

# EdiliziAcrobatica

Sector: Real Estate Services



Marco Greco

marco.greco@value-track.com

Filippo Mazzoleni

filippo.mazzoleni@value-track.com

## Relentless growth in commercial traction

EdiliziAcrobatica SpA (EDAC) is by far the Italian leader in outdoor maintenance and renovation of real estate assets, through an innovative double safety rope and no use of scaffoldings technique.

### FY23 P&L in line with estimates; Tax Credit effect on NFP

Even with significantly lower fiscal incentives, EDAC maintained its strong growth trajectory, with top line increasing by 18% year-over-year to €160mn. This growth was driven by (i) massive increase in the client base, (ii) commercial expansion, internationalization, and diversification, and (iii) consolidation of Enigma (contributing approximately €8mn in sales from April to December). However, profitability (EBITDA margin decreased to 15% from 26% in FY22) and net debt (at €57 million) were negatively impacted due to significantly higher operating expenses, the very slow cash-in of tax credits, and the transition from IT GAAP to IFRS-IAS.

### 1Q24: +92% Clients and +48% Contracts y/y

After FY23's impressive KPIs (#27 new branches, #786 net hires, +48% y/y new contracts, +100% y/y new clients), 1Q24 continued with outstanding figures (+92% clients y/y and +48% contracts signed y/y). We remind that during FY23 EDAC secured additional future growth and diversification thanks to (i) Enigma Capital acquisition, (ii) new partnerships (Banca Sella, Italsoft) and (iii) new business units ("Acrobatica Fotovoltaico", "Acrobatica Smart Living") focused on value-added energy requalification services.

### New business units needing some set-up time

We are fine-tuning our estimates downwards (by ca. 10%) with a slower ramp-up of Acrobatica Fotovoltaico and Smart Living, outlining a non-meaningful y/y comparison in 1H24 (new BUs still in their set up phase vs. Acrobatica Energy running at full speed in 1H23 on high margins *Ecobonus* projects). However, EDAC should continue its growth path with enhanced profitability while also normalizing its cash conversion cycle within 2026. In 2026E we forecast: 1) Value of Production at €204.5mn (9% CAGR<sub>23A-26E</sub>); 2) EBITDA at €35mn (14% CAGR<sub>23A-26E</sub>, margin at 17.1%, +200bps vs. FY23); 3) Net Debt at €11.7mn, after €7.8mn cumulated dividends.

### Fair Value at €18.00 p/s (from €20.00 p/s)

We revise EDAC Fair Equity Value at €18.00 p/s (from €20.00 p/s) after updating our SOTP valuation analysis based on new estimates. At fair value, EDAC would trade at 1.2x-1.0x EV/Sales, 7.6x-5.9x EV/EBITDA 2024E-25E respectively, at 15% discount to international peers (2025E, average).

<b>Fair Value (€)</b>	<b>18.00</b>
<b>Market Price (€)</b>	<b>11.30</b>
<b>Market Cap. (€m)</b>	<b>94.9</b>

KEY FINANCIALS (€m)	2023A	2024E	2025E
VALUE OF PRODUCTION	158.8	165.8	183.0
EBITDA	24.0	25.4	30.1
EBIT	14.4	16.6	20.7
NET PROFIT	6.3	7.9	10.8
EQUITY	29.7	36.9	45.2
NET FIN. POS.(IFRS)	-57.1	-41.3	-27.0
EPS ADJ. (€)	0.8	0.9	1.3
DPS (€)	0.2	0.4	0.4

Source: EdiliziAcrobatica (historical figures), Value Track (2024E-25E estimates)

RATIOS & MULTIPLES	2023A	2024E	2025E
EBITDA MARGIN (%)	15.1	15.3	16.4
EBIT MARGIN (%)	9.0	10.0	11.3
NET DEBT / EBITDA (x)	2.4	1.6	0.9
EV/SALES (x)	1.2	0.8	0.7
EV/EBITDA (x)	7.9	5.4	4.1
EV/EBIT (x)	13.2	8.2	5.9
P/E (x)	20.9	12.1	8.8
DIV YIELD (%)	0.9	3.4	3.4

Source: EdiliziAcrobatica (historical figures), Value Track (2024E-25E estimates)

### STOCK DATA

FAIR VALUE (€)	18.00
MARKET PRICE (€)	11.30
SHS. OUT. (m)	8.4
MARKET CAP. (€m)	94.9
FREE FLOAT (%)	27.2
AVG. -20D VOL. (#)	13,071
RIC / BBG	EDAC.MI / EDAC IM
52 WK RANGE	€10.90 - €18.20

Source: Stock Market Data



## Business Description

EdiliziAcrobatica S.p.A. (EDAC) is active in the Italian market of real estate assets outdoor maintenance and renovation through an innovative approach based on the double safety rope tool. The company carries out maintenance works ranging from securing and prompt intervention, to renovation, installation, proofing, maintenance, and rebuilding, all executed without the use of scaffoldings or fixed-aerial solutions. Founded back as of 1994, the company has experienced a successful growth thus becoming nowadays the largest European company in its niche-segment.

## Key Financials

€mn	2023A	2024E	2025E	2026E
<b>Value of Production</b>	<b>158.8</b>	<b>165.8</b>	<b>183.0</b>	<b>204.5</b>
y/y (%)	81.1%	4.5%	10.4%	11.7%
<b>EBITDA</b>	<b>24.0</b>	<b>25.4</b>	<b>30.1</b>	<b>35.0</b>
EBITDA Margin (%)	15.1%	15.3%	16.4%	17.1%
<b>EBIT</b>	<b>14.4</b>	<b>16.6</b>	<b>20.7</b>	<b>25.0</b>
EBIT Margin (%)	9.0%	10.0%	11.3%	12.2%
<b>Net Profit</b>	<b>6.3</b>	<b>7.9</b>	<b>10.8</b>	<b>13.9</b>
y/y (%)	-43.3%	25.7%	37.3%	28.0%
<b>Adjusted Net Profit</b>	<b>6.3</b>	<b>7.9</b>	<b>10.8</b>	<b>13.9</b>
y/y (%)	-43.3%	25.7%	37.3%	28.0%
<b>Net Fin. Position (IFRS)</b>	<b>-57.1</b>	<b>-41.3</b>	<b>-27.0</b>	<b>-11.7</b>
Net Fin. Pos. / EBITDA (x)	2.4	1.6	0.9	0.3
Capex	-18.1	-6.6	-7.3	-8.2
<b>OpFCF b.t.</b>	<b>-24.6</b>	<b>25.3</b>	<b>23.7</b>	<b>25.9</b>
OpFCF b.t. as % of EBITDA (*)	nm	99.6%	78.9%	74.1%

Source: EdiliziAcrobatica (historical figures), Value Track (estimates)

## Investment case

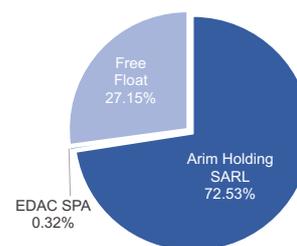
### Strengths / Opportunities

- ◆ Innovative approach to “old” problems;
- ◆ Business model granting high scalability;
- ◆ Low level of capital expenditure.

### Weaknesses / Risks

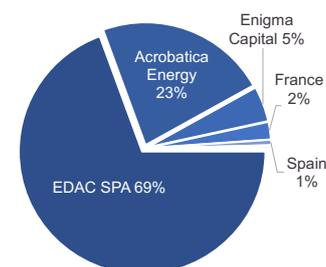
- ◆ Labor intensive business model, requiring highly-skilled workers;
- ◆ The company is braked in its (international) expansion by different regulatory landscapes;
- ◆ Credit collection takes long time, but bad debt risks are minimal.

## Shareholders Structure



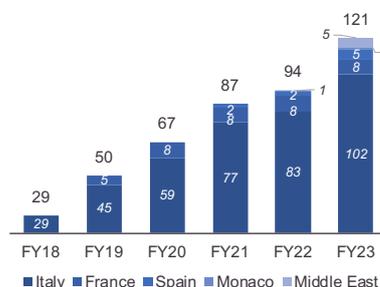
Source: EdiliziAcrobatica

## Revenues by Legal Entity



Source: EdiliziAcrobatica, Value Track, FY23

## Directly Managed Branches



Source: EdiliziAcrobatica, Value Track, FY23

## Stock multiples @ €18.0 Fair Value

	2024E	2025E
EV / SALES (x)	1.2	1.0
EV / EBITDA (x)	7.6	5.9
EV / EBIT (x)	11.6	8.6
EV / CAP.EMP. (x)	2.5	2.5
OpFCF Yield (%)	13.2	13.3
P / E (x)	19.0	13.9
P / BV (x)	4.2	3.4
Div. Yield. (%)	2.2	2.2

Source: Value Track

## FY23 Financial Results

### Key Financials & Messages

During FY23, EDAC business was heavily affected by the abrupt stop to invoice discount procedures on projects related to *Ecobonus*. Also, we remind that FY23 was the first full fiscal period without the substantial contribution from *Bonus Facciate* works.

Nonetheless, the Group maintained its strong growth path (top line +18% y/y) thanks to (i) the massive client base secured over the last few years, (ii) the important commercial, internalization and diversification strategies, and (iii) the consolidation of Enigma Capital (ca. €8mn revenues from April to December).

Still, margins and net debt suffered due to higher growth related opex, to the very slow cash-in of tax credits, and to the transition from IT GAAP to IFRS-IAS.

More in details, EDAC FY23 key financials came out as follows:

- ◆ **Value of Production** at ca. **€160mn**, growing 18% y/y, with 2H23 at €85.1mn (+28% y/y);
- ◆ **EBITDA** down at **€24mn** (in line with estimates), with 2H23 at €13mn vs. €11mn of 2H22;
- ◆ **EBITDA Margin** back at pre-bonuses **15%**, in line with historical business;
- ◆ **Net Working Capital** absorbing ca. **€30mn**, mainly for tax credits cash-in postponements;
- ◆ **Net Debt** at **€57mn**, due to the combined effect of NWC, M&A, and transition to IAS.

#### EDAC: Key Financials FY21-FY23

Key Financials (IAS, €mn)	FY21A	FY22A	FY23A	y/y	FY23E	A/E
Value of Production	87.7	134.5	158.8	18%	154.6	3%
EBITDA	21.3	34.4	24.0	-30%	24.0	0%
EBITDA Margin (%)	24.3%	25.6%	15.1%	-11pts	15.5%	-40bps
Net Working Capital	13.5	17.8	47.9	30.1	35.1	12.8
Net Fin. Pos. [Debt(-)/Cash(+)]	-9.2	-5.0	-57.1	-52.1	-42.6	-14.5

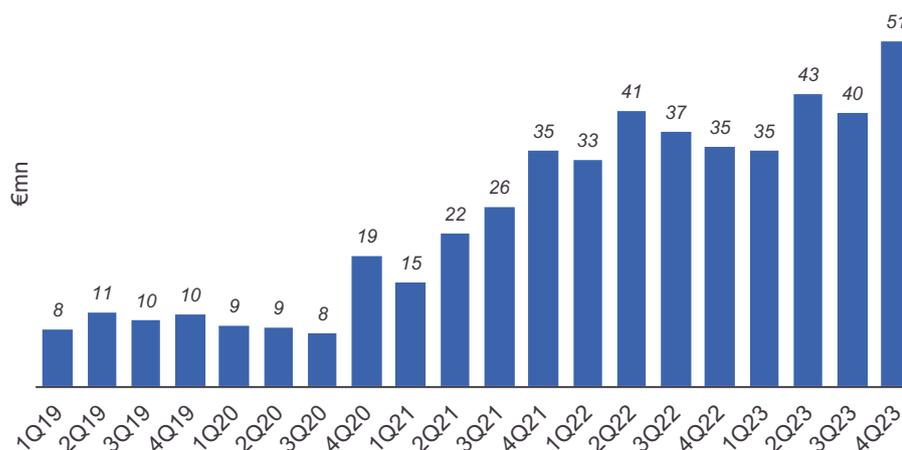
Source: EdiliziAcrobatica, Value Track Analysis

### Profit & Loss

FY23 **Value of Production** stood at **€158.8mn** vs €134.5mn in FY22 (+18% y/y, beating our expectations by ca. 3%) and was reported net of the banking fees paid for the cash-in of the tax credits related to *Ecobonus* projects. EDAC achieved this substantial top line growth despite the overnight stop of invoice discounting ("*Decreto Blocca Cessioni*" of February. 17<sup>th</sup>, 2023) mainly thanks to:

1. Relentless **business development** (more details in the next chapter): ever-increasing number of contracts signed in FY23 (+48% y/y) to offset the much lower average order value vs. *Bonus Facciate*-inflated projects of FY21-FY22;
2. Consolidation of **Enigma Capital LLC** since April 2023, adding €7.9mn to FY23 top line and exposing the Group to the promising Middle-East market. However, we point out that even without the contribution of Enigma, EDAC reported an organic VoP growth of ca. 12%;
3. Finalization of *Ecobonus*: **Acrobatica Energy** accelerating the delivery of high average ticker projects (ca. €1mn) in the final months of the year (4Q23 contribution of €9.3mn, ca. 2x 4Q22);
4. Partnership with **Banca Sella** (since May '23), enabling customers to defer renovation expenses while still enjoying the pros of *Bonus Facciate* (recovering the investments by cumulating tax returns) even if on a longer-term horizon (10 years, more details in the next chapter).

### EDAC: Revenues from Sales (Gross of Banking Fees) by Quarters



Source: EdiliziAcrobatica, Value Track Analysis

In terms of revenues breakdown, we highlight:

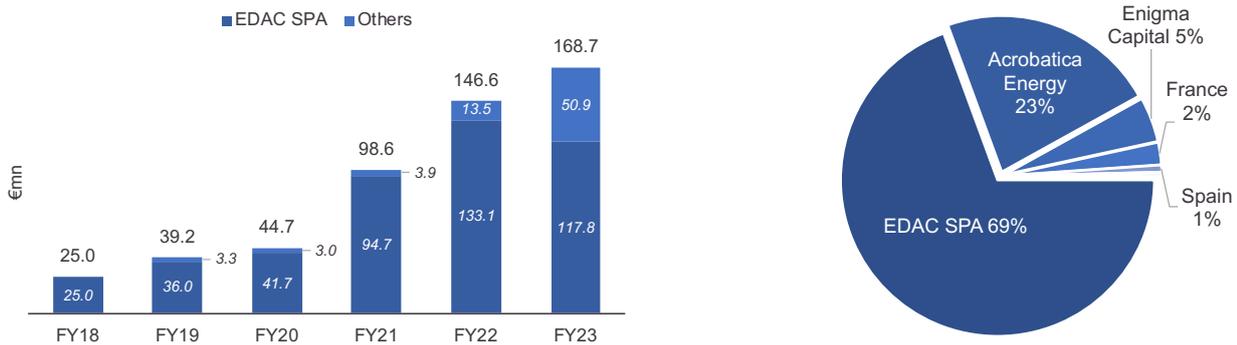
- ◆ **EdiliziAcrobatica SPA** suffered from poor weather conditions in the first 9 months of the year and from a challenging comparison vs. the booming FY22. Hence, FY23 revenues came out ca. 11% lower y/y at €117.8mn (gross of banking fees for ca. €4mn), exactly in line with our forecasts;
- ◆ **Acrobatica Energy SRL** increased its contribution on total sales from 6% to 23%, reporting FY23 revenues at €38.2mn (gross of banking fees for ca. €6.2mn and vs. our estimate of €32mn) thanks to the high average ticker per contract;
- ◆ **Enigma Capital LLC** with a FY contribution (April-December) of €7.9mn, weighing ca. 5% on Group revenues and beating our forecast of €6.0mn.
- ◆ **France** failed to achieve our expectations (€4.6mn), reporting FY sales at €3.9mn (-17% y/y);
- ◆ **Spain** reporting sales at €1.2mn, in line with our estimates and growing 43% y/y;
- ◆ **Monaco** contributing with €159k to the Group top line, recorded in the last quarter of the year.

### EDAC: Revenues from Sales FY21-FY23

Revenues from Sales (IAS, €mn)	FY21	FY22	FY23	y/y
EdiliziAcrobatica SPA	94.7	133.1	117.8	-11%
Acrobatica Energy SRL	0.7	8.2	38.2	>100%
Enigma Capital Investments LLC	0.0	0.0	7.9	nm
EdiliziAcrobatica France SAS	3.4	4.7	3.9	-17%
EdiliziAcrobatica Iberica SL	0.2	0.8	1.2	43%
EdiliziAcrobatica Monaco SAM	0.0	0.0	0.2	>100%
Intragroup	-0.4	-0.2	-0.5	nm
<b>Revenues from Sales (Gross of Banking Fees)</b>	<b>98.6</b>	<b>146.6</b>	<b>168.7</b>	<b>15%</b>
Banking Fees	-11.7	-12.9	-10.2	-21%
<b>Revenues from Sales</b>	<b>86.9</b>	<b>133.7</b>	<b>158.5</b>	<b>19%</b>

Source: EdiliziAcrobatica, Value Track Analysis

### EDAC: Revenues from Sales (Gross of Banking Fees) by Legal Entity

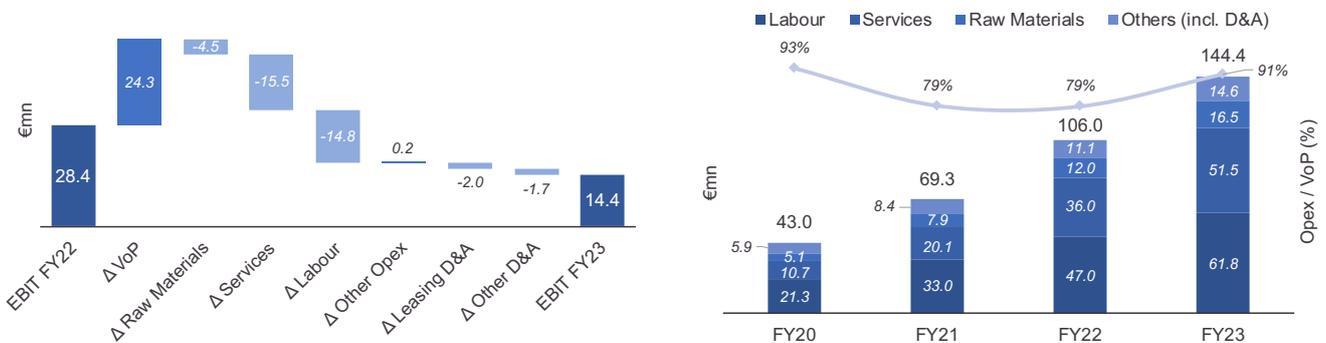


Source: EdiliziAcrobatica, Value Track Analysis

Operating and net profitability suffered more than top line from the stop of invoice discounting, which in the past semesters doubled usual core business margins. Indeed, in FY23:

- ◆ **EBITDA** totaled **€24.0mn** (15% margin) vs. €34.4mn in FY22 (26% margin), that was however substantially inflated by the above-average marginality of 1H22 (€23mn, final delivery of works still related to *Bonus Facciate* 90%). Positively, 2H23 EBITDA was at €13mn, ca. 15% more than 2H22 €11mn. Looking at the EBITDA breakdown, we believe worth to highlight:
  - **EdiliziAcrobatica SPA** reporting an EBITDA close to €20mn, implying a 17% EBITDA Margin, which is some basis points higher than the historical core business profitability pre-fiscal incentives, but ca. 10 percentage points lower vs. FY22;
  - **Acrobatica Energy** EBITDA over €6mn, with a margin of 20% (vs. ca. 15% in FY22), more than offsetting the negative contribution of **France** (-€1.9mn), **Spain** (-€0.7mn), and **Monaco** (-€0.2mn) to the Group FY23 EBITDA;
  - **Enigma Capital** already delivering a positive EBITDA margin (ca. 10%), despite optimization and integration processes still ongoing.
- ◆ **EBIT** decreased more than proportionally vs. EBITDA (**€14.4mn** vs. €28.4mn in FY22) due to higher D&A (mainly related to leasing assets) and provisions (€2mn related to receivables and financial securities vs. €0.2mn in FY22). EBIT margin came out at ca. 9% (vs. ca. 21% in FY22), after all the main cost items increased their incidence on top line y/y:
- ◆ **Net Profit** (**€6.3mn** vs. €14.7mn in FY22) slightly benefitted from the much lower discounting fees for the cash-in of tax credits (from €4.7mn in FY22 to €0.5mn in FY23). However, total financial charges decreased by only €2mn y/y. explained by the new credit lines opened in FY23.

### EDAC: EBIT Bridge and Opex Evolution



Source: EdiliziAcrobatica, Value Track Analysis

**EDAC: P&L FY21-FY23**

P&L (IAS, €mn)	FY21	FY22	FY23	y/y
<b>Revenues from Sales</b>	<b>86.9</b>	<b>133.7</b>	<b>158.5</b>	<b>19%</b>
Other Revenues	0.7	0.8	0.3	-64%
<b>Value of Production</b>	<b>87.7</b>	<b>134.5</b>	<b>158.8</b>	<b>18%</b>
Raw Materials (incl. Δ Inventory)	-7.9	-12.0	-16.5	38%
Costs of Services	-20.1	-36.0	-51.5	43%
Labour Costs	-33.0	-47.0	-61.8	32%
Other Operating Costs	-5.5	-5.2	-5.0	-4%
<b>EBITDA</b>	<b>21.3</b>	<b>34.4</b>	<b>24.0</b>	<b>-30%</b>
EBITDA Margin (%)	24.3%	25.6%	15.1%	-11ppt
D&A	-2.3	-5.6	-7.7	38%
Provisions	-0.7	-0.4	-2.0	>100%
<b>EBIT</b>	<b>18.3</b>	<b>28.4</b>	<b>14.4</b>	<b>-50%</b>
EBIT Margin (%)	20.9%	21.2%	9.0%	-12ppt
Interest Expenses	-1.5	-5.7	-3.5	-40%
Non-Operating Income/Expenses	0.3	-0.3	0.0	-100%
<b>Pre-Tax Profit</b>	<b>17.1</b>	<b>22.4</b>	<b>10.9</b>	<b>-51%</b>
Taxes	-6.0	-7.9	-4.8	-39%
Minorities	0.0	0.1	0.2	86%
<b>Net Profit</b>	<b>11.1</b>	<b>14.7</b>	<b>6.3</b>	<b>-57%</b>

Source: EdiliziAcrobatica, Value Track Analysis

**Balance Sheet & Cash Flow Statement**

The transition to IAS is responsible of much of EDAC Net Financial Position worsening, as it required:

1. The registration of leasing as Net Fixes Assets (ca. €20.3mn as of December 31<sup>st</sup>, 2023);
2. The registration of minorities stakes related to acquisitions as Net Fixed Assets (Enigma Capital remaining 49% now valued at ca. €5.9mn is on the Group Balance Sheet).

We calculate that the transition to IAS worsened EDAC FY22 and FY23 Net Financial Positions by ca. €17mn and €26mn, respectively (therefore negatively impacting FY22-FY23 “apparent” cash flow generation by ca. €9mn).

**EDAC: Net Financial Position OIC vs. IAS**

Balance Sheet (IAS, €mn)	NFP OIC (IT GAAP)	NFP IAS	Δ
FY22	12.0	-5.0	<b>-17.0</b>
FY23	-30.9	-57.1	<b>-26.2</b>
<b>Δ</b>	<b>-42.9</b>	<b>-52.1</b>	

Source: EdiliziAcrobatica, Value Track Analysis

Still, EDAC cash flow generation was weak in both cases, as a result of:

- ◆ **Net Working Capital** absorbing €30.5mn due to the combined effect of (i) bureaucratic difficulties in collecting tax credits and (ii) the return to a normalized cycle post-fiscal bonuses, characterized by much less down payments from clients and longer trade receivables cash conversion, especially after the strong volumes reported by Acrobatica Energy;

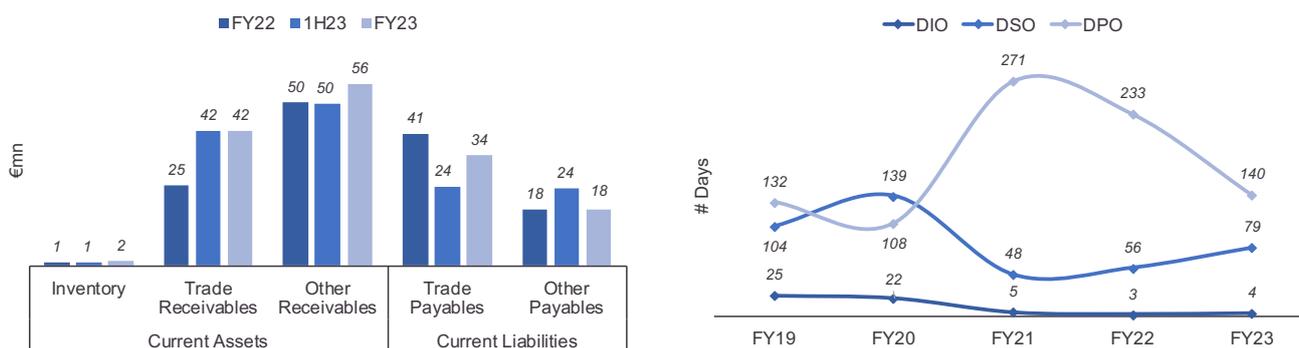
- ◆ **Dividends** paid for ca. €10.7mn, referred to (i) ordinary pay-out of €0.50 p/s on FY22 Net Profit and (ii) extraordinary pay-out of €0.8 p/s on FY21 Net Profit, paid in April 2023;
  - ◆ **M&A cash-out** (net of the cash acquired) of ca. €4.7mn for 51% of Enigma Capital. The remaining 49% (valued at €5.6mn) is also accounted as additional debt due to IAS principles;
  - ◆ **Capex, Δ Leasing, Δ Other Assets** of ca. €18.1mn. Pure capex was ca. €3.3mn, mainly related to workmen’s kits, equipment, leasehold enhancements, points openings, software developments.
- Hence, **IAS Net Debt** increased from €5.0mn (FY22) to **€57.1mn**, stable vs. €58.0mn of June 2023.

**EDAC: Balance Sheet FY22-FY23**

Balance Sheet (IAS, €mn)	FY22	1H23	FY23
Net Fixed Assets	24.9	45.2	44.3
Net Working Capital	17.8	44.2	47.9
Provisions	3.9	4.4	5.5
<b>Total Capital Employed</b>	<b>38.8</b>	<b>85.0</b>	<b>86.7</b>
<b>Group Net Equity</b>	<b>33.8</b>	<b>27.0</b>	<b>29.7</b>
<b>Net Fin. Pos. [Debt(-)/Cash(+)]</b>	<b>-5.0</b>	<b>-58.0</b>	<b>-57.1</b>

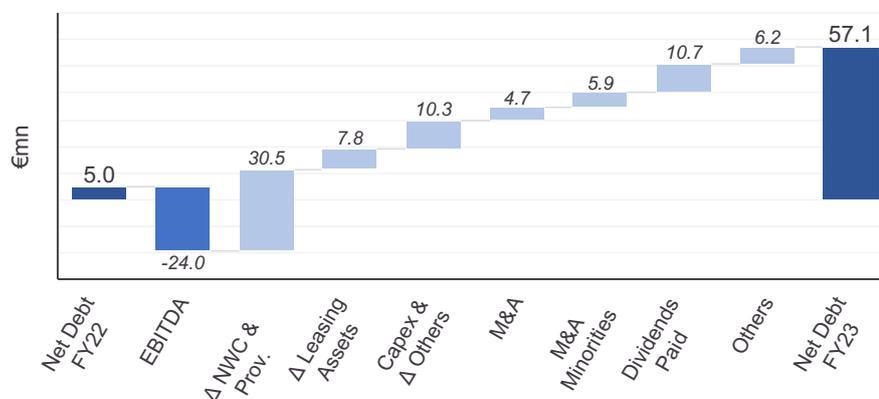
Source: EdiliziAcrobatica, Value Track Analysis

**EDAC: Net Working Capital & Cash Conversion Cycle**



Source: EdiliziAcrobatica, Value Track Analysis

**EDAC: Cash Flow Statement FY23**



Source: EdiliziAcrobatica, Value Track Analysis

# Business & Corporate Developments

## Business Development

FY23 business development continued at unrelenting pace, with #27 new branches openings, #786 new net hires (Group HR close to 2,500 people), +48% y/y new contracts, +100% y/y new clients, Enigma Capital acquisition, new partnerships (Banca Sella, Italsoft) and business units (“Acrobatica Fotovoltaico”, “Acrobatica Smart Living”) for additional business expansion and diversification.

### Contracts & Clients

Over the last few months, EDAC has significantly increased the number of signed contracts on a year-over-year basis. More in details:

- ◆ As of 1Q23, the number of YTD contracts signed grew by 43% y/y;
- ◆ As of 1H23, the number of YTD contracts signed grew by 50% y/y, from ca. 7,700 to ca. 11,500;
- ◆ As of 9M23, the number of YTD contracts signed grew by 53% y/y, from 12,149 to 18,590;
- ◆ As of FY23, the number of FY contracts signed grew by 48%, from 17,925 to 26,550.

In addition, as of FY23, the number of clients doubled y/y (exactly +100%), another strong sign of healthy business development and a result achieved thanks to management ability to anticipate the stop of fiscal bonuses and understand that the large client base (intended as condominium administrators) achieved during that period could be recurring.

The latest news is the number of **new contracts signed in 1Q24**, which **grew by another 48.3% y/y** from 4,884 to **7,241**, implying a higher than 100% growth from 1Q22. Also related to 1Q24, the **number of clients increased by an astonishing 92% y/y**.

### Commercial, Internalization & Diversification Strategies

Behind the rising number of contracts signed there are few brand new commercial, internationalization and diversification strategies:

- ◆ **“Finanziamento Condominio”**, i.e. the new partnership with Sella Personal Credit signed in May 2023 that should enable tenants to access the necessary financing for building renovation works and recover the investment made through tax declarations in 10 years (government policy substituting invoice discounting).

Tenants could access resources between €10k and €160k for a period between 19-48 months and only 10% of the total work amount should be anticipated.

The project is having great success and is one of the main reasons of the rising number of contracts YTD, as customers are able to defer renovation expenses while still enjoying the pros of *Bonus Facciate* (recovering the investments by cumulating tax returns) even if on a longer term horizon;

- ◆ **Enigma Capital** acquisition, Middle East group providing “double rope access based” maintenance, cleaning and facility management services for residential and commercial buildings (more details in our Update Report of April ’23);
- ◆ **Acrobatica Energy**: delivering the last projects on *Ecobonus* (closing approximately #30 construction sites) and starting to dedicate to the energy efficiency of residential buildings (50 cities in 17 areas), using the traditional double-rope technique to install PV panels on roofs and acting as general contractor for interventions such as installations of thermal coats and condensing boilers and the replacement of windows frames. **“Acrobatica Fotovoltaico”** will indeed offer (i) preventive analysis, (ii) in-house design, (iii) installation by qualified personnel and (iv) post-installation services (e.g., panel cleaning).

The aim is to surf the opportunities from the *Energy Performance of Buildings Directive*, a package of rules proposed by the EU to promote energy-efficient renovation and construction of new buildings with a jump of two energy classes by 2033 and zero emissions by 2050;

- ◆ **Acrobatica Smart Living:** new JV created with Italsoft (51% EDAC, 49% Italsoft), Italian technological leader for the digital and energetic innovation of the construction sector. The JV is a further strengthening of EDAC value-added services offering to condos and residents, that from now on will also focus on the energy requalification of buildings, the creation of residential energy communities, smart buildings transformation, and, in a second phase, the provision of services for the administration of properties through digital platforms. We expect the Newco to generate significant cross-selling opportunities for both the companies: while EDAC will provide its renowned commercial footprint, Italsoft will lever on its technological know-how, engineering and software hub for the efficient management of building sites, and general contractor network.

**EDAC: Acrobatica Fotovoltaico and Acrobatica Smart Living**

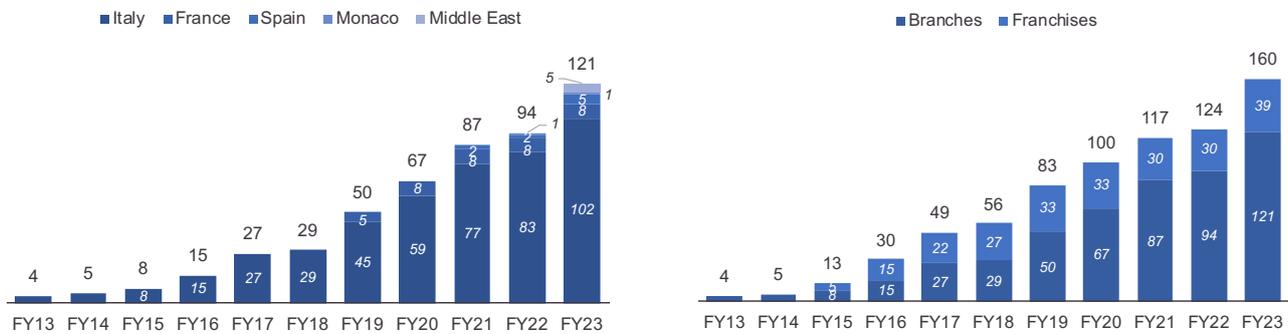


Source: EdiliziAcrobatica

**Point of Sales & Human Resources**

In terms of directly managed branches, EDAC added #26 new units over the latest twelve months (#19 in Italy, #3 in Spain, #1 in France, and #3 in the Middle East). We now count #102 Italian direct branches, #57 more than at the end of 2019, #19 foreign branches, and #39 domestic franchises, for #160 total point of sales, up from #83 in 2019.

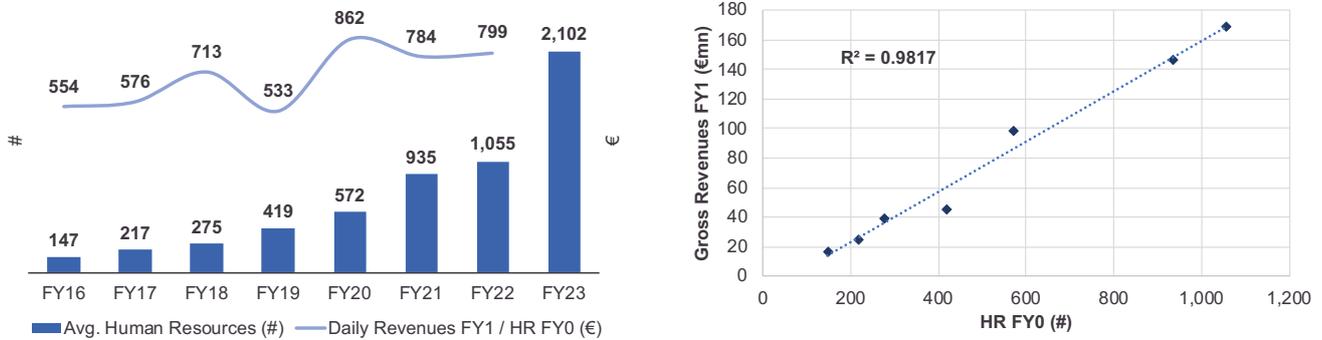
**EDAC: Group Operating Branches & Total Point of Sales**



Source: EdiliziAcrobatica, Value Track Analysis

We also highlight that over FY23 the Group continued its forceful hiring strategy, reaching 2,495 human resources vs. 1,709 at the end of FY22.

**EDAC: HR Evolution & Correlation of HR FY0 with Revenues FY1**



Source: EdiliziAcrobatica, Value Track Analysis

**Corporate Development**

We cannot help mentioning the tragedy that took place at the end of September, when Mr. Riccardo Iovino, founder and CEO of the company, abruptly passed away.

In order to ensure the total continuity in the group's path of growth and internationalization, the following appointments have been finalized:

- ◆ Vincenzo Polimeni is the new Country Manager for France and for the Principality of Monaco. We remind that he already worked for the group in the past;
- ◆ Anna Marras has been confirmed by the Board of Directors as new CEO and granted all operational and management powers;
- ◆ Tino Seminara has been appointed as new nonexecutive director;
- ◆ Riccardo Banfo has been appointed Chairman of the BoD.

We also mention the important rebranding of the Group (from “EdiliziAcrobatica” to “Acrobatica”), responding to the needs of an increasingly international market. Indeed, by 2024, the company will be 30 years old, with a presence in several countries worldwide.

**EDAC: Rebranding**



Source: EdiliziAcrobatica

## Forecasts 2024E-26E

### Estimates Revision

We are revising EDAC 2024E-26E estimates as follows:

- ◆ **Value of Production** down by ca. 7%-8% p.a. vs. previous estimates due to the transformation of Acrobatica Energy into Acrobatica Fotovoltaico, focused on the installation of PV panels on residential buildings while Acrobatica Smart Living should keep following projects tied to *Ecobonus* and smart buildings value-added services.

Both the new subsidiaries are still in their set-up phase, hence 1H24 y/y comparison will not be much meaningful.

Good notes are:

1. the ever-increasing KPIs of EDAC core business (1Q24 +92% clients, +48% contracts signed y/y);
  2. Enigma Capital growth, which will contribute for the whole FY in 2024E;
  3. France and Spain signs of recovery, now closer to break-even;
  4. no more banking fees (for tax credits) impacting the P&L;
- ◆ **EBITDA** down by ca. 14%-16% vs. our previous forecasts due to the slower ramp-up of the new BUs related to energy efficiency projects, which are also no more benefiting from fiscal incentives. We remind that the new levels of profitability vs. *Bonus Facciate/Superbonus* periods should be some basis points higher than historical values, thanks to the increasing bargaining power EDAC has gained in recent years and more value-added services to be offered;
  - ◆ **Net Financial Position** revised consistently due to a slower-than-expected cash-in of tax credits. However, we forecast EDAC to generate ca. €45mn free cash flow over the next three years, starting from 1H24.

### EDAC: Old vs. New Estimates

Key Financials (IAS, €mn)	2024E			2025E			2026E		
	Old	New	Δ	Old	New	Δ	Old	New	Δ
Value of Production	177.5	165.8	-7%	198.3	183.0	-8%	//	204.5	//
EBITDA	30.2	25.4	-16%	35.1	30.1	-14%	//	35.0	//
EBITDA Margin (%)	17.0%	15.3%	-170bps	17.7%	16.4%	-130bps	//	17.1%	//
EBIT	21.8	16.6	-24%	26.4	20.7	-22%	//	25.0	//
EBIT Margin (%)	12.3%	10.0%	-230bps	13.3%	11.3%	-200bps	//	12.2%	//
Net Profit	12.2	7.9	-35%	15.3	10.8	-29%	//	13.9	//
Net Fin. Pos. [Debt (-) / Cash (+)]	-30.6	-41.3	-10.7	-18.5	-27.0	-8.5	//	-11.7	//

Source: Value Track Analysis

## Forecasts 2024E-26E

Our new 2024E-2026E estimates outline:

- ◆ **Value of Production** growing at **9% CAGR<sub>23A-26E</sub>** achieving **€204.5mn** in 2026E;
- ◆ **EBITDA** growing at a higher **13% CAGR<sub>23A-26E</sub>**, up to **€35.0mn** in 2026E (EBITDA Margin 2026E at 17.1%, up 200bps vs. 2023A);
- ◆ **Cumulated OpFCF<sub>b.t.</sub> 2024E-26E** at ca. **€74.4mn**, with a 2024E-26E 83.5% average EBITDA conversion rate;
- ◆ **Net Debt** at **€11.7mn** as of **2026 year-end**, also considering ca. €7.8mn cumulated dividends.

### EDAC: Revenues from Sales 2023A-26E

Revenues from Sales (IAS, €mn)	2023A	2024E	2025E	2026E	CAGR <sub>24A-26E</sub>
EdiliziAcrobatica SPA	113.8	128.5	134.6	144.2	7%
Acrob. Fotovoltaico & Smart Living	32.0	15.0	20.0	25.0	-13%
Enigma Capital Investments LLC	7.9	13.0	15.6	18.7	33%
EdiliziAcrobatica France SAS	3.9	6.5	9.0	12.0	45%
EdiliziAcrobatica Iberica SL	1.2	2.0	2.6	3.0	36%
EdiliziAcrobatica Monaco SAM	0.2	0.8	1.2	1.6	>100%
Intragroup	-0.5	0.0	0.0	0.0	nm
<b>Revenues from Sales</b>	<b>158.5</b>	<b>165.8</b>	<b>183.0</b>	<b>204.5</b>	<b>9%</b>

Source: EdiliziAcrobatica, Value Track Analysis

### EDAC: P&L 2023A-26E

P&L (IAS, €mn)	2023A	2024E	2025E	2026E	CAGR <sub>24A-26E</sub>
<b>Revenues from Sales</b>	<b>158.5</b>	<b>161.0</b>	<b>183.8</b>	<b>204.5</b>	<b>9%</b>
Other Revenues	0.3	0.0	0.0	0.0	nm
<b>Value of Production</b>	<b>158.8</b>	<b>165.8</b>	<b>183.0</b>	<b>204.5</b>	<b>9%</b>
Raw Materials	-16.5	-17.4	-20.1	-24.5	14%
Costs of Services	-51.5	-53.7	-59.1	-65.8	9%
Labour Costs	-61.8	-63.9	-68.0	-73.1	6%
Other Operating Costs	-5.0	-5.3	-5.7	-6.1	7%
<b>EBITDA</b>	<b>24.0</b>	<b>25.4</b>	<b>30.1</b>	<b>35.0</b>	<b>13%</b>
<i>EBITDA Margin (%)</i>	<i>15.1%</i>	<i>15.3%</i>	<i>16.4%</i>	<i>17.1%</i>	<i>200bps</i>
D&A	-7.7	-8.6	-9.2	-9.8	8%
Provisions	-2.0	-0.2	-0.2	-0.2	-53%
<b>EBIT</b>	<b>14.4</b>	<b>16.6</b>	<b>20.7</b>	<b>25.0</b>	<b>20%</b>
<i>EBIT Margin (%)</i>	<i>9.0%</i>	<i>10.0%</i>	<i>11.3%</i>	<i>12.2%</i>	<i>320bps</i>
Interest Expenses	-3.5	-3.5	-3.0	-2.5	-10%
Non-Operating Income/Expenses	0.0	0.0	0.0	0.0	nm
<b>Pre-Tax Profit</b>	<b>10.9</b>	<b>13.1</b>	<b>17.7</b>	<b>22.5</b>	<b>27%</b>
Taxes	-4.8	-4.6	-6.2	-7.9	18%
Minorities	0.2	-0.6	-0.6	-0.7	nm
<b>Net Profit</b>	<b>6.3</b>	<b>7.9</b>	<b>10.8</b>	<b>13.9</b>	<b>30%</b>

Source: EdiliziAcrobatica, Value Track Analysis

**EDAC: Balance Sheet 2023A-26E**

Balance Sheet (IAS, €mn)	2023A	2024E	2025E	2026E
Net Fixed Assets	44.3	42.4	37.2	32.4
Net Working Capital	47.9	41.6	40.9	42.2
Provisions	5.5	5.7	6.0	6.4
<b>Total Capital Employed</b>	<b>86.7</b>	<b>78.3</b>	<b>72.1</b>	<b>68.2</b>
<b>Group Net Equity</b>	<b>29.7</b>	<b>36.9</b>	<b>45.2</b>	<b>56.5</b>
<b>Net Fin. Pos. [Debt(-)/Cash(+)]</b>	<b>-57.1</b>	<b>-41.3</b>	<b>-27.0</b>	<b>-11.7</b>

Source: EdiliziAcrobatica, Value Track Analysis

**EDAC: Cash Flow Statement 2023A-26E**

Cash Flow Statement (IAS, €mn)	2023A	2024E	2025E	2026E
EBITDA	24.0	25.4	30.1	35.0
Δ NWC (incl. Provisions)	-30.5	6.3	0.8	-1.1
Capex, Δ Others (incl. Δ Leasing)	-18.1	-6.6	-7.3	-8.2
<b>OpFCF (b.t.)</b>	<b>-24.6</b>	<b>25.1</b>	<b>23.5</b>	<b>25.7</b>
As a % of EBITDA	<i>nm</i>	98.8%	78.3%	73.5%
Cash Taxes	-4.8	-4.6	-6.2	-7.9
<b>OpFCF (a.t.)</b>	<b>-29.4</b>	<b>20.5</b>	<b>17.4</b>	<b>17.8</b>
Interest Expenses	-3.5	-3.5	-3.0	-2.5
Others (incl. Financial Investments)	-9.1	0.0	3.3	3.2
Capital Injections	0.5	0.0	0.0	0.0
Dividends Paid	-10.7	-1.3	-3.3	-3.3
<b>Δ Net Financial Position</b>	<b>-52.1</b>	<b>15.8</b>	<b>14.3</b>	<b>15.3</b>

Source: EdiliziAcrobatica, Value Track Analysis

## Valuation

We revise EDAC **Fair Equity Value at €18.00 p/s** (from €20.00 p/s), after the downwards estimates review, while the average of peers’ multiples continued to remain flat since our last few updates.

At €18.00 EDAC would trade at 1.2x-1.0x EV/Sales, 7.6x-5.9x EV/EBITDA 2024E-25E respectively, at ca. 15% discount vs. international peers (2025E, average).

### EDAC: Multiples Sensitivity at Various Stock Price Levels

Stock Price p/s (€)	EV/Sales (x)		EV/EBITDA (x)		EV/EBIT (x)		P/E Adj. (x)	
	2024E	2025E	2024E	2025E	2024E	2025E	2024E	2025E
€11.30	0.8	0.7	5.3	4.0	8.1	5.8	11.9	8.7
€18.00	1.2	1.0	7.6	5.9	11.5	8.5	19.0	13.8

Source: Value Track Analysis

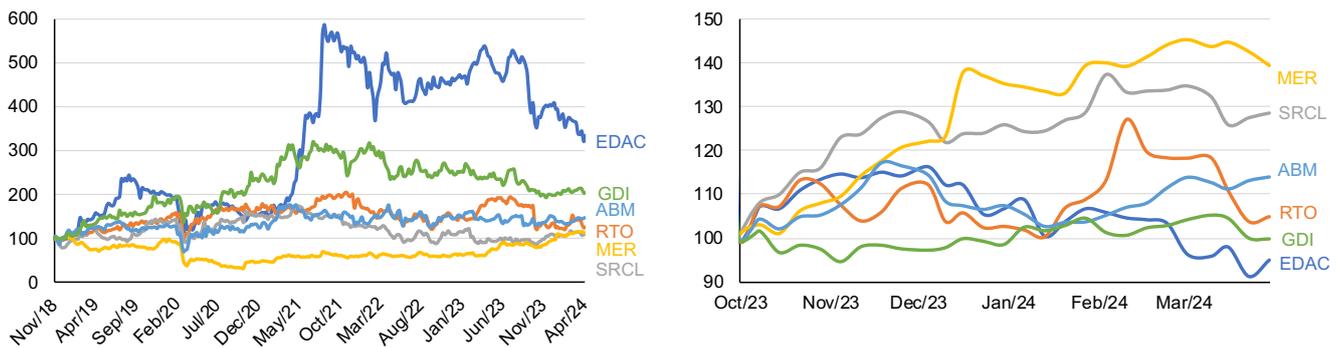
### Sum of the Parts

EDAC international peers’ multiples have not moved significantly over the last few months, still trading at 1.2x EV/Sales FY1 (stock prices going hand in hand with forecasts consensus).

Given the weak performance of EDAC stock over the last 6 months, the Italian group is still trading at substantial discount vs. peers, in our view unjustified even in the current normalized scenario without the major contribution of fiscal incentives.

Since there are still no close listed comparables, we stick to our panel of foreign players active in real estate facility services. On the other hand, our domestic cluster include energy efficiency businesses in order to infer a possible valuation of Acrobatica Fotovoltaico and Acrobatica Smart Living.

### EDAC: Peers’ Stock Price Evolution (Since IPO & L6M)



Source: Market Consensus, Value Track Analysis

For our SOTP valuation analysis, we took 2024E as reference year and the following assumptions:

- ◆ **EdiliziAcrobatica SPA**, i.e. the traditional core business, valued in line with international peers, taking EV/Sales as the most reliable multiple given the historical strong correlation between the Group market capitalization and annualized revenues;

- ◆ **Acrobatica Fotovoltaico** (100% controlled stake) and **Acrobatica Smart Living** (51% controlled stake) valued in line with Italian companies exposed to energy efficiency solutions;
- ◆ **France, Spain, Monaco** subsidiaries valued at 1.5x EV/Sales 2024E, given their maturity stage (start-ups or scale-ups) and important expansion phase ahead;
- ◆ **Enigma Capital** valued in line with international peers and EDAC SPA (100% since minorities are included into IAS Net Financial Position).

The outcome is **€18.00 p/s Fair Equity Value**, after subtracting €41.3mn estimated 2024E Net Debt and adding ca. €0.3mn peripheral assets (treasury shares at current market price).

#### EDAC: Sum of the Parts Valuation

Fair Equity Value p/s (€)	EDAC SPA	PV & SL	France	Spain	Monaco	Enigma	EDAC Group
Fair EV/Sales 2024E	1.2	0.5	1.5	1.5	1.5	1.2	
Enterprise Value (€mn)	158.1	8.0	9.8	3.0	1.2	16.0	
Pro-Quota Stake (%)	100%	61%	100%	90%	60%	100%	
<b>EV Pro-Quota (€mn)</b>	<b>158.1</b>	<b>4.9</b>	<b>9.8</b>	<b>2.7</b>	<b>0.7</b>	<b>16.0</b>	<b>192.1</b>
Net Fin. Position 2024E (€mn)							-41.3
Adjustments (€mn)							0.3
<b>Fair Equity Value (€mn)</b>							<b>151.1</b>
NOSH							8.4
<b>Fair Equity Value p/s (€)</b>							<b>18.00</b>

Source: Value Track Analysis, (\*) Treasury Shares at Market Price

#### EDAC: Peers Trading Multiples

Peers	EV/Sales (x)		EV/EBITDA (x)		EV/EBIT (x)		P/E Adj. (x)	
	2024E	2025E	2024E	2025E	2024E	2025E	2024E	2025E
Rentokil Initial	2.5	2.3	10.8	9.5	14.5	12.6	24.3	18.8
Stericycle	2.1	2.1	12.0	10.7	15.3	13.3	37.6	25.2
Mears Group	0.2	0.2	2.0	2.1	4.5	5.0	9.7	12.0
ABM Industries	0.5	0.5	8.1	7.6	10.5	9.6	14.1	12.6
GDI Integrated Facility	0.5	0.5	8.1	7.3	22.2	19.1	34.2	21.1
<b>Average International Peers</b>	<b>1.2</b>	<b>1.1</b>	<b>8.2</b>	<b>7.4</b>	<b>13.4</b>	<b>11.9</b>	<b>24.0</b>	<b>18.0</b>
Nusco	0.3	0.3	2.4	2.0	3.2	2.5	4.8	3.9
GIBUS	0.8	0.7	4.9	4.3	8.4	7.0	14.1	10.8
Sciuker Frames	0.5	0.4	2.1	1.9	2.7	2.5	3.6	3.5
Innovatec	0.5	0.4	4.6	3.4	9.1	5.9	10.9	7.4
<b>Average Domestic Peers</b>	<b>0.5</b>	<b>0.5</b>	<b>3.5</b>	<b>2.9</b>	<b>5.8</b>	<b>4.4</b>	<b>8.4</b>	<b>6.4</b>
<b>Total Average</b>	<b>0.9</b>	<b>0.8</b>	<b>6.1</b>	<b>5.4</b>	<b>10.0</b>	<b>8.6</b>	<b>17.0</b>	<b>12.8</b>
<b>EdiliziAcrobatica</b>	<b>0.8</b>	<b>0.7</b>	<b>5.4</b>	<b>4.1</b>	<b>8.2</b>	<b>5.9</b>	<b>12.1</b>	<b>8.8</b>
Discount vs. Total Average. (%)	-6%	-19%	-12%	-25%	-18%	-31%	-29%	-31%

Source: Market Consensus, Value Track Analysis

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