2019 ANNUAL FINANCIAL REPORT

ITALIAN EXHIBITION GROUP S.p.A.
Via Emilia 155 – 47921 Rimini
Share capital: € 52,214,897 fully paid-in
Rimini Register of Companies no. 00139440408
REA (economic and administrative index) no. 224453
VAT no. and Tax Code 00139440408

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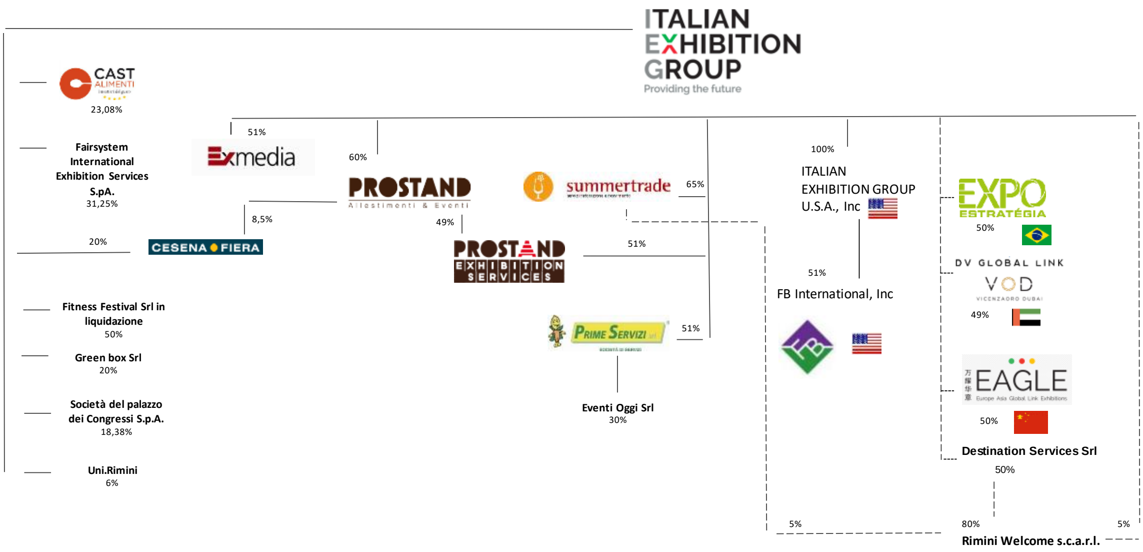
Structure of the IEG Group

STRUCTURE OF THE IEG GROUP
POSITION AS AT DECEMBER 31ST, 2019



The IEG Group is active in organising trade fairs, hospitality for trade fairs and other events through the provision of fitted-out exhibition spaces, promoting and managing convention centres and supplying services related to trade fairs and conferences. Lastly, the Group is active in the publishing sector and trade fair services connected with sporting events hosted.

The Group confirmed its position as one of the leading national and European operators in the trade fair organisation sector: in particular, it is a leader in Italy in organising international events, focussing on those targeted at the professional sector (so-called B2B events).

It organises and manages trade fairs primarily in the following structures:

- Quartiere Fieristico (Trade Fair District) of Rimini, located in via Emilia no. 155;
- Quartiere Fieristico (Trade Fair District) of Vicenza, situated in via dell'Oreficeria no. 16;
- Palacongressi di Rimini, located in via della Fiera no. 23 in Rimini;
- Vicenza Convention Centre of Vicenza, in via dell'Oreficeria no. 16.

The two trade fair districts are owned by the Parent Company Italian Exhibition Group S.p.A., the Rimini convention centre is leased while the one in Vicenza is part owned and part leased, based on a gratuitous loan for use agreement expiring on December 31st, 2050.

The Parent Company also operates through a local unit in Milan.

Aside from the Rimini and Vicenza sites, the Group organises trade fairs in the trade fair districts of other operators in Italy and abroad (e.g. Rome, Milan, Arezzo, Dubai, Las Vegas), also through subsidiaries and associated companies.

As at December 31st, 2019, the Parent Company exercises management and coordination activities, pursuant to and in accordance with art. 2497-*bis* of the Italian Civil Code, for Exmedia S.r.l. in liquidation, Prime Servizi S.r.l., Prostand Exhibition Services S.r.l., Summertrade S.r.l., Prostand S.r.l., Italian Exhibition Group USA Inc. and FB International Inc.

Pursuant to art. 15 of the Markets Regulation adopted with Consob Resolution no. 20249 of December 28th, 2017, with reference to the subsidiaries established and governed by countries that are not Member States of the European Union, the Issuer: (a) intends to make available to the public the accounting situations of the subsidiaries drafted for purposes of developing the consolidated financial statements, by keeping them on file at the registered office or publishing them on the Company's website; (b) obtained from the subsidiaries the Articles of Association and the composition and powers of the corporate bodies; and (c) will verify that the subsidiaries: (i) provide the Independent Auditors the information they require to conduct audit activities for the annual and interim accounting of the Company; and (ii) maintain an administrative-accounting system suitable for providing to management and the Independent Auditors the financial data necessary for developing the consolidated financial statements.

Italian Exhibition Group S.p.A. is a subsidiary of Rimini Congressi S.r.l., which, in turn, drafts the consolidated financial statements. The Company, nonetheless, is not subject to management and coordination by Rimini Congressi S.r.l. pursuant to art. 2497 *et seq.* of the Italian Civil Code. In fact, none of the activities that typically prove management and coordination activities pursuant to art. 2497 *et seq.* of the Italian Civil Code exist, given that, by way of a non-exhaustive example:

- Rimini Congressi does not exercise any significant influence over the management decisions and operations of the Issuer, but limits it relations with said entity to the normal exercise of administrative and equity rights owing to its status of holder of voting rights; there is no connection between the members of the administration, management control bodies of the two companies;
- the Company does not receive - and, at any rate, is not subject in any way - to the financial or credit directives or instructions from Rimini Congressi;
- the Company has an organisational structure composed of expert professionals who, based on the powers conferred and the positions held, operate independently in line with the indications of the Board of Directors;
- the Company prepares the strategic, industrial, financial and/or budget plans of the Issuer and of the Group independently, and autonomously implements these;
- the Company operates fully independently, from a contractual perspective, in relations with its customers and its suppliers, without any external interference from Rimini Congressi.

At the date of drafting of this document, it should also be noted that: (i) there are no acts, resolutions or communications of Rimini Congressi that lead us to reasonably believe that the Company's decisions are the result of a domineering and commanding will of the parent company; (ii) the Company does not receive centralised treasury services (cash pooling) or other functions of financial assistance or coordination from Rimini Congressi; (iii) the Company is not subject to regulations or policies imposed by Rimini Congressi.

COMPOSITION OF THE GROUP AND CHANGES WITH RESPECT TO DECEMBER 31ST, 2018

A summary of the activities carried out by the various Group companies and the main changes in the composition of the Group compared to the situation as at December 31st, 2018 is provided below. The Group structure as at December 31st, 2019 differs from that of the previous year due to the following changes:

- merger by incorporation of Colorcom S.r.l. in Prostand S.r.l., carried out on April 1st, 2019, backdated to January 1st, 2019 for accounting and tax purposes;
- incorporation, on February 26th, 2019, of the company Destination Services S.r.l., a jointly controlled company that will handle the promotion and organisation of tourist services;
- incorporation of Rimini Welcome S.c.ar.l. on October 17th, 2019, 80% of which is owned by Destination Services S.r.l., 5% by Summertrade S.r.l. and 5% by Italian Exhibition Group S.p.A.; the new company will carry out the function of DMC (Destination Management Company).

Italian Exhibition Group S.p.A. is the Parent Company, created as a result of the transfer to Rimini Fiera S.p.A. of the company managed by Fiera di Vicenza S.p.A. (now Vicenza Holding S.p.A.) and the simultaneous change of the former's company name. Italian Exhibition Group S.p.A., in addition to its role of management of Group activities, organises/hosts trade fairs and conferences at the above-mentioned places and in other locations. As part of trade fair support services, IEG also carries out publishing activities.

The Group is composed of various **operating subsidiaries** which, when held directly or indirectly with stakes of more than 50%, are consolidated on a line-by-line basis. The companies listed below fall under this group.

Exmedia S.r.l. in liquidation operates in the trade fair/conference organisation sector; the shareholding is currently 51%. It should be noted that the company was placed into liquidation on December 3rd, 2019.

Summertrade S.r.l., 65% owned, operates in catering and banqueting in both the trade fair districts of Rimini and Vicenza and at the Palacongressi and Vicenza Convention Centre, for which it is the exclusive concession holder of the service, and at other sales points, restaurants and company cafeterias. Summertrade also manages catering services at Cesena Fiera, the trade fair district and the convention centre of Riva del Garda, the Cesena hippodrome and at the Misano World Circuit "Marco Simoncelli".

Italian Exhibition Group USA Inc., company with registered office in the United States, established in December 2017 by the Parent Company and wholly owned by the latter, acquired 51% of FB International Inc. on March 1st, 2018.

FB International Inc., company with registered office in the United States, joined the IEG Group on March 1st, 2018 through the acquisition of 51% of the share capital by Italian Exhibition Group USA Inc. The Company operates in the trade fair stand fitting sector in North America.

Prime Servizi S.r.l., established in 2005, is 51% owned and operates in the marketing of cleaning and porterage services.

Prostand S.r.l., 60% owned as a result of the acquisition of shares on September 1st, 2018, operates in the sales of stand fitting equipment and integrated solutions in support of trade fairs and conferences for the national and international market.

Colorcom S.r.l., wholly owned by Prostand S.r.l. as a result of the acquisition of shares on September 1st, 2018, at the same time as the acquisition of Prostand S.r.l. by the Parent Company. The company was merged by incorporation into its holding company Prostand S.r.l. on April 1st, 2019, effective for statutory and tax-related purposes from January 1st, 2019.

Prostand Exhibition Services S.r.l., 51% owned directly by the Parent Company and 49% indirectly through Pro.Stand S.r.l., operates in the trade fair stand fitting sector. The acquisition of Pro.Stand resulted in the centralisation within it of the business management of the Group's stand fitting services, hence, effective from January 2019, Prostand Exhibition Services S.r.l. is essentially inactive.

Some **associated companies** recorded in the consolidated financial statements using the equity method also belong to the Group. The following companies fall into this category.

Fairsystem S.r.l., in which IEG S.p.A. holds a 31.25% stake, was active in trade fair services and promoting and organising events abroad. On April 18th, 2019, the company was placed into liquidation and on December 9th, 2019, the liquidation financial statements and distribution plan were approved by the Shareholders' Meeting.

Eventioggi S.r.l.: an indirect stake of 30% is held through Prime Servizi, active in the event design and organisation sector.

Green Box S.r.l.: in 2014, Rimini Fiera acquired 20% of the company following agreements with Florasì -– Consorzio Nazionale per la promozione dei florovivaisti Soc. Coop.- and Florconsorzi for the organisation in Rimini of an event dedicated to plant nursery in autumn 2015. The company has been inactive since 2017.

Cesena Fiera S.p.A.: in 2017, IEG S.p.A. acquired 20% of the capital of the company active in the trade show events and exhibitions organisation sector. In particular, the company conceived MacFrut, the professional trade show, a reference point of the entire national and international fruit and vegetable chain, held in the Rimini trade fair district. Through the acquisition of Pro.Stand S.r.l., the Group indirectly holds an additional 8.5% of the company.

In addition to the subsidiaries and associated companies cited above, note should be taken of the Parent Company's participation in **joint ventures** for the development of international trade fairs. The following companies fall into this category.

Expo Extratégia Brasil Eventos e Produções Ltda: in 2015, Rimini Fiera S.p.A. (now IEG S.p.A.), together with the company Tecniche Nuove S.p.A. of Milan and local partner Julio Tocalino Neto, completed the incorporation of the jointly controlled Brazilian company, with registered office in San Paolo. The company holds events and produces technical publications in the environmental sector. In 2016, the shareholders IEG S.p.A. and Tecniche nuove increased their stake, bringing it to 50% each, by acquiring the shares of the local shareholder. In 2017, the shareholder Tecniche nuove sold its shares to its subsidiary, Senaf S.r.l., specialised in organising events.

Dv Global Link LLC*:* 49% owned by IEG S.p.A. and the result of the joint venture between the former Fiera di Vicenza S.p.A. and the company DXB Live LLC, a UAE company 99% owned by Dubai World Trade Centre LLC. The joint venture organises Vicenzaoro Dubai, an event dedicated to jewellery and gold in the UAE.

Europe Asia Global Link Exhibitions Ltd. (EAGLE): on December 29th, 2018, the Parent Company acquired 50% of the company established in 2018 by VNU Exhibition Asia Co Ltd. The company has its registered office in Shanghai and is active in organising and managing trade fairs in the Asian market.

European China Environmental Exhibition Co. Ltd. (EECE): during the year, EAGLE established the company Europe China Environmental Exhibitions (ECEE) in joint venture with a partner in Chengdu, owner of the CDEPE - Chengdu International Environmental Protection Expo - with regard to environmental technologies and sustainable development, to jointly carry out this event.

Destination Services S.r.l.*:* a company in which a 50% stake is held, incorporated on February 26th, 2019 together with the shareholder Promozione Alberghiera soc. coop. The company will handle the promotion and organisation of tourist services.

Rimini Welcome S.c.ar.l.: established on October 17th, 2019, 80% of which is owned by the joint venture Destination Services S.r.l., 5% by Italian Exhibition Group S.p.A. and 5% by Summertrade S.r.l. The newco will carry out the functions of Destination Management Company.

Lastly, the Group has some **minority shareholdings**, listed below, which are classified under fixed assets. These will be detailed extensively in the Explanatory Notes to the consolidated financial statements.

Società del Palazzo dei Congressi S.p.A.: the company, incorporated in 2005 by the former Rimini Fiera, through the transfer of its conference business unit, constructed and is the owner of the Rimini Conference Centre which it leases to the Parent Company. In 2007, as a result of the share capital increase and the subsequent entry of new shareholders, Rimini Fiera (now IEG) lost control of the company, reducing its share of ownership to 35.34%. Subsequently, as a result of further share capital increases subscribed by other shareholders, Italian Exhibition Group S.p.A.'s share fell to the current 18.38%.

Administration and Control Bodies of Italian Exhibition Group S.p.A.

Administration and Control Bodies of IEG S.p.A.

Board of Directors

Lorenzo Cagnoni	Chairman
Corrado Peraboni	Chief Executive Officer
Daniela Della Rosa	Director (*) (1) (3)
Maurizio Renzo Ermeti	Director (2)
Catia Guerrini	Director (*) (1)
Valentina Ridolfi	Director (*) (2)
Simona Sandrini	Director (*)
Fabio Sebastiano	Director (*) (2)

(*) Independent pursuant to the Corporate Governance Code of Borsa Italiana
(1) Member of the Control and Risk Committee
(2) Member of the Remuneration and Appointments Committee
(3) Lead Independent Director

Board of Statutory Auditors

Massimo Conti	Chairman
Cinzia Giaretta	Standing Auditor
Marco Petrucci	Standing Auditor
Mariliana Donati	Alternate Auditor
Paola Negretto	Alternate Auditor

Independent Auditors

PricewaterhouseCoopers S.p.A.

Manager responsible for preparing the company's financial documents

Roberto Bondioli

The Board of Directors was appointed by the Shareholders' Meeting held on April 27th, 2018 and shall remain in office until the financial statements for the year ended as at December 31st, 2020 are approved. The Board of Statutory Auditors was appointed by the Shareholders' Meeting held on July 4th, 2017 and shall remain in office until the financial statements for the year ended as at December 31st, 2019 are approved. On August 3rd, 2018, following the resignation of Mr. Mario Giglietti, Chairman of the Board of Statutory Auditors, the Shareholders' Meeting appointed Mr. Massimo Conti as his replacement, whose term of office will end together with the rest of the members of the Board of Statutory Auditors.

Effective from June 19th, 2019, the date of the start of trading of ordinary shares on the MTA (electronic equities market), given the company is considered a Public Interest Entity pursuant to art. 16 of Legislative Decree no. 39/2010, it was necessary to assign the Independent Auditors a new nine-year audit engagement (in accordance with art. 17 of Legislative Decree no. 39/2010) through the Shareholders' Meeting of October 17th, 2018, subject to the start of trading. The audit engagement will finish with approval of the financial statements for the year ended as at December 31st, 2027.

Again effective from the date of the start of trading of ordinary shares on the MTA (electronic equities market), in order to satisfy the requirements of Law no. 262 of December 28th, 2005 (art. 154*bis* of the Consolidated Law on Finance), Roberto Bondioli assumed the position of Manager responsible for preparing the company's financial documents as per the resolution of the Board of Directors of September 3rd, 2018, having received the opinion of the Board of Statutory Auditors.

The Board of Directors is vested with all the widest powers for the ordinary and extraordinary administration of the company, with the sole exclusion of those acts that the national or regional laws reserve to the shareholders' meeting or which are assigned to it by the company Articles of Association (for example, the issuing of significant guarantees and transfer of trademarks).

On June 20th, 2019, Roberta Albiero submitted her resignation from the position of member of the Board of Directors, effective immediately, and Fabio Sebastiano resigned from his role of Deputy Chairman of the Board of Directors, however, he continues to hold the office of member of the company's administrative body.

On August 28th, 2019, the Chief Executive Officer, Ugo Ravanelli, resigned from all of the positions held in the Parent Company and its investee companies.

The Board of Directors meeting held on August 29th, 2019, whilst awaiting to identify a suitable individual to act as Chief Executive Officer of Italian Exhibition Group S.p.A., resolved to assign the Chairman of the Board of Directors, Lorenzo Cagnoni, all powers relating to the ordinary and extraordinary management of the Parent Company IEG, excluding matters that according to the Articles of Association must be decided by Shareholders or the Board of Directors, as well as others that will in any event continue to be the responsibility of the Board of Directors. Furthermore, the Board of Directors appointed Lorenzo Cagnoni as "Director responsible for the internal control and risk management system".

The Board of Directors meeting held on December 18th, 2019 co-opted Corrado Peraboni as a new member of the Board, with the role of Chief Executive Officer and "Director responsible for the internal control and risk management system", assigned the tasks indicated in art. 7, paragraph 4 of the Corporate Governance Code of Borsa Italiana. The co-optation is effective from January 1st, 2020.

On January 30th, 2020, Director Lucio Gobbi submitted his resignation, effective immediately, from all offices held in the Company.

Directors' Report on Operations

GROUP PERFORMANCE

The year 2019 was extremely important year for IEG Group, during which extraordinary results were achieved from a strategic perspective - listing on the stock exchange - as well as economic and financial - the Group achieved the best results ever for revenues, EBITDA and net profit, in absolute terms.

On June 19th, 2019 the Parent Company Italian Exhibition Group S.p.A. successfully concluded the listing process, making its debut on the MTA (electronic equities market) organised and managed by Borsa Italiana S.p.A. In the placement phase, the two selling shareholders of IEG S.p.A. collected roughly € 19.9 million and the free float at the time of admission as 27.01%. The listing on the stock exchange, which was only the starting point of a new adventure, represents the means by which the Company intends to further accelerate its development process (by expanding its external growth prospects), increase its visibility on the market (positioning the company as a "natural aggregator" in its reference market and enhancing the corporate image), and attracting new talents and retaining key personnel (a cohesive and well-articulated management team is essential to guide and support the development of the Group).

During the year, the entire Group was engaged in implementing the strategic and operational objectives envisaged in the Business Plan, enabling the achievement, as mentioned above, of the best results ever. These results will be analysed in detail in the following pages, here it is sufficient to recall that, even without considering the positive effects generated by the application of the new IFRS 16 accounting standard, the Value of Production also recorded double-digit growth in 2019, or +11.9%, added to the +22% achieved in 2018. This substantial increase in revenues was accompanied by even greater growth in the operating margin indicators - EBITDA +23.5%, EBIT +24.5%, and EBITDA Margin at 21.3%, up 2 percentage points - confirmation of the Company's ability to combine growth (for internal and external lines) and efficiency in management. The bottom line of the income statement also showed the best result ever achieved, with profit attributable to the Parent Company's shareholders of € 13.1 million, an increase of 27.3% over the previous year.

During the year, in addition to the actions taken to strengthen its portfolio of trade fairs organised and to develop conference activities and related services that led to the aforementioned results, various initiatives were launched whose effects will be evident in subsequent years. The primary ones are reported below.

In December, the call option was exercised in advance for the purchase of the "Oro Arezzo" and "Gold Italy" trade fairs, which IEG was already organising exclusively based on a commercial agreement that began in 2017, enabling IEG to consolidate its leadership in the gold and jewellery sector.

On October 10th, 2019, IEG acquired FIMAST - Fiera Internazionale Macchine ed Accessori del Settore Tessile (International Textile Machinery and Accessory Trade Show), held every two years in even-numbered years. Although not characterised by significant financial values, the acquisition of FIMAST has considerable strategic value, as it is part of an acquisition plan designed to consolidate IEG's trade fair portfolio in the technological-industrial sector, as well as in the programme to develop events organised for a strictly professional audience, chiefly with a view to enhancing the industrial segments that are most representative of "made in Italy".

On December 18th, 2019, IEG purchased Fieravicola, the leading event in Italy and one of the most important B2B trade fairs in Europe for the poultry sector, held every two years in odd-numbered years. The event will be transferred from the trade fair district of Forlì to that of Rimini and will take place in May 2021 at the same time as Macfrut, the international fruit and vegetable exhibition, thus benefiting from a state-of-the-art trade fair structure and synergies with Macfrut. The transaction demonstrates.

The transaction takes on particular significance from a strategic perspective because it demonstrates the possibility of creating a system of trade fair hubs based on requirements and development scenarios for all the protagonists involved (market, trade fairs and communities). Moreover, with this acquisition, IEG's portfolio has further expanded, confirming its position as a leader in the agri-food sector where it has long been active through Sigep, Beer & Food Attraction, FoodWell, Foodnova, Macfrut, Cosmofood in Vicenza and Golositalia in Montichiari.

IEG, together with Promozione Alberghiera (PA) - the largest hotel promotion cooperative in Italy - established Destination Services s.r.l. on February 26th, with the objective of, among other things, promoting, organising and implementing all initiatives in order to provide an optimal tourist offer. Destination Services, with IEG and PA, as well as companies they respectively control - Summertrade and Adria Congrex, formed the Rimini Wellcome consortium on October 17th, 2019, which was awarded the tender assigning the Destination Management Company (DMC) services of the Municipality of Rimini, for the management of information services, tourist reception, promotion, promo-marketing and destination marketing. This will allow the consortium to effectively manage the promotion and development of the community for the benefit of traditional tourism as well as trade fairs and conferences.

The Group continued its process of globalisation during the year. In fact, starting from January 2019, the Chinese joint venture “Europe Asia Global Link Exhibitions” (EAGLE), created by IEG and VNU Exhibitions Asia, became fully operational, co-organising, together with Shanghai International Convention & Exhibition Corp. Ltd (on behalf of Shanghai Municipal Administration of Culture and Tourism), the Shanghai World Travel Fair (SWTF), dedicated to the tourism industry of eastern China. During the year, EAGLE established the company Europe China Environmental Exhibitions (ECEE) in joint venture with a partner in Chengdu, owner of the CDEPE - Chengdu International Environmental Protection Expo - with regard to environmental technologies and sustainable development, to jointly carry out this event. Although the economic volumes for these events are not particularly significant, these transactions represent a tangible step in the Group's globalisation process, following the objectives outlined in the Business Plan of growth in those sectors in which IEG's skills and experience are strongest.

In terms of services related to the trade fair and conference business, 2019 fully reflected the results of the stand fitting companies acquired during 2018. Furthermore, in order to rationalise the Group's corporate structures, effective January 1st, 2019, Colorcom Allestimenti Fieristici S.r.l. was merged by incorporation into Prostand S.r.l. and the company Prostand Exhibition Services S.r.l. has effectively transferred all its activities to Prostand, making it essentially inactive. Under catering services, the subsidiary Summertrade S.r.l. was awarded the management of catering services for the trade fair and conference district of Riva del Garda and managed the catering for Ferrari's important biennial “Family day” event.

Lastly, during the year, cost optimisation operations that had begun in 2018 were consolidated and strengthened.

ANALYSIS OF THE MAIN RESULTS OF 2019

The consolidated financial statements of the IEG Group (hereinafter also the "Group") as at December 31st, 2019 and the separate financial statements of Italian Exhibition Group S.p.A. were drafted in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission in accordance with the procedure set forth in art. 6 of Regulation (EC) no. 1606/2002 of the European Parliament and the European Council of July 19th, 2002.

The total revenues for 2019 of IEG Group were **€ 178.7** million (without considering the negative impact of € 0.1 million from application of IFRS 16), marking double-digit growth of **+11.9%** compared to € 159.7 million in 2018. Despite the less favourable trade fair calendar in odd-numbered years due to the absence of the "Tecnargilla" and "IBE" trade fairs, these results **continue the growth trend already recorded at the end of 2018** (**+22%** over the previous year) and demonstrate the effectiveness of the strategies put in place by IEG, targeting both the **development of products in the portfolio** and **external growth**, the latter in particular in the sector of services related to trade fairs and conferences.

The EBITDA and EBIT, positively impacted for € 3.7 million and € 0.3 million respectively following the application of IFRS 16, amounted to **€ 41.9 million** and **€ 24.0 million** respectively, showing a strong growth trend compared to 2018 (+35.7% and 25.9%), where were not affected by IFRS 16. In fact, EBIT and EBITDA amounted to € 30.8 million and € 19.1 million in 2018. Even if the positive impact of the application of the above-cited accounting standard is not considered, the EBITDA and EBIT operating profit indicators show an increase of 23.5% and 24.5%, respectively, compared to the previous year, thus, more than proportional to the increase in revenues. These significant results are, therefore, the result of the development initiatives of the business discussed above, in addition to a **conscientious policy of operating cost optimisation**.

Due to the higher financial management charges resulting from the change in the fair value of financial derivatives (€ 0.5 million) and the charges relating to figurative payables for put options (€ 0.4 thousand), the **Group's net profit** amounted to **€ 13.1 million**, excluding the effects of IFRS 16, compared to € 10.9 million in 2018 (**+20.1%**). Including the effects of IFRS 16, the Group's net profit was **€ 12.6 million**, **16.1%** higher than the previous year.

The **net profit attributable to the shareholders of the Parent Company** amounted to **€ 12.9 million** (reflecting the negative impact of IFRS 16 of € 0.3 million) against € 10.3 million in 2018. If the negative impact of the application of the IFRS 16 accounting standard is removed for comparison purposes, the net profit would have been **€ 13.2 million**, therefore an improvement of **27.3%** compared to the previous year.

Thus, the results achieved in 2019 confirm the IEG Group's leading position in the management of directly organised events and, consequently, in the level of profitability of its core business which, through the recent acquisitions in the stand fitting business, registered significant expansion in the sector of related higher value-added services.

It is specified the data presented in the tables in this report are stated in thousands of Euros, unless specified otherwise.

Note that the new standard IFRS 16 - Leases entered into force on January 1st, 2019, to which the Group complied as of said date. The impacts on the financial position as at December 31st, 2019 are summarised in the following table. In particular, the new standard resulted in lower profit for the period of around € 0.4 million, a net increase in fixed assets of around € 25.9 million and a worsening in the NFP of around € 29 million.

IEG Group - Impacts of IFRS 16	**12/31/2019 with IFRS 16**	**12/31/2019 without IFRS 16**	**Impact of IFRS 16 12/31/2019**
Other revenues	4,372	4,482	(109)
Operating costs	(101,183)	(105,039)	3,856
Gross Operating Profit (EBITDA)	**41,874**	**38,127**	**3,747**
Amortisation, depreciation and write-downs of fixed assets	(16,559)	(13,069)	(3,491)
Operating Profit/Loss	**24,038**	**23,781**	**257**
Financial management	(4,065)	(3,281)	(784)
Pre-tax result	**19,725**	**20,253**	**(528)**
Income taxes	(7,088)	(7,179)	91
Profit/loss for the period	**12,637**	**13,073**	**(436)**
Property, plant and equipment	**209,173**	**183,324**	**25,849**
Net financial position	**(104,507)**	**(75,429)**	**(29,078)**

ANALYSIS OF CONSOLIDATED RECLASSIFIED INCOME STATEMENT DATA

The table below presents the IEG Group's reclassified income statement, in order to highlight the main operating results and the variances with respect to the previous year. The table also shows the percentage breakdown of revenues and the percentage impact of each item with respect to the "Value of Production".

IEG Group Reclassified Income Statement	12/31/2019	%	12/31/2019 rev. Excluding IFRS 16	%	12/31/2018 (*)	%	Change 2019 rev - 2018	% chg. 2019 rev - 2018
Revenues from sales and services	174,228	*97.6%*	174,228	*97.5%*	156,806	*98.2%*	17,422	*11.1%*
Other revenues	4,372	*2.4%*	4,482	*2.5%*	2,874	*1.8%*	1,608	*56.0%*
Value of Production	**178,601**	***100.0%***	**178,710**	***100.0%***	**159,680**	***100.0%***	**19,030**	***11.9%***
Operating costs	(101,183)	*(56.7%)*	(105,039)	*(58.8%)*	(97,327)	*(61.0%)*	(7,712)	*7.9%*
Value added	**77,418**	***43.3%***	**73,671**	***41.2%***	**62,353**	***39.0%***	**11,317**	***18.2%***
Staff costs	(35,543)	*(19.9%)*	(35,543)	*(19.9%)*	(31,490)	*(19.7%)*	(4,054)	*12.9%*
Gross Operating Profit (EBITDA)	**41,874**	***23.4%***	**38,127**	***21.3%***	**30,864**	***19.3%***	**7,264**	***23.5%***
Amortisation, depreciation and write-downs of fixed assets	(16,559)	*(9.3%)*	(13,069)	*(7.3%)*	(10,456)	*(6.5%)*	(2,612)	*25.0%*
Write-downs of receivables, provisions, adjustments to value of financial assets	(1,277)	*(0.7%)*	(1,277)	*(0.7%)*	(1,313)	*(0.8%)*	36	*(2.7%)*
Operating Profit/Loss	**24,038**	***13.5%***	**23,781**	***13.3%***	**19,095**	***12.0%***	**4,687**	***24.5%***
Financial management	(4,065)	*(2.3%)*	(3,281)	*(1.8%)*	(2,326)	*(1.5%)*	(955)	*41.1%*
Financial income (charges)	(1,886)	*(1.1%)*	(1,886)	*(1.1%)*	(1,792)	*(1.1%)*	(94)	*5.2%*
Mark to Market value - derivative	(218)	*(0.1%)*	(218)	*(0.1%)*	279	*0.2%*	(497)	*(178.1%)*
Financial charges for IFRS 16	(784)	*(0.4%)*	0	*0.0%*	0	*0.0%*	0	*0.0%*
Financial charges on put options	(1,218)	*(0.7%)*	(1,218)	*(0.7%)*	(777)	*(0.5%)*	(441)	*56.8%*
Exchange gains (losses)	42	*0.0%*	42	*0.0%*	(36)	*(0.0%)*	77	*(215.9%)*
Gains and losses on equity investments	(248)	*(0.1%)*	(248)	*(0.1%)*	(172)	*(0.1%)*	(76)	*43.9%*
Pre-tax result	**19,725**	***11.0%***	**20,253**	***11.3%***	**16,597**	***10.4%***	**3,656**	***22.0%***
Income taxes	(7,088)	*(4.0%)*	(7,179)	*(4.0%)*	(5,715)	*(3.6%)*	(1,464)	*25.6%*
Group result for the period	**12,637**	***7.1%***	**13,073**	***7.3%***	**10,881**	***6.8%***	**2,192**	***20.1%***
Of which:								
Result for the period attributable to minority interests	*(224)*	*(0.1%)*	(119)	*(0.1%)*	*520*	*0.3%*	*(639)*	*(122.8%)*
Result for the period attributable to Shareholders of the Parent Company	**12,861**	***7.2%***	**13,192**	***7.4%***	**10,361**	***6.5%***	**2,831**	***27.3%***

(*) Some of the amounts shown in this column do not correspond to those of the 2018 financial statements, as they reflect the valuations made at the time of the Purchase Price Allocation of Prostand and Colorcom at final values. For more details, refer to the paragraph entitled Business Combinations in the Measurement Criteria section of the explanatory notes to the Consolidated Financial Statements.

The income statement figures for 2019, compared with the previous year, encompass the effects of the change in the scope of consolidation due to the acquisition of FB International Inc., which became part of the IEG Group from March 1st 2018, as well as Prostand S.r.l. and Colorcom Allestimenti Fieristici S.r.l., acquired on September 1st, 2018.

In 2019, the Group's "Value of Production" stood at € 178.6 million, marking an increase of roughly € 18.0 million (+11.9%) compared to the previous year. Excluding the effects of the application of the IFRS 16 accounting standard, which resulted in a reduction in revenues of € 0.1 million, the "Value of Production" amounted to € 178.6 million (+11.8 compared to the prior year).

With reference to the Group's single business sector, relating to the "Hosting of trade fairs, events and performance of related services", the revenues from sales and services are presented below, broken down according to the following business lines:

- organisation and holding of trade fairs and exhibitions (the "**Organised Events**");
- the rental of trade fair facilities at events organised by third-party organisers (the "**Hosted Events**");
- the promotion and management of convention centres and the supply of specific connected services (the "**Conferences**");
- the provision and supply of services related to trade fairs and conferences, in relation to both proprietary events and events organised by third parties at the Group's facilities or in other locations (the "**Related Services**");
- the performance of other activities and the provision of non-core services, such as publishing, sports, rental of advertising spaces and commercial and advertising activities to promote the local territory ("**Publishing, Sporting Events and Other Activities**").

Note that the application of the IFRS 16 accounting standard influenced the Value of Production by reducing revenues for rental income by € 109 thousand. The net result of this effect, comparable with the prior year, is shown in the column "2019 Rev. Excl. IFRS 16" and will be discussed in subsequent paragraphs. Moreover, the data relative to 2018 shown in the column "2018 Restated" take into account a more accurate classification of certain residual revenues, equal to € 1.6 million, which in the same table in the 2018 Report on Operations were included in the business line "Publishing, Sporting Events and Other Activities", while in the table below they were more appropriately allocated to the corresponding business line.

IEG Group
Value of Production by business line

	2019		2019 Rev. Excluding IFRS 16		2018 Restated		Change 2019 Rev - 2018 Restated	
	Value	% Breakdown	Value	% Breakdown	Value	% Breakdown	Value	%
Organised Events	97,668	54.7%	97,668	54.7%	98,622	61.8%	(954)	-1.0%
Hosted Events	1,823	1.0%	1,823	1.0%	1,791	1.1%	32	1.8%
Conferences	15,463	8.7%	15,463	8.7%	12,979	8.1%	2,484	19.1%
Related Services (stand fitting, catering, cleaning)	57,808	32.4%	57,918	32.4%	41,619	26.1%	16,299	39.2%
Publishing, Sporting Events and Other Activities	5,839	3.3%	5,839	3.3%	4,669	2.9%	1,169	25.0%
TOTAL VALUE OF PRODUCTION	**178,601**	**100.0%**	**178,710**	**100.0%**	**159,680**	**100.0%**	**19,030**	**11.9%**

The significant growth in revenues recorded in 2019 compared to the prior year is due to the **extremely positive results achieved by each business line** and the increase of around €19.0 million is due to both **purely organic growth** (€+11.8 million, corresponding to +7.4%) and the **change in the scope of consolidation** (€+7.3 million, corresponding to +4.6%). The latter is comprised of a positive change of around € 15.3 million (corresponding to +9.6%) resulting from the acquisitions of stand fitting companies made in 2018 (in March FB International in USA, in September Prostand and Colorcom in Italy) and from a negative change of around € 8.0 million (corresponding to -5.0%), almost entirely recorded in the second half of 2019, due to the calendar effect (€-9 million) and to the one-off charges for listing costs (€+1 million). Therefore, it is extremely important to note that *organic growth alone in all business lines was able to overcome the negative calendar-related effects of odd-numbered years*.

The Group's "core business", represented by the **direct organisation of trade fairs**, accounted for 54.7% of total revenues during the year and recorded a decrease of just 1.0 percentage points compared to the previous year. In fact, despite the calendar effect, mainly represented by the absence of "Tecnargilla" in the third quarter and "IBE" in the fourth, which led to a 7.7% reduction in revenues (around €-7.5 million), the organic growth of the key leading products in the "Food and Beverage", "Jewellery & Fashion", "Green & Technology" and "Tourism & Hospitality" categories enabled a 6.7% increase in revenues (around €+6.6 million). With respect to total Group revenues, the percentage impact of this business line decreased due to growth of the other business lines, in particular that of Related Services, due to the acquisitions in the stand fitting services sector becoming fully operational. However, recall that a significant portion of the revenues of the latter business line is closely linked to the Organised Events business line.

In 2019, revenues from **Hosted Events** were 1.0% of the Value of Production, or +1.8% compared to the previous year. This is primarily due to the organic growth in recurring events (mainly Macfrut and Expodental).

Conferences include the results from the management of the Palacongressi di Rimini and the Vicenza Convention Centre (VICC). Revenues amounted to € 15.5 million in 2019, an increase of € 2.5 million compared to the prior year (+19.1%). Performance for the year was extremely positive, due to the improvement in the mix of conferences held which, with respect to those held in the previous year, were bigger in terms of the number of participants, conference areas used and additional services required.

Revenues from **Related Services** came to € 57.9 million, accounting for 32.4% of the Group's Value of Production in 2019, marking an increase of roughly € 16.3 million (+39.2%) compared to the previous year. This significant increase, in addition to the organic growth of activities related to the development of Organised Events, is largely a result of the change in the Group's scope of consolidation related to the ***stand fitting services***, with the Parent Company's acquisition of the companies FB International (from March 1st, 2018) and Prostand and Colorcom Allestimenti Fieristici (from September 1st, 2018), which were added to the already operational Prostand Exhibition Services. Therefore, the 2019 results take into account for the first time the activities of FB International and Prostand-Colorcom for the full year (note that in the first part of the year, Colorcom was merged by incorporation into Prostand), unlike the results of the 2018, which included FB International for 10 months (March-December 2018) and Prostand-Colorcom for 4 months (September-December 2018).

The ***stand fitting services*** business recorded an overall increase of € 15.4 million compared to the previous year, equivalent to +54.5%, which can be broken down into 3 main effects. The first is linked to organic growth of the business over the same periods for being part of IEG Group, equal to € 1.3 million (+4.5%). This growth was partially mitigated by a second effect, the calendar effect, impacted by the lack of the biennial "Tecnargilla" and "IBE" events for € 1.1 million (-3.9%). Finally, due to the various consolidation periods due to the acquisition date, there is a third and final "M&A" effect that led to an increase of € 15.3 million (+53.9%), corresponding to the results achieved in the period January-February 2019 for FB International and January-August 2019 for Prostand-Colorcom.

Catering activities, managed by Summertrade, posted an increase in revenues of 8.2% The organic growth in events that took place at the offices managed by the Parent Company was around € 490 thousand, partially offset by the calendar effect (Tecnargilla and IBE) which had a negative impact of € 211 thousand. However, the increase was driven by the excellent result recorded in external banqueting, due to a series of important private and corporate events outside IEG structures, resulting in an increase of around € 660 thousand. The management of premises at third-party sites showed a slightly incremental net effect (€ +30 thousand).

Finally, the ***cleaning*** business managed by Prime Servizi recorded a 5.2% drop in revenues. Recall that the primary objective of this business is to ensure better quality and usability of the events for exhibitors and visitors. In this case, there was organic growth (€ +41 thousand) but it did not compensate for the calendar effect of IEG's Organised Events (€ -75 thousand).

The business connected to **Publishing, Sporting Events and Other Activities** includes publishing activities, linked to information related to Tourism (TTG Italia, Turismo d'Italia and HotelMag) and the gold sector (VO+ and Trendvision), sporting events (which were held in the trade fair district of Rimini) and other residual revenues and, therefore, not directly attributable to the other business lines. The main reason for this increase regards the charge, made during the year (September), for part of the costs incurred for the listing to selling shareholders of around € 1 million, in accordance with the agreements between the Parent Company and the shareholders.

Staff costs stood at € 35.5 million in 2019, an increase of € 4.1 million compared to the previous year, due mainly to the effect of the change in the scope of consolidation resulting from the acquisition of stand fitting companies.

In light of the reasons outlined above, the **Gross Operating Profit (EBITDA)**, excluding IFRS 16, amounted to € 38.1 million, an increase of € 7.3 million (**+23.5%**) compared to the previous year. The **EBITDA Margin** (ratio between EBITDA and Value of Production, excluding IFRS 16), amounted to 21.3% in 2019, compared to 19.3% in 2018, representing an increase of 2 percentage points in the margin. Considering the impact of the IFRS 16 accounting standard, Gross Operating Profit (EBITDA) amounted to € 41.9 million, while the EBITDA Margin stood at 23.4%. The application of the accounting standard actually involved a reduction in revenues of € 109 thousand and in operating costs for the use of third-party assets amounting to € 3.8 million.

In terms of the non-monetary components of operating revenues, higher **Amortisation/Depreciation** of around € 2.6 million (excluding IFRS 16) was recorded in 2019 with respect to the previous year. This was, again, mostly due to new stand fitting companies, and the fact some of the expansion works on the Parent Company's venues became fully operational. Considering the effects of IFRS 16, Amortisation/Depreciation amounted to € 16.6 million. In fact, the new accounting standard led to a worsening in the item in question of € 3.5 million.

The Group's **Operating Profit/Loss (EBIT)** therefore stood at € 23.8 million (excluding IFRS 16), € 4.7 million higher than the previous year (+24.5%). The EBIT Margin (ratio between EBIT and Value of Production) stood at 13.3%, an increase compared to 12.0% in the previous year. Considering the impact of the IFRS 16 accounting standard, EBIT amounted to € 24.0 million (EBIT Margin 13.5%), with an impact of € +257 thousand.

Financial management for the year (excluding IFRS 16) recorded total charges of € 3.3 million, an increase of € 1.0 million compared to the prior year. The "ordinary" part of management, understood as that related to financial charges on loans and mortgages (primarily relating to the Parent Company), showed a slight increase in total net charges of roughly € 0.1 million compared to the previous year. The main change on financial charges is therefore linked to other factors described hereunder.

a) Higher charges of € 0.5 million relating to fair value changes in the derivative financial instrument linked to the Banca Intesa loan taken out to expand Fiera di Vicenza (charges of € 0.2 million in 2019 compared to income of € 0.3 million in 2018).

b) Higher charges on put options of € 0.4 million. In fact, in 2019, financial charges of roughly € 1.2 million were recorded, linked to the put options for the purchase of the remaining shares of FB International Inc., Prostand S.r.l. and Colorcom S.r.l. In 2018, charges on put options accrued were included solely for the March-December period in relation to the purchase of FB International Inc., and for only four months in relation to the purchase of Prostand and Colorcom, which took place on September 1st. The Group's potential payable to the minority shareholders of these companies is represented by the present value of the presumed outlay when the options are exercised, and, therefore, incorporates a financial element which is gradually booked to the income statement based on the approaching date of potential exercise of the options.

The introduction of the new IFRS 16 accounting standard led to a worsening in financial management for 2019 of € 0.8 million. Therefore, the balance of the item in question, at the end of 2019, considering the impact of the application of this new standard, was approximately € 4.1 million.

The **Management of equity investments** results in a total expense of € 0.2 million in 2019 due to the net effect of write-downs and revaluations made during the year. This represents a deterioration of € 0.1 million with respect to the prior year.

The **Pre-tax result** (excluding IFRS 16) as at December 31st, 2019 came to € 20.2 million, an increase of € 3.7 million compared to the previous year, therefore marking an increase of +22.0**%**. The application of the new accounting standard, which caused a net deterioration of € 0.5 million, resulted in a balance of € 19.6 million.

Income taxes for the year amounted to € 7.2 million, an increase of € 1.5 million compared to the previous year. The 2019 tax rate was 35.5% against 34.4% in the prior year. The effect of the application of the new IFRS had an insignificant impact on the estimate of income taxes (positive effect of € 91 thousand). The increase in the tax rate is due in part to the higher tax rate of the prior year for the subsidiary FB International Inc. on taxes paid for previous years and in part to higher non-deductible costs in 2019 for the subsidiary Prostand s.r.l.

The **Group's profit for the period** (excluding IFRS 16) amounted to € 13.1 million in 2019, an increase of € 2.2 million (+20.1%), compared to 2018. The **Net Income Margin** (ratio between the Group result for the period and the Value of Production) stood at 7.3%, compared to 6.8% in the previous year. The Group's profit for the period, considering the new accounting standard, posted a deterioration of € 0.4 million, thereby resulting in a value of € 12.6 million (+16.1% compared to 2018).

The **Profit for the period attributable to the shareholders of the Parent Company** amounted to € 12.9 million (reflecting the negative impact of IFRS 16 for € 0.3 million) against € 10.4 million in the previous year (+24.1%). If the negative impact of the application of the IFRS 16 accounting standard is removed for comparison purposes, the net profit would have been € 13.2 million, therefore an improvement of **27.3%** compared to the previous year.

ANALYSIS OF RECLASSIFIED CONSOLIDATED BALANCE SHEET FIGURES

The balance sheet data reclassified according to the *sources-uses model* are presented below. In fact, it is believed that this layout for the reclassification of the equity-financial figures is able to provide an additional disclosure of the breakdown of net invested capital and the nature of the sources used for its financing.

USES	Balance as at 12/31/2019	Balance as at 12/31/2018 (*)
Property, plant and equipment	209,173	182,315
Intangible fixed assets	37,036	32,771
Equity investments	15,311	15,182
TOTAL FIXED ASSETS AND EQUITY INVESTMENTS	**261,520**	**230,269**
Deferred tax assets	1,940	991
Other non-current assets	152	117
Employee provisions	(4,580)	(4,565)
Other non-current liabilities	(4,055)	(4,903)
OTHER NON-CURRENT ASSETS/(LIABILITIES)	**(6,543)**	**(8,360)**
NWC	**(44,369)**	**(50,450)**
TOTAL USES	**210,607**	**171,459**

SOURCES	Balance as at 12/31/2019	Balance as at 12/31/2018 (*)
Loans payable	73,034	78,667
Non-current financial payables for rights of use	26,115	0
Other non-current financial liabilities	22,467	21,042
Other non-current financial assets	(1,364)	(1,826)
Other current financial assets	(1,636)	(523)
Current financial payables for rights of use	3,968	0
Other current financial liabilities	3,659	970
Shareholders - dividends and payables due to shareholders	464	1,154
Short-term indebtedness (excess)	(22,198)	(29,479)
Total non-monetary NFP	**104,507**	**70,004**
of which monetary NFP (excluding IFRS 16, put options, derivatives)	***53,249***	***49,234***
Shareholders' equity attributable to shareholders of the Parent Company	103,950	98,891
Shareholders' equity attributable to minority interests	2,150	2,563
TOTAL SHAREHOLDERS' EQUITY	**106,100**	**101,454**
TOTAL SOURCES	**210,607**	**171,459**

(*) Some of the amounts shown in this column do not correspond to those of the financial statements published as at December 31st, 2018, as they reflect the valuations made at the time of the Purchase Price Allocation of Prostand and Colorcom at final values. For more details, refer to the paragraph entitled Business Combinations in the Measurement Criteria section of the explanatory notes to the Consolidated Financial Statements.

ANALYSIS OF THE CONSOLIDATED NET FINANCIAL POSITION

IEG Group Net Financial Position (Values in Euro/000)		12/31/2019	12/31/2018 (*)
1	**Short-term available funds**		
01:01	Cash on hand	211	152
01:02	Bank current account balances	21,987	29,327
01:03	Invested liquidity	72	1,405
01:04	Other short-term receivables	1,152	-
01:05	Financial receivables due from associated companies	292	523
01:06	Receivables for right-of-use leased assets (IFRS 16)	164	-
	Total	**23,878**	**31,407**
02:01	Bank current account overdrafts	(33)	(5,578)
02:02	Other short-term payables to banks	(3,599)	(2,490)
02:03	Portions of medium/long-term payables due within 12 months	(11,083)	(8,849)
02:04	Other short-term payables - put options	(206)	(273)
02:05	Other short-term payables	(3,452)	(797)
02:06	Financial payables due to shareholders	(464)	(710)
02:07	Current financial payables for rights of use (IFRS 16)	(3,968)	-
	Total	**(22,806)**	**(18,698)**
3	**Short-term financial position (1+2)**	**1,072**	**12,709**
4	**Medium/long-term financial receivables (after 12 months)**		
04:01	Receivables for right-of-use leased assets (IFRS 16)	840	-
04:02	Other medium/long-term financial receivables	480	421
	Total	**1,320**	**421**
5	**Medium/long-term financial payables (after 12 months)**		
05:01	Mortgages	(58,318)	(61,649)
05:02	Other medium/long-term payables – put options	(16,745)	(15,962)
05:06	Other medium/long-term payables – other	(494)	(988)
05:07	Medium/long-term derivative financial instruments	(5,228)	(4,536)
05:08	Non-current financial payables for rights of use (IFRS 16)	(26,115)	-
	Total	**(106,900)**	**(83,134)**
6	**Medium/long-term financial position (4+5)**	**(105,579)**	**(82,713)**
7	**TOTAL INDEBTEDNESS**	**(129,705)**	**(101,833)**
8	**Net financial position (3+6)**	**(104,507)**	**(70,005)**
9	**Net MONETARY financial position** excluding IFRS 16 rights of use, put options and derivatives	**(53,249)**	**(49,234)**

(*) Some of the amounts shown in this column do not correspond to those of the financial statements published as at December 31st, 2018, as they reflect the valuations made at the time of the Purchase Price Allocation of Prostand and Colorcom at final values. For more details, refer to the paragraph entitled Business Combinations in the Measurement Criteria section of the explanatory notes to the Consolidated Financial Statements.

The Net Financial Position (hereinafter NFP) of the Group as at December 31st, 2019 of € 104.5 million recorded an increase in total indebtedness of € 35.5 million compared to December 31st, 2018 (€ 70 million). The value includes financial payables for put options relating to the acquisition of stand fitting companies for a total of € 17 million, the effects of the introduction of IFRS 16, which involved the recognition of financial payables for rights of use as at December 31st, 2019 equal to € 29 million and financial payables for derivative financial instruments for € 5.2 million. *Excluding the aforementioned non-monetary effects*, the "**Monetary NFP**" amounted to **€ 53.2 million** as at December 31st, 2019, compared to € 49.2 million as at December 31st, 2018, thus marking an increase in indebtedness of € 4 million. The change between December 31st, 2018 and December 31st, 2019, is due to:

- a contribution of available funds from financial management resulting from the seasonal nature of the business for € 24.4 million (of which € 31.3 million from the profitability of current management and € -6.9 million for changes in working capital); in fact, it should be noted that two of the Group's most important events are held at the start of each year, which are, for the most part, recorded in the accounts in the last months of the prior year;
- investments of € 18.9 million (for further details, refer to the paragraph entitled "Investments");
- the distribution to shareholders of € 5.6 million relating to the 2018 result;
- other outflows of € 3.9 million due in large part to financial charges.

The **change in "Monetary NFP" that occurred during the quarter**, that is, with respect to the situation as at September 30th, 2019 (€ 63.6 million), **shows an improvement of € 10.5 million** following a contribution of available funds from current financial management for € 21.2 million, investments of € 9.6 million and other flows, mainly financial changes, for € 1.1 million. Including the non-monetary impacts, the change in NFP during the last quarter, with respect to the situation as at September 30th, 2019 (€ 119.1 million), shows an improvement of € 14.6 million. In addition to these monetary changes, there was a non-monetary improvement during the quarter due to the impacts of IFRS 16 for € 2.9 million and a non-monetary improvement for the revaluation of derivatives for € 1.3 million.

CONSOLIDATED CASH FLOW STATEMENT

IEG Group Cash Flow Statement of NFP (Values in Euro/000)	12/31/2019	12/31/2018 (*)
Flows generated (absorbed) by:		
Operating profit/loss (EBIT)	24,038	19,095
Adjustments of EBITDA for put options	(501)	(91)
Adjustments of EBITDA for IFRS 16	(3,747)	-
Adjustments of amortisation/depreciation for IFRS 16	3,491	-
Monetary operating profit/loss (EBIT)	**23,280**	**19,004**
Amortisation, depreciation and write-downs of fixed assets	13,069	10,456
Allocation to the provision for credit risks and other provisions	2,487	2,365
Other non-monetary operating revenues	(194)	(194)
Current income taxes	(7,331)	(5,456)
1st cash flow from current operations	**31,311**	**26,175**
Flows generated (absorbed) by the change in NWC:		
Change in inventories	(71)	(153)
Change in trade receivables	(850)	3,585
Change in other current assets	2,304	1,461
Net change in tax receivables/payables for direct taxes	(177)	321
Change in trade payables	(5,133)	(5,285)
Change in other current liabilities	(2,983)	10,676
Change in NWC	**(6,910)**	**10,607**
Cash flow from current operations	**24,401**	**36,782**
Flows generated (absorbed) by investment activities:		
Investments in intangible fixed assets	(6,222)	(844)
Investments in property, plant and equipment	(12,120)	(9,014)
Equity investments in associated companies and other companies	(575)	(2,255)
Net equity investments in subsidiaries	-	(20,062)
Flows generated/(absorbed) by investment activities	**(18,917)**	**(32,175)**
Flows generated (absorbed) by the change in other non-current items		
Changes in deferred tax assets/liabilities	(11)	(337)
Net change in other non-current assets	(35)	29
Change in employee severance indemnity and other provisions	(2,157)	(1,432)
Net change in other non-current liabilities	-	(194)
Flows generated/(absorbed) by the change in other non-current items	**(994)**	**(852)**
Cash flow from operations	**3,281**	**2,673**
Flows generated (absorbed) by:		
Income (expenses) of financial management	(1,844)	(1,828)
Gains (losses) from equity investments	43	44
Distribution of dividends	(5,556)	(5,556)
Other capital changes (share capital increases, etc.)	61	2,035
Level 1 cash flow (change in "Monetary NFP")	**(4,015)**	**(2,632)**
Changes in NFP for IFRS 16 on Level 1 cash flow	**(29,078)**	**-**
Changes in NFP for PUT OPTIONS on Level 1 cash flow	**(717)**	**(16,234)**
Changes in NFP for derivatives on Level 1 cash flow	**(691)**	**204**
Level 2 cash flow (change in NFP)	**(34,501)**	**(18,662)**
Change in financial current and non-current payables due to banks	(5,533)	18,639
Change in other non-current financial liabilities – put options	717	16,235
Change in other non-current financial liabilities – derivatives	691	(204)
Change in other current and non-current financial liabilities for rights of use	29,078	-
Change in other current and non-current financial liabilities - other	1,914	1,509
Change in other current and non-current financial assets	353	5,730
Level 3 cash flow (change in cash and cash equivalents)	**(7,281)**	**23,246**
Cash and cash equivalents at start of year	29,479	6,234
Cash and cash equivalents at end of year	**22,198**	**29,479**

(*) Some of the amounts shown in this column do not correspond to those of the 2018 financial statements, as they reflect the valuations made at the time of the Purchase Price Allocation of Prostand and Colorcom at final values. For more details, refer to the paragraph entitled Business Combinations in the Measurement Criteria section of the explanatory notes to the Consolidated Financial Statements.

INVESTMENTS

The tables below detail the net investments made by the Group as at December 31st, 2019.

IEG Group
Net investments in intangible fixed assets as at 31.12.2019

Euro/000	Investments	Disinvestments	Transfers	Exchange rate effect	2019 net investments
Industrial patent and intellectual property rights	588		18		606
Concessions, licenses, trademarks and similar rights	661		33		694
Goodwill	255	(23)		89	322
Other intangible fixed assets	4,689		(133)		4,556
Fixed assets in progress and payments on account	46				46
TOTAL NET INVESTMENTS IN INTANGIBLE FIXED ASSETS	**6,239**	**(23)**	**(82)**	**89**	**6,222**

The investments in "**Industrial patent and intellectual property rights**" refer primarily to the purchase and development of new CRM (customer relationship management) software for € 313 thousand and Bravo Solution (purchase management) for € 127 thousand. The residual amount of € 92 thousand is attributable to new SOFAIR software programs (technical event management), Power BI (Business Intelligence) and the development of already existing software to customise it for the Group's needs.

The investments in "**Concessions, licenses, trademarks and similar rights**" relate mainly to the Parent Company's purchase of the Fiera Avicola trademark for € 600 thousand, the Golditaly trademark for € 24 thousand and the purchase of software user licences by Prostand for € 36 thousand.

The investment of € 255 thousand in the item "**Goodwill**" refers to the difference between the price paid to acquire the two business units for the FIMAST - Fiera Internazionale Macchine ed Accessori del Settore Tessile (International Textile Machinery and Accessory Trade Show) and Fieravicola - Salone Internazionale Avicolo (International Poultry Exhibition) events, and the respective fair value of the net assets acquired. Note that the allocation of goodwill for these differences is provisional, as the Purchase Price Allocation process had not yet been competed as at December 31st, 2019.

Investments in "**Other intangible fixed assets**" refer entirely to the Parent Company, and specifically, the recognition of the assets of the Golditaly and Oro Arezzo events (€ 4,426 thousand) and the recognition of assets for the Fiera Avicola event (€ 150 thousand). The item decreased for transfers of € 133 thousand for assets appropriately reclassified in property, plant and equipment.

IEG Group
Net investments in property, plant and equipment as at 31.12.2019

Euro/000	Investments	Movements for entry into operation and transfers	Disinvestments	Exchange rate effect	2019 net investments
Land and buildings	1,218	315	(40)	2	1,496
Plant and machinery	1,957	13	(45)		1,925
Equipment	2,328		(39)	31	2,320
Other assets	1,966	100	(30)	(29)	2,008
Fixed assets under construction and payments on account	4,717	(346)			4,371
TOTAL NET INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT	**12,187**	**82**	**(154)**	**5**	**12,120**

Investments in "**Land and Buildings**" are primarily attributable to the Parent Company's investments for the construction of new offices (€ 434 thousand), the construction of new toilets in the Rimini trade fair district (€ 241 thousand), the purchase of areas of land adjacent to the Vicenza trade fair district (€ 117 thousand) and further improvements to the two trade fair hubs (€ 368 thousand).

Investments in "**Plant and machinery**" refer mainly to those of the Parent Company totalling € 1.3 million to develop a climate and lighting monitoring system and systems for the new offices and trade fair pavilions. The item also includes the investments of the companies of the Prostand Group for the purchase of production machinery for € 506 thousand and specific plants and investments made by the company Summertrade for the purchase and installation of new equipment in the Rimini and Riva del Garda offices for a total of € 143 thousand.

Investments in "**Industrial and commercial equipment**" are principally related to structures to build trade fair stands acquired by Prostand for € 964 thousand and FB International for € 899 thousand. The residual portion relates to investments by the Parent Company in technological equipment (ledwall and monitors), fire prevention systems and other equipment for trade fair pavilions.

Investments in "**Other assets**" are primarily related to:

- investments by the Parent Company, of which € 193 thousand relating to office machines, € 281 thousand relating to furnishings for the leased offices in Milan and the new offices in Rimini, € 147 thousand for vehicles and € 428 thousand in network systems and sundry materials;
- investments by Summertrade S.r.l. of € 447 thousand, mainly for the purchase of new vehicles for the transport of meals, foodstuffs and equipment, new cash terminals to adapt to electronic management of payment flows, as well as € 53 thousand for furniture and fittings;
- investments by the subsidiary FB International Inc. totalling € 365 thousand relating primarily to stand fittings, IT equipment and office furniture.

Investments in "**Fixed assets under construction and payments on account**" are almost entirely related to projects for the expansion/refurbishment of the Parent Company's "venues". The item also recorded a transfer of € 346 thousand for the entry into operation of the new offices at the Rimini site.

PARENT COMPANY ITALIAN EXHIBITION GROUP S.P.A.

The following pages provide a summary of the main financial results of the Parent Company Italian Exhibition Group S.p.A., drafted in compliance with IFRS accounting standards. For further details and analysis, please refer to the Company's separate financial statements as at December 31st, 2019 in the subsequent chapters of this document.

RECLASSIFIED INCOME STATEMENT DATA OF ITALIAN EXHIBITION GROUP S.P.A.

Italian Exhibition Group S.p.A.
Reclassified Income Statement

	12/31/2019	%	12/31/2019 excluding IFRS 16	%	12/31/2018	%	Change 2019 rev - 2018	% chg. 2019 rev - 2018
Revenues from sales and services	120,282	*96.9%*	120,282	*96.9%*	117,317	*97.9%*	2,966	*2.5%*
Other revenues	3,818	*3.1%*	3,818	*3.1%*	2,529	*2.1%*	1,289	*51.0%*
Value of Production	**124,101**	***100.0%***	**124,101**	***100.0%***	**119,846**	***100.0%***	**4,255**	***3.5%***
Operating costs	(66,941)	*(53.9%)*	(69,069)	*(55.7%)*	(72,256)	*(60.3%)*	3,187	*(4.4%)*
Value added	**57,160**	***46.1%***	**55,032**	***44.3%***	**47,591**	***39.7%***	**7,442**	***15.6%***
Staff costs	(21,194)	*(17.1%)*	(21,194)	*(17.1%)*	(21,609)	*(18.0%)*	415	*(1.9%)*
Gross Operating Profit (EBITDA)	**35,966**	***29.0%***	**33,839**	***27.3%***	**25,982**	***21.7%***	**7,857**	***30.2%***
Amortisation, depreciation and write-downs of fixed assets	(11,606)	*(9.4%)*	(9,736)	*(7.8%)*	(8,795)	*(7.3%)*	(941)	*10.7%*
Write-downs of receivables, provisions, adjustments to value of financial assets	(1,139)	*(0.9%)*	(1,139)	*(0.9%)*	(1,157)	*(1.0%)*	19	*(1.6%)*
Operating Profit/Loss	**23,221**	***18.7%***	**22,964**	***18.5%***	**16,029**	***13.4%***	**6,934**	***43.3%***
Financial management	(2,342)	*(1.9%)*	(1,878)	*(1.5%)*	(1,374)	*(1.1%)*	(503)	*36.6%*
Financial income (charges)	(1,659)	*(1.3%)*	(1,659)	*(1.3%)*	(1,654)	*(1.4%)*	(6)	*0.4%*
Mark to Market value - derivative	(218)	*(0.2%)*	(218)	*(0.2%)*	279	*0.2%*	(497)	*(178.1%)*
Financial charges for IFRS 16	(465)	*(0.4%)*	0	*0.0%*	0	*0.0%*	0	*0.0%*
Gains and losses on equity investments	(402)	*(0.3%)*	(402)	*(0.3%)*	(140)	*(0.1%)*	(262)	*187.2%*
Pre-tax result	**20,477**	***16.5%***	**20,684**	***16.7%***	**14,515**	***12.1%***	**6,169**	***42.5%***
Income taxes	(6,580)	*(5.3%)*	(6,619)	*(5.3%)*	(4,663)	*(3.9%)*	(1,957)	*42.0%*
Profit for the year	**13,898**	***11.2%***	**14,065**	***11.3%***	**9,852**	***8.2%***	**4,213**	***42.8%***

RECLASSIFIED BALANCE SHEET DATA OF ITALIAN EXHIBITION GROUP S.P.A.

Reclassified Sources-Uses Balance Sheet

USES	Balance as at 12/31/2019	Balance as at 12/31/2018 (*)
Property, plant and equipment	192,747	172,335
Intangible fixed assets	22,927	18,546
Equity investments	29,612	29,705
TOTAL FIXED ASSETS AND EQUITY INVESTMENTS	**245,286**	**220,586**
Deferred tax assets	1,261	316
Other non-current assets	116	86
Employee provisions	(3,357)	(3,341)
Other non-current liabilities	(4,166)	(4,903)
OTHER NON-CURRENT ASSETS/(LIABILITIES)	**(6,147)**	**(7,842)**
NWC	**(45,599)**	**(49,534)**
TOTAL USES	**193,540**	**163,210**

SOURCES	Balance as at 12/31/2019	Balance as at 12/31/2018
Loans payable	66,648	70,080
Non-current financial payables for rights of use	20,088	-
Other non-current financial liabilities	5,722	5,524
Current financial payables for rights of use	2,276	-
Other current financial assets	(3,142)	(1,732)
Other current financial liabilities	3,674	918
Shareholders - dividends	2	8
Short-term indebtedness (excess)	(18,622)	(22,276)
TOTAL non-monetary NFP	**76,646**	**52,522**
Of which monetary NFP (excluding IFRS 16 and derivatives)	**49,054**	**47,986**
Share capital	52,215	52,215
Share premium reserve	13,947	13,947
Other reserves	32,733	32,840
Profit (loss) for previous years	4,101	1,834
Profit (loss) for the year	13,898	9,852
TOTAL SHAREHOLDERS' EQUITY	**116,893**	**110,688**
TOTAL SOURCES	**193,540**	**163,210**

NET FINANCIAL POSITION OF ITALIAN EXHIBITION GROUP S.P.A.

Net financial position

			Balance as at 12/31/2019	Balance as at 12/31/2018
1		**Short-term available funds**		
	01:01	Cash on hand	69	49
	01:02	Bank current account balances	18,078	20,631
	01:03	Invested liquidity	1,196	1,175
	01:05	Financial receivables due from subsidiaries	1,698	1,210
	01:06	Financial receivables due from associated companies	291	523
		Total	**21,333**	**23,587**
2		**Short-term payables**		
	02:02	Other short-term payables to banks	-	0
	02:03	Portions of medium/long-term payables due within 12 months	(10,245)	(8,849)
	02:04	Other short-term payables	(3,452)	(697)
	02:05	Financial payables due to shareholders	(224)	(230)
	02:06	Current payables for rights of use	(2,276)	-
		Total	**(16,197)**	**(9,776)**
3		**Short-term financial position (1+2)**	**5,135**	**13,811**
4		**Medium/long-term financial receivables (after 12 months)**	431	421
5		**Medium/long-term financial payables (after 12 months)**		
	05:01	Mortgages	(56,403)	(61,231)
	05:04	Financial payables due to shareholders/subsidiaries/parent companies	(222)	
	05:05	Other medium/long-term payables	(272)	(988)
	05:06	Medium/long-term derivative financial instruments	(5,528)	(4,536)
	05:07	Non-current payables for rights of use	(20,088)	-
		Total	**(82,212)**	**(66,755)**
6		**Medium/long-term financial position (4+5)**	**(81,781)**	**(66,333)**
7		**TOTAL INDEBTEDNESS**	**(98,410)**	**(76,531)**
8		**Net financial position (3+6)**	**(76,646)**	**(52,522)**
9		**Net MONETARY financial position Excluding IFRS 16 rights of use and derivatives**	**(49,054)**	**(47,986)**

CASH FLOW STATEMENT OF ITALIAN EXHIBITION GROUP S.P.A.

IEG Group Cash Flow Statement of NFP (Values in Euro/000)	12/31/2019	12/31/2018
Flows generated (absorbed) by:		
Operating profit/loss (EBIT)	23,221	16,029
Adjustments of EBITDA for IFRS 16	(2,127)	-
Adjustments of amortisation/depreciation for IFRS 16	1,870	-
Monetary operating profit/loss (EBIT)	**22,964**	**16,029**
Amortisation, depreciation and write-downs of fixed assets	9,736	8,795
Allocation to the provision for credit risks and other provisions	1,140	1,127
Other non-monetary operating revenues	(194)	(194)
Current income taxes	(7,009)	(4,606)
1st cash flow from current operations	**26,636**	**21,152**
Flows generated (absorbed) by the change in NWC:		
Change in inventories	-	-
Change in trade receivables	(364)	(1,656)
Change in other current assets	229	2,843
Net change in tax receivables/payables for direct taxes	111	874
Change in trade payables	(2,344)	(2,189)
Change in other current liabilities	(2,245)	9,017
Change in NWC	**(4,612)**	**8,888**
Cash flow from current operations	**22,024**	**30,040**
Flows generated (absorbed) by investment activities:		
Investments in intangible fixed assets	(6,093)	(649)
Investments in property, plant and equipment	(8,536)	(7,052)
Equity investments in associated companies and other companies	(606)	-
Net equity investments in subsidiaries	-	(17,174)
Flows generated/(absorbed) by investment activities	**(15,235)**	**(32,175)**
Flows generated (absorbed) by the change in other non-current items		
Changes in deferred tax assets/liabilities	61	(21)
Net change in other non-current assets	(30)	54
Change in employee severance indemnity and other provisions	(804)	(323)
Net change in other non-current liabilities	-	(194)
Flows generated/(absorbed) by the change in other non-current items	**(773)**	**(484)**
Cash flow from operations	**6,025**	**4,682**
Flows generated (absorbed) by:		
Income (expenses) of financial management	(1,659)	(1,095)
Gains (losses) from equity investments	140	44
Distribution of dividends	(5,556)	(5,556)
Other capital changes (share capital increases, etc.)	(18)	830
Level 1 cash flow (change in "Monetary NFP")	**(1,068)**	**(1,094)**
Changes in NFP for IFRS 16 on Level 1 cash flow	**(22,364)**	**-**
Changes in NFP for derivatives on Level 1 cash flow	**(691)**	**(204)**
Level 2 cash flow (change in NFP)	**(24,124)**	**(1,298)**
Change in financial current and non-current payables due to banks	(3,432)	10,052
Change in other non-current financial liabilities – derivatives	691	204
Change in other current and non-current financial liabilities for rights of use	22,363	-
Change in other current and non-current financial liabilities - other	2,255	621
Change in other current and non-current financial assets	(288)	7,030
Level 3 cash flow (change in cash and cash equivalents)	**(2,533)**	**16,609**
Cash and cash equivalents at start of year	20,680	4,071
Cash and cash equivalents at end of year	**18,147**	**20,680**

RELATIONS WITH SUBSIDIARIES, ASSOCIATED COMPANIES AND PARENT COMPANIES

To supplement the information already reported in the section "Group structure", the main data relating to the subsidiaries, associated companies and other companies are summarised below:

	Registered office	Financial Statements	Value of Production	Profit (loss) for the year	Employees (FTE)	Shareholders' Equity
Subsidiaries						
Exmedia S.r.l. in liquidation	Via Emilia, 155 – 47921 Rimini	12/31/2019	8	(451)	3	(217)
Prostand Exhibition Services S.r.l.	Via Emilia, 155 - 47921 Rimini	12/31/2019	11	(10)	0	114
Prime Servizi S.r.l.	Via Flaminia, 233/A - 47924 Rimini	12/31/2019	3,329	27	1	404
Summertrade S.r.l.	Via Emilia, 155 - 47921 Rimini	12/31/2019	16,638	460	153	1,053
Sub-consolidated company IEG USA Inc and FB International Inc	IEG USA - 1001 Brickell Bay Dr., Suite 2717° Miami (FL)	12/31/2019	17,836	(461)	45	7,501
Prostand S.r.l.	Via Santarcangiolese 18 – 47824 Poggio Torriana (RN)	12/31/2019	38,724	(456)	74	7,408
Associated companies						
Fairsystem International Exhibition Services S.p.A.	Via Maserati, 16 - Bologna	10/31/2019	85	17	n.a.	443
Fitness Festival International S.r.l. in liquidation	Via Martiri dei Lager, 65 – 06128 Perugia	12/31/2017	164	93	n.a.	67
Cesena Fiera Spa	Via Dismano 3845 – Cesena (FC)	12/31/2018	5,423	141	n.a.	3,566
Green Box S.r.l.	Via Sordello 11/A – 31046 Oderzo (TV)	n.a.	n.a.	n.a.	n.a.	n.a.
Cast Alimenti S.r.l.	Via Serenissima, 5 - Brescia (BS)	12/31/2018	4,622	620	n.a.	3,074
Jointly controlled companies						
Expo Estrategia Brasil Eventos e Producoes Ltda	Rua Felix de Souza, 307 Vila Congonhas - Sao Paulo	12/31/2018	18	(290)	n.a.	562
Dv Global Link LLC	P.O. Box 9846 – Dubai – U.A.E.	12/31/2018	3,579	(520)	n.a.	161
Europe Asia Global Link Exhibitions Co., Ltd	no. 18 Tian Shan Road 900-341, Changning District, Shanghai, China	12/31/2018	240	(138)	n.a.	(11)
Europe China Environmental Exhibitions Co., Ltd.	Getan Building 1, No.588, Yizhou Avenue, High-tech Zone Chengdu, China	n.a.	n.a.	n.a.	n.a.	n.a.
Destination Services S.r.l.	Viale Roberto Valturio 44 – Rimini (RN)	n.a.	n.a.	n.a.	n.a.	n.a.
Other equity investments						
Uni.Rimini	Via Angherà, 22, Rimini RN	12/31/2017	1,309	20	n.a.	1,406
Centro Interscambio Merci e Servizi - C.I.S. in liquidation	Contrà Gazzolle 1 - 36100 - Vicenza (VI)	n.a.	n.a.	n.a.	n.a.	n.a.
Società del Palazzo dei Congressi S.p.A.	Via Emilia, 155 – 47921 Rimini	12/31/2019	1,659	(1,199)	0	75,207
Eventi Oggi S.r.l.	Via Mazzoni 43 – Cesena (FC)	12/31/2017	479	0	n.a.	15
Turismo e Benessere soc. cons.	Via Rasponi 8 – Ravenna (RA)	n.a.	n.a.	n.a.	n.a.	n.a.
Rimini Welcome S.c.a.r.l.	Via Sassonia, 30 – Rimini (RN)	n.a.	n.a.	n.a.	n.a.	n.a.

The Parent Company, Italian Exhibition Group S.p.A., in addition to its role of management of Group activities, has operating relations with subsidiaries and associated companies, aimed at maximising synergies. All transactions are settled contractually and services are rendered and assets transferred at market prices.

In the stand fitting sector, Prostand maintains supply relations with the Parent Company, to which it pays fees for the commercial brokerage activities carried out. FB International provides stand fitting services to Italian Exhibition Group S.p.A. and Prostand for events in the United States. Summertrade is the official supplier for catering in the trade fair districts of Rimini and Vicenza, to the Palacongressi di Rimini and the Vicenza Convention Centre; the relationship makes provision not only for the sale of assets and services to Italian Exhibition Group S.p.A., but the payment of a fee on the activities carried out in the premises made available to it. Prime Servizi is the supplier of Italian Exhibition Group S.p.A. and Summertrade, regarding cleaning and porterage activities. Italian Exhibition Group S.p.A., also provides Exmedia with accounting and administrative services.

The following tables show the amount and nature of the receivables/payables as at December 31st, 2019 and details of the costs/revenues for the year deriving from relations between the individual company (indicated in the column heading) and all other companies included in the scope of consolidation.

Intercompany receivables	Italian Exhibition Group S.p.A.	IEG USA / FB International	Prostand Srl	Exmedia srl in liquidation	Summertrade Srl	Prostand Exhibitions Service S.r.l.	Prime Servizi S.r.l.	TOTAL ELIMINATIONS
Trade and tax receivables	1,959	-	5,665	14	1,416	197	656	**9,942**
Financial receivables	1,698	-	443		36		-	**2,142**
TOTAL	**3,657**	**-**	**6,108**	**14**	**1,452**	**197**	**656**	**12,083**

Intercompany payables	Italian Exhibition Group S.p.A.	IEG USA / FB International	Prostand Srl	Exmedia srl in liquidation	Summertrade Srl	Prostand Exhibitions Service S.r.l.	Prime Servizi S.r.l.	TOTAL ELIMINATIONS
Trade and tax payables	7,603	72	1,547	40	534	144	-	**9,942**
Financial payables	444		224	180	1,116	177	-	**2,142**
TOTAL	**8,047**	**72**	**1,771**	**221**	**1,650**	**321**	**-**	**12,083**

Revenues and costs	Italian Exhibition Group S.p.A.	IEG USA / FB International	Prostand Srl	Exmedia S.r.l. in liquidation	Summertrade S.r.l.	Prostand Exhibition Service S.r.l.	Prime Servizi S.r.l.	TOTAL ELIMINATIONS
REVENUES								
Revenue from sales and services	3,056	260	12,587		3,807	(3)	1,973	**21,679**
Other revenues	257							**257**
OPERATING COSTS								
Costs for raw materials	(43)							**(43)**
Costs for services	(18,303)	(6)	(1,644)	(42)	(241)	(8)	(3)	**(20,247)**
Costs for use of third-party assets			(183)		(1,338)			**(1,520)**
For personnel			(108)					**(108)**
Other operating costs	(11)				(7)			**(18)**
GROSS OPERATING PROFIT (EBITDA)	**(15,044)**	**254**	**16,652**	**(42)**	**2,222**	**(11)**	**1,970**	**-**
FINANCIAL INCOME AND CHARGES								
Financial income	4							**4**
Financial charges				(2)	(2)			**(4)**
TOTAL FINANCIAL INCOME AND CHARGES								**-**
TOTAL	**(15,040)**	**254**	**16,652**	**(44)**	**2,220**	**(11)**	**1,970**	**-**

The tables below summarise all credit/debit and cost/revenue transactions as at December 31st, 2019 between companies in the IEG Group and the associated companies:

Receivables due from associated companies	Cesena Fiera S.p.A.	C.A.S.T. Alimenti Srl	DV Global Link LLC	Destination Services	Total
Trade receivables	130		54	2	**186**
Financial receivables			292		**292**
TOTAL	**130**	**0**	**345**	**2**	**478**

Payables due to associated companies	Cesena Fiera S.p.A.	C.A.S.T. Alimenti Srl	DV Global Link LLC	Total
Trade payables	110	10	6	**126**
TOTAL	**110**	**10**	**6**	**126**

Revenues and costs with associated companies		Cesena Fiera S.p.A.	DV Global Link LLC	C.A.S.T. Alimenti Srl	Total
REVENUES					
	Revenues from sales and services	2,080	13	2	**2,094**
	Other revenues		84		**84**
OPERATING COSTS					
	Costs for services	(154)	(6)	(11)	**(171)**
	Costs for use of third-party assets	(50)			**(50)**
GROSS OPERATING PROFIT (EBITDA)		**1,875**	**91**	**(9)**	**1,957**
FINANCIAL INCOME AND CHARGES					
	Financial income			43	**43**
TOTAL FINANCIAL CHARGES AND INCOME		**0**	**0**	**43**	**43**
TOTAL		**1,875**	**91**	**34**	**2,000**

Società del Palazzo S.p.A. is an entity under joint control (81.39% of its share capital is held by Rimini Congressi and 18.38% by IEG). The tables below indicate the receivable/payable and cost/revenue transactions as at December 31st, 2019 between IEG and Società del Palazzo S.p.A. In addition, it should be noted that, on application of the new IFRS 16 accounting standard, the costs for the use of third-party assets, relating to rental agreements for the Palacongressi di Rimini stipulated between IEG S.p.A. and Società del Palazzo S.p.A., were completely eliminated and replaced with amortisation/depreciation and financial charges, as more fully detailed in the table. Financial payables amounting to € 19 million relate entirely to the discounting of lease instalments to be paid for the rental of Palacongressi di Rimini, as set forth in IFRS 16.

Receivables due from companies subject to common control	Società del Palazzo S.p.A.	Total
Trade receivables	47	**47**
TOTAL	**47**	**47**

Payables due to companies subject to common control	Società del Palazzo S.p.A.	Total
Financial payables	18,539	**18,539**
TOTAL	**18,539**	**18,539**

Revenues and costs with companies subject to common control	Società del Palazzo S.p.A.	Total
REVENUES		
Revenues from sales and services	43	43
Other revenues	69	69
OPERATING COSTS		
Costs for services	(1)	(1)
Costs for use of third-party assets (*)	(1,229)	(1,229)
Other operating expenses	(6)	(6)
GROSS OPERATING PROFIT (EBITDA)	**(1,124)**	**(1,124)**
FINANCIAL INCOME AND CHARGES		
Financial income	0	0
TOTAL FINANCIAL CHARGES AND INCOME	**0**	**0**
TOTAL	**(1,124)**	**(1,124)**

(*) In applying IFRS 16, costs for use of third-party assets are completely eliminated and replaced with amortisation/depreciation on rights of use for € 1,057 thousand and financial charges for € 384 thousand.

In addition, note that as at December 31st, 2019 the Parent Company had paid the holding company Rimini Congressi S.r.l. revenues of € 1,962 thousand and receivables of € 490 thousand, both in relation to the recharging of costs incurred for the listing on the MTA market of Borsa Italiana, which took place during the year.

RESEARCH AND DEVELOPMENT ACTIVITIES

Research and development activities play a significant role in the pursuit of the Group's objectives and in staying competitive in a sector that is becoming increasingly more competitive, characterised by a growing installed productive capacity in relation to a market with more restrained dynamics.

The lines of action of research and development activities were organised primarily with two methods. The development of products and of the ordinary activities of the various subsidiaries and associated companies is handled directly by the Chief Executive Officers of said companies, while at IEG S.p.A. it is monitored by dedicated personnel who deal with both development of the products in the portfolio and the analysis of development of new exhibitions and events. The study of new sectors and major strategic projects are coordinated directly by the management of IEG S.p.A. and the Group, in close collaboration with the Board of Directors.

Research and development costs are expensed in full in the relevant year.

RISKS CONNECTED TO THE EXTERNAL CONTEXT

The activities and results of the IEG Group depend on the investments budgeted for by its customers (including third-party organisers, conference promoters, exhibitors and other customers of the subsidiaries) in trade fairs, conferences and related services; the volume of these investments is, in turn, heavily influenced by the economic trend in the countries in which the Group customers operate and where the Group operates, with particular reference to the Italian market.

The growth prospects for the Italian market remain characterised by heightened uncertainty, and if the current recessionary phase should intensify and persist, it could lead to possible negative repercussions on the Group's activities and on its economic, equity and financial position.

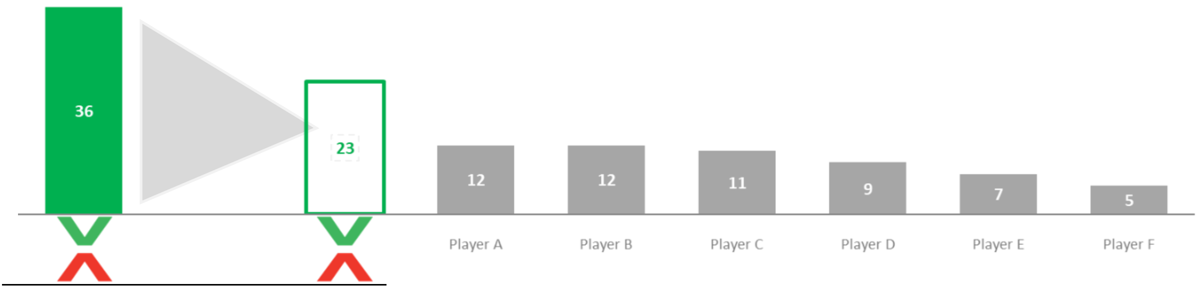
The risks brought about by the contraction in the past years, not recovered at system level by the modest growth in the last few years and with the prospects of a fresh recession, are added to the more specific risks of the trade fair market, a market that, albeit having shown signs of a recovery in Italy too, remains characterised by a phase of maturity with the concentration of investments in the most important events with international appeal, to the detriment of those with purely national ambitions. Minor events targeted at the local audience have shown good staying power. Our country remains characterised by excess (on the whole) square metres of exhibition space available and is heavily fragmented; the country is starting to see a shortage of high quality exhibition spaces with suitable dimensions to host important events. Consequently, the main national trade fair hubs are committed to programmes involving the development and refurbishment of exhibition spaces that will lead to an intensification of competitive pressure, with the subsequent risk of a decrease in profit margins for trade fair organisers and, even more so, for managers of trade fair districts.

The mitigation actions implemented by the Group are embodied by the constant monitoring of the levels of profitability needed to ensure the objectives of financial and capital equilibrium are met, as well as the continuous alignment with the budget plans and other plans formulated, through diligent reporting to the Top Management and the Board of Directors.

RISKS CONNECTED TO THE INTERNAL CONTEXT

Group operations primarily entail trade fair activities, whose revenues are distributed among an extremely broad number of customers, concentrated, however, on a small number of events, some of which organised on the basis of agreements with associations representing the biggest exhibitors. Although the risk deriving from the possible loss of events organised by third parties is contained, given that the revenues and margins linked to these events are small, more significant is the potential risk related to a change in relations with the associations or with groups of leading customers which could involve a loss of some events.

In order to counteract this phenomenon, the Group has, for some time, pursued specific diversification strategies, including the enhancement of the events portfolio, the internationalisation of events, the launch of commercial and strategic collaborations and partnerships with other districts and/or organisers and the stipulation of long-term agreements with the most representative trade associations as part of the events organised. From this perspective, the Group is considered the leading national trade fair organiser, as borne out in the latest UFI report published in November 2018 and relating to 2017[1]: of the 36 events organised by IEG in that year, 23 of them were international events, almost double that of the leading national competitors.



[1] Calculations by the company on data published by UFI, Euro Fair Statistics 2017

The Group is constantly committed to research, targeted at distinguishing itself from its competitors, thanks to the continuous improvement in the offering and in the quality of the events organised, by developing the high levels of in-house skills and know-how, the strength of the brands and contents and synergies between the businesses.

FINANCIAL RISKS

The IEG Group is exposed to financial risks related to its activities, in particular relating to the following types:

- *credit risk*, deriving from commercial transactions or financing activities;
- *liquidity risk*, relating to the availability of financial resources and access to the credit market;
- *market risk* (composed of exchange rate risk, interest rate risk, price risk), with particular reference to interest rate risk, relating to the exposure to the Group on financial instruments that generate interest.

Credit risk

The credit risk to which the IEG Group is subject falls under normal commercial activities, both owing to the fragmentation of positions and the excellent credit quality historically recorded. The positions considered at risk were, nonetheless, written down accordingly. In order to contain the risks deriving from the management of trade receivables, each company has identified an office or a person responsible for the systematic coordination of the reminder activities, managed jointly by the commercial and administrative departments, legal representatives and companies specialised in credit recovery. The software implemented by the Parent Company IEG S.p.A. and used by the main subsidiaries keeps track of each reminder.

Liquidity risk

The Group believes it is fundamentally important to maintain a level of available funds suited to its requirements.

The two main factors that determine the Group's liquidity situation are, on the one hand, the resources generated or absorbed by operating and investment activities, and on the other, the maturity and renewal characteristics of the debt or of the liquidity of financial investments and market conditions.

The Group has adopted a series of policies and processes for optimising the management of financial resources, reducing liquidity risk:

- *maintenance of an adequate level of available liquidity;*
- *obtainment of adequate credit lines;*
- *monitoring of prospective liquidity conditions, in relation to the process of business planning*.

As part of this type of risk, as regards the composition of net financial indebtedness, the IEG Group tends to finance investments with medium/long-term payables, while it meets current commitments with both the cash flow generated by operations and by using short-term credit lines.

Market risk

Exchange rate risk

The IEG Group is exposed to exchange rate risk deriving from the fluctuation in exchange rates, in particular, vis-à-vis the US Dollar for the investment made in the subsidiary FB International Inc. and the transactions carried out for conducting the events VICENZAORO JCK @ Las Vegas and VICENZAORO Dubai, vis-à-vis the United Arab Emirates Dirham for the investment made in the joint venture DV Global Link LLC, vis-à-vis the Brazilian Real for the investment made in the joint venture Expo Estrategia Brasil and vis-à-vis the Chinese Renminbi for the investment made in the joint venture Europe Asia Global Link Exhibition Ltd.

Interest rate risk

In order to carry out its activities, the Group obtains finance on the market by taking out primarily floating rate debt (linked to the Euribor), hence exposing itself to the risk deriving from an increase in interest rates.

The objective of interest risk management is to limit and stabilise flows of expenses due to interest paid primarily on medium-term payables to ensure close correlation between the underlying and the hedging instrument.

The hedging activity, evaluated and decided on a case by case basis, is carried out predominantly through derivative contracts targeted at transforming a variable rate to a fixed rate.

Price risk

The type of activity performed by the Group, essentially represented by the provision of services that do not require a process of purchase-transformation of assets, is such that the risk of fluctuations in prices is not particularly significant. The majority of the purchases made in relation to business activities is represented by the provision of service whose value is not immediately influenced by macroeconomic changes in the prices of the main commodities. In addition, as stated in relation to exchange rate risk, sales are almost all in the accounting currency and purchases not in Euro are negligible.

For the sake of complete disclosure, it should be noted that, as at December 31st, 2019, the Group is exposed to a minimal extent to the price risk associated with investments in listed equities, as it has made a small investment in the shares of the company Gambero Rosso, classified to the financial statements under financial assets at "Fair Value through Profit & Loss".

To complete the information reported hereunder, please refer to the section "Financial Risks" of the Explanatory Notes.

INFORMATION ON TREASURY SHARES

As at December 31st, 2019, Italian Exhibition Group does not have any treasury shares in the portfolio. During the year, no treasury share purchase or sale transactions were carried out. The same is true for the other companies included in the scope of consolidation.

INFORMATION ON HUMAN RESOURCES

In 2019, no workplace accidents were verified involving a fatality or serious injuries to workers recorded in the company's employee register. In compliance with the regulations governing workplace safety, the Single Document for the Assessment of the Risks of Interference (DUVRI) was prepared, and the operating plans for the safety of the suppliers operating in the trade fair district were examined.

No charges were recorded against any Group companies regarding occupational illnesses involving employees or former employees and cases of mobbing.

INFORMATION ON THE ENVIRONMENT

ITALIAN EXHIBITION GROUP S.p.A. considers the focus on the requirements and pursuit of satisfaction of its customers and stakeholders, respect for and safeguarding of the environment and protection of workplace health and safety to be essential values for the development of its business activities.
These values represent the fundamental primary aspects that do not conflict with the Company's development but, on the contrary, promote the Company by distinguishing it. They constitute elements of productive investment and are a tangible and qualifying expression of the commitment to sustainable development and continuous improvement of activities and qualitative, environmental and safety performances.

To this end, Italian Exhibition Group S.p.A. launched a process designed to plan, develop and keep active an integrated company management system compliant with the applicable regulations on the environment (UNI EN ISO 14001:2015) and Workplace Health and Safety (UNI ISO 45001:2018).

The trade fair districts are currently equipped with an Environmental Management System and a certified Workplace Health and Safety Management System which complies with the requirements of the applicable regulations, for the purpose of protecting the health of its workers and other operators that work in the trade fair district.

Both sites monitor the presence of personnel from outside Italian Exhibition Group S.p.A. operating in its structures and IEG provides them with all the information relating to the specific risks in the environment in which they are due to operate and the measures for the prevention, protection and management of existing emergencies. In order to optimise the management of safety as a whole, Italian Exhibition Group S.p.A. has outsourced the role of Prevention and Protection Service Manager to a professionally recognised external party.

The Vicenza site holds the environmental certification UNI EN ISO 14001:2015 and the certification UNI ISO 45001:2018 and is also implementing an Energy Efficiency Programme by adhering to the criteria of standard UNI CEI EN ISO 50001:2011 to reach the maximum level of efficiency and effectiveness in observance of protection of the environment and worker health and safety and the quality of services.

The Rimini Trade Fair District, which holds the environmental certification UNI EN ISO 14001:2015 and the certification OHSAS 45001:2018, was designed and managed with a view to a low environmental impact (it was awarded with the prestigious international ELCA "Building with Green" Trend award in Nuremberg). The wood that dominates the architecture of the district comes from Scandinavia, which has a continuous reforestation cycle. Large windows and skylights allow primarily natural light; in addition, in the entrance areas, where constant lighting is needed, LED lighting technology is mostly used, with an 85% saving in electricity. A photovoltaic system has already been in operation on the roof of the main entrance since 2005, which extends over an area of 400 square metres, providing energy to the central hall, saving Rimini roughly 40 tonnes of carbon dioxide annually.

The photovoltaic systems constructed over the years has made Rimini Fiera a "zero impact" trade fair district, since it is able to generate more electricity from renewable sources than it consumes annually.

Air conditioning in the district is obtained through a system that produces cold air during night-time hours and recirculates the cold air during daytime hours (a sort of "ice bank" which allows a reduction in the electricity power burden of approximately 50%). By contrast, for the heating, a heating system is in place with condensing boiler, which saves the city of Rimini 90% of nitrogen oxide emissions with respect to burner boilers. The internal and external green spaces cover an area of 160 thousand square metres, with more than 1,500 plants and 30 thousand square metres of lawns (and the irrigation systems use exclusively surface waters).

The fountains are all recirculated water, while in the toilets of the trade fair district, the water jets are pressure controlled (two initiatives with a saving of 23 million litres of water per year). A number of ecological islands are also present throughout the entire district and in the external areas, allowing visitors to separate waste products. Lastly, the district can be reached by train thanks to the railway station located at the southern entrance, which lightens the impact of traffic on the environment.

The same focus on the themes of eco-sustainability is also evident from the Palacongressi venue. The structure is 100% eco-friendly. Low environmental impact, integration in the urban setting, they are completed perfectly with flexibility, functionality and aesthetic quality. For the construction of its 39 rooms with 9,000 seats, eco-compatible materials were used: wood, glass, stone. Spaces and environments are illuminated by natural light, thanks to large windows. Artificial fluorescent lamps are equipped with dimmer switches and those for the lighting of escape routes are equipped with LED technology, thanks to which optimum lighting and minimum energy waste is achieved. By contrast, a rainwater collection system ensures the irrigation of the green areas around the building and alleviates the water burden for storm overflow sewers and combined sewer overflow systems. One of the eco-green jewels is the ice accumulation system. During the night, storage tanks accumulate the energy needed to generate cold air, used during the day to cool the building. Result: 30% reduction in electricity used. At the same time, latest generation boilers and exchangers guarantee energy savings and lower emissions of fumes into the environment.

INFORMATION ON THE ADMINISTRATIVE LIABILITY OF COMPANIES AND PERSONAL DATA PROCESSING

Italian Exhibition Group S.p.A. has adopted an organisation, management and control model pursuant to Legislative Decree no. 231/2001, approved recently by the Board of Directors at the meetings on July 3rd, 2018 (general part) and December 2018 (special parts).

Italian Exhibition Group S.P.A.'s Code of Ethics, approved by the Board of Directors on December 6th, 2017, clearly and precisely defines the set of Principles and Values that the Company recognises, accepts and shares, as well as the responsibilities that it assumes vis-à-vis the internal and external environments in relation to all stakeholders.

In compliance with Regulation EU 679/2016 (GDPR), the company communicates that it has appointed a Data Protection Officer and special proxies and, more generally speaking, has complied with the obligations set forth in the aforementioned EU legislation.

SIGNIFICANT EVENTS AFTER THE YEAR-END CLOSING AND THE BUSINESS OUTLOOK

In January 2020, the Chinese authorities, in the wake of the outbreak of the COVID-19 epidemic (or Coronavirus), adopted a series of measures to contain the virus, which entailed heavy restrictions on the circulation of goods and people, combined with a ban on mass gatherings and, consequently, on holding trade fairs. The Group operates in that geographical area through the joint venture Eagle, whose activities, at the current state of play, have been impacted exclusively by the postponement of the events SWTF-Shanghai World Travel Fair – world tourism fair - and CDEPE- Chengdu International

Environmental Protection Expo – event relating to environmental technologies and sustainable development - which should have been held in March and April respectively, with new dates being set for the end of July and end of September respectively. However, it should be noted that Eagle's results have an insignificant impact on IEG's consolidated financial statements, owing to both the reduced scope of the events organised and the fact that these are consolidated using the equity method and not on a line-by-line basis.

In this context, January 2020 was characterised by the excellent results of the Group in terms of directly organised trade fairs. The two most important trade fair products of the Parent Company, Sigep and Vicenza Oro (January edition together with T-Gold), confirmed their leading position at international level and recorded better economic results (in terms of revenues and margins) than those of the previous year, due to both organic growth and the staging of the three-yearly event ABTech Expo – international exhibition of technology & products for bakery, pastry and confectionery. It is important to underline that January, for the reasons just described, is the most important month of the year in which a significant portion of the Group's operating income for the whole year is achieved.

The events held in the first half of the month of February, in particular, HIT Show, Beer&Food Attraction and BBTech Expo and Pescare Show, albeit with a markedly lower economic significance than those cited above, were duly held and posted generally better results than those of the previous year.

The Coronavirus epidemic also started to spread in our country from the middle of February, which then gradually hit the other European countries and the USA to the point that, in March, the COVID-19 emergency was classified as a pandemic by the World Health Organisation. Consequently, the Italian government and the local administrations adopted a series of measures to contain the spread of the virus that, among other things, entail heavy restrictions on the circulation of goods and people, the performance of commercial and production activities and a ban on mass gatherings, with the subsequent suspension of trade fairs and conferences.

From the outset, the Company adopted all the necessary measures to protect the health and safety of its employees, associates, customers and suppliers.

In terms of the events organised, the restrictions adopted by the government involved: the early closure of the event Golositalia (set to take place between February 22nd-26th and cancelled following a measure issued by the Lombardy Region on February 23rd); the cancellation of the MIR Tech events (planned from March 8th-10th) and Origin Passion & Beliefs (planned for July 7th-9th at the trade fair district of Fiera di Milano Rho).

The virus containment measures caused the suspension of conference activities for the whole of March and even though, as things stand, the restrictions are set to be in place until April 13th, it is believed that conference activities will be severely affected for the entire month. As a result, third-party organisers have currently cancelled 26 conference events, the majority of which were planned for March and April, even if some cancellations concerned events planned for later months due to the situation of uncertainty surrounding the national and international economic system.

The Company, also in collaboration with its customers and third-party organisers, then re-planned to later dates the main trade fairs organised and hosted, which were set to take place in March, April and the start of May, and the conference events in the calendar in the same period which had not been cancelled at the request of customers.

The related services business was also impacted by the suspension of national (both captive and managed by third parties) and international trade fair-conference activities and by the general closure of production and commercial activities. In particular, the now across-the-board adoption by the main European Union countries and the US (first and foremost New York and New Jersey) of similar virus containment measures to the Italian ones, have impacted the international activities of Prostand and of FB International.

Therefore, based on the current trade fair and conference calendar, which acknowledges the changes described above, the Company estimates the impact on the Group's 2020 revenues at approximately €

16 million. However, as the scenario is constantly changing, it is difficult to come up with a realistic estimate of the overall effects of these restrictions, which could also extend beyond April, with potential material impacts on the results of the Company and of the Group.

Although considering the complexity and uncertainty of this rapidly evolving situation, the Company considers the going concern assumption to be appropriate and correct, taking into account its capacity to meet its obligations in the foreseeable future and, in particular, over the next 12 months, based on the following considerations.

- The Company will continue to monitor the development of the epidemic and of the regulatory provisions, which are believed, nonetheless, to be temporary, and to work with its customers and partners to ensure the postponed trade fairs and conferences can be held.
- At the date of drafting of this document, the Group has liquidity stocks, augmented by authorised credit lines and not drawn down for an amount of at least € 20 million. In addition, thanks to the leading position in its sector, the Company believes it will be able to enjoy support from the financial system. Therefore, it is considered that this financial position will enable it to deal with a period of reduced operations.
- Assuming that the effects of the restrictions on trade fair and conference business are deemed to be temporary and able to be resolved over a reasonably short period of time, no particular criticalities are identified regarding the risk of exceeding the covenants associated with loans, with reference to the expiry dates set forth in the contracts.
- The Company will keep a close eye on the management of its trade receivables, will adopt prudent policies in the payment of its suppliers and in managing its operating costs which, given always characterised by a significant incidence of variable costs, will enable it to contain the impacts on margins despite the decrease in revenues.

In addition to the elements described above, the Group took advantage of some measures of economic and financial support introduced by the government institutions, and will verify the possibility of applying those that may be adopted in the future, by continuing to make extensive use of forms of agile working; all in order to minimise the impacts of the temporary difficulties and ensure it is ready to re-start activities alongside its customers and partners as soon these moments of uncertainty are overcome. In fact, the management is convinced of the resilience of the Group and of the entire trade fair industry and of the important role it will have to play upon the re-commencement of activities because as the Chief Executive Officer of UFI – the global exhibition industry association - Kai Hattendorf, says: "We manage markets and meeting places. And these will be the quickest path to an economic recovery post COVID-19".

ALLOCATION OF THE PROFIT FOR THE YEAR

Dear Shareholders,

We confirm that the financial statements as at December 31st, 2019 and submitted for your review and approval in this Shareholders' Meeting were drafted in compliance with application legislation.

In submitting the 2019 separate financial statements of Italian Exhibition Group S.p.A. for the approval of the Shareholders' Meeting, the Company's Board of Directors proposes the following allocation of the profit for the year of € 13,897,502:

- allocation to "Legal reserve" of € 694,875;
- allocation to "Statutory reserve" pursuant to art. 24 of the Articles of Association of € 69,488;
- allocation to the "2019 profit for the year" retained earnings of € 13,133,139.

Rimini, April 7th, 2020

Annex to the Directors' Report on Operations

Consolidated Non-Financial Statement as at December 31st, 2019 pursuant to Legislative Decree no. 254/2016

1 Methodological note

This document represents the first Consolidated Non-Financial Statement (hereinafter also "NFS") of Italian Exhibition Group S.p.A. (hereinafter also "IEG" or "Group"), prepared in accordance with arts. 3 and 4 of Legislative Decree no. 254 of December 30th, 2016, containing information relating to environmental, social, and personnel issues, as well as respect for human rights and the fight against corruption.

IEG Group has identified the issues that ensure the effective understanding of the Company's business activities, its performance, results and the impact produced by it, and which are of strategic importance for the Company, as they could influence its stakeholders' assessments.

The year 2019 is the first in which IEG Group falls within the minimum requirements imposed by Legislative Decree no. 254/16, following the listing on the MTA segment on June 19th, 2019 therefore, as this is the first year the NFS has been drafted, the indicators presented use as reference the reporting year from 1 January to 31 December 2019; the data relative to 2018, where available and reliable, are reported for comparative purposes only and have not been subjected to external verification.

To provide an accurate representation of the sustainability performance achieved, the Company focussed on including directly measurable figures, avoiding to the extent possible the use of estimates, which, where necessary, are based on the best available methodologies or on data samples and their usage is reported within the individual indicators.

The Consolidated Non-Financial Statement uses as a reference the "Sustainability Reporting Standards" published in October 2016 by the GRI (Global Reporting Initiative) and developed according to the "GRI-Referenced" approach. Note that, with regard to the specific standards GRI 403-9 and 403-10 (Occupational Health and Safety) and GRI 303-3 (Water and Effluents), reference was made to the most recent version of 2018. For the preparation of the Consolidated Non-Financial Statement, the following GRI reporting principles necessary for defining the content and quality of the document were taken into consideration, namely: Stakeholder Inclusiveness, Sustainability Context, Materiality, Completeness, Balance, Comparability, Accuracy, Timeliness, Clarity and Reliability, as reported in GRI Standard 101: Foundation 2016.

This Statement presents non-financial information relating to the issues considered material for the Group, stakeholder analyses and the business model, which have been defined and developed by an internal working group, coordinated by IEG's Finance, Administration and Control function and by the key representatives of the various relevant corporate departments that manage relations with the main stakeholders.

For the collection of data and information reported, the Group has prepared data collection forms that have been sent to the representatives involved in the various areas, both of the Parent Company and subsidiaries.

The Parent Company IEG and the companies consolidated on a line-by-line basis in the Annual Financial Report as at December 31st, 2019 are included in the reporting scope of this NFS. With respect to the consolidation scope as at December 31st, 2018, the only change is the merger by incorporation of Colorcom S.r.l. into Pro.Stand S.r.l.

A summary overview of the Group companies that are included in the reporting scope is provided below:

- **Italian Exhibition Group S.p.A.** is the Parent Company, created as a result of the transfer to Rimini Fiera S.p.A. of the company managed by Fiera di Vicenza S.p.A.;

- **Summertrade S.r.l.**: operates in catering and banqueting in both the trade fair districts of Rimini and Vicenza and at the Palacongressi and Vicenza Convention Centre, for which it is the exclusive concession holder of the service, and at other sales points, restaurants and company cafeterias;
- **FB International Inc.**: operates in the trade fair stand fitting sector in North America;
- **Prime Servizi S.r.l.**: operates in the marketing of cleaning and porterage services;
- **Pro.Stand S.r.l.**: operates in the sales of stand fitting equipment and integrated solutions in support of trade fairs and conferences for the national and international market;
- **Exmedia S.r.l.**: operates in the trade fair/conference organisation sector;
- **Italian Exhibition Group USA Inc.**: parent company of FB International Inc.;
- **Pro.Stand Exhibition Services S.r.l.**: operates in the trade fair stand fitting sector.

This document contains the risks generated and incurred for the companies Italian Exhibition Group S.p.A., Summertrade S.r.l., Pro.Stand S.r.l. and FB International Inc., as they represent the Group’s various business lines. For the other companies consolidated on a line-by-line basis, there are no other significant risks generated and incurred other than those described in this NFS.

This document was approved by the Board of Directors of IEG S.p.A. on April 7th, 2020 and in accordance with the provisions of Legislative Decree no. 254/2016.

The independent review of the Consolidated Sustainability Report was assigned to PricewaterhouseCoopers S.p.A. and concluded with the release of the “Independent Auditors’ Report on the Consolidated Non-Financial Statement pursuant to art. 3.C.10 of Legislative Decree no. 254/2016 and art. 5 of the Consob regulation adopted with Resolution no. 20267 of January 2018”. This Report is available on p. XX of this document.

2 The corporate identity

Italian Exhibition Group S.p.A. is the leader in Italy in the organisation of trade fair events and among the primary operators in the trade fair and conference sector at European level with the structures in Rimini and Vicenza.

IEG combines the market opportunities in Italy, leveraging globalisation as an additional growth driver. In fact, the Group is present in the U.S. with a trade fair stand fitting company, FB International Inc., active throughout the country, and several joint ventures set up with local partners in order to launch a germinating process for the flagship products created in Italy.

The trade fairs organised and managed in Italy take places at the following structures:

- Quartiere Fieristico (Trade Fair District) of Rimini, located in via Emilia no. 155;
- Quartiere Fieristico (Trade Fair District) of Vicenza, situated in via dell'Oreficeria no. 16;
- Palacongressi di Rimini, located in via della Fiera no. 23 in Rimini;
- Vicenza Convention Centre, in via dell'Oreficeria no. 16.

The Group boasts facilities equipped with leading-edge technologies, characterised by the latest generation of architectural solutions to make them eco-sustainable.

The Company, as it states in its Code of Ethics, adheres to the following sustainability principles: protection of workplace health and safety, environmental protection, fight against money laundering, protection of competition and social responsibility.

Internationally[2], the Group operates in China through EAGLE, a joint venture with VNU Exhibitions Asia in the tourism and environmental sectors, operates in Brazil through Expo Estrategia do Brasil, a joint venture with Tecniche nuove S.p.A., to promote an event in the environmental sector, and lastly, launched another joint venture with Dubai World Trade Center to conduct the Vicenza Oro Dubai trade fair in the United Arab Emirates.

2.1 The business lines

The activities of IEG Group are organised into 5 business lines that pertain to the entire trade fair value chain in its various sectors (standing fitting, catering, and other services).

Organised Events

The activities under Organised Events include the conception, design and organisation of trade fairs, both in Italy and abroad, through the establishment of joint ventures. The Group has always focused its attention on B2B trade fairs, although there is no shortage of important events aimed also at end consumers.

The activities under Organised Events are carried out by breaking down the business line into five categories: food & beverage; jewellery & fashion, tourism & lifestyle, wellness & leisure, and green & technology.

Hosted Events

This business line consists in hosting trade fair and other events organised by entities other than IEG, promoting and making the exhibition spaces available to the organisers and providing them with the Related Services.

[2] These entities are not consolidated into Italian Exhibition Group S.p.A. on a line-by-line basis as at December 31st, 2019, therefore they are not included in the reporting scope for this document.

IEG's contribution to these events may include the provision of minimum services such as the rental of spaces, cleaning and services that involve the use of the infrastructure of the relative trade fair districts, up to more complex contracts, in which the Issuer is requested to collaborate in marketing the event.

Conferences

Conferences entail the promotion and management of the conference centres in the structures of Palacongressi di Rimini and the Vicenza Convention Centre.

In this context, the Group provides consultancy, spaces and services. Conferences usually involve sector associations and, in particular, medical-scientific associations, political and trade union associations, cultural and sports associations, religious associations, public events and companies.

Related Services

Through its subsidiaries, the Group provides ancillary services for the organisation of events and conferences as well as rental activities. In particular:

- Through the subsidiary Summertrade S.r.l., it provides catering services by managing bars and restaurants exclusively at the Group's proprietary structures, as well as banqueting activities for corporate and private events, management of company canteens and management of restaurants at non-proprietary structures;
- Through the subsidiaries Pro.Stand S.r.l., Pro.Stand Exhibition Services S.r.l. and FB International Inc., it provides stand fitting services by supplying customised, ad hoc stands and pre-fitted modular stands, both through the Issuer's commercial activity and directly to third-party customers;
- Through the company Prime Servizi S.r.l., it provides cleaning and porterage services to the Rimini trade fair and conference centre, and related customers, as well as to third parties;

Publishing, Sporting Events and Other Activities

The activities that fall within this business line refer to the production of informational content dedicated to the professional communities that participate in the Organised Events, within the proprietary trade fair districts and other residual activities. In particular:

- In the field of publishing, the Group operates as a publisher: for the tourism sector, the magazines *TTG Italia* and *Turismo Italia*, as well as being constantly in contact with readers/customers through the website www.ttgitalia.com and the news agency *TTG Report*; in the jewellery sector, the *VO+* and *Trend Book* publications, which represent highly prestigious publications with innovative content for that sector;
- As part of Sporting Events, the Group operates through the use of the extensive spaces of the Rimini Trade Fair District and the accommodation and hospitality capacity of the City of Rimini to take advantage of those sporting events that involve and channel many fans, such as, for example, the Dance Sport Championships and the "Gymnastics Festival" event;
- In Other Activities, the Group mainly carries out activities such as rentals of permanent spaces in the trade fair districts, advertising not linked to events and the collection of revenues from photovoltaic systems.

2.2 The stakeholders

In carrying out its activities, IEG Group constantly interacts with a series of internal and external stakeholders, for specific types of relationships. Dialogue with stakeholders is fundamental in that it enables the Group's knowledge about the network to be improved and strengthened, while increasing the positive impacts and mitigating the negative impacts of business activities on the environment and the Company, as it allows the Group to collect information on the reference context and thus have feedback on its operations.

The list of stakeholders that IEG considers significant is shown below.

<u>Suppliers / Commercial partners</u>

The relationship that the Group establishes with its suppliers is based on loyalty, integrity, accuracy of information, confidentiality and professionalism. All relationships with these parties must be documented and traceable. IEG requires that all suppliers comply with its Code of Ethics and reserves the right to terminate the relationship if a supplier engages in conduct that is incompatible with the corporate policy.

In each partnership supply contract (in Italy and abroad) of the companies IEG S.p.A. and Summertrade S.r.l., a specific clause has always been added that requires the acknowledgement and respect of the rules contained in the Organisation and Management Model and the Code of Ethics, under penalty of contract termination.

<u>Exhibitors</u>

The Group ensures exhibitors who use the dedicated spaces prompt and meticulous service to respond to the various and changing needs that characterise the different categories of customers served. Propriety, honesty and trust are the principles that guide the relationship that IEG builds with its exhibitors. The Company has adopted a communication system suitable for promptly communicating all information for them.

In particular, they are requested to implement behaviours in line with regulatory compliance and with local legislation.

<u>Visitors</u>

In order to maintain a strong link with the community and the region, the Group stimulates the involvement of visitors by improving and developing the services offered. The visitors, that is, the final recipients of the service, determine its success through their attendance, their participation and their consent. In order to increase the number of visitors, the spaces intended for their reception must be adequate and meet every need. In this context and with this intent, the railway station was built at Rimini Trade Fair District, or customised transfer services are activated, proving the effective importance of visitors for IEG.

Employees and collaborators

Professional expertise and human skills are the main assets in which the IEG Group invests and wants to invest more, in order to achieve the following goals:

- Protection of the working environment and safety;
- Professional growth;
- Involvement of staff;
- Inclusion of a reward system based on merit.

The relationship with employees is based on respect for worker's rights, in accordance with the reference rules. As with suppliers, employees are also required to comply with the Group's Code of Ethics.

Institutions and communities

The Group establishes collaborative relationships with local institutions, enabling them, in turn, to develop. Relationships with institutions, both in Italy and abroad, are guided by strict compliance with the provisions of the law as well as principles of transparency, honesty and fairness.

The Group is a strong presence in the communities in which it operates. Rimini Trade Fair District alone hosts 35 highly specialised events (including annual and biennial), 11 of which are considered international events and for the most part organised directly, with more than positive impacts on the local economy.

Shareholders

IEG Group considers the relationships with its shareholders an ethical and strategic responsibility of the business, aimed at creating effective two-way communication between the Company and the financial community. IEG assigns to the Investor Relations function the responsibility of managing timely and transparent information to the financial community. The main expectations of the shareholders include the creation of value, responsiveness and willingness for dialogue and appropriate risk management, including for socio-environmental risks.

Organisers of trade fairs and conferences

The organisers of trade fairs and conferences are fundamental stakeholders for the Group. The management of this type of relationship requires diligent and constant personalised and direct communication. The close collaboration between the organisers and IEG means that each project is considered to be "customised" and each event is unique and exclusive.

3 Sustainability in IEG

The Group is attentive to its social, environmental and economic impacts and operates taking into consideration those aspects to go beyond mere compliance with current regulations.

Although a strategic sustainability plan has not been formally defined, including macro-objectives and detailed objectives, some aspects are already considered and addressed by the current administration. The Board of Directors is responsible for pursuing the Company's sustainable success. Sustainability Governance, which will have the task of approving a sustainability plan and supervising and monitoring the achievement of the established objectives, has not as yet been assigned to a single manager, but broken down according to the responsibilities of the various business functions involved.

For more than 70 years, the Group has organised trade fairs, events and conferences in Italy and around the world. The mission is to offer domestic and international partners tangible business opportunities and high value-added services, through modern facilities, high quality of work, innovation, networking skills and a sustainable environmental policy.

In fact, IEG has chosen to make sustainability a focus of its business, in its various meanings (environmental, social and economic), as it enables risks to be reduced and benefits to be increased, which the Group not only obtains for itself, but contributes to the communities in which it operates and to the social and economic fabric in which it is a part.

Satisfying its customers and stakeholders, respect for and safeguarding of the environment and protection of workplace health and safety are the assets that guide the Group's activities, enhancing the development of the business.

Italian Exhibition Group S.p.A. intends to make organisational, operational and economic resources available, with the objective of continuous improvement in this regard.

As Pope Francis pointed out, in his meeting with the participants in the Ulfi - Global CEO Summit (Union of International Trade Fairs), held in the Vatican on February 6th, 2020 "*Trade fairs and exhibitions not only have positive effects on regional economies and labour markets, but they also offer significant opportunities to demonstrate the rich diversity and beauty of local cultures and ecosystems to the whole world*".

The Group has not currently developed a model for identifying and managing ESG risks, but this document presents the main identified risks relating to environmental, social, and personnel-related issues, as well as human rights and the fight against active and passive corruption.

In order to ensure the fairness and transparency of business operations, IEG, as Parent Company, and Summertrade S.r.l. decided that it was appropriate to adopt an Organisation, Management and Control Model according to the provisions of Legislative Decree no. 231/01. The purpose of this Model is to establish a structured and organic system of procedures and control activities, aimed at preventing the commission of the various types of crimes described in the Legislative Decree.

Italian Exhibition Group S.p.A. considers it necessary that the intended audience of the Model, including collaborators, suppliers, customers and partners, comply with certain principles of behaviour and specific prevention protocols.

The individuals to which the Model applies are required to meticulously respect governing regulations, including in the area of the environment.

3.1 Global Compact Network

On May 2nd, 2018, Italian Exhibition Group S.p.A. (IEG), became a "Participant" of the United Nations Global Compact (UNC), the largest sustainability initiative organised by the United Nations and inspired in 1999 by the then-Secretary General Kofi Annan.

The predominant theme of UNCG is Corporate Social Responsibility, which is, not surprisingly, one of the essential points of the Group's agenda, as the Company has always supported the UN Sustainable Development Goals.

More than 10,000 companies and 3,000 non-profits participate in the UN Global Compact around the world. Over 170 countries are represented within the context of the project.

By participating in the UN Global Compact, IEG confirms its focus on the issue of Corporate Social Responsibility, operating according to four fundamental pillars: respect for human rights, respect for the principles of fair labour, environmental sustainability and the fight against corruption. These pillars are divided into ten principles that companies who participate in the voluntary initiative must adopt and respect, each in managing its business.

The United Nations' Global Company operates in Italy through an institutional representative, the Global Compact Network Italy (GCNI). The organisation was formed in June 2013, and in 2015 it launched a project to promote best practices, focused on the United Nations' sustainable development goals for 2030.

There are numerous activities envisaged in the 2019 GCNI programme, whose participants are all companies and organisations that are members of the entity.

The schedule opened with the "UN Global Compact Welcome Meeting 2019" held on January 29th and ended with the 4th edition of "Italian Business & SDGs Annual Forum" on October 14th and 15th, 2019.

In light of the above, we can therefore state that joining the United Nations Global Compact was a natural evolution for the trade fair Group, which has always been attentive to these issues.

Through the partnership with CIBJO, the World Jewellery Confederation, IEG takes part in the High-Level Political Forum (HLPF) of the United Nations' Economic and Social Council (ECOSOC), distinguishing itself as a socially and environmentally responsible trade fair organiser. In this forum, the Group promotes common social objectives through Corporate Social Responsibility, supporting social cohesion, cultural understanding and robust development based on sustainability principles.

As IEG is the largest organiser of jewellery fairs in Italy and among the largest in the world, it is committed, throughout its collaboration with CIBJO, to promoting services and educational programmes related to corporate social responsibility and in particular to sustainability, within the supply chain of jewellery, metals and precious stones, the Kimberley Process, socially sustainable programmes in the pearl industry, and the responsible supply of precious minerals, precious stones and organic materials.

4 Material issues

The determination of material issues is the result of a process of identification, assessment and classification, in terms of priorities for IEG Group, of the issues that influence the Group's ability to create value in the short, medium and long term. It is important to specify that the determination of material issues is the result of a process carried out internally without direct involvement of external stakeholders.

The requirements of Legislative Decree no. 254/16, internal document analyses, in particular the Code of Ethics, the Model pursuant to Legislative Decree no. 231/2001, and the Environmental, Health and Safety Policy were taken into account for purposes of identifying and defining the material issues, as well as a benchmark of the Group's main competitors and reference partners.

Top management was involved in the process that begins with the definition of objectives and the analysis path, the identification of issues to be analysed and the priorities for IEG, through to the formal approval of the results of the analyses.

A total of 8 issues were identified, relating to 5 categories: environmental (1 issue); social (3 issues), personnel-related (2 issues); human rights (1 issue) and fight against corruption (1 issue).

Aspects from the Decree	Potential issue	Description of material issue
Environmental	**Energy efficiency and reduction of environmental impacts**	Energy efficiency targets the reduction of direct and indirect energy consumption, by implementing and then managing specific energy policies.
Social	**Responsible management of the supply chain**	In all phases of its relationship with suppliers, IEG acts according to the principles of fairness and integrity, ensuring that collaborations within the supply chain are aimed at creating stable and lasting partnerships.
	Service quality and security	The Group provides innovative services that meet high quality standards, guaranteeing excellent performance.
	Socio-economic development	In recent years, IEG has launched an important global expansion project, but at the same time is aware of the role it plays in the developing the local economy.
Personnel	**Development of human resources**	IEG provides the utmost attention to personnel development by implementing skills management and continuous training programmes for employees.
	Management of workers' health and safety	Thanks to management systems that enable the prevention of workplace accidents and occupational illnesses, the Group ensures working conditions that fully comply with health and safety standards, as well as the protection of workers' physical well-being.
Human rights	**Protection of human rights**	As reported in the Code of Ethics, IEG supports the social development, non-discrimination and value of the individual, promoting respect for the physical and cultural integrity of individuals and ensuring equal opportunities for all employees.
Fight against corruption	**Ethics and anti-corruption**	The Parent Company implements various controls on the effective implementation of the Model pursuant to Legislative Decree no. 231/01 as well as the Code of Ethics. As indicated in the Code of Ethics, no one shall commit an offence in the interest of the Company or to bring an advantage to the Company, because the commission of an offence, whatever it may be, can never be in the interest of, or an advantage to, IEG.

5 Environmental issues

Environmental protection is a primary objective for IEG Group.

IEG's approach to environmental sustainability involves adopting behaviours and solutions in its business processes that seek to minimise energy and water consumption, both direct (under the control of the organisation) and indirect (relating to the introduction of the service on the market).

The values indicated above must guide all business activities at all levels of the organisation, from managerial assessments and decisions to daily operating behaviours in the various offices.

Italian Exhibition Group S.p.A. is committed to ensuring that all personnel are aware of and share these key principles, through the appropriate communication, information and training tools.

To protect the environment, the Group is committed to ensuring that all the requirements of applicable European, national and local laws are respected.

5.1 Risks, opportunities and management methods

Following the assessment of the environmental impacts generated and incurred, note that the Group is exposed to environmental risks related to the following issues:

- Risks due to emissions, reduced through monitoring and the use of methane gas for air conditioning and condensing boilers;
- Risks of possible losses of water in the subsoil caused by breakage in pipes;
- Risks linked to contamination of effluents and the management of any hazardous waste, in particular waste oil;
- Risks related to discharges of coatings on waste materials or waste, or even liquid materials, such as paint that could leak out of the building and flow into local sewers.

IEG, the Parent Company, has decided to adopt the Environmental Management System (EMS) in accordance with the UNI EN ISO 14001:2015 standards for the Rimini, Vicenza and Milan offices. In order to make this system increasingly compliant with domestic and international legislative provisions, and given the growing level of attention on health and safety in the workplace, nationally and globally, management has decided to supplement this system with the contents of the UNI ISO 45001:2018 standard; the management system thus supplemented is called the Integrated Environment, Health and Safety Management System (IMS).

The Parent Company has obtained ISO 14001 certification since 2007 for the Rimini offices, and since 2017 for the Vicenza offices.

The ISO 14001 certification is valid for the following sites:

- Operating offices: Via Emilia 155, Rimini;
- Operating offices: Conference Business Line - Via della Fiera 23, Rimini;
- Operating facility: Tourism Business Line - Foro Bonaparte 74, Milan;
- Operating facility: Via dell'Oreficeria 16, Vicenza.

With regard to its significant environmental aspects, IEG ensures that a Specific Assessment Document is updated for each office, in order to evaluate the context in relation to environmental factors. The objectives of this assessment are:

• Identify all environmental issues and related internal and external factors, to establish the significance and intervention priorities in improvement plans;

• Determine where new improvement opportunities are useful or possible.

The Group, through its companies, implements energy efficiency initiatives through new technologies (LEDs, condensing boilers, heat pumps) and electricity production from photovoltaic systems. In particular, inside the Rimini Trade Fair District there are two 4300 kwp plants and one 100 kwp plant that discharge the energy produced directly into the network. In addition, the Rimini Trade Fair District has a photovoltaic system entirely for self-consumption with power of 185 kwp.

Water resources are not used in any production process by the Parent Company. The Group company that uses the most water is Summertrade S.r.l., as part of its processes, by virtue of its business activities. In any case, the water is withdrawn from the aqueduct and used for food services, services for visitors and exhibitors and to operate air-conditioning systems.

In the Rimini Trade Fair District, there are two wells used to irrigate green spaces, thus saving the aqueduct water. In the bathrooms of both the Trade Fair District and the Palacongressi di Rimini, each tap has a button timed for a few seconds to avoid waste during use and special aerators to reduce water consumption to a minimum. Furthermore, all water withdrawn from the aqueduct ends up in the sewers or evaporates without any downstream monitoring.

With regard to waste, almost all of it comes from the events, in the stages of preparation, realisation and dismantling. There are two different methods of waste disposal, at the Vicenza Trade Fair District most of the waste is transferred to the municipal company while a small part to the waste disposal company that separates it and begins the re-use of a small portion; instead, at the Palacongressi di Rimini, the waste is entirely absorbed by urban waste and disposed of by the municipal company.

The company Pro.Stand S.r.l., which provides stand fitting services within the Group through the rental of customised ad hoc stands, uses materials for production that are mostly recovered, maintained and reused for subsequent services. The residual portion is mainly composed of wood, which, once the stand dismantling phase is over, is sent as recyclable material, in special containers, which are subsequently treated and recycled. At present, only a minimal amount of material is not recyclable, mostly carpeting and graphics.

Through the company Summertrade S.r.l., which is responsible for providing catering services, the Group has launched a project to replace plastic and/or non-biodegradable products with biodegradable ones. The change process envisages the involvement of selected suppliers, where waste sorting is possible, in order to start the recovery of materials and the use of zero-km food products. Furthermore, to combat and prevent food-related risks, it has concluded an agreement with a specialised company to carry out testing and microbiological analysis on samples.

A sense of responsibility towards the environment is encouraged among all the individuals to which the Model applies. In fact, one of the main events organised by IEG is “Ecomondo”, an event entirely dedicated to the environment, during which conferences and conventions dedicated to green issues are held.

The Group is guided by principles such as reducing the waste produced, adopting behaviours oriented towards maximum collaboration and availability in the case of environmental inspections carried out by the competent authority, and the prohibition on causing, or contributing to causing, pollution in every environmental setting.

The primary improvement opportunities undoubtedly include energy efficiency, achieved by replacing traditional lamps with LED lighting, installation of a monitoring system and the replacement of the latest natural gas boilers with condensing boilers and heat pumps.

The commitment to respect the environment extends to all Group companies. For example, Pro.Stand S.r.l. has supported its main carpentry partner in developing a new production structure, equipped with photovoltaic systems, which will begin operations in the first months of 2020. Another initiative promoted by the aforementioned company is the investment in CONAI-certified low environmental impact panels, to be used for events.

Also worthy of note is the replacement of old vehicles with new ones that are more modern and more functional for the services in which they are used.

5.2 Non-financial performance

The tables below present some numerical information, not financial in nature, related to environmental issues, in particular, energy consumption, water consumption, and direct and indirect emissions.

Raw material consumption (301-1)

The IEG Group's business is principally oriented toward the acquisition of services, for which reason its use of materials is extremely limited. Among the materials used, most are recoverable at the end of the product's life.

The Parent Company does not carry out production activities, therefore there are no materials used in production.

Summertrade S.r.l. uses biodegradable single-use products in performing/providing catering services, in accordance with the Parent Company's requirements. The analytical identification system of the purchased food & beverage products does not allow the reporting of the quantity of materials used for this year.

The business of the subsidiary Pro.Stand S.r.l. is focused on the rental of trade fair stands, furnishings and related services. As a result, the materials used are mostly recovered, maintained and reused for subsequent rentals. The residual portion is mainly composed of wood, used on an ad hoc basis to customise the stand fitting, which, once the stand dismantling phase is over, is sent as recyclable material, in special containers, which are subsequently treated and recycled (Frati Group, Saviola Group, and Hera Ambiente).

In addition, FB International Inc. mainly uses wood, plastic, metal, vinyl, fabric, paint, cables, as well as electrical and furniture components to produce its stands (409 tonnes for 2019 and 292 tonnes for 2018). All discarded materials are structural components, packaging materials or scrap that can no longer be reused in the business. There is no obligation to sort the material by type. The data comes from the waste removal company, which documents the number of containers. In 2018, the weight per container was provided by the former waste collection company (average weight per container applied compared to the total of containers overhauled in 2019).

Energy consumption

The Group's energy consumption is reported below.

GRI 302-1	UoM	2019	2018[3]
Natural gas	GJ	34,195.37	34,934.38
Diesel fuel for generators[4]	GJ	21.44	583.13
LPG	GJ	304.43	437.30
Diesel fuel for transport vehicles[5]	GJ	6745.41	3934.13
Diesel fuel for transport vehicles[6]	GJ	67.65	0
Electricity purchased	GJ	57,479.06	56,987.47
of which from non-renewable sources	GJ	34,010.36	33,719.49
of which from renewable sources[7]	GJ	23,468.70	23,267.98
Self-produced electricity	GJ	714.70	640.14
Total energy consumed	GJ	99,528.06	96,516.55

Starting in August 2019, the carpentry department of Pro.Stand S.r.l. was outsourced to a third-party supplier, which resulted in the cancellation of costs borne by the subsidiary.

Energy intensity

The energy intensity for IEG Group was calculated for the two-year period considering the number of hours worked.

GRI 302-3	UoM	2019	2018
Total energy consumed	KwH	27,646,682.74	27,087,931.91
Total number of hours worked	No.	1,051,543	1,002,606
Energy intensity[8]		26.29	27.02

Direct and indirect emissions[9]

GRI 305-1 and GRI 305-2	*UoM*	2019	2018
Direct emissions of CO2	**tCO2eq**	**2,411.79**	**2,287.71**
Natural gas	*tCO2eq*	1,912.68	1,954.02
Diesel fuel for generators	*tCO2eq*	1.58	42.91
LPG	*tCO2eq*	0.92	1.32
Diesel fuel[10]	*tCO2eq*	496.31	289.47
Petrol[11]	*tCO2eq*	0.21	0
Indirect emissions of CO2	***tCO2eq***	**5,731.94**	**5,682.92**
Electricity	*tCO2eq*	5,731.94	5,682.92
Total energy consumed	***tCO2eq***	**8,143.65**	**7,970.63**

[3] In relation to Pro.Stand S.r.l., the 2018 figures include the aggregate of Pro.Stand S.r.l. and Colorcom S.r.l. (the latter merged by incorporation into Prostand S.r.l. effective January 1st, 2019).
[4] The consumption of diesel fuel for generators is calculated based on the purchases during the year. For Italian Exhibition Group S.p.A., 2018 and 2019 consumption was estimated, since an enormous amount of diesel fuel was purchased in 2017 and additional amounts were not purchased in the years considered in this report.
[5] The 2018 figures for Italian Exhibition Group S.p.A. are not available.
[6] *Ibid.*
[7] The Italian national energy mix was used for 2018.

[8] The 2018 diesel and petrol figures for Italian Exhibition Group S.p.A. are not available.
[9] The source of the coefficients for converting the direct emissions into tCO2 is the 2018 ISPRA data, while for converting indirect emissions into tCO2, reference was made to the Terna data, National Electricity Network.
[10] The 2018 figures for Italian Exhibition Group S.p.A. are not available.
[11] *Ibid.*

Direct emissions, that is, coming from the Company's own sources or sources controlled by the Company, show a slight decrease compared to 2018, while indirect emissions, therefore not physically produced by the Company and not directly under its control, are increasing. However, the Group's commitment to the constant renewal and optimisation of all systems, such as the replacement of traditional lighting with LED, should be emphasised.

Water consumption and resources

GRI 303-3[12]	UoM	2019	2018[13]
		Fresh water (≤1,000 mg/l of total dissolved solids)	Fresh water (≤1,000 mg/l of total dissolved solids)
Public aqueduct or water supplied by the water service management company	m3	230,868.74	175,209.41
Total water withdrawn	m3	**230,768.74**	**175,209.41**

The Group's water is supplied entirely through the public water system.
Periodically the subsidiary Summertrade S.r.l., which uses water resources for purposes of carrying out its business activities, conducts analyses on the quality and potability of the water.

The production cycle of Pro.Stand S.r.l. does not entail the use of water, as painting is carried out by external carpenters while the stand is painted directly in the trade fair locations, therefore the water is consumed for domestic use only, hygiene services, and room cleaning operations.

FB International Inc. also uses water resources provided by the public administration. There are normally no restrictions on use, however, in the event of unusual drought situations, local authorities may require that the use of water be limited when possible. The system is regularly inspected by the competent authorities and the company is responsible for cleaning and properly maintaining the septic tank.

There is no waste water treatment.

IEG Group facilities are connected to the public sewer system. Water discharges cannot be quantified, but since the water is used mainly for civil uses, it is likely that the water discharged is the same volume as that consumed.

The same cannot be said of Summertrade S.r.l., given its business. The subsidiary specialises in events related to catering and banqueting, therefore it uses water not for purely civil uses. In Summertrade S.r.l. the primary treatment of water discharges deriving from processing is carried out before flowing into the public sewer through Imhoff tanks and/or degreasers.

Waste by type and disposal method

Lastly, the information regarding waste is shown below, broken down into hazardous and non-hazardous waste.

GRI 306-2	UoM	2019			2018[14]		
		Disposed	Recycled	Other	Disposed	Recycled	Other[15]
Dangerous waste	t	0	0	0	0	0	0
Non-dangerous waste	t	592.78	2,886.79	150.19	292.00	1,785.65	1.53

[12] Consumption of other types of water (>1,000 mg/l of total dissolved solids) is equal to zero.
[13] In relation to Pro.Stand S.r.l., the 2018 figures include the aggregate of Pro.Stand S.r.l. and Colorcom S.r.l.
[14] 2018 data for the subsidiary Pro.Stand S.r.l. is not available.
[15] The data includes waste such as waste paints, varnishes and toner.

Weight of total waste	**t**	592.78	2,886.79	150.19	292.00	1,785.65	1.53

The Group commits to reducing the amount of waste products and to increasing the waste sorting in order to recover the waste produced. The increase in the trend is entirely justified by an increase in the number of trade fairs and conferences hosted.
In particular, Summertrade S.r.l. commits to reducing the impacts from the disposal of used vegetable oils from frying operations in the kitchens. These are collected so that they can be transported to companies connected to SAPI S.p.A., which carries out their recovery.

With regard to FB International Inc., no hazardous waste is generated in significant quantities, the special removal of paint-related products, in small quantities, is agreed with a specialised supplier. All discarded materials are structural components, packaging materials or scrap that can no longer be reused in the business.

6. Social issues

The Company is aware of the economic, social and regional impact it has on the economic and social development and well-being of the community. The objective is to plan and create events and trade fairs appropriate for hosting events of national and international importance, capable of providing the best possible welcome to organisers, exhibitors, visitors and suppliers of related services as well as envisioning the realisation of infrastructures with the aim of improving the environmental quality, habitability, and aesthetics of the sites that host them, promoting their usability by visitors and residents.

6.1 Risks, opportunities and management methods

Social risks are understood as events that can jeopardise the achievement of the Group's sustainability objectives regarding socio-economic development, the quality of services and products offered and responsible management of the supply chain.

These include the risk of suppliers' failure to respect the sustainability issues deemed relevant by the Group, including respect for human rights, environmental protection, safeguarding of workplace health and safety, the fight against corruption, and the quality of the raw materials and products supplied. They also include the risk of defining a supplier assessment system that is not adequate to reflect the supplier's true compliance with reference to respect for social issues or the risk of failure to support the socio-economic development of the local community.

In carrying out the Group's activities, situations may occur that cause damage and/or unexpected harm to objects and individuals present in the exhibition spaces. This could result in damage to the Company's image and reputation, as well as loss of business attractiveness. In particular, for the subsidiaries FB International Inc. and Pro.Stand S.r.l., a likely risk is the production of low quality stand fittings that do not comply with minimum safety requirements, causing damage and injuries to customers.

Additional risks are closely connected to the Company and the local markets in which the Group operates, from which the Group makes use of precious resources for performing its activities. In particular, human capital, an integral part of the Group's value chain, which benefits from the relationship between IEG and the companies that occupy the spaces dedicated to trade fairs and conferences. These resources are fundamental within the supply chain, and not only for the success of all the proposed activities.

Suppliers are a fundamental part of the Group's production process, for this reason IEG commits to requiring suppliers to comply with behavioural standards corresponding to its own and to social and environmental best practices. Predominantly, the use of zero-km suppliers is preferred.

The Group has not formalised the relative policies, but the importance of the quality of services and products is a value expressed in the Code of Ethics. The services offered by the Group are constantly monitored, therefore the number of incidents of regulatory non-compliance in relation to the health and safety impacts of services, during the reporting period, is zero (*416-1*). The quality and healthiness of products mainly pertain to the subsidiary Summertrade S.r.l., which relies on the application of a business self-verification plan and on the preparation of internal and external health and hygiene audits on food, surfaces and workers.

For the past several years, IEG has contributed directly and indirectly to the economic development of the regions and communities of which the Group has become a member during its programme for national and international expansion. Over time, Group companies have become partners with some regional entities in the area of social initiatives.

IEG Group is a business which, through the numerous events organised and hosted, is essential to the economy of the regions in which it operates, and the support that the local community provides for achieving the Group's objectives is also considered fundamental. This commitment stems from the awareness that the Group's success, credibility and prestige also depend on the level of integration that it is able to establish in the social context in which it works with all of the other parties. These are the reasons why the Company works to maintain high standards of safety and protection in the workplace, safeguard the environment and to carry out its business in full compliance with the law.

After five days, Sigep, in collaboration with IEG S.p.A., carefully collects the unused ice cream, and then organises its distribution in the neighbouring I Malatesta shopping centre. The result is a sweet gesture of solidarity, since all proceeds collected are used by the Rimini Solidarity Bank for food products destined for the neediest residents. Also during the launch of Sigep, the year celebrating the 100-year anniversary of Fellini's birth opened; in fact, during the mayor's inaugural greeting, Fellini's video was screened, and continued to be screened throughout the 5 days of the trade fair.

Note that Pro.Stand S.r.l. is a partner of "Città dei Maestri", a corporate academy or business school specialised in training in the sector of trade fair stands. The training courses developed seek to train highly qualified professionals with specific knowledge and skills in this sector. The philosophy behind "Città dei Maestri" business school is investing in human capital to encourage rapid entry into labour market. At the same time, the business school is strongly oriented towards supporting self-entrepreneurship and business start-ups for young people. The Group, through Pro.Stand S.r.l., develops this collaboration not only in the field of assembly and production but also for technical training.

In addition, Summertrade S.r.l. promotes an initiative that entails participation in the Food for Good project and the Kiss Misano project for the recovery of surplus food and the subsequent donation to charities.

With reference to events at the beginning of 2020, IEG has demonstrated its commitment to combat the spread of the Covid-19 virus by adapting promptly to the provisions issued by the government and local authorities and has therefore suspended, in agreement with the organisers, all planned activities, scheduled up to the periods established in the Prime Minister's Decree issued at the beginning of 2020.

The 9th edition of Golositalia, the Italian Exhibition Group event scheduled for February 22nd to 26th at the Centro Fiera del Garda in Montichiari (BS), has been voluntarily suspended, which has long been an opportunity for meeting and growing the business for the entire food and wine supply chain.

An event was underway at the time the first cases were verified. The event, Pescare Show, is the largest trade fair in Italy for lovers of fishing and boating, began on Friday, February 21st and concluded on February 23rd.

6.2 Non-financial performance

Supply chain (102-9)

In carrying out its activities, IEG depends on the contribution of many suppliers, mostly local companies, understood as being located in the countries in which the various companies of IEG Group operate, which provide essential goods and services for the Group's business processes.

The supply chain of Italian Exhibition Group S.p.A. is mainly oriented towards the purchase of services mainly within Italy in the communication, personnel and transport sectors. An essential element for the Parent Company is the preliminary acceptance of IEG's Code of Ethics, Organisation, Management and Control Model, as well as privacy rules and general purchasing conditions; in fact, on the new procurement platform (https://ieg-procurement.bravosolution.com), a supplier who wants to enrol in the IEG supplier register, and therefore start a supply relationship with IEG, is requested to accept it in advance.

Furthermore, the subsidiary Summertrade S.r.l. favours relationships with local businesses and those in neighbouring areas of the various operating facilities (e.g. for Rimini - businesses in Romagna, for Vicenza - businesses in Vicenza). This is a strategic decision to enhance and strengthen the bond with the region and the local community and to help limit road transport and related emissions.

The main factors used in the production process of Summertrade S.r.l. and the provision of its services mainly refer to the supply of the following elements and services: food; beverages; disposable materials (paper napkins, cutlery and environmentally friendly glasses); small items and various equipment (small kitchen equipment, serving accessories); laundry services (including linen rental); and rental of equipment (tables, chairs, cutlery, flatware, and ovens).

The main businesses that Summertrade S.r.l. uses are Marr S.p.A. of Rimini, specialised in the distribution of food products for catering, Adriagelo S.r.l. (and through it, Orogel, Delifrance, Froneri), Amadori and related products, Aia, Coca Cola, Partesa, Sorgente Valcimoliana (Dolomia water), Pregis S.p.A. and Pastificio Felicetti.

Moreover, FB International Inc., which designs, builds, transports, assembles and then dismantles the trade fair stands for sites predominantly within the United States, mostly uses local suppliers to guarantee timely deliveries. Based on the company's projects, the supply of materials and the desired themes, components are purchased, then the workforce is used to create the stands. The stands are designed to be easily assembled and disassembled on site. The material components are mostly goods, which are purchased in bulk, based on price and availability.

Pro.Stand S.r.l. generates business that involves a chain of suppliers who, thanks to the unique characteristics of the service provided, must operate in an integrated manner, exchanging information with each other in real time.

From an analysis carried out on 2018 purchases, about 80% are concentrated with 7 suppliers, which provide the key services for the supply of stand fittings: transport, assembly, electrical systems, graphics, carpentry, logistics management, and multimedia equipment rental.

It is for this reason that the subsidiary has adopted an integrated organisational model with these suppliers, performing, through a shared information system, the role of director and coordinator of the project, monitoring the timing and quality. Pro.Stand S.r.l. operates in the market with its distinctive brand. At present, there are no particular patents, technical designs or legally protected signs that distinguish the company. The products marketed by the company are:

- Pre-fitted stands: standard fittings dedicated to the customer represented by trade fair organisers;
- Customised stand fittings: customised fittings to meet the needs of customers (vary from stands measuring 32 sq.m up to 800/1000 sq.m)

In addition, the company provides fittings for conferences and meetings, as well as prepares showrooms.

Proportion of spending on local suppliers

GRI 204-1	2019	2018[16]
(€ millions) Total goods and services acquired	115,566,312.87	83,991,503.25
(€ millions) Total goods and services acquired from local suppliers	110,721,887.40	78,441,761.29
(%) Goods and services acquired from local suppliers	95.81%	93.39%

As previously stated, all companies of IEG Group favour the use of local suppliers and the decision is confirmed by the data, with a growing trend in 2019.

New suppliers that were subject to assessment through environmental and social criteria (308-1 and 414-1)

The selection of suppliers of all Group companies is not oriented to the assessment of environmental and social criteria, but in relation to operations, according to market demands.

Quality and security of products and services offered

IEG Group, as a business in the trade fair sector, offers services to a variety of third parties. In order to ensure the quality of the products and services offered in all Group companies, the suppliers are periodically reviewed in relation to quality and price.

With regard to the subsidiary FB International Inc., the main risk is that some structures are produced with low quality components, which would inevitably result in a breakage or damage of the product. Suppliers that produce lower quality materials, or that produce excess waste, are excluded from use in the future. The company relies greatly on a positive history and long-term use of specific suppliers.

Starting in 2020, Pro.Stand S.r.l. will map the production processes in order to request ISO 9001 certification.

Summertrade S.r.l. has a self-verification plan and prepares internal and external health and hygiene audits on food, surfaces and workers.

[16] 2018 data for the subsidiary Pro.Stand S.r.l. is not available.

7 Personnel issues

Flexibility and an orientation toward results are the foundations which guide IEG Group in relation to human resource management.

It is essential for the Group that employees are always put in the best conditions to work with competence and, above all, with creativity and a pro-active approach. Employees are hired based on a set of skills, regardless of any other social parameter. The business is very dynamic and constantly evolving/changing, therefore it is essential to prepare and support the resources in facing this challenge. The HR MISSION thus aims at innovation and the growth/development of our employees, as individuals and as professionals.

7.1 Risks, opportunities and management methods

IEG's commitment to protect and promote workplace health and safety translates into careful risk management, through a continuous assessment of critical issues, both in routine and occasional settings, and the adoption of a preventive approach. This context includes the risks of accidents and/or permanent disability following incidents in the workplace and the risk of occupational illnesses. It is essential to specify that the health and safety of workers is to be understood not only on a physical level, but also on a psychological one, drawing attention to the risk of implementing certain practices that put a strain on the psychological health of workers (e.g. mobbing, harassment, threats, etc.).

At the Parent Company, employee health and safety is ensured by the Integrated Management System (IMS), as indicated in the "Environment, Health and Safety Policy" signed by Top Management, which guarantees, through procedures and operating manuals (e.g., "Environment, Health and Safety Management System Manual", "SGA-SGSL Offices Internal Audit", "Legislative Compliance Audit", etc.), the following aspects:

- Promotion of the Environment, Health and Safety Policy in the Workplace;
- Flow of information between the centres of responsibility involved in the Integrated Environment, Health and Safety Management System and between these centres and relevant external parties;
- Activation of improvement projects for the prevention of workplace accidents and occupational diseases;
- Identification, control and improvement of performance related to workplace health and safety;
- Periodic reviews of the Management System;
- Continuous training/information for employees based on operational profiles (tasks), hazards, risk assessments;
- Identification of the necessary control measures (prevention and protection) to be applied to workers in accordance with protection of workplace health and safety;
- Health monitoring through the Health Monitoring Protocol drafted by the Qualified Health Professional.

To tackle with the Covid-19 emergency that began in the first months of 2020, some operational and hygienic-sanitary information has been communicated to all employees of Italian Exhibition Group S.p.A., relating to the period envisaged by the Prime Minister's Decree.

By virtue of the exceptional nature of the situation and to ensure everyone's health as well as the Company's operations, it will be possible to work in smart working mode under the conditions established by the employer and by legal provisions.

With regard to travel, the instructions to limit it to that which is strictly necessary and cannot be postponed remain confirmed, preferring where possible video conferencing systems.

In the area of personnel management, there are certain main risks based on the various areas in which the Group operates. For some Group activities, such as related services carried out predominantly by the companies Summertrade S.r.l., Pro.Stand S.r.l. and FB International Inc., the main risk is connected with the availability of direct and indirect labour.

Risks that apply to all IEG Group companies are as follows:

- Risks related to high turnover, which could result in important skills exiting the Group's workforce;
- Risks of inadequate training for technicians and personnel, which could lead to an increase in workplace accidents;
- Risks associated with the loss of attractiveness for talented professionals;
- Inefficient allocation of personnel to critical functions.

The Parent Company has BS OHSAS 18001 certification, issued in 2017, which envisages a Management System policy for Worker Health and Safety issues.

IEG Group has not established other Human Resources policies, but has formally incorporated its commitment to them by adopting a Code of Ethics, which forms the basis of corporate culture.

In this context there are a series of initiatives proposed by the Parent Company's supplementary labour contract:

- Flexible weekly schedule and time bank;
- Monitoring of skills and performance expressed through individual objectives & continuous feedback, which originates, for all employees, from an individual performance incentive system. This system aims to keep motivation and creativity at high levels while supporting the development of resources;
- Corporate bonus;
- Welfare through flexible benefits;
- Part-time: IEG raised the maximum percentage of part-time work envisaged by the national collective bargaining agreement from 3% to 6%, thereby allowing almost all requesting new parents the opportunity to use it, working a reduced number of hours until the child reaches three years of age;
- Smart working;
- On boarding: process for bringing on new resources, with a circular exchange of knowledge and skills (mentoring & reverse mentoring);
- WE ARE IEG portal: corporate intranet for sharing information regarding IEG, its values, the main processes and procedures, the most interesting initiatives, products and locations, as well as life in the company;
- IEG NEWS: periodic newsletter for communicating to all employees information relating to new hires, organisational changes, new projects and updates.

With regard to subsidiaries, they are also focused on the enhancement and career development of their employees, although they do not have all of the initiatives listed and implemented by the Parent Company. For example, Pro.Stand S.r.l., in addition to the mandatory training that must be provided to employees, has started a process of more in-depth meetings on health and safety. Or Summertrade S.r.l., in addition to compulsory training, provides for the development of more advanced training courses aimed at some professional groups: sales courses for sales personnel, pastry courses and advanced cooking techniques for chefs, sommelier courses for waiters, mixology and cocktail courses for bartenders.

7.2 Non-financial performance

The following tables present some numerical information relating to the composition of the Group's human resources.

Composition of personnel by contract type as at December 31st

We report the total number of employees broken down by contract type (permanent or fixed-term) and gender.

The data show a slight increase in the number of Group employees. However, note that during 2019 there was a reduction in Pro.Stand S.r.l. personnel (from 84 employees in 2018, to 78 in 2019) entirely associated with the outsourcing of warehouse logistics (Santorso/Vicenza offices), which took place in early 2019 and involved the closure of the Santorso warehouse and the outsourcing of employees who handled logistics; at the same time, nonetheless, the technical personnel added to the company have increased to support the significant increase in stands delivered.

GRI 102-8[17]	2019			2018		
	Men	Women	Total	Men	Women	Total
Italy	187	314	501	199	295	494
Permanent	144	270	414	156	252	408
Fixed-term	43	44	87	43	43	86
USA	29	17	46	27	17	44
Permanent	29	17	46	27	17	44
Fixed-term	0	0	0	0	0	0
Total	216	331	547	226	312	538

The company Summertrade S.r.l. uses on-call workers to handle production peaks, given the seasonal nature of the business. Almost all fixed-term contracts are intermittent contracts. The employment relationships have a variable length (from a few days to a full year). In order to calculate FTEs[18], the total number of hours worked over the year was compared to the monthly coefficient of 172 (national collective bargaining agreement for tourism sector). A sample of more than 50% of employees who worked the most hours during the year was used to determine the ratio between men and women.

FTE	2019 Summertrade S.r.l.			2018 Summertrade S.r.l.		
	Men	Women	Total	Men	Women	Total
Permanent	27	18	45	26	15	41
Fixed-term	56	51	107	49	43	92
Total	83	69	**152**	75	58	**133**

Employees covered by collective bargaining agreement (102-41)

All employees are covered by the collective bargaining agreement, with the exception of employees of FB International Inc.: for U.S. employees, the national collective bargaining agreement is not applicable, as there are no employees who are covered by collective bargaining.

The governing collective bargaining agreements for employees of the Parent Company are: Collective Bargaining Agreement for Marketing and Distribution of Services for the Service Sector; Collective Bargaining Agreement for Designers and Similar and Publishing Companies, including Multi-media;

[17] For Summertrade S.r.l., only employees with active contracts as at December 31st were included.
[18] FTE- Full time Equivalent

Collective Bargaining Agreement for Journalists; and Collective Bargaining Agreement for Commercial Managers.

Instead, the employees of Summertrade S.r.l. are all hired under the Collective Bargaining Agreement for Public Businesses, Collective and Commercial Catering and Tourism.

On September 1st, 2018, the subsidiary Pro.Stand S.r.l. acquired 100% of Colorcom S.r.l. Both companies operate in the stand fitting sector and in integrated solutions in support of trade fairs and conferences. Until December 31st, 2019, the employees of Pro.Stand S.r.l. were hired under the commercial and services collective bargaining agreements, while employees of Colorcom S.r.l. were hired under the Collective Bargaining Agreement for the Wood and Furnishing Sector. Following the acquisition, Colorcom S.r.l. employees were aligned with the contract envisaged for Pro.Stand S.r.l.

Composition of personnel by employment type

The table below presents the total number of employees broken down by employment type (full-time or part-time) and gender.

GRI 102-8[19]	2019			2018		
	Men	Women	Total	Men	Women	Total
Full-time	175	247	422	190	226	416
Part-time	5	58	63	5	64	68
Total	180	305	485	195	290	484

New employees hired

The Group's headcount shows an increase from the previous year due essentially to the effect of new hires.

GRI 401-1[20]	2019			2018		
	Men	Women	Total	Men	Women	Total
Italy	17	39	56	23	38	61
<35	8	32	40	11	24	35
36-55	8	7	15	12	13	25
>55	1	0	1	0	1	1
USA	3	5	8	10	9	19
<35	1	2	3	5	2	7
36-55	1	3	4	4	6	10
>55	1	0	1	1	1	2
Total	20	44	**64**	33	47	**80**

[19] For purposes of breaking down the figures for Summertrade S.r.l., only permanent employees were considered while intermittent workers were not included, as they have a degree of variability in hours during the year that make it difficult to categorise.
[20] For purposes of breaking down the figures for Summertrade S.r.l., only permanent employees were considered while intermittent workers were not included, as they have a high degree of turnover.

Outgoing employees

GRI 401-1[21]	2019			2018		
	Men	Women	Total	Men	Women	Total
Italy	31	23	54	22	27	49
<35	10	12	22	7	12	19
36-55	16	9	25	13	12	25
>55	5	2	7	2	3	5
USA	1	5	6	7	6	13
<35	1	1	2	2	1	3
36-55	0	3	3	5	5	10
>55	0	1	1	0	0	0
Total	32	28	60	29	33	62

Incoming turnover[22]

401-1	2019			2018		
	Men	Women	Total	Men	Women	Total
Total	11%	14%	13%	17%	16%	17%

Outgoing turnover[23]

401-1	2019			2018		
	Men	Women	Total	Men	Women	Total
Total	18%	9%	12%	15%	11%	13%

Benefits provided to employees

Among the benefits provided to employees, note that the company Pro.Stand S.r.l. does not differentiate benefits for full-time and part-time, nor for permanent contracts and fixed-term contracts.

However, the Parent Company does not provide corporate welfare for employees hired under a fixed-term contract of less than 12 months, nor are smart working procedures envisaged for employees with part-time schedules and those in categories other than "employee".

Summertrade S.r.l. voluntarily grants all workers, both permanent and intermittent (fixed-term) the non-applicability of the lunch break, in consideration of the business activities performed.

Instead, the American company grants its workers, after 90 days of services, the option of taking part in the national healthcare plan. Furthermore, employees have the right to paid sick leave with the government mandate and paid holidays based on the years of service.

Workplace health and safety

As previously stated, IEG Group considers the psychological and physical protection of its employees to be the primary objective and therefore commits to ensure working environments that comply with relevant governing regulations and that are as healthy and safe as possible, while promoting, for its collaborators, training in this area.

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[21] *Ibid.*
[22] For purposes of calculating the figures for Summertrade S.r.l., only permanent employees were considered while intermittent workers were not included, as they have a high degree of turnover.
[23] *Ibid.*

The health and safety measures adopted and the ongoing compliance with regulations envisaged by the relevant laws have made it possible to keep the number of workplace accidents at a consistently low level. The type of business in which the Group operates allows for an occupational illness rate of zero. *(403-10)*

GRI 403-9	**2019**			
	IEG S.p.A.	Summertrade S.r.l.	Pro.Stand S.r.l.	FB International Inc.
Number of deaths following workplace accidents	0	0	0	0
Number of workplace accidents with serious consequences (excluding deaths)	0	0	0	0
Number of recordable workplace accidents	6	13	0	4
while travelling	4	5	0	0
at work	2	8	0	4
Hours worked	476,501	280,070	127,660	167,312
Rate of deaths following workplace accidents	0	0	0	0
Rate of workplace accidents with serious consequences (excluding deaths)	0	0	0	0
Rate of recordable workplace accidents	0.84	5.71	0	6.27

GRI 403-9	**2018**			
	IEG S.p.A.	Summertrade S.r.l.	Pro.Stand S.r.l.	FB International Inc.
Number of deaths following workplace accidents	0	0	0	0
Number of workplace accidents with serious consequences (excluding deaths)	0	0	0	0
Number of recordable workplace accidents	4	3	1	5
while travelling	1	0	0	0
at work	3	3	1	5
Hours worked	473,588	240,261	136,397	152,360
Rate of deaths following workplace accidents	0	0	0	0
Rate of workplace accidents with serious consequences (excluding deaths)	0	0	0	0
Rate of recordable workplace accidents	1.27	2.50	1.47	6.56

Workplace hazards that constitute a risk of professional accident/illness

The subsidiary Summertrade S.r.l., for purposes of managing workplace hazards, identified these hazards during the various risk assessments that took place over the years and which the employer has developed with the support of external consultants, but, most importantly, by continuously consulting and discussing with workers, checking the work environments and the processes carried out therein. Due to the type of activities performed, the environments involved and the tasks of employees, the following may constitute risks with serious consequences: electrocution, slipping, falling, cutting, collision, falling objects, driving forklift trucks, falling from a certain height, exposure to chemicals, road accidents and fire.

Actions taken over several years to reduce the main risks listed above always follow the risk reduction hierarchy:

a) Elimination

b) Replacement
c) Engineering controls
d) Signs/alarms and/or procedural controls
e) Personal protective equipment (PPE)

All of these risks are discussed and analysed in depth during the various training sessions. To reduce the risk of electrocution, the Group makes use of periodic maintenance and controls, requires a declaration of conformity for the systems and electrical panels, as well as issues and distributes operating instructions and the Operational Safety Manual.

To reduce the *risk of slipping* and falling, the floors of kitchens and washing areas are equipped with non-slip floors and the workers in these locations are equipped with non-slip safety shoes.

To reduce the *risk of cutting*, which is quite frequent in this type of activity, all machines are constantly checked to maintain the safety requirements, workers using the cutting machines are provided appropriate training, and specific work instructions and the Operational Safety Manual are constantly distributed and updated.

To reduce the *risk of collisions* with objects and falling objects, specific work instructions are constantly issued and updated, in addition to the Operational Safety Manual.

With respect to exposure to *chemical agents*, the Company has for several years pursued the objective of reducing dangerous chemical agents, in terms of quantity and quality. It has finally achieved only sporadic use by very few trained workers, equipped with PPE and subject to health monitoring, of a single potentially dangerous (corrosive) product necessary for the periodic cleaning of some cooking ovens. The Company has also long since started replacing these ovens with modern ovens equipped with a self-cleaning function that does not require the operator to intervene during the cleaning phase.

To reduce *road accidents*, the Company's employees participate, in rotation, in the annual "Safe Driving" programme developed by INAIL. Company vehicles are regularly checked and work instructions are issued for observing the highway code and the rules of conduct to be followed while driving vehicles.

For the *risk of fires*, all activities necessary for fire prevention are implemented, starting from the specific firefighting training for several employees, the correct equipment and periodic checks of the extinguishers, simulation of emergencies, the Atex risk assessment, periodic checks of plants and equipment, and management of practices for any fire prevention certificates.

The organisation of the company Pro.Stand S.r.l. entails the internalisation within the workforce of the activities with the highest added value: Commercial, Quotation, Technicians, Purchases, Safety, Administration, Finance and Control, while all "soft" activities, where a high degree of flexibility is required at peaks in turnover and production, are outsourced (carpentry, warehouse logistics, transport, assembly, graphics production, etc.).

Therefore, the Company's employees are only marginally involved in the typical construction or production facility hazards, as the only interaction with these areas occurs in the final stage of stand assembly and subsequent delivery to the customer and mainly involves the Technicians (project management for stand assembly) and Commercial (stand delivery to the customer) areas.

This statement is also supported by the accident data: zero in 2019 and one in 2018 (but only minor).

In order to reduce these hazards, the company has operated under two guidelines: on one hand, it has outsourced over time almost all of the construction activities to external companies, on the other, it has increased over the years, in accordance with trade fair organisations, safety controls during sub-contracting, organising a dedicated business structure (safety office) aimed at verifying compliance with safety regulations by sub-contractors.

As regards FB International Inc., accidents typically occur in the production areas, where various machinery is used and labour is required. The main types that can be recorded are: back strain injuries; cuts; punctures; bruises; foreign objects in the eyes, and various types of falls.

The company has put in place precautionary safety measures for high risk areas (e.g., production areas) as well as regular maintenance of machinery and regular inspections, in order to maintain a safer working environment.

In addition, the Parent Company manages its hazards, mainly attributable to slipping, crushing/impact, cutting, video screens, fire, falling from a certain height, and electrocution, through procedures that take into account the probability of occurrence, the consequences, and legal requirements.

Training and skills development

Details of the overall training hours (professional and safety) carried out in 2019 and 2018 are shown below.

Compared to 2018, there was an increase in training hours provided to employees recorded in 2019, because 2018 was a year of significant organisational changes that made it difficult to develop a precise and accurate training plan. In 2019, the better definition of roles and objectives enabled strategic planning for targeted training. All training courses provided to employees by both external professionals and by instructors identified within the company were included in the calculation.

With regard to Italian Exhibition Group S.p.A., the courses provided in 2018 were mainly related to internal processes and software, while courses provided in 2019 concerned topics such as: leadership and team management; coaching; storytelling for sales; public speaking; and the Digital project. The mandatory training courses that were provided instead related to environmental and safety issues.

Pro.Stand S.r.l. deviates from the Group's trend, as in 2018 the average hours of mandatory training were greater, associated with the internalised logistics service.

GRI 404-1[24]	**2019**			**2018**		
	Men	Women	Total	Men	Women	Total
Executives	9.25	0	7.19	8	1.5	6.47
Middle managers/White collar workers	14.27	13.07	13.42	5.4	4.42	4.72
Blue-collar workers	1.96	2.46	2.07	6.95	3.33	6.33
Total	10.58	12.45	**11.76**	6.04	4.35	**5.02**

IEG has included in its Supplemental Company Agreement a performance management system for the entire business population (executives, middle managers, white-collar workers and blue-collar workers). Subsequently, FB International Inc. and Summertrade S.r.l. also launched a performance review activity. Summertrade S.r.l. has started the process from this year, for the time being involving only 6 senior roles. *(404-3)*[25]

The core idea is that the growth of resources in terms of knowledge of the role and of the work and the continuous dialogue with managers, as well as the focus on results, can lead to an increase in productivity over time and enable the identification of the best performers for investing in development programmes.

[24] Data for the subsidiaries Exmedia S.r.l. and Prime Servizi S.r.l. are not available for the two-year period.
[25] The employees of Pro.Stand S.r.l. do not regularly receive performance and career development reviews.

Diversity of governance bodies and employees

Percentage of individuals within the Board of Directors of the organisation, broken down by gender, age range, and other indicators of diversity, if relevant (including minority or vulnerable groups).

GRI 405-1	2019								
	<35			35-55			>55		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Members of the Board of Directors	1	0	1	13	3	16	8	2	10

GRI 405-1	2019								
	<35			35-55			>55		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Members of the Board of Directors	1	0	1	14	4	18	8	3	11

GRI 405-1	2019					
	<35		36-55		>55	
	Men	Women	Men	Women	Men	Women
Members of the Board of Directors	100%	0%	81.25%	18.75%	80%	20%

GRI 405-1	2018					
	<35		36-55		>55	
	Men	Women	Men	Women	Men	Women
Members of the Board of Directors	100%	0%	77.78%	22.22%	72.73%	27.27%

Percentage of employees by professional category, broken down by gender, age range, and other indicators of diversity, if relevant (including minority and vulnerable groups).

GRI 405-1[26]	2019	2018
Executives	18	17
Middle managers/White collar workers	406	397
Blue-collar workers	61	70
Total	**485**	**484**

GRI 405-1[27]	2019								
	<35			36 – 55			>55		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	0	0	0	7	2	9	7	2	9
Middle managers/White collar workers	25	94	119	84	173	257	8	22	30
Blue-collar workers	7	0	7	30	8	38	11	5	16
Total	32	94	**126**	121	183	**304**	26	29	**55**

[26] For purposes of breaking down the figures for Summertrade S.r.l., only permanent employees were considered.
[27] *Ibid.*

GRI 405-1[28]	2018								
	<35			36 - 55			>55		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	0	0	0	7	2	9	6	2	8
Middle managers/White collar workers	23	80	103	87	176	263	12	19	31
Blue-collar workers	13	0	13	34	7	41	10	5	16
Total	36	80	**116**	128	185	**313**	29	26	**55**

GRI 405-1[29]	2019					
	<35		36-55		>55	
	Men	Women	Men	Women	Men	Women
Executives	0%	0%	77.78%	22.22%	77.78%	22.22%
Middle managers/White collar workers	21.01%	78.99%	32.68%	67.32%	26.67%	73.33%
Blue-collar workers	100%	0%	78.95%	21.05%	68.75%	31.25%
Total	25.40%	74.60%	39.80%	60.20%	47.27%	52.73%

GRI 405-1[30]	2018					
	<35		36-55		>55	
	Men	Women	Men	Women	Men	Women
Executives	0%	0%	77.78%	22.22%	75%	25%
Middle managers/White collar workers	22.33%	77.67%	33.08%	66.92%	38.71%	61.29%
Blue-collar workers	100%	0%	82.93%	17.07%	68.75%	31.25%
Total	31.03%	68.97%	40.89%	59.11%	52.73%	47.27%

[28] *Ibid.*
[29] *Ibid.*
[30] *Ibid.*

8 Protection of human rights

IEG recognises the centrality and importance of protecting human rights. For this purpose, the Company promotes respect for the individual's physical and cultural integrity and seeks to guarantee equal opportunities for all employees based on their professional qualifications and individual skills. IEG prohibits any form of abuse or harassment in the workplace, or any unwanted behaviour that injures employees' personal freedom and dignity, such as those related to race, sex, or other personal characteristics.

8.1 Risks, opportunities and management methods

IEG has identified the following activities as potentially harmful to human rights:

- Assigning activities that involve the use of third-party labour in the context of production and services contracts: maintenance, cleaning, preparation of trade fair stands;
- Personnel management in order to define the work schedule, compensation conditions and health and safety impacts and working conditions in a broader sense;
- Employment of pregnant workers;
- Employment of under-age workers;
- Management of gender differences and minorities;
- Theft or compromising of personal data of consumers or employees with resulting impact on privacy.

Although there is no formal policy in this area, as an Italian and European company, IEG is subject to the European Convention on Human Rights and supports the Italian National Plan on Businesses and Human Rights (2016-2021). Particular attention is given to respect for fundamental human freedoms and to the principles of non-discrimination, especially as regards the most vulnerable groups, such as women, children, disabled individuals, LGBTQ individuals, migrants and asylum seekers, and, moreover, people belonging to ethnic and religious minorities.

To ensure compliance with the rights as indicated above, the Parent Company and the subsidiary Summertrade S.r.l. have resolved to adopt the Organisation and Management Model pursuant to Legislative Decree no. 231/2001 and the Code of Ethics, including in each type of contract, both with customers and with suppliers, the acceptance and respect for the principles established in these documents and providing for the termination of the contract in the event of an infringement. The Parent Company has also set up a Supervisory Body that is responsible for monitoring the application of the measures and protocols designed to prevent crimes against the individual, along with the activities pertaining to the Human Resources Office.

Although the Organisation and Management Model and Code of Ethics have not yet been adopted, the practices of the other Group companies, at any rate, include the promotion of a work environment and behaviour marked by respect for the dignity of each individual and the promotion of equal opportunities, as well as the selection of suppliers based on a due diligence policy which includes, among other things, sustainability requirements.

With reference to the assessment of suppliers, the Parent Company adopts appropriate safeguards to ensure that the contractor and sub-contractor apply, with respect to their employees, governing employment law regulations and the contractual conditions envisaged in the applicable collective bargaining agreement; in particular, it includes the contractual obligation to provide its DURC (statement of regular social security contributions) and that of its sub-contractors and, upon request, also the LUL (single employment ledger) and any other useful documentation to verify the origin, conditions and treatment of the workforce.

8.2 Non-financial performance

As previously stated, the IEG Group believes in the fundamental value of individuals. The adoption of the Code of Ethics by the Parent Company and the subsidiary Summertrade S.r.l. ensures that employees can report any infringement of human rights with absolute respect for their privacy.

In the reporting period, no episodes of condoned discrimination were verified. *(406-1)*

9 Fight against corruption

In carrying out its business activities, the entire Group adopts honest and balanced behaviour, guided by principles of fairness, loyalty and respect.

9.1 Risks, opportunities and management methods

The Group has identified a series of risks generated or borne in the fight against corruption, both with reference to relationships with public officials and with private individuals.

The risks with regard to public officials are mainly attributable to the following macro areas:

- Management of "high-profile" relationships with individuals who are part of public entities, to derive or generate advantages in the Group's business;
- Management of obligations towards public officials for obtaining authorisations and licenses necessary for carrying out the business company activities;
- Management of obligations and relations with public officials during audits on compliance with conditions required by current regulations applicable to the Group's activities;
- Management of the requirements envisaged in current regulations on the recruitment and management of personnel;
- Management of obligations and relationships with the independent administrative authorities in relation to the performance of activities regulated by law, including during audits, inspections and verifications and management of related communications.

The risks for operations with private individuals are potentially the following:

- Management of "high-profile" relationships with private counterparties (e.g., exhibitors, visitors, media, institutions, etc.), and/or through third parties, aimed at creating preferential relationships or business opportunities;
- Management of relationships with external parties responsible for issuing or renewing certifications;
- Management of relationships with third parties, such as customers or suppliers, for defining pre-litigation or litigation proceedings undertaken by third parties against the Company or vice versa.

All parties who have a relationship with Group companies are required to carry out their activities with an appropriate commitment to the responsibilities entrusted to them, respecting the laws in force, the Code of Ethics, where present, and the corporate regulatory system, undertaking correct behaviour that is in the interest of the Group and in relations with the Public Administration. Corruptive practices, illegal favours, collusive behaviour, direct solicitations and/or through third parties of personal and career advantages for oneself or others are strictly forbidden. IEG prohibits corruption, without exception, in all its activities and in any country, with reference to both private individuals and public officials or persons charged with public service.

There are no formal policies on the matter, but in order to monitor this objective, the Parent Company and the subsidiary Summertrade S.r.l. have adopted the Organisation and Management Model and the Code of Ethics, as they consider the fight against active and passive corruption an essential commitment, and there is a potential risk that corruption may occur, compromising the identity and reputation of the entire Group.

9.2 Non-financial performance

The following tables present some numerical information relating to the communications and training on anti-corruption policies and procedures.

The data presented refer only to Italian Exhibition Group S.p.A. and Summertrade S.r.l. from the time at which the Organisation and Management Model pursuant to Legislative Decree no. 231/01 was adopted, that is, 2018 and 2019, respectively. For all other Group companies, there are no figures, as the anti-corruption policies and procedures have not been implemented and communicated.

Communication of anti-corruption policies and procedures

GRI 205-2[31]	2019		2018	
	no.	%	no.	%
Members of the governing body to whom anti-corruption policies/procedures have been communicated	16	100	10	100

In the Parent Company, anti-corruption policies and procedures were communicated to all employees, while in Summertrade S.r.l. only to employees with senior roles, as 2019 was the first year of adoption for the Organisation and Management Model.

GRI 205-2[32]	2019		2018	
	no.	%	no.	%
Executives	11	3.30	10	3.28
Middle Managers	22	6.61	20	6.56
White-collar workers	279	83.78	264	86.56
Blue-collar workers	21	6.31	11	3.61
Total	333	100	305	100

Anti-corruption training

The Parent Company adopted the Organisation and Management Model and the Code of Ethics beginning in 2018, therefore, as it was the first year, training was mainly focused on senior roles and managers in sensitive areas. In 2019, training involved new hires. In Summertrade S.r.l., training was addressed only to senior roles (executives, middle managers and employees that are part of the management team).

GRI 205-2[33]	2019		2018	
	no.	%	no.	%
Executives	1	1.72	11	12.09
Middle Managers	2	3.45	27	29.67
White-collar workers	44	75.86	53	58.24
Blue-collar workers	11	18.97	0	0
Total	58	100	91	100

In the reporting period, no episodes of discrimination were verified. *(205-3)*

[31] Data available only for Italian Exhibition Group S.p.A. and Summertrade S.r.l., the latter only with regard to 2019.
[32] *Ibid.*
[33] Data available only for Italian Exhibition Group S.p.A. and Summertrade S.r.l., the latter only with regard to 2019.

Correlation with Legislative Decree no. 254/16

Issue in Legislative Decree no. 254/2016	Material issue	Reference chapter	Topic-specific standard		2019 reporting scope	Notes
Environmental	Energy efficiency and reduction of environmental impacts	Policies applied and risk management procedures - chap. 5.1 Topic-specific standard – chap. 5.2	301-1	Materials used by weight or volume	IEG Group, all consolidated companies as defined in the Methodological Note	By 2021, the Group commits to evaluate the implementation of a reporting system that ensures completeness and accuracy of information relating to materials used to produce and package the organisation's primary products and services during the reporting period.
			302-1	Energy consumed within the organisation	IEG Group, all consolidated companies as defined in the Methodological Note	
			302-3	Energy intensity		
			303-1	Interactions with water as a shared resource		
			303-3	Water withdrawal		
			305-1	Direct (Scope 1) GHG emissions		
			305-2	Energy indirect (Scope 2) GHG emissions		
			306-2	Waste by type and disposal method		
			102-15	Risks, impacts and opportunities		
Social	Responsible management of the supply chain	Policies applied and risk management procedures - chap. 6.1 Topic-specific standard – chap. 6.2	102-9	Supply chain	IEG Group, all consolidated companies as defined in the Methodological Note	
			204-1	Proportion of spending on local suppliers		
			414-1	New suppliers that were screened using social criteria		Social criteria are not applied in selecting suppliers in any of the Group companies.

Issue in Legislative Decree no. 254/2016	Material issue	Reference chapter	Topic-specific standard		2019 reporting scope	Notes
			308-1	New suppliers that were screened using environmental criteria		Environmental criteria are not applied in selecting suppliers in any of the Group companies.
			102-15	Risks, impacts and opportunities		
	Quality and security of products and services		103-1	Explanation of the material topic and its boundary		
			103-2	The management approach and its components		
			103-3	Evaluation of the management approach		
			102-15	Risks, impacts and opportunities		
	Socio-economic development		413-1	Operations with local community engagement, impact assessments, and development programmes	IEG Group, with the exception of FB International Inc.	The Group used indicator 413-1 as a reference and reported certain activities that involve the local community, but is unable to calculate these percentages.
			102-15	Risks, impacts and opportunities	IEG Group, all consolidated companies as defined in the Methodological Note	
Personnel	Development of human resources	Policies applied and risk management procedures - chap. 7.1 Topic-specific standard – chap. 7.2	102-8	Information on employees and other workers	IEG Group, all consolidated companies as defined in the Methodological Note	In breaking down full-time and part-time for Summertrade S.r.l., only permanent employees were considered while intermittent workers were not included, as they have a degree of variability in hours during the year that make it difficult to categorise.
			102-41	Collective bargaining agreements	IEG Group, with the exception of FB International Inc.	
			401-1	New employee hires and employee turnover	IEG Group, all consolidated companies as defined in the Methodological Note	For purposes of breaking down the figures for Summertrade S.r.l., only permanent employees were considered while intermittent workers were not included, as they have a high degree of turnover.
			401-2	Benefits provided to full-time employees that are not provided to fixed-term or part-time employees		

Issue in Legislative Decree no. 254/2016	Material issue	Reference chapter	Topic-specific standard		2019 reporting scope	Notes
			405-1	Diversity of governance bodies and employees		Data for Summertrade S.r.l. is relative only to the fixed-term workforce. For intermittent fixed-term relationships, given the high degree of turnover and various fluctuations, the figure is difficult to determine.
			404-1	Average hours of training per year per employee		
			404-3	Percentage of employees receiving regular performance and career development reviews	IEG Group, with the exception of Pro.Stand S.r.l.	
			102-15	Risks, impacts and opportunities	IEG Group, all consolidated companies as defined in the Methodological Note	
	Management of workers' health and safety		403-9	Work-related injuries	IEG Group, all consolidated companies as defined in the Methodological Note	
			403-10	Work-related ill health		
			416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		
			102-15	Risks, impacts and opportunities		
Human rights	Protection of human rights	Policies applied and risk management procedures - chap. 8.1 Topic-specific standard – chap. 8.2	406-1	Incidents of discrimination and corrective actions taken		

Issue in Legislative Decree no. 254/2016	Material issue	Reference chapter	Topic-specific standard		2019 reporting scope	Notes
			102-15	Risks, impacts and opportunities		
Fight against corruption	Ethics and anti-corruption	Policies applied and risk management procedures - chap. 9.1 Topic-specific standard – chap. 9.2	205-2	Communication and training about anti-corruption policies and procedures	IEG Group, with the exception of Pro.Stand S.r.l. and FB International Inc.	Pro.Stand S.r.l. and FB International Inc. have implemented neither the 231 Model nor the Code of Ethics. Data not available for Pro.Stand S.r.l. for the entire two-year period and for Summertrade S.r.l. in relation to 2018. IEG Group commits to formalise an anti-corruption policy.
			205-3	Instances of corruption identified and actions taken	IEG Group, all consolidated companies as defined in the Methodological Note	
			102-15	Risks, impacts and opportunities		

Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10 of Legislative Decree no. 254/2016 and article 5 of CONSOB Regulation no. 20267 of January 2018

To the Board of Directors of Italian Exhibition Group SpA

Pursuant to article 3, paragraph 10 of Legislative Decree no. 254 of 30 December 2016 (hereinafter, the "Decree") and article 5 of CONSOB Regulation no. 20267/2018, we have performed a limited assurance engagement on the consolidated non-financial statement of Italian Exhibition Group SpA (hereinafter also the "Company") and its subsidiaries (hereinafter the "Italian Exhibition Group" or the "Group") for the year ended 31 December 2019, prepared in accordance with article 4 of the Decree, presented in a specific section of the report on operations and approved by the Board of Directors of the Company on 7 April 2020 (hereinafter, the "NFS").

Responsibility of the Directors and of those charged with governance ("Collegio sindacale") for the NFS

The Directors of Italian Exhibition Group SpA are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the "GRI-Sustainability Reporting Standards" defined in 2016 and subsequent versions (hereinafter, the "GRI Standards"), with reference to a selection of GRI Standards, as described in the paragraph "Methodological note" of the NFS, identified by them as the reporting standards.

The Directors are responsible, in accordance with the law, for the implementation of internal controls necessary to ensure that the NFS is free from material misstatement, whether due to fraud or unintentional errors.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1 of the Decree, considering the activities and characteristics of the Italian Exhibition Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organizational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

Those charged with governance *("Collegio sindacale")* of Italian Exhibition Group SpA are responsible for overseeing, in the terms prescribed by law, the compliance with the Decree.

Auditor's independence and quality control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behavior. Our audit firm adopts International Standard on Quality Control 1 ("ISQC Italy 1") and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI Standards, with reference to a selection of GRI Standards. We conducted our engagement in accordance with "International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance engagements other than audits or reviews of historical financial information" (hereinafter, "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board ("IAASB") for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised ("reasonable assurance engagement") and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily with Company personnel responsible for the preparation of the information presented in the NFS, analysis of documents, recalculations and other procedures designed to obtain evidence considered useful.

In particular, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standards adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. understanding of the following matters:
   - business and organizational model of the Group, with reference to the management of the matters specified by article 3 of the Decree;
   - policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
   - main risks, generated and/or faced by the Group, with reference to the matters specified in article 3 of the Decree.

   With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 4 a) below;

4. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS. In particular, we held meetings and interviews with management of Italian Exhibition Group SpA and we performed

limited analysis of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at Group level
  a) with reference to the qualitative information included in the NFS, and in particular with reference to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify their consistency with available evidence;
  b) with reference to quantitative information, we performed analytical procedures as well as limited tests of details, in order to assess, on a sample basis, the accuracy of the information;
- for the Company Italian Exhibition Group SpA, which was selected on the basis of its activities and contribution to the performance indicators at a consolidated level, we carried out meetings and interviews with management and we gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Italian Exhibition Group as of 31 December 2019 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards, with reference to a selection of GRI Standards, as described in the paragraph "Methodological note" of the NFS.

Other aspects

Italian Exhibition Group issues the NFS for the first time and the report contains comparative information in relation to the financial year ended 31 December 2018. Such information has not been subject to any assurance procedures.

Bologna, 29 April 2020

PricewaterhouseCoopers SpA

signed by

Gianni Bendandi
(Partner)

signed by

Paolo Bersani
(Authorised signatory)

"This report has been translated into the English language from the original, which was issued in Italian language, solely for the convenience of international readers. We have not performed any controls on the NFS 2019 translation."

Consolidated Financial Statements as at December 31st, 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (Euro/000)		NOTES	12/31/2019	12/31/2018 (*)
NON-CURRENT ASSETS				
	Property, Plant and Equipment	1	209,173	182,315
	Intangible fixed assets	2	37,036	32,771
	Equity investments valued using the equity method	3	4,437	4,166
	Other equity investments	4	10,873	11,016
	Of which with related parties		*10,786*	*10,943*
	Deferred tax assets	5	1,940	991
	Non-current financial assets for rights of use	6	840	-
	Other non-current financial assets	7	524	1,826
	Other non-current assets	8	152	117
	TOTAL NON-CURRENT ASSETS		264,976	233,203
CURRENT ASSETS				
	Inventories	9	956	885
	Trade receivables	10	33,899	34,182
	Of which with related parties		*724*	*273*
	Tax receivables for direct taxes	11	505	20
	Current financial assets for rights of use	12	164	-
	Other current financial assets	12	1,472	523
	Of which with related parties		*292*	*523*
	Other current assets	13	5,856	8,161
	Cash and cash equivalents	14	22,198	29,479
	TOTAL CURRENT ASSETS		65,051	73,250
TOTAL ASSETS			330,027	306,453

(*) Some of the amounts shown in this column do not correspond to those of the financial statements published as at December 31st, 2018, as they reflect the valuations made at the time of the Purchase Price Allocation of Prostand and Colorcom at final values. For more details, refer to the paragraph entitled Business Combinations in the Measurement criteria section of the explanatory notes to the Consolidated Financial Statements.

LIABILITIES		NOTES	12/31/2019	12/31/2018 (*)
SHAREHOLDERS' EQUITY				
Share capital		15	52,215	52,215
Share premium reserve		15	13,947	13,947
Other reserves		15	26,608	26,613
Profit (loss) for previous years		15	(1,680)	(4,232)
Profit (Loss) for the period attributable to shareholders of the Parent Company		15	12,861	10,348
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY			103,950	98,891
Share capital and reserves attributable to minority interests		15	2,374	2,030
Profit (loss) for the year attributable to minority interests		15	(224)	533
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO MINORITY INTERESTS			2,150	2,563
TOTAL GROUP SHAREHOLDERS' EQUITY			106,100	101,454
NON-CURRENT LIABILITIES				
Payables due to banks		16	58,318	61,649
Non-current financial liabilities for rights of use		17	26,114	-
	Of which with related parties		*17,219*	*-*
Other non-current financial liabilities		18	22,467	21,042
Provisions for non-current risks and charges		19	1,755	2,409
Employee provisions		20	4,580	4,565
Deferred tax liabilities		5	-	
Other non-current liabilities		21	2,300	2,494
TOTAL NON-CURRENT LIABILITIES			115,535	92,159
CURRENT LIABILITIES				
Payables due to banks		16	14,601	16,918
Current financial liabilities for rights of use		22	3,968	-
	Of which with related parties		*1,320*	*-*
Other current financial liabilities		23	4,237	2,224
Provisions for current risks and charges			-	-
Trade payables		24	34,979	40,553
	Of which with related parties		*126*	*546*
Tax payables for direct taxes		25	2,053	1,745
	Of which with related parties		-	*1,745*
Other current liabilities		26	48,554	51,400
TOTAL CURRENT LIABILITIES			108,392	112,840
TOTAL LIABILITIES			330,027	306,453

(*) Some of the amounts shown in this column do not correspond to those of the financial statements published as at December 31st, 2018, as they reflect the valuations made at the time of the Purchase Price Allocation of Prostand and Colorcom at final values. For more details, refer to the paragraph entitled Business Combinations in the Measurement criteria section of the explanatory notes to the Consolidated Financial Statements.

CONSOLIDATED INCOME STATEMENT

		NOTES	2019	2018 (*)
REVENUES				
Revenues from sales and services		27	174,228	156,806
	Of which with related parties		*2,138*	*808*
Other revenues		28	4,372	2,874
	Of which with related parties		*1,134*	*125*
TOTAL REVENUES			178,601	159,680
	Of which non-recurring revenues		*981*	*-*
OPERATING COSTS				
Change in inventories		29	142	151
Costs for raw materials, consumables and goods for resale		29	(15,420)	(10,345)
Costs for services		29	(82,499)	(79,753)
	Of which with related parties		*(172)*	*(33)*
	Of which costs for non-recurring services		*(238)*	*(1,428)*
Costs for use of third-party assets		29	(492)	(4,469)
	Of which with related parties		*(50)*	*(1,267)*
Personnel costs		29	(35,543)	(31,465)
Other operating costs		29	(2,914)	(2,936)
	Of which with related parties		*(6)*	*(6)*
	TOTAL OPERATING COSTS	29	(136,726)	(128,816)
GROSS OPERATING PROFIT (EBITDA)			41,874	30,864
	Of which impact of non-recurring items		*743*	*(1,428)*
Depreciation, amortisation and write-downs of fixed assets		30	(16,559)	(10,456)
Write-down of receivables		10	(1,134)	(1,107)
Provisions		19	(145)	(176)
Value adjustments of financial assets other than equity investments			1	(30)
OPERATING PROFIT/LOSS			24,038	19,095
FINANCIAL INCOME AND CHARGES				
Financial income		31	169	153
Financial charges		31	(4,276)	(2,443)
Exchange rate gains and losses		31	42	(36)
	TOTAL FINANCIAL INCOME AND CHARGES		(4,065)	(2,326)
GAINS AND LOSSES FROM EQUITY INVESTMENTS				
Effect of valuation of equity investments with the equity method		32	(290)	(217)
Other gains/losses on equity investments		32	43	44
	Of which with related parties		*43*	*44*
	TOTAL GAINS AND LOSSES FROM EQUITY INVESTMENTS		(248)	(172)
PRE-TAX RESULT			19,725	16,597
INCOME TAXES				
Current taxes		33	(7,031)	(5,482)
Deferred tax assets/liabilities		33	292	(234)
Taxes related to previous years			(348)	-
	TOTAL INCOME TAXES		(7,088)	(5,715)
GROUP PROFIT/LOSS FOR THE YEAR			12,637	10,881
PROFIT (LOSS) PERTAINING TO MINORITY INTERESTS			(224)	533
PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY			12,861	10,348
EARNINGS PER SHARE			0.4167	0.3353
DILUTED EARNINGS PER SHARE			0.4167	0.3353

(*) Some of the amounts shown in this column do not correspond to those of the financial statements published as at December 31st, 2018, as they reflect the valuations made at the time of the Purchase Price Allocation of Prostand and Colorcom at final values. For more details, refer to the paragraph entitled Business Combinations in the Measurement criteria section of the explanatory notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2019	2018 (*)
PROFIT/(LOSS) FOR THE YEAR		**12,637**	**10,881**
Other comprehensive income components which will be subsequently be reclassified under profit/(loss) for the year:			
Gains/(losses) on cash flow hedges	18	(342)	(75)
Gains/(losses) on translation of financial statements in foreign currency	15	133	479
Gains/(losses) on financial assets measured at FVOCI	4	(156)	324
Total other comprehensive income components which will be subsequently be reclassified under profit/(loss) for the year		**(365)**	**728**
Other comprehensive income components which will not be subsequently be reclassified under profit/(loss) for the year:			
Actuarial gains/(losses) from defined benefit plans for employees – IAS 19	20	(216)	34
Income taxes		52	(8)
Total effect of change in actuarial reserve		***(164)***	***26***
Total other comprehensive income components which will not be subsequently be reclassified under profit/(loss) for the year		**(164)**	**26**
TOTAL PROFIT/(LOSS) BOOKED TO SHAREHOLDERS' EQUITY		**(529)**	**753**
COMPREHENSIVE INCOME/LOSS FOR THE YEAR		**12,108**	**11,635**
Attributable to:			
Minority interests		**(205)**	**608**
Shareholders of the Parent Company		**12,312**	**11,027**

(*) Some of the amounts shown in this column do not correspond to those of the financial statements published as at December 31st, 2018, as they reflect the valuations made at the time of the Purchase Price Allocation of Prostand and Colorcom at final values. For more details, refer to the paragraph entitled Business Combinations in the Measurement criteria section of the explanatory notes to the Consolidated Financial Statements.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

	Share capital	Share premium reserve	Revaluation reserves	Legal reserve	Statutory reserve	Other reserves	Retained earnings (Losses) carried forward	Profit (Loss) for the period	Shareholders' equity of shareholders of the parent company	Share capital and reserves attributable to minority interests	Profit (loss) attributable to minority interests	Total shareholders' equity
Balance as at 12/31/2017	**52,215**	**13,947**	**67,160**	**8,777**	**2,369**	**(40,748)**	**(7,235)**	**9,079**	**105,564**	**457**	**97**	**106,118**
Allocation of profit for the year:												
- Distribution to shareholders							(5,556)		(5,556)			(5,556)
- Allocation to reserves				437	44		8,598	(9,079)	0	97	(97)	0
Change in scope of consolidation (**)							(10)		(10)	1,566		1,556
PUT OPTION reserve						(12,105)			(12,105)			(12,105)
Fair Value OCI						30	(30)		0			0
Comprehensive income/loss for the period (**)						649		10,301	10,950	75	520	11,545
Balance as at 12/31/2018 (**)	**52,215**	**13,947**	**67,160**	**9,213**	**2,413**	**(52,173)**	**(4,232)**	**10,301**	**98,844**	**2,195**	**520**	**101,559**
Adoption of IFRS 16							(1,699)		(1,699)	(134)		(1,833)
PPA effect								47	47	(165)	13	(105)
Balance as at 01/01/2019	**52,215**	**13,947**	**67,160**	**9,213**	**2,413**	**(52,173)**	**(5,931)**	**10,348**	**97,192**	**1,896**	**533**	**99,621**
Allocation of profit for the year:												
- Distribution to shareholders							(5,556)		(5,556)	(73)		(5,629)
- Allocation to reserves				493	49		9,806	(10,348)	0	533	(533)	0
Comprehensive income/loss for the period						(547)		12,861	12,313	18	(224)	12,108
Balance as at 12/31/2019	**52,215**	**13,947**	**67,160**	**9,706**	**2,462**	**(52,720)**	**(1,680)**	**12,861**	**103,950**	**2,374**	**(224)**	**106,100**

(**) Some of the amounts do not correspond to those of the financial statements published as at December 31st, 2018, as they reflect the adjustments made at the time of the final Purchase Price Allocation. For more details, refer to the paragraph entitled Business Combinations in the Measurement criteria section of the explanatory notes to the Consolidated Financial Statements.

Consolidated Cash Flow Statement

Values in Euro/000		Notes	12/31/2019	12/31/2018(*)
Profit before tax			**19,725**	**16,597**
	Of which with related parties		*1,815*	*(478)*
Adjustments to trace profit for the year back to the cash flow from operating activities:				
Amortisation, depreciation and write-downs of property, plant and equipment and intangible assets		30	16,559	10,456
Provisions and write-downs		10	1,134	1,107
Other provisions		19	1,353	1,258
Charges/(income) from valuation of equity investments in other companies with the equity method		32	248	172
Write-down of financial assets			-	-
Net financial charges		31	4,065	2,326
Costs for use of third-party assets (IFRS 16)			(3,747)	-
Effect on EBIT - financial charges for Put Options			(501)	(91)
Other non-monetary changes		28	(194)	(194)
Cash flow from operating activities before changes in working capital			**38,586**	**31,631**
Change in working capital:				
Inventories		9	(71)	(152)
Trade receivables		10	(850)	3,585
	Of which with related parties		*(450)*	*(88)*
Trade payables		24	(5,133)	(5,285)
	Of which with related parties		*421*	*(55)*
Other current and non-current assets		8 - 13	2,270	1,491
Other current and non-current liabilities		21 - 26	(2,983)	10,482
Receivables/payables for current taxes		11 – 25	(6,152)	(3,031)
	Of which with related parties		*1,745*	*(324)*
Deferred tax assets/liabilities			(11)	(338)
Cash flow from changes in working capital			**(12,931)**	**6,752**
Income taxes paid			(1,356)	(2,104)
Employee provisions and provisions for risks			(2,156)	(1,432)
Cash flows from operating activities			**22,198**	**34,847**
Cash flow from investment activities				
Net investments in intangible fixed assets		2	(6,246)	(937)
Net investments in property, plant and equipment		1	(12,275)	(9,014)
Disinvestments in intangible fixed assets		2	24	93
Disinvestments in property, plant and equipment		1	154	-
Dividends from associated companies and joint-ventures		32	43	44
	Of which with related parties		*43*	*44*
Change in current and non-current financial assets		7 - 12	353	5,730
	Of which with related parties		*231*	*964*
Net equity investments in subsidiaries			-	(9,443)
Changes in equity investments in associated companies and other companies		3 - 4	(575)	(2,255)
Cash flow from investment activities			**(18,522)**	**(15,782)**
Cash flow from financing activities				
Change in other financial payables		23	2,605	(26,040)
Payables due to shareholders		23	(690)	1,154
Obtainment/(repayment) of short-term bank loans		16	(3,603)	8,852
Obtainment of mortgages		16	6,677	31,045
Mortgage repayment		16	(8,607)	(5,482)
Net financial charges paid		31	(1,845)	(1,828)
Dividends paid		15	(5,556)	(5,556)
Change in Group reserves	15		61	2,035
Cash flow from financing activities			**(10,958)**	**4,180**
Net cash flow for the period			**(7,281)**	**23,246**
Opening cash and cash equivalents			29,479	6,234
Closing cash and cash equivalents			22,198	29,479

(*) Some of the amounts shown in this column do not correspond to those of the financial statements published as at December 31st, 2018, as they reflect the valuations made at the time of the Purchase Price Allocation of Prostand and Colorcom at final values. For more details, refer to the paragraph entitled Business Combinations in the Measurement criteria section of the explanatory notes to the Consolidated Financial Statements.

Explanatory notes to the financial statements

General Information

Italian Exhibition Group S.p.A. (hereinafter "IEG", the "Company" or the "Parent Company", together with its subsidiaries, associated companies and/or jointly controlled companies, the "Group" or the "IEG Group") is a joint-stock company domiciled in Italy, with registered office in Via Emilia 155, Rimini, and organised according to the legal system of the Italian Republic. IEG is the Parent Company, created as a result of the transfer of Fiera di Vicenza S.p.A. to Rimini Fiera S.p.A. and the simultaneous change of the latter's company name to Italian Exhibition Group S.p.A..

The company successfully completed the process of listing on the MTA (screen-based equities market) organised and managed by Borsa Italiana S.p.A. on June 19th, 2019.

It should be noted that, pursuant to article 70, paragraph 8 and article 71, paragraph 1-bis, of the Regulation adopted by CONSOB by means of resolution no. 11971/1999, as supplemented and amended, (the "Issuers' Regulation"), the Company signed up to the opt-out system set forth in the aforementioned articles, availing itself of the option to depart from the obligations of publication of the information documents set out in Annex 3B of the Issuers' Regulation, at the time significant transactions are being carried out incorporating mergers, demergers, share capital increases through contribution of assets in kind, acquisitions and sales.

Italian Exhibition Group S.p.A. is controlled by Rimini Congressi S.r.l., which holds 49.29% of the share capital and holds voting rights for 66.03%. The Company, nonetheless, is not subject to management and coordination by Rimini Congressi S.r.l. pursuant to art. 2497 et seq. of the Italian Civil Code. In fact, none of the activities that typically prove management and coordination activities pursuant to art. 2497 et seq. of the Italian Civil Code exist, given that, by way of a non-exhaustive example:

- Rimini Congressi does not exercise any significant influence over the management decisions and operations of the Issuer, but limits it relations with said entity to the normal exercise of administrative and equity rights owing to its status of holder of voting rights; there is no connection between the members of the administration, management control bodies of the two companies;
- the Company does not receive - and, at any rate, is not subject in any way - to the financial or credit directives or instructions from Rimini Congressi;
- the Company has an organisational structure composed of expert professionals who, based on the powers conferred and the positions held, operate independently in line with the indications of the Board of Directors;
- the company prepares the strategic, industrial, financial and/or budget plans of the Issuer and of the Group independently, and autonomously implements these;
- the Company operates fully independently, from a contractual perspective, in relations with its customers and its suppliers, without any external interference from Rimini Congressi.

At the date of drafting of this document, it should also be noted that: (i) there are no acts, resolutions or communications of Rimini Congressi that lead us to reasonably believe that the company's decisions are the result of a domineering and commanding will of the parent company; (ii) the company does not receive centralised treasury services (cash pooling) or other functions of financial assistance or coordination from Rimini Congressi; (iii) the company is not subject to regulations or policies imposed by Rimini Congressi.

The Group's activities consist of the organisation of trade fairs (Exhibition Industry) and hospitality for trade fairs and other events, through the design, management and provision of fitted-out exhibition spaces (mainly in the "Trade fair districts"), the supply of services connected to trade fairs and conferences, as well as the promotion and management, in both its own locations and those of third parties, of conferences, conventions, exhibitions, cultural events, shows and leisure activities, including not related to organised events and conferences.

For the purposes of economic and financial comparability of the IEG Group, it should be noted that

- the profit trend of the Group is influenced by seasonality factors, characterised by more significant events in the first and fourth quarters of the year, as well as the presence of important two-yearly trade fairs, in even-numbered years.
- the Group's financial trend is therefore characterised by an increase in working capital in the first half, while the fourth quarter generally, thanks to the advances received on events organised at the start of the next period, shows a significant improvement in the net financial position.

STRUCTURE AND CONTENTS OF THE FINANCIAL STATEMENTS

Pursuant to article 25 of Law No. 306 of October 31st, 2003 and the associated application regulations contained in Legislative Decree No. 38 of February 28th, 2005, in exercise of the option provided therein, the IEG Group (hereinafter also "the Group") adopted the **International Accounting Standards** (IFRS) issued by the I.A.S.B – International Accounting Standard Board for financial statements for the year ended as at December 31st, 2015. More specifically, International Accounting Standards mean all International Financial Reporting Standards (IFRS), all International Accounting Standards (IAS), all interpretations of the International Financial Reporting Standards Interpretations Committee (IFRIC), previously named the Standard Interpretations Committee (SIC) which, at the date of approval of the Separate Financial Statements as at 31 December 2016, had been approved by the European Union in accordance with the procedure laid down in Regulation (EC) No. 1606/2002, by the European Parliament and the European Council of July 19th, 2002.

In order to prepare these Consolidated Financial Statements, the subsidiaries of the IEG Group, which continue to draft their financial statements according to local accounting standards, have prepared the financial positions in compliance with the international standards.

As regards the preparation of the separate financial statements of ITALIAN EXHIBITION GROUP S.p.A., the company exercised the option set out in article 25 of Law No. 306 of October 31st, 2003, of adopting the international accounting standards at the same date of FTA adopted by the consolidated financial statements.

The **statement of financial position** was classified on the basis of the operating cycle, separating current and non-current items. Based on this distinction, the assets and liabilities are considered current if they are expected to be realised or extinguished in the normal operating cycle of the IEG Group. Non-current assets held for sale and the related liabilities, where present, are shown in the appropriate items.

The **income statement layout** reflects the analysis of aggregated costs by nature given that this classification was considered more significant for the purposes of understanding the Group's economic result. The revenue and costs items recognised in the year are presented through two tables: an income statement table for the year, which reflects the analysis of the aggregated costs by nature, and a table of comprehensive income.

The result of discontinued operations and/or assets held for disposal, where present, is shown in the appropriate item of the consolidated income statement.

Lastly, the **cash flow statement** was prepared by using the indirect method for the determination of the cash flows from operating activities. With this method, the operating profit/loss (EBIT) is adjusted for the effects of non-monetary transactions, any deferral or provision of previous or future operating collections or payments and by elements of revenues or costs connected with cash flows from investment or financing activities.

The functional and presentation currency is the **Euro**, expressed in **thousands**, unless specified otherwise.

BUSINESS CONTINUITY

In January 2020, the Chinese authorities, in the wake of the outbreak of the COVID-19 epidemic (or Coronavirus), adopted a series of measures to contain the virus, which entailed heavy restrictions on the circulation of goods and people, combined with a ban on mass gatherings and, consequently, on holding trade fairs. The Group operates in that geographical area through the joint venture Eagle, whose activities, at the current state of play, have been impacted exclusively by the postponement of the events SWTF-Shanghai World Travel Fair – world tourism fair - and CDEPE- Chengdu International Environmental Protection Expo – event relating to environmental technologies and sustainable development - which should have been held in March and April respectively, with new dates being set for the end of July and end of September respectively. However, it should be noted that Eagle's results have an insignificant impact on IEG's consolidated financial statements, owing to both the reduced scope of the events organised and the fact that these are consolidated using the equity method and not on a line-by-line basis.

In this context, January 2020 was characterised by the excellent results of the Group in terms of directly organised trade fairs. The two most important trade fair products of the Parent Company, Sigep and Vicenza Oro (January edition together with T-Gold), confirmed their leading position at international level and recorded better economic results (in terms of revenues and margins) than those of the previous year, due to both organic growth and the staging of the three-yearly event ABTech Expo – international exhibition of technology & products for bakery, pastry and confectionery. It is important to underline that January, for the reasons just described, is the most important month of the year in which a significant portion of the Group's operating income for the whole year is achieved.

The events held in the first half of the month of February, in particular, HIT Show, Beer&Food Attraction and BBTech Expo and Pescare Show, albeit with a markedly lower economic significance than those cited above, were duly held and posted generally better results than those of the previous year.

The Coronavirus epidemic also started to spread in our country from the middle of February, which then gradually hit the other European countries and the USA to the point that, in March, the COVID-19 emergency was classified as a pandemic by the World Health Organisation. Consequently, the Italian Government and the Local Administrations adopted a series of measures to contain the spread of the virus that, among other things, entail heavy restrictions on the circulation of goods and people, the performance of commercial and production activities and a ban on mass gatherings, with the subsequent suspension of trade fairs and conferences.

From the outset, the company adopted all the necessary measures to protect the health and safety of its employees, associates, customers and suppliers.

In terms of the events organised, the restrictions adopted by the Government involved; the early closure of the event Golositalia (set to take place between February 22nd-26th and cancelled following a measure issued by the Lombardy Region on February 23rd); the cancellation of the MIR Tech events (planned from March 8th-10th) and the event Origin Passion & Beliefs (planned for July 7th-9th at the trade fair district of Fiera di Milano Rho).

The virus containment measures caused the suspension of conference activities for the whole of March and even though, as things stand, the restrictions are set to be in place until April 13th, it is believed that conference activities will be severely affected for the entire month. As a result, third-party organisers have currently cancelled 26 conference events, the majority of which were planned for March and April, even if some cancellations concerned events planned for later months due to the situation of uncertainty surrounding the national and international economic system.

The company, also in collaboration with its customers and third-party organisers, then re-planned to later dates the main trade fairs organised and hosted, which were set to take place in March, April and the start of May, and the conference events in the calendar in the same period which had not been cancelled at the request of customers.

The related services business was also impacted by the suspension of national (both captive and managed by third parties) and international trade fair-conference activities and by the general closure of production and commercial activities. In particular, the now across-the-board adoption by the main European Union countries and the US (first and foremost New York and New Jersey) of similar virus containment measures to the Italian ones, have impacted the international activities of Prostand and of FB International.

Therefore, based on the current trade fair and conference calendar, which acknowledges the changes described above, the company estimates the impact on the Group's 2020 revenues at approximately € 16 million. However, as the scenario is constantly changing, it is difficult to come up with a realistic estimate of the overall effects of these restrictions, which could also extend beyond April, with potential material impacts on the results of the Company and of the Group.

Although considering the complexity and uncertainty of this rapidly evolving situation, the Company considers the going concern assumption to be appropriate and correct, taking into account its capacity to meet its obligations in the foreseeable future and, in particular, over the next 12 months, based on the following considerations.

- The Company will continue to monitor the development of the epidemic and of the regulatory provisions, which are believed, nonetheless, to be temporary, and to work with its customers and partners to ensure the postponed trade fairs and conferences can be held.
- At the date of drafting of this document, the Group has liquidity stocks, augmented by authorised credit lines and not drawn down for an amount of at least € 20 million. In addition, thanks to the leading position in its sector, the Company believes it will be able to enjoy support from the financial system. Therefore, it is considered that this financial position will enable it to deal with a period of reduced operations.
- Assuming that the effects of the restrictions on trade fair and conference business are deemed to be temporary and able to be resolved over a reasonably short period of time, no particular criticalities are identified regarding the risk of exceeding the covenants associated with loans, with reference to the expiry dates set forth in the contracts.
- The company will keep a close eye on the management of its trade receivables, will adopt prudent policies in the payment of its suppliers and in managing its operating costs which, given always characterised by a significant incidence of variable costs, will enable it to contain the impacts on margins despite the decrease in revenues.

In addition to the elements described above, the Group took advantage of some measures of economic and financial support introduced by the Government institutions, and will verify the possibility of applying those that may be adopted in the future, by continuing to make extensive use of forms of agile working; all in order to minimise the impacts of the temporary difficulties and ensure it is ready to re-start activities alongside its customers and partners as soon these moments of uncertainty are overcome. In fact, the management is convinced of the resilience of the Group and of the entire trade fair industry and of the important role it will have to play upon the re-commencement of activities because as the Chief Executive Officer of UFI – the global exhibition industry association - Kai Hattendorf, says: "We manage markets and meeting places. And these will be the quickest path to an economic recovery post COVID-19".

MEASUREMENT CRITERIA

Property, Plant and Equipment

Property, plant and equipment are booked to the financial statements at purchase or production cost, including directly attributable expenses, and adjusted for the respective accumulated depreciation.
The cost includes any expense incurred directly to prepare the assets for use plus any dismantling and removal costs that will be incurred to restore the asset to its original conditions and the financial charges related to construction or production which require a significant period of time to be ready for use and sale (qualifying assets).
Property, plant and equipment are depreciated systematically in every period on a straight-line basis, based on the economic-technical rates determined in relation to the residual possibility of use of the assets.
Ordinary maintenance costs are charged to the income statement when they are incurred.
Maintenance costs which determine an increase in value, or functionality, or useful life of the assets, are directly attributable to the assets to which they refer and amortised in relation to the residual possibility of use of said assets.
Improvements to third-party assets are classified in the item “Other assets”; the depreciation period corresponds to the lower of the residual useful life of the tangible fixed asset and the residual duration of the lease agreement.

The depreciation rates applied are as follows:

Items	Rates %
Land	-
Buildings	1.9% - 10%
Plant and machinery	7.5% - 30%
Industrial and commercial equipment	15% - 27%
Other assets	12% - 25%

If indicators of impairment emerge, the property, plant and equipment are subject to an impairment test through the procedure outlined in the section “impairment of assets”.

Following the entry into force of new IFRS 16, from January 1st, 2019, leases are accounted for in the financial statements based on a single accounting model similar to the one governed by IAS 17 regarding the accounting of financial leases.

At the moment of the stipulation of each contract, the Group:

• determines whether the contract is or contains a lease, a circumstance that is verified when said contract gives the right to control the use of an identified asset for a period of time in exchange for a consideration. This measurement is repeated in the event of the subsequent change to the terms and conditions of the contract.

• separates the components of the contract, by distributing the consideration of the contract between the lease and non-lease component.

• determines the duration of the lease as the period that cannot be cancelled of the lease, augmented by any periods covered by a lease extension or termination option.

At the date of effectiveness of each contract in which the Group is the lessee of an asset, the asset consisting of the right of use, measured at cost, and the financial lease liability, equal to the present value of the residual future payments discounted by using the implicit interest rate of the lease or, alternatively, the marginal financing rate of the Group, are recognised in the financial statements. Subsequently, the asset consisting of the right of use is measured by applying the cost model, or netted of amortisation/depreciation and any accumulated impairment and adjusted to take account of any new lease measurements or amendments. By contrast, the lease liability is measured by increasing the book value to take account of interest, decreasing the book value to take account of the payments due made and redetermining the book value to take into account any new lease measurements or amendments.

The assets are depreciated on the basis of a period of depreciation represented by the duration of the lease agreement, except where the duration of the lease is less than the useful life of the asset based on the rates applied for property, plant and equipment and there is a reasonable certainty of the transfer of ownership of the leased asset on the natural expiry of the contract. In that case, the depreciation period will be calculated on the basis of the criteria and rates indicated for the property, plant and equipment.

For leases ending within 12 months of the date of initial application and that do not make provision for renewal options, and for leases for which the underlying asset is of low value, lease payments are booked to the income statement on a linear basis for the duration of the respective contracts.

Intangible fixed assets

An intangible asset is recognised in the accounts only if it is identifiable and controllable, it is likely to generate future economic benefits and if its cost can be reliably determined.

Goodwill and intangible assets with an indefinite useful life
Goodwill and intangible assets with an indefinite useful life are no longer amortised from the date of first time adoption (January 1st, 2014). Goodwill and other intangible assets with an indefinite useful life relating to the acquisitions completed after January 1st, 2014 are, nonetheless, not amortised.

Goodwill
Goodwill represents the excess of the purchase cost with respect to the portion pertaining to the purchaser of the fair value of the net identifiable assets and liabilities of the entity acquired. After initial recognition, goodwill is valued at cost, less any impairment deriving from the impairment test (see paragraph “impairment of assets”).

Other intangible assets
Intangible assets with a definite useful life are measured at purchase or production cost, including any accessory charges, and are amortised systematically on a straight-line basis during the period of their expected future use. If indicators of impairment emerge they are subject to an impairment test which is outlined in the section “impairment of assets”.
Industrial patent and intellectual property rights are amortised over a period of 3 and 5 years, licences and concessions are amortised starting from when the cost is incurred and for the duration of the licence or concession envisaged contractually, while trademarks have a useful life which may vary between ten and twenty-five years.

Impairment of non-financial assets

Property, plant and equipment and *intangible assets* with a *definite useful life*, subject to amortisation/depreciation, are subject to an *impairment test* only if indicators of impairment emerge.

The recoverability of the values recognised is verified by comparing the carrying amount with the net sale price and the value in use of the asset, whichever is higher. The net sale price is the amount which can be obtained from the sale of an asset in a transaction between independent, informed and willing parties, less disposal costs; in the absence of binding agreements, reference must be made to the prices expressed by an active market, or the best information available, by taking into account, among other things, recent transactions for similar assets carried out in the same business sector. The value in use is defined on the basis of the discounting at an appropriate rate, which expresses the cost of capital of an entity not indebted with a homogeneous risk profile, the expected cash flows from use of the asset (or from an aggregation of assets - the so-called cash-generating units) and its disposal at the end of its useful life.

Subsequently, when an impairment loss on an asset other than goodwill ceases to exist or decreases, the book value of the asset is increased to the new estimated recoverable value and cannot exceed the value that would have been calculated if no impairment loss had been recorded. The reversal of impairment is recognised to the income statement.

Goodwill and the other intangible assets with an indefinite useful life are subject to a systematic verification of recoverability (“impairment test”) carried out on an annual basis, at the date of year-end, or more frequently if there are indicators of impairment.

Goodwill impairment is calculated by assessing the recoverable value of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. If the recoverable amount of the cash-generating unit is less than the carrying amount of the cash-generating unit to which the goodwill was allocated, impairment is recognised. The decrease in value to goodwill cannot be restored in future periods.

Business combinations

Business combinations are accounted for using the acquisition method set out in IFRS 3 revised in 2008. According to this method, the consideration transferred in a business combination is measured at fair value, determined as the sum of the fair values of the transferred assets and liabilities assumed by the purchaser at the acquisition date and capital instruments issued in exchange for the control of the acquired entity. Transaction accessory costs are recognised in the statement of comprehensive income when incurred.

The contingent considerations, considered part of the transfer price, are measured at fair value at the acquisition date. Any subsequent fair value changes are booked to the statement of comprehensive income.

At the date of acquisition, the identifiable assets acquired and the liabilities assumed are booked at fair value.

Goodwill is determined as the excess between the sum of the considerations transferred in the business combination, of the portion of shareholders’ equity pertaining to minority interests and of the fair value of any equity investment held previously in the acquired entity, with respect to the fair value of the net assets acquired and liabilities assumed at the acquisition date. If the value of the net assets acquired and liabilities assumed at the acquisition date exceeds the sum of the considerations transferred, of the portion of shareholders’ equity pertaining to minority interests and the fair value of any equity investment held previously in the acquired entity, this excess is booked immediately to the statement of comprehensive income as income deriving from the transaction concluded.

In the process of fair value measurement of business combinations, the Group avails itself of the available information, and for the most significant business combinations, also of the support of external evaluations.

Financial assets

At the time of initial recognition, financial assets must be classified into one of the three categories indicated below based on the following elements:

- the business model of the entity for the management of financial assets; and
- the characteristics relating to the contractual cash flows of the financial asset.

Financial assets are derecognised from the financial statements only if the sale involved the substantial transfer of all risks and benefits related to them. Conversely, whenever a significant part of the risks and benefits related to the financial assets sold have been maintained, these continue to be recognised in the financial statements, even if legal ownership of the assets has effectively been transferred.

Financial liabilities designated at amortised cost

This category includes financial assets that meet both the following conditions:

- the financial asset is held according to a business model whose objective is achieved through the collection of contractually envisaged cash flows ("Hold to Collect" business model), and
- the contractual terms of the financial asset make provision, on determined dates, for cash flows represented solely by payments of principal and interest on the amount of principal to be repaid (so-called "SPPI test" passed).

Financial assets are initially recognised at fair value, considering the transaction costs and revenues directly attributable to the instrument itself. Subsequent to their initial recognition, financial assets under examination are measured at amortised cost, using the effective interest rate method. The amortised cost method is not used for assets - measured at historical cost - whose short duration makes the effect of the discounting principle negligible, for those without a set maturity and for revocable loans.

Financial assets designated at fair value through comprehensive income

This category includes financial assets that meet both the following conditions:

- the financial asset is held according to a business model whose objective is achieved through the collection of contractually envisaged cash flows and through selling the financial asset ("Hold to Collect and Sell" business model); and
- the contractual terms of the financial asset make provision, on determined dates, for cash flows represented solely by payments of principal and interest on the amount of principal to be repaid (so-called "SPPI test" passed).

This category includes equity interests, not qualifying as controlling, associated or jointly controlled, which are not held for trading purposes, for which the option of designation at fair value through comprehensive income is exercised.

Financial assets are initially recognised at fair value, considering the transaction costs and revenues directly attributable to the instrument itself. Subsequent to initial recognition, equity interests that are non-controlling, associated or of joint control, are measured at fair value and the amounts recorded as a contra entry to shareholders' equity (Statement of comprehensive income) must not be subsequently transferred to the income statement, even in the event of disposal. The only component relating to the equity securities in question that is recorded in the income statement is represented by the relative dividends.

For equities included in this category, not listed in an active market, the cost criterion is used as an estimate of the fair value only in a residual manner and in limited circumstances, i.e. when the most recent information available for measuring the fair value is insufficient, or there is a wide range of possible valuations of the fair value and the cost represents the best estimate of the fair value in that range of values.

Financial assets designated at fair value through profit and loss

This category includes financial assets other than those classified under financial assets measured at amortised cost and financial assets designated at fair value through comprehensive income.

This category includes financial assets held for trading and includes derivative contracts not classifiable as hedging derivatives (which are represented as assets if the fair value is positive and as liabilities if the fair value is negative).

On initial recognition, financial assets measured at fair value through profit or loss are recorded at fair value, without considering the transaction costs or revenues directly attributable to the instrument itself. At subsequent reference dates, they are measured at fair value and the effects of the measurement are booked to the income statement.

Impairment of financial assets

In accordance with the provisions of IFRS 9, the Group applies a simplified approach to estimate expected credit losses over the entire life of the instrument and takes into consideration its past experience regarding credit losses, corrected on the basis of specific forward-looking factors of the nature of Group receivables and the economic context.
In brief, the Group measures the expected losses of the financial assets so as to reflect:

- a target amount weighted on the basis of the probabilities determined by evaluating a range of possible results;
- the time value of money; and
- reasonable and demonstrable information that is available without undue costs or efforts at the reporting date on past events, current conditions and forecasts of future economic conditions.

The financial asset is impaired when one or more events are verified that have a negative impact on the future cash flows estimated from the financial asset. Observable data relating to the following events (it may be the case that a single event cannot be identified: the impairment of financial assets may be due to the combined effect of different events) constitute proof that the financial asset is impaired:

a) significant financial difficulty of the issuer or debtor;
b) breach of contract, such as non-fulfilment of an obligation or failure to respect an expiry;
c) for economic or contractual reasons relating to the debtor's financial difficulty, the creditor grants the debtor a concession that the creditor would not otherwise have considered;
d) the probability that the debtor will file for bankruptcy or other financial restructuring procedures;
e) disappearance of an active market for that financial asset due to financial difficulties; or
f) the purchase or creation of the financial asset with huge discounts that reflect the credit losses incurred.

For financial assets measured using the amortised cost method, when impairment has been identified, its value is measured as the difference between the asset's carrying amount and the present value of expected future cash flows, discounted on the basis of the original effective interest rate. This value is recognised in the income statement.

Derivative financial instruments

The derivative financial instruments are accounted for in accordance with the provisions of IFRS 9.

At the date of stipulation of the contract, the derivative financial instruments are initially accounted for at fair value, as financial liabilities at fair value through profit and loss when the fair value is positive or as a financial liability designated at fair value through profit and loss when the fair value is negative.

If the financial instruments are not accounted for as hedging instruments, the fair value changes recognised after the initial recognition are treated as components of the result for the year. If, by contrast, the derivative instruments satisfy the requirements to be classified as hedging instruments, subsequent fair value changes are accounted for by applying the specific criteria outlined below.

A derivative financial instrument is classified as a hedge if formal documentation exists of the relationship between the hedging instrument and the hedged element, including the risk management objectives, the strategy for carrying out the hedge and the methods which will be used to check the prospective and retrospective effectiveness of the hedge. The effectiveness of each hedge is verified both at the time each derivative instrument is entered into and during its life, and in particular, at the close of the financial year or interim period. Generally, a hedge is considered highly "effective" if, both at the inception and during its life, fair value changes, in the event of a fair value hedge, or hedge of expected future cash flows, in the event of cash flow hedges, in the hedged element are essentially offset by fair value changes in the hedging instrument.

IFRS 9 provides the possibility of designating the following three hedging relationships:

a) fair value hedge: when the hedge concerns the fair value changes of assets and liabilities booked to the financial statements, both the fair value changes in the hedging instrument and the changes in the object of the hedge are booked to the income statement.
b) cash flow hedges: in the event of hedges aimed at neutralising the risk of changes in cash flows originating from the future fulfilment of obligations defined contractually at the reporting date, the fair value changes in the derivative instrument recorded after the initial recognition are accounted for, limited solely to the effective portion, in the statement of comprehensive income and, therefore, in a shareholders' equity reserve called "Reserve for cash flow hedges". When the economic effects originating from the object of the hedge materialise, the portion accounted for in the statement of comprehensive income is reversed to the income statement. If the hedge is not fully effective, the change in fair value of the hedging instrument relating to the ineffective portion of the same is immediately recognised in the income statement.
c) hedge of a net investment in a foreign operation (net investment hedge).

If the checks do not confirm hedge effectiveness, as from that moment, accounting for the hedging transactions is suspended and the derivative contract is reclassified under financial assets designated at fair value through profit and loss or under financial liabilities designated at fair value through profit and loss. The hedging relationship also ceases when

- the derivative expires, is sold, cancelled or exercised,
- the element being hedged is sold, expires or is reimbursed,
- it is no longer highly probable that the future hedged transaction will be carried out.

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised from the financial statements when:

- the rights to receive the cash flows from the asset are extinguished;
- the company has transferred the right to receive the cash flows from the asset or assumed the contractual obligation to pay them in full and without delay to a third party and (a) has

transferred substantially all rights and benefits of ownership of the financial asset, or (b) has neither transferred nor retained substantially all risks and benefits of the asset, but has transferred control of it.

In cases in which the company has transferred the rights to receive the cash flows from an asset and has not substantially transferred or retained all the risks and benefits or has lost control of the asset, the asset is recognised in the company's financial statements to the extent of its continuing involvement in said asset. In this case, the company also recognises an associated liability. The asset transferred and the associated liability are measured to reflect the rights and obligations that the company has retained.

Equity investments
Equity investments in associated and jointly-controlled companies, according to IAS 28, are initially entered at cost and, following acquisition, are adjusted as a result of changes in the investor's share in the investee company's net assets. The profit or loss of the investor reflects its own share of the profit (loss) for the year of the investee and other comprehensive income (expense) of the investor reflects its own share of other comprehensive income (expense) of the investee.

According to the provisions of IFRS 9 and IAS 32, the equity investments in companies other than subsidiaries, associated companies and jointly-controlled companies are classified as assets at fair value and entered in the income statement or shareholders' equity reserve depending on whether they fall into the FVOCI or FVPL measurement categories. Gains and losses deriving from value adjustments are therefore booked to the income statement or a shareholders' equity reserve respectively.

Inventories

Inventories are measured at purchase cost, including any accessory expenses, determined in accordance with the FIFO method, and the presumed net realisable value drawn from market trends, whichever is the lower. IEG Group inventories are composed primarily of consumables and products held for sale in bars and catering services.

Cash and cash equivalents

Cash and cash equivalents include cash on hand as well as on-demand bank deposits and other treasury investments with an original envisaged maturity of no more than three months.
The definition of cash and cash equivalents of the cash flow statement corresponds to that of the balance sheet.

Provisions for risks and charges

Allocations to provisions for risks and charges are made whenever the Group must meet a present obligation (legal or implicit) as the result of a past event, whose amount can be estimated reliably and involving a probable outlay of resources to meet the obligation. If the expectations of the use of resources go beyond the next year, the obligation is booked at the present value, determined by discounting the expected future cash flows discounted at a rate which also takes into account the cost of borrowing and the risk of the liability.
Risks for which the occurrence of a liability is only possible are indicated in the appropriate section on "guarantees given, commitments and other contingent liabilities" and no allocation is made.

Employee benefits

The employee benefits provided on or after the termination of the employment contract are composed of employee severance indemnity or retirement provisions.
Law No. 296 of December 27th, 2006 "2007 Finance Law" introduced major changes to the allocation of amounts of the provision for employee severance indemnity. Until December 31st, 2006, employee severance indemnity fell under post-employment plans known as "defined-benefit plans" and were measured according to IAS 19, using the projected unit credit method carried out by independent actuaries.

This calculation consists of estimating the amount of the benefit that an employee will receive at the presumed date of termination of employment by using demographic assumptions (e.g. mortality rate and staff turnover rate) and financial assumptions (e.g. discount rate and future salary increases). The amount determined in this way is discounted and reproportioned on the basis of the length of service accrued with respect to total length of service and represents a reasonable estimate of the benefits that each employee has already accrued based on their work services.

Following said reform, the provision for employee severance indemnity, for the part accrued from January 1st, 2007, is to be considered essentially similar to a "defined contribution plan". In particular, these changes introduced the possibility for the worker to choose where to allocate their employee severance indemnity being accrued: the new flows of the employee severance indemnity can, in companies with more than 50 employees, be allocated by the worker to pre-established pension funds or maintained in the company and transferred to the INPIS (Italian National Social Security Institute).

In short, as a result of the reform on supplementary pensions, for the employee severance indemnity accrued prior to 2007, the IEG Group carried out an actuarial evaluation, without subsequently including the component relating to future salary increases. The part subsequently accrued was instead accounted for according to the methods attributable to defined contribution plans.

EC Regulation no. 475/2012 was issued in 2012, which acknowledged, at EU level, the revised version of IAS 19 (Employee Benefits) applicable, as per mandatory requirements, from January 1st, 2013 according to the retrospective method. Therefore, the IEG Group applied said revised version of IAS 19 from the date of transition to the IAS/IFRS, or January 1st, 2014.

Financial liabilities

Financial liabilities are initially recognised at their fair value, equal to the consideration received at the relevant date, augmented, in the case of payables and loans, by the directly attributable transaction costs. Subsequently, non-derivative financial liabilities are measured using the amortised cost criterion, by using the effective interest rate method.

Financial liabilities that are included in the scope of application of IFRS 9 are classified as payables and loans, or as hedging derivatives, depending on the case. The Company determines the classification of its financial liabilities on initial recognition.
Gains and losses are recognised in the income statement when the liability is extinguished as well as through the amortisation process.

The amortised cost is calculated by recognising all discounts or bonuses on the purchase and the fees or costs that are an integral part of the effective interest rate. Amortisation at the effective interest rate is included among financial charges in the income statement.
A financial liability is derecognised when the obligation underlying the liability is discharged, cancelled, or expires.
In the event that an existing financial liability is replaced by another from the same lender, in substantially different conditions, or the conditions of an existing liability substantially change, the exchange or amendment is treated as an accounting derecognition of the original liability and the recognition of a new liability, with any differences in the carrying amount recorded in the income statement.

Put options on minority interests
The Group granted put options to minority shareholders which entitle the latter to sell to the Group the shares held by them at a future date.

As regards EU-IFRS, the treatment applicable to put options regarding minority interests is not fully regulated. While, in fact, it has been established that the accounting of a put option on minority interests gives rise to the recognition of a liability, its contra-entry has not been governed. In this regard, when an entity becomes party to a contract as a result of which it assumes an obligation to pay cash or another financial asset in exchange for one of its equity instruments, in compliance with the provisions of paragraph 23 of IAS 32, it must record a financial liability. At the moment of initial recognition, the financial liability will be recognised to the extent corresponding to the amount, appropriately discounted, which must be paid for the exercise of the put option. The subsequent changes in the value of the liability will be recognised in the consolidated income statement.

In order to identify the contra-entry of the recognition of the liability, the company must evaluate whether the risks and benefits of ownership of the minority interests forming the object of the put option have been, due to the conditions of exercise of the option, transferred to the parent company or have remained with the owners of said interests. Based on the results of this analysis, it will depend whether the minority interests forming the object of the put option continue to be represented or not in the consolidated financial statements. They will be if the above-mentioned risks and benefits are not transferred to the parent company through the put option, vice versa, where the transfer has occurred, these minority interests will cease to be represented in the consolidated financial statements.

Therefore, the accounting treatment of the put options on the shares of the parent company can be summarised as follows:

- in the event in which the minority interests do not need to be represented in the financial statements given that the related risks and benefits have been transferred to the parent company, the liability relating to the put option will be recognised:
  - with a goodwill contra-entry, if the put option is recognised to the seller as part of a business combination; or
  - with contra-entry of minorities' shareholders' equity to these interests in the event in which the contract is signed outside this scope; vice versa

- if the transfer of the risks and benefits has not occurred, the contra-entry for the recognition of the aforementioned liability will always be the shareholders' equity pertaining to the Parent Company.

Tax payables for direct taxes and other liabilities
Payables are recognised at nominal value. Payables are eliminated from the financial statements when the underlying financial obligations have been extinguished.
The liabilities, if expiring after twelve months, are discounted in order to bring them back to the current value through the use of a rate as such to reflect the market evaluations of the present value of money and the specific risks connected with the liability. Discounting interest is classified under financial charges.

Hedging instruments

The IEG Group uses derivative financial instruments to hedge its exposure to interest rate risk. The Group has never owned speculative financial instruments. These financial instruments are accounted for using the rules of hedge accounting when:

- At the inception of the existing hedge, the formal designation and documentation of said hedging relationship;
- It is presumed that the hedge is highly effective;
- The effectiveness can be reliably measured and said hedge is highly effective during the designated periods.

The IEG Group applies the accounting of cash flow hedges in the event in which there is formal documentation of the hedging relationship of the changes in cash flows originating from an asset or liability or a future transaction (underlying element hedged) considered highly likely and which could impact the income statement.
The measurement criterion of the hedging instruments is represented by the fair value at the designated date. The fair value of the interest rate derivatives is determined by their market value at the designated date when it refers to future cash flow hedges. It is booked to the hedging reserve of shareholders' equity and transferred to the income statement when the underlying financial charge/income materialises.
In cases in which the instruments do not meet the required conditions for the accounting of hedging instruments set out in IAS 39, the fair value changes are booked to the income statement as financial charges/income.

Translation of foreign currency items

Transactions in foreign currency are initially recognised in the functional currency, using the spot exchange rate at the transaction date. Monetary assets and liabilities, denominated in foreign currency, are translated into the functional currency at the exchange rate at the end of the reporting period. The differences are posted to the income statement.

Treasury shares

Treasury shares are posted as a reduction in shareholders' equity. The original cost of the treasury shares and the revenues from any subsequent sales are recognised as changes in shareholders' equity.

Revenue recognition

Revenue from contracts with customers are recognised when the following conditions are verified:

- the contract with the customer has been identified;
- the performance obligations contained in the contract have been identified;
- the price has been determined;
- the price has been allocated to the individual performance obligations contained in the contract;
- the performance obligation contained in the contract has been satisfied.

The Group recognises revenues from contracts with customers when (or as) it fulfils the obligation by transferring the promised good or service (or asset) to the customer. The asset is transferred when (or as) the customer acquires control over it.

The Group transfers control of the good or service over time, and therefore fulfils the performance obligation and recognises the revenues over time, if one of the following criteria is satisfied:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- the Group's performance creates or enhances the asset (for example, work in progress) that the customer controls as the asset is created or enhanced;
- the Group's performance does not create an asset that has an alternative use to the Group and the Group has an enforceable right to payment for performance completed to the date considered.

If the performance obligation is not fulfilled over time, it is fulfilled at a point in time. In that case, the Group recognises the revenue at the moment in which the customer acquires control of the promised asset.

The Group believes that the customer acquires control of all services provided to it at the end of the event, owing to its short duration.

Operating costs

Costs are recognised when they relate to goods and services sold or consumed in the period or for systematic allocation or when their future use cannot be identified.

Personnel expenses also include, on an accruals basis, taking into account the period of actual service, the fees to directors, both fixed and variable.

Costs that do not meet the conditions to be recognised under balance sheet assets are booked to the income statement in the period in which they are incurred.

Financial income and charges

Financial income and charges are recognised according to a time criterion that takes into account the actual return/expense of the relevant asset/liability.

Dividends

Revenues for dividends are recognised when the shareholder's right to receive payment is established, which normally coincides with the date of the annual shareholders' meeting that resolves on the distribution of the dividends.

Taxes

Taxes for the period include current and deferred taxes. Income taxes are generally booked to the income statement, except where they relate to events recorded directly in shareholders' equity. In this case, the income taxes are also booked directly to shareholders' equity.

Current taxes are the taxes the company expects to have to pay on taxable income in the year and are calculated in compliance with the legislation in force at the reporting date.

Deferred tax liabilities are calculated based on the liability method applied to the temporary differences between the amounts of assets and liabilities in the consolidated financial statements and the corresponding values recognised for tax purposes. Deferred tax liabilities are calculated using tax rates that are expected to apply at the moment in which in which the asset is realised or the liability settled.

Deferred tax assets are recognised only if it is likely that taxable income sufficient for said assets to be realised will be generated in the following years.

Deferred tax assets and liabilities are only offset when there is a legal right to offset and when they refer to taxes due to the same tax authorities.

The tax provisions that may be generated by the transfer of non-distributed profit from the subsidiaries are made only when there is a real intention to transfer said profit.

USE OF ESTIMATES

The preparation of the consolidated financial statements requires Directors to use accounting principles and methods that, in some instances, require the use of complex and subjective valuations and estimates drawn from historical experience and assumptions that, in each case, are deemed to be reasonable and realistic under the circumstances existing at that time.

The use of these estimates and assumptions has an impact on the amounts reported in the financial statements, which include the statement of financial position, the income statement and the cash flow statement, as well as the explanatory notes.

The final amounts shown in the consolidated financial statements for which the above-mentioned estimates and assumptions were used may differ from the amounts reported in the financial statements of the individual companies due to the uncertainty that is inherent in the assumptions and the conditions upon which the estimates were based.

The financial statements items that, more than others, require greater subjective input by the Directors in the preparation of estimates and for which a change in the conditions underlying the assumptions used could have a material impact on the Company's separate financial statements mainly concern:

- the measurement of fixed assets (amortisation/depreciation and any write-downs due to impairment);
- the measurement of receivables;
- the recognition and quantification of contingent liabilities;
- the determination of deferred tax assets/liabilities;
- the determination of liabilities relating to "Employee severance indemnity" accrued prior to 2007, which was carried out by making use of the actuarial evaluation prepared by independent actuaries.

The parameters used to draw up the estimates are commented on in the Explanatory notes to the consolidated financial statements.

The estimates and assumptions are periodically reviewed and the impact of any change recognised immediately in the income statement.

FINANCIAL RISK MANAGEMENT

The IEG Group is exposed to financial risks related to its activities, in particular relating to the following types:

- *credit risk*, deriving from commercial transactions or financing activities;
- *liquidity risk*, relating to the availability of financial resources and access to the credit market;
- *market risk* (composed of exchange rate risk, interest rate risk, price risk), with particular reference to interest rate risk, relating to the exposure to the Group on financial instruments that generate interest.

Credit risk

The credit risk to which the IEG Group is subject falls under normal commercial activities, both owing to the fragmentation of positions and the excellent credit quality historically recorded. The positions considered at risk were, nonetheless, written down accordingly. In order to contain the risks deriving from the management of trade receivables, each company has identified an office or a person responsible for the systematic coordination of the reminder activities, managed jointly by the commercial and administrative departments, legal representatives and companies specialised in credit recovery. The software implemented by the Parent Company Italian Exhibition Group S.p.A. and used by the main subsidiaries keeps a track of each reminder.
The table below shows the breakdown by past due brackets, of the receivables past due as at December 31st, 2018 and December 31st, 2019 and the overall value of the Bad Debt Provision.

				Analysis of past due				
	Balance as at 12/31/2018	**Falling due**	**Past due**	0-90 days	91-180 days	181-365 days	Beyond 365 days	**Bad debt provision**
TRADE RECEIVABLES	**34,182**	13,020	25,101	15,412	5,041	1,012	3,849	(4,152)

				Analysis of past due				
	Balance as at 12/31/2019	**Falling due**	**Past due**	0-90 days	91-180 days	181-365 days	Beyond 365 days	**Bad debt provision**
TRADE RECEIVABLES	**33,899**	14,399	24,284	14,098	756	772	8,658	(4,784)

The bad debt provision is calculated on the basis of the criteria of presumed recoverability, through both internal evaluations and with the support of external legal representatives. For more details on changes in the Bad debt provision, please refer to Note 9) Trade receivables.

Liquidity risk

The Group believes it is fundamentally important to maintain a level of available funds suited to its requirements.

The two main factors that determine the Group's liquidity situation are, on the one hand, the resources generated or absorbed by operating and investment activities, and on the other, the maturity and renewal characteristics of the debt or of the liquidity of financial investments and market conditions.

The Group has adopted a series of policies and processes for optimising the management of financial resources, reducing liquidity risk:

- *maintenance of an adequate level of available liquidity;*
- *obtainment of adequate credit lines;*
- *monitoring of prospective liquidity conditions, in relation to the process of business planning.*

As part of this type of risk, as regards the composition of net financial indebtedness, the IEG Group tends to finance investments with medium/long-term payables, while it meets current commitments with both the cash flow generated by operations and by using short-term credit lines.

The table below shows the breakdown and maturity of financial payables and trade payables:

	Within 1 year	From 1 to 5 years	Due after 5 years	Total
12/31/2018				
Payables due to banks	17,019	44,331	33,037	94,387
Other financial liabilities	1,407	444	4,536	6,387
Trade payables	40,553			40,553
TOTAL	**58,979**	**44,775**	**37,573**	**141,327**
12/31/2019				
Payables due to banks	14,716	28,680	29,638	73,034
Financial liabilities on rights of use	3,968	12,835	13,280	30,083
Financial liabilities for put options	206	11,548	5,197	16,952
Other financial liabilities	3,916	4,401		8,317
Trade payables	34,978			34,978
TOTAL	**57,784**	**57,464**	**48,115**	**163,364**

For further information on the breakdown of the items reported in the table, please refer to Notes 15, 16, 20 and 21.

As at December 31st, 2019, the IEG Group can rely on roughly € 21.4 million of unused credit lines, cash and cash equivalents of € 22.2 million and trade receivables of € 33.9 million, for a total of € 77.5 million, compared to current payables and commitments totalling € 57.7 million.

Market risk

Exchange rate risk

The IEG Group is exposed to exchange rate risk deriving from the fluctuation in exchange rates, in particular, vis-à-vis the US Dollar for the investment made in the subsidiary FB International Inc. and the transactions carried out for the holding of the event VICENZAORO Dubai, vis-à-vis the United Arab Emirates for the investment made in the Joint Venture DV Global Link LLC, vis-à-vis the Brazilian Real for the investment made in the Joint Venture Expo Estrategia Brasil and vis-à-vis the Chinese Renmimbi for the investment made in the Joint Venture Europe Asia Global Link Exhibition Ltd.

The exchanges rates against the Euro (foreign currency for euro units) adopted to translate the items denominated in another currency are shown below:

Currency	Exchange rate as at 12/31/2019	Average exchange rate 2019	Exchange rate as at 12/31/2018	Average exchange rate 2018
United Arab Emirates Dirham	4.1257	4.111	4.2050	4.3371
US dollar	1.1234	1.1195	1.1450	1.1719
Brazilian Real	4.5157	4.4134	4.4440	4.3085
Chinese Renminbi	7.8205	7.7355	7.8751	7.8081

As at December 31st, 2019, a change of +/- 1% in the above rates versus the Euro, based on all other variables remaining the same, would not have involved significant differences to the pre-tax result and, therefore, to the corresponding variation in shareholders' equity.

The values, in US dollars, of the main items of the consolidated balance sheet are reported below:

Values in USD/000	Values as at 12/31/2019
Intangible fixed assets	5,290
Property, Plant and Equipment	4,953
Receivables from customers	5,062
Tax receivables and deferred tax assets	491
Other receivables	72
Cash and cash equivalents	2,189
Financial payables for rights of use	(2,573)
Other financial payables	(498)
Trade payables	(4,613)
Tax payables	(34)
Other payables	(113)
Accrued expenses and deferred income	(2,352)

Interest rate risk

In order to carry out its activities, the Group obtains finance on the market by taking out primarily floating rate debt (linked to the Euribor), hence exposing itself to the risk deriving from an increase in interest rates.

The objective of interest risk management is to limit and stabilise flows of expenses due to interest paid primarily on medium-term payables to ensure close correlation between the underlying and the hedging instrument.

The hedging activity, evaluated and decided on a case by case basis, is carried out predominantly through derivative contracts targeted at transforming a variable rate to a fixed rate.

In 2019, following a hypothetical increase or decrease of 100 basis points in the interest rate, based on all other variables remaining the same, the higher or lower pre-tax charge (and therefore a corresponding change in shareholders' equity) would have been for an insignificant amount.

Price risk

The type of activity performed by the Group, essentially represented by the provision of services that do not require a process of purchase-transformation of assets, is such that the risk of fluctuations in prices is not particularly significant. The majority of the purchases made in relation to business activities is represented by the provision of service whose value is not immediately influenced by macroeconomic changes in the prices of the main commodities. In addition, as stated in relation to exchange rate risk, sales are almost all in the accounting currency and purchases not in Euro are negligible.

For the sake of complete disclosure, it should be noted that, as at December 31st, 2019, the Group is exposed to a minimal extent to the price risk associated with investments in listed equities, as it has made a small investment in the shares of the company Gambero Rosso, classified to the financial statements under financial assets at "Fair Value through Profit & Loss".

Fair Value

IFRS 13 defines the following three levels of fair value to which to refer the measurement of financial instruments recognised in the statement of financial position.

- Level 1: Prices quoted on an active market;
- Level 2: Inputs other than the listed prices described for Level 1, which can be directly (price) or indirectly (price derivatives) observed on the market;
- Level 3: Inputs that are not based on observable market data.

The following tables show the classification of financial assets and liabilities and the level of inputs used for the fair value measurement, as at December 31st, 2019 and December 31st, 2018.

12/31/2019						
in euro/000	Notes	Fair value level	Amortised cost	Fair value through OCI	Fair value through profit and loss	Total
ASSETS						
Other equity investments	4	2-3		10,848	25	10,873
Non-current financial assets	7	1-2	1,320		44	1,364
Other non-current assets	8		152			152
Trade receivables	10		33,899			33,899
Current financial assets	12	2	1,636			1,636
Other current assets	13		5,856			5,856
Cash and cash equivalents	14		22,198			22,198
TOTAL ASSETS			**65,062**	**10,848**	**56**	**75,979**
LIABILITIES						
Non-current payables due to banks	16		58,318			58,318
Other non-current financial liabilities	18	2	43,354	549	4,679	48,582
Other non-current liabilities	21		2,300			2,300
Current payables due to banks	16		14,601			14,601
Other current financial liabilities	23		8,204			8,204
Trade payables	24		34,978			34,978
Other current liabilities	26		48,554			48,554
TOTAL LIABILITIES			**210,311**	**549**	**4,679**	**215,539**

12/31/2018						
in euro/000	Notes	Fair value level	Amortised cost	Fair value through OCI	Fair value through profit and loss	Total
ASSETS						
Other equity investments	4	2-3		11,016		11,016
Non-current financial assets	7	1-2	1,783		43	1,826
Other non-current assets	8		117			117
Trade receivables	10		34,182			34,182
Current financial assets	12		523			523
Other current assets	13		8,161			8,161
Cash and cash equivalents	14		29,479			29,479
TOTAL ASSETS			**74,245**	**11,016**	**43**	**85,304**
LIABILITIES						
Non-current payables due to banks	16		61,649			61,649
Other non-current financial liabilities	18	2	15,720	75	4,461	20,256
Other non-current liabilities	21		2,494			2,494
Current payables due to banks	16		16,918			16,918
Other current financial liabilities	23		1,951			1,951
Trade payables	24		40,552			40,552
Other current liabilities	26		51,400			51,400
TOTAL LIABILITIES			**190,686**	**75**	**4,461**	**195,222**

Change in liabilities deriving from financing activities

The reconciliation of liabilities deriving from financing activities, as reported in the cash flow statement, for the period ended as at December 31st, 2019 and December 31st, 2018 is reported below. For December 31st, 2019, it should be noted that the fair value changes in Other non-current financial payables refer primarily to the worsening in the MTM value of the derivative subscribed on November 4, 2011 with Banca Popolare di Vicenza, now banca Intesa Sanpaolo S.p.A.; while the other non-monetary changes include the impacts of the introduction of the new accounting standard, IFRS 16, on current and non-current financial payables and the change in payables for put options (for more details, please refer to Notes 16, 17, 21 and 22 of this document).

In Euro/000	Balance as at December 31st, 2018	Change in cash flow	Change in fair value	Other non-monetary changes	Change in scope of consolidation	Balance as at December 31st, 2019
Current bank payables	16,918	(2,317)				14,601
Non-current bank payables	61,648	(3,331)				58,318
Other current financial payables	2,224	1,014		3,968		8,205
Other non-current financial payables	21,042	16,072	691	26,832		48,582

In Euro/000	Balance as at December 31st, 2017	Change in cash flow	Change in fair value	Other non-monetary changes	Change in scope of consolidation	Balance as at December 31st, 2018
Current bank payables	7,888	3,840			5,191	16,918
Non-current bank payables	52,040	7,936			1,672	61,649
Other current financial payables	534	1,690				2,224
Other non-current financial payables	5,192	(181)	(203)	16,235		21,042

OPERATING SEGMENTS

An operating segment is defined by IFRS 8 as a component of the entity that: i) carries out business activities which generate revenues or costs (including revenues or costs regarding transactions with other components of the same entity); ii) whose operating results are periodically reviewed by the entity's highest operating decision-maker for the purposes of taking decisions regarding resources to be allocated to the segment and the assessment of results; iii) for which separate financial statements information is available.

For the purposes of IFRS 8 - Operating segments, the activities performed by the Group are incorporated in a single operating segment.

In fact, the Group structure identifies a strategic and unitary business vision and this representation is consistent with the methods used by management to take its decisions, allocate resources and define the communication strategy, making the assumptions of a division-based business drive financially ineffective at the current state of play.

CONSOLIDATION PRINCIPLES

Subsidiaries

Companies are defined as subsidiaries when the Parent Company has the power, directly or indirectly, to exercise management so as to obtain the benefits from the exercise of said activities. More specifically, control is obtained when the Group is exposed, or has the right to variable returns deriving from its involvement with the entity invested in and, in the meantime, is also able to impact those results by exercising its power over that entity. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. the Group has existing rights that give it the ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to exercise its power over the entity invested in to impact the amount of its returns.

Generally, the assumption is that the majority of voting rights entails control. Supporting this assumption, and when the Group holds less than the majority of voting rights (or similar rights), the Group considers all the relevant facts and circumstances to establish whether it controls the entity invested in, including:

- contractual agreements with other holders of voting rights;
- rights deriving from contractual arrangements;
- voting rights and potential voting rights of the Group.

The Group reconsiders whether it has control over an investee if the facts and circumstances indicate that there have been changes in one or more of the three relevant factors for the purpose of defining control.

The financial statements of subsidiaries are consolidated on a line-by-line basis from the moment of the acquisition of control until the date of its cessation. According to the provisions of IFRS 3, subsidiaries acquired by the Group are accounted for using the acquisition method, based on which:

- the consideration transferred in a business combination is measured at fair value, determined as the sum of the fair values of the transferred assets and liabilities assumed by the Group at the acquisition date and the capital instruments issued in exchange for the control of the acquired entity; transaction accessory expenses are booked to the income statement at the moment they are incurred;
- the excess of the acquisition cost with respect to the market value of the amount pertaining to the Group of the net assets is recorded as goodwill;
- if the acquisition cost is lower than the fair value of the amount pertaining to the Group of the net assets of the acquired subsidiary, the difference is recognised directly in the income statement.

The reciprocal payables and receivables, costs and revenues between consolidated companies and the effects of all significant transactions between them were eliminated.

In particular, profits still not yet realised with third parties deriving from intercompany transactions were eliminated.

The portion of shareholders' equity attributable to minority interests is recognised in a specific item, while their portion of net income is shown separately in the consolidated income statement.

Associated companies

Associated companies are those over which the Group exercises significant influence, but in which they do not have management control.

This influence is presumed to exist when the Group holds between 20% and 50% of voting rights. The consolidated financial statements include the share of profits and losses of associated companies, measured using the equity method from the date on which significant influence over management was obtained, up until its cessation.

The portion pertaining to the Group of profits or losses following the acquisition of associated companies is recognised in the income statement.

The equity investment in associated companies is accounted for based on the acquisition method and any excess of the acquisition cost with respect to the portion pertaining to the Group of the current value of the net assets of the acquired entity is included in the value of the equity investment.

Joint ventures

These are companies in which the Group shares contractually established control, or for which there are contractual agreements under which two or more parties undertake an economic activity subject to joint control. Equity investments in jointly controlled companies are valued using the equity method.

SCOPE OF CONSOLIDATION AND ITS CHANGES

The consolidated financial statements as at December 31st, 2019 include the income statement and balance sheet figures of Italian Exhibition Group S.p.A. (Parent Company) and all companies which it directly or indirectly controls.

The company year of Italian Exhibition Group S.p.A. and all the Group companies is the calendar year (1/1 - 12/31).

The consolidated financial statements have been drafted on the basis of the accounting positions as at December 31st, 2019 prepared by the consolidated companies and adjusted, where necessary, in order to bring them into line with the accounting standards and classification criteria of the Group compliant with the IFRS.

The list of the equity investments included in the scope of consolidation, with an indication of the method used for consolidation is provided in attachment 1 of the Explanatory notes.

The balance sheet and income statement figures as at December 31st, 2019 also include the share of profits and losses of companies measured using the equity method on the date on which the company gained its significant influence over management up to its cessation.

The scope of consolidation as at December 31st, 2019 does not differ from that as at December 31st, 2018. By contrast, with respect to the previous year, note that the income statement of the IEG Group includes the results of Prostand S.r.l. and Colorcom S.r.l. (merged into Prostand S.r.l., effective from April 1st, 2019, backdated to January 1st, 2019 for accounting and tax purposes) which joined the Group on September 1st, 2018 and the additional two months of FB International Inc., consolidated for the first time on March 1st, 2018.

As regards associated companies and joint ventures it should be noted that:

- On February 26th, 2019, the company Destination Services S.r.l. was incorporated, a jointly controlled company that will handle the promotion and organisation of tourist services;
- On April 18th, 2019, Fairsystem S.r.l. was placed into liquidation and on December 9th, 2019, the liquidation financial statements and distribution plan were approved by the Shareholders' Meeting;
- During the year, Prostand S.r.l. acquired an additional 1.5% stake in Cesena Fiere S.r.l..

BUSINESS COMBINATIONS

On October 10th, 2019, the Parent Company finalised the purchase of the business unit of FIMAST - Fiera Internazionale Macchine ed Accessori del Settore Tessile (International Textile Machinery and Accessory Trade Show), comprising the set of organised assets for the exercise of the organisation, management and economic use of the biennial event by the same name held on even-numbered years. The purchase price was set at € 150 thousand, paid in cash, and a variable portion equal to 9% of total turnover, calculated at € 55 thousand - net of VAT, where due - actually collected by Italian Exhibition Group S.p.A., deriving from the 2020 edition of the trade fair, and in any case, at an amount not exceeding € 25 thousand. The difference between the fair value of the net assets acquired and the fair value of the agreed consideration was allocated provisionally, as permitted by IAS 36, to goodwill for an amount of € 205 thousand.

On December 18th, 2019, IEG S.p.A. completed the purchase from Fiera di Forlì S.p.A. of the business unit comprising the set of organised assets for the exercise of the organisation, management and economic use of the event Fieravicola, the biennial held on odd-numbered years, for a value of € 800 thousand, paid fully in cash. The following table shows the provisional values of the transaction in question

Euro/000	Book values at the acquisition date	Fair value at the acquisition date (provisional values)
Intangible fixed assets	0	750
Property, Plant and Equipment	50	0
Total net assets acquired	**50**	**750**
Cost of the acquisition		**800**
Goodwill		**50**

Effective from March 1st, 2018, the Parent Company, through IEGUSA Inc., finalised the purchase of 51% of shareholdings in FB International Inc and, during the year, completed the "Purchase Price Allocation" process, as set forth in international accounting standard IFRS 3 Revised in relation to the provisional goodwill that emerged as at June 30th, 2018 from the acquisition of FB International Inc. amounting to USD 5,315 thousand (€ 4,367 thousand).

Through the evaluations performed at the time of the PPA, no intangible assets separable from the goodwill itself were identified. By contrast, the fair value of the consideration paid, which went from USD 6,885 thousand to USD 6,859 thousand, was re-stated, a reduction which occurred as a result of the definition of the definitive value of a liability for which the seller had to indemnify IEG USA. As a result, the definitive value of the goodwill stood at USD 5,290 thousand, which, based on the EUR/USD exchange rate as at December 31st, 2019, stood at € 4,708 thousand (€ 4,620 thousand at the exact exchange rate on March 1st, 2018).

The goodwill that emerged from the acquisition of FB International Inc. was tested for impairment at IEG Group level consistently with the synergies expected from the aggregation that is expected to bring benefits for the Group. In line with the provisions of IAS 36, paragraph 80, the IEG Group:

a) represents the minimum level in which the goodwill deriving from the FB Business Combination will be monitored for internal management purposes and

b) is not larger than the single operating segment determined in compliance with IFRS 8 Operating segments.

The following table shows the values defined for the transaction in question, expressed in thousands of USD.

FB International Inc - USD/000	Book values at the acquisition date	Fair value at the acquisition date (*definitive values)*
Property, Plant and Equipment	1,775	1,775
Non-current financial assets	8	8
Trade receivables	6,317	6,317
Other current assets	59	153
Cash and cash equivalents	1,245	1,245
Deferred tax liabilities	(7)	(7)
Current payables due to banks	(430)	(430)
Trade payables	(4,659)	(4,659)
Tax payables for direct taxes	(4)	(404)
Other current liabilities	(2,193)	(920)
Total net assets acquired	**2,111**	**3,078**
Minority interests designated at fair value (49%)		**(1,508)**
Cost of the acquisition		**6,860**
Goodwill		**5,290**
Goodwill translated to EURO as at March 1st, 2018		***4,620***

As of September 1st, 2018, the Parent Company finalised the purchase of 80% of the shareholding of Prostand S.r.l., which at the same time, acquired 100% of Colorcom S.r.l. on the same date.

During the period, the "Purchase Price Allocation" process was completed, as set forth in international accounting standard IFRS 3 Revised in relation to the provisional goodwill that emerged as at September 1st, 2018 following the above-cited acquisition, amounting to € 9,166 thousand.

Through the evaluations performed at the time of the PPA, no intangible assets separable from the goodwill itself were identified. Instead, the fair values of the amounts acquired were recalculated, and fell from € 1,885 thousand to € 1,060 thousand due to the correct identification of payables due to the selling shareholders as several amounts acknowledged as theirs and paid by Prostand, were initially fully recognised to remunerate their work for the company, whereas, following analyses conducted, they were more consistently allocated to the acquisition price. As a result, the definitive value of the goodwill stood at € 8,860 thousand.

The following table shows the values defined for the transaction in question, expressed in thousands of Euro.

Consolidated Prostand Colorcom - EUR/000	(A) Book values at the acquisition date	(B) Fair value at the acquisition date (definitive values)
Intangible fixed assets	5,187	233
Property, Plant and Equipment	7,125	6,961
Equity investments	959	959
Deferred tax assets	0	319
Inventories	542	542
Receivables	9,303	9,025
Cash and cash equivalents	1,117	1,117
Accrued income and prepaid expenses	446	446
Payables for Employee severance indemnity	(865)	(939)
Payables due to shareholders for loans	(676)	(676)
Other payables due to shareholders	0	(1,144)
Payables due to banks	(6,510)	(6,510)
Payments on account	(1,286)	(1,286)
Trade payables	(6,808)	(6,808)
Payables to parent company	(224)	(224)
Tax payables	(106)	(106)
Payable due to social security institutions	(88)	(88)
Other payables	(511)	(511)
Accrued expenses and deferred income	(250)	(250)
Total net assets acquired (Shareholders' equity)	**7,356**	**1,060**
Minority interests designated at fair value (20%)		**212**
Cost of the acquisition (60% share)		**7,408**
Put Option Fair Value at fixed price (20% share)		**2,300**
Goodwill (final value)		**8,860**

Cost of the acquisition (final):

Cash consideration	5,926
Cash consideration deferred short term (retained as guarantee)	494
Cash consideration deferred long term (retained as guarantee)	988
Total cost of the acquisition 60% (final)	**7,408**
Put option for purchase of additional 20% Historic Prostand shareholders discounted	2,300
Total cost of the acquisition (final)	**9,708**

FIRST-TIME APPLICATION OF NEW ACCOUNTING STANDARDS

Starting from January 1st, 2019, the Group complied with new IFRS 16 – Leases for all leases that, in exchange for a consideration, confer the right to control the use of a specified asset for a given period of time - with the exception of a lease with a duration of less than 12 months and leases in which the underlying asset is a of low value - according to the provisions of paragraphs 5, B3-B8 of the standard. The duration of the lease has been defined on the basis of the term established contractually and, where required, the reasonable certainty of exercising (or not) the options of extension and suspension of the contract, by considering all pertinent facts and circumstance that create a financial incentive for the lessee to exercise the option.

The Group has applied the standard by using the simplified retrospective method, by measuring, for leases classified previously as operating leases, the lease liability at the present value of the payments due contractually at the date of stipulation of the contract, discounted using the marginal financing rate of the lessee as at January 1st, 2019, and recognising the asset consisting of the right of use for an amount equal to the initial value of the discounted liability net of the accumulated depreciation from the date of stipulation of the contract to the date of initial application of this standard. In addition, the data of the comparative period have not been re-stated. It should be noted that it is preferable to use the marginal financing rate of the lessee with respect to the implicit interest rate of the leases, given the latter is not easy to determine. As indicated in the standard, the variable amounts to be paid on verification of given future conditions were not included in the asset for right of use and in the associated discounted liability.

For sub-leases, the Group recognised a financial leasing receivable at the present value of the collections due contractually at the date of stipulation of the contract, using the same marginal financing rate applied for the related lease and cancelling the asset consisting of the right of use relating to the lease.

In particular, the amount of net assets (Right of use) booked on the date of initial application amounts to € 30.3 million (net property, plant and equipment of € 29.8 million and deferred tax assets of € 0.6 million) and the amount of financial lease liabilities of € 32 million. Subsequently, the cumulative effects adjusting the opening balance as at January 1st, 2019 on shareholders' equity came to € 1.8 million.

In this annual financial report, the amount of assets relating to rights of use have been included under the item Property, Plant and Equipment in the statement of financial position and lease liabilities under the new item Financial liabilities for rights of use (current and non-current).

The leases stipulated by the Group are essentially attributable to leases of property, land and vehicles.

The group has chosen to apply the following practical expedients set forth in the accounting standard:

- for the discounting of the flows of future payments, both the lease components and the non-lease components of existing leases (as indicated in paragraph 15 of the standard) were considered;
- recognition in shareholders' equity of the accumulated retroactive effect due to the application of this standard as at January 1st, 2019, without re-stating the data of the comparative period as set forth in the simplified approach (indicated in paragraphs C7 – C13);
- aggregation of a leasing portfolio with reasonably similar characteristics (such as leases with a similar residual duration for a similar category of underlying asset).

The impacts that were acknowledged in the group's consolidated financial statements as at January 1st, 2019 and the situation as at December 31st, 2019 are summarised below:

(+) sign = Debit

(-) sign = Credit

Values in Euro/000	**01/01/2019 pre IFRS 16**	**Impact of IFRS 16**	**01/01/2019**	**12/31/2019 pre IFRS 16**	**impact of IFRS 16**	**12/31/2019**
BALANCE SHEET						
Net property, plant and equipment	182,315	29,786	212,101	183,324	25,849	209,173
Deferred tax assets	991	562	1,553	1,286	655	1,940
Current financial receivables	0	0	0		164	1,636
Non-current financial receivables	0	0	0		840	1,364
Accrued expenses and deferred income	(1,983)	(130)	(2,113)	(641)	(137)	(778)
Trade payables	(40,553)	0	(40,553)	(35,419)	441	(34,978)
Current financial payables	(2,224)	(3,219)	(5,442)	(4,237)	(3,968)	(8,205)
Non-current financial payables	(21,042)	(28,829)	(49,871)	(22,467)	(26,115)	(48,582)
Accumulated losses of shareholders of the parent company	4,232	1,696	5,928	(19)	1,700	1,680
Share capital and reserves attributable to minority interests	(2,043)	134	(1,909)	(2,509)	134	(2,374)
INCOME STATEMENT						
Revenues from sales				(178,710)	109	(178,601)
Costs for use of third-party assets				4,349	(3,856)	492
Amortisation/depreciation				13,069	3,491	16,559
Financial income and charges				3,281	784	4,065
Income taxes				7,179	(91)	7,088
Total impact on the result for the year				**(13,073)**	**436**	**(12,637)**

The difference between the commitments indicated in the financial statements as at December 31st, 2018 relating to operating leases and rentals and liabilities deriving from the impact of IFRS 16 as at January 1st, 2019 indicated in this interim financial report is reported below:

Values in Euro/000	Values as at 12/31/2018	Values as at 01/01/2019 (financial liabilities booked to the financial statements due to IFRS 16)	Differences
Current financial commitments	(3,259)	(3,219)	(40)
Non-current financial commitments	(29,516)	(28,829)	(687)
Total commitments	**(32,775)**	**(32,048)**	**(727)**

The differences indicated refer primarily to the different considerations of the duration of contracts drawn up at the time of the analysis of the existing contracts at the date of the adoption of the new accounting standard.

It should be noted that the fees relating to leases with a duration of less than 12 months as at December 31st, 2019 came to € 383 thousand. The amount of variable payments incurred in 2019 following the verification of given future conditions was € 109 thousand.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM JANUARY 1ST, 2019 OR APPLICABLE EARLY

In 2019, the IEG Group adopted the following new accounting standards, amendments and interpretations, revised by the IASB.

- Annual Improvements to IFRSs 2015-2017 Cycle: acknowledges the amendments to some standards as part of the annual process for their improvement. The main amendments, which did not impact the IEG Group's financial statements, concern:
    - IFRS 3 Business Combinations and IFRS 11 Joint Arrangements: the amendment clarifies that, at the moment in which an entity obtains control of a business that represents a joint operation, it must remeasure the interest previously held in said business. By contrast, this process is not envisaged in the case of obtainment of joint control.
    - IAS 12 Income Taxes: the amendment clarifies that all the tax effects linked to dividends (including payments on financial instruments classified under shareholders' equity) should be accounted for consistently with the transaction that generated said profits (income statement, OCI or shareholders' equity).
    - IAS 23 Borrowing costs: the amendment clarifies that, in the case of loans that remain outstanding also after the qualifying asset is ready for use or for sale, these become part of the group of loans used to calculate borrowing costs.
- *Amendment to IAS 19 – Plan Amendment, curtailment or settlement.* This document clarifies that, if there is a change to a defined benefit pension plan, the estimate of the plan must be updated on the basis of updated assumptions, in order to determine the current service cost and the net interest for the rest of the reference period after modification of the plan itself. Up until now, IAS 19 did not specify how to determine these expenses for the period after the plan change. By requiring the use of updated assumptions, the amendments are expected to provide useful information to financial statements users. The new interpretation applies from January 1st 2019. The amendment in question did not have any effects on the IEG Group's financial statements.
- *Amendment to IAS 28 – Long-term Interests in Associates and Joint Ventures.* This document clarifies the need to apply IFRS 9, including the requirements related to impairment, to other long-term interests in associated companies and joint ventures for which the equity method is not applied. The amendment applies from January 1st, 2019 but early application is allowed. The amendment in question did not have any effects on the IEG Group's financial statements. The amendment in question did not have any effects on the IEG Group's financial statements.
- *IFRIC 23 – Uncertainty over Income Tax Treatments.* The document addresses the issue of uncertainties over income tax treatment and requires the uncertainties in determining tax assets or liabilities to be reflected in the financial statements solely where it is likely that the entity will pay or recover the amount in question. In addition, the document does not contain any new disclosure obligation, but stresses that the entity must establish whether it is necessary to provide information on the considerations reached by the management and relating to the uncertainty over the accounting of taxes, in accordance with IAS 1. The new interpretation applies from January 1st, 2019, but early application is allowed. The amendment in question did not have any effects on the IEG Group's financial statements.
- *Amendment to IFRS 9 – Prepayment Features with Negative Compensation*. This document specifies that a debt instrument that provides an early repayment option could respect the characteristics of contractual cash flows ("SPPI" test) and, subsequently, could be valued using

the amortised cost method or fair value through other comprehensive income also in the event in which the "reasonable additional compensation" envisaged in the case of early repayment is a "negative compensation" for the lender. The amendment applies from January 1st, 2019 but early application is allowed. The amendment in question did not have any effects on the IEG Group's financial statements.

- On January 13th, 2016, IASB published the standard IFRS 16 Leases which is going to replace the standard IAS 17 – Leases, as well as the interpretations IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The new standard provides a new definition of lease and introduces a criterion based on the control (right of use) of an asset to distinguish lease contracts from service contracts, identifying the following as discriminants: the identification of the asset, the right to replace the same, the right to substantially obtain all of the economic benefits resulting from the use of the asset and the right to direct the use of the asset underlying the contract. The standard establishes a single model for the recognition and measurement of leases for the lessee that involves the recognition of the asset subject to lease, including operating lease, under assets with a contra-item in the form of a financial payable, also providing the possibility of not recognising as a lease contracts involving "low-value assets" and leases with a contract duration or less than 12 months. On the contrary, the standard does not include significant changes for lessors. The standard applies from January 1st, 2019 but early application is allowed, only for companies that have already applied IFRS 15 – Revenue from Contracts with Customers. The impacts on the IEG Group's financial statements of the application of this standard are detailed extensively in this document.

NEW IFRS AND IFRIC ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPLICABLE AND NOT ADOPTED EARLY BY THE IEG GROUP

The following new accounting standards, amendments and interpretations, approved by the competent bodies of the European Union. The IEG Group is assessing the impacts that the application of these will have on the consolidated financial statements. The new accounting standards, amendments and interpretations will be adopted according to the effective dates of introduction as reported below.

- Amendment to IAS 1 and to IAS 8: *Definition of Material*. This document was issued by the IASB on October 31st, 2018 and provides a different definition of "material", i.e: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary user of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". These amendments will be applicable for years beginning on January 1st, 2020 and thereafter. Early application is allowed.

The following accounting standards, updates, interpretations and amendments to accounting standards, already approved by the IASB, are also in the process of being acknowledged by the competent bodies of the European Union:

- Amendment to IFRS 9, IAS 39 and IFRS 7- *Interest Rate Benchmark Reform.* The standard amends some of the specific hedge accounting requirements in order to mitigate the effects on financial statements of the uncertainty of the reform of benchmark interest rates for the majority of financial instruments (so-called "IBOR"). In addition, the publication requires companies to provide a disclosure for the benefit of investors regarding the impacts the reform will have on existing hedging instruments. This amendment will enter into force on January 1st, 2020. Early application is allowed.

- *IFRS 17 – Insurance Contracts*. The objective of the new standard is to ensure that an entity provides relevant information that faithfully represent the rights and obligations from insurance contracts issued. The IASB developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies by providing a single principle-based framework to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The new standard also specifies presentation and disclosure requirements to enhance comparability between insurers. The standard applies from January 1st, 2021 but early application is allowed, only for entities that have already applied IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers.

- Amendment to IFRS 3 – *Business combinations*. This document, issued by the IASB on October 22nd, 2018, is targeted at resolving the difficulties that arise when an entity determines whether it has acquired a company or a group of assets. These amendments are effective for business combinations for which the date of acquisition is effective on or after January 1st, 2020. Early application is allowed.

Lastly, it should be noted that, for the following standards and interpretations, the EU approval process has been suspended indefinitely:

- IFRS 14 – *Regulatory Deferral Accounts*, the interim standard related to the Rate-regulated activities project. IFRS 14 permits only first-time adopters of IFRS to continue to account for regulatory deferral account balances in accordance with their previous GAAP. To improve comparability with entities that already apply IFRS and do not recognise these balances, the standard requires regulatory deferral account balances to be presented separately from other items. The standard applies as of January 1st, 2016.

- Amendment to IFRS 10 and to IAS 28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*. On September 11th, 2014, the IASB published the amendments in question which seek to eliminate the conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction that involves an associate or a joint venture the extent to which it is possible to recognise a profit or a loss depends on whether the asset to be sold or transferred is a business. On February 12th, 2016, the IASB indefinitely postponed the effectiveness of the amendment, following the postponement of the amendment's approval procedure.

COMMENTS ON MAIN ASSET ITEMS

NON-CURRENT ASSETS

1) Property, Plant and Equipment

The tables below indicate the changes in the last two financial years.

	Balance as at 12/31/2017	Changes in 2018						Balance as at 12/31/2018
		Increases	Decreases	Depreciation	Transfers	Exchange rate effect	Change In Scope of Consolidation	
Land and buildings								
Book value	251,530	2,039			5,648		18	259,234
Depreciation	(100,008)			(4,936)			(6)	(104,950)
Total land and buildings	**151,522**	**2,039**	**0**	**(4,936)**	**5,648**	**0**	**11**	**154,284**
Plant and machinery								
Book value	71,742	1,405	(3)	0	1,874		640	75,658
Depreciation	(63,017)		3	(1,666)	8		(391)	(65,063)
Total plant and machinery	**8,725**	**1,405**	**0**	**(1,666)**	**1,882**	**0**	**249**	**10,595**
Industrial and commercial equipment								
Book value	14,299	2,656	(1,158)		126		17,456	33,378
Depreciation	(12,838)		1,067	(1,647)	75	(10)	(10,041)	(23,394)
Total industrial and commercial equipment	**1,461**	**2,656**	**(91)**	**(1,647)**	**200**	**(10)**	**7,414**	**9,984**
Other assets								
Book value	18,381	1,596	(24)				1,842	21,796
Depreciation	(13,734)		21	(944)	(73)	(3)	(1,004)	(15,737)
Total Other assets	**4,647**	**1,596**	**(3)**	**(944)**	**(73)**	**(3)**	**838**	**6,059**
Fixed assets under construction and payments on account								
Book value	7,720	1,331			(7,658)			1,393
Total fixed assets under construction and payments on account	**7,720**	**1,331**	**0**	**0**	**(7,658)**	**0**	**0**	**1,393**
TOTAL	**174,075**	**9,027**	**(94)**	**(9,193)**	**0**	**(13)**	**8,512**	**182,315**

	Balance as at 12/31/2018	Changes in 2019								Balance as at 12/31/2019
		Increases	Changes IFRS 16	Decreases/ Write-downs	Dep.	Dep. IFRS 16	Transf.	Exchange rate effect	Changes in scope of consol.	
Land and buildings										
Book value	259,234	1,221	38,471	(40)			315			299,201
Depreciation	(104,949)	(2)	(9,369)		(4,982)	(3,422)	0	2		(122,722)
Total land and buildings	**154,284**	**1,218**	**29,102**	**(40)**	**(4,982)**	**(3,422)**	**315**	**2**	**0**	**176,479**
Plant and machinery										
Book value	75,657	1,957		(74)			(10)			77,531
Depreciation	(65,062)			29	(1,858)		22		4	(66,865)
Total plant and machinery	**10,595**	**1,957**	**0**	**(45)**	**(1,858)**	**0**	**13**	**0**	**4**	**10,666**
Industrial and commercial equipment										
Book value	33,307	2,328		(316)	0		(203)	41		35,158
Depreciation	(23,324)	0		276	(3,064)		203	(10)	(1)	(25,919)
Total industrial and commercial equipment	**9,984**	**2,328**	**0**	**(39)**	**(3,064)**	**0**	**0**	**31**	**(1)**	**9,239**
Other assets										
Book value	21,796	1,966	322	(112)			419	(17)		24,374
Depreciation	(15,737)		(84)	83	(1,207)	(69)	(318)	(12)	(4)	(17,349)
Total Other assets	**6,059**	**1,966**	**238**	**(30)**	**(1,207)**	**(69)**	**100**	**(29)**	**(4)**	**7,025**
Total fixed assets under construction and payments on account	**1,393**	4,717					(346)			**5,764**
TOTAL	**182,315**	**12,187**	**29,340**	**(154)**	**(11,112)**	**(3,491)**	**82**	**5**	**0**	**209,173**

The net value of "**Land and buildings**" as at December 31st, 2019 amounts to roughly € 176 million, a net increase of € 22 million. The increases, amounting to roughly € 30 million, are almost entirely attributable to the application of new accounting standard IFRS 16 (please refer to the paragraph "First-time application of new accounting standards" for further details), while for € 1.2 million they are attributable to the parent company's investments for the construction of new offices (€ 434 thousand), for the construction of new toilets in the Rimini office (€ 241 thousand), for the purchase of areas of land adjacent to the Vicenza trade fair district (€ 117 thousand) and for further improvements to the two trade fair hubs for € 368 thousand.

The net value of "**Plant and machinery**" as at December 31st, 2019 amounts to roughly € 10.6 million, a net increase of € 71 thousand. The increases in 2019, totalling € 1.9 million, refer primarily to the Parent Company's investments totalling € 1.3 million, mainly in creating a climate and lighting monitoring system and the creation of installations for offices and pavilions. The item also includes the investments of the companies of the Prostand Group for the purchase of production machinery for € 506 thousand and specific plants and investments made by the company Summertrade for the purchase and installation of new equipment in the Rimini office and in the Riva del Garda premises for a total of € 143 thousand.

The item "**Industrial and commercial equipment**", with a balance of € 9.2 million, recorded a net decrease of € 745 thousand. The increase in the year, amounting to € 2.3 million, refers primarily to the investments made for the most part by stand-fitting companies for the purchase of structures for the construction of trade fair stands, of which € 964 thousand relating to Prostand S.r.l. and € 899 thousand to FB International Inc. The residual portion relates to investments by the Parent Company in technological equipment (ledwall and monitors), fire prevention systems and other equipment for trade fair pavilions.

The category "**Other assets**", amounting to roughly € 7 million, recorded a net increase of € 966 thousand and an increase of € 2.2 million, composed primarily of € 322 thousand deriving from the application of IFRS 16 and € 1.9 million from:

- investments by the Parent Company, of which € 193 thousand relating to office machines, € 281 thousand relating to improvements made to the leased offices in Milan and furnishings for the modernisation of the new offices in the Rimini site, € 147 thousand for vehicles and € 428 thousand in network systems and sundry materials;
- investments by Summertrade S.r.l., of which € 447 thousand was mainly due to the purchase of new vehicles for the transport of meals, foodstuffs and equipment and the purchase of new cash terminals for the adjustment into line with the electronic management of the flow of payments, € 53 thousand for furniture and fittings;
- investments by the subsidiary FB International Inc. totalling € 365 thousand relating primarily to stand fittings, IT equipment and furniture;

Lastly, the item "**Fixed assets under construction and payments on account**", registered a net increase of € 4.7 million, attributable entirely to projects for the expansion/refurbishment of the Parent Company's "venues". The item also recorded a transfer of € 346 thousand for the entry into operation of the new offices at the Rimini site.

2) Intangible fixed assets

	Balance as at 12/31/2017	Changes in 2018: Increases	Decreases	Amortisation	Transfers	Change in scope of consolidation	Balance as at 12/31/2018
Industrial patent and intellectual property rights							
Book value	3,362	225					3,587
Accumulated amortisation	(2,980)			(230)			(3,210)
Total industrial patent and intellectual property rights	**382**	**225**	**0**	**(230)**	**0**	**0**	**377**
Concessions, licenses, trademarks and similar rights							
Book value	11,021					8	11,029
Accumulated amortisation	(1,980)			(477)			(2,457)
Total concessions, licenses, trademarks and similar rights	**9,040**	**0**	**0**	**(477)**	**0**	**8**	**8,572**
Goodwill	**8,402**	**13,489**	**0**	**0**	**(99)**	**0**	**21,792**
Book value	4,544	347			99	225	5,214
Accumulated amortisation	(2,627)			(556)			(3,183)
Total other intangible fixed assets	**1,917**	**347**	**0**	**(556)**	**99**	**225**	**2,031**
TOTAL INTANGIBLE FIXED ASSETS	**19,742**	**14,060**	**0**	**(1,263)**	**0**	**233**	**32,771**

	Balance as at 12/31/2018 (*)	Changes in 2019: Net increases	Write-downs	Amortisation	Transfers	Exchange rate effect	Balance as at 12/31/2019
Industrial patent and intellectual property rights							
Book value	3,587	588			18		4,192
Accumulated amortisation	(3,210)			(278)			(3,489)
Total industrial patent and intellectual property rights	**377**	**588**		**(278)**	**18**	**0**	**704**
Concessions, licenses, trademarks and similar rights							
Book value	11,029	661	(51)		33		11,672
Accumulated amortisation	(2,457)			(593)			(3,050)
Total concessions, licenses, trademarks and similar rights	**8,572**	**661**	**(51)**	**(593)**	**33**		**8,622**
Goodwill	**21,792**	**233**				**89**	**22,114**
Fixed assets in progress and payments on account	**-**	**46**					**46**
Other intangible fixed assets							
Book value	5,214	4,689	(60)		(133)		9,709
Accumulated amortisation	(3,183)			(975)			(4,158)
Total other intangible fixed assets	**2,031**	**4,689**	**(111)**	**(975)**	**(133)**	**89**	**5,551**
TOTAL INTANGIBLE FIXED ASSETS	**32,771**	**6,215**	**(111)**	**(1,846)**	**(82)**	**89**	**37,036**

(*) Some of the amounts shown in this column do not correspond to those of the financial statements published as at December 31st, 2018, as they reflect the valuations made at the time of the Purchase Price Allocation of Prostand and Colorcom at final values. For more details, refer to the paragraph entitled Business Combinations in the Measurement criteria section of the explanatory notes to the Consolidated Financial Statements.

Under the item "**Industrial patents and intellectual property rights**", the costs for the purchase of software licences and legally protected intellectual property are capitalised. The increases in the year relate primarily to the Parent Company for the purchase and development of new CRM software (customer sales management) for € 313 thousand and Bravo Solution (purchase management) for € 127 thousand. The residual part of € 92 thousand is attributable to new SOFAIR software programs (event technical management), Power BI (Business Intelligence) and the development of already existing software used by the different Group companies.

The item "**Concessions, licences, trademarks and similar rights**" recorded a net increase of € 50 thousand compared to the previous year. The Investments in the year relate mainly to the Parent Company's purchase of the Fiera Avicola trademark for € 600 thousand, the Golditaly trademark for € 24 thousand and the purchase of software user licences by Prostand for € 36 thousand. It should also be noted that the value of the "Gluten free" trademark, owned by Exmedia S.r.l. in liquidation, was written down by € 51 thousand, to bring it into line with the possible realisable values.

The item "**Goodwill**" includes the values generated by the surplus between the cost of the business combinations and the fair value of the assets, liabilities and contingent liabilities acquired. As at December 31st, 2019, the balance of said item was roughly € 22,114 thousand. The values resulting from the acquisitions and booked to the Group's financial statements are set out below.

Euro/000	**Balance as at 12/31/2019**	**Balance as at 12/31/2018**
Goodwill emerging from the transfer of Fiera di Vicenza	7,948	7,948
Goodwill emerging from the purchase of the business unit FIMAST (provisional)	205	-
Goodwill emerging from the purchase of the business unit FIERAVICOLA (provisional)	50	-
Other goodwill	355	355
Goodwill emerging from the purchase of FB International Inc.	4,709	4,642
Goodwill emerging from the purchase of Prostand S.r.l. and Colorcom S.r.l.	8,847	8,847
TOTAL GOODWILL	**22,115**	**21,792**

The increases relate to the difference between the price paid and the fair value of the net assets acquired of the two business units relating to the two events FIMAST - Fiera Internazionale Macchine ed Accessori del Settore Tessile (International Textile Machinery and Accessory Trade Show) and Fieravicola - Salone Internazionale Avicolo (International Poultry Exhibition), for a total of € 255 thousand. The provisional goodwill that emerged from the aforementioned transactions was allocated to the IEG CGU and will be subject, within twelve months of the acquisition date (October 10th, 2019 and December 18th, 2019) to specific analyses in relation to the fair value of the net assets acquired and the consideration transferred.

Given these are recent acquisitions and based on the fact no events have been recorded to date which are indicative of impairment of the businesses acquired, it is believed that the purchase prices paid for the companies are still representative of their fair value, therefore, pending completion of the Purchase Price Allocation process, no criticalities emerged in terms of the recoverability of the value of the provisional goodwill recognised.

The remainder of the increase with respect to the previous year relates to the exchange differences recognised for goodwill in dollars that emerged from the purchase of FB International Inc. in the financial statements of IEGUSA Inc. (equal to USD 5,290 thousand).

As outlined in the chapter relating to the "Measurement criteria", goodwill, excluding that emerged from the recent acquisitions indicated previously, is subject to impairment testing at the date of year-end (or more frequently if there are indicators of impairment), using the methodology described in the paragraph "Impairment of non-financial assets". In particular, the impairment test verifies the recoverability of goodwill by comparing the Net Capital Invested, including the value of the goodwill, of the CGU/group of CGUs to which the goodwill was allocated, with the Recoverable value of said CGU/group of CGUs, represented by the higher of the fair value, less disposal costs, and the value in use.

Goodwill emerging from the transfer of Fiera di Vicenza was allocated to the "IEG CGU" as the recipient of the benefits of the business combination. These benefits refer to the acquired capacity to be recognised on the market as an aggregator, the synergies deriving from the use and optimisation of the workforce with the elimination of duplications, the sharing of mutual best practices, the comparison of the services provided by the suppliers with price savings, the acquisition of specific expertise to grow on the foreign market.

The goodwill relating to the FB International, Prostand and Colorcom purchases, for a total value of € 13,556 thousand, were allocated to the group of CGUs representing the flows emerging from the consolidated financial statements coinciding with operating sector of the IEG Group (indicated, for the sake of brevity, as the “IEG GROUP CGU”) given representative elements of the goodwill that are expected to generate an indistinct benefit for the entire group, both for the portion of stand-fitting services and the portion of the trade fair business. These elements are embodied by the synergies deriving from the commercial collaboration for the development of the sale of exhibition space and stand fittings, the use and optimisation of the workforce with the elimination of duplications, the sharing of mutual best practices, the comparison of the services provided by the suppliers with purchase price savings and the consolidation of specific expertise to grow on the foreign market.

For the “IEG GROUP CGUs”, comprised primarily of the IEG, FB, Prostand and Summertrade CGUs, the relevant value in use was determined by adopting the Group Discounted Cash Flow (DCF) methodology. The operating cash flows (*unlevered free cash flows*) were determined by using:

- The Consolidated 2019-2023 Business Plan and the Company Business Plan approved by the Board of Directors on September 7th, 2018 and including the effects of subsequent resolutions;
- Consolidated 2020 Budget and Company Budget approved by the Board of Directors on December 18th, 2019.

For the determination of the Terminal Value, a long-term growth rate “g” of 1.4% was used, in line with the expected inflation forecast in Italy in 2023 based on International Monetary Fund estimates, (World Economic Outlook, January 2020, International Monetary Fund).

For the discounting of the explicit cash flows and the Terminal Value, a WACC of 8.18% was used, which includes a Small Size Premium of 3.39%, in consideration of the smaller size of the Group with respect to comparable companies (Source: Duff & Phelps).

The impairment tests carried out for the “IEG GROUP CGUs”, at the reference date based on the methods described above, brought to light higher recoverable values than the book values of the net capital invested (including goodwill), therefore excluding the need to reduce the value of the goodwill.

In order to further test the recoverable value of the “IEG GROUP CGUs” described above, two separate sensitivity analyses were conducted, through which the WACC, the “g rate” and the estimates of the Operating Cash Flow were subject to assumed variations. More specifically:

- assumption 1: change in the WACC (+/- 1%) combined with the change in the g rate (+/- 0.4%)
- assumption 2: percentage change in operating cash flow (+/- 10%) combined with the change in the WACC (+/- 1%)

The sensitivity analyses described herein did not bring to light any criticalities in terms of recoverability of the goodwill booked to the Parent Company’s consolidated financial statements and separate financial statements.

In compliance with the provisions of the international accounting standards, the effects of the Covid-19 health emergency are not reflected in the book values - given that, although considering the complexity and uncertainty of this rapidly evolving situation, the Group considers the going concern assumption to be appropriate and correct - but must be disclosed in relation to the impact on the Group’s economic-financial position.

Therefore, the provisional plans for the purposes of the “impairment test” do not reflect the effects of the health emergency given that, at the reporting date, these effects could not be forecast.

If the crisis should evolve into a predictable scenario at the time of the next "reporting dates", this scenario will form the basis of a potential revision of the forecast provisional estimates.

However, as required by IAS 10, paragraph 21, despite the extreme difficulty in coming up with realistic estimates of the impacts of the ongoing pandemic, the Group's Management also conducted a simulation aimed at considering the possible effects of the Covid-19 health emergency on the cash flows in 2020 of the "IEG GROUP CGUs".

This simulation showed that the negative impact on the cash flows would not entail criticalities in respect of the book value of the goodwill.

However, the sensitivity analyses prepared as part of the impairment test present results with even more negative effects than those identified for the purposes of the Covid-19 simulation.

The assumptions used for impairment purposes, including therein the associated business plan of each CGU/Groups of CGUs and the results achieved, were approved by the Board of Directors of Italian Exhibition Group S.P.A. independently and before these financial statements.

Investments in "**Other intangible fixed assets**" relate entirely to the Parent Company and, more specifically, relate to the recognition of the assets of the events Golditaly and Oro Arezzo (€ 4,426 thousand) and the recognition of assets for the event Fiera Avicola (€ 150 thousand).

3) Equity investments valued using the equity method

Associated companies and jointly controlled companies, stated in the table below, are booked and measured in compliance with IAS 28 or using the equity method.

	% Held as at 12/31/2019	Balance as at 12/31/2018	Changes 2019				Balance as at 12/31/2019
			Increases	Decreases	Revaluations/ Write-downs	Transfers	
Associated companies							
Cesena Fiera S.p.A.	28.50%	863	75		70		1,008
Fairsystem Int Exhibition Services S.r.l.	31.25%	138		(138)			-
Fitness Festival Intl S.r.l. in liquidazione (in liquidation)	50.00%	34					34
CAST Alimenti S.r.l.	23.08%	1,634			9		1,643
Eventi Oggi S.r.l.	15.30%	4				(4)	-
TOTAL ASSOCIATED COMPANIES		***2,672***	***75***	***(138)***	***79***	***(4)***	***2,685***
Jointly controlled companies							
Expo Estrategia Brasil Ltda	50.00%	281	25	(3)	(18)		285
DV Global Link LLC	49.00%	0	410	(127)	(283)		0
Destination Services srl	50.00%	0	65				65
EAGLE Asia	50.00%	1,213	256	2	(69)		1,403
TOTAL JOINTLY CONTROLLED COMPANIES		***1,494***	***756***	***(128)***	***(370)***	***-***	***1,752***
TOTAL EQUITY INVESTMENTS MEASURED USING THE EQUITY METHOD		**4,166**	**831**	**(266)**	**(291)**	**(4)**	**4,437**

The item in question as at December 31st, 2019 came to € 4,437 thousand, marking a net increase of € 271 thousand.

The increases totalled € 833 thousand, and relate mainly for € 410 thousand to the contribution of capital to DV Global Link through the non-diluting waiving of receivables by the Parent Company, for € 258 thousand to the additional contribution of capital to EAGLE Asia carried out in order to support the purchase of Chengdu Eagle ZhongLian Exhibition Ltd, a Chinese company operating in the staging of environmental events.

It should be noted that the process of liquidation of Fairsystem was concluded during the year, for which a decrease of € 138 thousand was recorded. Lastly, as reported previously, on February 26th, 2019, the Parent Company participated in the incorporation of the company Destination Services S.r.l., a jointly controlled company that will handle the promotion and organisation of tourist services.

The measurements using the equity method contributed a total write-down of € 291 thousand.

4) Other equity investments

	% Held as at 12/31/2019	Balance 12/31/2018	Changes 2019				Balance 12/31/2019
			Incr.	Decr.	Revaluations/Write-downs	Transfers	
Uni Rimini S.p.A.	6.00%	62					62
Società del Palazzo dei Congressi S.p.A.	18.38%	10,943			(156)		10,786
Rimini Welcome Scarl	10%	-	10				10
Eventi oggi	15.30%	-				4	4
BCC Alto Vicentino	<0.5%	1					1
BCC San Giorgio	<0.5%	10					11
TOT. EQUITY INVESTMENTS IN OTHER COMPANIES		**11,016**	**10**		**(156)**	**4**	**10,873**

The item amounted to € 10,873 thousand, marking a net increase of € 143 thousand due mainly to the write-down of € 156 thousand of the equity investment in Società del Palazzo dei Congressi S.p.A..

The equity investment in Società del Palazzo dei Congressi S.p.A. is measured at FV (through OCI without recycling) which the directors of IEG believe to coincide, for this type of company, with the adoption of the equity method.

This is because this method approximates, under the circumstances, the "fair value" of the investee, estimated as the sum of the parts, given that the assets and liabilities of Società del Palazzo dei Congressi S.p.A., are composed of:
- financial assets and liabilities, i.e. trade receivables, cash and cash equivalents, trade payables and payables due to banks, which have a book value that does not differ significantly from their fair value.
- the fixed asset "Palacongressi di Rimini", forming the object of the recent estimate report by an independent expert.

5) Deferred tax assets

"Deferred tax assets" are recognised up to the limits in which future taxable income will be available against which to utilise the temporary differences. Deferred tax assets and liabilities are offset given that they refer to the same tax authority. For more details on the breakdown of the item in question, please refer to subsequent Note 33) "Income taxes".

	Balance as at 12/31/2019	Balance as at 12/31/2018
Credits for advance IRES/IRAP	5,090	4,172
Total deferred tax assets	**5,090**	**3,878**
Provision for deferred IRES	(3,150)	(3,181)
Total deferred tax liabilities	**(3,150)**	**(3,181)**
TOTAL DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES	**1,940**	**991**

6) Non-current financial assets for rights of use

"Non-current financial assets for rights of use" amounting to € 840 thousand relate to the initial recognition of the new IFRS 16 and, more specifically, refer to financial receivables for active sub-leases of rights of use.

7) Non-current financial assets

	Balance	Changes in 2019				Balance
	12/31/2018	Increases/decreases	Revaluations/Write-downs	Transfers	IFRS 16	12/31/2019
Banca Nazionale del Lavoro policy	1,082			(1,082)		-
UNIPOL bonds	49			(49)		-
Gambero Rosso shares	40					40
Banca Malatestiana Credito Cooperativo shares	4					4
TFR (employee severance indemnity) policy	421	10				431
USA Security Deposit	230	(230)				-
Receivables due from minority interests	-	49				49
TOTAL NON-CURRENT FINANCIAL ASSETS	**1,826**	**(169)**		**(1,132)**		**524**

The item amounted to € 524 thousand (€ 1,826 thousand as at December 31st, 2018). The variation in the period is primarily due to:

- Capitalisation of interest for the period of € 10 thousand;
- decrease in the USA Security Deposit recorded at FB International Inc. amounting to € 230 thousand;
- reclassification under the section of short-term financial assets of the two financial instruments, BNL S.p.A. policy and Unipol bonds, for a total of € 1,132 thousand, as they are set to expire in the next 12 months.

The nature and classification according to the categories established by IAS 39 of "Non-current financial assets" is reported in the Fair value section of these Explanatory notes. For the measurement of the fair value of the Gambero Rosso shares, the prices quoted on active markets at the measurement date were used.

8) Other non-current assets

"Other non-current assets" amounted to € 152 thousand (€ 117 thousand as at December 31st, 2018), and refer primarily to security deposits.

CURRENT ASSETS

9) Inventories

	Balance as at 12/31/2019	Balance as at 12/31/2018
Raw materials and consumables	281	221
Work in progress	-	162
Finished goods and goods for resale	676	503
TOTAL INVENTORIES	**956**	**885**

"Inventories" amounted to € 956 thousand (€ 885 thousand as at December 31st, 2018), and refer to the catering company Summertrade S.r.l. and the stand-fitting company Prostand S.r.l..

10) Trade receivables

	Balance as at 12/31/2019	Balance as at 12/31/2018
Receivables from customers	33,713	33,977
Receivables from associated companies	132	156
Receivables due from jointly controlled companies	54	49
TOTAL TRADE RECEIVABLES	**33,899**	**34,182**

"Receivables from customers" amounted to € 33,713 thousand, a decrease of € 200 thousand compared to the previous year. The item in question represents the balance of amounts due from organisers and exhibitors for services relating to the provision of trade fair/conference spaces and the supply of event-related services.

"Receivables from associated companies" totalled € 132 thousand and refer primarily to trade receivables due to the Parent Company and Summertrade S.r.l. from Cesena Fiera S.p.A..

"Receivables due from jointly controlled companies" include receivables of the Parent Company due from the company DV Global Link LLC, related primarily to the costs re-invoiced in the year, relating to the expenses incurred for the event VicenzaOro Dubai.

It should be noted that the item "Receivables from customers" includes € 47 thousand due from the company Società del Palazzo dei Congressi S.p.A., an investee in which the Group holds a 18.38% stake and receivables due from the Parent Company Rimini Congressi for € 491 thousand.

Receivables are stated net of the bad debt provision, whose changes are reported in the table below.

	Balance as at 12/31/2018	Changes in 2019				Balance as at 12/31/2019
		Uses	Provisions	Transfers	Change In Scope of consolidation	
Bad debt provision	740	(51)	130			819
Bad debt provision - taxed	3,412	(450)	1,004			3,965
TOTAL BAD DEBT PROVISION	**4,152**	**(501)**	**1,134**			**4,784**

11) Tax receivables for direct taxes

	Balance as at 12/31/2019	Balance as at 12/31/2018
Tax receivables for direct taxes	505	20
TOTAL TAX RECEIVABLES FOR DIRECT TAXES	**505**	**20**

The balance as at December 31st, 2019 refers to credits for direct taxes, primarily relating to FB International Inc. and Prostand S.r.l..

12) Current financial assets

	Balance as at 12/31/2019	Balance as at 12/31/2018
Jointly controlled companies	**292**	**523**
DV Global Link LLC	292	523
Receivables for active leases on rights of use	**164**	**-**
Short-term securities	**1,180**	**-**
BNL policy	1,093	-
Unipol Bonds	59	-
USA Security Deposit	28	-
TOTAL CURRENT FINANCIAL ASSETS	**1,636**	**523**

“Current financial assets” amounted to € 1,636 thousand, an increase of € 1,113 thousand compared to the previous year. The change derives from:

- reclassification of short-term securities which, until the previous year, expired in after 12 months for a total of € 1,180 thousand;
- the recognition of receivables for active leases on rights of use as a result of the entry into force of IFRS 16, for an amount of € 164 thousand;
- reduction in financial receivables due from DV Global Link LLC for € 231 thousand.

13) Other current assets

	Balance as at 12/31/2019	Balance as at 12/31/2018
Other tax receivables	481	3,266
Receivables due from others	1,180	1,561
Accrued income and prepaid expenses	723	1,389
Costs paid in advance pertaining to subsequent years	3,472	1,944
TOTAL OTHER CURRENT ASSETS	**5,856**	**8,161**

“Other current assets” amounted to € 5,856 thousand, a decrease of € 2,305 thousand compared to the previous year. The variation is mainly due to the decrease in other tax receivables, which refer largely to receivables due from the tax authorities for VAT.

“Receivables due from others” amounted to € 1,180 thousand and are detailed in the table below:

	Balance as at 12/31/2019	Balance as at 12/31/2018
Suppliers - advances	727	803
Trade receivables	111	72
Receivables due from employees	32	85
Receivables due from social security institutions	24	23
Security deposits	13	13
Agents - advances	49	47
Sundry receivables	224	517
TOTAL Receivables due from others	**1,180**	**1,561**

“Prepaid expenses” refer to portions of costs not pertaining exclusively to 2019, which have already been recorded in the accounts. “Accrued income” refers to revenues pertaining to the period which will be recorded in the accounts in a subsequent period. Prepaid expenses as at December 31st, 2019 refer mainly to insurance charges, software and maintenance fees.

The costs already incurred for the staging of trade fairs that will be held in the next few months, and therefore fully pertaining to subsequent years, were accounted as “Costs advanced pertaining to subsequent years”.

14) Cash and cash equivalents

The item amounted to € 22,198 thousand (€ 29,479 thousand as at December 31st, 2018) and represents almost exclusively short-term deposits remunerated at floating rate.
The trend in cash flows with respect to December 31st, 2018 has been reported in the “Consolidated Cash Flow Statement” to which reference should be made.

COMMENTS ON THE MAIN ITEMS OF LIABILITIES AND SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY

15) Shareholders' Equity

	Balance as at 12/31/2017	Changes in 2018				Balance as at 12/31/2018 (*)
		Increases	Decreases	Allocation of profit	Distribution of dividends	
Share capital	52,215					52,215
Share premium reserve	13,947					13,947
Revaluation reserves	67,160					67,160
Legal reserve	8,777			437		9,213
Statutory reserves	2,369			44		2,413
Capital grants	5,878					5,878
First-time adoption reserve	(46,306)					(46,306)
IAS transition reserve	0					0
CFH reserve	0		(75)			(75)
Actuarial reserve	(262)	33				(229)
Translation reserve	(27)	397				370
OCI reserve	(30)	324				294
Put option reserve	-		(12,105)			(12,105)
Retained earnings (losses carried forward)	(7,235)		(40)	8,598	(5,556)	(4,232)
Profit (loss) for the year	9,079	10,348		(9,079)		10,348
SHAREHOLDER'S EQUITY OF SHAREHOLDERS OF THE PARENT COMPANY	**105,564**	**11,056**	**(12,220)**	**0**	**(5,556)**	**98,891**
Capital and reserves pertaining to minority interests	462	1,483		97		2,043
First-time adoption reserve of minority interests	8					8
Actuarial reserve of minority interests	(14)		(7)			(21)
Profit (loss) attributable to minority interests	97	533		(97)		533
SHAREHOLDERS' EQUITY PERTAINING TO MINORITY INTERESTS	**554**	**2,016**	**(7)**	**0**	**0**	**2,563**
TOTAL GROUP SHAREHOLDERS' EQUITY	**106,118**	**13,119**	**(12,227)**	**0**	**(5,556)**	**101,454**

	Balance as at 12/31/2018 (*)	Changes in 2019				Balance as at 12/31/2019
		Increases	Decreases	Allocation of profit	Distribution of dividends	
Share capital	52,215					52,215
Share premium reserve	13,947					13,947
Revaluation reserves	67,160					67,160
Legal reserve	9,213			493		9,706
Statutory reserves	2,413			49		2,462
Capital grants	5,878					5,878
First-time adoption reserve	(46,306)					(46,306)
IAS transition reserve	0					0
CFH reserve	(75)		(342)			(417)
Actuarial reserve	(229)		(155)			(384)
Translation reserve	370	106				476
OCI reserve	294		(156)			138
Put option reserve	(12,105)					(12,105)
Retained earnings (losses carried forward)	(4,232)		(1,699)	9,806	(5,556)	(1,680)
Profit (loss) for the year	10,348	12,861		(10,348)		12,861
SHAREHOLDER'S EQUITY OF SHAREHOLDERS OF THE PARENT COMPANY	**98,891**	**12,966**	**(2,352)**	**-**	**(5,556)**	**103,950**
Capital and reserves pertaining to minority interests	2,043		(106)	533	(73)	2,396
First-time adoption reserve of minority interests	8					8
Actuarial reserve of minority interests	(21)		(9)			(30)
Profit (loss) attributable to minority interests	533		(224)	(533)		(224)
SHAREHOLDERS' EQUITY PERTAINING TO MINORITY INTERESTS	**2,563**	**-**	**(340)**	**-**	**(73)**	**2,150**
TOTAL GROUP SHAREHOLDERS' EQUITY	**101,454**	**12,966**	**(2,691)**	**-**	**(5,629)**	**106,100**

(*) Some of the amounts shown in this column do not correspond to those of the 2018 financial statements, as they reflect the valuations made at the time of the Purchase Price Allocation of Prostand and Colorcom at final values. For more details, refer to the paragraph entitled Business Combinations in the Measurement criteria section of the explanatory notes to the Consolidated Financial Statements.

The total shareholders' equity of the Group as at December 31st, 2019 relates, for € 103.9 million to shareholders of the Parent Company and for € 2.1 million to minority interests.

The Parent Company's Share Capital, fully subscribed and paid-up, amounted to € 52,214,897 and is divided into 30,864,197 shares, with no indication of the nominal value.

The most significant changes in the Group shareholder's equity are due to:

- the result achieved for the year of € 12.6 million, of which € 12.8 million profit pertaining to the shareholders of the parent company, and a loss of € 0.2 million pertaining to minority interests;
- the distribution of dividends relating to the result for the year of the Parent Company of the financial statements for the year ended as at December 31st, 2018, amounting to € 5.6 million;
- initial application of IFRS 16 - Leases, which involved a reduction in retained earnings totalling € 1.8 million, of which € 1.7 million pertaining to shareholders of the parent company and € 0.1 million pertaining to minority interests.

The table below analyses the reconciliation between the shareholders' equity and the profit for the year of the Parent Company with those of the consolidated financial statements.

	Shareholders' equity (including the result for the year)	Profit for the year
Shareholders' equity and result of the Parent company	**116,893**	**9,852**
Group Companies valued with the Equity Method	8	34
Elimination of book value of consolidated companies		
- Difference between the book value and the pro-rata value of shareholders' equity	(14,084)	
- Pro-rata results of the investees	1,120	(383)
- Value adjustments of the net assets of the investees	(13,585)	(704)
- Consolidation difference	13,600	
Elimination of the effects of intercompany transactions		
Elimination of business combinations of entities under common control	(3)	
Elimination of write-downs of fully consolidated equity investments		
Distribution of dividends		
Other		17
Shareholders' equity and result pertaining to the Group	**103,950**	**12,860**
Share pertaining to minority interests	2,150	(224)
Consolidated shareholders' equity and result for the year	**106,100**	**12,637**

The calculation of the basic and diluted earnings per share is presented in the following table:

(in Euro)	2019	2018
Basic EPS	0.4167	0.3353
Diluted EPS	0.4167	0.3353

The calculation is based on the following data:

(in Euro)	2019	2018
Profit for the year	12,860,604	10,347,866
Number of shares	30,864,197	30,864,197

NON-CURRENT LIABILITIES

16) Payables due to banks

The Group's bank debt fell by a total of € 5.6 million compared to the previous year, due to the net effect of the loans repaid in the year and the obtainment of new short-term and medium/long-term lines.

	Balance as at 12/31/2019	Balance as at 12/31/2018
C/a debit balances	34	0
Other short-term credit facilities	3,532	7,351
Banca Intesa-Sanpaolo mortgage	766	735
Unicredit mortgage	388	762
BPER mortgage exp. 2019	0	388
BPER mortgage exp. 2028	1,311	1,291
BNL mortgage	1,778	1,778
Banco BPM mortgage	1,105	1,094
Volksbank mortgage	1,962	800
Banca Intesa-Sanpaolo (former Banca Popolare di Vicenza) mortgage	1,925	1,902
ICCREA mortgage (pool)	509	817
Unipol Stand-by	900	-
Unipol mortgage	327	-
Other loans	67	-
TOTAL SHORT-TERM PAYABLES DUE TO BANKS	**14,601**	**16,918**

	Balance as at 12/31/2019	Of which due beyond 5 years	Balance as at 12/31/2018
Banca Intesa-Sanpaolo mortgage	1,629		2,394
BPER mortgage exp. 2019			
BPER mortgage exp. 2028	11,274	5,816	12,585
BNL mortgage			1,778
Unicredit mortgage			387
BPM mortgage	2,244		3349
Banca Intesa-Sanpaolo (former Banca Popolare di Vicenza) mortgage	31,658	23,822	33,578
Volksbank mortgage	5,199		7,159
ICCREA mortgage	1,330		418
Unipol Stand-by	4,400		
Unipol mortgage	447		
Other loans	137		
TOTAL MEDIUM/LONG-TERM PAYABLES DUE TO BANKS	**58,318**	**29,638**	**61,649**

The overall net financial position of the IEG Group is reported hereunder, drafted according to the provisions of Consob Communication 6064293 of July 28th, 2006 and the recommendation of the CESR of February 10th, 2005, which differs from the one in the Directors' Report on Operations as regards the items Medium/long-term financial receivables and Receivables due from associated companies.

IEG Group
Net financial position based on the CONSOB/CESR format

IEG Group Net Financial Position (Values in Euro/000)		12/31/2019	12/31/2018 (*)
1	**Short-term available funds**		
01:01	Cash on hand	211	152
01:02	Bank current account balances	21,987	29,327
01:03	Invested liquidity	72	1,405
01:04	Other short-term receivables	1,152	-
	Total	**23,422**	**30,884**
02:01	Bank current account overdrafts	(33)	(5,578)
02:02	Other short-term payables to banks	(3,599)	(2,490)
02:03	Portions of medium/long-term payables due within 12 months	(11,083)	(8,849)
02:04	Other short-term payables - put options	(206)	(273)
02:05	Other short-term payables	(3,452)	(797)
02:06	Financial payables due to shareholders	(464)	(710)
02:07	Current financial payables for rights of use	(3,968)	-
	Total	**(22,806)**	**(18,698)**
3	**Short-term financial position (1+2)**	**616**	**12,186**
5	**Medium/long-term financial payables (after 12 months)**		
05:01	Mortgages	(58,318)	(61,649)
05:02	Other medium/long-term payables – put options	(16,745)	(15,692)
05:06	Other medium/long-term payables – other	(494)	(988)
05:07	Medium/long-term derivative financial instruments	(5,228)	(4,536)
05:08	Non-current financial payables for rights of use	(26,115)	-
	Total	**(106,900)**	**(83,134)**
6	**Medium/long-term financial position (4+5)**	**(106,900)**	**(83,134)**
7	**TOTAL INDEBTEDNESS**	**(129,706)**	**(101,833)**
8	**Net financial position (3+6)**	**(106,283)**	**(70,948)**

(*) Some of the amounts shown in this column do not correspond to those of the 2018 financial statements, as they reflect the valuations made at the time of the Purchase Price Allocation of Prostand and Colorcom at final values. For more details, refer to the paragraph entitled Business Combinations in the Measurement criteria section of the explanatory notes to the Consolidated Financial Statements.

As at December 31st, 2019, bank debts are composed, for € 66.5 million, of mortgages relating to the Parent Company, for € 2.7 million by mortgages relating to Prostand S.r.l. and, to a residual extent, to FB International Inc, for € 3.6 million from other short-term bank payables relating almost entirely to invoice advances ‘subject to collection’ used by Prostand S.r.l..

Bank payables recorded an overall decrease of € 5.6 million compared to the previous year. The main changes are shown below.

The “Unipol Stand-by” loan taken out by the Parent Company on December 22nd, 2017, which accrues interest at the 3-month Euribor plus a spread of 90 basis points, was drawn down as at December 31st, 2019 for a total of € 5.3 million, of which € 0.9 million expiring within 12 months. As at the end of the previous year, the facility had not been utilised.

On April 23rd, 2019, Prostand S.r.l. and Unipol Banca S.p.A. signed a contract according to which Unipol granted a loan to Pro.Stand of € 1 million, with expiry of the final repayment on April 30th, 2022, settled at the 3-month Euribor interest rate plus 150 basis points. The sum financed will be repaid in 36 monthly equal, consecutive, deferred instalments, including principal and interest, with first expiry on May 31st, 2019. As at the reference date, the residual amount payable for the loan came to € 774 thousand, of which € 327 thousand within 12 months.

On September 19th, 2019, Prostand S.r.l. and the pool of banks with lead bank ICCREA signed a loan agreement of € 2 million, expiring on June 30th, 2023, settled at the 3-month Euribor interest rate plus 160 basis points. As at the reference date, the residual amount payable for the loan came to € 1.8 million, of which € 0.5 million due within 12 months.

The reduction in bank payables due to the repayments made during the year on previous loans came to € 8.6 million, and the reduction in uses of short-term lines came to € 3.8 million.

As a result of the combination with Fiera di Vicenza S.p.A. which took place in 2016, Italian Exhibition Group S.p.A. took over the financing relationships described hereunder.

- Mortgage loan originally stipulated with Banca Popolare di Vicenza S.p.A. (now Banca Intesa Sanpaolo S.p.A.) for € 33.5 million as at December 31st, 2019, of which € 31.6 million medium/long-term. The loan was granted on June 30th, 2008 for an amount of € 50 million (subsequently reduced to € 42 million), repayable in deferred six-monthly instalments, the last of which will be paid on June 30th, 2036. The loan accrues interest at the 6-month Euribor plus a spread of 70 basis points and is secured by a first mortgage of € 84 million on the properties of Italian Exhibition Group S.p.A. located in Via dell’Oreficeria 16.

- Unsecured loan with Banca Unicredit S.p.A. with a balance of € 388 thousand as at December 31st, 2019, fully short-term. The loan was granted on May 15th, 2015 for an amount of € 3 million and is repaid in deferred quarterly instalments, expiring on May 31st, 2020. The loan accrues interest at the 3-month Euribor plus a spread of 200 basis points.

It should be noted that some loans taken out by the Company are guaranteed by compliance with given indexes (“covenants”) calculated on the consolidated financial statements, comprised of:

B.N.L. mortgage, revised by means of the “deed of modification” of February 13th, 2019:

- Net financial debt/EBITDA <= 3.5
- Net financial debt/shareholders’ equity <= 1

BPER mortgage expiring in 2028:

- Net financial position/EBITDA <= 5

These indexes must be verified with reference to the consolidated data as at December 31st of each year and were respected for the current year.

17) Non-current financial liabilities for rights of use

The balance of € 26.1 million represents the non-current portion of liabilities recognised for lease fees still not paid at the close of the half, in compliance with the introduction of new accounting standard IFRS 16 on January 1st, 2019. It should be noted that the item includes € 17,219 thousand relating to the company subject to common control Società del Palazzo dei Congressi S.p.A.

18) Other non-current financial liabilities

The item "Other current financial liabilities" as at December 31st, 2019 came to € 22,467 thousand, and recorded a decrease of € 1,425 thousand compared to the previous year. The breakdown is shown below.

	Balance as at 12/31/2019	Balance as at 12/31/2018
Fair value of derivative instruments	5,228	4,536
Financial liabilities for Prostand Put Option	7,668	7,642
Financial liabilities for FB International Inc. Put Option	9,078	8,319
Payables due to minority shareholders	222	-
Other non-current financial liabilities	272	544
TOTAL OTHER NON-CURRENT FINANCIAL LIABILITIES	**22,467**	**21,042**

The item "Fair value of derivative instruments" amounted to € 5,228 thousand, an increase of € 691 thousand compared to the previous year due to the change in fair value during the year.

The derivative stipulated on November 4th, 2011 with Banca Popolare di Vicenza, now Banca Intesa Sanpaolo S.p.A., was stipulated in order to hedge the interest rate risk of part of the underlying loan and makes provision for the swapping of the 6-month Euribor with a fixed rate of 2.95%. The amortisation plan of the derivative perfectly matched, at the date of stipulation of the contract, the repayment plan of the Intesa Sanpaolo loan and, for said reason, was initially classified as a hedge, also for accounting purposes.

In 2014, the company Fiera di Vicenza, transferred to Rimini Fiera S.p.A. effective from November 1st, 2016 (which subsequently changed its company name to Italian Exhibition Group S.p.A.), altered the time-scales for repayment of the loan with respect to the original repayment plan, extending the pre-amortisation period. Consequently, the derivative, whose notional value was 60% of the loan subject to hedging, albeit continuing to guarantee an operational hedge given that it follows the amortisation plan of the loan until December 31st, 2026, no longer possesses all the characteristics to qualify for hedge accounting. For the reasons just stated, the derivative is classified as an instrument measured at fair value through profit and loss of the Parent Company.

The final date of repayment of the Intesa Sanpaolo loan is set for June 3rd, 2036, around 10 years after the hedge of the first derivative contract stipulated in 2011. For this reason, IEG's Risk Management department opted to stipulate a second derivative contract at the end of the previous year on the residual amount of the loan not subject to the previous hedge, in order to mitigate potential fluctuation in the interest rate risk, with the following characteristics:

- trading date: December 7th, 2018;
- effective date: June 29th, 2018;
- maturity date: June 30th, 2036;

- date of interest payment: six-monthly, December 31st and June 30th of each year;
- total notional: € 9,635,397.46
- fixed rate (pay leg): 0.96400% (Actual/360)
- floating rate (receive leg): Euribor 6M (Actual/360)

The table below shows the impacts of the change in the fair value of the two derivative instruments as at December 31st, 2019.

VALUATION DATE	IRS Fair Value	Financial income (charges) through profit and loss	Change in CFH reserve
12/31/2018	(4,536)	279	(75)
12/31/2019	**(5,228)**	**(218)**	**(473)**

The items “Financial liabilities for put options” relate to the valuation, at the moment of the acquisition of the equity investment, increased due to the financial charges for the period, in the sale options granted to the minority shareholder FB International Inc. and the minority shareholders of Prostand S.r.l.. The overall increase in the two items compared to the previous year, amounting to € 784 thousand, is exclusively due to the financial charges accrued in 2019.

Lastly, the items “Payables due to minority shareholders” and “Other non-current financial liabilities” include the payable of € 494 thousand, relating to the purchase of the equity investment in Prostand corresponding to the part of the price with deferred payment beyond 12 months, to be disbursed respectively to the current minority shareholders and previous shareholders.

19) Provisions for non-current risks and charges

“Provisions for risks and charges” recorded a reduction of € 543 thousand and the change is shown in the table below:

	Balance as at 12/31/2018	Changes in 2019 Provisions	Uses/decreases	Releases	Balance as at 12/31/2019
Provision for dispute risks	1,458	309	(96)		1,671
Other provisions for risks	768		(758)		10
Provision for the write-down of equity investments	183			(109)	74
TOTAL PROVISIONS FOR RISKS AND CHARGES	**2,409**	**309**	**(854)**	**(109)**	**1,755**

The “Provision for dispute risks” rose by € 201 thousand due to the allocations and uses relating to labour law proceedings.

In this regard, it should be noted that, by means of deed of summons notified on March 16th, 2015, the receiver in the bankruptcy proceedings of Aeradria S.p.A. (the “Receivership of Aeradria”), summonsed the Province of Rimini, the Municipality of Rimini, Rimini Holding S.p.A. and the Parent Company to legal proceedings before the Court of Bologna. At the date of the deed of summons, the Province of Rimini held a stake of 38.12% in Aeradria S.p.A., Rimini Holding S.p.A. 18.11% and the Parent Company 7.57%. The Municipality of Rimini, in turn, owned the entire share capital of Rimini Holding S.p.A., holder of 8% of the Parent Company’s share capital. In addition, at the same date, the company was a subsidiary of Rimini Congressi S.r.l., which was, in turn, an investee of Rimini Holding S.p.A., the Province of Rimini and the C.C.I.A.A. (Chamber of Commerce, Industry, Agriculture & Crafts) of Rimini, each holding a stake of 33.3%. The arguments sustained by the Receivership of Aeradria are based on the assumption that the responsibility for the management of Aeradria S.p.A., which led to its bankruptcy, would be attributable not solely to the administrative and control bodies, but also the shareholders (the Province of Rimini, the Municipality of Rimini, Rimini Holding S.p.A. and the Parent Company). In particular, the Municipality of Rimini and the Province of Rimini would have exercised, over the years and on an continuing basis, management and coordination of Aeradria S.p.A., also through Rimini Holding S.p.A. and the Company. This management and coordination would have been carried out to the detriment of the principles of correct corporate and entrepreneurial management, also in light of the serious flaws in the rationale of the strategic planning and the decisions taken by Aeradria S.p.A.. The Receivership of Aeradria asserted these arguments also in consideration of the complex shareholding structure described above. The defensive arguments of the Parent Company, vice versa, are based primarily on the following considerations: (i) the Receivership of Aeradria would not have demonstrated the Company's alleged participation in the management and coordination of Aeradria S.p.A., (ii) based on the statutory and shareholders' provisions in force, the Company was independent from the Province of Rimini and the Municipality of Rimini and (iii) the Parent Company's equity investment in Aeradria S.p.A. was insignificant (7.57% of share capital), given that the Province of Rimini and the Municipality of Rimini were already independently able to exercise control of Aeradria S.p.A.. The Receivership of Aeradria estimated the damage at roughly € 20,000 thousand. During the proceedings, the Court of Bologna ordered an accounting CTU (court-appointed expert witness), essentially aimed at investigating the alleged acts of 'mala gestio' (mismanagement) engaged in by the directors of Aeradria S.p.A.. As at today's date, the CTU has still not started.

The item "Other provisions" includes primarily the allocation made by the Parent Company for the estimated expense for ICI (municipal property tax) and the associated 'specifically targeted tax' pertaining to previous years. Tax relating to the years 2013, 2014 and 2015 totalling € 758 thousand was paid during the year.

The "Provision for the write-down of equity investments" includes the amount recognised for the alignment with the shareholders' equity of the investee DV Global Link, an equity investment whose book value had already been fully written down.

20) Employee provisions

The item "Employee provisions" as at December 31st, 2019 came to € 4,580 thousand, and recorded an increase of € 15 thousand compared to the previous year. The changes are shown below.

	Balance as at 12/31/2018	Changes in 2019			Balance as at 12/31/2019
		Provisions	Uses/decreases	Transfers	
Provision for agents' leaving indemnities	162	16			178
Provision for non-competition agreement	460				460
Provision for employee severance indemnity	3,943	1,208	(1,210)		3,942
TOTAL EMPLOYEE PROVISIONS	**4,565**	**1,225**	**(1,210)**		**4,580**

The balance is composed primarily of employee severance indemnity accrued until December 31st. The change in the period, amounting to € 1,225 thousand, relates to the allocation as a result of the revaluation of the previous provision, for € 1,210 thousand and uses due to employee exits.
By contrast, for a total of € 178 thousand, it is composed of the "Provision for agents' leaving indemnities" allocated in compliance with article 1751 of the Italian Civil Code and the collective economic agreement for the regulation of the agency and commercial representation relationship of the commerce sector signed on February 16th, 2009.
For € 460 thousand, it includes the considerations accrued over the years due to the non-competition obligations assumed by employees based on the contracts signed between said employees and the

parent company, in line with the employment contract, whose associated consideration will be paid, on termination of the employment contract, if the non-competition clause has been respected.

The value of the provision for employee severance indemnity at the end of the year conforms to the amount due to personnel and the allocation was calculated in respect of the laws, the company employment contract and, for matters not provided for, the C.C.N.L. (national collective labour agreement) for the trade sector. It should also be pointed out that, following the supplementary pension reform (Legislative Decree no. 252/2005; Law no. 296/2006, article 1, paragraphs 755 et seq and paragraph 765), the amount indicated in the column "Provisions" does not include the sums paid to forms of supplementary pension or to the "INPS Treasury Fund".

The IEG Group, in determining the actuarial calculations, avails itself of the support of a professional listed in the appropriate Register of Actuaries. The main hypotheses/assumptions used for the actuarial calculation of the defined benefit plans are shown below.

Demographic assumptions

Probability of death	Mortality tables broken down by gender - ISTAT 2018
Probability of disability	Zero probability (in consideration of the type of company under analysis)
Probability of resignations	The probability of company turnover of 3% was used
Probability of advance	An annual value of 3% was presumed with respect to an average value of accumulated employee severance indemnity of 70%

Economic-financial assumptions for calculation of the TFR (employee severance indemnity)

	2019	2018
Annual discount rate	0.77%	1.30%
Annual inflation rate	1.00%	1.50%
Assumption of real salary growth	1.50%	1.50%

The discounting of future services for employees deriving from Employee severance indemnity was measured by recognising market yields according to the provisions of IAS 19. For the discount rate, the rate relating to high credit rating Corporate Bonds AA with a duration equal to the plan of company commitments to its employees was taken as a reference.

The results of the actuarial evaluations depend strictly on the financial, demographic and behavioural assumptions adopted.

The following table, as required by the international accounting standard, shows the results of the DBO deriving from the change in assumptions.

Sensitivity Analysis - DBO		IEG Group SPA	Prostand Srl	Summertrade Srl	TOTAL
Central Assumption	€	**2,719,514**	**956,740**	**235,239**	**3,911,493**
Discount rate (+0.25%)	€	2,652,870	925,731	229,629	3,808,231
Discount rate (-0.25%)	€	2,788,672	989,360	241,048	4,019,080
Rate of payments Increases (+0.25%)	€	2,714,772	952,596	234,866	3,902,233
Rate of payments Decreases (-0.25%)	€	2,724,382	961,058	235,622	3,921,062
Rate of Price Inflation Increases (+0.25%)	€	2,762,260	981,185	238,831	3,982,276
Rate of Price Inflation Decreases (-0.25%)	€	2,677,614	933,175	231,714	3,842,503
Rate of Salary Increases (+0.25%)	€	2,719,514	968,130	235,239	3,922,882
Rate of Salary Decreases (-0.25%)	€	2,719,514	945,738	235,239	3,900,491
Increase the retirement age (+1 year)	€	2,733,625	962,829	236,377	3,932,831
Decrease the retirement age (-1 year)	€	2,704,851	950,361	234,017	3,889,230
Increase longevity (+1 year)	€	2,719,565	956,755	235,246	3,911,566
Decrease longevity (-1 year)	€	2,719,458	956,723	235,233	3,911,414
					-
Assumptions of the previous year	€	2,591,873	885,335	224,477	3,701,686
Economic assumpt. of the previous and new demographic assumpt.	€	2,591,970	885,385	224,492	3,701,846

21) Other non-current liabilities

The item “Other non-current liabilities” includes the amount of the grant disbursed by the Emilia-Romagna Region for the construction of the Rimini Trade Fair District, still not booked to the income statement, amounting to € 2.3 million (€ 2.4 million as at December 31st, 2018).

CURRENT LIABILITIES

22) Current financial liabilities for rights of use

The balance of € 3,968 thousand represents the current portion of liabilities recognised for lease fees still not paid at the close of the half, in compliance with the introduction of new accounting standard IFRS 16 on January 1st, 2019. It should be noted that the item includes € 1,320 thousand relating to Società del Palazzo S.p.A., an investee of the Parent Company in which it holds a stake of 18.38%, of which € 441 thousand classified as trade payables prior to the application of the standard.

23) Other current financial liabilities

The table shows a breakdown of the item in question:

	Balance as at 12/31/2019	Balance as at 12/31/2018
Accrued expenses on mortgages	114	100
Lease payments falling due	0	0
Payables due to shareholders	464	1,153
Payables due to other lenders within 12 months	3,659	970
TOTAL OTHER CURRENT LIABILITIES	**4,237**	**2,223**

Accrued expenses relate to amounts of interest expense on mortgages pertaining to 2019 and debited in 2020.

"Payables due to shareholders" amounted to € 464 thousand and relate, for € 222 thousand, to the payable relating to purchase of the equity investment in Prostand corresponding to the part of the price with deferred payment beyond 12 months, to be disbursed to minority shareholders, and for € 240 thousand relate to payables booked by FB International Inc. The remaining part relates to the payables of the Parent Company for dividends approved but still not distributed.

"Payables due to other lenders within 12 months" includes:

- The variable amount of the price recognised to Arezzo Fiere e Congressi for the acquisition of the trademark GoldItaly and the use of the trademark Oro Arezzo and all other assets connected with the two events in question, for € 2,150 thousand;
- payables for urbanisation works to be paid to the Municipality of Rimini for € 1,000 thousand;
- short-term payables to be paid to the former shareholders of Prostand S.r.l. connected with the purchase of the equity investment for € 478 thousand completed last year;
- payables relating to the variable amount recognised to the seller for the purchase of the business unit FIMAST for € 55 thousand.

24) Trade payables

	Balance as at 12/31/2019	Balance as at 12/31/2018
Trade payables	34,853	40,448
Payables due to associated companies	120	96
Payables due to jointly controlled companies	6	9
TOTAL TRADE PAYABLES	**34,979**	**40,553**

Trade payables amounted to € 34,979 thousand, of which € 120 thousand to associated companies (€ 110 thousand to Cesena Fiera Spa and € 10 thousand to C.A.S.T. Alimenti Srl) and € 6 thousand to the jointly controlled company (DV Global Link LLC). Trade payables refer, for the most part, to purchases of the services needed for the staging of trade fairs.

25) Tax payables for direct taxes

	Balance as at 12/31/2019	Balance as at 12/31/2018
Payables due to parent companies	0	1,745
IRAP (regional business tax) payable	2,053	0
TOTAL TAX PAYABLES FOR DIRECT TAXES	**2,053**	**1,745**

"Payables due to parent companies" for 2018 include the payables of the Group companies of a tax nature due to the company Rimini Congressi S.p.A. deriving from the application of the National Tax Consolidation regime. In 2019, IEG left the national tax consolidation regime. IRAP payables relate to the Italian companies of the Group and, for the most part, to the Parent Company.

26) Other current liabilities

	Balance as at 12/31/2019	Balance as at 12/31/2018
Payments on account	1,943	3,863
Payables due to social security institutions	1,345	1,371
Other payables	5,873	6,980
Accrued expenses and deferred income	778	1,983
Revenues paid in advance pertaining to subsequent years	36,928	34,593
Other tax payables	1,688	2,610
TOTAL OTHER CURRENT LIABILITIES	**48,554**	**51,400**

As regards current liabilities, the most significant item is "Revenues paid in advance pertaining to subsequent years", which are generated primarily due to billing timings. The Group proceeded with the mass issue of invoices by the end of the year, with the most significant values for the events VicenzaOro January 2020, Sigep 2020 and Abitech 2020.

"Revenues paid in advance pertaining to subsequent years", whose increase is attributable, as stated in the previous paragraph, to different billing timings, include revenues billed in the year, but relating to events pertaining to subsequent years.
"Other payables" refer primarily to the Parent Company and mainly include payables to employees such as accrued holidays, leave, 'hour bank', deferred monthly pay and other payables accrued and still not enjoyed or paid to personnel, fees accrued and not paid to statutory bodies.

COMMENTS ON MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

27) Revenues from sales and services

The following table shows the breakdown of revenues by business type:

	Balance as at 12/31/2019	Balance as at 12/31/2018
Organised Events	96,774	97,851
Hosted Events	1,823	1,788
Conferences	15,288	12,802
Related Services (stand fitting, catering, cleaning)	57,004	40,975
Publishing, Sports and Other activities	3,339	3,390
TOTAL REVENUES FROM SALES AND SERVICES	**174,228**	**156,806**

As regards the analysis of the trend in revenues in 2019 and the comparison with the data in the previous year, please refer to the information already outlined in the Directors' Report on Operations, where the variation is analysed by breaking it down into the various components that generated it. It should be noted that the increase in revenues between the two years analysed was influenced by the entry into the scope of consolidation of the IEG Group if the stand fitting companies Prostand S.r.l. (acquired on September 1st, 2018, therefore present in the comparative data for just 4 months), Colorcom S.r.l. (acquired on September 1st, 2018 from Prostand S.r.l. and merged in the direct parent company and effective from January 1st, 2019 for accounting and tax purposes) and Fb International Inc. (acquired on March 1st, 2018, therefore present in the comparative data for 10 months, i.e. the March-December 2018 period).

28) Other revenues

"Other revenues and income" are detailed as follows:

	Balance as at 12/31/2019	Balance as at 12/31/2018
Operating grants	172	139
Emilia-Romagna Region Grant	194	194
Other revenues	4,006	2,541
TOTAL OTHER REVENUES AND INCOME	**4,372**	**2,874**

The item "Other revenues and income" includes mostly accessory trade fair income, but falling under the ordinary activities of the Group, for example revenues from concessions, costs pertaining to third parties relating to events managed in collaboration with other parties, income from publications and subscriptions and other items.

It should be noted that "Other revenues" include an amount of € 981 thousand in non-recurring income relating to the re-invoicing to the parent company Rimini Congressi of a part of the advisory costs incurred by IEG S.p.A. to finalise its listing process, initiated in 2018 and completed with the Parent Company's access to the MTA (screen-based equities market) on June 19th, 2019.

29) Operating costs

Operating costs amounted to € 136.7 million (€ 128.9 million as at December 31st, 2018) and are detailed as follows:

	Balance as at 12/31/2019	Balance as at 12/31/2018 (*)
Costs for raw materials, consumables and goods for resale	(15,420)	(10,345)
Costs for services	(82,499)	(79,753)
For use of third-party assets	(492)	(4,469)
For personnel		
Wages and salaries	(25,067)	(22,098)
Social security costs	(7,175)	(6,393)
Employee severance indemnity	(1,449)	(1,420)
Pension costs and similar liabilities	0	0
Other costs	(743)	(607)
Directors' fees	(1,110)	(947)
	(35,543)	**(31,465)**
Change in inventories	142	151
Other operating costs	(2,914)	(2,936)
TOTAL OPERATING COSTS	**(136,726)**	**(128,817)**

(*) Some of the amounts shown in this column do not correspond to those of the financial statements published as at December 31st, 2018, as they reflect the valuations made at the time of the Purchase Price Allocation of Prostand and Colorcom at final values. For more details, refer to the paragraph entitled Business Combinations in the Measurement criteria section of the explanatory notes to the Consolidated Financial Statements.

The increase in Operating costs of € 7.9 million compared to the previous year (+6.1%) is due mainly to the following factors:

- Last year's operating costs included the contribution of Prostand and Colorcom for four months (the acquisitions of the companies were completed on September 1st, 2018) and those of FB International Inc. for ten months (the acquisition of the company occurred on March 1st 2018). The overall impact of the acquisitions of the stand fitting companies was € 16.2 million.
- Application in 2019 of the new IFRS 16, which led to a reduction in the costs for the use of third party assets totalling € 3.9 million.
- Absence of costs connected with the biennial event Tecnargilla;

It should be noted that "Costs for services" for 2019 include an amount of € 238 thousand in non-recurring expenses relating to advisory costs incurred by IEG S.p.A. to finalise its listing process, initiated in 2018 (non-recurring costs of € 1,428 thousand) and completed with the Parent Company's access to the MTA (screen-based equities market) on June 19th, 2019.

The table below provides details of the main costs included in the item "Other operating costs". "Other operating expenses" mainly include the charges of previous years.

	Balance as at 12/31/2019	Balance as at 12/31/2018
Municipal taxes	(1,113)	(1,046)
SIAE (Italian Authors and Publishers Association) fees, exhibition taxes	(25)	(59)
Vehicle ownership tax	(6)	(6)
Membership fees and contributions	(364)	(282)
Revenue stamps and certification of the books	(34)	(31)
Other taxes	(27)	(54)
Other costs	(597)	(335)
Capital losses from fixed asset disposal	(101)	(84)
Damages reimbursed	-	(19)
Other operating expenses	(646)	(1,020)
TOTAL OTHER OPERATING COSTS	**(2,914)**	**(2,936)**

30) Depreciation, amortisation and write-downs of fixed assets

	Balance as at 12/31/2019	Balance as at 12/31/2018
Amortisation of intangible fixed assets	(1,846)	(1,263)
Depreciation of property, plant and equipment	(14,602)	(9,193)
Write-downs of fixed assets	(111)	-
TOTAL AMORTISATION, DEPRECIATION AND WRITE-DOWNS	**(16,559)**	**(10,456)**

"Depreciation of property, plant and equipment" rose mainly due to the application of new IFRS 16.

31) Financial income and charges

Details of "Financial income" are reported below:

	Balance as at 12/31/2019	Balance as at 12/31/2018
From securities in Current assets other than equity investments	**61**	**61**
Interest income on bank deposits	5	12
Other interest income	103	80
Income other than the above	***108***	***92***
TOTAL FINANCIAL INCOME	**169**	**153**

Financial income amounted to € 169 thousand, including € 16 thousand relating to the recognition of financial income on sub-leases of rights of use pursuant to IFRS 16, relating to Prostand S.r.l.. The remainder, attributable almost entirely to the Parent Company, is the result of the liquidity management of said entity.

Details of the item "Interest and financial charges" are provided below:

	Balance as at 12/31/2019	Balance as at 12/31/2018
Interest expense on payables due to banks	(988)	(969)
Other interest expense and charges	(62)	(3)
Negative differences of SWAPs	(991)	(974)
IRS differential	(218)	279
Financial charges on Put Options	(1,218)	(777)
Interest expense on rights of use - IFRS 16	(799)	-
TOTAL INTEREST AND FINANCIAL CHARGES	**(4,276)**	**(2,443)**

Financial charges encumber almost exclusively Italian Exhibition Group S.p.A., which acts as the treasury for several of the Group's operating companies, and relate to mortgages taken out and the temporary use of short-term credit facilities.

The "IRS Differential" represents the change in the fair value of the derivative, solely for management purposes, contracted by the Parent Company with former Banca Popolare di Vicenza (now Banca Intesa San Paolo), between December 31st, 2018 and December 31st, 2019, while the "Negative differences of SWAPs" refer to the interest paid to said institution at the fixed rate established by the contract in question and the second one subscribed in 2018. It should be noted that the change in the fair value of the derivative financial instrument had a different impact in the two periods: a positive € 279 thousand in 2018 and a negative € 218 thousand in 2019, with a net change which led to an overall worsening in the item of roughly € 497 thousand.

The item "Financial charges on Put Options" amounted to € 1,218 thousand and includes financial charges accrued on payables connected with the put options relating to the stand-fitting companies acquired in 2018. The main reason for the increase of € 441 thousand, is linked to the fact that, in 2019, twelve months of interest expense was considered for Prostand (acquired in September 2018) and FB International (acquired in March 2018).

It should be noted that, as a result of the application of IFRS 16 - Leases, the Group recognised interest expense totalling € 799 thousand.

In 2019, the item "other interest expenses and charges" included the expenses of the adjustment of Employee severance indemnity according to IAS 19, while in the previous year the effects led to a benefit posted under financial income.

The positive and negative exchange differences led to a net charge connected mainly with the Euro-Dollar exchange rate taken at the end of the year, due to which the exchange loss was recorded on receivables due to the company in dollars.

	Balance as at 12/31/2019	Balance as at 12/31/2018
Exchange gains	119	159
Exchange losses	(78)	(195)
TOTAL EXCHANGE GAINS AND LOSSES	**42**	**(36)**

32) Gains and losses from equity investments

Equity investments in associated companies were measured using the equity method. The other equity investments are booked at cost and are written down in the event of a significant and prolonged reduction in the fair value with respect to the cost of recognition.
For more information, please refer to the previous comments on financial fixed assets.

	Balance as at 12/31/2019	Balance as at 12/31/2018
Revaluations of equity investments		
C.A.S.T. Alimenti Srl	8	134
Cesena Fiera S.p.a.	72	(2)
Fitness Festival International S.r.l. (in liquidation)	5	46
Total revaluations of equity investments	**178**	**178**
Write-downs of equity investments		
Expo Estrategia Brasil Eventos e Producoes Ltda	(19)	(145)
EAGLE	(68)	-
Fairsystem Srl	(5)	(15)
DV Global Link LLC	(283)	(234)
Total Write-down of equity investments	**(376)**	**(394)**
Total effect of valuation of equity investments with the equity method	**(291)**	**(216)**
Income from equity investments		
CAST Alimenti dividends	43	44
Total income from equity investments	**43**	**44**
TOTAL GAINS/LOSSES ON EQUITY INVESTMENTS	**(248)**	**(172)**

33) Taxes

Income taxes for the year amounted to € 7.1 million, of which current taxes totalled € 7.0 million, taxes relating to previous years came to € 0.3 million and the balance of deferred tax assets and deferred tax liabilities led to a lower expense of € 0.3 million.

Pursuant to point 14) of article 2427 of the Italian Civil Code, and the requirements of IAS 12, the required information on deferred and prepaid taxes is shown below.

	2019			2018 (*)		
	Temporary differences	*Rate*	*Tax effect*	*Temporary differences*	*Rate*	*Tax effect*
Deferred tax assets with contra-entry in the income statement						
Bad debt provision	4,346	24%	1,043	3,634	26%	956
Other provisions for risks and charges	1,671	24%	405	1,458	24%	354
Other losses that can be carried forward	2,441	9%	226	781	24%	187
Agents' leaving indemnities	100	28%	28	100	28%	28
Directors' emoluments not paid in the year	287	24%	69	274	24%	66
Amortisation/depreciation not deductible in the year	1,072	25%	271	746	25%	187
Statutory write-down of intangible fixed assets	123	28%	34	134	28%	37
Photovoltaic prepaid amounts	1,406	28%	392	1,519	28%	424
IAS write-down of intangible fixed assets	185	28%	52	175	30%	52
Statutory/fiscal misalignment on revaluation of land	1,657	28%	462	1,657	28%	462
Value adjustments of equity investments	227	1%	3	227	1%	3
Fair value of derivatives	4,679	24%	1,123	4,461	24%	1,071
Discounting of employee benefits	47	24%	11	17	24%	4
IFRS 16	414	22%	91	-		-
Indemnities on purchase of Prostand/Colorcom	552	28%	154	1,053	28%	294
Total deferred tax assets with contra-entry in the income statement	***19,207***		***4,365***	***16,236***		***4,124***
Tax effect on "Actuarial Gain & Losses" component of actuarial calculation of Employee benefits	125	24%	30	**183**	**26%**	**48**
Fair value on derivatives at CFH	549	24%	132	**-**		**-**
IFRS 16	2,426	23%	563	**-**		**-**
Total deferred tax assets charged - Shareholders' equity	**3,100**		**725**	**183**		**48**

	2019			2018 (*)		
	Temporary differences	*Rate*	*Tax effect*	*Temporary differences*	*Rate*	*Tax effect*
Deferred tax liabilities:						
Excess amortisation	600	8%	50	*103*	*56%*	*58*
Statutory/fiscal misalignment on revaluation of land	4,537	0%	1,266	*4,537*	*0%*	*1,266*
Amortised cost - loans	699	24%	168	*820*	*24%*	*197*
Discounting of employee benefits	20	27%	6	-		-
Total deferred tax liabilities charged to Income Statement	**5,856**		***1,489***	***5,460***		***1,520***
Statutory/fiscal misalignment on revaluation of land	1,542	28%	430	1,542	28%	430
	1,542		**430**	**1,542**		**430**
Recognised of deferred tax liabilities on PPA	4,409	28%	1,230	4,409	28%	1,230
Total taxes on PPA	**4,409**		**1,230**	**4,409**		**1,230**
Net deferred (prepaid) taxes	**10,500**		***1,940***	***5,008***		***991***

(*) Some of the amounts shown in this column do not correspond to those of the financial statements published as at December 31st, 2018, as they reflect the valuations made at the time of the Purchase Price Allocation of Prostand and Colorcom at final values. For more details, refer to the paragraph entitled Business Combinations in the Measurement criteria section of the explanatory notes to the Consolidated Financial Statements.

Deferred tax liabilities have been calculated according to the global allocation approach, taking into account the cumulative amount of all temporary taxable differences, based on the expected average rates in force when these temporary differences are offset.

Deferred tax assets were recorded given there is reasonable certainty as to the existence, in the years in which the temporary deductible differences will carry forward, in respect of which prepaid taxes were recognised, of a taxable income not lower than the amount of the differences that will be cancelled.

The main temporary differences that involved the recognition of deferred tax assets and liabilities are indicated in the table below, together with the associated effects.

The tables below show the differences between theoretical tax charges (IRES 24% and IRAP 3.9%) and the tax charge that can actually be recorded in the financial statements, as suggested by IAS 12.

Reconciliation between theoretical IRES and IRES as per the Financial Statements		12/31/2019
Pre-tax result		**19,724**
Theoretical tax charge		*(5,123)*
Decreases		
	Photovoltaic plant	(113)
	Use/cancellation of provisions allocated in previous years	(417)
	Excess interest	(86)
	Deductible portion of board and lodging expenses	(1,557)
	Dividends from subsidiaries/revaluation of equity investments	(133)
	Tax amortisation exceeding statutory amortisation	(588)
	Other decreases	(703)
	Other write-downs of assets	(50)
	IMU (Municipal property tax)	(221)
	IRAP and lump-sum portion on employee severance indemnity paid	(276)
	Total decreases	**(4,144)**
Increases		
	Write-down of equity investments and Allocation to Provision for write-down of Equity investments	611
	Non-deductible amortisation/depreciation and other non-deductible provisions	2,208
	IMU (Municipal property tax)	442
	Non-deductible portion of board and lodging expenses	2,258
	Other increases	1,849
	Total increases	**7,369**
Reduction in Income for Asset Increase (ACE)		**(7)**
Taxable amount for IRES purposes pertaining to the year		**22,942**
Use of tax losses of previous years		(2)
Actual taxable income for IRES purposes		**22,940**
IRES (corporate income tax) pertaining to the year		(5,808)
IRES in Income statement		**(5,808)**

Reconciliation between theoretical IRAP and IRAP as per the Financial Statements		12/31/2019
Difference between production revenues and costs		**24,038**
Non-relevant costs for IRAP purposes		31,760
Theoretical taxable income		**55,798**
Theoretical tax charge (3.90%)		*(2,176)*
Decreases		
	Non-taxable revenues	(2,465)
	INAIL (Italian National Institute for Insurance against Accidents at Work), Trainees, Tax wedge and similar	(23,280)
	Excess tax amortisation	(44)
	Other decreases	(209)
	Total decreases	**(25,998)**
Increases		
	Directors' fees	656
	Municipal Property Tax	442
	Other increases	827
	Total increases	**1,926**
Taxable amount for IRAP (regional business tax) purposes pertaining to the year		**31,726**
Use of tax losses of previous years		-
Actual taxable amount for IRAP (regional business tax) purposes		**31,726**
IRAP pertaining to the year		(1,231)
IRAP in Income statement		**(1,231)**

34) Related party transactions

The companies in the IEG Group entered into transactions under market conditions and based on reciprocal cost effectiveness, both within the Group and with other related companies.

Business transactions between the IEG Group companies are mainly targeted at the organisation and management of exhibitions and events. IEG S.p.A. also provides treasury services to some Group companies. For a description of the nature and the amounts of the transactions between companies consolidated on a line-by-line basis, please refer to the contents of the Directors' Report on Operations.

The table below shows the amount and the nature of the receivables/payables as at December 31st, 2019 and details of the costs/revenues in the year deriving from transactions between consolidated companies and associated companies, jointly controlled companies and the parent company Rimini Congressi S.p.A..

It should be noted that, as of the 2019 tax year, the Tax Consolidation Regime is no longer in place with the parent company Rimini Congressi S.p.A..

In addition, it should be noted that, on application of the new accounting standard, IFRS 16, the costs for the use of third-party assets, relating to rental agreements for the Rimini Conference Centre stipulated between IEG and Società del Palazzo dei Congressi S.p.A., were replaced in the consolidated financial statements by costs for amortisation/depreciation and financial charges as indicated in the following table. Financial payables amounting to € 18.5 million relate entirely to the discounting of lease instalments to be paid for the rental of Palacongressi di Rimini, as set forth in IFRS 16.

	Balance as at 12/31/2019					
Related party transactions	Società Palazzo dei Congressi (*)	Rimini Congressi	Destination Services	DV Global Link LLC	Cesena Fiera	CAST Alimenti Srl
Trade receivables	47	491	3	54	130	
Current financial assets				292		
TOTAL RECEIVABLES	**47**	**491**	**3**	**345**	**130**	
Trade payables				(6)	(110)	(10)
Financial payables	(18,539)					
Tax payables for direct taxes						
TOTAL PAYABLES	**(18,539)**			**(6)**	**(110)**	**(10)**
Revenues from sales and services	43	981		13	2,080	2
Other revenues	69			84		
Costs for services, use of third-party assets, other expenses	(1,236)			(6)	(204)	(11)
Income from equity investments						43
TOTAL REVENUES AND COSTS	**(1,124)**	**981**		**91**	**1,875**	**34**

(*) In applying IFRS 16, costs for use of third-party assets vis-à-vis Società del Palazzo are completely eliminated and replaced with amortisation/depreciation on rights of use for € 1,057 thousand and financial charges for € 384 thousand.

35) Disclosure no. 124 pursuant to August 4th, 2017

The information required pursuant to art. 1, paragraph 125 of Law no. 124 of August 4th, 2017

is provided in the table below.	Name of disbursing entity	Reason	Sum collected (€)	Collection date
1	G.S.E. S.p.A.	Photovoltaic incentives - January/February	3,234	04/30/2019
2	G.S.E. S.p.A.	Photovoltaic incentives - March	1,617	07/01/2019
3	G.S.E. S.p.A.	Photovoltaic incentives - April	1,679	07/01/2019
4	G.S.E. S.p.A.	Photovoltaic incentives - May	1,679	09/02/2019
5	G.S.E. S.p.A.	Photovoltaic incentives - June	1,679	09/02/2019
6	G.S.E. S.p.A.	Photovoltaic incentives - July	1,845	10/31/2019
7	G.S.E. S.p.A.	Photovoltaic incentives - August	1,845	10/31/2019
8	G.S.E. S.p.A.	Photovoltaic incentives - September	1,845	12/31/2019
9	G.S.E. S.p.A.	Photovoltaic incentives - October	1,949	12/31/2019
10	Ministry of the Environment and Protection of Land and Sea	Agreement for support for the internationalisation of companies operating in the Green Economy sectors (Ecomondo 2019)	106,950	10/09/2019
11	APT servizi	applications for mice int events - lead and bid generation activities	15,000	10/07/2019
		Total	**139,322**	

36) Additional Information

Sureties and guarantees granted to third parties

It should be noted that, as at December 31st, 2019, the Group has guarantees in place relating to sureties and third party assets at IEG totalling € 1,796 thousand.

The following guarantees were issued:

- by the Parent Company in favour of the Municipality of Rimini for an amount of € 1 million as guarantee of urbanisation expenses - financial super-standard connected to areas of land located in Rimini – Via della Fiera sold in 2015; the payable due to the Municipality was settled in January 2020 and the guarantee extinguished;
- by the Parent Company in favour of Agenzia ICE for € 129 thousand to support the internationalisation of Ecomondo (in the process of being reported);
- by the Parent Company in favour of the lessor of the Milan offices for the remaining amount.
- by Summertrade S.r.l. in favour of Cesena Fiere S.p.A. and Riva del Garda S.p.A. for € 101 thousand to guarantee the contractual commitments relating to the management of internal catering services in the two trade fair complexes;
- by Prostand S.r.l. in favour of the lessors for an amount of € 280 thousand to guarantee the contractual commitments relating to leases on industrial depots/warehouses;
- by Prostand S.r.l. for an amount € 50 thousand as guarantee for the works carried out for the benefit of the customer;

It should also be noted that Italian Exhibition Group S.p.A. replaced Fiera di Vicenza S.p.A. in the guarantees issued by the latter in favour of the investee C.I.S. S.p.A. in liquidation for an amount of € 1,200 thousand. This amount was not recorded under guarantees given as the associated provision for risks is allocated in the financial statements for the same amount.

Employees

The average number of employees is expressed as the number of FTE (full-time equivalent) workers. The comparison between the average number of employees in 2019 and the previous year is shown below.

FTE	**2019**	**2018**
Executives	13.8	13.1
Middle managers-White collar workers	379.3	321.6
Blue-collar workers	11.1	152.3
AVERAGE NUMBER OF EMPLOYEES	**565.5**	**487.1**

The exact number of workers (headcount) as at December 31st, 2019 compared with the figure as at December 31st, 2018 is indicated hereunder.

Headcount	**12/31/2019**	**12/31/2018**
Executives	13	13
Middle managers-White collar workers	405	383
Blue-collar workers	420	152
TOTAL HEADCOUNT AT THE END OF THE PERIOD[1]	**838**	**548**

[1] All employees on the workforce as at December 31st, 2019 are considered.

ANNEX 1

These annexes contain additional information with respect to the contents of the Explanatory notes, of which they constitute an integral part.

COMPANIES ACCOUNTED FOR IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31ST, 2019 USING THE LINE-BY-LINE METHOD

Company Name	Registered office	Core business	Share capital (figures in thousands)	% Share held by the Group			Group company
				Total Group	Direct IEG S.p.A.	Indirect - Other Group Companies	
Italian Exhibition Group S.p.A.	Via Emilia, 155 – 47921 Rimini	Organiser and host site of trade fairs / events / conferences		*Parent Company*			
Exmedia S.r.l. in liquidation	Via Emilia, 155 – 47921 Rimini	Organiser of trade fairs / events / conferences and other trade fair activity accessory services	200	51%	51%		
Summertrade S.r.l. (*)	Via Emilia, 155 – 47921 Rimini	Catering services	105	65%	65%		
Prostand Exhibition Services S.r.l.	Via Emilia, 129 – 47900 Rimini	Trade fair stand fittings	78	90.2%	51%	39.2%	Prostand S.r.l. (**)
Prostand S.r.l. (***)	Poggio Torriana, via Santarcangiolese 18	Trade fair stand fittings	182	80%	80%		(**)
IEG USA Inc.	1001 Brickell Bay Dr., Suite 2717° Miami (FL)	Equity holding company	USD 7,200	100%	100%		
FB International Inc (****).	1 Raritan Road, Oakland, New Jersey 07436 - USA	Trade fair stand fittings	USD 48	51%		51%	IEG USA Inc.
Prime Servizi S.r.l.	Via Flaminia, 233/A – 47924 Rimini	Cleaning and porterage services	60	51%	51%		

(*) Minority shareholder: CAMST S.c.ar.l.

(**) The percentage considered of the equity investment in Prostand S.r.l. includes an option equal to 20% of share capital.

(***) Minority shareholder: Luca Galante

(****) Minority shareholder: Fabrizio Bartolozzi

COMPANIES ACCOUNTED FOR IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31ST, 2019 USING THE EQUITY METHOD

Company Name	Registered office	Core business	Share capital (figures in thousands)	% Share held by the Group			Group company
				Total Group	Direct IEG S.p.A.	Indirect - Other Group Companies	
Fairsystem International Exhibition Services S.r.l. in liquidation	Via Maserati, 16 – Bologna	Organiser of international trade fairs / events	100	31.25%	31.25%		
Expo EstrategiaBrasilEventos e ProducoesLtda	Rua Felix de Souza, 307 Vila Congonhas – Sao Paulo	Organiser and host site of trade fairs / events / conferences	REAL 6,091	50%	50%		
DV Global Link LLC	P.O. Box 9292, Dubai, United Arab Emirates	Organiser and host site of trade fairs / events / conferences	AED 500	49%	49%		
Fitness Festival International S.r.l. in liquidation	Via Martiri dei Lager, 65 – 06128 Perugia	Organiser of trade fairs / events and conferences	220	50%	50%		
Europe Asia Global Link Exhibitions Co., Ltd	no. 18 Tian Shan Road 900-341, Changning District, Shanghai, China	Organiser of trade fairs / events and conferences	CNY 1,000	50%	50%		
Europe China Environmental Exhibitions Co., Ltd.	Getan Building 1, No.588, Yizhou Avenue, Chengdu, China	Organiser of trade fairs / events and conferences	n.a.	30%	0%	60%	E.A.G.L.E.
Cesena Fiera S.p.A.	Via Dismano, 3845 – 47522 Pievesestina di Cesena (FC)	Organiser of trade fairs / events and conferences	2,000	26%	20%	6%	Prostand S.r.l. (1)
C.A.S.T. Alimenti S.p.A.	Via Serenissima, 5 – Brescia (BS)	Training courses and professional training courses	126	23.08%	23.08%		
Destination Services S.r.l.	Viale Roberto Valturio 44 – 47923 Rimini (RN)	Promotion and organisation of tourist services	10	50%	50%		
Rimini Welcome S.c.a.r.l.	Via Sassonia, 30 - Rimini	Promotion and organisation of tourist services	100	8.25%	5%	3.25%	Summertrade S.r.l.
Green Box S.r.l.	via Sordello 11/A – 31046 Oderzo (TV)	Organiser of trade fairs / events and conferences	15	20%	20%		

(1) The percentage considered of the equity investment in Prostand S.r.l. includes an option equal to 20% of share capital.

Statement relating to the Consolidated Financial Statements pursuant to Art. 154 bis, paragraph 5 of Legislative Decree no. 58/1998

STATEMENT RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 154 BIS, PARAGRAPH 5 OF LEGISLATIVE DECREE NO. 58/1998

1. The undersigned, Corrado Peraboni, as Chief Executive Officer and Roberto Bondioli as Manager responsible for preparing the company's financial documents of Italian Exhibition Group S.p.A. hereby certify, also taking into account the provisions of article 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of February 24th, 1998:
   - the adequacy with respect to the company's profile, and
   - the effective application

   of the administrative and accounting procedures for the preparation of the Consolidated Financial Statements as at December 31st, 2019.

2. It is also certified that:
   2.1. the consolidated financial statements as at December 31st, 2019:
   - were prepared in accordance with the international accounting standards recognised by the European Union pursuant to European Parliament and Council Regulation no. 1606/2002/EC of July 19th, 2002;
   - correspond to the results of the books and the accounting records;
   - are suitable to provide a true and fair representation of the capital, economic and financial situation of the issuer and group of companies included within the scope of consolidation.

   2.2. the Directors' Report on Operations includes a reliable analysis of the trends and results of operations as well as of the position of the issuer and of all entities included within the scope of consolidation, together with a description of the main risks and uncertainties they are exposed to.

Rimini, April 7th, 2020

Signed

The Chief Executive Officer

Corrado Peraboni

Signed

Manager responsible for drafting the company's financial documents

Roberto Bondioli

Independent Auditors' Report
to the consolidated financial statements

Independent auditor's report

in accordance with article 14 of Legislative Decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537/2014

To the shareholders of Italian Exhibition Group SpA

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Italian Exhibition Group SpA (hereinafter also the "Company") and its subsidiaries (hereinafter also the "IEG Group" or the "Group"), which comprise the consolidated statement of financial position as of 31 December 2019, the consolidated income statement, the consolidated statement of comprehensive income, statement of changes in consolidated shareholders' equity, consolidated cash flow statement for the year then ended and explanatory notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements of Italian Exhibition Group SpA give a true and fair view of the financial position of the IEG Group as of 31 December 2019 and of the result of its operations and cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italy). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of this report. We are independent of Italian Exhibition Group SpA pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

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Key audit matters	***Auditing procedures performed in response to key audit matters***
Recoverability of goodwill	
Paragraph "Measurement criteria" and note no. 2 - "Intangible fixed assets" of the explanatory notes	
As of 31 December 2019, the book value of the goodwill amounts recognised in the consolidated financial statements of the IEG Group amounted to about Euro 22.1 million. Under IAS 36, considering that goodwill is an intangible asset with an indefinite useful life, it is not subject to amortisation, but tested for impairment ("impairment test") at least once a year. On the basis of the Company's strategic choices, the goodwill amounts were allocated, for the purpose of verifying their recoverable value, to the Cash Generating Units ("CGUs") coinciding with the operating sector of the IEG Group ("CGUs of the IEG Group"). The impairment test was performed by the Directors by comparing the recoverable value of the CGUs of the IEG Group represented by their value in use determined according to the discounted cash flow method with their book value, which includes the goodwill amounts. The goodwill amounts, equal to Euro 305 thousand, relating to "Fimast" and "Fieravicola" were excluded from the value in use and, accordingly, from the book value tested for impairment, as the relevant business combinations were finalized in the last quarter of 2019, the process of allocation of the purchase price has not been finalised yet and no impairment indicators emerged with respect to the acquisition dates. The value in use determined by the Directors, which considers the explicit forecast period 2020-2023, is based on assumptions regarding, among	The audit approach preliminarily consisted in obtaining an understanding and assessing the methods and procedures defined by the Company to determine the recoverable value of the CGUs of the IEG Group, to which the goodwill tested for impairment were allocated. Specifically, we verified the reasonableness of the Directors' assumptions behind the allocation of goodwill to the CGUs of the IEG Group. We verified that the method used by the Company complied with IAS 36 adopted by the European Union and with the standard evaluation practice, including through the involvement of the PwC network experts in business valuations. We verified the reasonableness of the discount rate and of the perpetuity growth rate in comparison with the evaluation practice generally applied for companies in the relevant industry of the IEG Group. We analysed the historical capacity of the Directors to provide reliable forecasts by a comparison between the forecasts included in the budget for the financial year ended 31 December 2019 and the final consolidated data. We tested the consistency between the cash flows included in the valuation model and those included in the 2020 Budget and in the Plan. We analysed the reasonableness of the forecasted cash flows through interviews of

Key audit matters	*Auditing procedures performed in response to key audit matters*
other things, (i) the estimated cash flows inferred from the 2020 Budget data approved by the Company's Board of Directors on 18 December 2019 and the Industrial Plan 2018-2023 approved on 7 September 2018 later updated to incorporate the resolutions taken in the meantime by the Directors with effects on the FYs 2021-2023 (hereinafter the "Plan"), (ii) the determination of an appropriate discount rate ("WACC") and (iii) the estimate of a medium/long-term growth rate ("g" rate) for the flows beyond the Plan explicit period. The basis of preparation and the results of the impairment test were approved by the Company's Board of Directors on 25 February 2020 and 7 April 2020, respectively, without detecting any impairment indicators for the goodwill amounts recognised in the consolidated financial statements. This was considered as a particularly significant matter for the statutory audit of the consolidated accounts, in light of the estimation elements (in particular the estimate of the expected cash flows and the determination of the discount rate and growth rates) inherent in the evaluations performed by the Directors in relation to the recoverability of goodwill. With regard to the impact on the IEG Group's business deriving from the spreading of COVID 19 which started in January 2020 in China and then moved to Italy and other countries where the Group operates, and from the legislative measures taken by the Italian and foreign governments to curb the spreading of the pandemic, the Directors extended the sensitivity analyses taking into account stress situations based on worsened inputs for the FY2020 compared to those used for the impairment test of the goodwill amounts recognised in the consolidated financial statements at 31 December 2019.	the Company's management. We also verified the mathematical accuracy of the valuation models prepared by the Company and examined the sensitivity analyses performed by the Directors, with reference also to the effects due to the COVID 19 pandemic on the IEG Group's business. Finally, we verified the adequacy and completeness of the disclosures provided by the Company in the explanatory notes to the consolidated accounts.

Responsibilities of the Directors and the Board of statutory auditors for the consolidated financial statements

The Directors of Italian Exhibition Group SpA are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the Directors use the going concern basis of accounting unless they either intend to liquidate the parent company Italian Exhibition Group SpA or to cease operations, or have no realistic alternative but to do so.

The Board of statutory auditors of Italian Exhibition Group SpA is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italy) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italy), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- we concluded on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italy regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional disclosures required by article 10 of Regulation (EU) no. 537/2014

On 17 October 2018, the shareholders of Italian Exhibition Group SpA in general meeting engaged us to perform the statutory audit of the Company's separate and consolidated financial statements for the years ending 31 December 2019 to 31 December 2027.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) no. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on compliance with other laws and regulations

Opinion in accordance with article 14, paragraph 2, letter e) of Legislative Decree no. 39/10 and article 123-bis, paragraph 4 of Legislative Decree no. 58/1998

The Directors of Italian Exhibition Group SpA are responsible for preparing a report on operations (drawn up jointly for the Company's separate and consolidated financial statements) and a report on the corporate governance and ownership structure as of 31 December 2019, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italy) no. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree no. 58/1998 with the consolidated financial statements of the IEG Group as of 31 December 2019 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the IEG Group as of 31 December 2019 and are prepared in compliance with the law.
With reference to the statement referred to in article 14, paragraph 2, letter e) of Legislative Decree no. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree no. 254 of 30 December 2016

The Directors of Italian Exhibition Group SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree no. 254 of 30 December 2016.

We have verified that the Directors approved the non-financial statement. Pursuant to article 3, paragraph 10, of Legislative Decree no. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Bologna, 29 April 2020

PricewaterhouseCoopers SpA

signed by

Gianni Bendandi
(Partner)

"This report has been translated into the English language from the original, which was issued in Italian language, solely for the convenience of international readers. Reference in this report to the financial statements refer to the financial statements in original Italian and not to any their translation."

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ITALIAN EXHIBITION GROUP S.p.A.
Separate Financial Statements as at 12/31/2019

STATEMENT OF FINANCIAL POSITION

ASSETS (in Euro units)	NOTES	12/31/2019	12/31/2018
NON-CURRENT ASSETS			
Property, Plant and Equipment	1	192,746,689	172,335,207
Intangible fixed assets	2	22,926,970	18,546,719
Equity investments in subsidiaries	3	14,630,674	14,729,415
Equity investments valued using the equity method	4	4,128,368	3,970,791
Equity investments in other companies	5	10,853,134	11,004,398
Of which with related parties		*10,786,287*	*10,942,551*
Deferred tax assets	6	1,260,667	316,464
Non-current financial assets	7	474,924	1,596,439
Other non-current assets	8	115,929	86,174
TOTAL NON-CURRENT ASSETS		247,137,355	222,585,607
CURRENT ASSETS			
Inventories		-	-
Trade receivables	9	23,025,821	23,656,953
Of which with related parties		*2,646,043*	*1.968.68*
Tax receivables for direct taxes	10	-	19,939
Current financial assets	11	3,141,432	1,732,223
Of which with related parties		*1,989,697*	*1,732,223*
Other current assets	12	4,876,681	5,106,019
Cash and cash equivalents	13	18,147,288	20,679,799
TOTAL CURRENT ASSETS		49,191,222	51,194,933
TOTAL ASSETS		296,328,577	273,780,540

LIABILITIES	(in Euro units)	NOTES	12/31/2019	12/31/2018
SHAREHOLDERS' EQUITY				
	Share capital	14	52,214,897	52,214,897
	Share premium reserve	14	13,946,713	13,946,713
	Other reserves	14	32,733,409	32,839,858
	Profit (loss) for previous years	14	4,100,972	1,833,908
	Profit (loss) for the year	14	13,897,502	9,852,399
	TOTAL SHAREHOLDERS' EQUITY		116,893,493	110,687,775
NON-CURRENT LIABILITIES				
	Payables due to banks	15	56,403,007	61,230,669
	Non-current financial liabilities on rights of use	16	20,087,572	-
	Of which with related parties		*17,219,277*	*-*
	Other non-current financial liabilities	17	5,721,769	5,524,114
	Of which with related parties		*221,840*	*443,680*
	Provisions for non-current risks and charges	18	1,865,531	2,408,929
	Employee provisions	19	3,357,455	3,341,446
	Deferred tax liabilities	6	-	-
	Other non-current liabilities	20	2,300,485	2,494,455
	TOTAL NON-CURRENT LIABILITIES		89,735,819	74,999,613
CURRENT LIABILITIES				
	Payables due to banks	15	10,133,115	8,749,164
	Current financial liabilities on rights of use	21	2,276,394	-
	Of which with related parties		*1,319,894*	*-*
	Other current financial liabilities	22	3,787,795	1,026,948
	Of which with related parties		*221,840*	*221,840*
	Trade payables	23	28,005,904	30,790,653
	Of which with related parties		*7,524,673*	*8,112,590*
	Tax payables for direct taxes	24	1,969,082	1,877,813
	Of which with related parties		*-*	*1,745,088*
	Other current liabilities	25	43,526,975	45,648,574
	Of which with related parties		*163,599*	*148,601*
	TOTAL CURRENT LIABILITIES		89,699,265	88,093,152
TOTAL LIABILITIES			296,328,577	273,780,540

INCOME STATEMENT

(in Euro units)	NOTES	2019	2018
REVENUES			
Revenues from sales and services	27	120,282,468	117,316,857
Of which with related parties		*3,721,541*	*2,619,560*
Other revenues	27	3,818,420	2,529,493
Of which with related parties		*1,390,865*	*390,086*
TOTAL REVENUES		124,100,888	119,846,350
Of which non-recurring revenues		*981,162*	
OPERATING COSTS			
Change in inventories		-	-
Costs for raw materials, consumables and goods for resale	28	(2,241,838)	(2,427,578)
Of which with related parties		*-*	*(19,214)*
Costs for services	28	(61,983,610)	(65,350,452)
Of which with related parties		*(18,353,278)*	*(13,382,997)*
Of which costs for non-recurring services		*(237,702)*	*(1,428,158)*
Costs for use of third-party assets	28	(219,768)	(1,917,018)
Of which with related parties		*-*	*(1,216,831)*
Personnel costs	28	(21,193,546)	(21,609,011)
Other operating costs	28	(2,495,969)	(2,560,722)
Of which with related parties		*(18,016)*	*(6,575)*
TOTAL OPERATING COSTS	28	(88,134,731)	(93,864,781)
GROSS OPERATING PROFIT (EBITDA)		35,966,157	25,981,569
Of which impact of non-recurring items		*743,460*	*(1,428,158)*
Depreciation, amortisation and write-downs of fixed assets	29	(11,605,980)	(8,794,763)
Write-down of receivables	9	(995,215)	(951,315)
Provisions	17	(144,728)	(176,046)
Value adjustments of financial assets other than equity investments		1,088	(30,035)
OPERATING PROFIT/LOSS		23,221,322	16,029,410
FINANCIAL INCOME AND CHARGES			
Financial income	30	138,174	115,517
Of which with related parties		*4,105*	*14,037*
Financial charges	30	(2,578,759)	(1,595,511)
Exchange rate gains and losses	30	98,541	105,509
TOTAL FINANCIAL INCOME AND CHARGES	30	(2,342,044)	(1,374,485)
GAINS AND LOSSES FROM EQUITY INVESTMENTS			
Effect of valuation of equity investments with the equity method	31	(332,765)	(184,304)
Effect of measurement of equity investments in subsidiaries	31	(209,617)	-
Other gains/losses on equity investments	31	140,440	44,373
Of which with related parties		*140,440*	*44,373*
TOTAL GAINS AND LOSSES FROM EQUITY INVESTMENTS	31	(401,942)	(139,932)
PRE-TAX RESULT		20,477,336	14,514,993
INCOME TAXES			
Current taxes	32	(6,612,350)	(4,603,067)
Taxes related to previous years	32	(348,247)	(2,550)
Deferred tax assets/liabilities	32	380,763	(56,977)
TOTAL INCOME TAXES	29	(6,579,834)	(4,662,594)
PROFIT (LOSS) FOR THE YEAR		13,897,502	9,852,399

STATEMENT OF COMPREHENSIVE INCOME

	2019	2018
PROFIT (LOSS) FOR THE YEAR	**13,898**	**9,852**
Other Comprehensive Income which will be reclassified under profit/(loss) for the year:		
Gains/(losses) on cash flow hedges	(342)	(75)
Gains/(losses) on translation of financial statements in foreign currency	(18)	(41)
Gains/(losses) on financial assets measured at FVOCI	(156)	324
Total other Comprehensive Income which will subsequently be reclassified under profit/(loss) for the year	**(516)**	**208**
Other Comprehensive Income which which will not subsequently be reclassified under profit/(loss) for the year:		
Actuarial gains/(losses) from defined benefit plans for employees – IAS 19	(174)	57
Income taxes	42	(13)
Total effect of change in actuarial reserve	***(132)***	***44***
Total other Comprehensive Income which will subsequently be reclassified under profit/(loss) for the year	**(132)**	**44**
TOTAL PROFIT/(LOSS) BOOKED TO SHAREHOLDERS' EQUITY	**(647)**	**252**
COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**13,249**	**10,104**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium reserve	Revaluation reserves	Legal reserve	Statutory reserve	Other reserves	Retained earnings (Losses) carried forward	Profit (loss) for the year	Total
Balances as at 12/31/2017	**52,214**	**13,947**	**67,160**	**8,777**	**2,369**	**(47,234)**	**(832)**	**8,732**	**105,134**
Allocation of profit for the year:									
- Distribution to shareholders							(5,556)		(5,556)
- Allocation to reserves				437	44		8,251	(8,732)	0
- Effects of IFRS transition									
Business combinations						1,022			1,022
Measurement of revaluation reserves						30	(30)		0
Measurement of defined-benefit plans *						57			57
OCI reserve *						294			294
Reserve for translation of foreign financial statements *						(41)			(41)
CFH reserve						(75)			(75)
Result of the period								9,852	9,852
Balances as at 12/31/2018	**52,214**	**13,947**	**67,160**	**9,213**	**2,413**	**(45,946)**	**1,834**	**9,852**	**110,688**
Allocation of profit for the year:									
- Distribution to shareholders							(5,556)		(5,556)
- Allocation to reserves				492	50		9,311	(9,852)	-
- Effects of IFRS transition							(1,488)		(1,488)
Business combinations						-			-
Measurement of revaluation reserves						-	-		-
Measurement of defined-benefit plans *						(132)			(132)
OCI reserve *						(156)			(156)
Reserve for translation of foreign financial statements *						(18)			(18)
CFH reserve						(342)			(342)
Result of the period								13,988	13,988
Balances as at 12/31/2019	**52,214**	**13,947**	**67,160**	**9,706**	**2,462**	**(46,595)**	**4,101**	**13,988**	**116,893**

** These items fall under the components of the statement of comprehensive income*

CASH FLOW STATEMENT

Values in Euro/000		Notes	12/31/2019	12/31/2018
Profit before tax			**20,477**	**14,515**
	Of which with related parties		*(13,259)*	*(11,616)*
Adjustments to trace profit for the year back to the cash flow from operating activities:				
Costs for use of third-party assets (IFRS 16)			(2,127)	
Amortisation, depreciation and write-downs of property, plant and equipment and intangible assets		29	11,606	8,795
Provisions and write-downs		9	995	951
Other provisions		18	1,085	1,256
Charges/(income) from valuation of equity investments in other companies with the equity method		31	402	140
Write-down of financial assets				
Net financial charges		30	2,342	1,374
	Of which with related parties		*4*	*14*
Other non-monetary changes			(194)	(194)
Cash flow from operating activities before changes in working capital			**34,586**	**26,838**
Change in working capital:				
Inventories				
Trade receivables		9	(364)	(1,656)
	Of which with related parties		*(677)*	*(1,122)*
Trade payables		23	(2,344)	(2,189)
	Of which with related parties		*(588)*	*(3,556)*
Other current and non-current assets		8 - 12	200	2,897
Other current and non-current liabilities		20 – 25	(2,245)	8,823
Receivables/payables for current taxes		10 – 24	(5,533)	(1,628)
	Of which with related parties		*(1,730)*	*(473)*
Deferred tax assets/liabilities		6	61	(21)
Cash flow from changes in working capital			**(10,226)**	**6,226**
Income taxes paid			(1,356)	(2,104)
Employee provisions and provisions for risks		18 - 19	(1,744)	(1,403)
Cash flows from operating activities			**21,260**	**29,556**
Cash flow from investment activities				
Net investments in intangible fixed assets		2	(6,093)	(649)
Net investments in property, plant and equipment		1	(8,596)	(7,054)
Disinvestments in intangible fixed assets			-	-
Disinvestments in property, plant and equipment		1	60	2
Dividends from associated companies and joint-ventures		31	140	44
	Of which with related parties		*140*	*44*
Change in current and non-current financial assets		7 – 11	(288)	7,030
	Of which with related parties		*(36)*	*(88)*
Acquisitions net of cash and cash equivalents acquired			-	(14,195)
Changes in equity investments in associated companies and other companies		4 - 5	(606)	(2,979)
Cash flow from investment activities			**(15,382)**	**(17,800)**
Cash flow from financing activities				
Change in other financial payables		17 - 22	2,273	613
Payables due to shareholders		17 – 22	(6)	8
Obtainment/(repayment) of short-term bank loans		15	-	(1,500)
Obtainment of mortgages		15	6,546	17,474
Mortgage repayment		15	(9,990)	(5,922)
Net financial charges paid		30	(1,659)	(1,095)
Dividends paid		14	(5,556)	(5,556)
Change in Group reserves		14	(18)	830
Cash flow from financing activities			**(8,410)**	**4,853**
Net cash flow for the period			**(2,533)**	**16,608**
Opening cash and cash equivalents			20,680	4,071
Closing cash and cash equivalents			18,147	20,680

Explanatory notes to the financial statements

GENERAL INFORMATION

Italian Exhibition Group S.p.A. (hereinafter “IEG”, the “Company” or the “Parent Company”, together with its subsidiaries, associated companies and/or jointly controlled companies, the “Group” or the “IEG Group”) is a joint-stock company domiciled in Italy, with registered office in Via Emilia 155, Rimini, and organised according to the legal system of the Italian Republic. IEG is the Parent Company, created as a result of the transfer of Fiera di Vicenza S.p.A. to Rimini Fiera S.p.A. and the simultaneous change of the latter’s company name to Italian Exhibition Group S.p.A..

The company successfully completed the process of listing on the MTA (screen-based equities market) organised and managed by Borsa Italiana S.p.A. on June 19th, 2019.

It should be noted that, pursuant to article 70, paragraph 8 and article 71, paragraph 1-bis, of the Regulation adopted by CONSOB by means of resolution no. 11971/1999, as supplemented and amended, (the “Issuers’ Regulation”), the company signed up to the opt-out system set forth in the aforementioned articles, availing itself of the option to depart from the obligations of publication of the information documents set out in Annex 3B of the Issuers’ Regulation, at the time significant transactions are being carried out incorporating mergers, demergers, share capital increases through contribution of assets in kind, acquisitions and sales.

Italian Exhibition Group S.p.A. is controlled by Rimini Congressi S.r.l., which holds 49.29% of the share capital and holds voting rights for 66.03%. The Company, nonetheless, is not subject to management and coordination by Rimini Congressi S.r.l. pursuant to art. 2497 et seq. of the Italian Civil Code. In fact, none of the activities that typically prove management and coordination activities pursuant to art. 2497 et seq. of the Italian Civil Code exist, given that, by way of a non-exhaustive example:

- Rimini Congressi does not exercise any significant influence over the management decisions and operations of the Issuer, but limits it relations with said entity to the normal exercise of administrative and equity rights owing to its status of holder of voting rights; there is no connection between the members of the administration, management control bodies of the two companies;
- the company does not receive - and, at any rate, is not subject in any way - to the financial or credit directives or instructions from Rimini Congressi;
- the company has an organisational structure composed of expert professionals who, based on the powers conferred and the positions held, operate independently in line with the indications of the Board of Directors;
- the company prepares the strategic, industrial, financial and/or budget plans of the Issuer and of the Group independently, and autonomously implements these;
- the Company operates fully independently, from a contractual perspective, in relations with its customers and its suppliers, without any external interference from Rimini Congressi.

At the date of drafting of this document, it should also be noted that: (i) there are no acts, resolutions or communications of Rimini Congressi that lead us to reasonably believe that the company’s decisions are the result of a domineering and commanding will of the parent company; (ii) the company does not receive centralised treasury services (cash pooling) or other functions of financial assistance or coordination from Rimini Congressi; (iii) the company is not subject to regulations or policies imposed by Rimini Congressi.

The Group’s activities consist of the organisation of trade fairs (Exhibition Industry) and hospitality for trade fairs and other events, through the design, management and provision of fitted-out exhibition spaces (mainly in the “Trade fair districts”), the supply of services connected to trade fairs and conferences, as well as the promotion and management, in both its own locations and those of third parties, of conferences, conventions, exhibitions, cultural events, shows and leisure activities, including not related to organised events and conferences.

For the purposes of economic and financial comparability of the company, it should be noted that

- its profit trend is influenced by seasonality factors, characterised by more significant events in the first and fourth quarters of the year, as well as the presence of important two-yearly trade fairs, in even-numbered years.
- the financial trend is therefore characterised by an increase in working capital in the first half, while the fourth quarter generally, thanks to the advances received on events organised at the start of the next period, shows a significant improvement in the net financial position.

STRUCTURE AND CONTENTS OF THE FINANCIAL STATEMENTS

Pursuant to article 25 of Law no. 306 of October 31st, 2003 and the associated application regulations contained in Legislative Decree no. 38 of February 28th, 2005, in exercise of the option provided therein, Italian Exhibition Group S.p.A. (hereinafter also "the Company") adopted the **International Accounting Standards** (IFRS) issued by the I.A.S.B – International Accounting Standard Board for financial statements for the year ended as at December 31st, 2015.
More specifically, International Accounting Standards mean all International Financial Reporting Standards (IFRS), all International Accounting Standards (IAS), all interpretations of the International Financial Reporting Standards Interpretations Committee (IFRIC), previously named the Standard Interpretations Committee (SIC) which, at the date of approval of the Separate Financial Statements as at December 31st, 2019, had been approved by the European Union in accordance with the procedure laid down in Regulation (EC) no. 1606/2002, by the European Parliament and the European Council of July 19th, 2002.
The company exercised the option set out in art. 25 of Law no. 306 of October 31st, 2003, of adopting the international accounting standards at the same date of FTA adopted by the consolidated financial statements.

The **statement of financial position** was classified on the basis of the operating cycle, separating current and non-current items. Based on this distinction, the assets and liabilities are considered current if they are expected to be realised or extinguished in the normal operating cycle of the company. Non-current assets held for sale and the related liabilities, where present, are shown in the appropriate items.

The **income statement layout** reflects the analysis of aggregated costs by nature given that this classification was considered more significant for the purposes of understanding the company's economic result. The revenue and costs items recognised in the year are presented through two tables: an income statement table for the year, which reflects the analysis of the aggregated costs by nature, and a table of comprehensive income.
The result of discontinued operations and/or assets held for disposal, where present, is shown in the appropriate item of the consolidated income statement.

Lastly, the **cash flow statement** was prepared by using the indirect method for the determination of the cash flows from operating activities. With this method, the operating profit/loss (EBIT) is adjusted for the effects of non-monetary transactions, any deferral or provision of previous or future operating collections or payments and by elements of revenues or costs connected with cash flows from investment or financing activities.

The functional and presentation **currency** is the **Euro**, expressed in **thousands**, unless specified otherwise.

BUSINESS CONTINUITY

In January 2020, the Chinese authorities, in the wake of the outbreak of the COVID-19 epidemic (or Coronavirus), adopted a series of measures to contain the virus, which entailed heavy restrictions on the circulation of goods and people, combined with a ban on mass gatherings and, consequently, on holding trade fairs.

In this context, January 2020 was characterised by the excellent results of the company in terms of directly organised trade fairs. The two most important trade fair products, Sigep and Vicenza Oro (January edition together with T-Gold), confirmed their leading position at international level and recorded better economic results (in terms of revenues and margins) than those of the previous year, due to both organic growth and the staging of the three-yearly event ABTech Expo – international exhibition of technology & products for bakery, pastry and confectionery. It is important to underline that January, for the reasons just described, is the most important month of the year in which a significant portion of the company's operating income for the whole year is achieved.

The events held in the first half of the month of February, in particular, HIT Show, Beer&Food Attraction and BBTech Expo and Pescare Show, albeit with a markedly lower economic significance than those cited above, were duly held and posted generally better results than those of the previous year.

The Coronavirus epidemic also started to spread in our country from the middle of February, which then gradually hit the other European countries and the USA to the point that, in March, the COVID-19 emergency was classified as a pandemic by the World Health Organisation. Consequently, the Italian Government and the Local Administrations adopted a series of measures to contain the spread of the virus that, among other things, entail heavy restrictions on the circulation of goods and people, the performance of commercial and production activities and a ban on mass gatherings, with the subsequent suspension of trade fairs and conferences.

From the outset, the company adopted all the necessary measures to protect the health and safety of its employees, associates, customers and suppliers.

In terms of the events organised, the restrictions adopted by the Government involved; the early closure of the event Golositalia (set to take place between February 22nd-26th and cancelled following a measure issued by the Lombardy Region on February 23rd); the cancellation of the MIR Tech events (planned from March 8th-10th) and the event Origin Passion & Beliefs (planned for July 7th-9th at the trade fair district of Fiera di Milano Rho).

The virus containment measures caused the suspension of conference activities for the whole of March and even though, as things stand, the restrictions are set to be in place until April 13th, it is believed that conference activities will be severely affected for the entire month. As a result, third-party organisers have currently cancelled 26 conference events, the majority of which were planned for March and April, even if some cancellations concerned events planned for later months due to the situation of uncertainty surrounding the national and international economic system.

The company, also in collaboration with its customers and third-party organisers, then re-planned to later dates the main trade fairs organised and hosted, which were set to take place in March, April and the start of May, and the conference events in the calendar in the same period which had not been cancelled at the request of customers.

Therefore, based on the current trade fair and conference calendar, which acknowledges the changes described above, the Company estimates the impact on the Group's 2020 revenues at approximately € 5.3 million. However, as the scenario is constantly changing, it is difficult to come up with a realistic estimate of the overall effects of these restrictions, which could also extend beyond April, with potential material impacts on the company's results.

Although considering the complexity and uncertainty of this rapidly evolving situation, the company considers the going concern assumption to be appropriate and correct, taking into account its capacity to meet its obligations in the foreseeable future and, in particular, over the next 12 months, based on the following considerations.

- The company will continue to monitor the development of the epidemic and of the regulatory provisions, which are believed, nonetheless, to be temporary, and to work with its customers and partners to ensure the postponed trade fairs and conferences can be held.
- At the date of drafting of this document, the company has liquidity reserves, augmented by authorised credit lines and not drawn down for an amount of at least € 20 million. In addition, thanks to the leading position in its sector, the company believes it will be able to enjoy support from the financial system. Therefore, it is considered that this financial position will enable it to deal with a period of reduced operations.
- Assuming that the effects of the restrictions on trade fair and conference business are deemed to be temporary and able to be resolved over a reasonably short period of time, no particular criticalities are identified regarding the risk of exceeding the covenants associated with loans, with reference to the expiry dates set forth in the contracts.
- The company will keep a close eye on the management of its trade receivables, will adopt prudent policies in the payment of its suppliers and in managing its operating costs which, given always characterised by a significant incidence of variable costs, will enable it to contain the impacts on margins despite the decrease in revenues.

In addition to the elements described above, the company took advantage of some measures of economic and financial support introduced by the government institutions, and will verify the possibility of applying those that may be adopted in the future, by continuing to make extensive use of forms of agile working; all in order to minimise the impacts of the temporary difficulties and ensure it is ready to re-start activities alongside its customers and partners as soon these moments of uncertainty are overcome. In fact, the management is convinced of the resilience of the Group and of the entire trade fair industry and of the important role it will have to play upon the re-commencement of activities because as the Chief Executive Officer of UFI – the global exhibition industry association - Kai Hattendorf, says: "We manage markets and meeting places. And these will be the quickest path to an economic recovery post COVID-19".

MEASUREMENT CRITERIA

Property, Plant and Equipment

Property, Plant and Equipment are booked to the financial statements at purchase or production cost, including directly attributable expenses, and adjusted for the respective accumulated depreciation. The cost includes any expense incurred directly to prepare the assets for use plus any dismantling and removal costs that will be incurred if necessary to restore the asset to its original conditions and the financial charges related to production or construction when these require a significant period of time to be ready for use and sale (qualifying assets). Property, plant and equipment are amortised systematically in every period on a straight-line basis, based on the economic-technical rates determined in relation to the residual possibility of use of the assets.
Ordinary maintenance costs are charged to the income statement when they are incurred.
Maintenance costs which determine an increase in value, or functionality, or useful life of the assets, are directly attributable to the assets to which they refer and amortised in relation to the residual possibility of use of said assets.

Improvements to third-party assets are classified in the item “Other assets”; the depreciation period corresponds to the lower of the residual useful life of the tangible fixed asset and the residual duration of the lease agreement.

The depreciation rates applied are as follows:

Items	Rates %
Land	-
Buildings	1.9% - 10%
Plant and machinery	7.5% - 30%
Industrial and commercial equipment	15% - 27%
Other assets	12% - 25%

If indicators of impairment emerge, the property, plant and equipment are subject to an impairment test through the procedure outlined in the section “impairment of assets”.

Following the entry into force of new IFRS 16, from January 1st, 2019, leases are accounted for in the financial statements based on a single accounting model similar to the one governed by IAS 17 regarding the accounting of financial leases.

At the moment of the stipulation of each contract, the company:

• determines whether the contract is or contains a lease, a circumstance that is verified when said contract gives the right to control the use of an identified asset for a period of time in exchange for a consideration. This measurement is repeated in the event of the subsequent change to the terms and conditions of the contract.

• separates the components of the contract, by distributing the consideration of the contract between the lease and non-lease component.

• determines the duration of the lease as the period that cannot be cancelled of the lease, augmented by any periods covered by a lease extension or termination option.

At the date of effectiveness of each contract in which the company is the lessee of an asset, the asset consisting of the right of use, measured at cost, and the financial lease liability, equal to the present value of the residual future payments discounted by using the implicit interest rate of the lease or, alternatively, the marginal financing rate of the company, are recognised in the financial statements. Subsequently, the asset consisting of the right of use is measured by applying the cost model, or netted of amortisation/depreciation and any accumulated impairment and adjusted to take account of any new lease measurements or amendments. By contrast, the lease liability is measured by increasing the book value to take account of interest, decreasing the book value to take account of the payments due made and redetermining the book value to take into account any new lease measurements or amendments.

The assets are depreciated on the basis of a period of depreciation represented by the duration of the lease agreement, except where the duration of the lease is less than the useful life of the asset based on the rates applied for property, plant and equipment and there is a reasonable certainty of the transfer of ownership of the leased asset on the natural expiry of the contract. In that case, the depreciation period will be calculated on the basis of the criteria and rates indicated for the property, plant and equipment.

For leases ending within 12 months of the date of initial application and that do not make provision for renewal options, and for leases for which the underlying asset is of low value, lease payments are booked to the income statement on a linear basis for the duration of the respective contracts.

Intangible fixed assets

An intangible asset is recognised in the accounts only if it is identifiable and controllable, it is likely to generate future economic benefits and if its cost can be reliably determined.

Goodwill and intangible assets with an indefinite useful life
Goodwill represents the excess of the purchase cost with respect to the portion pertaining to the purchaser of the fair value of the net identifiable assets and liabilities of the entity acquired.
Goodwill and intangible assets with an indefinite useful life are no longer amortised from the date of first time adoption (January 1st, 2014). Goodwill and intangible assets with an indefinite useful life relating to the acquisitions completed after January 1st, 2014 are, nonetheless, not amortised and after initial recognition, are measured at cost less any impairment deriving from the impairment test (see paragraph "impairment of assets").

Other intangible assets
Intangible assets with a definite useful life are measured at purchase or production cost, including any accessory charges, and are amortised systematically on a straight-line basis during the period of their expected future use. If indicators of impairment emerge they are subject to an impairment test which is outlined in the section "impairment of assets".

Industrial patent and intellectual property rights are amortised over a period of 3 and 5 years, licences and concessions are amortised starting from when the cost is incurred and for the duration of the licence or concession envisaged contractually, while trademarks have a useful life which depends on the estimated limit at the period of generation of the cash flows of the events to which they refer and which may vary from ten to twenty-five years.

Impairment of non-financial assets

Property, plant and equipment and intangible assets with a definite useful life, subject to amortisation/depreciation, are subject to an impairment test only if indicators of impairment emerge.

The recoverability of the values recognised is verified by comparing the carrying amount with the net sale price and the value in use of the asset, whichever is higher. The net sale price is the amount which can be obtained from the sale of an asset in a transaction between independent, informed and willing parties, less disposal costs. In the absence of binding agreements, reference must be made to the prices expressed by an active market, or the best information available, by taking into account, among other things, recent transactions for similar assets carried out in the same business sector. The value in use is defined on the basis of the discounting at an appropriate rate, which expresses the cost of capital of an entity not indebted with a homogeneous risk profile, the expected cash flows from use of the asset (or from aggregations of assets - the so-called cash-generating units) and its disposal at the end of its useful life.
Subsequently, when an impairment loss on an asset other than goodwill ceases to exist or decreases, the book value of the asset is increased to the new estimated recoverable value and cannot exceed the value that would have been calculated if no impairment loss had been recorded. The reversal of impairment is recognised to the income statement.

Goodwill and the other intangible assets with an indefinite useful life are subject to a systematic verification of recoverability ("impairment test") carried out on an annual basis, at the date of year-end, or more frequently if there are indicators of impairment.

Goodwill impairment is calculated by assessing the recoverable value of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. If the recoverable amount of the cash-generating unit is less than the carrying amount of the cash-generating unit to which the goodwill was allocated, impairment is recognised. The decrease in value to goodwill cannot be restored in future periods.

Business combinations

Business combinations are accounted for using the acquisition method set out in IFRS 3 revised in 2008. According to this method, the consideration transferred in a business combination is measured at fair value, determined as the sum of the fair values of the transferred assets and liabilities assumed by the company at the acquisition date and capital instruments issued in exchange for the control of the acquired entity. Transaction accessory costs are recognised in the statement of comprehensive income when incurred.
The contingent considerations, considered part of the transfer price, are measured at fair value at the acquisition date. Any subsequent fair value changes are booked to the statement of comprehensive income.
At the date of acquisition, the identifiable assets acquired and the liabilities assumed are booked at fair value.
Goodwill is determined as the excess between the sum of the considerations transferred in the business combination, of the portion of shareholders' equity pertaining to minority interests and of the fair value of any equity investment held previously in the acquired entity, with respect to the fair value of the net assets acquired and liabilities assumed at the acquisition date. If the value of the net assets acquired and liabilities assumed at the acquisition date exceeds the sum of the considerations transferred, of the portion of shareholders' equity pertaining to minority interests and the fair value of any equity investment held previously in the acquired entity, this excess is booked immediately to the statement of comprehensive income as income deriving from the transaction concluded.
In the process of fair value measurement of business combinations, the company avails itself of the available information, and for the most significant business combinations, also of the support of external evaluations.

Financial assets

At the time of initial recognition, financial assets must be classified into one of the three categories indicated below based on the following elements:

- the business model of the entity for the management of financial assets; and
- the characteristics relating to the contractual cash flows of the financial asset.

Financial assets are derecognised from the financial statements only if the sale involved the substantial transfer of all risks and benefits related to them. Conversely, whenever a significant part of the risks and benefits related to the financial assets sold have been maintained, these continue to be recognised in the financial statements, even if legal ownership of the assets has effectively been transferred.

Financial liabilities designated at amortised cost

This category includes financial assets that meet both the following conditions:

- the financial asset is held according to a business model whose objective is achieved through the collection of contractually envisaged cash flows ("Hold to Collect" business model), and
- the contractual terms of the financial asset make provision, on determined dates, for cash flows represented solely by payments of principal and interest on the amount of principal to be repaid (so-called "SPPI test" passed).

Financial assets are initially recognised at fair value, considering the transaction costs and revenues directly attributable to the instrument itself. Subsequent to their initial recognition, financial assets under examination are measured at amortised cost, using the effective interest rate method. The amortised cost method is not used for assets - measured at historical cost - whose short duration makes the effect of the discounting principle negligible, for those without a set maturity and for revocable loans.

Financial assets designated at fair value through comprehensive income

This category includes financial assets that meet both the following conditions:

- the financial asset is held according to a business model whose objective is achieved through the collection of contractually envisaged cash flows and through selling the financial asset ("Hold to Collect and Sell" business model); and

- the contractual terms of the financial asset make provision, on determined dates, for cash flows represented solely by payments of principal and interest on the amount of principal to be repaid (so-called "SPPI test" passed).

This category includes equity interests, not qualifying as controlling, associated or jointly controlled, which are not held for trading purposes, for which the option of designation at fair value through comprehensive income is exercised.

Financial assets are initially recognised at fair value, considering the transaction costs and revenues directly attributable to the instrument itself. Subsequent to initial recognition, equity interests that are non-controlling, associated or of joint control, are measured at fair value and the amounts recorded as a contra entry to shareholders' equity (Statement of comprehensive income) must not be subsequently transferred to the income statement, even in the event of disposal. The only component relating to the equity securities in question that is recorded in the income statement is represented by the relative dividends.

For equities included in this category, not listed in an active market, the cost criterion is used as an estimate of the fair value only in a residual manner and in limited circumstances, i.e. when the most recent information available for measuring the fair value is insufficient, or there is a wide range of possible valuations of the fair value and the cost represents the best estimate of the fair value in that range of values.

Financial assets designated at fair value through profit and loss

This category includes financial assets other than those classified under financial assets measured at amortised cost and financial assets designated at fair value through comprehensive income.

This category includes financial assets held for trading and includes derivative contracts not classifiable as hedging derivatives (which are represented as assets if the fair value is positive and as liabilities if the fair value is negative).

On initial recognition, financial assets measured at fair value through profit or loss are recorded at fair value, without considering the transaction costs or revenues directly attributable to the instrument itself.

At subsequent reference dates, they are measured at fair value and the effects of the measurement are booked to the income statement.

Impairment of financial assets

In accordance with the provisions of IFRS 9, the Group applies a simplified approach to estimate expected credit losses over the entire life of the instrument and takes into consideration its past experience regarding credit losses, corrected on the basis of specific forward-looking factors of the nature of Group receivables and the economic context.

In brief, the Group measures the expected losses of the financial assets so as to reflect:

- a target amount weighted on the basis of the probabilities determined by evaluating a range of possible results;
- the time value of money; and
- reasonable and demonstrable information that is available without undue costs or efforts at the reporting date on past events, current conditions and forecasts of future economic conditions.

The financial asset is impaired when one or more events are verified that have a negative impact on the future cash flows estimated from the financial asset. Observable data relating to the following events (it may be the case that a single event cannot be identified: the impairment of financial assets may be due to the combined effect of different events) constitute proof that the financial asset is impaired:

g) significant financial difficulty of the issuer or debtor;
h) breach of contract, such as non-fulfilment of an obligation or failure to respect an expiry;
i) for economic or contractual reasons relating to the debtor's financial difficulty, the creditor grants the debtor a concession that the creditor would not otherwise have considered;
j) the probability that the debtor will file for bankruptcy or other financial restructuring procedures;
k) disappearance of an active market for that financial asset due to financial difficulties; or
l) the purchase or creation of the financial asset with huge discounts that reflect the credit losses incurred.

For financial assets measured using the amortised cost method, when impairment has been identified, its value is measured as the difference between the asset's carrying amount and the present value of expected future cash flows, discounted on the basis of the original effective interest rate. This value is recognised in the income statement.

Derivative financial instruments

The derivative financial instruments are accounted for in accordance with the provisions of IFRS 9.

At the date of stipulation of the contract, the derivative financial instruments are initially accounted for at fair value, as financial liabilities at fair value through profit and loss when the fair value is positive or as a financial liability designated at fair value through profit and loss when the fair value is negative.

If the financial instruments are not accounted for as hedging instruments, the fair value changes recognised after the initial recognition are treated as components of the result for the year. If, by contrast, the derivative instruments satisfy the requirements to be classified as hedging instruments, subsequent fair value changes are accounted for by applying the specific criteria outlined below.

A derivative financial instrument is classified as a hedge if formal documentation exists of the relationship between the hedging instrument and the hedged element, including the risk management objectives, the strategy for carrying out the hedge and the methods which will be used to check the prospective and retrospective effectiveness of the hedge. The effectiveness of each hedge is verified both at the time each derivative instrument is entered into and during its life, and in particular, at the close of the financial year or interim period. Generally, a hedge is considered highly "effective" if, both at the inception and during its life, fair value changes, in the event of a fair value hedge, or hedge of expected future cash flows, in the event of cash flow hedges, in the hedged element are essentially offset by fair value changes in the hedging instrument.

IFRS 9 provides the possibility of designating the following three hedging relationships:

a) fair value hedge: when the hedge concerns the fair value changes of assets and liabilities booked to the financial statements, both the fair value changes in the hedging instrument and the changes in the object of the hedge are booked to the income statement.

b) cash flow hedges: in the event of hedges aimed at neutralising the risk of changes in cash flows originating from the future fulfilment of obligations defined contractually at the reporting date, the fair value changes in the derivative instrument recorded after the initial recognition are accounted for, limited solely to the effective portion, in the statement of comprehensive income and, therefore, in a shareholders' equity reserve called "Reserve for cash flow hedges". When the economic effects originating from the object of the hedge materialise, the portion accounted for in the statement of comprehensive income is reversed to the income statement. If the hedge is not fully effective, the change in fair value of the hedging instrument relating to the ineffective portion of the same is immediately recognised in the income statement.

c) hedge of a net investment in a foreign operation (net investment hedge).

If the checks do not confirm hedge effectiveness, as from that moment, accounting for the hedging transactions is suspended and the derivative contract is reclassified under financial assets designated at fair value through profit and loss or under financial liabilities designated at fair value through profit and loss. The hedging relationship also ceases when

- the derivative expires, is sold, cancelled or exercised,
- the element being hedged is sold, expires or is reimbursed,
- it is no longer highly probable that the future hedged transaction will be carried out.

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised from the financial statements when:

- the rights to receive the cash flows from the asset are extinguished;
- the company has transferred the right to receive the cash flows from the asset or assumed the contractual obligation to pay them in full and without delay to a third party and (a) has transferred substantially all rights and benefits of ownership of the financial asset, or (b) has neither transferred nor retained substantially all risks and benefits of the asset, but has transferred control of it.

In cases in which the company has transferred the rights to receive the cash flows from an asset and has not substantially transferred or retained all the risks and benefits or has lost control of the asset, the asset is recognised in the company's financial statements to the extent of its continuing involvement in said asset. In this case, the company also recognises an associated liability. The asset transferred and the associated liability are measured to reflect the rights and obligations that the company has retained.

Equity investments

The company chose to use the cost criterion in measuring the equity investments subsidiaries and the equity method in the measurement of equity investments in associated companies and jointly controlled companies, as required by amendment to IAS 27 endorsed on December 18th, 2015 and which was adopted early from the financial statements for the year ended as at December 31st, 2015.

Consequently, equity investments in subsidiaries are valued at purchase, subscription or contribution cost. The recoverability of their book value, as with the recoverability of the value of the associated companies and jointly controlled companies, is verified through an impairment test, if indicators of impairment are identified, as described in IAS 36 and written down accordingly in the presence of impairment.

Otherwise, equity investments in associated companies and jointly-controlled companies, according to IAS 28, are initially entered at cost and, following acquisition, are adjusted as a result of changes in the investor's share in the investee company's net assets. The profit or loss of the investor reflects its own share of the profit (loss) for the year of the investee and other comprehensive income (expense) of the investor reflects its own share of other comprehensive income (expense) of the investee.

According to the provisions of IFRS 9 and IAS 32, the equity investments in companies other than subsidiaries, associated companies and jointly-controlled companies are classified as assets at fair value and entered in the income statement or shareholders' equity reserve depending on whether they fall into the FVOCI or FVPL measurement categories. Gains and losses deriving from value adjustments are therefore booked to the income statement or a shareholders' equity reserve respectively.

Inventories

Inventories are measured at purchase cost, including any accessory expenses, determined in accordance with the FIFO method, and the presumed net realisable value drawn from market trends, whichever is the lower. As a result of the type of business performed, the company does not hold inventories as at December 31st, 2019, as at December 31st, 2018.

Cash and cash equivalents

Cash and cash equivalents include cash on hand as well as on-demand bank deposits and other treasury investments with an original envisaged maturity of no more than three months. The definition of cash and cash equivalents of the cash flow statement corresponds to that of the balance sheet.

Provisions for risks and charges

Allocations to provisions for risks and charges are made whenever the company must meet a present obligation (legal or implicit) as the result of a past event, whose amount can be estimated reliably and involving a probable outlay of resources to meet the obligation. If the expectations of the use of resources go beyond the next year, the obligation is booked at the present value, determined by discounting the expected future cash flows discounted at a rate which also takes into account the cost of borrowing and the risk of the liability.

Risks for which the occurrence of a liability is only possible are indicated in the appropriate section on "guarantees given, commitments and other contingent liabilities" and no allocation is made.

Employee benefits

The employee benefits provided on or after the termination of the employment contract are composed of employee severance indemnity or retirement provisions.

Law no. 296 of December 27th, 2006 "2007 Finance Law" introduced major changes to the allocation of amounts of the provision for employee severance indemnity. Until December 31st, 2006, employee severance indemnity fell under post-employment plans known as "defined-benefit plans" and were measured according to IAS 19, using the projected unit credit method carried out by independent actuaries.

This calculation consists of estimating the amount of the benefit that an employee will receive at the presumed date of termination of employment by using demographic assumptions (e.g. mortality rate and staff turnover rate) and financial assumptions (e.g. discount rate and future salary increases). The amount determined in this way is discounted and reproportioned on the basis of the length of service accrued with respect to total length of service and represents a reasonable estimate of the benefits that each employee has already accrued based on their work services.

Following said reform, the provision for employee severance indemnity, for the part accrued from January 1st, 2007, is to be considered essentially similar to a "defined contribution plan". In particular, these changes introduced the possibility for the worker to choose where to allocate their employee severance indemnity being accrued. The new flows of the employee severance indemnity can, in companies with more than 50 employees, be allocated by the worker to pre-established forms of pension or maintained in the company and transferred to the INPS (Italian National Social Security Institute).

In short, as a result of the reform on supplementary pensions, for the employee severance indemnity accrued prior to 2007, the company carried out an actuarial evaluation, without subsequently including the component relating to future salary increases. The part subsequently accrued was instead accounted for according to the methods attributable to defined contribution plans.

EC Regulation no. 475/2012 was issued in 2012, which acknowledged, at EU level, the revised version of IAS 19 (Employee Benefits) applicable, as per mandatory requirements, from January 1st, 2013 according to the retrospective method. Therefore, the company applied said revised version of IAS 19 from the date of transition to the IAS/IFRS, or January 1st, 2014.

Financial liabilities

Financial liabilities are initially recognised at their fair value, equal to the consideration received at the relevant date, augmented, in the case of payables and loans, by the directly attributable transaction costs. Subsequently, non-derivative financial liabilities are measured using the amortised cost criterion, by using the effective interest rate method.

Financial liabilities that are included in the scope of application of IFRS 9 are classified as payables and loans, or as hedging derivatives, depending on the case. The Company determines the classification of its financial liabilities on initial recognition.

Gains and losses are recognised in the income statement when the liability is extinguished as well as through the amortisation process.

The amortised cost is calculated by recognising all discounts or bonuses on the purchase and the fees or costs that are an integral part of the effective interest rate. Amortisation at the effective interest rate is included among financial charges in the income statement.

A financial liability is derecognised when the obligation underlying the liability is discharged, cancelled, or expires.

In the event that an existing financial liability is replaced by another from the same lender, in substantially different conditions, or the conditions of an existing liability substantially change, the exchange or amendment is treated as an accounting derecognition of the original liability and the recognition of a new liability, with any differences in the carrying amount recorded in the income statement.

Trade payables, tax payables for direct taxes and other liabilities

Payables are recognised at nominal value. Payables are eliminated from the financial statements when the underlying financial obligations have been extinguished.

The liabilities, if expiring after twelve months, are discounted in order to bring them back to the current value through the use of a rate as such to reflect the market evaluations of the present value of money and the specific risks connected with the liability. Discounting interest is classified under financial charges.

Hedging instruments

The company uses derivative financial instruments to hedge its exposure to interest rate risk on the loans in place. The company has never owned speculative financial instruments. These financial instruments are accounted for using the rules of hedge accounting when:

- at the inception of the existing hedge, the formal designation and documentation of said hedging relationship;
- it is presumed that the hedge is highly effective;
- the effectiveness can be reliably measured and said hedge is highly effective during the designated periods.

The company applies the accounting of cash flow hedges in the event in which there is formal documentation of the hedging relationship of the changes in cash flows originating from an asset or liability or a future transaction (underlying element hedged) considered highly likely and which could impact the income statement. The measurement criterion of the hedging instruments is represented by the fair value at the designated date. The fair value of the interest rate derivatives is determined by their market value at the designated date when it refers to future cash flow hedges. It is booked to the hedging reserve of shareholders' equity and transferred to the income statement when the underlying financial charge/income materialises.

In cases in which the instruments do not meet the required conditions for the accounting of hedging instruments set out in IAS 39, the fair value changes are booked to the income statement as financial charges/income.

Translation of foreign currency items

Transactions in foreign currency are initially recognised in the functional currency, using the spot exchange rate at the transaction date. Monetary assets and liabilities, denominated in foreign currency, are translated into the functional currency at the exchange rate at the end of the reporting period. The differences are posted to the income statement.

Treasury shares

Treasury shares are posted as a reduction in shareholders' equity. The original cost of the treasury shares and the revenues from any subsequent sales are recognised as changes in shareholders' equity.

Revenue recognition

Revenue from contracts with customers are recognised when the following conditions are verified:

- the contract with the customer has been identified;
- the performance obligations contained in the contract have been identified;
- the price has been determined;
- the price has been allocated to the individual performance obligations contained in the contract;
- the performance obligation contained in the contract has been satisfied.

The company recognises revenues from contracts with customers when (or as) it fulfils the obligation by transferring the promised good or service (or asset) to the customer. The asset is transferred when (or as) the customer acquires control over it.

The company transfers control of the good or service over time, and therefore fulfils the performance obligation and recognises the revenues over time, if one of the following criteria is satisfied:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- the company's performance creates or enhances the asset (for example, work in progress) that the customer controls as the asset is created or enhanced;

- the company's performance does not create an asset that has an alternative use to the company and the company has an enforceable right to payment for performance completed to the date considered.

If the performance obligation is not fulfilled over time, it is fulfilled at a point in time. In that case, the company recognises the revenue at the moment in which the customer acquires control of the promised asset.

The company believes that the customer acquires control of all services provided to it at the end of the event, owing to its short duration.

Operating costs

Costs are recognised when they relate to goods and services sold or consumed in the period or for systematic allocation when their future use cannot be identified.

Personnel expenses also include, on an accruals basis, taking into account the period of actual service, the fees to directors, both fixed and variable.

Costs that do not meet the conditions to be recognised under balance sheet assets are booked to the income statement in the period in which they are incurred.

Financial income and charges

Financial income and charges are recognised according to a time criterion that takes into account the actual return/expense of the relevant asset/liability.

Dividends

Revenues for dividends are recognised when the shareholder's right to receive payment is established, which normally coincides with the date of the annual shareholders' meeting that resolves on the distribution of the dividends.

Taxes

Taxes for the period include current and deferred taxes. Income taxes are generally booked to the income statement, except where they relate to events recorded directly in shareholders' equity. In this case, the income taxes are also booked directly to shareholders' equity.

Current taxes are the taxes the company expects to have to pay on taxable income in the year and are calculated in compliance with the legislation in force at the reporting date.

Deferred tax liabilities are calculated based on the liability method applied to the temporary differences between the amounts of assets and liabilities in the separate financial statements and the corresponding values recognised for tax purposes. Deferred tax liabilities are calculated using tax rates that are expected to apply at the moment in which in which the asset is realised or the liability settled.

Deferred tax assets are recognised only if it is likely that taxable income sufficient for said assets to be realised will be generated in the following years.

Deferred tax assets and liabilities are only offset when there is a legal right to offset and when they refer to taxes due to the same tax authorities.

The tax provisions that may be generated by the transfer of non-distributed profit from the subsidiaries are made only when there is a real intention to transfer said profit.

USE OF ESTIMATES

The preparation of the separate financial statements requires Directors to use accounting principles and methods that, in some instances, require the use of complex and subjective valuations and estimates drawn from historical experience and assumptions that, in each case, are deemed to be reasonable and realistic under the circumstances existing at that time.

The use of these estimates and assumptions has an impact on the amounts reported in the financial statements, which include the statement of financial position, the income statement and the cash flow statement, as well as the explanatory notes.

The financial statements items that, more than others, require greater subjective input by the Directors in the preparation of estimates and for which a change in the conditions underlying the assumptions used could have a material impact on the company's separate financial statements mainly concern:

- the measurement of fixed assets (amortisation/depreciation and any write-downs due to impairment);
- the measurement of receivables;
- the recognition and quantification of contingent liabilities;
- the determination of deferred tax assets/liabilities;
- the determination of liabilities relating to "Employee severance indemnity" accrued prior to 2007, which was carried out by making use of the actuarial evaluation prepared by independent actuaries.

The parameters used to draw up the estimates are commented on in the Explanatory notes to the separate financial statements.

The estimates and assumptions are periodically reviewed and the impact of any change recognised immediately in the income statement.

FINANCIAL RISK MANAGEMENT

The company is exposed to financial risks related to its activities, in particular relating to the following types:

- *credit risk*, deriving from commercial transactions or financing activities;
- *liquidity risk*, relating to the availability of financial resources and access to the credit market;
- *market risk* (composed of exchange rate risk, interest rate risk, price risk), with particular reference to interest rate risk, relating to the exposure to the company on financial instruments that generate interest.

Credit risk

The credit risk to which the company is subject falls under normal commercial activities, both owing to the fragmentation of positions and the excellent credit quality historically recorded. The positions considered at risk were, nonetheless, written down accordingly. In order to contain the risks deriving from the management of trade receivables, an appropriate department has been set up to systematically coordinate the reminder activities managed, in the initial phase, by the sales structures, subsequently by the credit manager and, finally, entrusted to the legal representative or specialised companies. The software implemented by the company keeps a track of each reminder.

The table below shows the breakdown by past due brackets, of the receivables past due as at December 31st, 2019 and December 31st, 2018 and the overall value of the Bad Debt Provision.

	Balance as at	Analysis of past due						
	12/31/2018	Falling due	Past due	0-90 days	91-180 days	181-365 days	Beyond 365 days	Bad debt provision
TRADE RECEIVABLES	23,657	9,741	17,277	12,616	677	929	3,055	(3,361)

	Balance as at	Analysis of past due						
	12/31/2019	Falling due	Past due	0-90 days	91-180 days	181-365 days	Beyond 365 days	Bad debt provision
TRADE RECEIVABLES	23,026	9,184	17,750	11,910	661	1,056	4,124	(3,908)

The bad debt provision is calculated on the basis of the criteria of presumed recoverability, through both internal evaluations and with the support of external legal representatives. For more details on changes in the Bad debt provision, please refer to Note 9) Trade receivables.

Liquidity risk

The company believes it is fundamentally important to maintain a level of available funds suited to its requirements and those of the Group.

The two main factors that determine the liquidity situation are, on the one hand, the resources generated or absorbed by operating and investment activities, and on the other, the maturity and renewal characteristics of the debt or of the liquidity of financial investments and market conditions.

The company has adopted a series of policies and processes for optimising the management of financial resources, reducing liquidity risk through:

- *maintenance of an adequate level of available liquidity;*
- *obtainment of adequate credit lines;*
- *monitoring of prospective liquidity conditions, in relation to the process of company planning.*

As part of this type of risk, as regards the composition of net financial indebtedness, the company tends to finance investments with medium/long-term payables, while it meets current commitments with both the cash flow generated by operations and by using short-term credit lines.

The table below shows the breakdown and maturity of financial payables and trade payables:

Euro/000	Within 1 year	From 1 to 5 years	Due after 5 years	Total
12/31/2018				
Payables due to banks	8,849	28,194	33,037	70,080
Other financial liabilities	927	5,524		6,451
Trade payables	30,791			30,791
TOTAL	**40,467**	**33,718**	**33,037**	**107,322**

Euro/000	Within 1 year	From 1 to 5 years	Due after 5 years	Total
12/31/2019				
Payables due to banks	10,245	26,765	29,638	66,648
Financial liabilities on rights of use	2,276	6,808	13,280	
Other financial liabilities	3,676	5,722		9,398
Trade payables	28,006			28,006
TOTAL	**44,203**	**39,295**	**42,918**	**104,052**

For further information on the breakdown of the items reported in the table, please refer to Notes 15, 16, 17, 21, 22, 23.

As at December 31st, 2019, the company can rely on roughly € 15.3 million of unused credit lines, cash and cash equivalents of € 18.8 million and trade receivables of € 23.0 million.

Market risk

Exchange rate risk

The company is exposed to exchange rate risk deriving from the fluctuation in exchange rates, in particular, vis-à-vis the US Dollar for the transactions carried out with the subsidiary FB International Inc., vis-à-vis the United Arab Emirates Dirham for the investment made in the Joint Venture DV Global Link LLC, vis-à-vis the Brazilian Real for the investment made in the Joint Venture Expo Estrategia Brasil and vis-à-vis the Chinese Renminbi for the investment made in the Joint Venture Europe Asia Global Link Exhibition Ltd.

The exchanges rates against the Euro (foreign currency for euro units) adopted to translate the items denominated in another currency are shown below:

Currency	Exchange rate as at 12/31/2019	Exchange rate as at 12/31/2018
United Arab Emirates Dirham	4.1257	4.2050
US dollar	1.1234	1.1450
Brazilian Real	4.5157	4.4440
Chinese Renminbi	7.8205	7.8751

As at December 31st, 2019, a change of +/- 1% in the above rates versus the Euro, based on all other variables remaining the same, would not have involved significant differences to the pre-tax result and, therefore, to the corresponding variation in shareholders' equity.

Interest rate risk

In order to carry out its activities, the company obtains finance on the market by taking out primarily floating rate debt (linked to the Euribor), hence exposing itself to the risk deriving from an increase in interest rates.

The objective of interest risk management is to limit and stabilise flows of expenses due to interest paid primarily on medium-term payables to ensure close correlation between the underlying and the hedging instrument.

The hedging activity, evaluated and decided on a case by case basis, is carried out predominantly through derivative contracts, typically purchases of caps and sales of floors that, when a certain level is reached, transform a variable rate to a fixed rate.

In 2019, following a hypothetical increase or decrease of 100 basis points in the interest rate, based on all other variables remaining the same, the higher or lower pre-tax charge net of the associated tax effect (and therefore a corresponding change in shareholders' equity) would have been for an insignificant amount.

Price risk

The type of activity performed by the company, essentially represented by the provision of services that do not require a process of purchase-transformation of assets, is as such that the risk of fluctuations in prices is not particularly significant. The majority of the purchases made in relation to business activities is represented by the provision of service whose value is not immediately influenced by macroeconomic changes in the prices of the main commodities. In addition, as stated in relation to exchange rate risk, sales are almost all in the accounting currency and purchases not in Euro are negligible.

For the sake of complete disclosure, it should be noted that, as at December 31st, 2019, the company is exposed to a minimal extent to the price risk associated with investments in listed equities, as it has made a small investment in the shares of the company Gambero Rosso, classified in the financial statements as 'available for sale'.

Fair Value

IFRS 13 defines the following three levels of fair value to which to refer the measurement of financial instruments recognised in the statement of financial position.

- Level 1: Prices quoted on an active market;
- Level 2: Inputs other than the listed prices described for Level 1, which can be directly (price) or indirectly (price derivatives) observed on the market;
- Level 3: Inputs that are not based on observable market data.

The following tables show the classification of financial assets and liabilities and the level of inputs used for the fair value measurement, as at December 31st, 2019 and December 31st, 2018.

12/31/2019						
	Notes	**Level**	**Amortised cost**	**Fair value through OCI**	**Fair value through profit and loss**	**Total**
ASSETS						
Other equity investments	5	2-3		10,786	67	10,853
Non-current financial assets	7	1-2	430		44	475
Other non-current assets	8		116			116
Trade receivables	9		23,026			23,026
Current financial assets	11	2	3,141			3,141
Other current assets	12		4,877			4,877
Cash and cash equivalents	13		18,147			18,147
TOTAL ASSETS			**49,738**	**10,786**	**111**	**60,635**
LIABILITIES						
Non-current payables due to banks	15		56,403			56,403
Other non-current financial liabilities	17	2	20,581	549	4,679	25,809
Other non-current liabilities	20		2,300			2,300
Current payables due to banks	15		10,133			10,133
Other current financial liabilities	22		6,064			6,064
Trade payables	23		28,006			28,006

Other current liabilities	25		43,527			43,527
TOTAL LIABILITIES			**167,015**	**549**	**4,679**	**172,243**

12/31/2018						
	Notes	**Level**	**Amortised cost**	**Fair value through OCI**	**Fair value through profit and loss**	**Total**
ASSETS						
Other equity investments	5	2-3		10,943	62	11,004
Non-current financial assets	7	1-2			1,596	1,596
Other non-current assets	8		86			86
Trade receivables	9		23,657			23,657
Current financial assets	11		1,732			1,732
Other current assets	12		5,106			5,106
Cash and cash equivalents	13		20,680			20,680
TOTAL ASSETS			**52,814**	**11,004**	**43**	**63,862**
LIABILITIES						
Non-current payables due to banks	15		61,231			61,231
Other non-current financial liabilities	17	2	988	75	4,461	5,524
Other non-current liabilities	20		5,836			5,836
Current payables due to banks	15		8,749			8,749
Other current financial liabilities	22		1,027			1,027
Trade payables	23		30,791			30,791
Other current liabilities	25		45,649			45,649
TOTAL LIABILITIES			**154,270**	**75**	**4,461**	**158,806**

FIRST-TIME APPLICATION OF NEW ACCOUNTING STANDARDS

Starting from January 1st, 2019, the company complied with new IFRS 16 – Leases for all leases that, in exchange for a consideration, confer the right to control the use of a specified asset for a given period of time - with the exception of a lease with a duration of less than 12 months and leases in which the underlying asset is a of low value - according to the provisions of paragraphs 5, B3-B8 of the standard. The duration of the lease has been defined on the basis of the term established contractually and, where required, the reasonable certainty of exercising (or not) the options of extension and suspension of the contract, by considering all pertinent facts and circumstance that create a financial incentive for the lessee to exercise the option.

The company has applied the standard by using the simplified retrospective method, by measuring, for leases classified previously as operating leases, the lease liability at the present value of the payments due contractually at the date of stipulation of the contract, discounted using the marginal financing rate of the lessee as at January 1st, 2019, and recognising the asset consisting of the right of use for an amount equal to the initial value of the discounted liability net of the accumulated depreciation from the date of stipulation of the contract to the date of initial application of this standard. In addition, the data of the comparative period have not been re-stated. It should be noted that it is preferable to use the marginal financing rate of the lessee with respect to the implicit interest rate of the leases, given the latter is not easy to determine.

For sub-leases, the Group recognised a financial leasing receivable at the present value of the collections due contractually at the date of stipulation of the contract, using the same marginal financing rate applied for the related lease and cancelling the asset consisting of the right of use relating to the lease.

In particular, the amount of net assets (Right of use) booked on the date of initial application amounts to € 22.2 million (net property, plant and equipment of € 21.7 million and deferred tax assets of € 0.5 million) and the amount of financial lease liabilities of € 23.5 million. Subsequently, the cumulative effects adjusting the opening balance at January 1st, 2019 on shareholders' equity came to € 1.5 million.

In this annual financial report, the amount of assets relating to rights of use have been included under the item Property, Plant and Equipment in the statement of financial position and lease liabilities under the new item Financial liabilities for rights of use (current and non-current).

The leases stipulated by the company are essentially attributable to leases of property, land and vehicles.

The company has chosen to apply the following practical expedients set forth in the accounting standard:

- for the discounting of the flows of future payments, both the lease components and the non-lease components of existing leases (as indicated in paragraph 15 of the standard) were considered;
- recognition in shareholders' equity of the accumulated retroactive effect due to the application of this standard as at January 1st, 2019, without re-stating the data of the comparative period as set forth in the simplified approach (indicated in paragraphs C7 – C13);
- aggregation of a leasing portfolio with reasonably similar characteristics (such as leases with a similar residual duration for a similar category of underlying asset).

The impacts that were acknowledged in the financial statements as at January 1st, 2019 and the situation as at December 31st, 2019 are summarised below:

(+) sign = Debit

(-) sign = Credit

Values in Euro/000	01/01/2019 pre IFRS 16	Impact of IFRS 16	01/01/2019	12/31/2019 pre IFRS 16	impact of IFRS 16	12/31/2019
BALANCE SHEET						
Net property, plant and equipment	172,335	21,721	194,056	172,848	19,899	192,747
Deferred tax assets	316	453	769	768	492	1,261
Accrued expenses and deferred income	(387)	(126)	(513)	(221)	(123)	(344)
Trade payables	(33,350)	0	(33,350)	(28,447)	441	(28,006)
Current financial payables	(1,027)	(1,744)	(2,771)	(3,788)	(2,276)	(6,064)
Non-current financial payables	(5,524)	(21,792)	(27,316)	(5,722)	(20,088)	(25,809)
Losses carried forward	(1,834)	1,488	(346)	(5,589)	1,488	(4,101)
INCOME STATEMENT						
Costs for use of third-party assets				42,347	(2,127)	220
Amortisation/depreciation				9,736	1,870	11,606
Financial income and charges				1,878	465	2,342
Income taxes				6,619	(40)	6,580
Total on the result for the year				**(14,065)**	**167**	**(13,898)**

It should be noted that the fees relating to leases with a duration of less than 12 months as at December 31st, 2019 came to € 220 thousand. By contrast, no variable payments were recorded following the verification of given future conditions.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM JANUARY 1ST, 2019 OR APPLICABLE EARLY

In 2019, the IEG Group adopted the following new accounting standards, amendments and interpretations, revised by the IASB.

- Annual Improvements to IFRSs 2015-2017 Cycle: acknowledges the amendments to some standards as part of the annual process for their improvement. The main amendments, which did not impact the IEG Group's financial statements, concern:
    - IFRS 3 Business Combinations and IFRS 11 Joint Arrangements: the amendment clarifies that, at the moment in which an entity obtains control of a business that represents a joint operation, it must remeasure the interest previously held in said business. By contrast, this process is not envisaged in the case of obtainment of joint control.
    - IAS 12 Income Taxes: the amendment clarifies that all the tax effects linked to dividends (including payments on financial instruments classified under shareholders' equity) should be accounted for consistently with the transaction that generated said profits (income statement, OCI or shareholders' equity).
    - IAS 23 Borrowing costs: the amendment clarifies that, in the case of loans that remain outstanding also after the qualifying asset is ready for use or for sale, these become part of the group of loans used to calculate borrowing costs.
- *Amendment to IAS 19 – Plan Amendment, curtailment or settlement.* This document clarifies that, if there is a change to a defined benefit pension plan, the estimate of the plan must be updated on the basis of updated assumptions, in order to determine the current service cost and the net interest for the rest of the reference period after modification of the plan itself. Up until now, IAS 19 did not specify how to determine these expenses for the period after the plan change. By requiring the use of updated assumptions, the amendments are expected to provide useful information to financial statements users. The new interpretation applies from January 1st 2019. The amendment in question did not have any effects on the IEG Group's financial statements.
- *Amendment to IAS 28 – Long-term Interests in Associates and Joint Ventures.* This document clarifies the need to apply IFRS 9, including the requirements related to impairment, to other long-term interests in associated companies and joint ventures for which the equity method is not applied. The amendment applies from January 1st, 2019 but early application is allowed. The amendment in question did not have any effects on the IEG Group's financial statements. The amendment in question did not have any effects on the IEG Group's financial statements.
- *IFRIC 23 – Uncertainty over Income Tax Treatments.* The document addresses the issue of uncertainties over income tax treatment and requires the uncertainties in determining tax assets or liabilities to be reflected in the financial statements solely where it is likely that the entity will pay or recover the amount in question. In addition, the document does not contain any new disclosure obligation, but stresses that the entity must establish whether it is necessary to provide information on the considerations reached by the management and relating to the uncertainty over the accounting of taxes, in accordance with IAS 1. The new interpretation applies from January 1st, 2019, but early application is allowed. The amendment in question did not have any effects on the IEG Group's financial statements.
- *Amendment to IFRS 9 – Prepayment Features with Negative Compensation*. This document specifies that a debt instrument that provides an early repayment option could respect the

characteristics of contractual cash flows ("SPPI" test) and, subsequently, could be valued using the amortised cost method or fair value through other comprehensive income also in the event in which the "reasonable additional compensation" envisaged in the case of early repayment is a "negative compensation" for the lender. The amendment applies from January 1st, 2019 but early application is allowed. The amendment in question did not have any effects on the IEG Group's financial statements.

- On January 13th, 2016, IASB published the standard IFRS 16 Leases which is going to replace the standard IAS 17 – Leases, as well as the interpretations IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The new standard provides a new definition of lease and introduces a criterion based on the control (right of use) of an asset to distinguish lease contracts from service contracts, identifying the following as discriminants: the identification of the asset, the right to replace the same, the right to substantially obtain all of the economic benefits resulting from the use of the asset and the right to direct the use of the asset underlying the contract. The standard establishes a single model for the recognition and measurement of leases for the lessee that involves the recognition of the asset subject to lease, including operating lease, under assets with a contra-item in the form of a financial payable, also providing the possibility of not recognising as a lease contracts involving "low-value assets" and leases with a contract duration or less than 12 months. On the contrary, the standard does not include significant changes for lessors. The standard applies from January 1st, 2019 but early application is allowed, only for companies that have already applied IFRS 15 – Revenue from Contracts with Customers. The impacts on the IEG Group's financial statements of the application of this standard are detailed extensively in this document.

NEW IFRS AND IFRIC ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPLICABLE AND NOT ADOPTED EARLY BY THE IEG GROUP

The following new accounting standards, amendments and interpretations, approved by the competent bodies of the European Union. The IEG Group is assessing the impacts that the application of these will have on the consolidated financial statements. The new accounting standards, amendments and interpretations will be adopted according to the effective dates of introduction as reported below.

- Amendment to IAS 1 and to IAS 8: *Definition of Material*. This document was issued by the IASB on October 31st, 2018 and provides a different definition of "material", i.e: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary user of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". These amendments will be applicable for years beginning on January 1st, 2020 and thereafter. Early application is allowed.

The following accounting standards, updates, interpretations and amendments to accounting standards, already approved by the IASB, are also in the process of being acknowledged by the competent bodies of the European Union:

- Amendment to IFRS 9, IAS 39 and IFRS 7- *Interest Rate Benchmark Reform.* The standard amends some of the specific hedge accounting requirements in order to mitigate the effects on financial statements of the uncertainty of the reform of benchmark interest rates for the majority of financial instruments (so-called "IBOR"). In addition, the publication requires companies to provide a disclosure for the benefit of investors regarding the impacts the reform will have on existing hedging instruments. This amendment will enter into force on January 1st, 2020. Early application is allowed.

- *IFRS 17 – Insurance Contracts*. The objective of the new standard is to ensure that an entity provides relevant information that faithfully represent the rights and obligations from insurance contracts issued. The IASB developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies by providing a single principle-based framework to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The new standard also specifies presentation and disclosure requirements to enhance comparability between insurers. The standard applies from January 1st, 2021 but early application is allowed, only for entities that have already applied IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers.
- Amendment to IFRS 3 – *Business combinations*. This document, issued by the IASB on October 22nd, 2018, is targeted at resolving the difficulties that arise when an entity determines whether it has acquired a company or a group of assets. These amendments are effective for business combinations for which the date of acquisition is effective on or after January 1st, 2020. Early application is allowed.

Lastly, it should be noted that, for the following standards and interpretations, the EU approval process has been suspended indefinitely:

- IFRS 14 – *Regulatory Deferral Accounts*, the interim standard related to the Rate-regulated activities project. IFRS 14 permits only first-time adopters of IFRS to continue to account for regulatory deferral account balances in accordance with their previous GAAP. To improve comparability with entities that already apply IFRS and do not recognise these balances, the standard requires regulatory deferral account balances to be presented separately from other items. The standard applies as of January 1st, 2016.
- Amendment to IFRS 10 and to IAS 28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*. On September 11th, 2014, the IASB published the amendments in question which seek to eliminate the conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction that involves an associate or a joint venture the extent to which it is possible to recognise a profit or a loss depends on whether the asset to be sold or transferred is a business. On February 12th, 2016, the IASB indefinitely postponed the effectiveness of the amendment, following the postponement of the amendment's approval procedure.

COMMENTS ON MAIN ASSET ITEMS

NON-CURRENT ASSETS

1) Property, Plant and Equipment

The fixed assets were subject to a monetary revaluation in previous years pursuant to law no. 266/2005 carried out, partly, through the revaluation of the historical cost and, partly through the reduction of accumulated depreciation. Therefore, the historical cost of the fixed assets at the end of the previous year was determined as follows:

	Historical cost	Monetary revaluations Law no. 266/2005	**Balance as at 12/31/2018**
Land and buildings	253,133	6,078	259,211
Accumulated depreciation - buildings	(105,476)	*534*	(104,942)
Plant and machinery	73,243		73,243
Accumulated depreciation - plant and machinery	(63,603)	*391*	(63,212)
Industrial and commercial equipment	14,733		14,733
Accumulated depreciation - equipment	(12,743)		(12,743)
Other assets	16,529		16,529
Accumulated depreciation - Other assets	(11,879)		(11,879)
Fixed assets under construction and payments on account	1,394		1,394
	172,999	**7,003**	**172,335**

The table below details the changes in fixed assets in the last two financial years.

	Balance as at 12/31/2017	**Changes 2018** Mergers	Increases	Decreases	Depreciation	Transfers	**Balance as at 12/31/2018**
Land and buildings							
Book value	251,529	0	2,034	0	0	5,648	259,211
Depreciation	(100,007)	0	0	0	(4,935)		(104,942)
Total land and buildings	**151,522**	**0**	**2,034**	**0**	**(4,935)**	**5,648**	**154,269**
Plant and machinery							
Book value	69,988	0	1,373	0	0	1,882	73,243
Depreciation	(61,668)	0	0	0	(1,544)		(63,212)
Total plant and machinery	**8,321**	**0**	**1,373**	**0**	**(1,544)**	**1,882**	**10,032**
Industrial and commercial equipment							
Book value	13,511	0	1,094	0	0	128	14,733
Depreciation	(12,212)	0	0	0	(530)		(12,743)
Total industrial and commercial equipment	**1,299**	**0**	**1,094**	**0**	**(530)**	**128**	**1,991**
Other assets							
Book value	15,282	50	1,218	(21)	0	0	16,529
Depreciation	(11,144)	(50)	0	21	(706)		(11,879)
Total Other assets	**4,138**	**0**	**1,218**	**0**	**(706)**	**0**	**4,650**
Fixed assets under construction and payments on account							
Book value	7,719	0	1,332	0	0	(7,658)	1,394
Total fixed assets under construction and payments on account	**7,719**	**0**	**1,332**	**0**	**0**	**(7,658)**	**1,393**
TOTAL	**172,999**	**0**	**7,053**	**0**	**(7,715)**	**0**	**172,335**

	Balance as at 12/31/2018	Changes 2019						Balance as at 12/31/2019
		Increases	Changes IFRS 16	Decreases	Depreciation	Depreciation IFRS 16	Transfers	
Land and buildings								
Book value	259,211	1,174	28,641	(40)			315	289,301
Depreciation	(104,941)		(7,010)		(4,976)	(1,821)		(118,748)
Total land and buildings	**154,269**	**1,174**	**21,631**	**(40)**	**(4,976)**	**(1,821)**	**315**	**170,553**
Plant and machinery								
Book value	73,243	1,308					13	74,564
Depreciation	(63,212)				(1,624)			(64,835)
Total plant and machinery	**10,032**	**1,308**			**(1,624)**		**13**	**9,729**
Industrial and commercial equipment								
Book value	14,733	387		(99)				15,021
Depreciation	(12,743)			99	(539)			(13,183)
Total industrial and commercial equipment	**1,991**	**387**		**-**	**(539)**			**1,839**
Other assets								
Book value	16,529	1,049	180	(64)			18	17,712
Depreciation	(11,879)		(42)	45	(884)	(49)		(12,810)
Total Other assets	**4,650**	**1,049**	**138**	**(20)**	**(884)**	**(49)**	**18**	**4,902**
Fixed assets under construction and payments on account								
Book value	1,393	4,677					(346)	5,724
Total fixed assets under construction and payments on account	**1,393**	**4,677**	**0**	**0**	**0**	**0**	**(346)**	**5,724**
TOTAL	**172,335**	**8,596**	**21,769**	**(60)**	**(8,023)**	**(1,870)**	**0**	**192,746**

The net value of "**Land and buildings**" as at December 31st, 2019 amounts to roughly € 171 million, a net increase of € 16 million. The increases, amounting to roughly € 23 million, are almost entirely attributable to the application of new accounting standard IFRS 16, while for € 1.2 million they are attributable to the parent company's investments for the construction of new offices (€ 434 thousand), for the construction of new toilets in the Rimini office (€ 241 thousand), for the purchase of areas of land incorporated in the Vicenza trade fair district (€ 117 thousand) and for structural investments in trade fair districts for € 368 thousand.

The net value of the item "**Plant and machinery**" as at December 31st, 2019 came to € 9.7 million and changed in the year for a total of € 0.3 million and increases of € 1.3 million related primarily to investments for the creation of a climate and lighting monitoring system and systems for the offices and pavilions.

The item "**Industrial and commercial equipment**", with a balance of € 1.8 million, recorded an increase of € 387 thousand and refers primarily to investments made in technological equipment (ledwall and monitors) and other equipment for trade fair pavilions. The decreases refer to the disposal of equipment and materials for conventions, fully depreciated.

The category "**Other assets**", with a balance of roughly € 4.9 million, recorded an increase of € 1.2 million, composed of investments in office machines for € 293 thousand, improvements and furnishings for the modernisation of new offices for € 281 thousand, vehicles equal to € 147 thousand and network systems and sundry materials for € 428 thousand. The residual portion is due to the application of new IFRS 16.

Lastly, the item "**Fixed assets under construction and payments on account**", registered a net increase of € 4.3 million, attributable entirely to projects for the expansion/refurbishment of the Parent Company's "venues". The item also recorded a transfer of € 346 thousand for the entry into operation of the new offices at the Rimini site.

The property on via Emilia 155 (Rimini trade fair district) is encumbered by:

- a first mortgage issued to guarantee the loan granted by Banca Intesa Infrastrutture e Sviluppo (now Banca Intesa San Paolo) for € 14.25 million;
- a second mortgage of € 16 million to guarantee the loan granted by Banca Nazionale del Lavoro S.p.A. and drawn down in 2015;
- a third mortgage of € 25.2 million issued to guarantee the loan granted by BPER Banca S.p.A. and drawn down in 2016.

The property in Vicenza, via dell'Oreficeria 16 (Vicenza trade fair district) is encumbered by a first mortgage of € 84 million to guarantee the loan granted by Banca Popolare di Vicenza and drawn down in 2008.

2) Intangible fixed assets

	Balance as at 12/31/2017	Changes in 2018				Balance as at 12/31/2018
		Increases	Decreases	Amortisation, depreciation and write-downs	Transfers	
Industrial patent and intellectual property rights	349	167		(210)		305
Concessions, licenses, trademarks and similar rights	8,953	0		(469)		8,483
Goodwill	7,977	234				8,211
Other intangible fixed assets	1,698	249		(400)		1,547
TOTAL	**18,977**	**650**	**0**	**(1,080)**	**0**	**18,547**

	Balance as at 12/31/2018	Changes in 2019				Balance as at 12/31/2019
		Increases	Decreases	Amortisation, depreciation and write-downs	Transfers	
Industrial patent and intellectual property rights	305	559		(247)		618
Concessions, licenses, trademarks and similar rights	8,483	625		(579)		8,529
Goodwill	8,211	255				8,466
Other intangible fixed assets	1,547	4,654		(887)		5,314
TOTAL	**18,547**	**6,093**	**0**	**(1,713)**	**0**	**22,927**

Under the item "**Industrial patents and intellectual property rights**", the costs for the purchase of software licences and legally protected intellectual property are capitalised. The increases in the year relate primarily to the purchase and development of new CRM software (customer sales management) for € 313 thousand and Bravo Solution (purchase management) for € 127 thousand. The residual part of € 92 thousand is attributable to new SOFAIR software programs (event technical management), Power BI (Business Intelligence) and the development of already existing software used by the different Group companies.

The Investments in "**Concessions, licences, trademarks and similar rights**" relate mainly to the Parent Company's purchase of the Fiera Avicola trademark for € 600 thousand and the Golditaly trademark for € 24 thousand.

The item "**Goodwill**" includes the values generated by the surplus between the cost of the business combinations and the fair value of the assets, liabilities and contingent liabilities acquired. As at December 31st, 2019, the balance of said item was € 8,466 thousand. As outlined in the chapter relating to the "Measurement criteria", goodwill is subject to impairment testing at the date of year-end or more frequently if there are indicators of impairment. At the date of drafting of this document, no indicators of possible impairment of the goodwill recorded were identified. The values resulting from the acquisitions and booked to the company's financial statements are set out below.

Euro/000	**Balance as at 12/31/2019**	**Balance as at 12/31/2018**
Goodwill emerging from the transfer of Fiera di Vicenza	7,948	7,948
Goodwill emerging from the purchase of the business unit FIMAST (provisional)	205	-
Goodwill emerging from the purchase of the business unit FIERAVICOLA (provisional)	50	
Other goodwill	263	263
TOTAL GOODWILL	**8,466**	**8,211**

The increases relate to the difference between the price paid and the fair value of the net assets acquired of the two business units relating to the two events FIMAST - Fiera Internazionale Macchine ed Accessori del Settore Tessile (International Textile Machinery and Accessory Trade Show) and Fieravicola - Salone Internazionale Avicolo (International Poultry Exhibition), for a total of € 255 thousand. The provisional goodwill that emerged from the aforementioned transactions was allocated to the IEG CGU and will be subject, within twelve months of the acquisition date (October 10th, 2019 and December 18th, 2019) to specific analyses in relation to the fair value of the net assets acquired and the consideration transferred.

Given these are recent acquisitions and based on the fact no events have been recorded to date which are indicative of impairment of the businesses acquired, it is believed that the purchase prices paid for the companies are still representative of their fair value, therefore, pending completion of the Purchase Price Allocation process, no criticalities emerged in terms of the recoverability of the value of the provisional goodwill recognised.

As outlined in the chapter relating to the "Measurement criteria", goodwill, excluding that emerged from the recent acquisitions indicated previously, is subject to impairment testing at the date of year-end (or more frequently if there are indicators of impairment), using the methodology described in the paragraph "Impairment of non-financial assets". In particular, the impairment test verifies the recoverability of goodwill by comparing the Net Capital Invested, including the value of the goodwill, of the CGU to which the goodwill was allocated, with the Recoverable value of said CGU/group of CGUs, represented by the higher of the fair value, less disposal costs, and the value in use.

Goodwill emerging from the transfer of Fiera di Vicenza was allocated to the "IEG CGU" as the recipient of the benefits of the business combination. These benefits refer to the acquired capacity to be recognised on the market as an aggregator, the synergies deriving from the use and optimisation of the workforce with the elimination of duplications, the sharing of mutual best practices, the comparison of the services provided by the suppliers with price savings, the acquisition of specific expertise to grow on the foreign market.

For the IEG CGU, the relevant value in use was determined by adopting the CGU Discounted Cash Flow (DCF) methodology. The operating cash flows (*unlevered free cash flows*) were determined by using:

- The 2019-2023 Business Plan of the Company approved by the Board of Directors on September 7th, 2018 and including the effects of subsequent resolutions;
- 2020 Company Budget approved by the Board of Directors on December 18th, 2019;

For the determination of the Terminal Value, a long-term growth rate "g" of 1.4% was used, in line with the expected inflation forecast in Italy in 2023 based on International Monetary Fund estimates, (World Economic Outlook, January 2020, International Monetary Fund).

For the discounting of the explicit cash flows and the Terminal Value, a WACC of 8.18% was used, which includes a Small Size Premium of 3.39%, in consideration of the smaller size of the Group with respect to comparable companies (Source: Duff & Phelps).

The impairment test carried out, at the reference date based on the methods described above, brought to light higher recoverable values than the book values of the net capital invested (including goodwill), therefore excluding the need to reduce the value of the goodwill.

In order to further test the recoverable value of the IEG CGU described above, two separate sensitivity analyses were conducted, through which the WACC, the "g rate" and the estimates of the Operating Cash Flow were subject to assumed variations. More specifically:

- assumption 1: change in the WACC (+/- 1%) combined with the change in the g rate (+/- 0.4%)
- assumption 2: percentage change in operating cash flow (+/- 10%) combined with the change in the WACC (+/- 1%)

The sensitivity analyses described did not bring to light any criticalities in terms of recoverability of the goodwill booked to the Company's financial statements.

In compliance with the provisions of the international accounting standards, the effects of the Covid-19 health emergency are not reflected in the book values - given that, although considering the complexity and uncertainty of this rapidly evolving situation, the company considers the going concern assumption to be appropriate and correct - but must be disclosed in relation to the impact on the company's economic-financial position.

Therefore, the provisional plans for the purposes of the "impairment test" do not reflect the effects of the health emergency given that, at the reporting date, these effects could not be forecast.

If the crisis should evolve into a predictable scenario at the time of the next "reporting dates", this scenario will form the basis of a potential revision of the forecast provisional estimates.

However, as required by IAS 10, paragraph 21, despite the extreme difficulty in coming up with realistic estimates of the impacts of the ongoing pandemic, the Group's Management also conducted a simulation aimed at considering the possible effects of the Covid-19 health emergency on the cash flows in 2020 of the IEG CGU.

This simulation showed that the negative impact on the cash flows would not entail criticalities in respect of the book value of the goodwill.

However, the sensitivity analyses prepared as part of the impairment test present results with even more negative effects than those identified for the purposes of the Covid-19 simulation.

The assumptions used for impairment purposes, including therein the associated business plan of IEG S.p.A. and the results achieved, were approved by the Board of Directors of Italian Exhibition Group S.P.A. independently and before these financial statements.

Investments in "**Other intangible fixed assets**" relate to the recognition of the assets of the events Golditaly and Oro Arezzo (€ 4,426 thousand) and the recognition of assets for the event Fiera Avicola (€ 150 thousand).

3) Equity investments in subsidiaries

As at 31st December 2019, the following equity investments in subsidiaries are recorded in the financial statements.

	Balance	Changes in 2019			Balance
	12/31/2018	Increases	Decreases	Revaluations/Write-downs	12/31/2019
Exmedia S.r.l. in liquidation	99			(99)	-
Summertrade S.r.l.	1,191				1,191
Prostand Exhibition Services S.r.l.	148				148
Prime Servizi S.r.l.	31				31
IEG USA Inc	5,854				5,854
Prostand Srl	7,408				7,408
TOTAL EQUITY INVESTMENTS IN SUBSIDIARIES	**14,729**	**0**	**0**	**(99)**	**14,631**

The changes compared to the previous year relate solely to the write-down of the equity investment in Exmedia, as a result of the placement of the company into liquidation and its economic-equity position, which also involved the recognition of a provision for the write-down of equity investments of € 111 thousand.

The table below provides a comparison between the book value in the financial statements of the equity investments in subsidiaries and the value of the relative portion of shareholders' equity resulting from the last set of approved financial statements.

With reference to the equity investments in Prostand and Fb International, whose goodwill at consolidated level was allocated to the Group CGU, no indicators of possible impairment were recognised, therefore they were not tested for impairment in the separate financial statements of the Parent Company in which they were recorded.

Company name Registered office	% held	Share capital	Net result in the year	Reported Sharehold. Eq.	Value % of sharehold. Eq.	Book value
Subsidiaries						
Exmedia S.r.l. in liquidation Rimini, via Emilia 155	51.00%	200	(451)	(217)	(111)	(111)
Summertrade S.r.l. Rimini, via Emilia 155	65.00%	78	460	1,394	906	1,191
Prostand Exhibition Services S.r.l. Rimini, Via Emilia 155	51.00%	105	(10)	114	58	148
Prime Servizi Srl Rimini, via Flaminia 233/A	51.00%	60	47	404	206	31
IEG USA (*) 1001 Brickell Bay Dr., Suite 2717° Miami (FL)	100%	5,854	3	6,406	6,406	5,854
FB International Inc. 1 Raritan Road Oakland, New Jersey 07436	51.00%	43	(319)	2,715	1,385	6,129
Prostand Srl Poggio Torriana, via Santarcangiolese 18	60.00%	182	(456)	7,006	4,203	7,408

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4) Equity investments accounted for using equity method

Associated companies and jointly controlled companies, stated in the table below, are booked and measured in compliance with IAS 28 or using the equity method.

	Balance as at 12/31/2018	Changes in 2019			Balance as at 12/31/2019
		Increases	Decreases	Revaluations/Write-downs	
Cesena Fiera S.p.A.	671			28	699
Fairsystem International Exhibition Services S.p.A.	138		(138)	-	-
C.A.S.T. Alimenti Srl	1,634			9	1,643
Fitness Festival International S.r.l.	34				34
Expo Estrategia Brasil Eventos e Producoes Ltda	281	25	(3)	(19)	284
EAGLE Asia	1,213	258		(69)	1,402
DV Global Link LLC	-	410	(127)	(283)	-
Destination Services Srl	-	65	-	-	65
TOTAL EQUITY INVESTMENTS MEASURED USING THE EQUITY METHOD	**3,971**	**758**	**(268)**	**(333)**	**4,128**

The item in question as at December 31st, 2019 came to € 4,128 thousand, marking a net increase of € 158 thousand.

The increases totalled € 758 thousand, and relate mainly for € 410 thousand to the contribution of capital to DV Global Link through the non-diluting waiving of receivables by the Parent Company, for € 258 thousand to the additional contribution of capital to EAGLE Asia carried out in order to support the purchase of Chengdu Eagle ZhongLian Exhibition Ltd, a Chinese company operating in the staging of environmental events.

It should be noted that the process of liquidation of Fairsystem was concluded during the year, for which a decrease of € 138 thousand was recorded.

The measurements using the equity method contributed a total write-down of € 333 thousand.

The table below provides a comparison between the book value in the financial statements of the equity investments in associated companies and joint ventures and the value of the relative portion of shareholders' equity resulting from the last set of approved financial statements. Where the relevant shareholders' equity is significantly lower than the value recorded in the financial statements, an analysis of the investee was conducted to identify the presence of indicators of impairment: this analysis did not highlight the need to carry out an impairment test.

Company name **Registered office**	**% Held**	**Share capital**	**Net result in the year**	**Reported Sharehold. Eq.**	**Value % of Sharehold. Eq.**	**Book value**
Associated companies						
Fairsystem International Exhibition Services S.p.A. *** Bologna, Via Maserati, 16	31.25%	100	17	443	138	-
Fitness Festival International S.r.l. in liquidation * Perugia, via Puccini 239	50.00%	220	93	67	34	34
Green Box S.r.l.** Oderzo (TV), via Sordello 11/A	20.00%	15	(18)	9	2	-
Cesena Fiera S.p.A.**** Via Dismano 3845 – Cesena (FC)	20.00%	2,000	141	3,566	713	699
C.A.S.T. Alimenti Srl **** Via Serenissima, 5 - Brescia (BS)	23.08%	126	620	3,074	709	1,643
Jointly controlled companies						
Expo Estrategia Brasil Eventos E Producoes Ltda **** Brasile - San Paolo/SP, Rua Felix de Souza nº 307 – Vila Congonhas	50.00%	1,371	(290)	562	281	284
DV Global Link LLC [#] P.O. Box 9846 – Dubai – U.A.E.	49.00%	121	(267)	(145)	(74)	(74)

EAGLE[#]	50.00%	639	(138)	364	182	1,213
Shanghai, China						

* Data referring to 12/31/2017
** Data referring to 12/31/2015
*** Data referring to liquidation financial statements as at 10/31/2019
**** Data referring to 12/31/2018
[#] Data referring to draft financial statements as at 12/31/2019

All the holdings and shares of the companies referred to above are held directly, without recourse to trust companies or third parties.

Italian Exhibition Group S.p.A., through Prime Servizi S.r.l. holds a 30% stake in the company Eventioggi S.r.l.. and through Prostand Srl holds a further 8.5% in Cesena Fiere S.p.A.. For more information, please refer to the IEG Group's consolidated financial statements.

5) Equity investments in other companies

	Balance	Changes in 2019			Balance
	12/31/2018	Increases	Decreases	Revaluations/ Write-downs	12/31/2019
Uni Rimini S.p.A.	62				62
Società del Palazzo dei Congressi S.p.A.	10,942			(156)	10,786
Rimini Welcome scarl	0	5			5
TOTAL EQUITY INVESTMENTS IN SUBSIDIARIES	**11,004**	**5**	**-**	**(156)**	**10,853**

The item amounted to € 10,853 thousand, marking a net increase of € 151 thousand due mainly to the write-down of € 156 thousand of the equity investment in Società del Palazzo dei Congressi S.p.A..

The equity investment in Società del Palazzo dei Congressi S.p.A. is measured at FV (through OCI without recycling) which the directors of IEG believe to coincide, for this type of company, with the adoption of the equity method.

This is because this method approximates, under the circumstances, the "fair value" of the investee, estimated as the sum of the parts, given that the assets and liabilities of Società del Palazzo dei Congressi S.p.A., are composed of:

- financial assets and liabilities, i.e. trade receivables, cash and cash equivalents, trade payables and payables due to banks, which have a book value that does not differ significantly from their fair value.
- the fixed asset "Palacongressi di Rimini", forming the object of the recent estimate report by an independent expert.

6) Deferred tax assets and liabilities

	Balance as at 12/31/2019	Balance as at 12/31/2018
Receivables for advance IRES	4,184	3,269
Receivables for advance IRAP	170	170
Total deferred tax assets	***4,355***	***3,439***
Provision for deferred IRAP	0	0
Provision for deferred IRES	(3,094)	(3,123)
Total deferred tax liabilities	***(3,094)***	***(3,123)***
TOTAL	***1,261***	***316***

"Deferred tax assets" are recognised up to the limits in which future taxable income will be available against which to utilise the temporary differences. Deferred tax assets and liabilities are offset given that they refer to the same tax authority. For more details on the breakdown of the item in question, please refer to Note 30) “Income taxes”.

7) Non-current financial assets

	Balance	Changes in 2019			Balance
	12/31/2018	Increases/decreases	Revaluations/Write-downs	Transfers	12/31/2019
Banca Nazionale del Lavoro policy	1,082			(1,082)	-
UNIPOL bonds	49			(49)	-
Gambero Rosso shares	40				40
Banca Malatestiana Credito Cooperativo shares	4				4
TFR (employee severance indemnity) policy	421	10			431
TOTAL NON-CURRENT FINANCIAL ASSETS	**1,596**	**10**		**(1,132)**	**475**

The item amounted to € 475 thousand (€ 1,596 thousand as at December 31st, 2018). The variation in the period is primarily due to:

- the interest accrued in the year on the collective policy stipulated, prior to 2007, by the then Fiera di Vicenza S.p.A. in favour of its employees to guarantee, at the time of the termination of the employment contract, that it has enough funds to pay the Employee severance indemnity;
- reclassification under the section of current financial assets of the two financial instruments, BNL S.p.A. policy and Unipol bonds, for a total of € 1,131 thousand, as they are set to expire in the next 12 months.

The nature and classification according to the categories established by IAS 39 of “Non-current financial assets” is reported in the Fair value section of these Explanatory notes. For the measurement of the fair value of the Gambero Rosso shares, the prices quoted on active markets at the measurement date were used.

8) Other non-current assets

“Other non-current assets” amounted to € 116 thousand (€ 86 thousand as at December 31st, 2018), and refer primarily to security deposits.

CURRENT ASSETS

9) Trade receivables

TRADE RECEIVABLES	Balance as at 12/31/2019	Balance as at 12/31/2018
Receivables from customers	20,917	21,753
Trade receivables due from subsidiaries	1,958	1,764
Trade receivables due from associated companies	94	91
Trade receivables due from jointly controlled companies	56	49
TOTAL TRADE RECEIVABLES	**23,026**	**23,657**

"Receivables from customers" amounted to € 23,026 thousand, a decrease of roughly € 631 thousand compared to the previous year. The item in question primarily represents the balance of amounts due from organisers and exhibitors for services relating to the provision of the trade fair district and the supply of services related to trade fairs and conferences. It should be noted that the item includes receivables due from the parent company Rimini Congressi s.r.l. for € 491 thousand and receivables due from the company subject to common control Società del Palazzo dei Congressi S.r.l. for € 47 thousand.

Receivables are stated net of the bad debt provision, whose changes are reported in the table below.

	Balance as at	Changes 2019				Balance as at
	12/31/2018	Uses	Provisions	Transfers	Mergers	12/31/2019
Bad debt provision	132	(3)	6			135
Bad debt provision - taxed	3,229	(444)	990			3,774
TOTAL BAD DEBT PROVISION	**3,361**	**(447)**	**995**			**3,908**

Details of the items "Receivables due from subsidiaries", "Receivables from associated companies" and "Receivables due from jointly controlled companies", relating to receivables exclusively of a trade nature, are provided below:

RECEIVABLES DUE FROM SUBSIDIARIES	Balance as at 31/12/19	Balance as at 12/31/2018
Receivables due from Summertrade S.r.l.	531	853
Receivables due from P.E.S. S.r.l.	-	658
Receivables due from Exmedia S.r.l. in liquidation	40	94
Receivables due from Prostand S.r.l.	1,320	126
Receivables due from Colorcom Allestimenti Fieristici S.r.l.	-	15
Receivables due from FB International Inc	66	14
Receivables due from Prime Servizi S.r.l.	-	4
TOTAL RECEIVABLES DUE FROM SUBSIDIARIES	**1,958**	**1,764**

RECEIVABLES DUE FROM ASSOCIATED COMPANIES	Balance as at 12/31/2019	Balance as at 12/31/2018
Receivables due from C.A.S.T. Alimenti S.r.l.	-	4
Receivables due from Cesena Fiera S.p.A.	94	87
TOTAL RECEIVABLES DUE FROM ASSOCIATED COMPANIES	**94**	**91**

	Balance as at 12/31/2019	Balance as at 12/31/2018
Receivables due from DV Global Link LLC	54	49
Receivables due from Destination Services Srl	3	-
TOTAL RECEIVABLES JOINTLY CONTROLLED COMPANIES	**57**	**49**

10) Tax receivables for direct taxes

Tax receivables for direct taxes	Balance as at 12/31/2019	Balance as at 12/31/2018
IRES receivable	-	20
Total tax receivables for direct taxes	**-**	**20**

No “Tax receivables for direct taxes” were recognised at the end of 2019.

11) Current financial assets

“Current financial assets” include the credit positions of a financial nature of Italian Exhibition Group S.p.A. vis-à-vis the different subsidiaries and associated companies. An intercompany current accounts system is in place with Summertrade S.r.l. and Exmedia S.r.l. in liquidation in order to optimise the Group’s financial management and debt.

	Balance as at 12/31/2019	Balance as at 12/31/2018
Subsidiaries	**1,698**	**1,209**
Exmedia S.r.l. in liquidation	180	285
Summertrade S.r.l.	1,116	523
GFI S.r.l.		0
Conceptage S.r.l.		0
Prostand Exhibition Services S.r.l.	177	177
Prostand S.r.l.	224	224
Jointly controlled companies	**292**	**523**
DV Global Link LLC	292	523
Other current financial assets	**1,152**	**-**
BNL policy	1,093	-
Unipol Bonds	59	-
TOTAL CURRENT FINANCIAL ASSETS	**3,141**	**1,732**

“Current financial assets” amounted to € 3,141 thousand, an increase of € 1,409 thousand compared to the previous year. The change derives from:

- Increase in financial receivables relating to the intercompany current account balance of Summertrade S.r.l. for € 593 thousand;
- reclassification of short-term securities which, until the previous year, expired in after 12 months for a total of € 1,152 thousand;
- reduction in financial receivables due from DV Global Link LLC for € 231 thousand.

12) Other current assets

	Balance as at 12/31/2019	Balance as at 12/31/2018
Receivables due from others	870	1,255
Accrued income and prepaid expenses	690	965
Costs paid in advance pertaining to subsequent years	2,916	1,944
Other tax receivables	399	942
TOTAL OTHER CURRENT ASSETS	**4,877**	**5,106**

“Other current assets” amounted to € 4,877 thousand, a decrease of € 229 thousand compared to the previous year.

Details of “Receivables due from others” are provided in the following table:

	Balance as at 12/31/2019	Balance as at 12/31/2018
Personnel - advances	27	39
Receivables due from agents	47	47
Suppliers - advances	587	693
Receivables due from social security institutions	4	3
Down payments	0	0
Trade receivables	49	58
Sundry receivables	155	415
TOTAL RECEIVABLES DUE FROM OTHERS	**870**	**1,255**

Total receivables due from others recorded insignificant changes; in addition, the changes are due to the normal evolution of company management.

“Prepaid expenses” refer to portions of costs not pertaining exclusively to 2019, which have already been recorded in the accounts. “Accrued income” refers to revenues pertaining to the period which will be recorded in the accounts in a subsequent period. Prepaid expenses as at December 31st, 2019 refer mainly to insurance charges, rental expenses, software and maintenance fees.

The costs already incurred for the staging of trade fairs that will be held in the next few months, and therefore fully pertaining to subsequent years, were accounted as “Costs advanced pertaining to subsequent years”.

It should be noted that “Other receivables due from the tax authorities” decreased primarily due to the collection of part of the receivable due from the tax authorities for IRAP (regional business tax) paid on the cost of labour from 2007 to 2010, for which the necessary claim was presented in previous years. The collections concerned the tax periods from 2007 to 2009, for an amount of € 466 thousand.

13) Cash and cash equivalents

Cash and cash equivalents are composed of bank current accounts, deposits and available cash. The trend in cash flows with respect to December 31st, 2018 has been reported in the “Cash Flow Statement” to which reference should be made. It should be noted that there are no restrictions on the use of the liquidity reported hereunder.

	Balance as at 12/31/2019	Balance as at 12/31/2018
Bank and post office deposits	18,078	20,631
Cash	45	49
Cheques	26	0
TOTAL CASH AND CASH EQUIVALENTS	**18,147**	**20,680**

COMMENTS ON THE MAIN ITEMS OF LIABILITIES AND SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY

14) Shareholders' equity

The company's Shareholders' equity is detailed as follows:

	Balance as at	Changes 2018		Balance as at	Changes 2019		Balance as at
	12/31/2017	Increases	Decreases	12/31/2018	Increases	Decreases	12/31/2019
Share capital	**52,215**			**52,215**			**52,215**
Share premium reserve	**13,947**			**13,947**			**13,947**
Revaluation reserves	**67,160**			**67,160**			**67,160**
Reserve pursuant to Law no. 413/91	*1,888*			*1,888*			*1,888*
Reserve pursuant to Law no. 266/05	*21,051*			*21,051*			*21,051*
Reserve pursuant to Law no. 2/09	*44,221*			*44,221*			*44,221*
Legal reserve	**8,777**	**437**		**9,213**	**493**		**9,706**
Statutory reserve	**2,369**	**44**		**2,413**	**49**		**2,462**
Other reserves	**(47,234)**	**1,403**	**(116)**	**(45,946)**		**(648)**	**(46,595)**
Prov. for cap. grant - tech. inv.	*5,878*			*5,878*			*5,878*
First time adoption reserve	*(52,806)*			*(52,806)*			*(52,806)*
OCI reserve	*(30)*	324		*294*		(156)	*138*
Reserve for translation of foreign financial statements	*(27)*		*(41)*	*(68)*		*(18)*	*(86)*
Reserve for transactions under common control	*(3)*	*1,022*		*1,019*			*1,019*
Reserve for actuarial gains/losses - Employee severance indemnity	*(246)*	57		*(188)*		*(132)*	*(321)*
CFH reserve	*0*		*(75)*	*(75)*		*(342)*	*(417)*
Retained earnings (Losses) carried forward	**(832)**	**8,251**	**(5,586)**	**1,834**	**9,311**	**(7,043)**	**4,101**
Profit (loss) for the year	**8,732**	**9,852**	**(8,732)**	**9,852**	**13,898**	**(9,852)**	**13,898**
TOTAL SHAREHOLDERS' EQUITY	**105,134**	**19,987**	**(14,434)**	**110,688**	**23,750**	**(18,193)**	**116,893**

On approving the financial statements for the year ended as at December 31st, 2018, the distribution of dividends of € 0.18 per share was resolved, for a total amount of € 5,556 thousand, fully paid in 2019.

It should be noted that the item "Retained earnings (losses carried forward)" recorded a decrease of € 1,488 thousand in the year following the first-time application of IFRS 16 Leases.

The table below presents an analysis of the breakdown of shareholders' equity in terms of availability and distributibility, as required by the reformed art. 2427, no. 7-bis of the Italian Civil Code, interpreted by document no. 1 of the OIC (Italian Accounting Standards Setter).

Nature/Description	Amount	Possibility of use (*)	Portion available	Uses in the last three years: to cover losses	Uses in the last three years: for increase/replenishment of share capital	Uses in the last three years: For other reasons
Share Capital	52,215					
Capital reserves						
Share premium reserve	13,947	A, B, C	13,947			(4,950)
Revaluation reserves	21,282	A, B	21,282			
Prov. for cap. grants - prev. inv.	5,878	A, B, C	5,878			
Profit reserves						
Legal reserve	9,706	B	9,706			
Statutory reserve	2,462	A, B	2,462			
Statutory reserves ex Ente Fiera	0	A, B, C	0			
Extraordinary reserve	0	A, B, C	0			
Retained earnings	6,354	A, B, C	6,354			(13,295)
Total			**59,628**	**0**	**0**	**(18,662)**
Non-distributable amount			43,034			
Total non-distributable reserves			43,034			
Residual distributable portion			**16,594**			

*** Key**

A: share capital increase

B: coverage of losses

C: distribution to shareholders

The amount of non-distributable reserves is composed of the “Legal reserve”, the “Statutory reserve”, and “Revaluation reserves”. In 2016, as a result of the share capital increase carried out with the contribution of Fiera di Vicenza of its entire company, the Legal reserve fell below the minimum threshold of 20% of share capital and, therefore, the “Share premium reserve” can only be distributed for the part exceeding the replenishment of the legal reserve, i.e. for € 13,210 thousand. It should be noted that the “Legal reserve” can be used to cover losses after all other reserves have been utilised.

NON-CURRENT LIABILITIES

15) Payables due to banks

Italian Exhibition Group S.p.A.'s bank debt fell by a total of € 3.4 million compared to the previous year, due to the net effect of the loans repaid in the year and the obtainment of new medium/long-term lines.

Current payables due to banks	**Balance as at 12/31/2019**	**Balance as at 12/31/2018**
Banca Intesa-Sanpaolo mortgage	766	735
BPER mortgage - expiry 2019	-	388
BNL mortgage	1,778	1,778
BPER mortgage - expiry 2028	1,311	1,291
Banca Popolare di Vicenza mortgage	1,925	1,902
Unicredit mortgage	388	762
Banco BPM mortgage	1,105	1,094
Volksbank mortgage	1,962	800
Unipol Stand-by	900	-
TOTAL Short-term payables due to banks	**10,133**	**8,749**

Non-current payables due to banks	**Balance as at 12/31/2019**	**Of which due beyond 5 years**	**Balance as at 12/31/2018**
Banca Intesa-Sanpaolo mortgage	1,629	-	2,394
BNL mortgage	-	-	1,778
BPER mortgage - expiry 2028	11,274	5,816	12,585
Banca Popolare di Vicenza mortgage	31,658	23,822	33,578
Unicredit mortgage	-	-	388
Banco BPM mortgage	2,244	-	3,349
Volksbank mortgage	5,199	-	7,159
Unipol Stand-by	4,400	-	-
TOTAL	**56,403**	**29,638**	**61,231**

The overall net financial position of the company is reported hereunder, drafted according to the provisions of Consob Communication no. 6064293 of July 28th, 2006 and the recommendation of the CESR of February 10th, 2005, which differs from the one in the Directors' Report on Operations as regards the items Medium/long-term financial receivables and Receivables due from subsidiaries and from associated companies.

IEG S.p.A.
Net financial position based on the CONSOB/CESR format

			Balance as at 12/31/2019	Balance as at 12/31/2018
1	**Short-term available funds**			
	01:01	Cash on hand	69	49
	01:02	Bank current account balances	18,078	20,631
	01:03	Invested liquidity	1,196	1,596
		Total	**19,343**	**21,855**
2	**Short-term payables**			
	02:02	Other short-term payables to banks	-	-
	02:03	Portions of medium/long-term payables due within 12 months	(10,245)	(8,849)
	02:04	Other short-term payables	(3,452)	(697)
	02:05	Financial payables due to shareholders	(224)	(230)
	02:06	Current payables for rights of use	(2,276)	-
		Total	**(16,197)**	**(9,776)**
3	**Short-term financial position (1+2)**		**3,146**	**12,079**
4	**Medium/long-term financial receivables (after 12 months)**		-	-
5	**Medium/long-term financial payables (after 12 months)**			
	05:01	Mortgages	(56,403)	(61,231)
	05:04	Financial payables due to shareholders/subsidiaries/parent companies	(222)	
	05:05	Other medium/long-term payables	(272)	(988)
	05:06	Medium/long-term derivative financial instruments	(5,528)	(4,740)
	05:07	Non-current payables for rights of use	(20,088)	-
		Total	**(82,212)**	**(66,755)**
6	**Medium/long-term financial position (4+5)**		**(82,212)**	**(66,755)**
7	**TOTAL INDEBTEDNESS**		**(98,409)**	**(76,531)**
8	**Net financial position (3+6)**		**(78,636)**	**(54,255)**

The main changes in bank payables with respect to the previous are shown below.

The “Unipol Stand-by” loan taken out on December 22nd, 2017, which accrues interest at the 3-month Euribor plus a spread of 90 basis points, was drawn down as at December 31st, 2019 for a total of € 5.3 million, of which € 0.9 million expiring within 12 months. As at the end of the previous year, the facility had not been utilised.

The reduction in bank payables due to the repayments made during the year on previous loans came to € 9.9 million, and the increase due to draw-downs and new loans came to € 6.5 million.

As a result of the combination with Fiera di Vicenza S.p.A. which took place in 2016, Italian Exhibition Group S.p.A. took over the financing relationships described hereunder.

- Mortgage loan originally stipulated with Banca Popolare di Vicenza S.p.A. (now Banca Intesa Sanpaolo S.p.A.) for € 33,580 thousand as at December 31st, 2019, of which € 23,821 thousand medium/long-term. The loan was granted on June 30th, 2008 for an amount of € 50 million (subsequently reduced to € 42 million), repayable in deferred six-monthly instalments, the last of which will be paid on June 30th, 2036. The loan accrues interest at the 6-month Euribor plus a spread of 70 basis points and is secured by a first mortgage of € 84 million on the properties of Italian Exhibition Group S.p.A. located in Via dell’Oreficeria 16.

- Unsecured loan with Banca Unicredit S.p.A. with a balance of € 387 thousand as at December 31st, 2019, fully short-term. The loan was granted on May 15th, 2015 for an amount of € 3 million and is repaid in deferred quarterly instalments, expiring on May 31st, 2020. The loan accrues interest at the 3-month Euribor plus a spread of 200 basis points.

It should be noted that some loans taken out by the Company are guaranteed by compliance with given indexes (“covenants”) calculated on the consolidated financial statements, comprised of:

B.N.L. mortgage, revised by means of the “deed of modification” of February 13th, 2019:

- Net financial debt/EBITDA <= 3.5
- Net financial debt/shareholders’ equity <= 1

BPER mortgage expiring in 2028:

- Net financial position/EBITDA <= 5

These indexes must be verified with reference to the consolidated data as at December 31st of each year and were respected for the current year.

16) Non-current financial liabilities for rights of use

The balance of € 20.1 million represents the non-current portion of liabilities recognised for lease fees still not paid at the close of the half, in compliance with the introduction of new accounting standard IFRS 16 on January 1st, 2019. It should be noted that the item includes payables due to Società del Palazzo dei Congressi S.r.l. for € 17,219 thousand.

17) Other non-current financial liabilities

The item “Other current financial liabilities” as at December 31st, 2019 came to € 5,722 thousand, and recorded a decrease of € 198 thousand compared to the previous year. The breakdown is shown below.

	Balance as at 12/31/2019	Balance as at 12/31/2018
Fair value of derivative instruments	5,228	4,536
Payables due to subsidiaries	222	444
Other non-current financial liabilities	272	544
TOTAL OTHER NON-CURRENT FINANCIAL LIABILITIES	**5,722**	**5,524**

The item “Fair value of derivative instruments” amounted to € 5,228 thousand, an increase of € 691 thousand compared to the previous year due to the change in fair value during the year.

The derivative stipulated on November 4th, 2011 with Banca Popolare di Vicenza, now Banca Intesa Sanpaolo S.p.a., was stipulated in order to hedge the interest rate risk of part of the underlying loan and makes provision for the swapping of the 6-month Euribor with a fixed rate of 2.95%. The amortisation plan of the derivative perfectly matched, at the date of stipulation of the contract, the repayment plan of the Intesa Sanpaolo loan and, for said reason, was initially classified as a hedge, also for accounting purposes.

In 2014, the company Fiera di Vicenza, transferred to Rimini Fiera S.p.A. effective from November 1st, 2016 (which subsequently changed its company name to Italian Exhibition Group S.p.A.), altered the time-scales for repayment of the loan with respect to the original repayment plan, extending the pre-amortisation period. Consequently, the derivative, albeit continuing to guarantee an operational hedge given that it follows the amortisation plan of the loan until 31/12/2026, no longer possesses all the characteristics to qualify for hedge accounting. For the reasons just stated, the derivative is classified as an instrument measured at fair value through profit and loss of the Parent Company.

The final date of repayment of the Intesa Sanpaolo loan is set for June 3rd, 2036, around 10 years after the hedge of the first derivative contract stipulated in 2011. For this reason, IEG's Risk Management department opted to stipulate a second derivative contract at the end of the previous year on the residual amount not subject to the previous hedge, in order to mitigate potential fluctuation in the interest rate risk, with the following characteristics:

- trading date: December 7th, 2018;
- effective date: June 29th, 2018;
- maturity date: June 30th, 2036;
- date of interest payment: six-monthly, January 31st and June 30th of each year;
- total notional: € 9,635,397.46
- fixed rate (pay leg): 0.96400% (Actual/360)
- floating rate (receive leg): Euribor 6M (Actual/360)

The table below shows the impacts of the change in the fair value of the two derivative instruments as at December 31st, 2019.

VALUATION DATE	IRS Fair Value	Financial income (charges) through profit and loss	Change in CFH reserve
12/31/2018	(4,536)	279	(75)
12/31/2019	**(5,228)**	**(218)**	**(473)**

Lastly, the items "Payables due to minority shareholders" and "Other non-current financial liabilities" include the payable of € 494 thousand, relating to the purchase of the equity investment in Prostand corresponding to the part of the price with deferred payment beyond 12 months, to be disbursed to Prostrand and previous shareholders respectively.

18) Provisions for non-current risks and charges

"Provisions for risks and charges" recorded a reduction of € 543 thousand and the change is shown in the table below:

	Balance as at 12/31/2018	Changes in 2019 Provisions	Uses/releases	Transfers	Balance as at 12/31/2019
Provision for dispute risks	1,470	309	(96)		1,671
Other provisions for risks	768		(758)		10
Provision for the write-down of equity investments	183	185	(183)		185
TOTAL PROVISIONS FOR RISKS AND CHARGES	**2,409**	**494**	**(1,037)**	**0**	**1,865**

The "Provision for dispute risks" rose by € 201 thousand due to the allocations and uses relating to labour law proceedings.

In this regard, it should be noted that, by means of deed of summons notified on March 16th, 2015, the receiver in the bankruptcy proceedings of Aeradria S.p.A. (the "Receivership of Aeradria"), summonsed the Province of Rimini, the Municipality of Rimini, Rimini Holding S.p.A. and the Company to legal proceedings before the Court of Bologna. At the date of the deed of summons, the Province of Rimini held a stake of 38.12% in Aeradria S.p.A., Rimini Holding S.p.A. 18.11% and the Company 7.57%. The

Municipality of Rimini, in turn, owned the entire share capital of Rimini Holding S.p.A., holder of 8% of the Company's share capital. In addition, at the same date, the company was a subsidiary of Rimini Congressi S.r.l., which was, in turn, an investee of Rimini Holding S.p.A., the Province of Rimini and the C.C.I.A.A. (Chamber of Commerce, Industry, Agriculture & Crafts) of Rimini, each holding a stake of 33.3%. The arguments sustained by the Receivership of Aeradria are based on the assumption that the responsibility for the management of Aeradria S.p.A., which led to its bankruptcy, would be attributable not solely to the administrative and control bodies, but also the shareholders (the Province of Rimini, the Municipality of Rimini, Rimini Holding S.p.A. and the Company). In particular, the Municipality of Rimini and the Province of Rimini would have exercised, over the years and on an continuing basis, management and coordination of Aeradria S.p.A., also through Rimini Holding S.p.A. and the Company. This management and coordination would have been carried out to the detriment of the principles of correct corporate and entrepreneurial management, also in light of the serious flaws in the rationale of the strategic planning and the decisions taken by Aeradria S.p.A.. The Receivership of Aeradria asserted these arguments also in consideration of the complex shareholding structure described above. The defensive arguments of the Company, vice versa, are based primarily on the following considerations: (i) the Receivership of Aeradria would not have demonstrated the Company's alleged participation in the management and coordination of Aeradria S.p.A., (ii) based on the statutory and shareholders' provisions in force, the Company was independent from the Province of Rimini and the Municipality of Rimini and (iii) the Company's equity investment in Aeradria S.p.A. was insignificant (7.57% of share capital), given that the Province of Rimini and the Municipality of Rimini were already independently able to exercise control of Aeradria S.p.A.. The Receivership of Aeradria estimated the damage at roughly € 20,000 thousand. During the proceedings, the Court of Bologna ordered an accounting CTU (court-appointed expert witness), essentially aimed at investigating the alleged acts of 'mala gestio' (mismanagement) engaged in by the directors of Aeradria S.p.A.. As at today's date, the CTU has still not started.

The item "Other provisions" includes the allocation made by the Parent Company for the estimated expense for ICI (municipal property tax) and the associated 'specifically targeted tax' pertaining to previous years. Tax relating to the years 2013, 2014 and 2015 totalling € 758 thousand was paid during the year.

The "Provision for the write-down of equity investments" includes the amount recognised for the alignment with the shareholders' equity of the investee DV Global Link and of the subsidiary Exmedia in liquidation, equity investments whose book value had already been fully written down.

19) Employee provisions

The item "Employee provisions" as at December 31st, 2019 came to € 3,357 thousand, and recorded an increase of € 16 thousand compared to the previous year. The changes are shown below.

	Balance as at 12/31/2018	Changes in 2019			Balance as at 12/31/2019
		Provisions	Transfers	Uses/releases	
Provision for agents' leaving indemnities	161	16	-		178
Provision for employee severance indemnity	2,720	940	-	(940)	2,720
Provision for non-competition agreement	460		-		460
TOTAL EMPLOYEE PROVISIONS	**3,341**	**957**	**-**	**(940)**	**3,357**

The balance is composed of employee severance indemnity accrued until December 31st. The change in the period, amounting to € 940 thousand, relates to the allocation as a result of the revaluation of the previous provision, for € 940 thousand and uses due to employee exits.
By contrast, for a total of € 178 thousand, it is composed of the "Provision for agents' leaving indemnities" allocated in compliance with article 1751 of the Italian Civil Code and the collective economic agreement for the regulation of the agency and commercial representation relationship of the commerce sector signed on February 16th, 2009.

For € 460 thousand, it includes the considerations accrued over the years due to the non-competition obligations assumed by employees based on the contracts signed between said employees and the parent company, in line with the employment contract, whose associated consideration will be paid, on termination of the employment contract, if the non-competition clause has been respected.

The value of the provision for employee severance indemnity at the end of the year conforms to the amount due to personnel and the allocation was calculated in respect of the laws, the company employment contract and, for matters not provided for, the C.C.N.L. (national collective labour agreement) for the trade sector. It should also be pointed out that, following the supplementary pension reform (Legislative Decree no. 252/2005; Law no. 296/2006, article 1, paragraphs 755 et seq and paragraph 765), the amount indicated in the column "Provisions" does not include the sums paid to forms of supplementary pension or to the "INPS Treasury Fund".

The IEG Group, in determining the actuarial calculations, avails itself of the support of a professional listed in the appropriate Register of Actuaries. The main hypotheses/assumptions used for the actuarial calculation of the defined benefit plans are shown below.

Demographic assumptions

Probability of death	Mortality tables broken down by gender - ISTAT 2018
Probability of disability	Zero probability (in consideration of the type of company under analysis)
Probability of resignations	The probability of company turnover of 3% was used
Probability of advance	An annual value of 3% was presumed with respect to an average value of accumulated employee severance indemnity of 70%

Economic-financial assumptions for calculation of the TFR (employee severance indemnity)

	2018	2019
Annual discount rate	1.30%	0.77%
Annual inflation rate	1.50%	1.00%
Assumption of real salary growth	1.50%	1.50%

The discounting of future services for employees deriving from Employee severance indemnity was measured by recognising market yields according to the provisions of IAS 19. For the discount rate, the rate relating to high credit rating Corporate Bonds AA with a duration equal to the plan of company commitments to its employees was taken as a reference.
The results of the actuarial evaluations depend strictly on the financial, demographic and behavioural assumptions adopted.
The following table, as required by the international accounting standard, shows the results of the DBO deriving from the change in assumptions.

Sensitivity Analysis - DBO		IEG Group SPA
Central Assumption	€	**2,719,514**
Discount rate (+0.25%)	€	2,652,870
Discount rate (-0.25%)	€	2,788,672
Rate of payments Increases (+0.25%)	€	2,714,772
Rate of payments Decreases (-0.25%)	€	2,724,382
Rate of Price Inflation Increases (+0.25%)	€	2,762,260
Rate of Price Inflation Decreases (-0.25%)	€	2,677,614
Rate of Salary Increases (+0.25%)	€	2,719,514
Rate of Salary Decreases (-0.25%)	€	2,719,514
Increase the retirement age (+1 year)	€	2,733,625
Decrease the retirement age (-1 year)	€	2,704,851
Increase longevity (+1 year)	€	2,719,565
Decrease longevity (-1 year)	€	2,719,458

Assumptions of the previous year	€	2,591,873
Economic assumpt. of the previous and new demographic assumpt.	€	2,591,970

20) Other non-current liabilities

The item “Other non-current liabilities” includes the amount of the grant disbursed by the Emilia-Romagna Region for the construction of the Rimini Trade Fair District, still not booked to the income statement, amounting to € 2.3 million. The item in question recorded a reduction resulting from the recognition in the income statement, under “Other revenues and income”, of the share of the contribution pertaining to the year, calculated in proportion to the amortisation/depreciation of the Rimini trade fair district pertaining to the year.

CURRENT LIABILITIES

21) Current financial liabilities for rights of use

The balance of € 2,276 thousand represents the current portion of liabilities recognised for lease fees still not paid at the close of the half, in compliance with the introduction of new accounting standard IFRS 16 on January 1st, 2019. It should be noted that the item includes € 1,320 thousand in payables relating to Società del Palazzo dei Congressi S.p.A., of which € 441 thousand classified as trade payables prior to the application of the standard.

22) Other current financial liabilities

The table shows a breakdown of the item in question:

	Balance as at 12/31/2019	Balance as at 12/31/2018
Accrued expenses	112	100
Amounts due to shareholders for dividends	2	8
Other current financial liabilities	3,452	697
Current financial payables due to subsidiaries	222	222
TOTAL OTHER CURRENT LIABILITIES	**3,788**	**1,027**

Accrued expenses relate to amounts of interest expense on mortgages pertaining to 2019.

“Payables due to other lenders within 12 months”, amounting to € 3,452 thousand, includes:

- The variable amount of the price recognised to Arezzo Fiere e Congressi for the acquisition of the trademark GoldItaly and the use of the trademark Oro Arezzo and all other assets connected with the two events in question, for € 2,150 thousand;
- payables for urbanisation works to be paid to the Municipality of Rimini for € 1,000 thousand;
- short-term payables to be paid to the former shareholders of Prostand S.r.l. connected with the purchase of the equity investment for € 272 thousand completed last year;
- payables relating to the variable amount recognised to the seller for the purchase of the business unit FIMAST for € 55 thousand.

“Current financial payables due to subsidiaries” amounting to € 222 thousand includes the payables due to Prostand S.r.l. relating to the amount to be disbursed to the former shareholders of Colorcom for the purchase of the equity investment.

23) Trade payables

	Balance as at 12/31/2019	Balance as at 12/31/2018
Trade payables within 12 months	20,481	23,119
Payables due to subsidiaries	7,440	7,595
Payables due to associated companies	79	68
Payables due to jointly controlled companies	6	9
TOTAL TRADE PAYABLES	**28,006**	**30,791**

Trade payables amounted to € 28,006 thousand, of which € 7,440 thousand to subsidiaries, € 79 thousand to associated companies and € 6 thousand to jointly controlled companies. Trade payables refer, for the most part, to purchases of the services needed for the staging of trade fairs.
The "Payables due to subsidiaries" and "Payables due to associated companies" detailed in the following tables are exclusively of a trade nature.

	Balance as at 12/31/2019	Balance as at 12/31/2018
Payables due to Exmedia S.r.l. in liquidation	-	20
Payables due to Prostand Exhibition Services S.r.l.	1	2,686
Payables due to Prime servizi S.r.l.	651	822
Payables due to Summertrade S.r.l.	1,272	1,214
Payables due to Colorcom Allestimenti Fieristici Srl	-	2,200
Payables due to Prostand srl	5,516	653
TOTAL PAYABLES DUE TO SUBSIDIARIES	**7,440**	**7,595**

"Payables due to associated companies" and "Payables due to jointly-controlled companies" are summarised in the following table.

	Balance as at 12/31/2019	Balance as at 12/31/2018
Payables due to Cesena Fiera S.p.A.	69	62
Payables due to C.A.S.T. Alimenti Srl	10	6
TOTAL PAYABLES DUE TO ASSOCIATED COMPANIES	**79**	**68**
Payables due to DV Global Link LLC	6	9
TOTAL PAYABLES DUE TO JOINTLY CONTROLLED COMPANIES	**6**	**9**

24) Tax payables for direct taxes

	Balance as at 12/31/2019	Balance as at 12/31/2018
Payables due to parent companies	0	1,745
IRES payable	1,711	0
IRAP (regional business tax) payable	258	133
TOTAL PAYABLES FOR DIRECT TAXES	1,969	1,878

"Payables due to parent companies" for 2018 include the payables of the Group companies of a tax nature due to the company Rimini Congressi S.p.A. deriving from the application of the National Tax Consolidation regime. In 2019, IEG left the national tax consolidation regime. Consequently, in 2019 payables for IRES relate entirely to payables due to the tax authorities.

25) Other current liabilities

"Other current liabilities" are broken down as follows:

	Balance as at 12/31/2019	Balance as at 12/31/2018
Payments on account	1,909	1,610
Payables due to subsidiaries	164	149
Payables due to social security institutions	990	1,020
Other payables	4,777	5,929
Accrued expenses and deferred income	344	387
Revenues paid in advance pertaining to subsequent years	34,479	34,594
Other tax payables	865	1,960
TOTAL OTHER CURRENT LIABILITIES	**43,527**	**45,649**

As regards current liabilities, the most significant item is "Revenues paid in advance pertaining to subsequent years", which increased primarily due to billing timings. The company proceeded with the mass issue of invoices by the end of the year, with the most significant values for the events in 2020 VicenzaOro January, Beer Attraction, Sigep and Abitech, with an amount billed in advance with no significant changes with respect to the previous year.

The "Payables due to subsidiaries" reported herein relate to the residual tax payables generated by the transactions resulting from the expired option of national tax consolidation effected by the then Rimini Fiera S.p.A. as the consolidating entity (IRES refund request for the years 2005-2007 and request for the reimbursement of IRES on IRAP as outlined previously in Tax receivables). The increase compared to 2018 is due to the accounting of interest income recognised on these values.
"Revenues paid in advance pertaining to subsequent years", whose increase is attributable, as stated in the previous paragraph, to different billing timings, include revenues billed in the year, but relating to events pertaining to subsequent years.

The table below details the items includes in "Other payables".

	Balance as at 12/31/2019	Balance as at 12/31/2018
Payables due to customers	862	812
Payables due to employees	1,734	1,799
Payables due to trade union organisations	0	3
Payables due to statutory bodies	222	183
Other payables	233	1,258
Security deposits	10	9
Personnel - salaries	1,716	1,865
TOTAL OTHER PAYABLES	4,777	5,929

"Payables due to employees" include the valuation of accruals of holidays, leave, 'hour bank', deferred monthly pay and other payables accrued and still not enjoyed or paid to personnel of Italian Exhibition Group S.p.A., while "Personnel - salaries" shows the balance of fees accrued in December and paid in January 2020 and the estimate of the performance bonuses of the company in 2019.

"Other tax payables" are detailed as follows:

	Balance as at 12/31/2019	Balance as at 12/31/2018
Withholding tax on freelance workers' income	40	82
Withholding tax on employee income	816	824
Tax authorities for VAT	2	1,048
Other	7	6
TOTAL OTHER TAX PAYABLES	**865**	**1,960**

Withholding taxes were taken by Italian Exhibition Group S.p.A. as withholding agent and duly paid in the next month.

26) Disclosure on guarantees given, commitments and other contingent liabilities

Guarantee granted in its favour	**Balance as at 12/31/2019**	**Balance as at 12/31/2018**
Sureties	1,365	1,246
Third-party assets held at the company	-	-

The following guarantees were issued:

- in favour of the Municipality of Rimini for an amount of € 1 million as guarantee of urbanisation expenses - financial super-standard connected to areas of land located in Rimini – Via della Fiera sold in 2015; the payable due to the Municipality was settled in January 2020 and the guarantee extinguished.
- in favour of Agenzia ICE for € 129 thousand to support the internationalisation of Ecomondo (in the process of being reported).
- in favour of the lessor of the Milan offices for the remaining amount.

It should also be noted that Italian Exhibition Group S.p.A. replaced Fiera di Vicenza S.p.A. in the guarantees issued by the latter in favour of the investee C.I.S. S.p.A. in liquidation for an amount of € 1,200 thousand. This amount was not recorded under guarantees given as the associated provision for risks is allocated in the financial statements for the same amount.

COMMENTS ON THE MAIN ITEMS OF THE INCOME STATEMENT

27) Revenues

"Revenues from sales and services" include the revenues pertaining to 2019 actually realised in the performance of the company's ordinary activities.

The total of the item "Revenues" rose by € 4.3 million in 2018 (an increase of +3%). The increases are attributable to the rise in the volumes of ordinary business, in particular trade fair activities.

For a more comprehensive analysis of the trend in revenues in 2019, please refer to the information already outlined in the Directors' Report on Operations.

	Balance as at 12/31/2019	Balance as at 12/31/2018
Revenues from sales and services	120,282	117,317
Other revenues	3,818	2,529
Operating grants	*172*	*139*
Other revenues	*3,646*	*2,391*
TOTAL REVENUES	**124,101**	**119,846**

The following tables provide details on revenues from sales and services by nature and type of business.

	Balance as at 12/31/2019	Balance as at 12/31/2018
Exhibition areas	75,456	75,246
Advertising	4,738	5,001
Services	31,518	29,062
Ticketing	3,178	3,134
Other	5,392	4,874
TOTAL REVENUES FROM SALES AND SERVICES	**120,282**	**117,317**

The item "Other" includes accessory revenues to the company's core business, but falling under the ordinary activities of Italian Exhibition Group S.p.A:

	Balance as at 12/31/2019	Balance as at 12/31/2018
Rental and lease income	462	367
Income for concessions	2,086	1,473
Rounding and allowances receivable	2	2
Exhibitor and visitor parking	1,876	1,968
Income from publications and subscriptions	71	87
Other revenues and services	874	811
Costs pertaining to third parties	6	160
Data processing centre services	16	6
TOTAL REVENUES FROM SALES AND SERVICES - OTHER REVENUES	**4,902**	**4,874**

"Rents and lease income" rose by € 95 thousand, while revenues from "exhibitor and visitor parking" rose by € 613 thousand.

The item "Income for sundry concessions" includes the fees paid to the company by exclusive suppliers, in particular for catering (€ 676 thousand) and stand fitting (€ 1,195 thousand). The other items did not record any particular deviations.

The breakdown of "Other revenues" is shown below.

	Balance as at 12/31/2019	Balance as at 12/31/2018
Capital gains on disposals of assets	19	7
Income relating to previous years	615	660
Operating grants	172	139
Other revenues and income	3,013	1,723
TOTAL OTHER REVENUES	**3,818**	**2,529**

“Operating grants” are composed of grants for internationalisation and development of trade fairs, as well as for the promotion of conference activities.

The item “Other revenues and income” includes the portion of the grant provided by the Emilia Romagna Region for the construction of the new district pertaining to the year (€ 194 thousand). The grant from the Region is charged to the income statement in proportion to the depreciation of the assets for which the construction was provided; in this regard, also see the information shown above in Note 21) Other non-current liabilities.

In addition, it should be noted that “Other revenues and income” include an amount of € 981 thousand in non-recurring income relating to the charge-back to the parent company Rimini Congressi of a part of the advisory costs incurred by IEG S.p.A. to finalise its listing process, initiated in 2018 and completed with the Parent Company’s access to the MTA (screen-based equities market) on June 19th, 2019.

In addition to the details indicated in the previous paragraph, “Other revenues and income” include the charge-back of costs to lessees of trade fair district spaces.

28) Operating costs

	Balance as at 12/31/2019	Balance as at 12/31/2018
Raw materials, consumables and goods for resale	(2,242)	(2,428)
Services	(61,984)	(65,350)
For use of third-party assets	(220)	(1,917)
For personnel	(21,194)	(21,609)
Other operating costs	(2,496)	(2,561)
TOTAL OPERATING COSTS	**(88,135)**	**(93,865)**

“Costs of production” fell by € 5.7 million (-6%) compared to the previous year. The change is mainly due to the absence of costs relating to the biennial event Tecnargilla, held in 2018, and the introduction of IFRS 16, which involved a reduction of € 2.1 million in operating costs. The remainder of the decrease is attributable to the greater internal efficiencies.

It should be noted that “Costs for services” for 2019 include an amount of € 238 thousand in non-recurring expenses relating to advisory costs incurred by IEG S.p.A. to finalise its listing process, initiated in 2018 (non-recurring costs of € 1,428 thousand) and completed with the Parent Company’s access to the MTA (screen-based equities market) on June 19th, 2019.

	Balance as at 12/31/2019	Balance as at 12/31/2018
Staff	**(20,640)**	**(21,151)**
Wages and salaries	(14,795)	(15,100)
Social security costs	(4,552)	(4,575)
EMPLOYEE SEVERANCE INDEMNITY	(940)	(1,082)
Other costs	(394)	(394)
For Directors	**(473)**	**(458)**
TOTAL PERSONNEL COSTS	**(21,194)**	**(21,609)**

The table below provides details of the main costs included in the item “Other operating costs”.

	Balance as at 12/31/2019	Balance as at 12/31/2018
Municipal Property Tax	(442)	(442)
Other Municipal taxes	(565)	(521)
Vehicle ownership tax	(5)	(6)
Membership fees and contributions	(355)	(280)
Revenue stamps and certification of the books	(22)	(28)
SIAE (Italian Authors and Publishers Association) fees, exhibition taxes	(24)	(57)
Expenses relating to previous years	(646)	(742)
Other costs	(438)	(486)
TOTAL OTHER OPERATING COSTS	**(2,496)**	**(2,561)**

29) Depreciation, amortisation and write-downs of fixed assets

By contrast, the table below provides details of amortisation and depreciation:

	Balance as at 12/31/2019	Balance as at 12/31/2018
Intangible fixed assets	**(1,713)**	**(1,080)**
Land and buildings	(4,976)	(4,935)
Plant and machinery	(1,624)	(1,544)
Industrial and commercial equipment	(539)	(530)
Other assets	(884)	(706)
Property, Plant and Equipment	**(9,893)**	**(7,715)**
TOTAL AMORTISATION, DEPRECIATION AND WRITE-DOWNS OF FIXED ASSETS	**(11,606)**	**(8,795)**

“Amortisation and depreciation” rose mainly due to the application of new IFRS 16 for an impact of € 1.9 million.

30) Financial income and charges

The breakdown of “Financial income” is shown below:

	Balance as at 12/31/2019	Balance as at 12/31/2018
Interest income on current accounts and bankbooks	1	7
Interest income on other receivables	59	36
Interest income on bonds	73	61
Interest income on intercompany current accounts from subsidiaries	4	12
TOTAL FINANCIAL INCOME	**138**	**116**

With a view to optimising the available funds of the Group, the company has established intercompany accounts with some subsidiaries and associated companies. Interest accrues on these accounts as at December 31st, 2019 at the market rates correlated to the 3-month Euribor.

Interest income on current accounts and bonds are the result of company liquidity management during the year and the consequent investment of any access of the same in low risk products such as term deposits, bonds and policies with a minimum guaranteed yield.

"Interest income on other receivables" are attributable to credit recovery activities with the collection by the debtor of default interest for late payment and the interest generated by the Employee severance indemnity policy.

The breakdown of "Interest and financial charges" is shown below.

	Balance as at 12/31/2019	Balance as at 12/31/2018
Interest expense and expenses on bank debts	(885)	(900)
Interest expense on other payables	(20)	(0)
Negative differences of SWAPs	(991)	(974)
IRS differential	(218)	279
Interest expenses on leases		(1)
Interest expense on rights of use - IFRS 16	(465)	-
TOTAL INTEREST AND OTHER FINANCIAL CHARGES	**(2,579)**	**(1,596)**

Banking interest expense concerns almost completely the mortgages taken out by the company and, to a residual extent, the temporary use of short-term credit lines.

The "IRS Differential" represents the change during the year in the fair value of the derivative contracted with former Banca Popolare di Vicenza (now Banca Intesa San Paolo S.p.A.), while the "Negative differences of SWAPs" refer to the interest paid to said bank at the fixed rate established by the contract in question.

It should be noted that the impact of IFRS 16 on interest expense involved a greater expense € 465 thousand.

The breakdown of the item "Exchange gains and losses" is shown below.

	Balance as at 12/31/2019	Balance as at 12/31/2018
Exchange gains	121	159
Negative exchange differences	(23)	(53)
TOTAL EXCHANGE GAINS AND LOSSES	**99**	**106**

The positive and negative exchange differences refer to revenues and expenses in foreign currency linked to the change in exchange rates.

31) Gains and losses from equity investments

Equity investments in associated companies were measured using the equity method. The other equity investments are booked at cost and are written down in the event of a significant and prolonged reduction in the fair value with respect to the cost of recognition.
For more information, please refer to the previous comments on financial fixed assets.

	Balance as at 12/31/2019	Balance as at 12/31/2018
Revaluations of equity investments		
C.A.S.T. Alimenti Srl	9	134
Cesena Fiera S.p.a.	28	30
Fairsystem Srl in liquidation	5	-
Fitness Festival International S.r.l. (in liquidation)	0	46
Total revaluations of equity investments	**43**	**210**
Write-downs of equity investments		
Expo Estrategia Brasil Eventos e Producoes Ltda	(19)	(145)
EAGLE	(69)	-
Fitness Festival International S.r.l. (in liquidation)	0	
Fairsystem Srl	(5)	(15)
DV Global Link LLC	(283)	(234)
Total Write-down of equity investments	**(376)**	**(394)**
Total effect of valuation of equity investments with the equity method	**(333)**	**(154)**
Write-downs of equity investments - subsidiaries		
Exmedia in liquidation	(210)	
Total measurement of equity investments in subsidiaries	**(210)**	**-**
Income from equity investments		
Dividends of C.A.S.T. Alimenti S.r.l.	44	44
Dividends of Summertrade S.r.l.	98	0
Total income from equity investments	**141**	**44**
Total effect of valuation of equity investments with the equity method	**(402)**	**(140)**

32) Income taxes

Taxes are calculated in application of the tax regulations in force.

	Balance as at 12/31/2019	Balance as at 12/31/2018
IRES (corporate income tax) pertaining to the year	(5,607)	(3,898)
IRAP (regional business tax) pertaining to the year	(1,015)	(785)
Taxes from previous years	(348)	(3)
Total direct taxes	**(6,970)**	**(4,686)**
Advance IRES	327	(82)
Advance IRAP	24	(14)
Total deferred tax assets	**352**	**(96)**
Deferred IRES	29	39
Deferred IRAP	0	0
Total deferred tax liabilities	**29**	**39**
Revenues (expenses) from tax consolidation	**9**	**80**
TOTAL INCOME TAXES FOR THE YEAR	**(6,580)**	**(4,663)**

Pursuant to point 14) of article 2427 of the Italian Civil Code, and the requirements of IAS 12, the required information on deferred and prepaid taxes is shown below.

	2019			2018		
	Temporary differences	Tax rate	Tax effect	Temporary differences	Tax rate	Tax effect
Deferred tax assets:						
Bad debt provision	3,773	24.00%	906	3,128	24.00%	751
Provisions for risks and charges	1,671	24.24%	405	1,458	24.27%	354
Agents' leaving indemnities	100	27.90%	28	100	27.90%	28
Taxes for previous losses	78	24.00%	19	78	24.00%	19
Emoluments of statutory bodies not paid in the year	287	24.00%	68	274	24.00%	66
Amortisation/depreciation not deductible in the year	888	25.50%	226	562	25.30%	142
Statutory write-down of intangible fixed assets	122	27.90%	34	134	27.90%	37
Photovoltaic prepaid amounts	1,406	27.90%	392	1,519	27.90%	424
IAS write-down of intangible fixed assets	114	30.58%	34	135	30.16%	41
Statutory/fiscal misalignment on revaluation of land	1,657	27.90%	462	1,657	27.90%	462
Value adjustments of equity investments	227	1.20%	3	227	27.90%	3
Fair value of derivatives	4,679	24.00%	1,123	4,461	24.00%	1,071
Service cost and interest cost components	4	24.00%	1	(23)	24.00%	(6)
IFRS 16	207	19.15%	40			
Total deferred tax assets charged to Income Statement	**15,007**		**3,743**	**13,709**		**3,391**
Tax effect on "Actuarial Gain & Losses" component of actuarial calculation of Employee benefits	111	24.00%	27	183	25.92%	48
Effect of cash flow hedge derivatives	549	24.00%	132			
IFRS 16	1,941	23.32%	453			
Total deferred tax assets charged to Shareholders' equity	**2,601**		**611**	**264,628**		**48**
Deferred tax liabilities:						
Statutory/fiscal misalignment on revaluation of land	4,537	27.90%	1,266	4,537	27.90%	1,266
Amortised cost - loans	699	24.00%	167	820	24.00%	197
Total deferred tax liabilities charged to Income Statement	**5,236**		**1,434**	**5,357**		**1,463**
Statutory/fiscal misalignment on revaluation of land	1,542	27.90%	430	1,542	27.90%	430
Total deferred tax liabilities charged to Shareholders' equity	**1,542**		**430**	**1,542**		**430**
Recognised of deferred tax liabilities on PPA	4,409	27.90%	1,230	4,409	27.90%	1,230
Total taxes on PPA	**4,409**		**1,230**	**4,409**		**1,230**

Deferred tax liabilities have been calculated according to the global allocation approach, taking into account the cumulative amount of all temporary taxable differences, based on the expected average rates in force when these temporary differences are offset.

Deferred tax assets were recorded given there is reasonable certainty as to the existence, in the years in which the temporary deductible differences will carry forward, in respect of which prepaid taxes were recognised, of a taxable income not lower than the amount of the differences that will be cancelled.

The main temporary differences that involved the recognition of deferred tax assets and liabilities are indicated in the table below, together with the associated effects.

The tables below show the differences between theoretical tax charges (IRES 24% and IRAP 3.9%) and the tax charge that can actually be recorded in the financial statements, as suggested by IAS 12.

RECONCILIATION BETWEEN THEORETICAL IRES AND IRES AS PER THE FINANCIAL STATEMENTS		
Pre-tax result		**20,477**
Theoretical tax charge (24.0%)		*4,915*
Decreases		
	Photovoltaic plant	(113)
	Use/cancellation of provisions allocated in previous years	(417)
	Excess interest	(86)
	Deductible portion of board and lodging expenses	(1,557)
	Dividends from subsidiaries/revaluation of equity investments	(133)
	Tax amortisation exceeding statutory amortisation	(588)
	Other decreases	(357)
	Other write-downs of assets	(50)
	IMU (Municipal property tax)	(221)
	IRAP and lump-sum portion on employee severance indemnity paid	(102)
	Total decreases	**(3,624)**
Increases		
SVP	Write-down of equity investments and Allocation to Provision for write-down of Equity investments	585
AAI	Non-deductible amortisation/depreciation and other non-deductible provisions	1,711
IMU tax	IMU (Municipal property tax)	442
	Non-deductible portion of board and lodging expenses	2,258
	Other increases	1,512
	Total increases	**6,509**
Reduction in Income for Asset Increase (ACE)		**-**
Taxable amount for IRES purposes pertaining to the year		**23,362**
Use of tax losses of previous years		-
Actual taxable income for IRES purposes		**23,362**
IRES (corporate income tax) pertaining to the year (24% of actual IRES income)		(5,607)
IRES in Income statement		**(5,607)**

RECONCILIATION BETWEEN THEORETICAL IRAP AND IRAP AS PER THE FINANCIAL STATEMENTS	
Difference between production revenues and costs	**23,221**
Non-relevant costs for IRAP purposes	21,217
Theoretical taxable income	**44,439**
Theoretical tax charge (3.90%)	*(1,733)*
Decreases	
INAIL (Italian National Institute for Insurance against Accidents at Work), Trainees, Tax wedge and similar	(19,384)
Excess tax amortisation	(44)
Other decreases	(201)
Total decreases	**(19,629)**
Increases	
Directors' fees	628
Municipal Property Tax	442
Other increases	134
Total increases	**1,205**
Taxable amount for IRAP (regional business tax) purposes pertaining to the year	**26,015**
Use of tax losses of previous years	-
Actual taxable amount for IRAP (regional business tax) purposes	**26,015**
IRAP pertaining to the year	(1,015)
IRAP in Income statement	**(1,015)**

ADDITIONAL INFORMATION

33) Disclosure no. 124 pursuant to August 4th, 2017

The information required pursuant to art. 1, paragraph 125 of Law no. 124 of August 4th, 2017

is provided in the table below.	Name of disbursing entity	Reason	Sum collected (€)	Collection date
1	G.S.E. S.p.A.	Photovoltaic incentives - January/February	3,234	04/30/2019
2	G.S.E. S.p.A.	Photovoltaic incentives - March	1,617	07/01/2019
3	G.S.E. S.p.A.	Photovoltaic incentives - April	1,679	07/01/2019
4	G.S.E. S.p.A.	Photovoltaic incentives - May	1,679	09/02/2019
5	G.S.E. S.p.A.	Photovoltaic incentives - June	1,679	09/02/2019
6	G.S.E. S.p.A.	Photovoltaic incentives - July	1,845	10/31/2019
7	G.S.E. S.p.A.	Photovoltaic incentives - August	1,845	10/31/2019
8	G.S.E. S.p.A.	Photovoltaic incentives - September	1,845	12/31/2019
9	G.S.E. S.p.A.	Photovoltaic incentives - October	1,949	12/31/2019
10	Ministry of the Environment and Protection of Land and Sea	Agreement for support for the internationalisation of companies operating in the Green Economy sectors (Ecomondo 2019)	106,950	10/09/2019
11	APT servizi	applications for mice int events - lead and bid generation activities	15,000	10/07/2019
		Total	**139,321**	

34) Employees

The number of Employees is expressed as the average number of workers in FTE (Full-time equivalent) from January 1st, 2019 to December 31st, 2019;

The average number of employees is expressed as the number of FTE (full-time equivalent) workers. The comparison between the average number of employees in 2019 and the previous year is shown below.

	2019	**2018**
Executives	10.8	11.0
Middle managers/White collar workers	267.6	265.6
Blue-collar workers	11.1	11.0
AVERAGE NUMBER OF EMPLOYEES	**289.5**	**287.6**

35) Compensation for Corporate Officers

The Directors' fees were defined by means of shareholders' meeting resolution of July 31st, 2019. The fees resolved make provision for a part of short-term and medium-term variable remuneration linked to the attainment of company targets.

	Balance as at 12/31/2019	**Balance as at 12/31/2018**
Directors	473	478
Statutory Auditors	82	88
TOTAL COMPENSION FOR CORPORATE OFFICERS	**555**	**566**

36) Independent Auditors' fees

The table below shows the compensation paid to the independent auditors. The shareholders' meeting of April 30th, 2019 elected PricewaterhouseCoopers S.p.A. as the company's independent auditors.
The costs related to "Other agreed procedures" mainly concern various advisory services provided for the listing process. Total compensation accrued by the PWC network and booked to the company's financial statements is reported below.

COMPENSATION FOR THE AUDIT	Balance as at 12/31/2019	Balance as at 12/31/2018
Annual accounting audit	41	40
Limited audit on the half-yearly accounts	25	22
Other services and sundry advisory services	175	493

This document closely mirrors the economic and equity situation of the company Italian Exhibition Group S.p.A.. Therefore, the shareholders are invited to approve it.

Rimini, April 7th, 2020

The Board of Directors
Chief Executive Officer

Statement relating to the Financial Statements pursuant to Art. 154 bis, paragraph 5 of Italian Legislative Decree no. 58/1998

STATEMENT RELATING TO THE FINANCIAL STATEMENTS PURSUANT TO ART. 154 BIS, PARAGRAPH 5 OF ITALIAN LEGISLATIVE DECREE NO. 58/1998

1. The undersigned, Corrado Peraboni, as Chief Executive Officer and Roberto Bondioli as Manager responsible for preparing the company's financial documents of Italian Exhibition Group S.p.A. hereby certify, also taking into account the provisions of article 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of February 24th, 1998:
    - the adequacy with respect to the company's profile, and
    - the effective application

    of the administrative and accounting procedures for the preparation of the Financial Statements as at December 31st, 2019.

2. It is also certified that:
    2.1. the separate financial statements as at December 31st, 2019.
    - were prepared in accordance with the international accounting standards recognised by the European Union pursuant to European Parliament and Council Regulation no. 1606/2002/EC of July 19th, 2002;
    - correspond to the results of the books and the accounting records;
    - are suitable to provide a true and fair representation of the capital, economic and financial situation of the issuer.

    2.2. the Directors' Report on Operations includes a reliable analysis of the trends and results of operations as well as of the position of the issuer, together with a description of the main risks and uncertainties they are exposed to.

Rimini, April 7th, 2020

Signed

The Chief Executive Officer

Corrado Peraboni

Signed

Manager responsible for drafting the company's financial documents

Roberto Bondioli

Independent Auditors' Report to the Separate Financial Statements

Independent auditor's report

in accordance with article 14 of Legislative Decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537/2014

To the shareholders of Italian Exhibition Group SpA

Report on the audit of the financial statements

Opinion

We have audited the separate financial statements of Italian Exhibition Group SpA (hereinafter also the "Company"), which comprise the statement of financial position as of 31 December 2019, the income statement, statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement for the year then ended and explanatory notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Italian Exhibition Group SpA as of 31 December 2019 and of the result of its operations and cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italy). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

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Key audit matters	*Auditing procedures performed in response to key audit matters*
Recoverability of goodwill *Paragraph "Measurement criteria" and note no. 2 - "Intangible fixed assets" of the explanatory notes* As of 31 December 2019, the book value of the goodwill amounts recognised in the financial statements of Italian Exhibition Group SpA was equal to about Euro 8.5 million, mainly deriving from the transfer of the business unit *"Fiera di Vicenza"* occurred on 1 November 2016, amounting to about Euro 7.9 million. Under IAS 36, considering that goodwill is an intangible asset with an indefinite useful life, it is not subject to amortisation, but tested for impairment ("impairment test") at least once a year. On the basis of the Company's strategic choices, the goodwill amounts were allocated, for the purpose of verifying their recoverable value, to the Cash Generating Unit ("CGU") named ("IEG CGU"). The impairment test was performed by the Directors by comparing the recoverable amount of the IEG CGU represented by its value in use determined according to the discounted cash flow method with its book value, which includes the goodwill amounts. The goodwill amounts, equal to Euro 305 thousand, relating to "Fimast" and "Fieravicola" were excluded from the value in use and, accordingly, from the book value tested for impairment, as the relevant business combinations were finalized in the last quarter of 2019, the process of allocation of the purchase price has not been finalised yet and no impairment indicators emerged with respect to the acquisition dates. The value in use determined by the Directors, which considers the explicit forecast period 2020-2023, is based on assumptions regarding, among	The audit approach preliminarily consisted in obtaining, understanding and assessing the methods and procedures defined by the Company to determine the recoverable value of the IEG CGU, to which the goodwill tested for impairment were allocated. Specifically, we verified the reasonableness of the Directors' assumptions behind the allocation of goodwill to the IEG CGU. We verified that the method used by the Company complied with IAS 36 adopted by the European Union and with the standard evaluation practice, including through the involvement of the PwC network experts in business valuations. We verified the reasonableness of the discount rate and of the perpetuity growth rate in comparison with the evaluation practice generally applied for companies in the relevant industry of Italian Exhibition Group SpA. We analysed the historical capacity of the Directors to provide reliable forecasts by a comparison between the forecasts included in the budget for the financial year ended 31 December 2019 and the final data. We tested the consistency between the cash flows included in the valuation model and those included in the 2020 Budget and in the Plan. We analysed the reasonableness of the forecasted cash flows through interviews of the Company's management. We also verified the mathematical accuracy of

Key audit matters	*Auditing procedures performed in response to key audit matters*
other things, (i) the estimated cash flows inferred from the 2020 Budget data approved by the Company's Board of Directors on 18 December 2019 and the Industrial Plan 2018-2023 approved on 7 September 2018 later updated to incorporate the resolutions taken in the meantime by the Directors with effects on the FYs 2021-2023 (hereinafter the "Plan"), (ii) the determination of an appropriate discount rate ("WACC") and (iii) the estimate of a medium/long-term growth rate ("g" rate) for the flows beyond the Plan explicit period. The basis of preparation and the results of the impairment test were approved by the Company's Board of Directors on 25 February 2020 and 7 April 2020, respectively, without detecting any impairment indicators for the goodwill amounts recognised in the separate financial statements. This was considered as a particularly significant matter for the statutory audit of the separate accounts, in light of the estimation elements (in particular the estimate of the expected cash flows and the determination of the discount rate and growth rates) inherent in the evaluations performed by the Directors in relation to the recoverability of goodwill. With regard to the impact on the Company's business deriving from the spreading of COVID 19 which started in January 2020 in China and then moved to Italy, and from the legislative measures taken by the Italian and foreign governments to curb the spreading of the pandemic, the Directors extended the sensitivity analyses taking into account stress situations based on worsened inputs for the FY2020 compared to those used for the impairment test of the goodwill amounts recognised in the separate financial statements at 31 December 2019.	the valuation models prepared by the Company and examined the sensitivity analyses performed by the management, with reference also to the effects due to the COVID 19 pandemic on the Company's business. Finally, we verified the adequacy and completeness of the disclosures provided by the Company in the explanatory notes to the separate accounts.

Responsibilities of the Directors and the Board of statutory auditors for the separate financial statements

The Directors of Italian Exhibition Group SpA are responsible for the preparation of separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the separate financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the separate financial statements, the Directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Board of statutory auditors of Italian Exhibition Group SpA is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italy) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italy), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the separate financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we concluded on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required

to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italy, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional disclosures required by article 10 of Regulation (EU) no. 537/2014

On 17 October 2018, the shareholders of Italian Exhibition Group SpA in general meeting engaged us to perform the statutory audit of the Company's separate and consolidated financial statements for the years ending 31 December 2019 to 31 December 2027.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1 of Regulation (EU) no. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed in this report is consistent with the additional report to the Board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on compliance with other laws and regulations

Opinion in accordance with article 14, paragraph 2, letter e) of Legislative Decree no. 39/2010 and article 123-bis, paragraph 4, of Legislative Decree no. 58/1998

The Directors of Italian Exhibition Group SpA are responsible for preparing a report on operations (drawn up jointly for the Company's separate and consolidated financial statements) and a report on the corporate governance and ownership structure of the Company as of 31 December 2019, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italy) no. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4 of Legislative Decree no. 58/1998, with the separate financial statements of the Company as of 31 December 2019 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the separate financial statements of Italian Exhibition Group SpA as of 31 December 2019 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e) of Legislative Decree no. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Bologna, 29 April 2020

PricewaterhouseCoopers SpA

signed by

Gianni Bendandi
(Partner)

"This report has been translated into the English language from the original, which was issued in Italian language, solely for the convenience of international readers. Reference in this report to the financial statements refer to the financial statements in original Italian and not to any their translation."

Board of Statutory Auditors’ Report

Italian Exhibition Group S.p.A.

Report of the Board of Statutory Auditors to the Shareholders' Meeting of Italian Exhibition Group S.p.A.

pursuant to Art. 153 of Legislative Decree no. 58/1998 (Consolidated Law on Finance) and Art. 2429 of the Italian Civil Code

Dear Shareholders,

This Report describes the supervisory activities performed by the Board of Statutory Auditors of Italian Exhibition Group S.p.A. (hereinafter also "IEG" or "Company") during 2019, drawn up pursuant to Legislative Decree no. 58/1998 ("Consolidated Law on Finance"), Art. 2429 of the Italian Civil Code, the Code of Conduct of the Board of Statutory Auditors of Listed Companies issued by the National Council of Chartered Accountants and Accounting Professionals, as well as in accordance with the instructions contained in Consob Communication no. DEM/I025564 of April 6th, 2001 and subsequent amendments.

Since June 19th, 2019, the Company's shares have been listed on the MTA (electronic equities market) managed by Borsa Italiana S.p.A.. As a result of the listing, various resolutions of the corporate bodies became operational for which the effectiveness, prior to the aforementioned date, had been dependent upon the listing of the company's shares on the MTA, including:

- Articles of Association, approved August 3rd, 2018 by the Extraordinary Shareholders' Meeting;
- the appointment of the Manager responsible for preparing the company's financial documents;
- functioning of the Remuneration and Appointments Committee and the Control and Risk Committee, the latter also performing the functions of the Related Party Committee;
- functioning of the Internal Dealing and Privileged and Confidential Information Management procedures;
- adoption of the Company's Corporate Governance Code;
- nine-year independent audit mandate to PricewaterhouseCoopers S.p.A., upon termination of the current mandate.

1. Appointment of the Board of Statutory Auditors

The Board of Statutory Auditors currently in office was appointed by the Shareholders' Meeting of July 4th, 2017 in accordance with the provisions of the law and the Articles of Association; its mandate will end with the Shareholders' Meeting convened to approve the 2019 financial statements.

On August 3rd, 2018, following the resignation of Mr. Mario Giglietti, Chairman of the Board of Statutory Auditors, the Shareholders' Meeting appointed Massimo Conti as his replacement.

On April 30th, 2019, following the resignation of the Alternate Auditor Ms. Roberta Albiero, also an appointed member of the Board of Directors, the Shareholders' Meeting supplemented the Board of Statutory Auditors by appointing Ms. Paola Negretto to replace her.

The term of office of auditors appointed as replacements for resigning auditors coincides with the term set by the Shareholders' Meeting of July 4th, 2017.

The Shareholders' Meeting to approve the 2019 financial statements must therefore appoint the new Board of Statutory Auditors.

2. Verification of independence requirements of Board of Statutory Auditors

On July 24th, 2019, the Company's Board of Statutory Auditors carried out, with a positive outcome, the annual verification that all members satisfied the independence and professionalism requirements envisaged in Art. 148, para. 3, of the Consolidated Law on Finance, as well as in Arts. 3 and 8 of the Corporate Governance Code of Listed Companies promoted by Borsa Italiana S.p.A. (the "Corporate Governance Code") regarding the independence of statutory auditors of listed companies, as well as the availability of time to devote to the office, also verifying compliance with the envisaged limits on the accumulation of offices, including based on the certifications and information provided by each auditor.

3. Supervision performed and information received

During the year, we performed supervisory activities assigned to us in compliance with:

- for the period prior to the Company's listing on the MTA managed by Borsa Italiana S.p.A., Art. 2403 *et seq.* of the Italian Civil Code and the "Code of Conduct of the Board of Statutory Auditors" issued by the National Council of Chartered Accountants and Accounting Professionals regarding corporate controls and activities of the Board of Statutory Auditors;
- following the Company's listing on the MTA managed by Borsa Italiana S.p.A., Art. 149 of the Consolidated Law on Finance, the "Code of Conduct of the Board of Statutory Auditors" issued by the National Council of Chartered Accountants and Accounting Professionals on corporate controls and activities of the Board of Statutory Auditors, as well as the instructions contained in the Corporate Governance Code.

With regard to the activities carried out in 2019 and the initial months of 2020, the Board of Statutory Auditors:

a) met 9 times in 2019, with an average meeting duration of 2 hours and 46 minutes, and met 3 times during 2020 up to the present date;

b) attended:

(i) 12 meetings of the Board of Directors in 2019 and 3 meetings in 2020;

(ii) 1 meeting of the Remuneration and Appointments Committee in 2019 and 1 meeting in 2020;

(iii) 3 meetings of the Control and Risk Committee in 2019 and 2 meetings in 2020;

c) attended the Ordinary Shareholders' Meeting held on April 30th and July 31st, 2019;

d) held 2 meetings with the Independent Auditors in 2019 and 3 meetings in 2020;

e) monitored compliance with the law and the Articles of Association, obtained information and supervised, to the extent of its responsibilities, the adequacy of the Company's organisational structure, compliance with the principles of proper administration and the adequacy of the provisions issued by the Company to subsidiaries, pursuant to Art. 114, para. 2 of the Consolidated Law on Finance;

f) obtained from the Chief Executive Officer, with the frequency envisaged by regulations and the Articles of Association, the necessary information on the activities carried out by the Company and subsidiaries, on the general performance of management and its outlook, as well as on the most significant financial transactions resolved and implemented, which are presented in the Directors' Report on Operations, to which reference is made;

g) moreover, acquired the information necessary for carrying out the activities for which it is responsible, by collecting documents, data and information and through periodic meetings, scheduled for the mutual exchange of relevant data and information with: (i) the Company's management; (ii) managers of the Company's organisational functions; (iii) the Manager responsible for preparing the company's financial documents; (iv) the Supervisory Body envisaged by the organisation, management and control model, adopted by the Company in accordance with Legislative Decree no. 231/2001 (the "231 Model"); (v) representatives of the Independent Auditors; and (vi) the control bodies of the subsidiaries;

h) supervised, in its capacity as the "Internal Control and Audit Committee" pursuant to Art. 19 of Legislative Decree no. 39/2010, including through meetings with the Independent Auditors and with the Manager responsible for preparing the company's financial documents, the following matters: (i) the corporate reporting process; (ii) the effectiveness of the internal control, internal audit and risk management systems; (iii) the statutory audit of the annual and consolidated accounts, and (iv) the independence of the auditing firm.

i) monitored the adequacy of the Internal Control and Risk Management System and of the Administrative-Accounting System, as well as the reliability of the latter to correctly represent the operational events through the competent business functions.

The Board of Statutory Auditors reviewed the assessment developed by the Board of Directors regarding the adequacy and effective functioning of the Internal Control and Risk Management System through:

• the preparation of the Guidelines of the Internal Control and Risk Management System, within which the Company, using the logic of the ERM model, defined an integrated risk management model to identify, assess and monitor external, strategic, financial and operational risks of the business;

• the certifications of the Separate and Consolidated Financial Statements by the Chief Executive Officer and the Manager responsible for preparing the company's financial documents, who provided the appropriate declarations, required by Art. 154-*bis*, para. 5 bis of the Consolidated Law on Finance, taking into account the provisions of Art. 154-*bis*, paras. 3 and 4 of Legislative Decree no. 58/98;

• the review of corporate documents and the results of work carried out by the Independent Auditors;

• interactions with the control bodies of the subsidiaries, pursuant to Art. 151, paras. 1 and 2 of the Consolidated Law on Finance;

• participation in the work of the Control and Risk Committee;

l) received information from the Independent Auditors regarding regulatory changes affecting auditing activities and, in particular, the annual audit report, as well as the confirmation of their independence, and the communication of the non-auditing services provided to the Company by the Independent Auditors, as described in paragraph 10 below;

m) monitored the substantive methods of implementation of the corporate governance rules envisaged in the Corporate Governance Code of Listed Companies promoted by Borsa Italiana S.p.A., as adopted by the Company;

n) in relation to social responsibility issues, monitored the application of the integration of data and information related to sustainability, inherent in business processes, which were presented in the Non-Financial Statement, an integral part of the 2019 Financial Report, developed with reference to the "Sustainability Reporting Standards" published in October 2016 by the GRI (Global Reporting Initiative) and using the "GRI-Referenced" approach.

4. 2019 Consolidated and Separate Financial Statements

The Board of Statutory Auditors received, within the deadlines prescribed by law, the Directors' Report on Operations, together with the consolidated financial statements of the group headed by Italian Exhibition Group S.p.A. and the separate financial statements for the year ended 31 December 2019.

The financial statements were prepared according to the IFRSs issued by the IASB and adopted by the European Commission according to the procedure set out in Art. 6 of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19th, 2002 and pursuant to Art. 9 of Legislative Decree no. 381/2005. The IFRSs also include the IASs and interpretations in force issued by the IFRS SIC.

The Independent Auditors PricewaterhouseCoopers S.p.a., which has been assigned the mandate for the statutory audit of the accounts, issued today the reports pursuant to Art. 14 of Legislative Decree no. 39/2010 and Art. 10 of Regulation (EU) no. 537/2014 for the separate and consolidated financial statements of Italian Exhibition Group S.p.A. as at December 31st, 2019, expressing an unqualified opinion without requests for specific disclosures.

In particular, with these reports, the Independent Auditors certify that the consolidated and separate financial statements provide a true and accurate representation of the financial position, results and cash flows for the year ended on that date, in compliance with IFRSs, as well as with the provisions issued in implementation of Art. 9 of Legislative Decree no. 38/2005, and that the Report on Operations and certain specific information in the Report on Corporate Governance and Ownership Structures indicated in Art. 123-*bis*, paragraph 4, of Legislative Decree no. 58 of February 24th, 1998, for which the Directors of Italian Exhibition Group S.p.A. are responsible, are consistent with the separate and consolidated financial statements of IEG Group as at December 31st, 2019 and are prepared in compliance with the law.

5. Significant financial transactions - transactions with related parties

During the year, the Company acquired certain assets represented by trade fairs, such as Fimast, Fieravicola and goldsmith events in Arezzo; it participated in creating a joint venture in the sector of tourism promotion and events; it resolved and partially completed new investments (car parks) in the Rimini trade fair district (car parks and new multifunctional pavilion).

As noted in the Directors' Report on Operations on management performance, intercompany transactions for the exchange of goods and/or services are carried out at market prices and are contractually regulated.

In this regard, there have been no reports, nor has any evidence emerged, of any situations entailing a conflict of interest or that transactions were carried out that were manifestly imprudent or risky, that is, capable of compromising the financial situation of the Company and/or Group.

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Based on the information available to the Board of Statutory Auditors, no evidence has emerged of atypical and/or unusual transactions.

6. Meetings with the Boards of Statutory Auditors of subsidiaries: Art. 151, paras. 1 and 2 of Legislative Decree no. 58 of February 24th, 1998

From meetings held with the Boards of Statutory Auditors of the subsidiaries, where present (subsidiary Summertrade S.r.l.), no significant issues and/or facts emerged that should be noted. Moreover, the adequacy of the instructions issued by the parent company was confirmed. Similarly, there is nothing to report with regard to information received from the Independent Auditors, where appointed, to audit the accounts for the financial statements (Summertrade S.r.l. and Prostand S.r.l.).

7. Observations on the adequacy of the organisational structure

Based on its own competencies, the Board of Statutory Auditors supervised the adequacy of the Company's organisational structure, ascertaining its adequacy for management and control requirements in reference to business operations.

The Board of Statutory Auditors acknowledges that the organisational structure has been updated in accordance with the changes that have taken place in the organisation.

8. Observations on the adequacy of the Internal Control and Risk Management System

In accordance with the provisions of Art. 149 of the Consolidated Law on Finance, the Board of Statutory Auditors acknowledges that no weaknesses or critical issues emerged from supervisory activities that could be considered indicators of inadequacy of the internal control and risk management system.

It is noted that this Board continued to monitor risk management, which from a methodological point of view, follows the logic of the ERM (Enterprise Risk Management) model.

With its resolution on April 7th, the Board of Directors, after consulting the Control and Risk Committee and having received the opinion of the Board of Statutory Auditors, appointed the internal auditing with the tasks and functions referred to in Art. 8.8 of the Company's Corporate Governance Code.

The Supervisory Body pursuant to Legislative Decree no. 231/2001 presented the half-yearly reports on activities carried out during 2019, which involved monitoring the effectiveness of the 231 Model, in which no facts or situations were reported that should be highlighted in this report.

9. Observations on the adequacy of the administrative-accounting system and its reliability in correctly representing operational events

The Board of Statutory Auditors has no observations to make on the adequacy of the administrative-accounting system and on reliability in correctly representing operational events.

10. Observations on any relevant issues that emerged during meetings held with the Independent Auditors pursuant to Art. 150, para. 2, of Legislative Decree no. 58/1998 and Art. 19, para. 1, of Legislative Decree no. 39/2010

During 2019, and subsequently in 2020, the Board of Statutory Auditors held five meetings as well as regular exchanges of information with the Independent Auditors. The exchanges of information that took place with

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the Independent Auditors pursuant to Art. 150 of Legislative Decree no. 58/98 and Art. 19, para. 1 of Legislative Decree no. 39/2010 did not identify any critical issues.

The Independent Auditors PricewaterhouseCoopers S.p.A., in the reports issued on April 29th, 2020 pursuant to Art. 14 of Legislative Decree no. 39/2010 and Art. 10 of Regulation (EU) no. 537/2014 for the separate and consolidated financial statements of Italian Exhibition Group S.p.A. as at December 31st, 2019, expressed an unqualified opinion without requests for specific disclosures or related observations or limitations.

The Independent Auditors PricewaterhouseCoopers S.p.A., in the report issued on March 29th, 2020 pursuant to Art. 11 of Regulation (EU) no. 537/2014, expressed an unqualified opinion without requests for specific disclosures.

The Independent Auditors in their report, for the purposes referred to in Art. 19 of Legislative Decree no. 39/2010, notes that they did not identify any fundamental issues during the audits nor were there significant weaknesses in the internal control system with reference to the financial reporting process.

Taking into account the above and also the declaration that there were no grounds for incompatibility issued by the Independent Auditors on March 29th, 2020, pursuant to Art. 6 of European Regulation no. 537/2014, the Board of Statutory Auditors determined that no issues were identified with regard to the independence of the auditing firm.

11. Assignment of mandates to the Independent Auditors

During 2019, fees were paid to the Independent Auditors and other entities in its network in relation to mandates for non-audit services (NAS) for a total of € 175 thousand, of which € 109 thousand for services in preparation for the Company's listing on the MTA. The mandates assigned after the MTA listing had been previously authorised by the Board of Statutory Auditors pursuant to Arts. 4 and 5 of the European Regulation no. 537/2014. In this regard, the Company adopted a procedure in 2019 for the assignment of mandates to the Independent Auditors and its network.

12. Opinions issued during the year

During the year, the Board of Statutory Auditors issued an opinion related to the remuneration of executive directors, pursuant to Art. 2389, para. 3 of the Italian Civil Code.

13. Indication of the Company's adherence to the Corporate Governance Code of the Corporate Governance Committee for Listed Companies

In compliance with the provisions contained in Art. 149, no., 1 letter c)-*bis* of Legislative Decree no. 58/98, we acknowledge that the Company adheres to and complies with the Corporate Governance Code for Italian Listed Companies.

Adherence to the regulations envisaged by the aforementioned code was observed and was the subject of the Report on Corporate Governance and Ownership Structures prepared by the Board of Directors.

As required by Art. 3.P.2 of this Corporate Governance Code, during the year the Board of Directors verified the effective independence of independent directors and the Board of Statutory Auditors verified the correct application of the criteria and the procedures applied. In line with the provisions of Art. 8.P.1 of the Code, we also verified that the independence requirements continued to be satisfied over time.

Furthermore, this Board was informed of the remuneration policies through the Remuneration Report approved by the Board of Directors on April 7th, 2020, pursuant to Art. 123-*ter* of the Consolidated Law on Finance.

The Board of Statutory Auditors has been updated regarding developments in the business sector in which the Company operates and the reference regulatory framework, both during the periodic meetings of the Board of Directors and through specific communications pursuant to Art. 2.7 of the Corporate Governance Code.

14. Non-Financial Statement pursuant to Art. 4 of Legislative Decree no. 254/2016

Having acknowledged Art. 4 of Legislative Decree no. 254/2016 relating to the communication of non-financial information and the implementing regulation issued by CONSOB with its Resolution no. 20267 of January 18th, 2018, the Board of Statutory Auditors monitored the approval of the Non-Financial Statement and monitored compliance with the provisions established in the aforementioned decree, pursuant to Art. 3, paragraph 7, of Legislative Decree no. 254/2016. The Board acknowledges the report of the Independent Auditors, issued on April 29th, 2020, which notes that there are no elements, facts or circumstances that suggest that the Non-Financial Statement has not been prepared in compliance with the reference legislation.

15. Final assessments regarding the supervisory activities carried out as well as any omissions, reprehensible facts or irregularities found during the assessment.

By virtue of the supervisory activities carried out by the Board of Statutory Auditors, as described above, no reprehensible facts, omissions or irregularities emerged that required reporting to the competent supervisory and control bodies or presenting in this Report, nor were complaints received pursuant to Art. 2408 of the Italian Civil Code or reported.

The Board of Statutory Auditors is not aware of other facts or reports that should be noted for the Shareholders' Meeting.

With reference to the Covid-19 emergency, the Board of Statutory Auditors obtained from the Board of Directors in the meetings of February 25th and April 7th, 2020 and in a dedicated meeting on March 20th, all information regarding the activities carried out in implementation of governmental decrees and regional ordinances, as well as suitable reassurances regarding the generalised adoption of smart working and, with reference to the offices in which staff are present, the adoption of all the initiatives designed to ensure conditions of maximum health and safety in the workplace and in operating procedures, in order to contrast and contain the spread of the Covid-19 virus.

16. Indication of any proposals to be presented to the Shareholders' Meeting pursuant to Art. 153, para. 2 of Legislative Decree no. 58/1998

Given the above and based on the financial statements as at December 31st, 2019, presented by the Board of Directors on April 7th, 2020, the Board of Statutory Auditors has not identified any impediments to its approval and expresses a favourable opinion on the proposal to allocate the profit for the year, and invites the Shareholders' Meeting to resolve accordingly.

With the approval of the financial statements as at December 31st, 2019, the mandate of the Board of Statutory Auditors appointed by the Shareholders' Meeting of Italian Exhibition Group S.p.A. on July 4th, 2017 expires.

The Board of Statutory Auditors would like to thank the Italian Exhibition Group S.p.A. shareholders for the trust they have placed in us, as well as the Company's Board of Directors and its management for the productive collaboration that has taken place over the three-year period.

Rimini, April 29th, 2020

Mr. Massimo Conti	Ms. Cinzia Giaretta	Mr. Marco Petrucci