



Press release

Italian Exhibition Group Board of Directors approves Interim Management Report at 30 June 2021

The reopening of in-person events and a positive market response are concrete signals enabling the IEG Group to look to the future with confidence

Revenues for the first half of 2021 totalled €7.0 million, down by 88.6% on the same period of the previous year due to the extended suspension of activity in order to contain the pandemic.

EBITDA¹ was -€14.1 million, compared with €15.6 million in the first half of 2020. EBIT was €-24.6 million, compared with €3.4 million in the same period of 2020.

The Group posted a net loss of €26.2 million, compared with a net profit of €9.4 million in the first half of 2020.

Rimini, 30 August 2021 – The Board of Directors of Italian Exhibition Group S.p.A. (IEG), a company listed since June 2019 on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A., today approved the half-year financial report at 30 June 2021.

Main consolidated results of H1 2021

With the IEG Group unable to carry out its ordinary business in a wholly exceptional situation, its activities were focused on getting ready for reopening and on carefully and meticulously controlling costs and cash flows, thereby enabling the Group to report results in line with forecasts.

The total revenues of the IEG Group in the first half of 2021 stood at €7.0 million, down by 88.6% compared with €61.8 million in the same period of 2020. Despite having postponed the scheduled trade fair events due to the ongoing health crisis, the IEG Group has stood by its exhibitors using digital platforms and was able to reopen the doors of its exhibition centre from June with sporting events.

Despite the significant reduction in costs, the drastic drop in turnover led to EBITDA of -€14.1 million, down from 15.6 million in the same period of the previous year, which, although impaired by the effects of the pandemic, had benefited from the events of the first two months of the year.

As a result of the events described above, the Group turned in an Operating Loss (EBIT) of €24.6 million, compared with an Operating Profit of €3.4 million (-€28 million) compared with the same period of the previous year.

The Group's Net Loss of €26.2 million compared with a Net Profit of €9.4 million (-€35.6 million) in the same period of 2020, partly due to the absence of the positive effect (+€9.3 million) on cash flows of the restatement of payables for put options, and to the presence of extraordinary financial expense of €0.2 million. The Result for the Period attributable to the shareholders of the Parent Company amounted to -€25.0 million, compared with €+9.8 million in the first half of the previous year, down by €34.8 million.

At 30 June 2021, the net financial position amounted to €148.2 million, compared with €129.1 million at 31 December 2020. The balance includes €5.7 million of financial payables for put options relating to acquisitions, €22.7 million of financial payables on rights of use (IFRS 16) and €4.5 million of financial payables for derivative financial instruments.

The "monetary" NFP stood at €115.3 million, compared with €93.3 million at 31 December 2020.

Consolidated shareholders' equity at 30 June 2021 amounted to €67.5 million, compared with €92.3 million at 31 December 2020.

Results by business area in H1 2021

The reduction in revenues from the first half of 2020 to the first half of 2021 primarily concerned the Organised Events business line and related services.

Specifically, despite having presented Sigep Exp, a fully digital version of Sigep, WeARe, a new digital format for the *Jewellery, Beer & Food Attraction*, and digital versions of *BBT Expo* and *Abilmente Primavera*, Organised Events saw revenues fall by €42.1 million euros compared with the same half of 2020, when it was possible to stage in-person events before the outbreak of the COVID-19 pandemic. In addition, events traditionally scheduled between January and June, such as Rimini Wellness, Enada, Koiné, Pescare Show and Mondomotori, have been postponed to the second half of 2021.

The lack of the three-yearly AB Tech event led to a further reduction in revenues of €3.8 million compared with the first quarter of 2020. Golositalia, Music Inside Rimini, HIT and OroArezzo were postponed to 2022.

In spite of the challenging environment, and although the general public were not admitted, a new event organised by the newly acquired HBG Events FZ Llc was held in February: the Dubai Muscle Classic, the biggest bodybuilding competition ever organised in the United Arab Emirates.

At the end of June, the "Ginnastica in Festa" sporting event was held as normal in the Rimini district, and high-profile professional athletes took part. In 2020 the event was postponed until December because of the pandemic.

Among the Hosted Events, the Indoor Archery Championships were held in Rimini from 12 to 14 March 2021 and from 25 May to 27 June the Rimini expo centre hosted the Volleyball Nations League (VNL), a sporting event that saw 32 national women's and men's teams participate. The tournament was staged in a COVID-free bubble that enabled the 248 matches to take place in the safest possible health and logistics conditions.

The Conference Events segment recorded revenues of €0.3 million, down by €0.6 million (-64.5%) compared with the same period in 2020. This business line was severely affected by COVID-related legislative measures, and in the first six months of the year hosting was done mainly digitally, with business and scientific events including the International Strawberry Symposium. The FITT conference, held in Vicenza in June, represented the resumption of in-person conferences.

Related Services revenues - represented by staging, catering and cleaning - for the first half of 2021 amounted to €3 million, down by €13.4 million (-81.5%) compared with the same period of the previous year, due essentially to a substantial lack of in-person events.

It should be noted that in the United States some trade fairs and conferences have been staged since the end of May, allowing the FB International subsidiary to partially resume its activity.

On the international front, on 10 March 2021 an agreement was signed with Informa Market for the joint creation of a new event in the precious metals sector, exclusively dedicated to the public business, starting in 2022 at the Dubai World Trade Centre. Also in March, an agreement was reached to establish a commercial joint venture with Deutsche Messe, through its Mexican subsidiary (Hannover Fair Mexico), to launch a new fitness event in that country and to evaluate further projects.

With regard to measures to ensure financial balance, the actions implemented in 2020 with regard to the management of working capital and the maximisation of financial resources continue. In this regard, it should be noted that new credit lines were awarded in the first months of 2021. In particular, the subsidiary Prostand obtained a €2 million loan from Monte dei Paschi di Siena with a duration of five years (including a grace period of one year) and a €1.5 million one from Banca Malatestiana with a duration of six years (including a grace period of one year). Both loans are 90% backed by a state guarantee from the Guarantee Fund pursuant to Law 662/92 managed by Mediocredito Centrale S.p.A.

The subsidiary Summertrade obtained a state guarantee from the Guarantee Fund pursuant to Law 662/92 managed by Mediocredito Centrale S.p.A. to cover 90% of a loan of €3 million granted by Credit Agricole Italia S.p.A. for €1.5 million.

Thanks to the initiatives carried out so far, the Group currently has liquidity stocks and unused credit lines totalling not less than €48 million. The cash planning for the next 12 months confirms the absence of liquidity stress.

Post-reporting events and business outlook

Exhibition activities resumed on June 15, with conference activities starting up again from July 1.

With the resumption of conference activities, the Rimini expo centre has reopened its doors to the “Friendship Among Peoples” Meeting. For its 42nd edition, the Meeting took place as a hybrid: open to the general public – thanks to the Green Pass - and live streaming, in different languages. In July, the Sports Dance Championships took place as usual, with 17 days of competitions, shows and trade opportunities.

The recent regulations regarding prerequisites for the performance of and participation in events, first and foremost access being subject to possessing a Green Pass, have provided certainty to organisers, exhibitors and visitors who can thus do business in a completely safe environment from a health perspective.

The autumn calendar is filled with all the major events, such as Vicenza Oro September (which will be joined by VO Vintage), Gold Italy, TTG-Sia-Sun, Ecomondo, Key Energy and Enada, with the exception of Tecnargilla,

which has been postponed until 2022. Also scheduled are new events such as Superfaces, Fieravicola, FIMAST and Abilmente Autunno Milano. The second half of the year will also see some events historically held in the first half such as Rimini Wellness, Tgold, Koinè, Pescare, Mondomotori and the hosted events MacFrut and Expo Dental Meeting.

The conference business also has a very busy calendar of events for the second half of the year: 49 conferences are confirmed, of which eight have been rescheduled from the first half of the year.

With regard to measures aimed at ensuring financial balance, it should be noted that the Parent Company has requested and obtained the "Financing and Co-financing for the improvement and safeguarding of capital solidity in support of the trade fair system" promoted by SIMEST S.p.A. and totalling €10 million, of which about €525 thousand pertains to the Fund for Integrated Promotion (non-repayable co-financing) and €9.3 million to the 394/81 Fund. The loan was disbursed on 27 August 2021.

On 29 July 2021, IEG also received notification from SIMEST S.p.A. that it had approved the application for a non-repayable grant pertaining to the Fund for Integrated Promotion for the fixed costs not covered by profits in the period from 1 March 2020 to 31 December 2020, for a total amount of €9,777,808. Paid on August 27, the grant is awarded under the appropriation referred to in Article 91, paragraph 3, of Decree Law no. 104 of 14 August 2020, as part of the aid measures to support the economy in the face of the COVID-19 emergency.

After the European Commission approved the extension and modification of the two Italian regimes in support of companies affected by the coronavirus epidemic (Guarantee Fund for SMEs and SACE's Garanzia Italia), extending the guaranteed period up to a maximum of eight years (compared to the previous maximum of six), the Company entered into discussions with IntesaSanpaolo and Cassa Depositi e Prestiti to renegotiate the existing loans backed by Garanzia Italia.

On August 5, the Ministry of Tourism issued a Public Notice for the allocation of funds for the restoration of losses suffered by the trade fairs and conventions sector. IEG and its subsidiary Prostand are finalising the documentation that needs to be submitted. Although the funds allocated to restoring the sector (including logistics and stagings) are very significant (about €600 million across 2020 and 2021), at the moment it is not possible to predict the resources from which the IEG Group will benefit.

To support its expansion projects abroad, IEG has started a fruitful collaboration with SIMEST. On July 29, IEG and SIMEST entered into an agreement for the acquisition by the latter of a temporary minority stake in the share capital of HGB Events FZ LLC to support the realisation of the project undertaken. The agreement provides for the acquisition by SIMEST, pursuant to Law 100/90, of an equity investment of 5.43% for €227,118, and pursuant to Law 296 of 27/12/2006, from the allocations of the relevant Single Venture Capital Fund managed by SIMEST (the "FVC"), an equity investment of 5.43% for €227,118 (or at different values, depending on the EUR/USD exchange rate). SIMEST may then acquire additional shares of the company (up to a maximum of 49%) as and when IEG pays the accrued earn-out to the former shareholders of HBG. Under the agreement, IEG undertakes to pay SIMEST an upfront fee and an annual remuneration as a percentage of the cost in euros of acquiring the shareholding (3.95% and 1.5% per year of the cost of acquiring the shareholding of SIMEST and the FVC respectively). It is expected that the remuneration will be paid, in whole or in part, through the collection by SIMEST of dividends paid out by HBG Events FZ LLC, with the waiver of any portion of dividends exceeding the remuneration. The characteristics of the contract for the temporary sale of shares are such as to assimilate it to a loan agreement, and therefore it will be represented in this capacity in the company's financial reports.

On June 22, the Company announced that it was not possible to complete the merger with Bologna Fiere within the desired timeframe. Based on the positive work carried out so far and its absolute confidence in the industrial validity of the strategic merger of the two fairs, IEG will continue to evaluate the feasibility of the merger after the establishment of the new Municipal Councils of Rimini and Bologna (respectively among the main shareholders of IEG and Bologna Fiere).

The pandemic has shown that in-person trade fairs and conferences are irreplaceable, and that digital tools have great potential as a support measure. In addition, all the players in the trade fair and conventions market, albeit still in a somewhat uncertain environment, are embracing the resumption of activity very enthusiastically. These are the concrete signs enabling the IEG Group to look to the future with confidence, aware that its business is a fundamental part of the strategies to relaunch and grow our country's businesses.

The Manager responsible for preparing the company's financial documents, Carlo Costa, declares that, pursuant to paragraph 2 of art. 154 bis of the Consolidated Law on Finance (TUF), the information in this press release corresponds to the accounting documents, books and records.

The Interim Management Report at 30 June 2021, approved today by the Board of Directors of Italian Exhibition Group S.p.A., will be made available on the Company's website www.iegexpo.it, under the Investor Relations section, as well as at the registered office and in the authorised storage facility 1INFO Storage at www.1info.it managed by 1INFO - Computershare S.p.A. - Via Lorenzo Mascheroni 19, 20145 Milan.

The results for the first half of 2021 will be presented in a conference call with the Financial Community scheduled for today at 6:00 pm (CET). The presentation will be available in the Investor Relations section on the website www.iegexpo.it from 5:45 pm.

FOCUS ON ITALIAN EXHIBITION GROUP

Italian Exhibition Group (IEG), listed on the MTA (screen-based stock exchange) organised and managed by Borsa Italiana S.p.A., is a leader in Italy in the organisation of trade fairs and conferences and has established international businesses - including by way of joint ventures with global and local organisers, such as in the United States, the United Arab Emirates, China, Mexico and India - that have made it one of the main European players in the sector.

This press release contains forecasts and estimates reflecting the current opinion of the management, the forward-looking statements, particularly with regard to future operating performance, the realisation of investments, cash flow trends and the evolution of the financial structure. Forward-looking statements are by their very nature a component of risk and uncertainty because they depend on the occurrence of future events. The actual results may differ even significantly from those announced, in relation to a number of factors, including, but not limited to: the trend of the catering market for eating out and tourist flows in Italy, the trend of the jewellery market, the trend of the green economy market; the trend of the price of raw materials; general macroeconomic conditions; geopolitical factors and changes in the regulatory framework.

¹ EBITDA is the operating profit (loss) before depreciation and amortisation. EBITDA is a measure defined and used by the Group to monitor and assess the operating performance of the Group, but it is not defined in the context of IFRS standards; therefore it must not be viewed as an alternative measure for the assessment of the Group's operating result. The Company believes that EBITDA is an important parameter for the measurement of the Group's performance as it enables analysis of the profitability of the same by eliminating the effects deriving from non-recurrent economic elements. As EBITDA is not a measure whose determination is regulated by reference accounting standards for the preparation of the Group's consolidated financial statements, the criterion applied for determining EBITDA may not be consistent with that adopted by other groups and might, therefore, not be comparable to them.

For further information:

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in Euro thousand)

ASSETS (Values in Euro/000)	30 June 2021	31 December 2020
NON-CURRENT ASSETS		
Property, plant and equipment	189,668	194,070
Intangible assets	35,001	35,729
Equity investments valued using the equity method	3,433	3,616
Other equity investments	10,956	11,051
<i>of which with related parties</i>	10,864	10,974
Deferred tax assets	6,473	6,830
Non-current financial assets for rights of use	584	672
Non-current financial assets	480	472
Other non-current assets	147	150
TOTAL NON-CURRENT ASSETS	246,742	252,589
CURRENT ASSETS		
Inventories	934	784
Trade receivables	11,386	13,554
<i>of which with related parties</i>	162	199
Tax credits for direct taxes	282	323
Current financial assets for rights of use	172	168
Current financial assets	60	59
<i>of which with related parties</i>	49	45
Other current assets	4,532	4,313
Cash and cash equivalents	9,209	28,108
TOTAL CURRENT ASSETS	26,576	47,309
TOTAL ASSETS	273,318	299,898

LIABILITIES (Values in Euro/000)	30 June 2021	31 December
NET EQUITY		
Share capital	52,215	52,215
Share premium reserve	13,947	13,947
Other reserves	28,963	28,645
Profit (loss) for previous years	(2,562)	8,781
Profit (Loss) for the period attributable to shareholders of the	(25,020)	(11,313)
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF	67,542	92,276
Share capital and reserves attributable to minority interests	761	1,912
Profit (loss) attributable to minority interests	(1,206)	(1,160)
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO	(444)	752
TOTAL GROUP SHAREHOLDERS' EQUITY	67,098	93,028
NON-CURRENT LIABILITIES		
Payables due to banks	80,627	85,986
Non-current financial liabilities for rights of use	20,286	21,974
<i>of which with related parties</i>	14,542	15,296
Other non-current financial liabilities	13,671	15,797
Provisions for non-current risks and charges	1,724	1,632
Employee provisions	4,219	4,287
Other non-current liabilities	2,010	2,106
TOTAL NON-CURRENT LIABILITIES	122,537	131,781
CURRENT LIABILITIES		
Payables due to banks	36,992	28,837
Current financial liabilities for rights of use	3,146	3,359
<i>of which with related parties</i>	845	953
Other current financial liabilities	3,968	2,604
Trade payables	21,037	23,445
<i>of which with related parties</i>	111	95
Tax payables for direct taxes	0	15
Other current liabilities	18,538	16,828
TOTAL CURRENT LIABILITIES	83,683	75,089
TOTAL LIABILITIES	273,318	299,898

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (in Euro thousand)

<i>(Values in Euro/000)</i>	30 June 2021	30 June 2020
REVENUES		
Revenues from sales and services	5,452	58,976
<i>of which with related parties</i>	2	33
Other revenues	1,590	2,860
<i>of which with related parties</i>	0	22
TOTAL INCOME	7,043	99,932
<i>of which non-recurring revenues</i>	281	315
Change in inventories	149	41
Costs for raw materials, consumables and goods for resale	(1,456)	(4,124)
Cost of services	(8,234)	(28,235)
<i>of which with related parties</i>	(32)	(157)
Costs for use of third-party assets	(83)	(89)
Personnel costs	(10,742)	(12,523)
Other operating costs	(754)	(1,268)
<i>of which with related parties</i>	0	(3)
TOTAL OPERATING COSTS	(21,120)	(46,198)
<i>of which non-recurring operating costs</i>	(775)	0
GROSS OPERATING PROFIT (EBITDA)	(14,078)	26,712
Amortisation, depreciation and write-downs of fixed assets	(9,287)	(11,165)
<i>of which non-recurring write-downs</i>	(2,570)	(2,573)
Write-down of receivables	(1)	(991)
Provisions	(111)	(33)
<i>of which non-recurring provisions</i>	(182)	0
Value adjustments of financial assets other than equity investments	(1,106)	(21)
OPERATING PROFIT (LOSS)	(24,582)	17,827
FINANCIAL INCOME AND EXPENSE		
Financial income	11	9,371
<i>of which non-recurring financial income</i>	-	9,344
Financial charges	(987)	(1,724)
<i>of which non-recurring financial charges</i>	(158)	0
Exchange rate gains and losses	(68)	3
TOTAL FINANCIAL INCOME AND CHARGES	(1,044)	7,651
GAINS AND LOSSES FROM EQUITY INVESTMENTS		
Effect of valuation of equity investments with the equity method	(300)	(273)
Other gains/losses from equity investments	0	0
<i>of which with related parties</i>	0	43
TOTAL GAINS AND LOSSES FROM EQUITY INVESTMENTS	(300)	(273)
EARNINGS BEFORE TAXES	(25,611)	15,228
INCOME TAX		
Current taxes	(9)	(1,886)
Deferred tax assets/(liabilities)	(292)	439
TOTAL INCOME TAXES	(301)	(1,447)
PROFIT (LOSS) FOR THE PERIOD	(26,226)	9,361
PROFIT (LOSS) ATTRIBUTABLE TO MINORITY INTERESTS	(1,206)	(420)
PROFIT (LOSS) ATTRIBUTABLE TO THE PARENT COMPANY	(25,020)	9,781
EARNINGS PER SHARE	(0.8107)	0.3169
DILUTED EARNINGS PER SHARE	(0.8107)	0.3169

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT (in thousands of euros)

<i>(Values in Euro/000)</i>	30 June 2021	30 June 2020
PROFIT (LOSS) FOR THE	(26,226)	9361
Other comprehensive income components which will be subsequently reclassified under profit/(loss)		
Gains/(losses) on financial instruments for cash flow hedges	349	(422)
Taxes on financial instruments for cash flow hedges	(84)	101
Total Effect of hedging financial instruments	265	(321)
Gains/(losses) on translation of financial statements in foreign currency	170	(67)
Total Other comprehensive income components which will be subsequently reclassified under	435	(387)
Other comprehensive income components which will not be subsequently reclassified under		
Actuarial gains/(losses) from defined benefit plans for employees – IAS 19	0	0
Income tax	0	0
Total effect of change in actuarial reserve	0	0
Gains/(losses) on financial assets measured at FVOCI	(110)	(118)
Total Other components of comprehensive income which will not be subsequently reclassified to the	(110)	(118)
TOTAL PROFIT/(LOSS) BOOKED TO SHAREHOLDERS' EQUITY	325	(505)
COMPREHENSIVE PROFIT/LOSS FOR THE PERIOD	(25,900)	8884
Attributable to:		
Minority interests	(1,197)	(415)
Shareholders of the Parent Company	(24,703)	9271

CONSOLIDATED CASH FLOW STATEMENT (in Euro thousand)

<i>Values in Euro/000</i>	30 June 2021	30 June 2020
Profit before tax	(25,925)	10,808
		<i>Of which with related parties</i>
		31
<i>Adjustments to trace profit for the year back to the cash flow from operating activities:</i>		
Amortisation, depreciation and write-downs of property, plant and equipment and intangible assets	9,287	11,165
Provisions and write-downs	1	991
Other provisions	111	33
Charges/(income) from valuation of equity investments in other companies with the equity method	300	273
Write-down of financial assets	1,106	
Net financial charges	1,044	(7,651)
Costs for use of third-party assets (IFRS 16)	(2,267)	(1,952)
Effect on EBIT of integration of historical shareholders put option	(21)	(200)
Other non-monetary changes	(97)	(97)
Cash flow from operating activities before changes in working capital	(16,462)	13,369
<i>Change in working capital:</i>		
Inventories	(150)	(49)
Trade receivables	2167	15,547
		<i>Of which with related parties</i>
		37
Trade payables	(2,719)	(5,066)
		<i>Of which with related parties</i>
		16
Other current and non-current assets	(216)	(564)
Other current and non-current liabilities	1,569	(30,456)
Receivables/payables for current taxes	17	236
		<i>Of which with related parties</i>
		-
Prepaid/deferred taxes	(19)	-
Cash flow from changes in working capital	650	(20,351)
Income taxes paid	-	-
Employee provisions and provisions for risks	(87)	(149)
Cash flows from operating activities	(15,899)	(7,131)
<i>Cash flow from investment activities</i>		
Net investments in intangible fixed assets	(248)	(293)
Net investments in property, plant and equipment	(3,403)	(2,066)
Disinvestments in intangible fixed assets	-	25
Disinvestments in tangible fixed assets	10	58
Dividends from associate companies and joint-ventures		
		<i>Of which with related parties</i>
		-
Change in current and non-current financial assets	(1,115)	1,282
		<i>Of which with related parties</i>
		(4)
Net equity investments in subsidiaries		
Changes in equity investments in associated companies and other companies	(132)	(114)
Cash flow from investment activities	(4,887)	(1,107)
<i>Cash flow from financing activities</i>		
Change in other financial payables	1,274	(1,712)
Payables to shareholders	7	(221)
Obtainment/(repayment) of short-term bank loans	(1,300)	1,824
Loans	6495	15,856
Loan repayment	(3,328)	(22,242)
Net financial charges paid	(1,401)	(875)
Dividends paid	-	-
Change in Group reserves	140	(31)
Put option payment	-	(534)
Cash flow from financing activities	1888	(7,936)
Net cash flow for the period	(18,899)	(16,174)
Opening cash and cash equivalents	28,108	22,198
Closing cash and cash equivalents	9,210	6,025