5.36%	3.5%

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VALUE OF PRODUCTION	31.12.2020	%	31.12.2019	%
1) Revenue from sales and services	41,713,474	97%	32,622,440	94%
4) Increases in fixed assets for internal works	636,000	1%	2,070,775	6%
5) Other revenue and proceeds	475,980	1%	173,670	0%
a) operating grants	275,065	1%	78,334	0%
b) others	200,914	0%	95,336	0%
TOTAL VALUE OF PRODUCTION	42,825,453	100%	34,866,884	100%

COSTS OF PRODUCTION	31.12.2020	%	31.12.2019	%
Costs for Raw materials	4,836,678	13%	4,405,235	14%
Costs for Services	9,897,931	26%	7,829,080	25%
Costs for Use of leased assets	2,765,537	7%	2,247,514	7%
Costs for Personnel	19,274,380	51%	16,295,703	53%
Change in inventories	-269,235	-1%	-821,519	-3%
Other Charges	1,037,715	3%	766,043	2%
TOTAL COSTS OF PRODUCTION	37,543,007	100%	30,722,055	100%

AMORTISATION, DEPRECIATION AND WRITE-DOWNS	31.12.2020	%	31.12.2019	%
Amortisation of Intangible Assets	790,115	49%	1,356,454	77%
Depreciation of Tangible Assets	107,635	7%	184,010	10%
Write-downs	728,134	45%	215,000	12%
TOTAL AMORTISATION, DEPRECIATION AND WRITE-DOWNS	1,625,884	100%	1,755,464	100%

FINANCIAL INCOME AND CHARGES	31.12.2020	%	31.12.2019	%
Financial income	44,585	-12%	20,832	-6%
Financial costs	-419,026	112%	-344,582	106%
TOTAL FINANCIAL INCOME AND CHARGES	-374,441	100%	-323,750	100%

ADJUSTMENTS OF FINANCIAL ASSETS	31.12.2020	%	31.12.2019	%
Write-ups	90,654	100%	87,233	641 %
Write-downs	0	0%	-73,619	-541 %
TOTAL ADJUSTMENTS OF FINANCIAL ASSETS	90,654	100%	13,613	100%

EBITDA is the result before financial charges, taxes and amortization and depreciation of fixed assets and write-downs of receivables included in the current assets. EBITDA therefore represents a proxy for cash generation, thus regardless of non-cash elements such as amortisation and depreciation

of fixed assets. The EBITDA thus defined represents the indicator used by the directors to monitor and assess the performance of the business. Since the EBITDA is not identified as an accounting measure in the context of accounting standards, it should not be considered an alternative measurement for the assessment of the performance of the Group's operating results. Since the composition of EBITDA is not regulated by the accounting standards of reference, the criterion of determination applied by the Group may not be consistent with its calculation by other companies and therefore may not be comparable with them. EBIT is the result before financial charges and taxes for the year. EBIT therefore represents the result of operations before the remuneration of both minority and own capital. The EBIT thus defined represents the indicator used by the directors to monitor and assess the performance of the business. Since the EBIT is not identified as an accounting measure in the context of accounting standards, it should not be considered an alternative measurement for the assessment of the performance of the Group's operating results. Since the composition of EBIT is not regulated by the accounting standards of reference, the criterion of determination applied by the Group may not be consistent with its calculation by other companies and therefore may not be comparable with them.

The 2020 data show a significant increase in total revenues, which increased by 22.8% (€42.8 million compared to €34.9 million in 2019), while revenues from sales and services increased by 13.9% (€41.7 million compared to €32.6 million in 2019) due to the overall effects of the COVID-19 pandemic and subsequent government interventions in support of the recovery. Revenues slowed in Italy in the first part of the year following the imposition of restrictive measures, while starting in September the tax incentives introduced drove the growth of sales, production and revenues, which in the entire year

amounted to €41.7 million compared to €32.6 million in 2019. The growth in EBITDA (€5,282,447 in 2020, an increase of 27.4% compared to €4,144,829 in 2019) was generated by an increase in revenues greater than costs, which increased compared to the previous year to support the development of the company, both from an operational point of view, with the opening of new production sites, and from the point of view of strengthening the functions of the General Management in support of the new offices, the corporate area as well as central services. Amortisation and depreciation, equal to €897,750, were 41.7% lower than the previous year (€1,540,464), following their suspension (equal to € 897,000) due to the lockdown period and the subsequent slowdown in production, as already described. Write-downs (€728,134) for hard-to-recover receivables, also because of the difficult economic situation, brought EBIT to €3,656,563, an increase of 53% compared to 2019 (€2,079,229).

Equity and Financial Profile

The Reclassified Balance Sheet is compared with the closing data of the previous year:

EDILIZIACROBATICA S.P.A. -
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RECLASSIFIED BALANCE SHEET	31.12.2020	31.12.2019
(In thousands of euros)		
Trade receivables	19,739,287	11,502,077
Inventories	2,584,992	2,315,757
Trade payables	-6,222,479	-4,712,489
Operational NWC	16,101,800	9,105,344
Other current receivables	6,937,953	5,329,617
Other current payables	-4,344,430	-3,222,755
Taxes payable	-2,199,912	-1,168,539
Net Working Capital	16,495,411	10,043,668
Tangible fixed assets	1,035,753	894,185
Intangible fixed assets	3,971,637	3,517,148
Financial assets	1,217,993	1,050,251
Fixed assets	6,225,383	5,461,584
Employee severance indemnity	-1,663,193	-1,038,451
Deferred tax provision	-115,564	-28,849
Long-term tax payables	0	-76,004
Net Invested Capital	20,942,036	14,361,948
Shareholders' Equity	13,691,192	11,741,664
Cash and cash equivalents	8,166,698	5,335,574
Current Financial Receivables	9,244,404	4,105,749
Current financial liabilities	-3,850,070	-7,010,895
Non-current financial liabilities	-20,811,875	-5,050,713
Net Financial Position	-7,250,843	-2,620,284
Shareholders' Equity and Net Financial Debt	20,942,036	14,361,948
Short-term Financial Position	13,561,032	2,430,429

The net financial position, NFP, i.e. the amount of investments that are not covered by shareholders' equity and trade payables highlights the need for the company to use third-party sources for financing.

The data relating to the company, shown in the table of the short-term and medium-term net financial position, show a net financial position that goes from a net debt of approximately €2.62 million at 31/12/2019 to a net debt of approximately €7.2 million in December 2020 due to the cash flow absorbed by the company's operations,

especially the increase in Working Capital as well as the investments described above and necessary to support development. Note that the increase in Working Capital, and in particular in Trade Receivables, is due to the tax receivables transferred to Edilziacrobatica by the customers of the real estate recovery projects that reached approximately €8.4 million net of discounting at 31 December 2020. Note that the disposal of these receivables began in February 2021 through transfers to banks.

NET WORKING CAPITAL	31.12.2020	31.12.2019
(In thousands of euros)		
CURRENT ASSETS		
Inventories	2,584,992	2,315,757
Short-term receivables	25,973,813	16,688,407
Accrued income and prepayments	703,427	143,287
CURRENT LIABILITIES		
Short-term payables	-12,425,355	-8,808,625
Accrued liabilities and deferred income	-341,466	-295,158
Net Working Capital	16,495,411	10,043,668

Principal ratios

In accordance with art. 2428, paragraph 2 of the Italian Civil Code, there are some ratios and other information useful for fully illustrating the company's situation as it has evolved over the past years.

Financial structure ratios

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

FINANCIAL STRUCTURE	31.12.2020	31.12.2019
Fixed Assets (I)		
a) Weight of fixed assets = -----	9%	13%
Total assets (K)		
Current Assets (C)		
b) Weight of working capital = -----	88%	84%
K		
Shareholders' equity		
c) Weight of equity = -----	26%	34%
Total liabilities		
Minority equity		
d) Weight of minority equity = -----	74%	66%
Total liabilities		

Profitability ratios (or of the economic situation)

The ROE reflects the profitability of the investment in the Group's capital compared to other investments. It is provided in the "after-tax" version and in the "gross" version. The ROI represents the profitability ratio of operations: it measures the company's ability to generate profits in the transformation of inputs into outputs.

PROFITABILITY RATIOS	31.12.2020	31.12.2019
ROE (Return On Equity)	16.75%	10.43%
Pre-tax gross ROE	24.63%	17.71%
ROI (Return On Investment)	6.91%	7.02%
ROS (Return On Sales)	12.66%	12.71%

Financial situation ratios

Below are the main financial situation ratios, which identify possible imbalances due to inappropriate proportions between certain asset and liability items, with the same ratios for the years 2019 and 2020.

FINANCIAL SITUATION	31.12.2020	31.12.2019
Current Assets (C)		
a) Current Ratio = -----	2.81	1.77
Current Liabilities		
Trade and other receivables		
b) Quick Ratio = -----	1.05	0.59
Current Liabilities		
Shareholders' Equity		
c) Equity to Fixed Assets Ratio = -----	2.20	2.15
Fixed Assets		

Risks related to the industry and level of competition

As mentioned, the company operates in the building renovation sector in Italy, a segment of the construction industry.

The primary need is to acquire new customers to ensure continuity of production considering the ample margins of economic return with respect to the volume of investments. The company's strategy is oriented towards opening new direct offices, penetrating the Italian market in a widespread way, also developing a targeted retail policy aimed at making the offer customisable to each individual customer. Analyses and testing of work procedures are also being carried out to reduce costs and assume a condition of lower overall risk compared to other operating solutions, allowing us to be even more competitive.

In this regard, considering:

- the limited presence of workers
- the absence of subcontracting
- the absence of risk of interference between companies
- the historical statistics of accidents

it is clear that the overall risk can be defined as the same or even lower

than the overall risk of operating with any collective protection device. Over the years there has been a significant reduction in job work times compared to the use of other working methods, thus reducing exposure to the overall risk.

Risks associated with dependence on suppliers

For the purchase of raw materials and the provision of services, from the beginning the Company has used a sufficiently large number of suppliers such as to allow complete independence from them.

The business is not particularly impacted by the ability of suppliers to guarantee quality standards, to comply with the specifications required by the Company and to comply with delivery times as it is easy to find suppliers to replace the current ones if needed.

Risks associated with financial indebtedness

The company has always had the support of banks for any needed financing. The use of loans increased during the year, deriving in part from the need for new investments to support development both in Italy and abroad, but this is not considered a significant risk.

Issuance of a €10 million bond

On 31 July 2020 Edilziacrobatica S.p.A. issued a €10 million bond underwritten by the Intesa Sanpaolo bank.

The main terms governing the Bond Loan are:

- Interest: fixed rate (with six-monthly deferred coupon) equal to 3.30% (three point thirty per cent) on an annual basis.
- Maturity/duration: 7 (seven) years from the date of issue
- Repayment: on an amortised basis, with a pre-amortisation period of 2 (two) years.

The issue of the Bond Loan is aimed at the development of new markets through the strengthening of the business's commercial presence, continuation and consolidation of the international expansion, new business lines also through mergers & acquisitions of companies or individual business units, as well as the strengthening and/or rationalisation and/or improved efficiency of both Italian and foreign production areas in order to strengthen the business's presence in the markets of reference and to develop working capital in relation to the revenue growth.

Liquidity risk

The company's cash flows, borrowing requirements and liquidity are monitored and managed in order to ensure the effective and efficient management of financial resources. The short- and medium-long term liquidity needs are constantly monitored with a view to ensuring an effective identification of financial resources in a timely manner or an adequate investment of cash and cash equivalents. Information on the future maturity of payables to banks is provided in the Explanatory Notes.

The overall financial situation has high standards.

Credit risk

The company is exposed to the risks associated with the sale of its products. Risk

is also monitored for any new customers thanks to an attentive assessment of potential customers and their risk of insolvency thanks to the collaboration with the investigation and services company Cerved Group SpA.

Pandemic risk

The company is exposed to the risk of a pandemic, as in the case of the current COVID-19 pandemic.

In the case of pandemics the various regulatory provisions are focused on protecting workers against a generic biological risk (the same for the entire population), and the instructions to be complied with take the form of measures put in place by health and government authorities. The protection of workers goes beyond what is regulated by occupational safety regulations, and in particular by Italian Legislative Decree no. 81/2008.

Due to the need to protect public health, the Employer takes an active part in enforcing institutional measures in order to encourage the control of the spread of diseases, and in evaluating any possible solution to limit travel and facilitate work, as well as to aid in coping with the demands of work and the particular difficulties that the current situation also creates in private lives.

The company establishes an emergency control and management committee that reorganises the workstations, common areas and company activities, which plans the work of each employee with the precise objective of complying with the provisions issued by the government. For all personnel, an optimal distribution of on-site attendance, teleworking and holidays/leave is assessed. It pays particular attention to workers who are particularly susceptible to the disease by ensuring the possibility of working from home. It organises emergency services in order to manage plausible contagion scenarios

in line with the guidance given by health and government authorities.

With regard to the COVID-19 pandemic, please refer to the information in the section

"Impact of the 2019 coronavirus pandemic".

Information on relations with the environment

No damage was caused to the environment during the year.

No definitive sanctions or penalties were imposed for environmental crimes or damages during the year.

Information on relations with personnel

During the year, the company complied with the obligations set out by the law on safety by continuing with the initiatives undertaken long ago and necessary for the protection of the workplace, in accordance with the provisions of the relevant laws, with particular attention to the frequency of staff training meetings to improve knowledge of the procedures aimed at limiting work-related risks. The activities carried out in the field of safety include:

- Training of employees and contractors
- Periodic medical examinations
- Monitoring by the R.S.P.P.
- Preparation and dissemination of the documents referred to in Italian Legislative Decree 81/2008

As already mentioned, the company has earned UNI EN ISO 9001:2008 quality certification (process quality management).

Relations with employees are excellent, and no lawsuits were filed during the year nor

Application of the Privacy law

The company has complied with the provisions of Italian Law 675/1996 regarding Privacy.

Tax situation

The company's tax situation is constantly monitored. Residual taxes net of advances paid due to the Treasury are set aside in the appropriate item relating to tax payables.

Research and Development

The usual research and development activities were carried out in 2020, aimed at improving work technologies and internal management, with a particular focus on safety.

- The Buttafuori and the aerial debris collection system: the experiments conducted in the past have given rise to some important innovations in the performance of construction work, leading to important inventions such as the Buttafuori and the aerial debris collection system, which the company patented during the year.

no. Ref.	holder	filing date	grant date	patent no.
2738-1-T	Buttafuori invention	10/07/2017	11/10/2019	102017000077253
2738-2-IT	Buttafuori utility model	10/07/2017	19/11/2019	2020170000077260
2737 2 -IT	Aerial debris system model	03/07/2017	29/10/2019	2020170000073998

- The retractable protection tent: investing large sums, the company carried out other experiments that led to the "retractable protection tent". It is an innovative project consisting in

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a mechanical device that facilitates rope work even in the event of mild adverse weather events such as light rain. This device is very important both for safety and for allowing work to continue in certain conditions, with a significant increase in the efficiency of job sites. This study, even involving several field tests to verify its actual operation, was carried out in an extremely demanding manner during 2018, was completed during 2019 and finally generated the project for a "dual-function protective structure, usable in the execution of works above ground on ropes on buildings". This structure has all the characteristics necessary to be considered a new invention, so on 25 March 2020 the following were submitted in order to request a patent:

The application for invention no. 102020000006295 (NS REF 2903-1-IT)

The application for utility model no. 202020000001294 (OUR REF 2904-2-IT).

Relationships between the companies belonging to the Group

Plan for the merger of the subsidiaries and relations with Edilziacrobatica France

The merger process of the Italian subsidiaries was completed on 16 November 2020, as already described in detail, therefore the only subsidiary is Edilziacrobatica France sas. During the year, the following relations were maintained between the Parent Company and the Subsidiary Edilziacrobatica France. These transactions of a commercial and financial nature took place under normal market conditions.

Note that on 30 November 2020 a capital increase of €825,000 was made in Ediliziacrobatika France through the conversion of part of the shareholder loan. This capital increase was made to cover the losses of the 2019 financial year, due to which the French subsidiary had negative shareholders' equity, as well as to provide it with financial resources to support its development.

	Financial payables	Financial receivables	Trade receivables	Trade payables	Sales	Purchases
EdiliziAcrobatika France SaS	0	209,769	196,186	142	184,759	142
Total	0	209,769	196,186	142	184,759	142

Secondary Offices

In accordance with the provisions of art. 2428 of the Italian Civil Code, below are listed the secondary offices of the company in Italy:

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	Type	Address	City
Local Unit no. MI/4	Warehouse	Via Sforza Ascanio C	Milan
Local Unit no. MI/5	Office	Alzaia Naviglio Paves	Milan
Local Unit no. MI/6	Office	Via Filzi Fabio 5	Milan
Local Unit no. AL/1	Office	Corso Crimea 13	Alessandria
Local Unit no. CT/1	Office	Via G. D'Annunzio 63C	Catania
Local Unit no. GE/5	Office	Via Magenta 41	Chiavari
Local Unit no. MB/1	Office	Corso Milano 38	Monza
Local Unit no. NA/1	Office	Via Kerbaker 27	Naples
Local Unit no. FI/1	Office	Via del Ghirlandaio 9	Florence
Local Unit no. GE/2	Office	Viale Brigate Partigia	Genoa
Local Unit no. RM/1	Office	Via Spalato 45	Rome
Local Unit no. RM/2	Office	Via Trastevere 111	Rome
Local Unit no. RM/3	Office	Via Antonio Lo Surdo	Rome
Local Unit no. TO/2	Office	Via Sospello 2	Turin
Local Unit no. TO/3	Office	Corso Siracusa 139/E	Turin
Local Unit no. VE/1	Office	Sestiere di Santa Cro	Venice
Local Unit no. LU/1	Office	Via Aurelia 171 Cama	Lucca
Local Unit no. BI/1	Office	Via Asti 4	Biella
Local Unit no. PA/2	Office	Via Enrico Albanese	Palermo
Local Unit no. BA/1	Office	Via Campione 16	Bari
Local Unit no. CO/1	Office	Via Mentana 13 E	Como
Local Unit no. GE/4	Office	Corso Buenos Ayres	Genoa
Local Unit no. L/1	Office	Viale della libertà 45/4	Livorno
Local Unit no. NO/1	Office	Corso Torino 41	Novara
Local Unit no. PE/1	Office	Via Piero Gobetti 194	Pescara
Local Unit no. VA/1	Office	Via Magenta 3	Varese

Number and nominal value of treasury shares, shares or quotas of parent companies held by the Company

As at 31/12/2020 the Parent Company does not directly or indirectly hold treasury stock or shares of parent companies.

Value of the stock

The stock of Ediliziacrobatica (ISIN IT0005351504) is listed:

- On the AIM Market of Borsa Italiana (ticker symbol EDAC) from 19 November 2018. The share price at 30 December was €5.28 (at 30 December 2019 it was €5.98), with an increase compared to the IPO placement price (equal to €3.33) of 58.56 % and a market capitalisation of approximately €42 million, compared to the initial capitalisation of the Company of approximately €25.7 million.
- On the Euronext Growth Market in Paris (ticker symbol ALEAC) from 22 February 2019, with an initial EdiliziAcrobatica SpA stock price of €4.70 and a capitalisation of approximately €30.7 million.

Dividends

The shareholders' meeting of 26 August 2020 resolved to allocate the net profit for the 2019 financial year, amounting to approximately €1.22 million, for €760,726 to dividends (€0.096 per share), with ex-date of 31 August 2020 and a payment date of 2 September 2020.

Warrants

On 30 September 2020 the "Second Period of the Financial Year" closed, as envisaged by Article 3.2 of the related regulation (the "Warrant Regulation"). During the Second Period of the Financial Year 108,261 Warrants were exercised and 108,261 EDAC Converted Shares were consequently subscribed, at a price of €4.02 (four point two/00) for each Converted Share subscribed, for a total value of €435,209.22. The subscribed EDAC shares have the same regular dividend rights as the ordinary EDAC shares traded on the stock exchange at the effective date of the exercise of the Warrants, and are

therefore they are provided with a valid coupon.

The new share capital of EDAC amounts to €803,249.80, divided into 8,032,498 ordinary shares, all without nominal value.

Shareholding structure as at 31 December 2020

- Arim Holding Srl 75.46%
- Employees and directors of the Group 0.95%
- Market 23.59%

Events subsequent to the end of the reporting period

- **Launch of the new IT system:** the EdiliziacrobatICA group signed an agreement with Reply that calls for the implementation of the Oracle Cloud ERP and CRM in 2021. The project aims to provide all group companies with a state-of-the-art IT environment, especially in view of the new acquisitions. For this reason, Reply was chosen as a technical partner. Reply (listed on the STAR market of Borsa Italiana) specialises in the design and implementation of solutions based on new communication channels and digital media. Consisting of a network model of highly specialised companies, Reply supports the main European industrial groups belonging to the Telco & Media, Industry and Services, Banks and Insurance and Public Administration sectors in the definition and development of business models enabled by the new paradigms of Big Data, Cloud Computing, Digital Media and the Internet of Things. Reply's services include: Consulting, System Integration and Digital Services.

- **Start of the transfer of tax credits to the banking system:** pursuant to article 121 of Italian Decree-Law no. 34 of 2020 (so-called Relaunch Decree), parties who in 2020 and 2021 incur expenses for building renovations may, in place of the direct use of the deduction due, alternatively opt for:

^ A contribution in the form of a discount on the consideration due, up to a maximum amount equal to the consideration itself, advanced by the suppliers who perform the works and are compensated with a tax credit of an amount equal to the deduction due, with the right to subsequently transfer the credit to other parties, including credit institutions and other financial intermediaries.

^ The transfer of a tax credit of the same amount, with the right of subsequent transfer to other parties, including credit institutions and other financial intermediaries.

As a result of this regulatory provision, Ediliziacrobatica S.p.A. is the holder of a considerable amount of tax receivables (€8.47 at 31/12/2020). Since the process of certification of tax receivables and the various phases of the subsequent transfer envisaged by the legislation required a few months for the Italian banking system to update its operations, Ediliziacrobatica S.p.A. began to sell the tax receivables in its portfolio to banks in order to retire the tax receivables acquired from customers only at the end of February 2021.

Impact of the 2019 coronavirus pandemic

Evolution of the business model in response to the pandemic

As is known, since January 2020 the world has witnessed the spread of the "new" coronavirus and the consequent legal restrictions on mobility and a long list of

commercial and industrial activities. Specifically, the Close Italy Decree of 22 March 2020 established "the suspension of industrial and commercial production activities", which also concerned construction sites, which were reopened by the Italian Relaunch Decree from 4 May 2020. In compliance with these legal provisions, the Group suspended its production, with significant consequences on sales and profitability, as described above. Furthermore, from the beginning of the restrictions, the Group set up an internal team aimed at managing extraordinary measures, including the launch of a wide-ranging plan for the containment and rationalisation of operating costs, the assessment of the use of the instruments made available by the government for the management of the emergency (social safety nets, exceptions to certain mandatory obligations), the assessment of contractual obligations towards third parties, the assessment of the adequacy of financial resources and the consequent actions. At an extremely critical time for many companies, with the economy in continuous decline, EdiliziAcrobatica has decidedly gone against the tide, expanding its business even further thanks to the creation of a new branch of the company, the launch of new products and the maintenance of the training of all the Group's resources and contacts with the main EA customers and stakeholders, thanks to the use of available technologies (training webinars and video calls). In the midst of COVID-19, EdiliziAcrobatica built, strengthened and created new opportunities, as described below:

New business

In light of the changing needs of the country and the people, to deal with the delicate moment created by the international epidemiological emergency, in April 2020 EdiliziAcrobatica launched a new line of business to provide sanitisation services for the common areas of condominiums, offices, businesses, companies and places of worship. This branch has evolved into the Multiservices division offering sanitisation services along with disinfection and condominium cleaning.

Launch of new product

In May 2020 EdiliziAcrobatica launched the first app in Italy dedicated to remote condominium meetings, which is called "EACondominio". It is the first app that allows

convening, organising and managing condominium meetings online, with the added benefit of keeping all the documentation on file in a single environment. It is a tool that will transform condominium meetings, allowing the mixed participation of owners both on site and online.

Training

The training of human resources has always been at the centre of the Group's activities, and therefore it continued despite the lockdown. The training classes were reorganised and training webinars were set up throughout Italy.

Thanks to available technologies, the relationship with the customer network also remained active. Video calls were organised by the sales network with all our B2B customers, ensuring a constant contact and the opportunity to plan future actions. Moreover, periodic training webinars were held for loyal customers.

Tax concessions to support building renovations

In May, Italian Decree-Law no. 34 of 19 May 2020, converted with amendments by Italian Law no. 77 of 17 July 2020, among other things introduced important tax concessions for building renovations and the restoration of building façades. The market reacted promptly to these measures and Ediliziacrobatika spa has benefited from the growth in demand, achieving a significant increase in sales, production and revenues starting in September and throughout the second part of the year. The trend is still evident today and is expected to continue throughout the year.

The company has demonstrated its ability to adapt and to seize the opportunities that arose in a time of crisis. Moreover, the tax benefits described have provided additional opportunities for growth

both in 2020 and in the current year, which Ediliziacrobatica has shown itself ready to exploit.

Risks and uncertainties that the company is exposed to and Measures adopted and planned to mitigate the effects of the pandemic

The future of the pandemic is unknown for the whole world. For its part, the company is continuing with its growth strategy and at the same time paying great attention to the margins generated by all its offices, both in Italy and abroad. Moreover, as already described, it has i) launched important projects to improve its organisational structure, thanks to the introduction of a high-performance IT system, ii) restructured its financing, acquiring new financial resources with an average cost of collection lower than the past in order to support development and, if necessary, to cope with more difficult market situations and the economy.

Operating outlook

In the first two months of the 2021 financial year the company generated revenues of €7.63 million compared to €6.255 million in 2019, and continues to constantly monitor the situation and update the prospective economic and financial plans based on the data gathered and the probable evolution for the entire year, assessing the wide range of factors related to the extremely volatile economic situation, but which in any case presents interesting opportunities thanks to the continuation of tax benefits for the maintenance of real estate assets. Moreover, investments in marketing will continue through advertising campaigns on national television stations aimed at further reinforcing the value of the Brand for the final consumer, in addition to the continuation of the back-sponsor contract on the Torino FC shirts for the 2020-21 and 2021-22 seasons. The plan to strengthen the centralised functions responsible for providing support to both direct Italian operating offices and franchisees will also continue,

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and the same goes for the French subsidiary and any other future acquisitions in order to build a robust, flexible corporate structure that is adequate to the requirements of a listed company while respecting the principles of efficiency and cost containment. Based on the above, the company intends to pursue its growth strategy, opening new offices in Italy and abroad. In fact it is believed that the services offered will benefit from the measures being taken by the government to relaunch the construction sector, at least in Italy. During the recent crisis the company was able to demonstrate that it is resilient and able to seize the opportunities that arise even in difficult times, and is ready to face the challenges raised by the resurgence of the COVID-19 pandemic thanks to its organisational flexibility as well as the solidity of its financial situation.

Genoa, 29 March 2021

The Board of Directors

Simonetta Simoni (Chairwoman)

Riccardo Iovino (Director and Chief Executive Officer)

Anna Marras (Director)

Simone Muzio (Director)

Paolo Caneva (Independent Director)

