

2020 HALF- YEARLY FINANCIAL REPORT

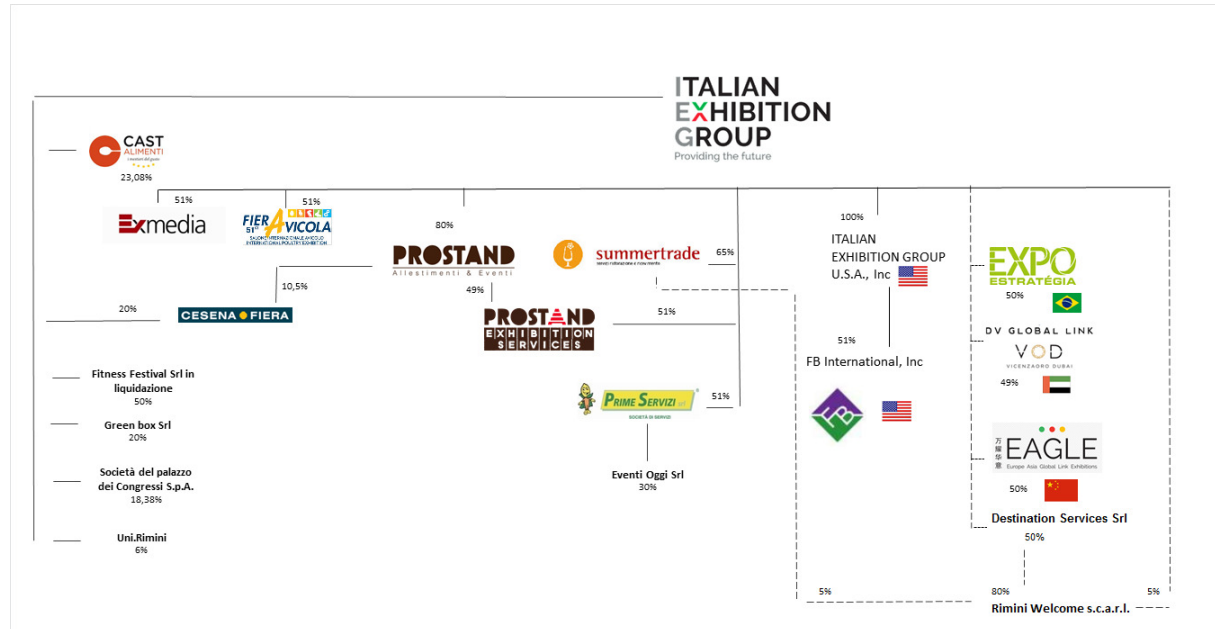
ITALIAN EXHIBITION GROUP S.p.A.
Via Emilia 155 – 47921 Rimini
Share capital: € 52,214,897 fully paid-in
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Structure of the IEG Group

STRUCTURE OF THE IEG GROUP POSITION AS AT JUNE 30, 2020



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 31, 2050.

The Parent Company also operates through local units located in Milan and Arezzo.

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, associated and joint control companies.

As at June 30, 2020, the Parent Company carries out 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, Fieravicola S.r.l., Prime Servizi S.r.l., Prostand Exhibition Services S.r.l., Summertrade S.r.l., Pro.Stand 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 28, 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 provide, to the public, the accounting information on the subsidiaries that were used for drawing up the consolidated financial statements, and that include at least the balance sheet and the income statement, by keeping them on file at the registered office or publishing them on the Company's website; (b) has obtained from the subsidiaries the Articles of Association as well as the composition and powers of the corporate bodies; and (c) will ensure that the subsidiaries: (i) provide the Independent Auditors with 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 economic, equity and financial data necessary for preparing 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, exists since, 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 its 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.

COMPOSITION OF THE GROUP AND CHANGES WITH RESPECT TO DECEMBER 31, 2019

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 31, 2019 is provided below.

The structure of the Group as at June 30, 2020, differs from that as at December 31, 2019 due to the early exercise of the put option given to one of the minority shareholders, on 20% of the capital of Pro.Stand S.r.l. The agreement in question, executed on June 22, 2020, has involved the increase to 80% of the stake held in the subsidiary. However, it should be noted that there is still a second type of option, given to the other minority shareholders of Pro.Stand, which overall represents an additional 20% of the share capital and grants them the right to sell their shares along with the IEG obligation to purchase them at a price previously defined (nominal value € 2.47 million). However, this option can be exercised starting from the approval date of the 2022 financial statements of Pro.Stand until the ninetieth day following said date. Since the price for the exercise of the option is fixed, the risks and benefits related to this equity investment are transferred de facto to IEG at the time of the subscription. Consequently, the consolidated financial statements were prepared considering a 100% equity investment in Pro.Stand.

Furthermore, on May 13, 2020, Fieravicola S.r.l. was established by the Parent Company IEG, Cesena Fiera S.p.A. and Fiera di Forlì S.p.A., for the purpose of enhancing and relaunching the historical fair event with the same name. The strategic lines of the event will be dictated by the NewCo, with IEG as the majority shareholder; the operation management will be entrusted to Cesena Fiera with the advantage of sharing synergies with Macfrut. However, the technical and cultural contents, the conferences and the market analyses will be concentrated in Forlì which has been building in-depth expertise in the sector since 1961.

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 exceeding 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 equity investment is currently 51%. It should be noted that on December 3, 2019, the Company was placed into liquidation and that on April 8 the deed of transfer of the Gluten Free business unit to the Parent Company was executed.

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 1, 2018.

FB International Inc., company with registered office in the United States, joined the IEG Group on March 1, 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 portage services.

Pro.Stand S.r.l., 80% owned as a result of the acquisition of shares performed on September 1, 2018 and the early exercise of the put option given to a minority shareholder on June 22, 2020, operates in the sales of stand fitting equipment and integrated solutions in support of trade fairs and conferences for the national and international markets.

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.

Fieravicola S.r.l., 51% directly owned by the Parent Company, operates in the organization of the trade fair event with the same name, one of the main B2B events in the sector.

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.

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 Florasi - 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 10.5% 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 in liquidation: is 49% owned by IEG S.p.A. and the result of the Joint Venture between the then 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 has organized Vicenzaoro Dubai, an event dedicated to jewellery and gold. The company was placed into liquidation on May 31, 2020 since the Group is replanning its presence in the Emirates.

Europe Asia Global Link Exhibitions Ltd. (EAGLE): on December 29, 2018, the Parent Company has purchased 50% of the company established in 2018 by VNU Exhibition Asia Co Ltd. The Company is based in Shanghai and is active in the organization and management of trade fair events in the Asian market.

European China Environmental Exhibition Co. Ltd. (ECEE): in 2019, 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 26, 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 17, 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 equity investments**, 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)
Alessandra Bianchi	Director (*) (1)

(*) 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

Alessandra Pederzoli	Chairwoman
Massimo Conti	Standing Auditor
Marco Petrucci	Standing Auditor
Meris Montemaggi	Alternate Auditor
Luisa Renna	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 27, 2018 and shall remain in office until the financial statements for the year ended as at December 31, 2020 are approved. The Board of Statutory Auditors was appointed by the Shareholders' Meeting held on July 8, 2020 and shall remain in office until the financial statements for the year ended as at December 31, 2022 are approved.

Effective June 19, 2019, the date of the start of trading of ordinary shares on the MTA (screen-based equities market), given that the Company is considered a Public Interest Entity pursuant to art. 16 of Italian Legislative Decree 39/2010, it was necessary to give to the Independent Auditing firm a new nine-year mandate (pursuant to art. 17 of Italian Legislative Decree 39/2010) at the Shareholders' Meeting of October 17, 2018, subject to the start of negotiations. The audit engagement will finish with approval of the financial statements for the year ended as at December 31, 2027.

Again effective from the date of the start of trading of ordinary shares on the MTA (screen-based equities market), in order to satisfy the requirements of Law no. 262 of December 28, 2005 (art. 154bis 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 3, 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).

The Board of Directors meeting held on December 18, 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", with the tasks indicated in art. 7.C.4 of the Corporate Governance Code of Borsa Italiana. The co-optation is effective from January 1, 2020.

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

The Shareholders' Meeting, held on June 8, 2020, has confirmed the co-optation of Corrado Peraboni and has appointed, as new Director, Alessandra Bianchi until the end of the mandate granted to the Board of Directors currently in office, and therefore until the date of the Shareholders' Meeting's approval of the 2020 financial statements.

Interim Report on operations

PERFORMANCE AND ANALYSIS OF THE MAIN RESULTS OF THE FIRST HALF OF 2020

In the first half of 2020, the month of January was characterised by the excellent results of the Group in terms of directly organised trade fairs and their related services.

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 reported 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.

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

At the same time, in January we witnessed the outbreak of the COVID-19 epidemic in China, which gradually became a pandemic and began to also affect Italy starting in the second half of February. Consequently, in the wake of provisions set forth by Chinese authorities, the Italian government and the local administrations adopted a series of measures to contain the spread of the virus that, among other things, resulted in severe restrictions on the circulation of people, the performance of commercial and production activities and a ban on mass gatherings, with the subsequent suspension of trade fairs and conferences beginning in March. The total suspension of the Group's activities has therefore affected all the remaining months of the first half year and continued, as described in the section "Events subsequent to the end of the quarter and business outlook" also in July and throughout August. Only since August 18 has the Group started again its operations, with the important cultural event held at the Palacongressi di Rimini "Meeting for Friendship Among Peoples" although in a "special edition" mode in order to meet the requirements for the containment of the current pandemic.

The Company **immediately reacted** to the effects caused by the pandemic, adopting all the necessary measures to protect the health and safety of its employees, associates, customers and suppliers, and has promptly taken the necessary steps **to reschedule** the main organised/hosted trade fair and conference events starting from March.

The main effects of the COVID-19 emergency on the first six months of 2020 are analysed below, and as stated earlier, although having an important impact on the period, they did not jeopardise the regular execution of January's trade fairs which represent the most important month of the year, in which the Group acquires a significant portion of the Group's operating income of the full year.

As regards the **Organised Events** the first effect of the pandemic on the Group's activities was the early closure of the Golositalia event, scheduled to be held in Montichiari (Brescia) for February 22-26, suspended upon an order issued by the Lombardy region on February 23. Immediately following, was the **cancellation** of the MIR Tech events (to be held in Rimini on March 8-10) and Abilmentre Primavera (to be held on March 19-22, in the fair district of Vicenza). The continuation of the health emergency and the consequent difficulties that have heavily affected international mobility, have entailed the cancellation of all events scheduled for the second quarter of the year and for the months of August and September. More specifically, the following events were cancelled: OroArezzo (scheduled for April 18-21 in Arezzo), Hunting Show Sud (scheduled for April 18-19 in Marcianise - Caserta), Rimini Wellness (scheduled for May 28-31 in Rimini), Fimast (scheduled for May 27-30 in Brescia), Origin Passion & Beliefs (scheduled for July 7-9 in Milan) VicenzaOro September (scheduled for September 5-9 in Vicenza) and Tecnargilla (scheduled from September 28 to October 2 in Rimini) which after being postponed to 2021, will not lose this edition since its occurrence will change from even to odd numbered years. The postponement from March to September of the Enada Primavera event has included the cancellation of the fall edition of Enada Roma (Rome, October 9-11).

Despite the impossibility of holding a regular VicenzaOro September event, IEG maintained its reference role in the world jewellery industry and has created the new VOICE–Vicenza Oro International Community event which will be the first example in Italy of a hybrid trade fair since it will combine the physical presence of the operators at the fair venue with the new opportunities of communication offered by digital technologies. The event will be held in the Vicenza fair district in September 12-14.

The following events were instead **rescheduled**: Enada Primavera will be held in Rimini from September 30 to October 2 and Koinè will be held in Vicenza on October 25-27.

Due to the effects of the pandemic, the **Hosted Events** scheduled for March were also cancelled. More specifically, the organiser of Macfrut (scheduled for May 4-6 at the fair district of Rimini) had initially rescheduled the event for the beginning of September but subsequently, given the continued uncertainties, decided to cancel the traditional event opting instead for a fully digital edition. The organisers of Expodental, scheduled to be held in Rimini on May 14-16, opted for the postponement of the event to November 2020.

The measures for the containment of the spread of the virus led also to the suspension of **Conferences Activities** starting from March, with the consequent cancellation of 31 events that were already confirmed for the first half year, 8 of which in the first quarter. It must be noted that the restrictive measures in place have substantially cancelled all activities that were normally carried out in the spring, a period characterised by a high number of events and by the importance of their business impact. As previously mentioned, the Conferences activities were resumed on August 18.

The business of **Related Services** was also halted starting in March, as a consequence of the suspension of national and international trade fairs and conferences and the essential closure of production and commercial activities. In particular, the European Union's largest countries as well as the United States (primarily New York and New Jersey) adopted measures similar to Italian efforts to limit the spread of the virus, which had an effect on the global activities of Pro.Stand and FB International. With the exception of some marginal activities, Summertrade S.r.l., which operates in the catering and banqueting business, has also suspended its activities.

As for **Sports Events**, the Coach Experience event (scheduled to be held in Rimini at the beginning of June) and the Rimini Danza Sportiva event (scheduled for July) were cancelled. The Ginnastica in Festa event was postponed to December 4-8.

As regards **international activities**, in addition to the afore-mentioned suspension of the FB International activities, the pandemic had an impact on the Group's business in Brazil and China. In the latter area, in which the Group operates with its joint venture Eagle, the SWTF-Shanghai World Travel Fair, a tourism industry event, was cancelled, and the CDEPE - Chengdu International Environmental Protection Expo, related to environmental technologies and sustainable development, originally scheduled to be held in March and April, was postponed to the end of September. The difficulties in international travel will prevent the participation in this event by several Italian companies that have expressed interest in trade fairs in China. With regard to business activities in Brazil, where the Group operates through the Expo Extratégia joint venture, the Ecomondo Brasil event - the international trade fair for the environment and sustainability - initially scheduled for April, had to be rescheduled for the end of November. However, note that the impact of the results of Eagle and Expo Extratégia on the IEG's consolidated financial statements is practically immaterial, due to both the small size of the events organised and the fact that they are consolidated with the equity method rather than line-by-line consolidation.

In agreement with the local partner, the company DV Global Link LLC of Dubai was placed into liquidation on May 31, 2020 in order to allow IEG to implement a different development project within the Jewellery sector in the Gulf, a proven area of strategic interest for the Company. Negotiations are currently at an advanced stage with an international business partner for the organisation, in a joint venture, of a new event within the jewellery sector, exclusively dedicated to the business public, starting in 2021 at the Dubai World Trade Centre.

Summarising the effects of the pandemic, as at this reporting date, 11 organised events, 1 hosted event, 2 sports events and 66 conferences have been cancelled from the 2020 calendar. Therefore, based on the current state of the trade fair/conference calendar and the suspension of the activities of the subsidiaries operating in Related Services, the Company estimates that the impacts described above, including those affecting the first half of 2020, generate a contraction of approximately € 60 million in total revenues for 2020. However, it should be noted that given the uncertain and on-going developing scenario, it is impossible today to formulate a realistic estimate of the effects that this crisis may also have on the business for the remaining months of 2020. Despite this uncertainty, it is likely that also the events that have been confirmed will be significantly impacted by the effects of the current crisis, with a consequent reasonable increase in the herein stated estimate on the overall impacts on the 2020 results to be achieved by the Company and the Group.

As stated above, the Group promptly reacted by implementing decisive and important actions to protect **people's health** and **to counter the economic and financial impacts of this serious crisis**.

With regard to **measures to protect the health and safety of employees, associates, suppliers and customers**, the Company immediately activated a cross-functional team with the aim of identifying all the solutions that will ensure that each area's activities meet the highest levels of health and safety and are in line with the safety measures indicated by the competent authorities ("Safe Business" project). As regards the **safety of employees and contractors**, the companies of the Group have immediately implemented a "smart work" (remote work from home) policy that the Parent Company had already used in all its offices and therefore already had all the necessary technological systems in place. Smart work activities have substantially involved all the company's employees; as for the physical presence at the company of some employees, protocols have been set out that provide, among different measures, social distancing, temperature checking at the time of entrance and distribution of individual protection systems. A mass serum screening was also carried out, on a voluntary basis, for all employees of the different sites and companies of the Group. The team then devised a project that envisages a comprehensive system of measures to allow participation in trade fairs and conferences in complete safety and in full compliance with health rules and protocols. The measures envisaged include: a centralised digital system to manage visitor flows, desks for distributing masks (with the requirement that they be worn throughout the visit to the event), safety corridors and distancing markers, dematerialised access passes, thermal scanners for checks on the general public, and transparent masks to communicate with hearing-impaired individuals.

Following is a description of the main **measures adopted by the Group to counter the economic-financial impact of the pandemic**, which were added to the daily monitoring of health emergency developments and of any new restrictive legislative orders – to be however considered as temporary – and the constant work to be carried out with customers and partners to allow for the actual execution of the postponed events and to come up with alternative solutions to replace cancelled events.

The first and immediate attention for management was focused on implementing strategies that would guarantee the **financial balance** and liquidity of the Group. In particular, the Group has carefully planned its financial flows and has constantly monitored the framework of economic and financial support measures introduced by governmental and financial institutions thus benefiting, beginning in March, of the possibility of postponing the payment of social security contributions, withholding taxes and VAT. Furthermore, the subsidiary Pro.Stand has obtained a moratorium on two current loans with the consequent block of principal payments until September 2020 (more details on the current financial position of the Group are provided in the paragraph "Events subsequent to the end of the quarter and business outlook").

On April 16, the Parent Company entered into a loan agreement with a pool of banks led by Crédit Agricole Italia and composed of BNL, Bper Banca, Banco BPM and Istituto per il Credito Sportivo, intended for development of the Rimini trade fair district. The contract entails two distinct mortgage-backed loans on the properties making up the Rimini trade fair district: a line of € 15,000,000 for the refinancing of pre-existing bank loans backed by mortgages in the Rimini trade fair district, which were

simultaneously extinguished. The second line, of a maximum of € 60,000,000, will be disbursed as work progresses and is intended to finance projects to expand the exhibition capacity and services of the Rimini trade fair district, which will have multifunctional spaces that can also be used for sporting events. The credit lines, with a duration of 8 and 12 years, respectively (including an availability period of 36 months), include conditions, commitments and contractual terms in line with standards for the banking credit market.

In order to further bolster financial and capital stability, the Shareholders' Meeting of June 8, 2020 has approved the proposal to allocated to reserve the profit of the year 2019, as other listed companies have done and as recommended by financial institutions and institutional investors. The Board and the Shareholders' Meeting can assess the possibility of distributing the reserves once the uncertainties related to the current health emergency are resolved.

Subsequently, the Company activated a series of initiatives to contain **operating costs**, still characterised by the high percentage of variable costs. In particular, a policy to reduce all **general costs** has been implemented and a process for the **renegotiation of certain supply contracts** was activated. Concurrently with initiatives aimed at achieving greater efficiency, adequate resources were made available to guarantee the safety of all the stakeholders, to reschedule all the events that were cancelled/postponed and to develop digitalisation processes.

With regard to **staff costs**, the Company immediately facilitated the use of unused holidays and leaves and, starting from April, made extensive use of social safety nets (specifically, the Wage Integration Fund) envisaged by governmental measures. The largest subsidiaries activated social safety nets as early as March. The impacts on staff costs, which were only partial in the first quarter (-5% compared with the first quarter of 2019) had significant effects in the second quarter (-57.1% compared with the second quarter of 2019). Lastly, hiring was frozen until June 30, 2020 and management agreed to a voluntary reduction in remuneration for as long as the social security benefits are in use for non-managerial staff.

The Group suspended all non-essential **investments**.

The excellent performance of the events of the first two months of the year, which recorded overall growth for the third consecutive year, the outbreak of the COVID-19 health emergency, which caused the suspension of trade fairs and conferences starting in March, the decisive measures adopted by the Group to protect the safety and health of staff and combat the financial and economic impacts of this serious crisis are the salient facts that characterised this first half of 2020 and which led to the results that will be reviewed in the following pages.

At this point, it is sufficient to remember that the Group's Value of Production amounted to € 61.8 million, down 38.1% (equal to € 38.1 million) compared to the first half of 2019. The organic growth in revenues achieved in the first two months of the year, equal to € 2.4 million (+2.4%), mainly thanks to the Sigep and Vicenza Oro January trade fairs held in January, was abruptly interrupted by the outbreak in Italy of the pandemic, which led to an overall reduction in revenues of € 40.3 million (-40.3%) compared to the same period of 2019 (hereinafter also referred to as the "**COVID-19 effect**"). As will be explained in detail below, there were two types of effects on revenues caused by the health emergency. The first is represented by the cancellation of trade fairs and conferences scheduled in the first half of 2020 and by the suspension, starting from March, of the activities of companies operating in the related services business (hereinafter also identified as the "**cancellation effect**"), which resulted in a loss of revenues of € 33.8 million (-33.8%). The second is represented by the postponement, due to the rescheduling to the second half of the year of trade fairs organised/hosted by the Parent Company and of conferences (hereinafter also identified as the "**postponement effect**"), which led to a decrease in revenues of € 6.5 million (-6.5%).

The afore-described measures adopted by the Group to counter the economic effects of the crisis, the flexibility of the operating cost structure and the use of the social safety nets have made it possible to mitigate the impact of the contraction in revenues on the operating results of the Group which show

positive values in absolute terms. **EBITDA** for the first half of the year stood at € 15.6 million, down 41.5% (€ -11.1 million) compared to the same period of the previous year. The EBITDA Margin, for the reasons explained above, remained at a good level, i.e. 25.3%, a decline of only 1.4 percentage points (26.7% was the index value as at June 30, 2019).

As mentioned above, **EBIT** remains in positive territory – i.e. € 3.4 million against € 17.8 million in the first half of 2019 (-80.8%) – despite the absence of activities in the second quarter, a non-recurring write-down of intangible assets of approximately € 2.6 million (of which detailed information will be provided in the next few sections) and a prudent approach in the write-down of trade receivables.

Pre-tax result amounted to € 10.8 million – down by € 4.4 million compared with the first half of 2019 (-29.0%) – and benefited from the positive results of the financial asset management standing at € 7.7 million (against a charge of € 2.7 million in the first half of 2019) obtained primarily following the redetermination, for € 9.3 million, of payables for put options given to minority shareholders of some subsidiaries. The **Group's result for the period** amounted to € 9.4 million, down € 1.4 million (-13.1%) compared to the same period of the previous year. The **Result for the period attributable to the Parent Company's shareholders** amounted to € 9.8 million compared to € 9.7 million in the first half of 2019, up by € 0.1 million (+1.2%). Even without considering the positive contribution of the non-recurring items, this result would have been positive and equal to € 3 million (-68.9% compared to the first half of 2019).

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 as at June 30, 2020 and the changes with respect to the previous period. 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	06/30/2020	%	06/30/2019 (*)	%	Change 2020 - 2019	% chg. 2020 - 2019
Revenues from sales and services	58,976	95.4%	98,519	98.6%	(39,543)	(40.1%)
Other revenues	2,860	4.6%	1,414	1.4%	1,447	102.4%
Value of Production	61,836	100.0%	99,932	100.0%	(38,096)	(38.1%)
Operating costs	(33,675)	(54.5%)	(55,111)	(55.1%)	21,436	(38.9%)
Value added	28,161	45.5%	44,822	44.9%	(16,660)	(37.2%)
Staff costs	(12,523)	(20.3%)	(18,110)	(18.1%)	5,587	(30.9%)
Gross Operating Profit (EBITDA)	15,639	25.3%	26,712	26.7%	(11,073)	(41.5%)
Amortisation/depreciation	(8,591)	(13.9%)	(8,146)	(8.2%)	(445)	5.5%
Write-downs of fixed assets	(2,573)	(4.2%)	0	0.0%	(2,573)	n.a.
Write-downs of receivables, provisions, adjustments to value of financial assets	(1,044)	(1.7%)	(738)	(0.7%)	(306)	41.5%
Operating Profit/Loss (EBIT)	3,430	5.5%	17,828	17.8%	(14,398)	(80.8%)
Financial management	7,651	12.4%	(2,689)	(2.7%)	10,341	(384.5%)
<i>Financial income (charges)</i>	(879)	(1.4%)	(985)	(1.0%)	107	(10.8%)
<i>Mark to Market value - derivative</i>	(87)	(0.1%)	(745)	(0.7%)	658	(88.3%)
<i>Financial income (charges) for IFRS 16</i>	(327)	(0.5%)	(330)	0.0%	3	(0.9%)
<i>Financial charges on put options</i>	(404)	(0.7%)	(603)	(0.6%)	199	(33.1%)
<i>Restatement of payables for put options</i>	9,344	15.1%	0	0.0%	9,344	n.a.
<i>Exchange gains (losses)</i>	3	0.0%	(26)	(0.0%)	29	(112.3%)
Gains and losses on equity investments	(273)	(0.4%)	90	0.1%	(363)	(404.7%)
Pre-tax result	10,808	17.5%	15,228	15.2%	(4,420)	(29.0%)
Income taxes	(1,447)	(2.3%)	(4,459)	(4.5%)	3,012	(67.6%)
Group result for the period	9,361	15.1%	10,769	10.8%	(1,408)	(13.1%)
<i>Of which:</i>						
<i>Result attributable to minority interests</i>	(420)	(0.7%)	1,100	1.1%	(1,520)	(138.2%)
Result attributable to the Shareholders of the Parent Company	9,781	15.8%	9,669	9.7%	112	1.2%

(*) Some of the amounts do not correspond to those of the financial statements published as at June 30, 2019, as they reflect the adjustments made at the time of the final Purchase Price Allocation.

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

It must be noted that the Group has complied with the new accounting standard IFRS 16 - Leases, as of its effectiveness date, January 1, 2019. The impacts of the application of IFRS 16 on the financial and economic position as at June 30, 2020 are summarised in the following table.

IEG Group - Impacts of IFRS 16	06/30/2020 with IFRS 16	06/30/2020 without IFRS 16	Impact of IFRS 16 06/30/2020
Value of Production	61,836	61,930	-94
Operating costs	-33,675	-35,720	2,045
Gross Operating Profit (EBITDA)	15,639	13,687	1,952
Amortisation, depreciation and write-downs of fixed assets	-11,165	-9,316	-1,849
Operating Profit/Loss (EBIT)	3,430	3,327	103
Financial management	7,651	7,978	-327
Pre-tax result	10,808	11,032	-224
Income taxes	-1,447	-1,524	77
Result for the period	9,361	9,509	-148
Property, plant and equipment	203,838	179,737	24,101
Net financial position	-104,835	-77,224	-27,612

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 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**").

IEG Group
Value of Production by business line

	Balance as at 06/30/2020	%	Balance as at 06/30/2019	%	Change	Change %
Organised Events	43,461	70.3%	53,641	53.7%	(10,180)	-19.0%
Hosted Events	18	0.0%	1,801	1.8%	(1,783)	-99.0%
Conferences	881	1.4%	7,608	7.6%	(6,727)	-88.4%
Related Services	16,457	26.6%	35,188	35.2%	(18,732)	-53.2%
Publishing, Sporting Events and Other Activities	1,019	1.6%	1,694	1.7%	(675)	-39.8%
TOTAL VALUE OF PRODUCTION	61,836	100.0%	99,932	100.0%	(38,096)	-38.1%

The Value of Production recorded an overall contraction of € 38.1 million (-38.1%) compared to the same period of the previous year and affected, albeit to differing extents, all business lines. However, this variation is the result of several factors. The first is represented by organic growth ("**organic growth effect**"), mainly reflected in Organised Events and equal to € 2.4 million (+2.4%), only a small portion of which was offset by the negligible decrease in revenues of approximately € 0.3 million (-0.3%) due to the changed trade fair calendar of the Parent Company ("**calendar effect**") compared to the same period of the previous year.

These figures highlight how *the initial two months of 2020 were once again characterised by growth*; however, this growth was interrupted in March by the outbreak of the COVID-19 emergency (“**COVID-19 effect**”) which led to an overall reduction in revenues of € 40.3 million (-40.3%) compared to same period of the previous year. Thus, the effects of the crisis can be broken down into two types. The first is represented by the cancellation of trade fairs and conferences scheduled in the first half of 2020 and the suspension of business activities starting from March for companies operating in the related services business (“**cancellation effect**”), which resulted in an loss of revenues to € 33.8 million (-33.8%). The second is represented by the postponement, due to the rescheduling to a later date of 2020 with respect to the first half year, of organised/hosted trade fair events and conference events (“**postponement effect**”), which resulted in a decline in revenues of € 6.5 million (-6.5%).

The Group’s core business, represented by the **direct organisation of trade fairs**, accounted for 70.3% of total revenues during the first half of the year and recorded a decrease of € 10.2 million (-19.0%) compared to the same period of the previous year. Similar to total revenues, the contraction in revenues for this business line was the result of different factors. Firstly, this segment recorded considerable growth of € 2.6 million (+4.9%), due to the excellent results of the Parent Company’s two most important trade fairs, Sigep - which took place along with the three-yearly ABTech Expo event, international exhibition of technology & products for bakery, pastry and confectionery - and Vicenza Oro (January edition together with T-Gold). In addition to the significant results in terms of revenue growth, the events confirmed their leadership position at the international level. However, this growth was completely absorbed by the “COVID-19 effect” in terms of both the “cancellation effect” for € 9.1 million (-17.1%, with Rimini Wellness and OroArezzo among the major affected events) and the “postponement effect” for € 3.4 million (-6.4%). This business line also reflected a slight calendar effect, for € 0.2 million (-0.4%,) due to the less important “Mondomotori” event which did not take place.

During the first half of the year, only one small **Hosted Event** was held, while during the first six months of the previous year, two major events were hosted in the trade fair venue of the Group, Macfrut and Expodental (both cancelled for the 2020 edition).

Conferences include the results from the management of the Palacongressi di Rimini and the Vicenza Convention Centre (VICC). Revenues in the first half of 2020 totalled € 0.9 million, marking a contraction of € 6.7 million (-88.4%) compared to the same period in 2019, entirely attributable to the “cancellation effect” from COVID-19. In fact, this business line was particularly affected by the legislative provisions governing the Coronavirus emergency, at a time, such as spring, that is typically full of events and that, based on previously acquired contracts, also relied on important national and international conferences that were cancelled or, in fewer instances, rescheduled, both for the current or the next year.

Revenues from **Related Services**, such as stand fitting, catering and cleaning, accounted in the first half of 2020 for 26.6% of the total revenues and amounted to € 16.5 million, down by approximately € 18.7 million (-53.2%) compared to the first half of the previous year, due primarily to the pandemic. The business line, which in the first few months of the year reported results in line with the same period of 2019, had all its activities suspended starting from March. Only the cleaning services continued to operate for the sanitisation activities. The “cancellation effect” entailed a loss in revenues of € 17.1 million (-48.6%) and the “postponement effect”, a loss of € 1.9 million (-5.3%). Overall, the crisis has caused a loss in revenues of € 19.0 million equal to 53.9% of the revenues generated in the first half of 2019.

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. This line shows, in the first half of the year, revenues of approximately € 1 million, down by € 675 thousand (-39.8%) compared with the same period of 2019, of which € 121 thousand is imputable to the effect of the cancellation of the sports events and € 286 thousand to the postponed events.

“**Staff costs**” in the first half of 2020 stood at € 12.5 million, down € 5.6 million compared to the first half of 2019 (-30.9%). This reduction is the result of the interventions that the Group promptly activated to protect the health of workers and contain the economic impacts of the pandemic. In particular, even before the lockdown imposed by measures for containing the contagion, some different working modes, such as “smart work” had already been activated involving all company staff, along with the distribution of personal protective equipment and encouraging and facilitating the use of accrued vacation and leaves. Through these actions, which also entailed developing meticulous planning for employee activities and the extended use of the social safety nets provided for by governmental provisions (in particular the Wage Guarantee Fund), it was possible to begin achieving cost savings and not jeopardising the regular operations of the Group which continued to provide constant support for its customers. It must be noted that the use of the social safety nets by the Parent Company occurred starting from the beginning of April, therefore the first quarter recorded a 5% contraction in costs, which rose to 57.1% in the second quarter.

The **Gross Operating Profit (EBITDA)** in the first quarter of 2020 amounted to € 15.6 million, down by € 11.1 million (-41.5%) compared to the same period of the previous year. The EBITDA Margin (ratio of EBITDA to the Value of Production) stood at 25.3% compared to 26.7% in the previous year. Based on the considerations presented above, the contraction in EBITDA is therefore attributable entirely to the reduction in revenues caused by the pandemic. To be noted is that the contained contraction in the EBITDA Margin (especially the increase in the ratio of Value Added over Value of Production) highlights the flexibility of the Group’s operating cost structure, characterised by a high percentage of variable costs and the effectiveness of the measures taken to contain general costs.

In terms of the components of non-monetary operating revenues, in the first half of 2020, **Amortisation/Depreciation** amounted to € 8.6 million, up by € 0.4 million versus the first half of the previous year. To be noted is a € 0.5 million increase in the amortisation of intangible assets, which, compared with the previous half year, include the values of the assets for holding the Oro Arezzo, Gold Italy and Fiera Avicola events.

In compliance with the recommendations from CONSOB in its “Drawing attention note no. 8/20 of July 16, 2020”, the assessment of recoverability of the value of the assets took into account an estimate, based on the available information, of the possible economic-financial impacts of the COVID-19 effects as they are considered, given their importance, as an impairment indicator. The assessments carried out gave a recoverable value of the goodwill that was recognised following the transaction for the acquisition of FB International Inc. at a price below its accounting value, i.e. € 2.6 million. Consequently, a write-down of the same amount was recorded under the item **Write-downs of fixed assets**.

Write-downs of receivables, provisions, adjustments to value of financial assets showed a € 0.3 million increase compared with the first half of 2019. If only the **Write down of receivables** component is analysed, this increase stood at € 0.5 million given that it takes into consideration the possible risk of default of the counterparties, because of the prolonged inactivity of some of them to which they were subject in order to counteract the COVID-19 emergency.

As a result of the events described above, the Group’s **Operating Profit/Loss (EBIT)** for the first half of 2020 stood at € 3.4 million, € 14.4 million lower than the amount recorded in the same period of the previous year (-80.8%). The **EBIT Margin** (ratio of EBIT to the Value of Production) stood at 5.5% against 17.8% of the first half of 2019.

The closing **Financial Management** showed a gain of € 7.7 million compared with a charge of € 2.7 million in the first half of 2019. The estimate of the impact of the pandemic on an economic-financial level of the subsidiary FB International Inc. has involved a change in the parameters at the base of the determination of value of the put options given to the minority shareholder on the shared it still holds in the company. The financial payable recognised in the financial statements was aligned with the new results and the surplus of € 6.2 million was recognised under **Financial Management**, “Restatement of payables for put options”. At the same time, the early exercise of the put option on 20% of the shares of

Pro.Stand S.r.l. held by a minority shareholder has involved the extinction of the financial payable recognised in the financial statements, the surplus of which compared with the strike price of € 3.1 million was added as a non-recurring additional gain. The transactions just described, having involved a reduction in the overall payable for the put options recognised in the financial statements, have also determined a reduction in the cost of “Financial charges on put options” (-33% compared with the first half of 2019). Finally, to be noted is a EUR 0.7 million improvement versus the first half of 2019 in the change of the fair value of the derivative financial instruments and a 10.8% reduction in the charges related to “ordinary” financial management.

The **Pre-tax result** as at June 30, 2020 was € 10.8 million, a decrease of € 4.4 million compared to the same period of the prior year (-29.0%).

Income taxes for the period amounted to € 1.4 million (tax rate of 13.4%), a decrease of € 3.0 million compared to the same period of the previous year (tax rate 29.3%). The tax rate is affected by the recognition of advanced taxes with respect to the losses recorded by the companies of the Group and the tax non-significance of the gains from “Restatement of payables for put options” and “Write-downs of fixed assets”.

The **Group’s result for the period** amounted to € 9.4 million, down € 1.4 million (-13.1%) compared to the same period of 2019. The **Result for the period attributable to the Parent Company’s shareholders** amounted to € 9.8 million, up by € 0.1 million (+1.2%) compared with the previous half year: in the absence of non-recurring items, this result would have been anyway positive and equal to € 3 million thanks to the measures and interventions activated in order to limit the effects of the inactivity caused by COVID-19.

ANALYSIS OF RECLASSIFIED CONSOLIDATED BALANCE SHEET FIGURES

The statement of financial position data reclassified according to the sources-uses model is presented below. In fact, it is believed that this layout for the reclassification of the statement of financial position figures can provide an additional disclosure of the composition of net invested capital and the nature of the sources used for its financing.

USES	Balance as at 06/30/2020	Balance as at 12/31/2019
Property, plant and equipment	203,838	209,173
Intangible fixed assets	33,583	37,036
Equity investments	15,065	15,311
TOTAL FIXED ASSETS AND EQUITY INVESTMENTS	252,486	261,520
Deferred tax assets	2,481	1,940
Other non-current assets	161	152
Employee provisions	(4,532)	(4,580)
Other non-current liabilities	(3,907)	(4,055)
OTHER NON-CURRENT ASSETS/(LIABILITIES)	(5,797)	(6,543)
NWC	(26,848)	(44,369)
TOTAL USES	219,840	210,607

SOURCES	Balance as at 06/30/2020	Balance as at 12/31/2019
Loans payable	68,423	73,034
Non-current financial payables for rights of use	24,763	26,115
Other non-current financial liabilities	13,425	22,467
Other non-current financial assets	(1,220)	(1,364)
Other current financial assets	(417)	(1,636)
Current financial payables for rights of use	3,772	3,968
Other current financial liabilities	1,872	3,659
Shareholders - dividends and payables due to shareholders	242	464
Short-term indebtedness (excess)	(6,025)	(22,198)
Total non-monetary NFP	104,835	104,507
<i>of which monetary NFP (excluding IFRS 16, put options, derivatives)</i>	<i>65,813</i>	<i>53,249</i>
Shareholders' equity attributable to shareholders of the Parent Company	113,718	103,950
Shareholders' equity attributable to minority interests	1,287	2,150
TOTAL SHAREHOLDERS' EQUITY	115,005	106,100
TOTAL SOURCES	219,840	210,607

ANALYSIS OF THE CONSOLIDATED NET FINANCIAL POSITION

IEG Group Net financial position

IEG Group Net Financial Position (Values in Euro/000)	06/30/2020	12/31/2019
1 Short-term available funds		
01:01 Cash on hand	186	211
01:02 Bank current account balances	5,839	21,987
01:03 Invested liquidity	47	72
01:04 Other short-term receivables	0	1,152
01:05 Financial receivables due from associated companies	236	292
01:06 Receivables for right-of-use leased assets (IFRS 16)	166	164
Total	6,474	23,878
2 Short-term payables		
02:01 Bank current account overdrafts	(61)	(33)
02:02 Other short-term payables to banks	(4,457)	(3,599)
02:03 Portions of medium/long-term payables due within 12 months	(8,831)	(11,083)
02:04 Other short-term payables - put options	(25)	(206)
02:05 Other short-term payables	(1,846)	(3,452)
02:06 Financial payables due to shareholders	(242)	(464)
02:07 Current financial payables for rights of use (IFRS 16)	(3,772)	(3,968)
Total	(19,235)	(22,806)
3 Short-term financial position (1+2)	(12,761)	1,072
4 Medium/long-term financial receivables (after 12 months)		
04:01 Receivables for right-of-use leased assets (IFRS 16)	756	840
04:02 Other medium/long-term financial receivables	431	480
Total	1,187	1,320
5 Medium/long-term financial payables (after 12 months)		
05:01 Mortgages	(55,074)	(58,318)
05:02 Other medium/long-term payables – put options	(5,648)	(16,745)
05:06 Other medium/long-term payables – other	(2,040)	(494)
05:07 Medium/long-term derivative financial instruments	(5,737)	(5,228)
05:08 Non-current financial payables for rights of use (IFRS 16)	(24,763)	(26,115)
Total	(93,262)	(106,900)
6 Medium/long-term financial position (4+5)	(92,075)	(105,579)
7 TOTAL INDEBTEDNESS	(112,497)	(129,705)
8 Net financial position (3+6)	(104,835)	(104,507)
9 Net MONETARY financial position excluding IFRS 16 rights of use, put options and derivatives	(65,813)	(53,249)

The **Net Financial Position** (hereinafter NFP) of the Group as at June 30, 2020 stood at **€ 104.8 million**, showing values substantially unchanged from those as at December 31, 2019 (net indebtedness increased by € 328 thousand). This amount includes **financial payables for put options** relating to the acquisition of stand fitting companies for a total of **€ 5.7 million**, **financial payables for rights of use**

(IFRS 16) equal to **€ 27.9 million, and financial payables for derivative financial instruments for € 5.7 million.**

The **non-monetary components of the NFP** totalled € 39 million and show a reduction of € 12.2 million (-23.8%) compared with the situation as at December 31, 2019. This contraction is to be attributed primarily (for a total of € 11.2 million) to the reduction in payables for put options due to the exercise during the half year of a portion thereof (for € 5 million) and due to the effect of the restatement of the payable related to another portion (for € 6.2 million). For further information, see the section “Analysis of consolidated reclassified income statement data”. As regards the non-monetary components, a physiological contraction was recognised (for € 1.5 million) in the payable recognised upon the application of the accounting standards IFRS 16.

Excluding the aforementioned non-monetary effects, the **“Monetary NFP”** amounted to **€ 65.8 million** as at June 30, 2020, compared to € 53.2 million as at December 31, 2019, thus marking an increase in indebtedness of € 12.6 million. The change between December 31, 2019 and June 30, 2020, is due to:

- an absorption of available funds from financial management of € 6.9 million (of which € 11.5 million from the profitability of current operations and € -18.5 million for changes in working capital), primarily due to the following two factors:
 - o the seasonality of the business, which historically involves available funds absorption in the first half of the year (in the first half of 2019, current operations absorbed € 4.6 million in available funds);
 - o the COVID-19 emergency, which, on one hand, has reduced operating profitability and, on the other, has had a positive impact on cash flows generated by changes in working capital;
- investments in the amount of € 2.4 million (for further details, refer to the paragraph entitled “Investments”);
- other outflows for € 3.2 million imputable primarily to the exercise of the put option for the purchase of an additional 20% in Pro.Stand for € 2.1 million, as well as to financial charges for € 0.9 million.

The **change in “Monetary NFP” that occurred during the last quarter**, that is, with respect to the situation as at March 31, 2020 (€ 55.3 million), shows a decline of € 10.5 million following the use of available funds from current financial management for € 6.5 million, investments for € 0.9 million and other outflows for € 3.1 million, of which € 2.1 million for the exercise of the put option.

CONSOLIDATED CASH FLOW STATEMENT

IEG Group Cash Flow Statement of NFP (Values in Euro/000)	06/30/2020	06/30/2019 (*)
<i>Flows generated (absorbed) by:</i>		
Operating profit/loss (EBIT)	3,430	17,828
Adjustments of EBITDA for put options	(200)	(136)
Adjustments of EBITDA for IFRS 16	(1,952)	(1,895)
Adjustments of amortisation/depreciation for IFRS 16	1,849	1,863
Monetary operating profit/loss (EBIT)	3,127	17,659
Amortisation, depreciation and write-downs of fixed assets (no IFRS 16)	9,316	6,283
Allocation to the provision for credit risks and other provisions	1,023	594
Other non-monetary operating revenues	(97)	(97)
Current income taxes	(1,886)	(4,757)
1st cash flow from current operations	11,483	19,682
<i>Flows generated (absorbed) by the change in NWC:</i>		
Change in inventories	(49)	90
Change in trade receivables	15,547	(207)
Change in other current assets	(554)	952
Net change in tax receivables/payables for direct taxes	2,123	4,312
Change in trade payables	(5,066)	(8,294)
Change in other current liabilities	(30,456)	(21,156)
Change in NWC	(18,455)	(24,303)
Cash flow from current operations	(6,972)	(4,620)
<i>Flows generated (absorbed) by investment activities:</i>		
Investments in intangible fixed assets	(268)	(102)
Investments in property, plant and equipment	(2,008)	(5,296)
Equity investments in associated companies and other companies	(114)	(267)
Net equity investments in subsidiaries	-	-
Flows generated/(absorbed) by investment activities	(2,389)	(5,665)
<i>Flows generated (absorbed) by the change in other non-current items</i>		
Changes in deferred tax assets/liabilities	-	313
Net change in other non-current assets	(9)	(3)
Change in employee severance indemnity and other provisions	(150)	(895)
Net change in other non-current liabilities	-	97
Flows generated/(absorbed) by the change in other non-current items	(159)	(488)
Cash flow from operations	(9,520)	(10,773)
<i>Flows generated (absorbed) by:</i>		
Income (expenses) of financial management	(875)	(1,011)
Gains (losses) from equity investments	-	43
Distribution of dividends	-	(5,556)
Other capital changes (share capital increases, etc.)	(31)	(10)
Payable due for the exercise of the put option	(2,138)	-
Level 1 cash flow (change in "Monetary NFP")	(12,564)	(17,307)
Changes in NFP for IFRS 16 on Level 1 cash flow	1,466	32,005
Changes in NFP for PUT OPTIONS on Level 1 cash flow	11,278	(467)
Changes in NFP for derivatives on Level 1 cash flow	(509)	(1,330)
Level 2 cash flow (change in NFP)	(328)	(51,110)
Change in financial current and non-current payables due to banks	(4,610)	793
Change in other non-current financial liabilities – put options (**)	(11,278)	467
Change in other non-current financial liabilities – derivatives	509	1,330
Change in other current and non-current financial liabilities for rights of use	(1,466)	32,005
Change in other current and non-current financial liabilities - other	(281)	(481)
Change in other current and non-current financial assets	1,282	346
Level 3 cash flow (change in cash and cash equivalents)	(16,174)	(16,650)
Cash and cash equivalents at start of year	22,198	29,479
Cash and cash equivalents at end of year	6,025	12,830

(*) Some of the amounts shown in this column do not correspond to those of the 2019 half-yearly financial statements, as they reflect the valuations made at the time of the Purchase Price Allocation of Pro.Stand and Colorcom at final values.

(**) The change in the put option includes € 5,063 thousand for a reversal of the payable following the exercise of the put option, at a variable price, for the purchase of 20% of Pro.Stand, and € 6,217 thousand for the adjustment of the put option of FB Int.

INVESTMENTS

The tables below detail the net investments made by the Group in the first half of 2020.

Net investments in Intangible fixed assets

Euro/000	Investments	Transfers for entry into operation	PPA	Exchange rate effect	Net investments 1st half 2020
Industrial patent and intellectual property rights	97				97
Concessions, licenses, trademarks and similar rights					
Goodwill	(25)			15	(10)
Fixed assets under construction and payments on account	136				136
Other intangible fixed assets	44				44
TOTAL NET INVESTMENTS IN INTANGIBLE FIXED ASSETS	253	-	-	15	268

The investments in “**Industrial patents and intellectual property rights**” refer primarily to the purchase and development of the new CRM (customer relationship management) software as well as to the development of the SOFAIR software (technical management of events) by the Parent Company.

The changes in the item “**Goodwill**” are mainly due to the euro/dollar exchange rate fluctuations in relation to the goodwill recognised by IEG USA for the purchase of FB International and for the adjustment to the goodwill of FIMAST in IEG following the first verifications carried out for PPA purpose.

The investments into “**Fixed assets under construction and payments on account**” concern entirely the current development of the new management software EXPOPLANNING by Pro.Stand S.r.l.

Investments in “**Other intangible fixed assets**” refer primarily to improvements on third-party assets made by Summertrade S.r.l. on rented premises.

Net investments in property, plant and equipment

Euro/000	Investments	Movements for entry into operation and transfers	Disinvestments	Exchange rate effect	Net investments 1st half 2020
Land and buildings	299	1,101	0		1,401
Plant and machinery	315	461	0		776
Equipment	807	0	(43)	12	776
Other assets	189	19	0	3	211
Fixed assets under construction and payments on account	440	(1,580)	(15)		(1,154)
TOTAL NET INV. IN PROPERTY, PLANT AND EQUIPMENT	2,050	-	(58)	16	2,008

The investments during the first half year in “**Land and buildings**” refer primarily to the renovation of car parks in the Rimini trade fair district for € 0.3 million.

The investments made during the period in “**Plant and machinery**”, for € 0.3 million, consisted primarily of the implementation of a new climate monitoring system at the trade fair districts (210 thousand euro).

Investments in “**Industrial and commercial equipment**” are principally related to structures to build trade fair stands, panels, furniture and accessories purchased by Pro.Stand for € 576 thousand and FB International for € 203 thousand.

Investments in “**Other assets**” included the purchase of cars and office equipment by the Parent Company for a total of € 130 thousand and by Summertrade for a total of € 49 thousand.

Investments in “**Fixed assets under construction and payments on account**” refer primarily, for € 254 thousand, to projects for the expansion of the trade fair district of Rimini and € 87 thousand for booths being produced by Pro.Stand.

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:

Description	Registered office	Financial Statements	Value of Production	Profit/(loss) for the period	Employees (FTE)	Shareholders' Equity
Subsidiaries						
Exmedia S.r.l. in liquidation	Via Emilia, 155 – 47921 Rimini	06/30/2020	6	3	0	(4)
Prostand Exhibition Services S.r.l.	Via Emilia, 155 - 47921 Rimini	06/30/2020	0	(1)	0	114
Prime Servizi S.r.l.	Via Flaminia, 233/A - 47924 Rimini	06/30/2020	1,158	7	2	411
Summertrade S.r.l.	Via Emilia, 155 - 47921 Rimini	06/30/2020	3,245	400	135	1,053
leg Usa Inc	1001 Brickell Bay Dr., Suite 2717° Miami (FL)	06/30/2020	0	(8)	0	6,418
FB International Inc.	1 Raritan Rd, Oakland, NJ 07436	06/30/2020	5,940	(162)	44	2,564
Pro.Stand S.r.l.	Via Santarcangiolese 18 – 47824 Poggio Torriana (RN)	06/30/2020	11,729	(1,070)	82	6,251
Fieravicola S.r.l.	Via Emilia, 155 – 47921 Rimini	06/30/2020	0	(3)	0	97
Associated companies						
Fitness Festival International S.r.l. in liquidation	Via Martiri dei Lager, 65 – 06128 Perugia	12/31/2018	0	(8)	5	60
Cesena Fiera Spa	Via Dismano 3845 – Cesena (FC)	12/31/2019	5,271	104	13	3,630
Green Box S.r.l.	Via Sordello 11/A – 31046 Oderzo (TV)	12/31/2017	n.a.	n.a.	n.a.	n.a.
Cast Alimenti S.r.l.	Via Serenissima, 5 - Brescia (BS)	12/31/2019	4,302	246	22	3,059
Eventi oggi	Via Mazzoni 43 – Cesena (FC)	12/31/2017	479	0	1	15
Jointly controlled companies						
Expo Estrategia Brasil Eventos E Producoes Ltda	Rua Felix de Souza, 307 Vila Congonhas - Sao Paulo	06/30/2020	0	(10)	n.a.	453
Dv Global Link LLC	P.O. Box 9846 – Dubai – United Arab Emirates	06/30/2020	1	(279)	n.a.	(92)
Europe Asia Global Link Exhibitions Ltd	no. 18 Tian Shan Road 900-341, Changning District, Shanghai, China	06/30/2020	0	(89)	n.a.	525
Europe China Environmental Exhibitions Co., Ltd.	Getan Building 1, No. 588, Yizhou Avenue, High-tech Zone Chengdu, China	06/30/2020	n.a.	n.a.	n.a.	n.a.
Destination Services S.r.l.	Viale Roberto Valturio 44 – Rimini (RN)	12/31/2019	43	(13)	n.a.	(3)
Rimini Welcome S.c.a.r.l.	Via Sassonia, 30 – Rimini (RN)	12/31/2019	52	17	n.a.	117
Other equity investments						
Uni.Rimini	Via Angherà, 22, Rimini RN	12/31/2019	1,211	14	n.a.	1,408
Centro Interscambio Merci e Servizi - C.I.S. S.p.A. 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	(1,136)	0	75,269
Eventi Oggi S.r.l.	Via Mazzoni 43 – Cesena (FC)	12/31/2019	357	3	n.a.	20
Turismo e Benessere soc. cons.	Via Rasponi 8 – Ravenna (RA)	12/31/2019	55	0	1	20

Amounts in €/thousand

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, Pro.Stand maintains supply relations with the Parent Company and pays fees to the latter for the commercial brokerage activities carried out. FB International provides stand fitting services to Italian Exhibition Group S.p.A. 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, 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 and Summertrade, regarding cleaning and portering 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 June 30, 2020 and details of the costs/revenues of the half 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	Pro.Stand Srl	Exmedia srl in liquidation	Summertrade Srl	Prostand Exhibitions Service S.r.l.	Prime Servizi S.r.l.	TOTAL ELIMINATIONS
Trade and tax receivables	1,938	-	6,476	1	16	178	416	9,030
Financial receivables	401	-	444		4		-	848
TOTAL	2,339	0	6,920	1	20	178	416	9,879

Intercompany payables	Italian Exhibition Group S.p.A.	IEG USA / FB International	Pro.Stand Srl	Exmedia srl in liquidation	Summertrade Srl	Prostand Exhibitions Service S.r.l.	Prime Servizi S.r.l.	TOTAL ELIMINATIONS
Trade and tax payables	6,748	72	1,932		133	144	-	9,030
Financial payables	448		224			177	-	848
TOTAL	7,196	72	2,157	-	133	321	-	9,879

Revenues and costs	Italian Exhibition Group S.p.A.	IEG USA / FB International	Pro.Stand srl	Exmedia S.r.l. in liquidation	Summertrade S.r.l.	Prostand Exhibitions Service S.r.l.	Prime Servizi S.r.l.	TOTAL ELIMINATIONS
REVENUES								
Revenues from sales and services	716	28	4,830		402		570	6,547
Other revenues	108		6					113
OPERATING COSTS								
Costs for raw materials	(9)		(36)					(44)
Costs for services	(5,781)		(409)		(89)			(6,279)
Costs for use of third-party assets			(59)		(267)			(325)
For personnel								
Other operating costs	(12)		(1)					(13)
GOM	(4,978)	28	4,332	-	47	-	570	-
FINANCIAL INCOME AND CHARGES								
Financial income								
Financial charges								
TOTAL FINANCIAL INCOME AND CHARGES								-
TOTAL	(4,978)	28	4,332	-	47	-	570	-

The tables below summarise all credit/debit and cost/revenue transactions as at June 30, 2020 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	95		54		148
Financial receivables			186	45	231
TOTAL	95	0	239	45	379

Payables due to associated companies	Cesena Fiera S.p.A.	C.A.S.T. Alimenti Srl	DV Global Link LLC	Total
Trade payables	81	12	8	101
TOTAL	81	12	8	101

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	10		3	13
Other revenues				
OPERATING COSTS				
Costs for services	(13)		(9)	(22)
Costs for use of third-party assets				
Other operating expenses		(3)		(3)
GROSS OPERATING PROFIT (EBITDA)	(3)	(3)	(6)	(12)
FINANCIAL INCOME AND CHARGES				
Financial income				
TOTAL FINANCIAL CHARGES AND INCOME	0	0		
TOTAL	(3)	(3)	(9)	(12)

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 June 30, 2020 between IEG and Società del Palazzo S.p.A. In addition, it should be noted that, on application of the 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 € 18 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	42	42
TOTAL	42	42

Payables due to companies subject to common control	Società del Palazzo S.p.A.	Total
Financial payables	18,100	18,100
TOTAL	18,100	18,100

Revenues and costs with companies subject to common control	Società del Palazzo S.p.A.	Total
REVENUES		
Revenues from sales and services	20	20
Other revenues	22	22
OPERATING COSTS		
Costs for services		
Costs for use of third-party assets (*)	(616)	(616)
Other operating expenses		
GROSS OPERATING PROFIT (EBITDA)	(574)	(574)
FINANCIAL INCOME AND CHARGES		
Financial income	0	0
TOTAL FINANCIAL CHARGES AND INCOME	0	0
TOTAL	(574)	(574)

(*) In applying IFRS 16, costs for use of third-party assets are completely eliminated and replaced with amortisation/depreciation on rights of use for € 521 thousand and financial charges for € 185 thousand.

It should also be noted that as at June 30, 2020, no transactions were carried out between the Parent Company and the subsidiary Rimini Congressi S.r.l.

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

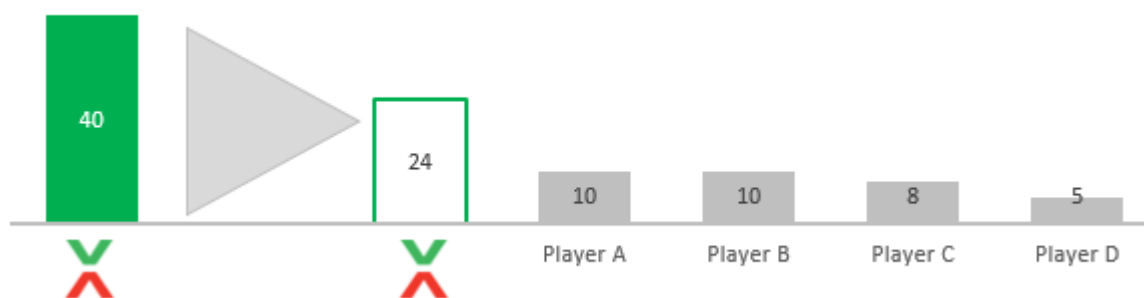
(on the whole) square metres of exhibition space available and is heavily fragmented; the country is starting to see a shortage of high quality exhibition spaces with suitable dimensions to host important events. Consequently, the main national trade fair hubs are committed to programmes involving the 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 September 2019 and relating to 2018¹: of the 40 events organised by IEG in that year, 24 of them were international events, more than double that of the leading Italian competitors.



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

¹ Calculations by the Company on data published by UFI, Euro Fair Statistics 2018

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 a 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 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 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 are 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 June 30, 2020, 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 June 30, 2020, Italian Exhibition Group does not have any treasury shares in the portfolio. During the first half, 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 2020, no workplace accidents occurred 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 trade fair 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 trade fair 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).

All fountains have a recirculated water system, 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 trade fair 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 Italian Legislative Decree no. 231/2001, approved recently by the Board of Directors at the meetings on July 3, 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 6, 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.

EVENTS SUBSEQUENT TO THE END OF THE HALF YEAR AND BUSINESS OUTLOOK

The period following the end of the second half year was characterised by significant signals of a slowdown in the spread of the virus in Italy, with a subsequent progressive mitigation of the restrictive measures introduced by the competent authorities. At the reporting date of this document, all production and commercial activities have started again and a free mobility within the Italian territory has been re-established. At an international level, although with significant differences among the various countries, an improvement was also noted in the health emergency even if the international mobility continues to be affected by constantly evolving regulations and remains characterised by great uncertainties.

As regards the trade fair and conference sector, the Decree of the President of the Council of Ministries, issued on August 7, 2020, has definitively allowed, starting on September 1, the resumption within the entire Italian territory of trade fair and conference activities, upon the adoption by the hosting venues of safety protocols validated by the Italian Technical-Scientific Committee. In reality, the provisions issued before August 7 allowed the individual regions to authorise the conduct of trade fair and conference events based on the progress of the pandemic situation in their geographic area.

Starting on August 18, the Company has been resuming its operations within the conference segment by holding the important cultural event at Palacongressi di Rimini “Meeting for Friendship Among Peoples” – although in a “special edition” mode in compliance with the measures in effect for the containment of the pandemic – followed by Congresso Nazionale AMCO–Associazione Nazionale Medici Cardiologi Ospedalieri [AMCO National Conference–National Association Hospital Cardiologists] from August 27 to August 29. As regards the Organised trade fair Events, the first one on the calendar is the VOICE–Vicenza Oro International Community Event (Vicenza, September 12-14) which will be the first hybrid trade fair in Italy that will combine the physical presence of the operators at the fair venue with the new communication opportunities provided by digital technologies. More specifically, the format includes an exhibition area accompanied by important conferences and seminars, featuring the most important opinion leaders of the sector, the purpose of which will be the recovery of the segment after the crisis caused by the pandemic.

The Related Services activities, applied to the business generated by the Parent Company and those applied to third party customers, are also slowly resuming: this is true for the catering and cleaning services, as opposed to the stand fitting services that are affected by the cancellation of events in the second half at other fair districts in Italy and in Europe. A substantial suspension of the activities performed by the US company FB International continues, pending the easing of the anti-pandemic measures.

The months following the first half of 2020 are showing an improvement in the health emergency as well as the resumption of the Company’s activities, however it is reasonable to expect, also over the next few months, given the impossibility of predicting the development of the spread of the virus, a context where there remains a risk for new restrictions on the performance of economic activities and for major limitations to international mobility. It is therefore likely that also the events that have been confirmed to date may still be significantly impacted by the effects of this current crisis.

In this time of uncertainties, the Company will continue to work with its customers and partners in order to organise as best as possible the trade fair and conference events currently scheduled for the last four months of the year and for the first few months of 2021, and will continue to implement its action plans defined in order to protect the **safety and health** of its stakeholders and to **counter the economic-financial impacts** of the crisis while remaining engaged in the application of the **development strategic guidelines** of its business plan.

As regards some initiatives aimed at supporting its Organised Events, starting from the month of August, the Company has made available to its exhibition customers a special team dedicated to support them in their applications for loans from SIMEST (76% held by SACE) regarding their participation in those Italian fair events qualified as international. The companies may take advantage of a great opportunity in covering important parts of their participation costs – including those related to stand-fitting – thanks to free grants, as announced by SIMEST and paid from state funds managed by the Ministry of Foreign Affairs and International Cooperation. In particular, the set out conditions, as announced, presume some lending amounts, with no collaterals, up to € 150 thousand for each application. 40% of this plafond, up to € 100 thousand, is free.

The Group is also actively engaged in the development of opportunities related to the digitalisation world. Given the strategic nature of this approach, the Parent Company has established a specific working group headed by a newly hired digital manager.

As regards the health and safety protection of its employees, contractors, customers and suppliers, besides continuing to apply the measures described in the paragraph “Performance and analysis of the main results of the first half of 2020”, the Group has already defined, in May, a strict protocol of measures, called #safebusiness project, aimed at guaranteeing the highest level of safety for the events taking place at its venues. In July, this project achieved the program accreditation of GBAC STAR™ (acronym for Global Biorisk Advisory Council - GBAC is a division of ISSA, International Sanitary Supply Association, the international association of the cleaning services sector) for the purpose of meeting the strict international protocols for the sanitation of its facilities. Given the experience gained at an international level in cleaning facilities where in the past some pathogenic agents spread, from the flu

to infective diseases resistant to antibiotics, the GBAC STAR™ will allow us to establish and maintain a control, on the cleaning and sanitisation process, based on the training and awareness-building of the managers and employees of IEG. The mitigation of the risk associated with COVID-19 starts from standard cleaning procedures, through the choice of selected equipment and products and the management of the disposal of waste produced from cleaning the facilities, which will be assessed on a regular basis through internal audits.

As regards the measures aimed at guaranteeing the financial balance of the Group and at supporting the resumption of the Group's activities, the actions implemented in the first half of the year continue in terms of managing the trade receivables and the policies for the payment of suppliers as described above. In addition, on July 27, 2020, taking advantage of the opportunities offered by the "liquidity decree", the Parent Company has executed some loan agreements with Intesa San Paolo S.p.A. and Cassa Depositi e Prestiti S.p.A., with SACE guarantees, within the programme "Garanzia Italia" for a total of € 50 million. The first loan agreement amounts to € 35 million with the repayment set at 5 years; the second amounts to € 15 million with the repayment set at 6 years. Thanks to these initiatives, at today's date, the Group has liquidity reserves, increased by authorised credit lines and not drawn down, for a total amount of at least € 62 million. The Group will continue to focus on the objectives of maximising its financial resources thanks to the excellent relationships it has established with the banking system, while constantly monitoring the possibility of taking advantage of future support measures introduced by the government and financial authorities.

It must be noted that the uncertainty regarding the results for 2020, in particular as regards the forecasted EBITDA, does not allow a forecast to be made at this time regarding compliance with the financial covenants linked to some of the outstanding loans. As soon as it has sufficient information, the Company will begin discussions with the lending banks in order to manage any issues triggered by the pandemic.

All actions aimed at containing overhead and personnel costs, initiated in the first half of the year and described above, will continue to be applied, and whenever possible, optimised.

Also as regards investments, the strategy is to limit them to essential ones, although continuing to devote resources to the development activities that are provided for in the business plan and that can be implemented given the current situation.

To this end, it must be noted that on August 10, a binding agreement was executed for the purchase of 100% of the company HBG Events FZ LLC located in the United Arab Emirates. The Company organizes the simultaneous events "Dubai Muscle Show" and "Dubai Active", the most important fitness events in the Middle East. This initiative falls under the strategy for the internalisation and development of the "Wellness & Leisure" category. The value of the acquisition was set at a minimum of € 1.1 million, to be disbursed at the time of the transfer scheduled for September 2020. An earn out will be added to this amount according to the results that will be achieved in the next two editions of the events. The transaction was financed with the liquid assets of the company.

On July 29, Summertrade S.r.l., the catering company of the Group, has executed a two-year agreement with the MotoGP Suzuki Ecstar team for supplying the stable during the world motorcycle championship. Due to COVID-19, the service will be provided, during the year, only to the members of the team in strict compliance with safety protocols, waiting to be able to return to normality in 2021 when also the external guests can be serviced.

It should be noted that, on June 16, 2020 the Board of Directors of the Parent Company has declared its interest in assessing an integration transaction with the Bologna Fiere Group and has conferred a mandate to the Chairman and to the CEO for an in-depth analysis of the feasibility of the transaction with the management of the Bologna company. As at today's date, this in-depth analysis is still under way.

Despite the effects of this unprecedented crisis and the continuation of uncertainties weighing on the global economy, the Group is looking to the future with determination. The efficacy of the initiatives

undertaken in the previous few months as regards the identification of adequate safety protocols, the acquisition of financial resources that would guarantee a financial stability and a cost containment policy, constitutes a strong basis with which management is addressing the challenge of the resumption of the Group's activities, confident of the important role that the trade fair industry will play in the relaunch of the economic system of our country.

Rimini, August 27, 2020

**Condensed consolidated half-yearly financial
statements as at June 30, 2020**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (Values in Euro/000)	Note	06/30/2020	12/31/2019
NON-CURRENT ASSETS			
Property, plant and equipment	1	203,838	209,173
Intangible fixed assets	2	33,583	37,036
Equity investments valued using the equity method	3	4,319	4,437
Other equity investments	4	10,746	10,873
		<i>of which with related parties</i>	<i>10,786</i>
Deferred tax assets	5	2,481	1,940
Non-current financial assets for rights of use	6	756	840
Non-current financial assets	7	464	524
Other non-current assets	8	160	153
TOTAL NON-CURRENT ASSETS		256,347	264,976
CURRENT ASSETS			
Inventories	9	1,005	956
Trade receivables	10	17,361	33,899
		<i>of which with related parties</i>	<i>190</i>
Tax receivables for direct taxes	11	201	505
Current financial assets for rights of use	12	166	164
Current financial assets	13	251	1,472
		<i>of which with related parties</i>	<i>231</i>
Other current assets	14	6,411	5,857
Cash and cash equivalents	15	6,025	22,198
TOTAL CURRENT ASSETS		31,420	65,051
TOTAL ASSETS		287,767	330,027

LIABILITIES (Values in Euro/000)	Note	06/30/2020	12/31/2019
SHAREHOLDERS' EQUITY			
Share capital	16	52,215	52,215
Share premium reserve	16	13,947	13,947
Other reserves	16	29,000	26,608
Profit (loss) for previous years	16	8,776	(1,680)
Profit (Loss) for the period attributable to shareholders of the Parent Company	16	9,781	12,861
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		113,718	103,951
Share capital and reserves attributable to minority interests	16	1,707	2,374
Profit (Loss) for the period attributable to minority interests	16	(420)	(224)
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO MINORITY INTERESTS		1,287	2,150
TOTAL GROUP SHAREHOLDERS' EQUITY		115,005	106,101
NON-CURRENT LIABILITIES			
Payables due to banks	17	55,074	58,318
Non-current financial liabilities for rights of use	18	24,763	26,115
		<i>of which with related parties</i>	<i>16,766</i>
			<i>17,219</i>
Other non-current financial liabilities	19	13,425	22,467
Provisions for non-current risks and charges	20	1,704	1,755
Employee provisions	21	4,532	4,580
Other non-current liabilities	22	2,203	2,300
TOTAL NON-CURRENT LIABILITIES		101,701	115,535
CURRENT LIABILITIES			
Payables due to banks	17	13,281	14,601
Current financial liabilities for rights of use	23	3,772	3,968
		<i>of which with related parties</i>	<i>1,334</i>
			<i>1,320</i>
Other current financial liabilities	24	2,182	4,237
Trade payables	25	29,916	34,978
		<i>of which with related parties</i>	<i>101</i>
			<i>126</i>
Tax payables for direct taxes	26	3,871	2,053
Other current liabilities	27	18,039	48,554
TOTAL CURRENT LIABILITIES		71,061	108,391
TOTAL LIABILITIES		287,767	330,027

CONSOLIDATED INCOME STATEMENT

(Values in Euro/000)			06/30/2020	06/30/2019
	Note			(*)
REVENUES				
Revenues from sales and services	28	58,976	98,519	
		<i>of which with related parties</i>	33	1,459
Other revenues	29	2,860	1,413	
		<i>of which with related parties</i>	22	20
TOTAL REVENUES		61,836	99,932	
		<i>of which non-recurring revenues</i>	315	0
Change in inventories		41	72	
Costs for raw materials, consumables and goods for resale		(4,124)	(7,568)	
Costs for services		(28,235)	(45,845)	
		<i>of which with related parties</i>	(22)	(157)
Costs for use of third-party assets		(89)	(428)	
Personnel costs		(12,523)	(18,110)	
Other operating costs		(1,268)	(1,341)	
		<i>of which with related parties</i>	(3)	(3)
TOTAL OPERATING COSTS	30	(46,198)	(73,221)	
		<i>of which non-recurring operating costs</i>	0	(248)
GROSS OPERATING PROFIT (EBITDA)		15,639	26,712	
Depreciation, amortisation and write-downs of fixed assets	31	(11,165)	(8,146)	
		<i>of which non-recurring write-downs</i>	(2,573)	0
Write-down of receivables	10	(991)	(534)	
Provisions	20	(33)	(60)	
Value adjustments of financial assets other than equity investments	32	(21)	(143)	
OPERATING PROFIT/LOSS		3,430	17,827	
FINANCIAL INCOME AND CHARGES				
Financial income		9,371	44	
		<i>of which non-recurring financial income</i>	9,344	0
Financial charges		(1,724)	(2,708)	
Exchange rate gains and losses		3	(26)	
TOTAL FINANCIAL INCOME AND CHARGES	33	7,651	(2,689)	
GAINS AND LOSSES FROM EQUITY INVESTMENTS				
Effect of valuation of equity investments with the equity method		(273)	47	
Other gains/losses from equity investments		0	43	
		<i>of which with related parties</i>		43
TOTAL GAINS/LOSSES FROM EQUITY INVESTMENTS	34	(273)	90	
PRE-TAX RESULT		10,808	15,228	
INCOME TAXES				
Current taxes		(1,886)	(4,725)	
Deferred tax assets/(liabilities)		439	266	
TOTAL INCOME TAXES	35	(1,447)	(4,459)	
PROFIT/(LOSS) FOR THE PERIOD		9,361	10,769	
PROFIT (LOSS) PERTAINING TO MINORITY INTERESTS		(420)	1,100	
PROFIT (LOSS) ATTRIBUTABLE TO THE PARENT COMPANY		9,781	9,669	
EARNINGS PER SHARE			0.3169	0.3133
DILUTED EARNINGS PER SHARE			0.3169	0.3133

(*) Some of the amounts do not correspond to those of the financial statements published as at June 30, 2019, as they reflect the adjustments made at the time of the final Purchase Price Allocation.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(Values in Euro/000)</i>	06/30/2020	06/30/2019 (*)
PROFIT/(LOSS) FOR THE PERIOD	9,361	10,769
Other comprehensive income components which will be subsequently reclassified under profit/(loss) for the period:		
Gains/(losses) on financial instruments for cash flow hedges	(422)	(586)
Taxes on financial instruments for cash flow hedges	101	0
Gains/(losses) on translation of financial statements in foreign currency	(67)	42
Gains/(losses) on financial assets measured at FVOCI	(118)	(46)
Total Other comprehensive income components which will be subsequently reclassified under profit/(loss) for the period:	(505)	(590)
Other comprehensive income components which will not be subsequently reclassified under profit/(loss) for the period:		
Actuarial gains/(losses) from defined benefit plans for employees – IAS 19		
Income taxes		
Total effect of change in actuarial reserve		
Total Other comprehensive income components which will not be subsequently reclassified under profit/(loss) for the period		
TOTAL PROFIT/(LOSS) RECOGNISED IN EQUITY	(505)	(590)
COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD	8,884	10,179
Attributable to:		
Minority interests	(415)	1,103
Shareholders of the Parent Company	9,271	9,076

(*) Some of the amounts do not correspond to those of the financial statements published as at June 30, 2019, as they reflect the adjustments made at the time of the final Purchase Price Allocation.

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 12/31/2018 (**)	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)	(53)		(5,608)
- Allocation to reserves				493	49		9,806	(10,348)	0	533	(533)	0
Comprehensive income/loss for the period						(592)		9,669	9,077	3	1,100	10,179
Balance as at 06/30/2019	52,215	13,947	67,160	9,706	2,462	(52,765)	(1,680)	9,669	100,713	2,380	1,100	104,192
Comprehensive income/loss for the period						45		3,192	3,237	(6)	(1,323)	1,908
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
Allocation of profit for the year:												
- Allocation to reserves				695	69		12,096	(12,861)	0	(224)	224	0
Change in scope of consolidation							498		498	(449)		49
Put option exercise						2,138	(2,138)		0			0
Comprehensive income/loss for the period						(510)		9,781	9,271	5	(420)	8,856
Balance as at 06/30/2020	52,215	13,947	67,160	10,401	2,532	(51,093)	8,776	9,781	113,718	1,707	(420)	115,005

(**) Some of the amounts do not correspond to those of the financial statements published as at December 31, 2019, as they reflect the adjustments made at the time of the final Purchase Price Allocation.

CONSOLIDATED CASH FLOW STATEMENT

Values in Euro/000	Notes	06/30/2020	06/30/2019
Profit before tax		10,808	15,228
	<i>Of which with related parties</i>	31	1,318
<i>Adjustments to trace profit for the year back to the cash flow from operating activities:</i>			
Amortisation, depreciation and write-downs of property, plant and equipment and intangible assets	31	11,165	8,146
Provisions and write-downs	10	991	534
Other provisions	20	33	60
Charges/(income) from valuation of equity investments in other companies with the equity method	3 - 4	273	(90)
Write-down of financial assets			
Net financial charges	33	(7,651)	2,689
Costs for use of third-party assets (IFRS 16)		(1,952)	(1,895)
Effect on EBIT of integration of historical shareholders put option		(200)	(136)
Other non-monetary changes	29	(97)	(97)
Cash flow from operating activities before changes in working capital		13,369	24,440
<i>Change in working capital:</i>			
Inventories	9	(49)	90
Trade receivables	10	15,547	(207)
	<i>Of which with related parties</i>	553	(1,572)
Trade payables	25	(5,066)	(8,294)
	<i>Of which with related parties</i>	25	338
Other current and non-current assets	8 - 13	(564)	949
Other current and non-current liabilities	22 - 27	(30,456)	(21,059)
Receivables/payables for current taxes	11 - 25	236	(445)
	<i>Of which with related parties</i>	-	-
Deferred tax assets/liabilities		-	313
Cash flow from changes in working capital		(20,351)	(28,654)
Income taxes paid		-	-
Employee provisions and provisions for risks		(149)	(895)
Cash flows from operating activities		(7,131)	(5,108)
<i>Cash flow from investment activities</i>			
Net investments in intangible fixed assets	2	(293)	(124)
Net investments in property, plant and equipment	1	(2,066)	(5,357)
Disinvestments in intangible fixed assets	2	25	22
Disinvestments in property, plant and equipment	1	58	61
Dividends from associated companies and joint-ventures			43
	<i>Of which with related parties</i>		43
Change in current and non-current financial assets	7 - 13	1,282	346
	<i>Of which with related parties</i>	61	150
Net equity investments in subsidiaries			
Changes in equity investments in associated companies and other companies	3 - 4	(114)	(267)
Cash flow from investment activities		(1,107)	(5,276)
<i>Cash flow from financing activities</i>			
Change in other financial payables	19 - 24	(1,712)	(243)
Payables due to shareholders	24	(221)	(240)
Obtainment/(repayment) of short-term bank loans	17	1,824	211
Obtainment of mortgages	17	15,856	6,170
Mortgage repayment	17	(22,242)	(5,587)
Net financial charges paid	33	(875)	(1,011)
Dividends paid			(5,556)
Change in Group reserves	16	(31)	(10)
Payment for put option	19 - 24	(534)	-
Cash flow from financing activities		(7,936)	(6,266)
Net cash flow for the period		(16,174)	(16,650)
Opening cash and cash equivalents		22,198	29,479
Closing cash and cash equivalents		6,025	12,830

Explanatory notes to the financial statements

STRUCTURE AND CONTENTS OF THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1. Introduction

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 19, 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.

The Company is controlled by Rimini Congressi S.r.l., which holds 49.29% of the share capital and holds voting rights for 66.03%.

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.

These condensed consolidated interim financial statements related to the half year ended as at June 30, 2020 (hereinafter “**Condensed Consolidated Half-Yearly Financial Statements**”) are subject to a limited audit by PricewaterhouseCoopers S.p.A., the Company’s independent auditors.

2. METHOD OF PRESENTATION AND ACCOUNTING STANDARDS

2.1. Method of presentation

The Condensed Consolidated Half-Yearly Financial Statements were prepared in compliance with the International Financial Reporting Standards, issued by the International Accounting Standards Board and adopted by the European Union (**EU-IFRS**). EU-IFRS 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 Consolidated Financial Statements, 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 19, 2002. In particular, it is pointed out that the EU-IFRS were applied consistently to all periods included in this document.

In particular, the Condensed Consolidated Half-Yearly Financial Statements were prepared in compliance with IAS 34, concerning interim financial disclosures. IAS 34 allows the drafting of the financial statements in “condensed” form and, that is, based on the minimum level of information which is significantly less than that required by the International Financial Reporting Standards, issued by the International Accounting Standards Board and adopted by the European Union (hereinafter “EU-IFRS”), where a complete set of financial statements prepared on the basis of the EU-IFRS have been made available to the public for the previous year. The Condensed Consolidated Half-Yearly Financial Statements must, therefore, be read together with IEG’s consolidated financial statements for the year ended as at December 31, 2019, drafted in compliance with the EU-IFRS and approved by the Board of Directors on April 7, 2020.

In order to prepare these Condensed Consolidated Half-Yearly 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.

These Condensed Consolidated Half-Yearly Financial Statements were prepared:

- based on the best understanding of the EU-IFRS and taking into account the best interpretations in this area; any future interpretative guidelines and updates will be reflected in subsequent years, according to the procedures envisaged by the accounting standards in question at any given time;
- on the basis of the going concern assumption, as the Directors verified that there were no financial, managerial or other indicators that could signify critical issues concerning the Group's ability to meet its obligations in the foreseeable future and, in particular, over the next 12 months;
- based on the conventional historical cost method, with the exception of the measurement of financial assets and liabilities in cases in which the application of the fair value criterion is mandatory.

2.2. Form and content of the financial statements

The Condensed Consolidated Half-Yearly Financial Statements were drafted in Euro, which is the currency of the prevailing economic area in which the entities forming part of the Group operate. All amounts included in this document are in thousands of Euros, unless specified otherwise.

Shown below are the financial statements layouts and the relative classification criteria adopted by the Group, as part of the options provided by IAS 1 “Presentation of Financial Statements”:

- the consolidated statement of financial position has been prepared by classifying assets and liabilities in accordance with the “current/non-current” criterion;
- the consolidated income statement – whose layout is based on the classification of costs and revenues on the basis of their nature; the net profit (loss) before taxes and the effects of discontinued operations is shown, as well as the net profit (loss) attributable to minority interests and the net profit (loss) attributable to the Group;
- the consolidated statement of comprehensive income – presents the changes in shareholders’ equity deriving from transactions other than capital transactions carried out with the company’s shareholders;

- the *consolidated cash flow statement* has been prepared by stating cash flows arising from operating activities according to the “indirect method”.

The layouts used are those that best represent the Group’s financial position, results and cash flows.

GOING CONCERN

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 that the trade fairs and conferences on the current calendar will be conducted in the best way possible.
- 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 € 62 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, the belief is that this financial situation will allow us to face a period where the operations will still be affected by the current crisis.
- Even assuming that the effects of the pandemic on the trade fair and conference business will be temporary, it must be noted that the uncertainty regarding the results for 2020, in particular as regards the forecasted EBITDA, does not allow a forecast to be made at this time regarding compliance with the financial covenants linked to some of the outstanding loans. The Company is in constant contact with the lending institutions and as soon as it has sufficient information, it will begin discussions with the lending banks in order to manage any issues triggered by the pandemic.
- 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 these temporary difficulties.

MEASUREMENT CRITERIA

The accounting standards and criteria adopted to prepare the Condensed Consolidated Half-Yearly Financial Statements as at June 30, 2020 conform to those used for the drafting of the consolidated financial statements as at December 31, 2019, with the exception of the new accounting standards, amendments and interpretation applicable from January 1st, 2020, as more fully explained in the paragraph below, as well as a different accounting criterion for government grants, governed by IAS 20. Specifically, paragraph 7 of the standard governs the conditions for defining when the contributions accrue, specifying it as the time of recognition, when the Company has reasonable certainty of complying with the conditions envisaged for the grant’s disbursement and of receiving the grant.

Previously, the standard was interpreted by adopting a prudential approach and therefore recognising the grant from the moment at which it is collected. Instead, beginning January 1st, 2020, it was considered more representative to consider the moment at which the expense reporting is submitted as reasonable certainty, including from the perspective of correlating costs and revenues, as the costs are already present in the company's income statement. In fact, expense reporting is not necessary for obtaining the grant, which has already been approved by the public entity for the maximum amount obtainable, but only for verifying that the expenses have actually been incurred by the company and in the amount corresponding to the submitted project. The impact of the new interpretation resulted in higher revenues of € 966 thousand in the half, recorded under the item "Other revenues".

The retrospective application of the standard, as required by IAS 8, has not produced significant effects on the comparative periods.

The treatment adopted for the accounting of the put options given to the minority shareholders is to be noted.

Pursuant to EU-IFRS, the accounting treatment of this specific case is not fully governed. 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.

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 Group's financial statements mainly concern:

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

However, some measurement processes, especially those which are more complex, such as the calculation of impairment losses on non-current assets, are generally carried out fully only upon drawing up the annual financial statements, or when all information required is available, except cases in which there are impairment indicators which require an immediate measurement of any impairment losses.

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.

The economic result for the period is presented net of taxes recognised on the basis of the best estimate of the expected weighted average rate for the whole year.

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.

For a more detailed examination, please refer to the Directors' Report and the contents of the financial report to the financial statements for the year ended as at December 31, 2019.

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:* different input from the quoted prices under the previous point, that are directly (prices) or indirectly (derived from the prices) observable in 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 June 30, 2020 and December 31, 2019.

06/30/2020						
<i>in Euro/000</i>	Notes	Fair value level	Amortised cost	Fair value through OCI	Fair value through profit and loss	Total
ASSETS						
Other equity investments	4	2-3		10,734	12	10,746
Non-current financial assets	7	1-2	1,187		32	1,220
Other non-current assets	8		161			161
Trade receivables	10		17,361			17,361
Current financial assets	11-12	2	417			417
Other current assets	13		6,411			6,411
Cash and cash equivalents	14		6,025			6,025
TOTAL ASSETS			31,562	10,734	44	42,340
LIABILITIES						
Non-current payables due to banks	17		55,074			55,074
Other non-current financial liabilities	18-19	2	32,451	971	4,766	38,188
Other non-current liabilities	22		2,203			2,203
Current payables due to banks	17		13,281			13,281
Other current financial liabilities	23-24		5,954			5,954
Trade payables	25		29,916			29,916
Other current liabilities	27		18,039			18,039
TOTAL LIABILITIES			156,918	971	4,766	162,655

12/31/2019						
<i>in Euro/000</i>	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	11-12	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	17		58,318			58,318
Other non-current financial liabilities	18-19	2	43,354	549	4,679	48,582
Other non-current liabilities	22		2,300			2,300
Current payables due to banks	17		14,601			14,601
Other current financial liabilities	23-24		8,204			8,204
Trade payables	25		34,978			34,978
Other current liabilities	27		48,554			48,554
TOTAL LIABILITIES			210,311	549	4,679	215,539

CHANGE IN LIABILITIES DERIVING FROM FINANCING ACTIVITIES

The reconciliation of liabilities deriving from financing activities, as reported in the cash flow statement, for the periods ended respectively as at June 30, 2020 and June 30, 2019 is reported below. For June 30, 2020, it should be noted that the fair value changes in Other non-current financial payables refer to the worsening in the MTM value of the derivatives subscribed by the Parent Company; while the other non-monetary changes include the impacts from the application of the accounting standard IFRS 16 and the change in payables for put options (for further details, refer to Notes 17, 18, 19, 23 and 24 of this document).

<i>Euro</i>	Balance as at December 31, 2019	Change in cash flow	Change in fair value	Other non-monetary changes	Balance as at June 30, 2020
Current bank payables	14,601	(1,320)			13,281
Non-current bank payables	58,318	(3,243)			55,074
Other current financial payables	8,205	(1,874)		(377)	5,954
Other non-current financial payables	48,582	1,546	509	(12,449)	38,188

<i>Euro</i>	Balance as at December 31, 2018	Change in cash flow	Change in fair value	Other non-monetary changes	Balance as at June 30, 2019
Current bank payables	16,918	1,379			18,298
Non-current bank payables	61,649	(586)			61,062
Other current financial payables	2,224	(209)		3,248	5,263
Other non-current financial payables	21,042		1,330	28,951	51,324

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.

SCOPE OF CONSOLIDATION AND CHANGES

The Condensed Consolidated Half-Yearly Financial Statements as at June 30, 2020 include the economic and equity data of IEG S.p.A. (Parent Company) and all companies which it directly or indirectly controls.

The consolidated financial statements have been drafted on the basis of the accounting positions as at June 30, 2020 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 and the related share owned by the Group, 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 June 30, 2020 also include the share of profits and losses of associates and joint ventures measured using the equity method on the date on which the company gained its significant influence over management up to its cessation.

The structure of the Group as at June 30, 2020 differs from that as at December 31, 2019 due to the early exercise of the put option given to one of the minority shareholders, on 20% of the capital of Pro.Stand S.r.l. The agreement in question, executed on June 22, 2020, has involved the increase to 80% of the stake held in the subsidiary. However, it should be noted that there is still a second type of option, given to the other minority shareholders of Pro.Stand, which overall represents an additional 20% of the share capital and grants them the right to sell their shares along with the IEG obligation to purchase them at a price previously defined (nominal value € 2.47 million). However, this option can be exercised starting from the approval date of the 2022 financial statements of Pro.Stand until the ninetieth day following said date. Since the price for the exercise of the option is fixed, the risks and benefits related to this equity investment are transferred de facto to IEG at the time of the subscription. Consequently, the consolidated financial statements were prepared considering a 100% equity investment in Pro.Stand.

On May 13, 2020, Fieravicola S.r.l. was established by the Parent Company IEG, Cesena Fiera S.p.A. and Fiera di Forlì S.p.A., for the purpose of enhancing and relaunching the historical fair event with the

same name. The strategic lines of the event will be dictated by this newco, with IEG as the majority shareholder; the operation management will be entrusted to Cesena Fiera with the great advantage of sharing synergies with Macfrut. However, the technical and cultural contents, the conferences and the market analyses will be concentrated in Forlì which has been building in-depth expertise in the sector since 1961.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM JANUARY 1, 2020 OR APPLICABLE EARLY

In 2020, the IEG Group adopted the following new accounting standards, amendments and interpretations, revised by the IASB.

- Amendment to IAS 1 and to IAS 8: Definition of Material. This document was issued by the IASB on October 31, 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”*.
- 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.

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

Following are the 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.

- At the drafting date of this document, no standards endorsed by the European Union, the application date of which is subsequent to the closing of the analysed period, are in effect.

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 IFRS16 Leases, Covid 19 – Related Rent Concessions. This amendment was introduced in order to neutralise any change in the payments of rent instalments following agreements among the parties, in consideration of the negative effects of COVID-19. Without this intervention, IFRS 16 would have forced the lessees to redetermine their financial liability toward the lessor and the asset consisting of the right of use, recognised respectively under liabilities and assets in the financial statements. The application of the exemption is anyway limited only to the changes in the payments of rent instalments until June 30, 2021 and only if aimed at mitigating the COVID-19 effects. The standard, once approved, shall enter into effect starting from June 2020.
- Amendment to IFRS 4, Insurance Contracts. The amendment sets forth the deferral to January 1, 2023 of the application of IFRS 9 to insurance contracts, for which, as indicated in the current standard, the temporary application of IFRS 9 was suspended until January 1, 2021 (only under certain conditions). The amendment, once approved, shall enter into effect starting from January 1, 2021.

- Amendment to IFRS 3 – *Business combinations*. This document, issued by the IASB on October 22, 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, once approved, shall become effective for those business combinations for which the date of acquisition is in effect on or after January 1, 2022.
- Amendment to IAS 16, Property Plant and Equipment. The purpose of the amendment is to set some constraints on some types of capitalizable expenses in order to make the asset available and ready to be used. The amendment, once approved, shall enter into effect starting from January 1, 2022.
- Amendment to IAS 37, Provisions. This amendment, issued by IASB in December 2018, indicates which costs must be considered in order to evaluate whether a contract can be defined as an onerous contract. The amendment, once approved, shall enter into effect starting from January 1, 2022.

COMMENTS ON MAIN ASSET ITEMS

NON-CURRENT ASSETS

1) Property, plant and equipment

The table below indicates the changes in the first half of 2020.

	Balance as at 12/31/2019	Changes in 2020						Balance as at 06/30/2020
		Increases	Changes IFRS 16	Decreases/ Write-downs	Deprec.	Dep. IFRS 16	Transf.	
Land and buildings								
Book value	299,201	299	94			1,130	29	300,752
Depreciation	(122,722)		1		(2,518)	(1,811)	(28)	(127,107)
Total land and buildings	176,479	299	95		(2,518)	(1,811)	1,102	173,645
Plant and machinery								
Book value	77,531	315				460		78,307
Depreciation	(66,865)				(918)			(67,784)
Total plant and machinery	10,666	315			(918)	460		10,523
Industrial and commercial equipment								
Book value	35,158	807		(43)			10	35,931
Depreciation	(25,919)				(1,530)		3	(27,447)
Total industrial and commercial equipment	9,239	807		(43)	(1,530)		13	8,484
Other assets								
Book value	24,374	189	6	(1)		(10)	5	24,563
Depreciation	(17,349)			1	(628)	(38)	(1)	(17,987)
Total Other assets	7,025	189	6	(1)	(628)	(38)	4	6,575
Total Fixed assets under construction and payments on account	5,764	440		(14)		(1,580)		4,609
TOTAL	209,173	2,050	101	(58)	(5,595)	(1,849)	-	203,838

The net value of “**Land and buildings**” as at June 30, 2020 amounted to roughly € 174 million, a net increase of € 2.8 million. The increases for the period and the transfers following the start of operations of the fixed assets under construction amounted to approximately € 1.4 million and concerned entirely the improvement of the parking lots at the trade fair district of Rimini. The depreciations for the period amounted to € 2.5 million and the net effect of the application of IFRS 16 was € 1.8 million.

The net value of “**Plant and machinery**” as at June 30, 2020 amounted to roughly € 10.5 million, a downward change of € 0.1 million. The increases for the period and the transfers following the start of operations of the fixed assets under construction amounted overall to € 0.8 million and refer primarily to systems installations related to the parking lots of the trade fair district of Rimini for € 461 thousand (transfers for the start of operations) and the implementation of a new indoor climate monitoring systems at the trade fair districts for € 210 thousand. The depreciation for the period amounted to € 0.9 million.

The item “**Industrial and commercial equipment**”, with a balance of € 8.5 million, recorded a net decrease of € 0.8 million. The increases for the period and the transfer for the start of operations of the fixed assets under construction amounted overall to € 0.8 million and refer primarily to structures for the construction of trade fair booths, panels, furniture and accessories purchased from Pro.Stand for € 576 thousand and FB International for € 203 thousand. The depreciation for the period amounted to € 1.5 million.

The item “**Other assets**”, with a balance of € 6.6 million, recorded a net decrease of € 0.4 million. The increases for the period amounted to € 0.2 million and are primarily related to the purchase of cars and office equipment by the Parent Company for € 130 thousand and by Summertrade for € 49 thousand. The depreciation for the period amounted to € 0.6 million.

Finally, the item “**Fixed assets under construction and payments on account**” showed a net decrease of € 1.2 million following the start of operations of the assets for € 1.6 million and increases for the period of € 0.4 million mainly to be referred, for € 254 thousand, to projects for the expansion of the trade fair district of Rimini and for € 87 thousand to stands in production by Pro.Stand.

The property at Via Emilia 155 (Rimini trade fair district) is encumbered by a first mortgage of € 150 million issued as a guarantee of the loan granted by the pool of banks headed by Credit Agricole Italia S.p.A. The first priority mortgage is granted in favour of each of the Original Secured Creditors in the following amounts:

- in reference to Crédit Agricole Italia, within the total limit of € 50 million;
- in reference to BNL, within the total limit of € 26 million;
- in reference to Banco Popolare - BPM, within the total limit of € 22 million;
- in reference to BPER, within the total limit of € 26 million;
- in reference to Credito Sportivo, within the total limit of € 26 million.

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	Changes in the First half 2020					Balance as at
	12/31/2019	Increases	Decreases	Amortisation	Write-downs	Exchange rate effect	06/30/2020
Industrial patent and intellectual property rights							
Book value	4,192	97	-	-	-	-	4,290
Accumulated amortisation	(3,489)	-	-	(158)	-	-	(3,647)
Total industrial patent and intellectual property rights	704	97	-	(158)	-	-	643
Concessions, licenses, trademarks and similar rights							
Book value	11,672	-	-	-	-	-	11,672
Accumulated amortisation	(3,050)	-	-	(311)	-	-	(3,361)
Total concessions, licenses, trademarks and similar rights	8,622	-	-	(311)	-	-	8,311
Goodwill	22,114	-	(25)	-	(2,573)	15	19,530
Fixed assets under construction and payments on account	46	136	-	-	-	-	182
Book value	9,709	44	-	-	-	-	9,753
Accumulated amortisation	(4,158)	-	-	(678)	-	-	(4,836)
Total other intangible fixed assets	5,551	44	-	(678)	-	-	4,917
TOTAL INTANGIBLE FIXED ASSETS	37,036	278	(25)	(1,147)	(2,573)	15	33,583

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 for the period refer primarily to the purchase and development of the new CRM (customer relationship management) software as well as to the development of the SOFAIR software (technical management of events) by the Parent Company.

The item “**Concessions, licenses, trademarks and similar rights**” recorded a decrease of € 0.3 million compared with the previous year, due to the amortisations for the period.

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 June 30, 2020, the balance of said item was roughly € 19,530 thousand. The following table shows the related details:

<i>Euro/000</i>	Balance as at 06/30/2020	Balance as at 12/31/2019
<i>Goodwill emerging from the transfer of Fiera di Vicenza</i>	7,948	7,948
<i>Goodwill emerging from the purchase of the business unit FIMAST (provisional)</i>	180	205
<i>Goodwill emerging from the purchase of the business unit FIERAVICOLA (provisional)</i>	50	50
<i>Other goodwill</i>	355	355
<i>Goodwill emerging from the purchase of FB International Inc.</i>	2,150	4,709
<i>Goodwill emerging from the purchase of Pro.Stand S.r.l. and Colorcom S.r.l.</i>	8,847	8,847
TOTAL GOODWILL	19,530	22,115

As outlined in the chapter “Measurement criteria”, the goodwill is subject to impairment testing at the year-end or more frequently if there are indicators of impairment: the impacts deriving from the effects of the COVID-19 pandemic and the consequent uncertainty conditions that characterise the international economic system are considered to be “trigger events” and therefore, some tests were carried out to verify the recoverability of the goodwill recognised in the consolidated financial statements as at June 30 of the IEG Group.

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.

For the purpose of the impairment tests, the goodwill of Pro.Stand-Colorcom and FB International Inc were allocated as at the acquisition date and subsequently at the PPA time to the Cash flow Generating Units (CGU) which overall represented the flows of the consolidated financial statements of the IEG Group (called, for the sake of brevity, IEG Group CGU consisting primarily of IEG CGU, FB CGU, Pro.Stand CGU and Summertrade CGU), since the elements representative of the goodwill were 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.

If the precondition for fostering the synergies between the trade fair and the stand-fitting sectors can be defined as well-established and effective among the Italian companies of the Group, as of today this does not apply to FB International Inc. In fact, the expected synergies have not yet shown in their full potential, also because of the prolonged suspension of activities due to the COVID-19 pandemic,

therefore it was deemed appropriate to test the goodwill emerging from the acquisition of FB Int. in terms of the cash flow generating unit represented by the company FB International Inc. itself. (Hereinafter also FB-CGU).

Consequently, the goodwill of Pro.Stand-Colorcom was tested on the CGU Group called “**CGU-Italia**” (consisting primarily of IEG CGU, Pro.Stand CGU and Summertrade CGU) which represents the flows of all the subsidiaries of the Group except for FB International Inc.

For the IEG CGU, the FB CGU and the “CGU Italia” the relevant value in use was determined by adopting the Group’s Discounted Cash Flow (DCF) methodology.

As regards the parameters used to carry out the impairment tests of the single CGU/CGU Groups and in particular in determining the operating cash flows, it is deemed that the current situation of uncertainty that characterises the entire international economic system, and in particular, the Italian trade fair and conference sector, makes it extremely hard to carry out a realistic estimate of the possible impacts that the effects related to COVID-19 may have on the Group’s present and future results. Regardless of this, as also recommended by the main regulatory entities of the financial markets (especially CONSOB in its “Drawing attention note no. 8/20 of July 16, 2020” and ESMA in its public statement “Implications of the COVID-19 outbreak on the half-yearly financial Reports” of May 20, 2020) the Company, at the time of the drafting of this document, has carried out an initial estimate of the possible effects of the pandemic on the short and medium term results, in order to support the assessments related to the measurement of the assets (impairment test).

It is deemed necessary to reiterate that the scenario remains uncertain and continuously developing, therefore the forecast based on the carried out tests may need, already in the next few months, to be significantly revised. The Company will continue to constantly monitor the situation and will make sure to update its estimates in order to support its assessments when preparing the next financial reports.

In light of the above, 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 7, 2018, including the effects of subsequent resolutions, and on which the effects in the medium term of the COVID-19 pandemic, both at the level of the operating management flows and at the level of investment planning, were estimated;
- Consolidated 2020 Budget and Company Budget approved by the Board of Directors on December 18, 2019, including the effects of the COVID-19 pandemic on the short term results both at the level of operating management flows and at the level of investment planning.

For the determination of the Terminal Value of the IEG CGU and “CGU Italia”, 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 FB CGU, a long-term growth rate “g” of 2.3% was instead used, in line with the expected inflation that was forecast in the United States 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 of the IEG CGU and the “CGU Italia”, a WACC of 9.23% was used, which includes a Small Size Premium of 3.16%, in consideration of the smaller size of the Group with respect to comparable companies (Source: Duff & Phelps) and on a prudent basis, Specific Risk Premium of 1.00%, included in order to take into account the “execution risk” related to the reduced forecast capacity generated by the effects of COVID-19. While, as regards FB CGU, a WACC rate of 9.27% was used, which, consistent with the previous ones, includes a Small Size Premium of 3.16% and a Specific Risk Premium of 1.00%.

The impairment tests carried out for the IEG CGU and the “CGU Italia”, 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.

The resulting accounting values of the net invested capital of the FB CGU exceeded the value in use in an amount equal to € 2,573 thousand which was entirely recognised to reduce the goodwill as at the time of acquisition.

In order to further test the recoverable value of the IEG CGU and the “CGU Italia” 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 change assumptions. 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 in the consolidated financial statements.

The increase in “**Fixed assets under construction and payments on account**” concerned entirely the current development of the new management software EXPOPLANNING by Pro.Stand S.r.l.

Investments in “**Other intangible fixed assets**” refer primarily to improvements on third-party assets made by Summertrade S.r.l. on rented premises.

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 06/30/2020	Balance as at 12/31/2019	Changes 2020				Balance as at 06/30/2020
			Increases	Decreases	Revaluations/ Write-downs	Transfers	
Associated companies							
Cesena Fiera S.p.A.	30.50%	1,008	100		(176)		932
Fitness Festival Intl S.r.l. in liquidazione (in liquidation)	50.00%	34			(4)		30
CAST Alimenti S.r.l.	23.08%	1,643			(3)		1,640
TOTAL ASSOCIATED COMPANIES		2,685	100		(183)		2,602
Jointly controlled companies							
Expo Estrategia Brasil Ltda	50.00%	285	25	(76)	(12)		222
DV Global Link LLC	49.00%	0					0
Destination Services srl	50.00%	65		(45)	(6)		14
Rimini Welcome Scarl	48.00%	0			4	10	14
EAGLE Asia	50.00%	1,403	132	(22)	(44)		1,467
TOTAL JOINTLY CONTROLLED COMPANIES		1,752	157	(143)	(58)	10	1,717
TOTAL EQUITY INVESTMENTS MEASURED USING THE EQUITY METHOD		4,437	257	(143)	(242)	10	4,319

The item in question as at June 30, 2020 came to € 4,319 thousand, marking a net decrease of € 118 thousand.

The increases totalled € 257 thousand and related mainly for € 100 thousand to the acquisition of an additional 2% of Cesana Fiera by Pro.Stand S.r.l., for € 132 thousand to the additional capital contribution 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, and for € 25 thousand to the additional contribution to Expo Estrategia Brasil.

The decrease of € 143 thousand referred primarily to differences in the exchange rate adjustments to foreign equity investments.

The measurements using the equity method contributed a total write-down of € 242 thousand.

4) Other equity investments

	% held as at 06/30/2020	Balance 12/31/2019	Changes 2020				Balance 31/12/2020
			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%	10,786			(117)		10,669
Rimini Welcome Scarl	10%	10				(10)	-
Eventi oggi	15.30%	4					4
BCC Alto Vicentino	<0.5%	1					1
BCC San Giorgio	<0.5%	11					11
TOT. EQUITY INVESTMENTS IN OTHER COMPANIES		10,873			(117)	(10)	10,746

This item amounted to € 10,746 thousand, marking a net increase of € 127 thousand due mainly to the write-down of € 117 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.

	Balance as at 06/30/2019	Balance as at 12/31/2019
Credits for advance IRES/IRAP	5,477	5,090
Total deferred tax assets	5,477	5,090
Provision for deferred IRES	(2,996)	(3,150)
Total deferred tax liabilities	(2,996)	(3,150)
TOTAL DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES	2,481	1,940

6) Non-current financial assets for rights of use

“Non-current financial assets for rights of use” amounting to € 756 thousand refer to financial receivables for active sub-leases of rights of use.

7) Non-current financial assets

	Balance 12/31/2019	Changes in 2020			Balance 06/30/2020
		Increases/decreases	Revaluations/Write-downs	Transfers	
Gambero Rosso shares	40		(12)		28
Banca Malatestiana Credito Coop. shares	4				4
TFR (employee severance indemnity) policy	431				431
Payables due to minority interests	49	(49)			-
TOTAL NON-CURRENT FINANCIAL ASSETS	524	(49)	(12)		463

This item amounted to € 463 thousand and the change for the period was entirely due to the write-down of the Gambero Rosso share.

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 € 161 thousand, down by € 9 thousand during the half, and refer primarily to security deposits.

CURRENT ASSETS

9) Inventories

	Balance as at 06/30/2020	Balance as at 12/31/2019
Raw materials and consumables	317	281
Work in progress	-	-
Finished goods and goods for resale	687	676
TOTAL INVENTORIES	1,005	956

“Inventories” amounted to € 1,005 thousand and refer to the catering company Summertrade S.r.l. and the stand-fitting company Pro.Stand S.r.l..

10) Trade receivables

	Balance as at 06/30/2020	Balance as at 12/31/2019
Receivables from customers	17,212	33,713
Receivables from associated companies	95	132
Receivables from jointly controlled companies	54	54
TOTAL TRADE RECEIVABLES	17,361	33,899

“Receivables from customers” amounted to € 17,212 thousand, a decrease of € 16,315 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 € 95 thousand and refer primarily to trade receivables due to the Parent Company and Summertrade S.r.l. from Cesena Fiera S.p.A..

“Receivables 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 € 42 thousand due from the company Società del Palazzo dei Congressi S.p.A., an investee in which the Group holds a 18.38% stake. As at June 30, no receivables due to the Parent Company Rimini Congressi are reported.

Receivables are stated net of the bad debt provision, whose changes are reported in the table below.

	Balance as at 12/31/2019	Changes in 2020				Balance as at 06/30/2020
		Uses	Provisions	Transfers	Change Scope of consolidation	
Bad debt provision	819	(1)	64	(105)		777
Bad debt provision - taxed	3,965	(268)	627	105		4,728
TOTAL BAD DEBT PROVISION	4,784	(269)	991	-		5,505

11) Tax receivables for direct taxes

	Balance as at 06/30/2020	Balance as at 12/31/2019
Tax receivables for direct taxes	201	505
TOTAL TAX RECEIVABLES FOR DIRECT TAXES	201	505

The balance as at June 30, 2020 refers to credits for direct taxes, primarily relating to Pro.Stand, Prime Servizi and Prostand Exhibition Services.

12) Current financial assets for rights of use

“Non-current financial assets for rights of use” amounting to € 166 thousand refer to financial receivables for active sub-leases of rights of use.

13) Current financial assets

	Balance as at 06/30/2020	Balance as at 12/31/2019
Jointly controlled companies	236	292
DV Global Link LLC	236	292
Short-term securities	15	1,180
BNL policy	0	1,093
UNIPOL bonds	0	59
USA Security Deposit	15	28
TOTAL CURRENT FINANCIAL ASSETS	417	1,472

“Current financial assets” amounted to € 251 thousand, a decrease of € 1,221 thousand compared to the balance as at December 31, 2019. The change is due primarily to the repayment following the expiry of the BNL policy and the Unipol bonds. The payable to DV Global is expressed net of a bad debt provision recorded during the period for € 74 thousand.

14) Other current assets

	Balance as at 06/30/2020	Balance as at 12/31/2019
Other tax receivables	636	481
Receivables due from others	1,468	1,180
Accrued income and prepaid expenses	1,976	723
Costs paid in advance pertaining to subsequent years	2,331	3,472
TOTAL OTHER CURRENT ASSETS	6,411	5,856

“Other current assets” amounted to € 6,411 thousand, a decrease of € 554 thousand compared to the previous year. The difference for the period in the items Accrued income and prepaid expenses and Costs paid in advance concerned restatements made during the half year.

“Receivables due from others” amounted to € 1,468 thousand and are detailed in the table below:

	Balance as at 06/30/2020	Balance as at 12/31/2019
Down payments	15	-
Suppliers - advances	449	727
Trade receivables	149	111
Receivables due from employees	33	32
Receivables due from social security institutions	21	24
Security deposits	-	13
Agents - advances	47	49
Sundry receivables	753	224
TOTAL Receivables due from others	1,468	1,180

The change in “Sundry receivables” is due primarily to the increase in receivables due by the management of the ticketing service.

“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 June 30, 2020 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 years, and therefore fully pertaining to subsequent years, were accounted as “Costs paid in advance pertaining to subsequent years”.

15) Cash and cash equivalents

The item “Cash and cash equivalents” amounted to € 6,024 thousand as at June 30, 2020, and includes almost exclusively short-term deposits remunerated at floating rate.

The trend in cash flows with respect to June 30, 2019 has been reported in the “Consolidated Cash Flow Statement” to which reference should be made.

COMMENTS ON THE MAIN ITEMS OF SHAREHOLDERS' EQUITY AND LIABILITIES

SHAREHOLDERS' EQUITY

16) Shareholders' Equity

Consolidated shareholders' equity is detailed as follows:

	Balance as at 12/31/2019	Changes in the 1st half 2020					Balance as at 06/30/2020
		Increases	Decreases	Allocation of profit	Change in scope of consolidation	Transfers	
Share capital	52,215						52,215
Share premium reserve	13,947						13,947
Revaluation reserves	67,160						67,160
Legal reserve	9,706			695			10,401
Statutory reserves	2,462			69			2,532
Capital grants	5,878						5,878
First-time adoption reserve	(46,306)						(46,306)
CFH reserve	(417)		(320)				(738)
Actuarial reserve	(384)						(384)
Translation reserve for foreign companies financial	476		(72)				403
OCI Reserve (former AFS)	138		(118)				20
Put option reserve	(12,105)					2,138	(9,967)
Retained earnings (losses carried forward)	(1,680)			12,096	498	(2,138)	8,775
Profit (Loss) for the period attributable to shareholders of the Parent Company	12,861	9,781		(12,861)			9,781
SHAREHOLDERS' EQUITY OF SHAREHOLDERS OF THE PARENT COMPANY	103,950	9,781	(510)	0	498	0	113,718
Share capital and reserves of minority interests	2,396	5		(224)	(462)		1,716
First-time adoption reserve of minority interests	8						8
Actuarial reserve of minority interests	(31)				14		(17)
Profit (Loss) for the period attributable to minority interests	(224)		(420)	224			(420)
SHAREHOLDERS' EQUITY PERTAINING TO MINORITY INTERESTS	2,150	5	(420)	0	(449)	0	1,287
TOTAL SHAREHOLDERS' EQUITY	106,100	9,786	(931)	0	49	0	115,005

The total shareholders' equity of the Group as at June 30, 2020 totalled € 115.0 million, of which € 113.7 million attributable to the shareholders of the Parent Company and € 1.3 million attributable to minority interests. The Parent Company's Share Capital, fully subscribed and paid-up, amounted to € 52.2 million and is divided into 30,864,197 shares.

Among the main changes that have characterised the first half of 2020, to be noted are the increase in shareholders' equity attributable to shareholders of the Parent Company for € 498 thousand following the elimination of minority interests on the subsidiary Pro.Stand S.r.l. and the simultaneous restatement from "Put option reserve" to "Retained earnings (losses) carried forward".

The calculation of the basic and diluted earnings per share is presented in the following table:

(in Euro)	06/30/2020	06/30/2019
Basic EPS	0.3169	0.3133
Diluted EPS	0.3169	0.3133

The calculation is based on the following data:

(in Euro)	06/30/2020	06/30/2019
Profit for the period	9,781,197	9,668,887
Number of shares	30,864,197	30,864,197

NON-CURRENT LIABILITIES

17) 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. Following are details about the Payables due to banks in the short and long term and beyond 5 years.

	Balance as at 06/30/2020	Balance as at 12/31/2019
C/a debit balances	0	34
Other short-term credit facilities	5,457	3,532
Credit Agricole pool loan	1,818	0
Banca Intesa Sanpaolo mortgage	0	766
Unicredit mortgage	0	388
BPER mortgage exp. 2028	0	1,311
BNL mortgage	0	1,778
Banco BPM mortgage	1,110	1,105
Volksbank mortgage	1,975	1,962
Banca Intesa Sanpaolo (former Banca Popolare di Vicenza) mortgage	1,932	1,925
ICCREA mortgage (pool)	379	509
Unipol Stand-by	0	900
Unipol mortgage	245	327
Banca Popolare Valconca mortgage	240	0
Other loans	126	0
TOTAL SHORT-TERM PAYABLES DUE TO BANKS	13,282	14,601

	Balance as at 06/30/2020	Of which due beyond 5 years	Balance as at 12/31/2019
Credit Agricole pool loan	12,956	5,590	0
Banca Intesa Sanpaolo mortgage	0	0	1,629
BPER mortgage exp. 2028	0	0	11,274
BPM mortgage	1,688	0	2,244
Banca Intesa Sanpaolo (former Banca Popolare di Vicenza) mortgage	30,690	22,773	31,658
Volksbank mortgage	4,208	0	5,199
ICCREA mortgage	1,332	0	1,330
Unipol Stand-by	2,900	0	4,400
Unipol mortgage	476	0	447
Banca Popolare Valconca mortgage	716	0	0
Other loans	109	0	137
TOTAL MEDIUM/LONG-TERM PAYABLES DUE TO BANKS	55,075	28,363	58,318

The overall net financial position of the IEG Group is reported hereunder, drafted according to the provisions of CONSOB Communication 6064293 of July 28, 2006 and the recommendation of the CESR of February 10, 2005, which differs from the one in the Directors' Report on Operations as regards the items medium/long-term financial receivables, receivables due from associated companies and short and long-term receivables on the rights of use.

IEG Group
Net financial position based on the CONSOB/CESR format

IEG Group Net Financial Position (Values in Euro/000)	06/30/2020	12/31/2019
1 Short-term available funds		
01:01 Cash on hand	186	211
01:02 Bank current account balances	5,838	21,987
01:03 Invested liquidity	47	72
01:04 Other short-term receivables		1,152
Total	6,071	23,422
2 Short-term payables		
02:01 Bank current account overdrafts	(61)	(33)
02:02 Other short-term payables to banks	(4,457)	(3,599)
02:03 Portions of medium/long-term payables due within 12 months	(8,831)	(11,083)
02:04 Other short-term payables - put options	(25)	(206)
02:05 Other short-term payables	(1,846)	(3,452)
02:06 Financial payables due to shareholders	(242)	(464)
02:07 Current financial payables for rights of use	(3,771)	(3,968)
Total	(19,234)	(22,806)
3 Short-term financial position (1+2)	(13,162)	616
5 Medium/long-term financial payables (after 12 months)		
05:01 Mortgages	(55,074)	(58,318)
05:02 Other medium/long-term payables – put options	(5,648)	(16,745)
05:06 Other medium/long-term payables – other	(2,039)	(494)
05:07 Medium/long-term derivative financial instruments	(5,737)	(5,228)
05:08 Non-current financial payables for rights of use	(24,763)	(26,115)
Total	(93,262)	(106,900)
6 Medium/long-term financial position (4+5)	(93,262)	(106,900)
7 TOTAL INDEBTEDNESS	(112,497)	(129,706)
8 Net financial position (3+6)	(106,425)	(106,283)

As at June 30, 2020, bank payables were composed for € 60.2 million of loans related to the Parent Company, for € 2.4 million of loans related to Pro.Stand S.r.l., for € 1 million of loans related to Summertrade S.r.l. and, on a residual basis, of FB International Inc. This item includes also other short-term bank payables for € 5.5 million concerning primarily invoice advances, subject to final payment, used by Pro.Stand S.r.l.

Compared with the previous year, bank payables recorded an overall decrease of € 4.6 million due to new loans for € 15.8 million, repayments of existing loans for € 22.2 million and an increase in short term credit lines for € 1.8 million. The main changes are shown below.

On April 16, 2020, the Parent Company entered into a new pool loan agreement headed by Credit Agricole in the amount of € 15 million, repayable in six-month instalments and expiring on June 30, 2028 at a 1.45% interest rate. As at June 30, a payable was recognised for € 14.7 million of which € 1.8 million due within 12 months. The new loan allowed for the extinction of other loans in effect with Intesa San Paolo and BPER, the residual payable of which, as at December 31, 2019, amounted to € 15 million.

On April 16, 2020, Summertrade S.r.l. executed a loan agreement for € 1 million, due date on April 16, 2024, with an interest rate of 2.5%. As at the reference date, the residual amount payable for the loan came to € 956 thousand, of which € 240 thousand due within 12 months.

18) Non-current financial liabilities for rights of use

The balance of € 24.7 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 1, 2019.

19) Other non-current financial liabilities

The item “Other current financial liabilities” as at June 30, 2020 came to € 13,425 thousand recording a decrease of € 9,042 thousand compared to the previous year. The breakdown is shown below.

	Balance as at 06/30/2020	Balance as at 12/31/2019
Fair value of derivative instruments	5,737	5,228
Financial liabilities for Pro.Stand put option	2,361	7,300
Financial liabilities for FB International Inc. put option	3,133	9,078
Financial liabilities for minimum guarantee amounts to minority shareholders of Pro.Stand	154	367
Payables due to minority shareholders	-	222
Payables due to other lenders	2,040	272
TOTAL OTHER NON-CURRENT FINANCIAL LIABILITIES	13,425	22,467

The item “Fair value of derivative instruments” amounted to € 5,737 thousand, up compared with the previous year by € 509 thousand due to the change in fair value that occurred during the year and to the subscription of four additional derivative financial instruments recorded under Cash Flow Hedge.

The derivative stipulated on November 4, 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 1, 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 31, 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 3, 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 7, 2018;
- effective date: June 29, 2018;
- maturity date: June 30, 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)

On April 16, 2020, a new loan agreement was entered into with the pool of banks headed by Credit Agricole for a total loan of € 15 million, due on June 30, 2028. Following this agreement, four new IRS contracts were executed for a partial cover of the debt, in the total nominal value of € 10.5 million.

The table below shows the impacts of the change in the fair value of the six derivative instruments as at June 30, 2020.

VALUATION DATE	IRS Fair Value	Financial income (charges) through profit and loss	Change in CFH reserve
06/30/2019	(5,796)	(745)	(586)
12/31/2019	(5,228)	(218)	(473)
06/30/2020	(5,737)	(87)	(422)

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 of FB International Inc. and the minority shareholders of Pro.Stand S.r.l.. The decrease of the two items compared to the previous year amounted to € 10,884 thousand and is imputable for € 4,939 thousand to the early exercise of the put option on 20% of the shares of Pro.Stand S.r.l., held by one of the minority shareholders. This agreement, signed on June 22, 2020, defined an exercise price of € 2,138 thousand, paid to the counterparty for € 535 thousand. The remaining portion shall be paid in three tranches due in January 2021, September 2021 and January 2022, therefore with the elimination of the put option, the amount of € 1,069 thousand was stated, at the same time, under the long-term item “Payables due to other lenders”, and the amount of € 535 thousand was stated under the short term item.

The remaining portion of the downward change, amounting to € 5,945 thousand, refers to the alignment of the payable recognised for the purchase of the minority shares of FB International Inc. It should be noted that the minority shareholder of the US subsidiary hold two put options; the first, equal to 24% of the share capital to be exercised starting from the 4th anniversary of the execution of the agreement that established the business combination and the second one, equal to 25% of the share capital, starting from the 8th year subsequent to the execution of the acquisition agreement. The exercise value of these put options is associated to future returns of the company and these, taking into account the estimates of the effects of the COVID-19 pandemic based on impairment tests on the assets as explained above, resulted in being lower than estimated at the time of the purchase of the company, thus determining a lower expected payable at the due dates mentioned above. For further details, see Note 33 “Financial income and charges”.

The item “Financial liabilities for minimum guarantee amounts to minority shareholders of Pro.Stand” includes the decrease in payables recognised at the PPA time, for the payments carried out during the period: some payments made to Pro.Stand were not considered to be entirely as a remuneration of their work activities in favour of the company but they were instead recognised more logically as part of the acquisition price.

“Payables due to other lenders beyond 12 months” includes:

- The long-term portion of the payables due to one of the former shareholders of Pro.Stand for the purchase of the 20% share that he held in the Italian subsidiary of stand-fittings, in the amount of € 1,069 thousand – for additional details see the previous paragraph;
- Payables to former shareholders of Pro.Stand concerning the purchase of the equity investment in Pro.Stand corresponding to the portion of the price with deferred payment beyond 12 months

to be paid respectively to the current and to the previous minority shareholders in the amount of € 322 thousand;

- Government Small Business Loan paid during the half year period for the emergency COVID-19 to FB International Inc. in the amount of € 649 thousand.

20) 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 12/31/2019	Changes in the 1st half 2020			Balance as at 06/30/2020
		Provisions	Uses/decreases	Releases	
Provision for dispute risks	1,671	23			1,694
Other provisions for risks	10				10
Provision for the write-down of equity investments	74	27	(101)		-
TOTAL PROVISIONS FOR RISKS AND CHARGES	1,755	50	(101)		1,704

The “Provision for dispute risks” does not show any significant change compared with December 31, 2019.

In this regard, it should be noted that, by means of deed of summons notified on March 16, 2015, the receiver in the bankruptcy proceedings of Aeradria S.p.A. (the “Receivership of Aeradria”) summoned 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 last year.

The item “Provision for the write-down of equity investments” was fully used following the recognition of a bad debt provision concerning the financial receivable from DV Global Link.

21) Employee provisions

The item “Employee provisions” as at June 30, 2020 came to € 4,532 thousand recording a decrease of € 48 thousand compared to the previous year. The changes are shown below.

	Balance as at 12/31/2019	Changes in 2020			Balance as at 31/12/2020
		Provisions	Uses/decreases	Transfers	
Provision for agents' leaving indemnities	178				178
Provision for non-competition agreement	460				460
Provision for employee severance indemnity	3,943	113	(161)		3,894
TOTAL EMPLOYEE PROVISIONS	4,581	113	(161)		4,532

The balance is composed primarily of employee severance indemnity accrued during the lockout period. 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 16, 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 (Italian Legislative Decree no. 252/2005; Italian 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”.

22) 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 € 2,203 thousand (€ 2,300 thousand as at December 31, 2019).

CURRENT LIABILITIES

23) Current financial liabilities for rights of use

This item includes the current financial liabilities concerning the application of IFRS 16, in the amount of € 3,772 thousand. This item, compared with the figure of the previous year, recorded a decrease of € 196 thousand following the payments set forth in the existing lease agreements.

24) Other current financial liabilities

The table shows a breakdown of the item in question:

	Balance as at 06/30/2020	Balance as at 12/31/2019
Accrued expenses on mortgages	68	114
Payables due to shareholders	242	464
Payables for minimum guarantee amounts to minority shareholders of Pro.Stand	25	206
Payables due to other lenders within 12 months	1,847	3,453
TOTAL OTHER CURRENT FINANCIAL LIABILITIES	2,182	4,237

Accrued expenses relate to amounts of interest expense on mortgages pertaining to first half and debited in the second half.

“Payables due to shareholders” amounted to € 242 thousand and are primarily related to payables recognised by FB International Inc.

“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 € 956 thousand;
- Payables to former shareholders of Pro.Stand concerning the purchase of the equity investment in Pro.Stand corresponding to the portion of the price with deferred payment to be made within 12 months respectively to the current and to the previous minority shareholders in the amount of € 350 thousand;
- the short-term portion of the payables due to one of the former shareholders of Pro.Stand for the purchase of the 20% share that he held in the Italian subsidiary of stand-fittings, in the amount of € 535 thousand;
- payables relating to the variable amount recognised to the seller for the purchase of the business unit FIMAST for € 5 thousand.

25) Trade payables

	Balance as at 06/30/2020	Balance as at 12/31/2019
Trade payables	29,815	34,853
Payables due to associated companies	93	120
Payables due to jointly controlled companies	8	6
TOTAL TRADE PAYABLES	29,916	34,979

Trade payables amounted to € 29,916 thousand, of which € 93 thousand due to associated companies (€ 81 thousand due to Cesena Fiera Spa and € 12 thousand to C.A.S.T. Alimenti Srl) and € 8 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.

26) Tax payables for direct taxes

The item "Tax payables for direct taxes" amounted, as at June 30, 2020 to € 3,871 thousand, up by € 1,818 thousand compared with the previous year since it includes the amount due for taxes according to the balance as at December 31, 2019 and to the estimate of the taxes related to the first half of 2020.

27) Other current liabilities

	Balance as at 06/30/2020	Balance as at 12/31/2019
Payments on account	3,805	1,943
Payables due to social security institutions	1,632	1,345
Other payables	5,521	5,873
Accrued expenses and deferred income	488	778
Revenues paid in advance pertaining to subsequent years	3,291	36,928
Other tax payables	3,301	1,688
TOTAL OTHER CURRENT LIABILITIES	18,039	48,554

The item "Other current liabilities" amounted, as at June 30, 2020 to € 18,039 thousand, down compared to the € 30,515 of the previous year. The change is mainly due to a lower early invoicing of future events which involves lower early income as a consequence of the uncertainties created by the COVID-19 emergency.

The other tax payables amounted, as at June 30, 2020, to € 3,301, up from € 1,614 thousand of the previous year. The change was mainly due to the withholdings on work income from employment of the Parent Company for € 720 thousand, paid in July and to VAT payables pertaining to the Parent Company for € 560 thousand.

COMMENTS ON MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

28) Revenues from sales and services

The following table shows the breakdown of revenues by business line.

	Balance as at 06/30/2020	Balance as at 06/30/2019
Organised events	42,193	53,262
Hosted Events	18	1,801
Conferences	881	7,444
Related Services (stand fitting, catering, cleaning)	15,321	34,890
Publishing, Sports and Other lines	563	1,122
TOTAL REVENUES FROM SALES AND SERVICES	58,976	98,519

As regards the analysis of the trend in revenues during the first half of 2020 and the comparison with the data in the previous year, please refer to the information already outlined in the Directors' Report on Operations. In summary, to be noted is that the main reason for the change in values is due to the suspension of all activities caused by the COVID-19 pandemic which has resulted in a reduction in revenues for € 40.3 million, of which € 33.8 million due to already cancelled events and € 6.5 million to events that were postponed to a later date in 2020. As regards the organic component, in the first 2 months of the year, it had shown a € 2.6 million growth.

29) Other revenues

"Other revenues and income" are detailed as follows:

	Balance as at 06/30/2020	Balance as at 06/30/2019
Emilia-Romagna Region Grant	97	97
Other revenues	2,763	1,316
TOTAL OTHER REVENUES	2,860	1,413

The item "Other revenues and income" includes mostly accessory trade fair income, but falling under the ordinary activities of the IEG 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 minor revenues. It must be noted that during the period, compared with the previous year, contributions to be received following a presentation of the reports for a total of € 966 thousand were stated under other revenues.

This income statement shows non-recurring revenues of € 315 thousand. The amount is associated with the signing of a settlement agreement with the minority shareholder of Prostand S.r.l., to resolve a dispute regarding a series of liabilities borne by the previous Colorcom management and which negatively impacted the post-acquisition management, on which indemnity guarantees had been issued by the minority shareholder.

30) Operating costs

Operating costs break down as follows:

	Balance as at 06/30/2020	Balance as at 06/30/2019
Costs for raw materials, consumables and goods for resale	(4,124)	(7,568)
Costs for services	(28,235)	(45,845)
For use of third-party assets	(89)	(428)
For personnel		
Wages and salaries	(8,737)	(12,743)
Social security costs	(2,381)	(3,730)
Employee severance indemnity	(668)	(723)
Pension costs and similar liabilities	0	0
Other costs	(154)	(363)
Directors' fees	(583)	(552)
	(12,523)	(18,111)
Change in inventories	41	72
Other operating costs	(1,268)	(1,341)
TOTAL OPERATING COSTS	(46,198)	(73,221)

As regards the analysis on the performance of "Operating costs" in the first half of 2020, a decrease of € 27 million should be noted, of which € 17.6 million referring to costs for services, € 5.6 million referring to personnel costs and € 3.4 million concerning costs for raw materials. The decrease in operating costs is a natural consequence of the reduction in business volumes due to the suspension of activities because of the COVID-19 pandemic. As already discussed at length in the Director's Report on operations, the costs, including personnel costs, are lower also because of a number of measures undertaken by the Group and aimed at reducing the impact of the afore-mentioned pandemic on income margins.

The table below provides details of the main costs included in the item "Other operating costs".

	Balance as at 06/30/2020	Balance as at 06/30/2019
Membership fees and contributions	(226)	(195)
Other taxes	(586)	(610)
Other costs	(456)	(536)
TOTAL OTHER OPERATING COSTS	(1,286)	(1,341)

It should be noted that the item "Other costs" is composed primarily of non-existent assets and contingent liabilities booked in the half.

31) Depreciation, amortisation and write-downs of fixed assets

	Balance as at 06/30/2020	Balance as at 06/30/2019
Amortisation of intangible fixed assets	(1,147)	(628)
Depreciation of property, plant and equipment	(7,444)	(7,518)
Write-downs of fixed assets	(2,573)	0
TOTAL AMORTISATION, DEPRECIATION AND WRITE-DOWNS	(11,165)	(8,146)

In the first half of 2020, "Amortisation/Depreciation" amounted to € 8,591 thousand, up by € 0.4 thousand versus the first half of the previous year. The increase of € 445 thousand is primarily due to the amortisation of intangible assets, which, compared with the previous half year, include the values of the assets for holding the Oro Arezzo, Gold Italy and Fiera Avicola events.

The item "Write-downs of fixed assets" includes the amortisation of the goodwill generated with the acquisition of FB International Inc. in March 2018. In compliance with the recommendations from CONSOB in its "Drawing attention note no. 8/20 of July 16, 2020", the assessment of recoverability of the value of the assets took into account an estimate, based on the available information, of the possible economic-financial impacts of the COVID-19 effects as they are considered, given their importance, as an impairment indicator. The assessments carried out gave a recoverable value of the goodwill that was recognised following the transaction for the acquisition of FB International Inc. at a price below its accounting value, i.e. € 2,573 million. For further details, see Note 2 "Intangible fixed assets" of this document.

32) Value adjustments of financial assets other than equity investments

The "Value adjustments of financial assets other than equity investments" reported a loss for the period of € 21 thousand, compared to the loss of € 143 thousand in the first half of 2019. This item includes the write-down of the Unipol bonds following total collection of the instrument and the adjustment of the shares held in Gambero Rosso S.p.A.

33) Financial income and charges

	Balance as at 06/30/2020	Balance as at 06/30/2019
<i>From securities in Current assets other than equity investments</i>	26	37
Interest income on bank deposits	1	4
Other interest income	0	3
Restatement of payables for put options	9,344	0
<i>Income other than the above</i>	9,345	7
TOTAL FINANCIAL INCOME	9,371	44

"Financial income" amounted to € 9,372 thousand (€ 44 thousand in the same period of the previous year) and includes the item "Restatement of payables for put options" of a non-recurring nature, for € 9,344 thousand: the estimate of the impact of the pandemic on an economic-financial level of the subsidiary FB International Inc. has involved a change in the parameters at the base of the determination

of value of the put options given to the minority shareholder on the shares that it still holds in the company. The financial payable recognised in the financial statements was aligned with the new results and the surplus of € 6,218 thousand was recognised under the afore-mention item "Financial income". At the same time, the early exercise of the put option on 20% of the shares of Pro.Stand S.r.l. held by one of the minority shareholders has involved the extinction of the financial payable recognised in the financial statements, the surplus of which compared with the agreed upon price of € 3,126 thousand was added as a non-recurring additional gain.

	Balance as at 06/30/2020	Balance as at 06/30/2019
Interest expense on payables due to banks	(398)	(436)
Negative differences of SWAPs	(487)	(484)
Positive/(negative) differences of IRS	(87)	(745)
Other interest expense and charges	(5)	(110)
Interest expense for rights of use (IFRS 16)	(343)	(330)
Financial charges on put options	(404)	(603)
TOTAL FINANCIAL CHARGES	(1,724)	(2,708)

Financial charges encumber almost exclusively Italian Exhibition Group S.p.A. 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 contracted by the Parent Company with former Banca Popolare di Vicenza (now Banca Intesa San Paolo), between December 31, 2019 and June 30, 2020, while the "Negative differences of SWAPs" refer to the interest paid to said institution at the fixed rate established by the contract in question. Compared with the previous year, the forecast on future interest rates remained stable according to the valuation carried out at the previous year-end, not generating any significant changes in the IRS differential.

The item "Financial charges on put options" amounted to € 404 thousand and includes financial charges accrued on payables connected with the put options relating to the stand-fitting companies acquired in 2018. Based on the decrease of approximately € 199 thousand, compared with June 30, 2019, to be noted is the early exercise of the put option by one of the minority shareholder of Pro.Stand S.r.l., which has involved the extinction of the financial payable recognised at the time of acquisition of the subsidiary and the remeasurement of the value of the put options on the shares of FB International Inc. still owned by the minority shareholder.

	Balance as at 06/30/2020	Balance as at 06/30/2019
Exchange gains	5	20
Exchange losses	(2)	(46)
TOTAL EXCHANGE GAINS AND LOSSES	3	(26)

34) Gains and losses from equity investments

Equity investments in associated companies and joint ventures were measured using the equity method. For more information, please refer to the previous comments on financial fixed assets.

	Balance as at 06/30/2020	Balance as at 06/30/2019
Revaluations of equity investments		
Rimini Welcome S.r.l.	4	-
Cesena Fiera S.p.a.	-	70
Total revaluations of equity investments	4	70
Write-downs of equity investments		
Cesena Fiera S.p.a.	(177)	-
Destination Services S.r.l.	(6)	-
Expo Estrategia Brasil Eventos e Producoes Ltda	(12)	(18)
EAGLE	(44)	-
Fairsystem Srl	-	(5)
Fitness Festival International S.r.l. (in liquidation)	(4)	-
CAST Alimenti	(3)	-
DV Global Link	(31)	-
Total Write-down of equity investments	(277)	(23)
Income from equity investments		
C.A.S.T. Alimenti S.r.l. dividends	-	43
Total income from equity investments	-	43
TOTAL GAINS AND LOSSES FROM EQUITY INVESTMENTS	(273)	90

The effects of the global COVID-19 pandemic have involved a generalised worsening of the results of all the operating associates or joint ventures of the Group, as shown in the net results of the management of non-controlling equity investments that went from a gain of € 90 thousand in the first half of 2019 to a loss of € 273 thousand at the closing date of this half year.

The item "Gains and losses from equity investments" included, for € 43 thousand, the dividend collected from the associated company CAST Alimenti S.r.l., as resolved at the shareholders' meeting on May 22, 2019 on the allocation of the profit posted in the financial statements as at December 31, 2018.

35) Taxes

The item "Income taxes" includes the taxes pertaining to the first half of 2020 recognised on the basis of the best estimate of the average weighted expected rate for the entire year. These amounted to € 1,447 thousand, marking a decrease of € 3,012 thousand compared to the previous half. The tax rate, in significant reduction (from 29.3% in the first half of 2019 to 13.4% in the second half ending June 30, 2020) is affected by the recognition of advanced taxes with respect to the losses recorded by the companies of the Group and the fiscal non-significance of the gains from "Restatement of payables for put options" and "Write-downs of fixed assets".

36) 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 June 30, 2020 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, 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.

Related party transactions	Balance as at 06/30/2020					
	Società Palazzo dei Congressi (*)	Rimini Congressi	Destination Services	DV Global Link LLC	Cesena Fiera	CAST Alimenti Srl
Trade receivables	42	-	-	54	95	
Current financial assets			45	184		
TOTAL RECEIVABLES	42	-	45	239	95	
Trade payables				(8)	(81)	(12)
Financial payables	(18,100)					
Tax payables for direct taxes						
TOTAL PAYABLES	(18,100)			(8)	(81)	(12)
Revenues from sales and services	20	-		-	10	3
Other revenues	22			-		
Costs for services, use of third-party assets, other expenses	(616)			(3)	(13)	(9)
Income from equity investments						
TOTAL REVENUES AND COSTS	(1,124)	-		(3)	(3)	(6)

(*) In applying IFRS 16, costs for use of third-party assets are completely eliminated and replaced with amortisation/depreciation on rights of use for € 521 thousand and financial charges for € 185 thousand.

37) Additional Information

Sureties and guarantees granted to third parties

It should be noted that, as at June 30, 2020, the Group has guarantees in place relating to sureties and third party assets at IEG totalling € 2,525 thousand.

The following guarantees were issued:

- by the Parent Company in favour of the former minority shareholder Pro.Stand following the acquisition occurring in the quarter of the additional 20% of the equity investment for the portion to be paid in the long term in the amount of € 1,604 thousand;
- by the Parent Company in favour of Agenzia ICE for € 129 thousand to support the internationalisation of Ecomondo;
- by the Parent Company in favour of Agenzia ICE for € 168 thousand to support the internationalisation of Vicenza Oro;
- 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., Riva del Garda S.p.A as a guarantee for the contractual commitments concerning the management of the catering services internal to the two trade fair facilities and to other parties for a total of € 101 thousand;
- by Pro.Stand S.r.l. in favour of the lessors for € 280 thousand to guarantee the contractual commitments relating to leases on industrial depots/warehouses;
- by Pro.Stand S.r.l. for € 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 in the 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 the first half of 2020 and the first half of 2019 is shown below.

FTE	06/30/2020	06/30/2019
Executives	12.8	14.3
Middle managers/White-collar workers	397.3	369.5
Blue-collar workers	118.9	173.2
AVERAGE NUMBER OF EMPLOYEES	529.0	557.0

The exact number of workers (headcount) as at June 30, 2020 compared with the figure as at December 31, 2019 is shown here below.

Headcount	06/30/2020	12/31/2019
Executives	12	13
Middle managers/White-collar workers	405	405
Blue-collar workers	75	420
AVERAGE NUMBER OF EMPLOYEES	502	838

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 JUNE 30, 2020 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					
				<i>Parent Company</i>			
Exmedia S.r.l.	Via Emilia, 155 – 47921 Rimini	Organiser of trade fairs / events / conferences and other trade fair activity accessory services	200	51%	51%		
Fieravicola S.r.l.	Via Emilia, 155 – 47921 Rimini	Organiser and host site of trade fairs / events / conferences	100	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	100%	51%	49%	Pro.Stand S.r.l. (1)
Pro.Stand S.r.l.	Poggio Torriana, via Santarcangiolese 18	Trade fair stand fittings	182	100%	100%		(1)
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 portorage services	60	51%	51%		

(1) This percentage considered as regards the equity investment in Pro.Stand S.r.l. includes an option equal to 20% of the share capital.

COMPANIES ACCOUNTED FOR IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2020 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	
Expo EstrategiaBrasilEv entos 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%		
EAGLE	Shanghai, China	Organiser of trade fairs / events and conferences	CNY 7,000	50%	50%		
Cesena Fiera S.p.A.	Via Dismano, 3845 – 47522 Pievesestina di Cesena (FC)	Organiser of trade fairs / events and conferences	2,000	30.5%	20%	10.5%	Pro.Stand 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.r.l.	Via Sassonia, 30 – 47922 Rimini (RN)	Promotion and organisation of tourist services	100	48%	5%	43%	Destination Service S.r.l and 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%		
Eventi Oggi S.r.l.	Via Mazzoni 43 – Cesena (FC)	Organiser of trade fairs / events and conferences	10	15.3%		15.3%	Prime Servizi S.r.l.

(1) This percentage considered as regards the equity investment in Pro.Stand S.r.l. includes an option equal to 20% of the share capital.

**Certification of the condensed half-yearly financial
statements pursuant to article 154 bis of Italian
Legislative Decree 58/98**

CERTIFICATION OF THE CONDENSED HALF-YEARLY FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154 BIS OF ITALIAN LEGISLATIVE DECREE 58/98

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 Italian Legislative Decree no. 58 of February 24, 1998:

- the adequacy with respect to the company's profile, and
- the effective application

of the administrative and accounting procedures for preparing the condensed half-yearly financial statements during the first half of 2020.

2. It is also certified that:

2.1. The condensed half-yearly financial statements:

- a) 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 19, 2002;
- b) correspond to the results of the books and the accounting records;
- c) 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 interim report on operations includes a reliable analysis of the significant events in the first six months of the financial year and their impact on the condensed half-yearly financial statements, as well as a description of major risks and uncertainties for the remaining six months of the year. The interim report on operations also includes a reliable analysis of information regarding related party transactions of major relevance.

Rimini, August 27, 2020

Chief Executive Officer

Corrado Peraboni

*Manager responsible for preparing the company's
financial documents*

Roberto Bondioli

Independent Auditors' Report



REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of Italian Exhibition Group SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Italian Exhibition Group SpA (hereinafter also the "Company") and its subsidiaries (hereinafter the "IEG Group") as of 30 June 2020, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flow and related notes. The Directors of the Company are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by CONSOB in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italy) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of IEG Group as of 30 June 2020 are not prepared, in all

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material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting as adopted by the European Union.

Bologna, 27 August 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."