2020 ANNUAL FINANCIAL REPORT

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

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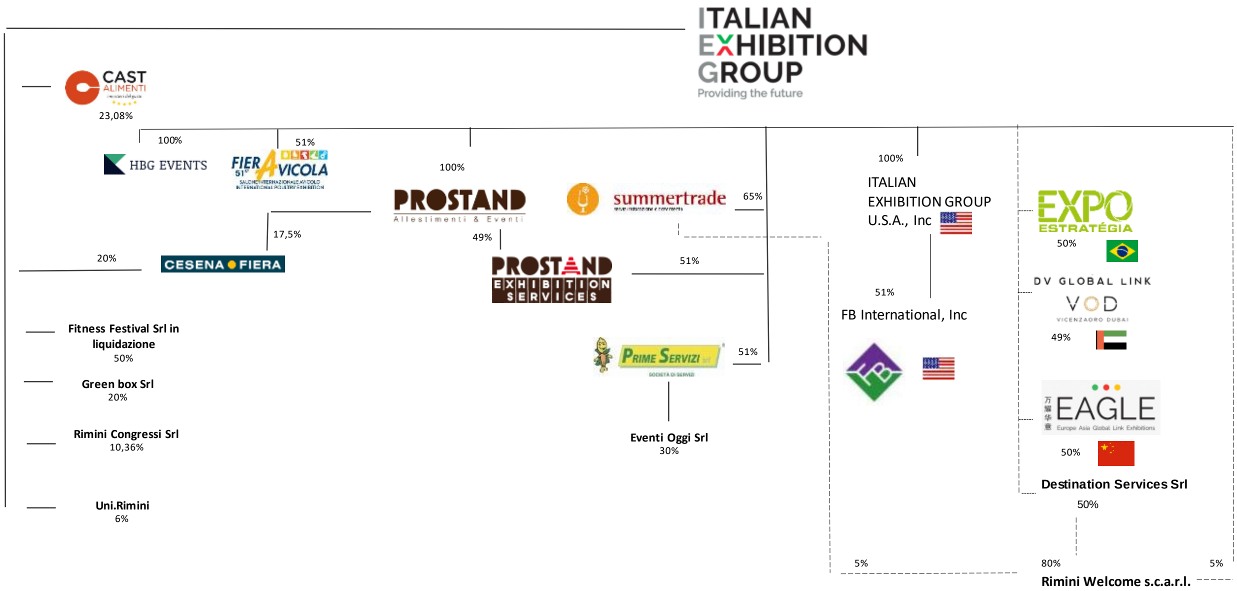
Position as at December 31, 2020



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

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, Chengdu) also through subsidiaries, associated and joint control companies.

As at December 31, 2020, the Parent Company exercises management and coordination activities, pursuant to and in accordance with art. 2497 bis of the Italian Civil Code, for 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., FB International Inc., HBG Events FZ Llc.

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 make available to the public the accounting situations of the subsidiaries drafted for purposes of developing the consolidated financial statements, by keeping them on file at the registered office or publishing them on the Company's website; (b) obtained from the subsidiaries the Articles of Association and the composition and powers of the corporate bodies; and (c) will verify that the subsidiaries: (i) provide the Independent Auditors the information they require to conduct audit activities for the annual and interim accounting of the Company; and (ii) maintain an administrative-accounting system suitable for providing to management and the Independent Auditors the financial data necessary for developing the consolidated financial statements.

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

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

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 December 31, 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 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 strategies for the event, which will take place in the Rimini trade fair district, will be set out by the NewCo, with IEG as the majority shareholder, while operational management will be entrusted to Cesena Fiera, which organises the Macfrut event in Rimini on the same dates, thus being able to offer the advantage of common synergies. Technical and cultural content, conferences and market surveys will be the focus of Forlì, which has experience in the sector dating back to 1961.

On October 28, 2020, the purchase of 100% of the subsidiary HBG Events FZ LLC was formalised, organiser of the contemporary events “Dubai Muscle Show” and “Dubai Active” since 2016, which together represent the biggest fitness event in the Middle East. The initiative falls under the internationalisation and product development strategy of the “Wellness, Sport & Leisure” category in which IEG is a leader in Italy with the event Rimini Wellness.

The company Exmedia Srl completed the liquidation process and was struck off the Register of Companies on October 2, 2020.

During the year, the Parent Company Rimini Congressi Srl incorporated Società del Palazzo dei Congressi S.p.A., 18.38% owned by IEG. As a result of said transaction, IEG now holds a stake of 10.36% in its parent company.

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

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

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 porterage 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.

HBG Events FZ LLC, wholly-owned by the Parent Company. The company, with registered office in the United Arab Emirates, was acquired on October 28, 2020, and deals with the organisation of the two events known as "Dubai Muscle Show" and "Dubai Active".

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.

C.A.S.T. Alimenti S.r.l.: in 2018 IEG S.p.A. acquired 23.08% of the share capital of the company active in the establishment, organisation and management of schools and specialisation courses, management and organisation of conferences in the culinary domain.

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

Cesena Fiera S.p.A.: in 2017, IEG S.p.A. acquired 20% of the capital of the company active in the trade show events and exhibitions organisation sector. In particular, the company conceived Macfrut, the professional trade show, a reference point of the entire national and international fruit and vegetable chain, held in the Rimini trade fair district. Through the acquisition of Pro.Stand S.r.l., the Group indirectly holds an additional 17.5% 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 organised 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.

Fitness Festival International S.r.l. in liquidation: company in which IEG S.p.A. in liquidation has held a 50% stake since 2006.

Europe Asia Global Link Exhibitions Ltd. (EAGLE)**:** on December 29, 2018, the Parent Company 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.

Rimini Congressi S.r.l.**:** the company, parent of IEG, merged **Società del Palazzo dei Congressi S.p.A. by incorporation on December 22, 2020**. The latter was 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 18.38%. As a result of the merger of Società del Palazzo dei Congressi in Rimini Congressi Srl, IEG acquired 10.36% of shares in the parent company.

Uni.Rimini S.p.A.: The purpose of the consortium company is to promote and support the development of the University, scientific research and the higher education and training system in the Rimini area by developing and organising educational activities in various forms: university courses, specialist schools, post-graduate specialisation courses, summer and winter schools. The company is 7.64%-owned by Italian Exhibition Group S.p.A.

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

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 Borsa Italiana Corporate Governance Code
(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	Chairman
Massimo Conti	Standing Auditor
Marco Petrucci	Standing Auditor
Meris Montemaggi	Alternate Auditor
Luisa Renna	Alternate Auditor

SUPERVISORY BODY

Massimo Conti	Chairman
Lucia Cicognani	Standing Auditor
Monia Astolfi	Standing Auditor
Federica Rodighiero	Standing 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 June 8, 2020 and shall remain in office until the financial statements for the year ended as at December 31, 2022 are approved.

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

Again effective from the date of start of trading of ordinary shares on the MTA (electronic equities market), for the purposes of satisfying the requirements of Law no. 262 of December 28, 2005 (art. 154-bis of the Consolidated Law on Finance), Mr. 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, after acquiring 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.

It should be noted that, on April 7, 2020, Andrea Babini was appointed as company Internal Auditor.

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.

On the same date, the new Board of Statutory Auditors was appointed and will remain in office until the approval of the 2022 financial statements.

Directors' Report on Operations

PERFORMANCE AND ANALYSIS OF THE MAIN RESULTS AS AT DECEMBER 31, 2020

In 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 and BBTech Expo and Pescare Show, albeit with a markedly lower economic significance than those cited above, were duly held and posted generally better results 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, 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 substantial full shutdown of Group activities therefore concerned all the remaining months of the year, with the exception of the respite of a mild recovery in activities between the end of August and the middle of October. At the current state of play, the recent regulatory provision (Decree of the President of the Council of Ministers of March 2, 2021) extended the suspension of trade fair and conference activities until April 6, 2021.

The **main effects of the COVID-19 emergency on the results in 2020** are analysed below.

In terms of **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, in February 22-26, suspended upon an order issued by the Lombardy Region on February 23. Immediately after, the events MIR Tech (scheduled to be held in Rimini for March 8-10) and Abilmente Primavera (scheduled for March 19-22 at the Vicenza trade fair district) were **cancelled**. The continuation of the health emergency and the consequent difficulties that have heavily affected international mobility, 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 (in Rimini for May 28-31), Fimast (in Brescia for May 27-30), Origin Passion & Beliefs (Milan, for July 7-9), VicenzaOro September (scheduled for September 5-9 in Vicenza), Koinè (in Vicenza for October 25-27), Abilmente Autunno Roma (for September 27-30), Abilmente Christmas Cesena (in Cesena from November 29 to December 1), Cosmofood (in Vicenza for November 7-11), Gold Italy (in Arezzo for October 24-26), Mondomotori (in Vicenza for November 21-22), Superfaces (in Rimini for November 12-14) and Tecnargilla (in Rimini for September 28 to October 2) which, having been postponed until 2021, will not lose this edition since its occurrence will change from even to odd numbered years. The postponement from March to October of the Enada Primavera event resulted in the cancellation of the autumn edition of Enada Roma (Rome, October 9-11).

Following the succession of DPCMs issued to combat the spread of COVID-19, as a result of the infection numbers which, during the summer appeared to show a containment of the pandemic, the Government authorities granted the possibility of holding trade fairs from September 1, 2020, based on prior respect for the strict safety protocols identified by the CTS (Technical-Scientific Committee). This made it possible to hold some events, albeit in a scenario of significant uncertainty due to limitations on international mobility and fears of a new wave of infections.

Despite the impossibility of regularly holding the important planned VicenzaOro September event, IEG maintained its reference role in the world jewellery industry and created the new Vicenza Oro International Community Event (VOICE), the first example in Italy of a real hybrid trade fair combining the physical presence of operators at the fair venue with the new communication opportunities offered by digital technologies. The event took place in the Vicenza fair district in September 12-14.

Among the trade fair events organised at Rimini Fiera are ENADA – International Amusement and Gaming Show – postponed from spring, the tourism events TTG Travel Experience, Sia! Regeneration, Sun Beach&Outdoor Style and the passenger transport show IBE – International Bus Expo. In the Vicenza district, Abilmente – The Creative Ideas Show was held in its usual autumn edition.

The trade fair events organised, albeit scaled down in terms of the exhibition spaces occupied and the number of visitors, were held in respect of the *SafeBusiness* protocol, demonstrating how trade fairs can be a place where activities can be carried out safely and with peace of mind. In fact, both the exhibiting companies and visitors were satisfied with the events organised.

Mid-October saw a fresh spike in infections, which caused the so-called "second wave" of the epidemic. A new DPCM was issued on October 24, which restored the ban on holding trade fairs, which lasted until the end of the year.

This provision made it impossible to hold Ecomondo and Key Energy onsite, for which stand fitting activities had already started. However, the Group postponed the editions until 2021, and for 2020 gave companies and visitors the opportunity to visit them virtually through the digital platform, from November 3 to 15.

Due to the effects of the pandemic, the **Hosted Events** scheduled for March, in particular Macfrut and Expodental, were not held, postponed until 2021.

The measures to contain the spread of the virus also caused the suspension of **Conference Activities** from March, then resumed in August, with the "Meeting per l'amicizia tra i popoli" ("Meeting for Friendship Among Peoples") - albeit a "special edition" version to comply with the virus containment measures in force at the time - and other important events such as, for example, ANMCO (the Italian National Congress of Cardiology) and the Grand'Oriente d'Italia conference. The new limitations on carrying out activities from the middle of October again put a halt on onsite events, only allowing conferences to be held in digital mode.

The **Related Services** business also came to a halt in March as a consequence of the suspension of national and international trade fairs and conferences and the substantial close-down of production and commercial activities. Notably, the adoption by the European Union's largest countries and the United States (primarily New York and New Jersey) of containment measures similar to those adopted in Italy, had an effect on the 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, also suspended its activities until mid-summer. From the end of August, there was a recovery, albeit at significantly reduced volumes, in the related services business supporting trade fairs and conferences organised until the issuing of the already mentioned restrictions in October. FB International was the only company not to see activities resume following the March shut-down.

On the catering activity front, at the start of 2020, Summertrade entered into a two-year agreement to supply the MotoGP Suzuki Ecstar team during the world motorcycle championship. Due to COVID-19, for this year the service was provided to team members only, in strict compliance with safety protocols, with the expectation that normality should resume in 2021 allowing the service also to be provided to external guests. In the second quarter of 2020, Summertrade also tightened an agreement with Parma Calcio for the management of the Tardini Stadio – Tribuna Petitot hospitality for Serie A home games, 2020/2021 season, which can be renewed for the next football season.

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 sports event

"Ginnastica in Festa" was held in December - made possible by the special rules governing competitive events - which, however, recorded a reduction in participating athletes and visitors.

As regards **international activities**, in addition to the aforementioned suspension of FB International's activities, the pandemic has had an impact on the Group's business in Brazil and China. In the latter area, in which the Group operates with the Eagle joint venture, the SWTF (Shanghai World Travel Fair, a tourism industry event) scheduled for March was cancelled, and the CDEPE (Chengdu International Environmental Protection Expo, an event related to environmental technologies and sustainable development), which was to be held in April, took place in September, albeit without the participation of certain European, and particularly Italian, companies. 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, was cancelled. However, note that the impact of the results of Eagle and Expo Extratégia on 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. An agreement was signed on March 10, 2021 with Informa Market for the organisation, in a joint venture, of a new event within the jewellery sector, exclusively dedicated to the *business* public, starting in 2022 at the Dubai World Trade Centre. Over the coming days, the event will officially be announced to the market with a joint press release.

Therefore, on the whole, the pandemic has caused the cancellation from the 2020 calendar of 19 organised events, 2 hosted event, 2 sporting events and 75 conferences.

The Group promptly reacted to the crisis by implementing decisive and important **actions** to protect **people's health** and to **counteract its economic and financial impacts.**

With regard to **measures to protect the health and safety of employees, contractors, suppliers and clients**, the Company has established a strict system of measures, known as the #safebusiness project, aimed at ensuring that the events that take place at its premises fully comply with the health rules and protocols defined by the national Technical and Scientific Committee (Comitato Tecnico Scientifico). 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, digital access passes, temperature scanners for checks on the general public, and transparent masks to communicate with hearing-impaired individuals. In July, this project achieved the programme accreditation of GBAC STARTM (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 STARTM programme 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 safety of employees and contractors, the Group companies made extensive use of the remote work from home policy (smart working) which the Parent Company had already begun testing out across all its offices before the pandemic, and therefore already had all the necessary technological and regulatory systems in place. Most of the company's employees are working remotely; as on-site activities begin to resume post lockdown, specific protocols have been prepared involving various measures such as social distancing, temperature checking upon entry, distribution of personal protective equipment and detailed procedures for conduct in the event of positive cases among employees and those accessing the work sites. Lastly, mass antibody screening and rapid swab testing was also carried out on several occasions, on a voluntary basis, for all employees of the different sites and companies of the Group.

The main **measures adopted by the Group to counter the economic and financial impact of the pandemic** are described below. These are in addition to the daily monitoring of developments in the health emergency and of the regulatory restrictions and the ongoing work with customers and partners to enable postponed events to take place and to come up with alternative solutions for cancelled events.

The Group has worked – and is working – to actively develop all opportunities related to the world of digitalisation. Owing to the strategic importance of the theme, in the summer period, the Parent Company set up an appropriate work group, bringing forward to September the hiring of a *digital manager* in the company, originally planned for 2021.

Since the beginning of the pandemic, management's priority has been to implement strategies to maintain the Group's **financial balance** and **liquidity**. In particular, the Group has carefully planned its cash flows and used certain economic and financial support measures introduced by governmental and financial institutions, thus benefiting, for example, from the possibility of deferring the payment of social security contributions, tax withholdings and VAT for several months and obtaining moratoriums on principal amounts and extending the maturities on some loans.

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, for the purpose of developing the Rimini trade fair district. The agreement entails two distinct mortgage-backed loans on the properties making up the Rimini trade fair district. One line of €15,000,000 for the refinancing of pre-existing bank loans backed by mortgages on the Rimini trade fair district, which were simultaneously extinguished. The second line, of a maximum of €60,000,000, to be disbursed as work progresses, is intended to finance projects to expand the exhibition capacity and services of the Rimini trade fair district. 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. However, on October 15, 2020, the Parent Company's Board of Directors, in light of the effects of the health emergency, resolved to suspend this project, the resumption of which will be subject to an adequate recovery of trade fair activities. With approval of the 2021-2025 plan on January 18, 2021, the property expansion projects were allocated and, consequently, the Company asked the pool of banks headed up by Crédit Agricole Italia to cancel the second line of the loan.

In order to further bolster financial and capital stability, the Shareholders' Meeting held on June 8, 2020, approved the proposal to allocate to reserves the profit for financial year 2019, as other listed companies have done and as recommended by financial institutions and institutional investors.

On July 27, 2020, taking advantage of the opportunities offered by the "liquidity decree", the Parent Company executed loan agreements with Intesa San Paolo S.p.A. and Cassa Depositi e Prestiti S.p.A., with SACE guarantees, within the "Garanzia Italia" programme 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.

In October Volksbank completed the disbursement to the Parent Company of a new short-term credit line of €5 million.

Subsequently, the Company began a series of initiatives to contain **operating costs** which are still characterised by the high percentage of variable costs. In particular, a policy to reduce all **general costs** has been implemented and the **renegotiation of certain supply contracts** is being evaluated.

With regard to **staff costs**, the Company immediately facilitated the use of unused holiday and leave and, starting from April, made extensive use of social safety nets (specifically, the Wage Guarantee 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), were significant in the second quarter (-57.1% compared with the second quarter of 2019) and slightly lower, due to the partial return to operations, in the third quarter (-40.7%) and in the fourth quarter (-46.6%). Lastly, hiring was frozen until June 30, 2020 and management agreed to a voluntary reduction in remuneration.

The Group has suspended all non-essential **investments**, continuing however to devote resources to the development activities provided for in the business plan and that can be implemented given the current situation. As reported above, the property development project in the Rimini district was allocated.

In October, the purchase of 100% of HBG Events FZ LLC, with registered office in the United Arab Emirates, was completed. The company organises 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 guaranteed minimum of $1.1 million, disbursed at the time of the transfer. 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 by making use of the company's liquidity, but it was proposed that SIMEST, SACE group, support the transaction. On February 24, 2021, Simest SpA's Board of Directors positively evaluated the plan for the equity investment in the company HBG Events FZ LLC, proposed to it by IEG.

On October 19, the shareholders' meetings of the companies Rimini Congressi Srl, which holds 49.29% of IEG, and Società del Palazzo dei Congressi S.p.A., in which IEG holds 18.39% of the share capital, resolved to incorporate the latter into the former. On the effective date of the merger, December 22, 2020, IEG became the holder of 10.36% of the share capital of Rimini Congressi Srl.

Lastly, it should be noted that on June 16 the Board of Directors of the Parent Company declared its interest in assessing an integration transaction with the Bologna Fiere Group and 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. The project aims to create the leading Italian operator in the sector, able to compete, also thanks to its organisational capacity in Italy and abroad, with the most important international players, making itself a flag bearer for Made in Italy and, at the same time, maintaining strong links with the local areas. In addition, the transaction would enable the combined entity to boost its visibility on the reference markets as well as increase its free float in order to facilitate subsequent access to the STAR segment of Borsa Italiana (Italian stock market).

On October 15, the parent companies signed a non-binding term-sheet regarding an integration based on a share exchange ratio of 1:1 and according to the methods still to be defined by the parties. The term-sheet also outlines the assumed new governance structure of the combined entity aimed at reflecting the above-mentioned equal share swap ratio and ensuring the continuation of the programme of investments in proprietary trade fair districts compatibly with the financial position of the combined entity and in accordance with the contractual commitments already defined, without prejudice to any different agreements that are reached between the reference shareholders of the companies involved. Information will be provided on the development of the project in the paragraph "Significant events after the year-end closing and the business outlook".

The Company and the Group concluded the process of finalising a new Business Plan with an explicit time horizon until 2025, approved by the Board of Directors on January 18, 2021.

This document was drawn up on the basis of two different scenarios, in order to highlight the possible trend in the Group's economic-financial results based on the expectations of the evolution of the pandemic and the vaccination campaign on both the national territory and on the possibility of movements abroad. The "base case" scenario made provision for a recovery in activities by March; the "worst case" scenario is based on the complete absence of activities until August (included). In March 2021, the Board approved a new 2021 budget, called "intermediate case", which provides for a recovery of some activities in the summer. At the same time as the Business Plan, the Group formalised a cash budget, based on the "worst case" assumptions, with a time horizon until February 2022, in order to verify the absence of liquidity stress in the next 12 months.

The 21-25 Business Plan is based on the evaluations, conducted by the Company's Management, of the events and situations that said Management expects to materialise during the period to which the plan refers, as well as the actions that it sees fit to implement. Therefore, the plan reflects the assumptions and the elements used by management as a basis for preparation of the plan, considered reasonable, appropriate and complete and, consequently, the best estimate of the equity and financial position and economic result of the period that it expects will materialise.

However, it is reiterated that the scenario remains uncertain and continuously developing, therefore, the forecasts contained in the aforementioned document may need, as early as 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.

Summary of the income statement results for 2020

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 in the March-August period and a mild recovery of these starting in September blocked on the back of the new provisions issued at the end of October, and the decisive measures adopted by the Group to protect the safety and health of staff and combat the financial and economic impacts of the crisis are the main facts that characterised 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 €79.8 million, down 55.3% compared to 2019 (equal to €178.6 million). The organic growth of revenues achieved in the first two months of the year, equal to €2.6 million (+1.5%), mainly thanks to the Sigep and VicenzaOro January trade fairs organised in January, was abruptly interrupted by the outbreak of the COVID-19 pandemic, which led to an overall reduction in revenues of €101.3 million (-56.7%) compared to 2019 (hereinafter also referred to as the "**COVID-19 effect**").

The aforementioned 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 and in any event reach a positive EBITDA. **EBITDA** in 2020 actually totalled €1.8 million, a decrease of 95.7% compared to €41.9 million in the previous year. The EBITDA Margin, for the reasons explained above, stands at 2.2%, marking a decrease of 21.2% (the index stood at 23.4% as at December 31, 2019).

EBIT, impacted by the write-down of fixed assets for approximately €4.7 million (in relation to which full details will be provided in the pages that follow), showed a loss of €21.6 million compared to a positive result of €24.0 million in 2019.

The **pre-tax result** was a loss of €17.5 million – compared to a profit of €19.7 million in 2019 – after having benefited from the profit from financial management of €5.4 million (against a charge of €4.1 million in 2019), obtained primarily following the redetermination, for €9.3 million, of payables for put options given to minority shareholders of some subsidiaries. The **Group result for the period**, after the accounting of deferred tax assets on tax losses in the period (also after exercising the national tax consolidation option in 2020), was a loss of €12.5 million - compared to a profit of €12.6 million in 2019. A **loss for the period** of €11.3 million attributable to the shareholders of the Parent Company was recorded, compared to a profit of €12.9 million in 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 December 31, 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	12.31.2020	%	12.31.2019	%	Change 2020 - 2019	% change 2020 - 2019
Revenues from sales and services	74,432	*93.3%*	174,228	*97.6%*	(99,796)	*(57.3%)*
Other revenues	5,378	*6.7%*	4,372	*2.4%*	1,005	*23.0%*
Value of Production	**79,810**	***100.0%***	**178,601**	***100.0%***	**(98,791)**	***(55.3%)***
Operating costs	(55,639)	*(69.7%)*	(101,183)	*(56.7%)*	45,544	*(45.0%)*
Value added	**24,171**	***30.3%***	**77,418**	***43.3%***	**(53,247)**	***(68.8%)***
Staff costs	(22,380)	*(28.0%)*	(35,543)	*(19.9%)*	13,163	*(37.0%)*
Gross Operating Profit (EBITDA)	**1,791**	***2.2%***	**41,874**	***23.4%***	**(40,084)**	***(95.7%)***
Amortisation/depreciation	(17,053)	*(21.4%)*	(16,559)	*(9.3%)*	(494)	*3.0%*
Write-downs of fixed assets	(4,747)	*(5.9%)*	0	*0.0%*	(4,747)	*n.a.*
Write-downs of Receivables, Provisions, Adjustments to value of financial assets	(1,567)	*(2.0%)*	(1,277)	*(0.7%)*	(289)	*22.7%*
Operating Profit/Loss (EBIT)	**(21,577)**	***(27.0%)***	**24,038**	***13.5%***	**(45,615)**	***(189.8%)***
Financial management	5,423	*6.8%*	(4,065)	*(2.3%)*	9,488	*(233.4%)*
Financial income (charges)	(2,926)	*(3.7%)*	(1,886)	*(1.1%)*	(651)	*34.5%*
Mark to Market derivatives	194	*0.2%*	(218)	*(0.1%)*	24	*(10.9%)*
Financial income (charges) for IFRS 16	(681)	*(0.9%)*	(784)	*0.0%*	103	*(13.2%)*
Financial charges on put options	(590)	*(0.7%)*	(1,218)	*(0.7%)*	628	*(51.6%)*
Restatement of payables for put options	9,344	*11.7%*	0	*0.0%*	9,344	*n.a.*
Exchange gains (losses)	82	*0.1%*	42	*0.0%*	40	*96.6%*
Gains and losses on equity investments	(1,392)	*(1.7%)*	(248)	*(0.1%)*	(1,144)	*462.0%*
Pre-tax result	**(17,546)**	***(22.0%)***	**19,725**	***11.0%***	**(37,271)**	***(189.0%)***
Income taxes	5,073	*6.4%*	(7,088)	*(4.0%)*	12,161	*(171.6%)*
Group result for the period	**(12,473)**	***(15.6%)***	**12,637**	***7.1%***	**(25,110)**	***(198.7%)***
Of which:						
Result for the period attributable to minority interests	*(1,160)*	*(1.5%)*	*(224)*	*(0.1%)*	*(936)*	*418.6%*
Result for the period attributable to Shareholders of the Parent Company	***(11,313)***	***(14.2%)***	***12,861***	***7.2%***	***(24,174)***	***(188.0%)***

Note that 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 December 31, 2020 are summarised in the following table. As a result of the Amendment to IFRS 16 published on October 12, 2020 in the Official Journal of the EU, the Group reversed financial payables for a total of €503 thousand, charged to "Other revenues", resulting from discounts received on lease fees following the COVID-19 emergency.

IEG Group - Impacts of IFRS 16	12.31.2020 with IFRS 16	12.31.2020 without IFRS 16	Impact of IFRS 16 12.31.2020
Value of Production	**79.810**	**79.493**	**316**
Operating costs	-55.639	-59.373	3.734
Gross Operating Profit (EBITDA)	**1.791**	**-2.259**	**4.050**
Amortisation, depreciation and write-downs of fixed assets	-21.801	-18.100	-3.701
Operating Profit/Loss (EBIT)	**-21.577**	**-21.926**	**349**
Financial management	5.423	6.081	-658
Pre-tax result	**-17.546**	**-17.237**	**-309**
Income taxes	5.073	4.981	93
Result of the period	**-12.473**	**-12.257**	**-216**
Property, plant and equipment	**194.070**	**179.737**	**14.333**
Net financial position	**-129.077**	**-104.585**	**-24.492**

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

	4Q 2020	%	4Q 2019	%	% Change	Balance as at 12/31/20	%	Balance at 12/31/2019	%	% Change
Organised Events	7,788	67.3%	30,412	60%	-74%	53,026	66%	97,668	55%	-46%
Hosted Events	0	0.0%	22	0%	-100%	18	0%	1,823	1%	-99%
Conferences	600	5.2%	5,808	12%	-90%	2,546	3%	15,462	9%	-84%
Related Services	2,258	19.5%	12,563	25%	-82%	21,161	27%	57,809	32%	-63%
Publishing, Sporting Events and Other Activities	931	8.0%	1,513	3%	-38%	3,060	4%	5,839	3%	-48%
TOTAL VALUE OF PRODUCTION	**11,577**	100.0%	**50,318**	100%	-77%	**79,810**	100%	**178,601**	100%	-55%

The Value of Production recorded an overall contraction of €98.8 million (-55.3%) compared to the previous year and affected, albeit to differing extents, all business lines. The fourth quarter recorded revenues of €11.6 million in 2020, down by 59.2% compared to the same period of the previous year. The change recorded in the year is due to various factors. The first is represented by the variation recorded by activities carried out prior to the outbreak of the pandemic (**"pre-Covid effect"**), amounting to €2.6 million. An increase of roughly €0.5 million (+0.3%) was also recorded in revenues, due to the different trade fair calendar of the Parent Company ("**calendar effect**") with respect to the same period in the previous year, mainly due to the holding of IBE – International Bus Expo.

As already outlined previously, 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 €101.3 million in the whole period under review (-56.7%), compared to the previous year. This effect can be further split into another two elements. The first is the reduction resulting from the shutdown in activities, which caused the cancellation in events, determining a decrease in revenues of €86.4 million ("**COVID**-19 effect - **cancelled"**, -48.4%). The second is attributable to the reduction in the volumes of events held where the restrictions allowed this, amounting to €14.9 million ("**COVID-19 effect - held",** -8.3%).

Lastly, note should be taken of the additional effect due to non-recurring income (**"one-off" effect**), which led to a reduction of €0.6 million (0.3%), mainly due to the charging in 2019 of a portion of the listing costs to the selling shareholders.

The Group's core business, represented by the **direct organisation of trade fairs**, accounted for 66.4% of total revenues, equal to €53.0 million, marking a decrease of €44.6 million (-45.7%) compared to the previous year. Similar to total revenues, the contraction for this business line was also the result of different factors. First of all, the segment recorded significant growth on the events held prior to the outbreak of the pandemic ("Pre-Covid-19 Effect") of €2.6 million (+2.6%), achieved thanks to the excellent results of Sigep and VicenzaOro. This growth was, however, completely nullified by the "COVID-19 effect" for €47.6 million, of which €37.4 million (-38.3%) due to the "Covid-19 effect - cancelled" and for €10.2 million (-10.4%) due to the effect "Covid-19 - held".

In 2020, just one small **Hosted Event** was held, whereas important events like Macfrut and Expodental were held in 2019.

Conferences include the results from the management of the Palacongressi conference centre in Rimini and the Vicenza Convention Centre (VICC). 2020 recorded revenues of €2.5 million, marking a contraction of €12.9 million (-83.5%) compared to 2019, attributable entirely to the Covid-19 effect. The measures to contain the spread of the virus allowed limited activities to be carried out from the end of August, while from the end of October it has only been possible to hold events virtually.

Revenues from **Related Services**, amounting to €21.2 million, represented by stand fitting, catering and cleaning, accounted for 26.5% of the total revenues in 2020, down by approximately €36.7 million (-63.4%) compared to 2019 due to the pandemic. Activities in the stand fitting sector which, in the first few months of the year, had reported results in line with the same period of 2019, were subject to a shutdown from March and partial resumption, following the same trends in trade fair activities. A similar trend was observed in catering and cleaning for trade fairs and conferences. It should be noted that cleaning services continued to operate, albeit on an extremely reduced capacity, for sanitisation activities. The "Covid-19 Effect" involved a loss in revenues of €37.6 million (-65.0%), of which €33 million (-57.1%) due to the above-mentioned "Covid-19 Effect- cancelled" and €4.6 million (-7.9%) due to the "Covid-19 Effect - held".

The **Publishing, Sporting Events and Other Activities** business includes publishing activities, with the titles related to Tourism (TTG Italia, Turismo d'Italia and HotelMag) and to the gold sector (VO+ and Trendvision), sporting events (which were held in the Rimini trade fair district) and other residual revenues not directly attributable to the other business lines. This line shows revenues of approximately €3.1 million, down by €2.8 million (-47.6%) compared to 2019, of which €1.3 million attributable to the effect of the cancellation of sports events. The remaining difference is attributable for €1 million to the inclusion in revenues in 2019 of the one-off charge-back to selling shareholders of the costs incurred at the time of the stock market listing. This decrease was partly offset by the recognition, in 2020, of other non-recurring income recognised in application of IFRS 16, as a result of the review of some lease fees for €0.5 million which can be allocated to this business line (income of a similar nature for a further €0.2 million was classified under revenues from "related services").

"**Staff costs**" in 2020 came to €22.4 million, down by €13.2 million compared to the previous year (-37.0%). The reduction is the result of the actions promptly taken by the Group to protect the health of workers and contain the economic impacts of the pandemic. More specifically, smart working was widely used by almost all company staff even before the lockdown imposed by the virus containment measures; in addition, the use of unused holiday and leave was encouraged and implemented. 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 achieve cost savings and not jeopardise the regular operations of the Group which continued to provide constant support for its customers. It should 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, then falling to 40.5% in the third quarter due to increased levels of activity. In the final quarter, also characterised by a period of partial activity well into October, the reduction with respect to the same period of the previous year was 46.6%.

The **Gross Operating Profit (EBITDA)** in 2020 amounted to €1.8 million, a decrease of €40.1 million (-95.7%) compared to the previous year. The EBITDA Margin (ratio of EBITDA to the Value of Production) stood at 2.2% compared to 23.4% 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.

In terms of the components of non-monetary operating revenues, in 2020, **Amortisation/Depreciation** amounted to roughly €17.1 million, up by €0.5 million versus 2019. To be noted is a €0.7 million increase in the amortisation of intangible assets, which, compared with the previous year, includes the value of the assets for holding the Oro Arezzo, Gold Italy and Fiera Avicola events.

At the close of the year, the Group conducted an extensive analysis to evaluate the recoverability of the values of goodwill and of the qualified equity investments recognised in the Group's consolidated financial statements. In compliance with CONSOB's recommendation in its "Warning Notice No. 8/20 of July 16, 2020", the Group had already for the previous close as at June 30, 2020 carried out its initial assessment of the recoverability of the value of assets with an indefinite useful life, based on the possible economic and financial impacts of COVID-19. In the ensuing months, the Group committed to finalising the new Business Plan with an explicit horizon of 2021-2025. Based on this document, impairment tests were conducted that led to a general write-down of goodwill recognised for the acquisition of FB International Inc., for an amount of €3.8 million. In addition, an analysis was conducted, which verified the obsolescence of certain pieces of equipment for trade fair stand fitting recognised by the subsidiary Prostand for an amount of €0.9 million. These items were booked to the item **Write-down of fixed assets**.

The aggregated item **Write-downs of receivables, provisions, adjustments to the value of financial assets** showed a €0.3 million increase compared with 2019. The **Write down of receivables** alone recorded an increase of €0.6 million, given that it takes into consideration the possible risk of default of the counterparties in relation to the prolonged inactivity of some of them resulting from the measures to counteract the emergency.

The Group's **EBIT**, as a result of the effects described above, showed a loss of €21.1 million compared to the positive result of €24.0 million in 2019.

The closing **Financial Management** showed a gain of €5.4 million compared with a charge of €4.1 million in 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 shares 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 determined a reduction in the overall payable for the put options recognised in the financial statements, have also caused a reduction in the cost of "Financial charges on put options" (-51.6% compared with 2019). Lastly, the economic impact of the change in the "fair value of derivative financial instruments" remains essentially unchanged with respect to 2019, due both to the normal reduction in the notional value due to payments made from the start of the year, and to a substantial stability in the forecast rates of the two periods in question. Lastly, note should be taken of the worsening of €1.0 million in expenses connected with "ordinary" financial management, mainly due to the non-use of the line of financing taken out for the project to expand the Rimini trade fair district which was suspended due to the effects of the pandemic.

The **Management of equity investments** determined an expense of €1.4 million, a worse result than the €1.1 million in 2019, primarily due, for €1 million, to the write-down of implicit goodwill recognised in the EAGLE joint venture.

The **Pre-tax result** as at December 31, 2020 showed a loss of €17.5 million compared to the positive result of €19.7 million in the previous year.

Income taxes for the period showed an income of €5.1 million due to the recognition of deferred tax assets on losses recorded in the year by Group companies, compared to the charge of €7.1 million in 2019. It should be noted that the Parent Company and the main subsidiaries exercised the tax consolidation regime option from 2020.

The **Group result for the period** showed a loss of €12.5 million compared to a profit of €12.6 million in 2019.

A loss for the period of €11.3 million attributable to the shareholders of the Parent Company was recorded, compared to a profit of €12.9 million in 2019.

ANALYSIS OF RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION 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 12/31/2020	Balance as at 12/31/2019
Property, plant and equipment	194,070	209,173
Intangible fixed assets	35,729	37,036
Equity investments	14,667	15,311
TOTAL FIXED ASSETS AND EQUITY INVESTMENTS	**244,465**	**261,520**
Deferred tax assets	5,329	1,940
Other non-current assets	150	152
Employee provisions	(4,287)	(4,580)
Other non-current liabilities	(3,738)	(4,055)
OTHER NON-CURRENT ASSETS/(LIABILITIES)	**(2,546)**	**(6,543)**
NWC	**(19,814)**	**(44,369)**
TOTAL USES	**222,105**	**210,607**

SOURCES	Balance as at 12/31/2020	Balance as at 12/31/2019
Loans payable/medium-term payables	114,859	73,034
Non-current financial payables for rights of use	21,973	26,115
Other non-current financial liabilities	15,797	22,467
Other non-current financial assets	(1,115)	(1,364)
Other current financial assets	(256)	(1,636)
Current financial payables for rights of use	3,359	3,968
Other current financial liabilities	2,347	3,659
Shareholders - dividends and payables due to shareholders	221	464
Short-term indebtedness (excess)	(28,108)	(22,198)
TOTAL NFP	**129,077**	**104,507**
of which monetary NFP (excluding IFRS 16, Put options, Derivatives)	***93,307***	***53,249***
Shareholders' equity attributable to Shareholders of the Parent Company	92,276	103,950
Shareholders' equity attributable to Minority interests	752	2,150
TOTAL SHAREHOLDERS' EQUITY	**93,028**	**106,100**
TOTAL SOURCES	**222,105**	**210,607**

Analysis of the Consolidated Net Financial Position

IEG Group Net Financial Position (Values in Euro/000)		12/31/2020	12/31/2019
1	**Short-term available funds**		
01:01	Cash on hand	142	211
01:02	Bank current account balances	27,966	21,987
01:03	Invested liquidity	43	72
01:04	Other short-term receivables	0	1,152
01:05	Financial receivables due from associated companies	45	292
01:06	Receivables for right-of-use leased assets (IFRS 16)	168	164
	Total	**28,364**	**23,878**
02:01	Bank current account overdrafts	(338)	(33)
02:02	Other short-term payables to banks	(4,334)	(3,599)
02:03	Portions of medium/long-term payables due within 12 months	(24,200)	(11,083)
02:04	Other short-term payables - put options	0	(206)
02:05	Other short-term payables	(2,347)	(3,452)
02:06	Financial payables due to shareholders	(221)	(464)
02:07	Current financial payables for rights of use (IFRS 16)	(3,359)	(3,968)
	Total	**(34,800)**	**(22,806)**
3	**Short-term financial position (1+2)**	**(6,436)**	**12,709**
4	**Medium/long-term financial receivables (after 12 months)**		
04:01	Receivables for right-of-use leased assets (IFRS 16)	672	840
04:02	Other medium/long-term financial receivables	443	480
	Total	**1,115**	**1,320**
5	**Medium/long-term financial payables (after 12 months)**		
05:01	Medium/long-term loans/payables	(85,986)	(58,318)
05:02	Other medium/long-term payables – put options	(5,761)	(16,745)
05:06	Other medium/long-term payables – other	(4,519)	(494)
05:07	Medium/long-term derivative financial instruments	(5,517)	(5,228)
05:08	Non-current financial payables for rights of use (IFRS 16)	(21,974)	(26,115)
	Total	**(123,756)**	**(106,900)**
6	**Medium/long-term financial position (4+5)**	**(122,641)**	**(105,579)**
7	**TOTAL INDEBTEDNESS**	**(158,556)**	**(129,705)**
8	**Net financial position (3+6)**	**(129,077)**	**(104,507)**
9	**Net MONETARY financial position** excluding IFRS 16 rights of use, put options and derivatives	**(93,307)**	**(53,249)**

The Net Financial Position (hereinafter NFP) as at December 31, 2020 amounted to €129.1 million, an increase in net indebtedness of €24.6 million compared to December 31, 2019. This amount includes financial payables for put options relating to the acquisition of stand fitting companies for a total of €5.8 million, financial payables for rights of use (IFRS 16) equal to €25.3 million, and payables for derivative financial instruments for €5.5 million.

The aforementioned non-monetary components of the NFP totalled €36.6 million and show a reduction of €15.5 million compared with the situation as at December 31, 2019. This contraction is to be attributed primarily (for a total of €11.0 million) to the reduction in payables for put options due to the exercise of a portion thereof (for approximately €5 million) and due to the effect of the restatement of the payable related to another portion (for approximately €6 million). Again with regard to non-monetary components, there was, as expected, a reduction, for around €4.3 million, of the payable recorded in view of the application of IFRS 16, in addition to a further reduction of around €0.5 million relating to the application of the Amendment to IFRS 16 which came into force during the year and which will be explained in detail in the sections of the Explanatory notes "Measurement criteria" and "IFRS accounting standards, amendments and interpretations applied from January 1, 2020 or applicable early".

Excluding the aforementioned non-monetary effects, the "Monetary NFP" amounted to €93.3 million as at December 31, 2020, compared to €53.2 million as at December 31, 2019, thus marking an increase in indebtedness of €40.1 million. The change between December 31, 2019 and December 31, 2020, is due to:

- an absorption of available funds from financial management of €26.2 million (of which +€0.2 million deriving from the profitability of current operations and -€26.4 million for changes in working capital) due mainly to the COVID-19 emergency which has reduced operating profitability (which recorded lower flows compared with the same period of the previous year for €29.7 million) and at the same time had a negative impact on net working capital due to the lack of advance invoicing for future events (lower net working capital compared with the same period of the previous year of €19.6 million);
- investments of €8.0 million (for further details, reference is made to the section entitled "Investments" in this Report on Operations);
- other outflows of €5.9 million, mainly attributable to the early exercise of the put option by one of Pro.Stand's minority shareholders for €2.1 million and financial charges of €2.9 million.

The change in "Monetary NFP" that occurred during the last quarter, that is, with respect to the situation as at September 30, 2020 (€79.7 million), shows a decrease of €13.6 million due to an absorption of available funds from current financial management of €7.4 million, an absorption of flows deriving from investments of €4.7 million and other flows, mainly financial charges, of €1.5 million.

CONSOLIDATED CASH FLOW STATEMENT

IEG Group Cash Flow Statement of NFP (Values in Euro/000)	12/31/2020	12/31/2019
Flows generated (absorbed) by:		
Operating profit/loss (EBIT)	(21,577)	24,038
Adjustments of EBITDA for put options	(299)	(501)
Adjustments of EBITDA for IFRS 16	(4,050)	(3,747)
Adjustments of amortisation/depreciation for IFRS 16	3,701	3,491
Monetary operating profit/loss (EBIT)	**(22,225)**	**23,280**
Amortisation, depreciation and write-downs of fixed assets	18,100	13,069
Allocation to the provision for credit risks and Other provisions	1,569	2,487
Other non-monetary operating revenues	1,542	(194)
Current income taxes	1,733	(7,331)
1st cash flow from current operations	**719**	**31,311**
Flows generated (absorbed) by the change in NWC:		
Change in inventories	172	(71)
Change in trade receivables	18,854	(850)
Change in other current assets	169	2,304
Net change in tax receivables/payables for direct taxes	(1,856)	(177)
Change in trade payables	(11,636)	(5,133)
Change in other current liabilities	(32,315)	(2,983)
Change in NWC	**(26,612)**	**(6,910)**
Cash flow from current operations	**(25,893)**	**24,401**
Flows generated (absorbed) by investment activities:		
Investments in intangible fixed assets	(117)	(6,222)
Investments in property, plant and equipment	(3,534)	(12,120)
Equity investments in associated companies and other companies	(319)	(575)
Net equity investments in subsidiaries	(4,279)	-
Flows generated/(absorbed) by investment activities	**(8,249)**	**(18,917)**
Flows generated (absorbed) by the change in other non-current items		
Changes in deferred tax assets/liabilities	61	(11)
Net change in other non-current assets	1	(35)
Change in employee severance indemnity and other provisions	(638)	(2,157)
Net change in other non-current liabilities	0	-
Flows generated/(absorbed) by the change in other non-current items	**(575)**	**(994)**
Cash flow from operations	**(34,718)**	**3,281**
Flows generated (absorbed) by:		
Income (expenses) of financial management	(2,867)	(1,844)
Gains (losses) from equity investments	0	43
Distribution of dividends	0	(5,556)
Other capital changes (share capital increases, etc.)	(335)	61
Payable due for the exercise of the put option	**(2,138)**	**0**
Level 1 cash flow (change in "Monetary NFP")	**(40,058)**	**(4,015)**
Changes in NFP for IFRS 16 on Level 1 cash flow	**4,586**	**(29,078)**
Changes in NFP for PUT OPTIONS on Level 1 cash flow	**11,191**	**(717)**
Changes in NFP for Derivatives on Level 1 cash flow	**(289)**	**(691)**
Level 2 cash flow (change in NFP)	**(24,570)**	**(34,501)**
Change in financial current and non-current payables due to banks	41,825	(5,533)
Change in other non-current financial liabilities – put options	(11,191)	717
Change in other non-current financial liabilities – derivatives	(4,586)	691
Change in other current and non-current financial liabilities for rights of use	288	29,078
Change in other current and non-current financial liabilities - other	2,677	1,914
Change in other current and non-current financial assets	1,465	353
Level 3 cash flow (change in cash and cash equivalents)	**5,910**	**(7,281)**
Cash and cash equivalents at start of year	22,198	29,479
Cash and cash equivalents at end of year	**28,108**	**22,198**

INVESTMENTS

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

IEG Group
Net investments in Intangible fixed assets 2020

Euro/000	Net investments 2020	PPA	Transfers	Exchange rate effect	Net investments 2020
Industrial patent and intellectual property rights	292		0		292
Concessions, licenses, trademarks and similar rights		36	0		36
Goodwill	0		0	(398)	(428)
Fixed assets under construction and payments on account	112		0		112
Other intangible fixed assets	127	20	(22)		105
TOTAL NET INVESTMENTS IN INTANGIBLE FIXED ASSETS	**553**	**56**	**(22)**	**(398)**	**117**

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

The PPA process was concluded during the year relating to the purchase of business unites of FIMAST - Fiera Internazionale Macchine ed Accessori del Settore Tessile (International Textile Machinery and Accessory Trade Show), comprising the set of organised assets for the exercise of the organisation, management and economic use of the event Fieravicola. The values deriving from said process determine an increase in the value of the category "Concessions, licence, trademarks and similar rights for €36 thousand, and an increase in "Other intangible fixed assets" for €20 thousand.

The investments in "Fixed assets under construction and payments on account" concern entirely the development of the new management software of the subsidiary Pro.Stand S.r.l.

IEG Group
Net investments in Property, plant and equipment in 2020

Euro/000	Investments 2020	Transfers	Disinvestments	Exchange rate effect	Net investments 2020
Land and buildings	673				673
Plant and machinery	773		(5)		768
Equipment	753		0	(70)	682
Other assets	425		(42)	(63)	320
Fixed assets under construction and payments on account	1,069	22			1,091
TOTAL NET INV. IN PROPERTY, PLANT AND EQUIPMENT	**3,693**	**22**	**(47)**	**(134)**	**3,534**

The investments as at December 31, 2020 in "Land and buildings" refer primarily to the renovation of car parks in the Rimini trade fair district for €0.7 million.

The investments made during the period in "Plant and machinery", for €0.8 million, consisted primarily of the implementation of a new climate monitoring system at the trade fair districts and the purchase of a new UPS system.

Investments in "Industrial and commercial equipment" are mainly related to structures to build trade fair stands, panels, furniture and accessories purchased by Pro.Stand for €429 thousand and FB International for €203 thousand; for the residual part, they relate to investments in equipment made by IEG.

Investments in "**Other assets**" included the purchase of cars and office equipment by the Parent Company for a total of €280 thousand, by Summertrade for a total of €84 thousand and by Prostand for €57 thousand.

Investments in "**Fixed assets under construction and payments on account**" refer, for €0.6 million, to projects for the expansion of the trade fair district of Rimini and €0.5 million for works on the roof of pavilion 7 in the Vicenza trade fair district.

The item "**Net investments in equity investments in subsidiaries**" refers to the purchase of the entire capital of HBG Events LLC, completed in October. The company, with registered office in United Arab Emirates. HBG Events, organiser of the contemporary events "Dubai Muscle Show" and "Dubai Active" since 2016, which together represent the biggest fitness event in the Middle East. The price of the acquisition makes provision not only for the first payment made at the time of the signing of the agreement for $1,106 thousand (€934 thousand), but also for an earn-out that will be paid on the basis of the results of the first two events that may be held face to face and whose fair value was calculated at $4,529 thousand (€3,270 thousand). The remainder of the investment in the cash flow statement relates to the net negative financial position acquired.

PARENT COMPANY ITALIAN EXHIBITION GROUP S.P.A.

The following pages provide a summary of the main financial results of the Parent Company Italian Exhibition Group S.p.A., drafted in compliance with IFRS accounting standards. For further details and analysis, please refer to the Company's separate financial statements as at December 31, 2020 in the subsequent chapters of this document.

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

Italian Exhibition Group Reclassified Income Statement	12.31.2020	%	12.31.2019	%	Change 2020 - 2019	% change 2020 - 2019
Revenues from sales and services	56,589	*93.9%*	120,282	*96.9%*	(63,693)	*(53.0%)*
Other revenues	3,672	*6.1%*	3,818	*3.1%*	(146)	*(3.8%)*
Value of Production	**60,261**	***100.0%***	**124,101**	***100.0%***	**(63,840)**	***(51.4%)***
Operating costs	(39,572)	*(65.7%)*	(66,941)	*(53.9%)*	27,369	*(40.9%)*
Value added	**20,689**	***34.3%***	**57,160**	***46.1%***	**(36,471)**	***(63.8%)***
Staff costs	(15,065)	*(25.0%)*	(21,194)	*(17.1%)*	6,129	*(28.9%)*
Gross Operating Profit (EBITDA)	**5,624**	***9.3%***	**35,966**	***29.0%***	**(30,342)**	***(84.4%)***
Amortisation/depreciation	(11,910)	*(19.8%)*	(11,606)	*(9.4%)*	(304)	*2.6%*
Write-downs of Receivables, Provisions, Adjustments to value of financial assets	(1,324)	*(2.2%)*	(1,139)	*(0.9%)*	(186)	*16.3%*
Operating Profit/Loss (EBIT)	**(7,610)**	***(12.6%)***	**23,221**	***18.7%***	**(30,831)**	***(132.8%)***
Financial management	(3,175)	*(5.3%)*	(2,342)	*(1.9%)*	(833)	*35.6%*
Financial income (charges)	(2,448)	*(4.1%)*	(1,659)	*(1.3%)*	(789)	*47.5%*
Mark to Market value - derivative	(194)	*(0.3%)*	(218)	*(0.2%)*	24	*(10.9%)*
Financial income (charges) for IFRS 16	(478)	*(0.8%)*	(465)	*0.0%*	(13)	*2.8%*
Exchange gains (losses)	(55)	*(0.1%)*	0	*0.0%*	(55)	*n.a.*
Gains and losses on equity investments	(5,111)	*(8.5%)*	(402)	*(0.3%)*	(4,709)	*1171,5%*
Pre-tax result	**(15,896)**	***(26.4%)***	**20,477**	***16.5%***	**(36,373)**	***(177.6%)***
Income taxes	3,213	*5.3%*	(6,580)	*(5.3%)*	9,792	*(148.8%)*
Result of the period	**(12,683)**	***(21.0%)***	**13,898**	***11.2%***	**(26,580)**	***(191.3%)***

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

Reclassified Sources-Uses Balance Sheet

USES	Balance as at 12/31/2020	Balance as at 12/31/2019
Property, plant and equipment	183,381	192,747
Intangible fixed assets	21,251	22,927
Equity investments	32,086	29,612
TOTAL FIXED ASSETS AND EQUITY INVESTMENTS	**236,717**	**245,286**
Deferred tax assets	4,120	1,261
Other non-current assets	98	116
Employee provisions	(2,893)	(3,357)
Other non-current liabilities	(3,705)	(4,166)
OTHER NON-CURRENT ASSETS/(LIABILITIES)	**(2,380)**	**(6,147)**
NWC	**(18,358)**	**(45,599)**
TOTAL USES	**215,979**	**193,540**

SOURCES	Balance as at 12/31/2020	Balance as at 12/31/2019
Medium/long-term loans/payables	107,983	66,648
Non-current financial payables for rights of use	17,683	20,088
Other non-current financial liabilities	9,321	5,722
Current financial payables for rights of use	1,370	2,276
Other current financial assets	(2,204)	(3,142)
Other current financial liabilities	2,519	3,674
Shareholders - dividends	2	2
Short-term indebtedness (excess)	(24,542)	(18,622)
TOTAL (non-monetary) NFP	**112,132**	**76,646**
Of which monetary NFP (excluding IFRS 16 and derivatives)	**87,563**	**49,054**
Share capital	52,215	52,215
Share premium reserve	13,947	13,947
Other reserves	33,147	32,733
Profit (loss) for previous years	17,221	4,101
Profit (loss) for the year	(12,683)	13,898
TOTAL SHAREHOLDERS' EQUITY	**103,847**	**116,893**
TOTAL SOURCES	**215,979**	**193,540**

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

Net financial position

	Balance as at 12/31/2020	Balance as at 12/31/2019
1 Short-term available funds		
01:01 Cash on hand	45	69
01:02 Bank current account balances	24,025	18,078
01:03 Invested liquidity	29	1,196
01:05 Financial receivables due from subsidiaries	2,159	1,698
01:06 Financial receivables due from associated companies	14	291
Total	**26,271**	21,333
2 Short-term payables		
02:01 C/a debit balances	(326)	-
02:02 Other short-term payables to banks	(1,000)	-
02:03 Portions of medium/long-term payables due within 12 months	(22,927)	(10,245)
02:04 Other short-term payables	(2,297)	(3,452)
02:05 Financial payables due to shareholders	(2)	(2)
02:06 Current payables for rights of use	(2,276)	(2,276)
02:06 Financial payables due to subsidiaries	(222)	(222)
Total	**(28,143)**	(16,197)
3 Short-term financial position (1+2)	**(1,871)**	5,135
4 Medium/long-term financial receivables (after 12 months)	443	431
5 Medium/long-term financial payables (after 12 months)		
05:01 Medium/long-term loans/payables	(83,730)	(56,403)
05:04 Financial payables due to shareholders/subsidiaries/parent companies	-	(222)
05:05 Other medium/long-term payables	(3,805)	(272)
05:06 Medium/long-term derivative financial instruments	(5,516)	(4,536)
05:07 Non-current payables for rights of use	(17,683)	(20,088)
Total	**(110,735)**	(82,212)
6 Medium/long-term financial position (4+5)	**(110,291)**	(82,212)
7 TOTAL INDEBTEDNESS	**(138,877)**	(98,410)
8 Net financial position (3+6)	**(112,163)**	(76,646)
9 Net MONETARY financial position Excluding IFRS 16 rights of use and derivatives	**(87,593)**	(49,054)

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

IEG Group Cash Flow Statement of NFP (Values in Euro/000)	12/31/2020	12/31/2019
Flows generated (absorbed) by:		
Operating profit/loss (EBIT)	(7,610)	23,221
Adjustments of EBITDA for IFRS 16	(2,287)	(2,127)
Adjustments of amortisation/depreciation for IFRS 16	1,925	1,870
Monetary operating profit/loss (EBIT)	**(7,970)**	**22,964**
Amortisation, depreciation and write-downs of fixed assets	9,984	9,736
Allocation to the provision for credit risks and Other provisions	1,300	1,140
Other non-monetary operating revenues	1,009	(194)
Current income taxes	402	(7,009)
1st cash flow from current operations	**4,724**	**26,636**
Flows generated (absorbed) by the change in NWC:		
Change in inventories		-
Change in trade receivables	11,718	(364)
Change in other current assets	95	229
Net change in tax receivables/payables for direct taxes	(2,045)	111
Change in trade payables	(10,247)	(2,344)
Change in other current liabilities	(28,585)	(2,245)
Change in NWC	**(29,064)**	**(4,612)**
Cash flow from current operations	**(24,340)**	**22,024**
Flows generated (absorbed) by investment activities:		
Investments in intangible fixed assets	(355)	(6,093)
Investments in property, plant and equipment	(1,696)	(8,536)
Equity investments in associated companies and other companies	(7,397)	(606)
Net equity investments in subsidiaries	-	-
Flows generated/(absorbed) by investment activities	**(10,651)**	**(15,235)**
Flows generated (absorbed) by the change in other non-current items		
Changes in deferred tax assets/liabilities	67	61
Net change in other non-current assets	18	(30)
Change in employee severance indemnity and other provisions	(606)	(804)
Net change in other non-current liabilities	-	-
Flows generated/(absorbed) by the change in other non-current items	**(521)**	**(773)**
Cash flow from operations	**(35,512)**	**6,025**
Flows generated (absorbed) by:		
Income (expenses) of financial management	(2,891)	(1,659)
Gains (losses) from equity investments		140
Distribution of dividends		(5,556)
Other capital changes (share capital increases, etc.)	(105)	(18)
Level 1 cash flow (change in "Monetary NFP")	**(38,508)**	**(1,068)**
Changes in NFP for IFRS 16 on Level 1 cash flow	**3,311**	**(22,364)**
Changes in NFP for Derivatives on Level 1 cash flow	**(289)**	**(691)**
Level 2 cash flow (change in NFP)	**(35,486**	**(1,298)**
Change in financial current and non-current payables due to banks	41,335	(3,432)
Change in other non-current financial liabilities – derivatives	289	691
Change in other current and non-current financial liabilities for rights of use	(3,311)	22,363
Change in other current and non-current financial liabilities - other	2,155	2,255
Change in other current and non-current financial assets	941	(288)
Level 3 cash flow (change in cash and cash equivalents)	**5,922**	**(2,533)**
Cash and cash equivalents at start of year	18,147	20,680
Cash and cash equivalents at end of year	**24,070**	**18,147**

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 (taken from local financial statements):

	Registered office	Financial Statements	Value of Production	Profit (loss) for the year	Employees (FTE)	Shareholders' Equity
Subsidiaries						
Prostand Exhibition Services S.r.l.	Via Emilia, 155 - 47921 Rimini	12/31/2020	2	(1)	0	113
Prime Servizi S.r.l.	Via Flaminia, 233/A - 47924 Rimini	12/31/2020	2,178	13	1	417
Summertrade S.r.l.	Via Emilia, 155 - 47921 Rimini	12/31/2020	5,562	(1,318)	89	832
FB International Inc. (USD)	1 Raritan Rd, Oakland, NJ 07436	12/31/2020	7,358	(1,354)	44	1,696
IEG USA Inc. (USD)	1001 Brickell Bay Dr., Suite 2717° Miami (FL)	12/31/2020	0	(23)	0	7,174
Prostand S.r.l.	Via Santarcangiolese 18 – 47824 Poggio Torriana (RN)	12/31/2020	15,695	(5,512)	76	1,809
Fieravicola S.r.l.	Via Emilia, 155 – 47921 Rimini	12/31/2020	0	(2)	0	98
HBG Events FZ LLC (AED)	Creative Tower, 4422, Fujairah, UAE	12/31/2020	0	(589)	4	(1,397)
Associated companies						
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)	n.a.	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
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 in liquidation	P.O. Box 9846 – Dubai – UAE	09/30/2020	1	(205)	n.a.	151
Europe Asia Global Link Exhibitions Co., Ltd	no. 18 Tian Shan Road 900-341, Changning District, Shanghai, China	12/31/2020	14	(155)	n.a.	453
Europe China Environmental Exhibitions Co., Ltd.	Getan Building 1, no. 588, Yizhou Avenue, High-tech Zone Chengdu, China	n.a.	n.a.	n.a.	n.a.	n.a.
Destination Services S.r.l.	Viale Roberto Valturio 44 – Rimini (RN)	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. in liquidation	Contrà Gazzolle 1 - 36100 - Vicenza (VI)	n.a.	n.a.	n.a.	n.a.	n.a.
Rimini Congressi S.r.l.	Via Emilia, 155 – 47921 Rimini	12/31/2019	0	361	0	109,495
Eventi Oggi S.r.l.	Via Mazzoni 43 – Cesena (FC)	12/31/2017	479	0	n.a.	15
Turismo e Benessere soc. cons.	Via Rasponi 8 – Ravenna (RA)	12/31/2019	55	0	1	20

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

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

The following tables show the amount and nature of the receivables/payables as at December 31, 2020 and details of the costs/revenues for the year deriving from relations between the individual company (indicated in the column heading) and all other companies included in the scope of consolidation.

Intercompany receivables	Italian Exhibition Group S.p.A.	IEG USA / FB International	Pro.Stand Srl	HBG Events	Summertrade Srl	Prostand Exhibitions Service S.r.l.	Prime Servizi S.r.l.	TOTAL ELIMINATIONS
Trade and tax receivables	2,569	5	3,539		521	34	312	**6,979**
Financial receivables	2,159	-	222				-	**2,380**
TOTAL	**4,727**	**5**	**3,761**		**521**	**34**	**312**	**9,359**

Intercompany payables	Italian Exhibition Group S.p.A.	IEG USA / FB International	Pro.Stand Srl	HBG Events	Summertrade Srl	Prostand Exhibitions Service S.r.l.	Prime Servizi S.r.l.	TOTAL ELIMINATIONS
Trade and tax payables	4,367	74	2,401		130		6	**6,979**
Financial payables	222		1,258	81	642	177	-	**2,380**
TOTAL	**4,589**	**74**	**3,659**	**81**	**772**	**177**	**6**	**9,359**

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 Exhibition Service S.r.l.	Prime Servizi S.r.l.	TOTAL ELIMINATIONS
REVENUES								
Revenues from sales and services	1,447	28	7,450		659		900	**10,485**
Other revenues	172				8			**180**
OPERATING COSTS								
Costs for raw materials	(13)							**(13)**
Costs for services	(8,982)	(2)	(940)	(6)	(122)			**(10,051)**
Costs for use of third-party assets			(188)		(395)			**(583)**
For personnel	(1)							**(1)**
Other operating costs	(13)		(1)		(3)			**(17)**
GOM	**(7,389)**	**26**	**6,322**	**(6)**	**147**	**-**	**900**	**0**
FINANCIAL INCOME AND CHARGES								
Financial income	3							**3**
Financial charges					(3)			**(3)**
TOTAL FINANCIAL INCOME AND CHARGES	**3**				**(3)**			**0**
TOTAL	**(7,386)**	**26**	**6,322**	**(6)**	**144**	**-**	**900**	**0**

The tables below summarise all credit/debit and cost/revenue transactions as at December 31, 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	110		23		133
Financial receivables				45	45
TOTAL	**110**	**0**	**54**	**45**	**178**

Payables due to associated companies	Cesena Fiera S.p.A.	C.A.S.T. Alimenti Srl	DV Global Link LLC	Destination Services	Total
Trade payables	81	6	8		95
TOTAL	**81**	**6**	**8**		**95**

Revenues and costs with associated companies	Cesena Fiera S.p.A.	C.A.S.T. Alimenti Srl	DV Global Link LLC	Destination Services	Total
REVENUES					
Revenues from sales and services	33	3			36
Other revenues					
OPERATING COSTS					
Costs for services	(19)	(9)			(28)
Costs for use of third-party assets					
Other operating expenses		(3)	(3)		(3)
GROSS OPERATING PROFIT (EBITDA)	**14**	**(6)**	**(3)**		**5**
FINANCIAL INCOME AND CHARGES					
Financial income					
TOTAL FINANCIAL CHARGES AND INCOME	**0**	**0**			
TOTAL	**14**	**(6)**	**(3)**		**5**

Rimini Congressi is the parent company of the Group in which, following the merger by incorporation between the aforementioned company and Società del Palazzo S.p.A., the Group holds a stake of 10.36%. The tables below indicate the receivable/payable and cost/revenue transactions as at December 31, 2020 between IEG and the parent company. In addition, it should be noted that, on application of the new IFRS 16 accounting standard, the costs for the use of third-party assets, relating to rental agreements for the Palacongressi di Rimini stipulated between IEG S.p.A. and Rimini Congressi S.r.l., were completely eliminated and replaced with amortisation/depreciation and financial charges, as more fully detailed in the table. Financial payables amounting to €16.2 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.

Equity transactions with the Parent Company	Rimini Congressi S.r.l.
Trade receivables	65
Financial payables	16,248

Revenues and costs with the parent company	Rimini Congressi S.r.l.
REVENUES	
Revenues from sales and services	40
Other revenues	65
OPERATING COSTS	
Costs for services	0
Costs for use of third-party assets (*)	(932)
Other operating expenses	(5)
GROSS OPERATING PROFIT (EBITDA)	**(831)**
FINANCIAL INCOME AND CHARGES	
Financial income	0
TOTAL FINANCIAL CHARGES AND INCOME	**0**
TOTAL	**(831)**

(*) In applying IFRS 16, costs for use of third-party assets are completely eliminated and replaced with amortisation/depreciation on rights of use for €1,031 thousand and financial charges for €404 thousand.

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.

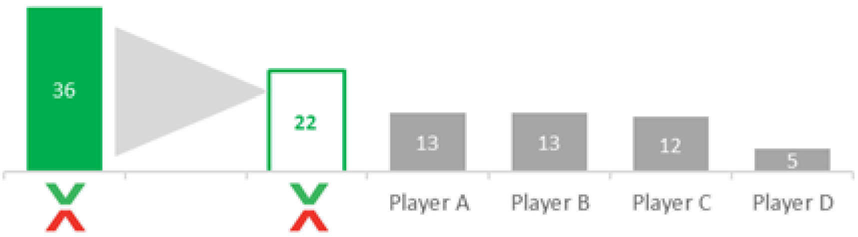
The risks brought about by the contraction in the past years, not recovered at system level by the modest growth in the last few years and with the effects of a fresh recession triggered by the Covid-19 pandemic, are added to the more specific risks of the trade fair market, a market that, albeit having shown signs of a recovery in Italy too in 2019, 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 recorded good staying power before the pandemic. 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 were committed to development programmes and the refurbishment of exhibition spaces, essentially suspended at present, while we figure out how and when the trade fair market will recover in a post-pandemic scenario.

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 December 2020 and relating to 2019: of the 36 events organised by IEG in that year, 22 of them were international events, almost double that of the leading national competitors.[1]



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

FINANCIAL RISKS

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

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

Credit risk

The credit risk to which the IEG Group is subject falls under normal commercial activities, both owing to the fragmentation of positions and the excellent credit quality historically recorded. The positions considered at risk were, nonetheless, written down accordingly. In order to contain the risks deriving from the management of trade receivables, each Company has identified an office or a person responsible for the systematic coordination of the reminder activities, managed jointly by the commercial

[1] Calculations by the Company on data published by UFI, Euro Fair Statistics 2019

and administrative departments, legal representatives and companies specialised in credit recovery. The software implemented by the Parent Company IEG S.p.A. and used by the main subsidiaries keeps track of each reminder.

Liquidity risk

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

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

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

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

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

Market risk

Exchange rate risk

The IEG Group is exposed to exchange rate risk deriving from the fluctuation in exchange rates, in particular, vis-à-vis the US Dollar for the investment made in the subsidiary FB International Inc. and vis-à-vis the United Arab Emirates for the investment made in the Joint Venture DV Global Link LLC (in liquidation) and in HBG Events FZ 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 December 31, 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 AND PARENT COMPANY SHARES

As at December 31, 2020, Italian Exhibition Group does not have any treasury shares in the portfolio. During the year, no treasury share purchase or sale transactions were carried out. The same is true for the other companies included in the scope of consolidation.

On October 19, the shareholders' meetings of the companies Rimini Congressi Srl, which holds 49.29% of IEG, and Società del Palazzo dei Congressi S.p.A., in which IEG holds 18.39% of the share capital, resolved to incorporate the latter into the former. On the effective date of the merger, IEG became the holder of 10.36% of the share capital of Rimini Congressi S.r.l.

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 UNI EN ISO 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. adopted an organisation, management and control model pursuant to Legislative Decree 231/2001, approved recently by the Board of Directors at the meetings on October

15, 2020 following the update to the model for the extension to the predicate offences "Tax offences" and "Trafficking of illicit influences".

Italian Exhibition Group S.p.A.’s Code of Ethics, updated by the Board of Directors on October 15, 2020, 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.

CONSOLIDATED NON -FINANCIAL STATEMENT

In 2020, the Group employed, on average, a number of staff below the 500 threshold (art. 2 of Legislative Decree 254/16), therefore the Parent Company is no longer obligated to draft the Consolidated Non-Financial Statement required by Legislative Decree 254/16. However, in order to continue the process of maximum transparency of communication, the Parent Company's Board of Directors decided to continue providing disclosures on the Group's non-financial performances by voluntarily drafting a Sustainability Report, which will be published in the new few months.

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

In the first few months of 2021, the pandemic situation did not show significant improvements, also as a result of the appearance of so-called "variants", and despite the start of the vaccination campaign (launched on December 27, 2020 in Italy in conjunction with the other EU countries), which is lagging behind the initial plans. Consequently, on January 13, 2021, the Council of Ministers extended the state of emergency to April 30, 2021 and, by means of DPCM (Decree of the President of the Council of Ministers) of March 2, 2021, the shutdown of trade fairs and conferences until April 6, 2021 was confirmed. Also internationally, limitations on movements and generalised lockdowns remain in place, at times limited to specific areas or countries. Therefore, international mobility is still heavily restricted at present.

The persistent situation of uncertainty therefore involved the cancellation or identification of new dates for the events traditionally scheduled in the first half of the year.

The event Sigep, usually held in January in the Rimini trade fair district, was held exclusively digitally between March 15 and 17. Beer&Food Attraction and Bbtech will also be held digitally between April 12 and 14. Rimini Wellness, usually scheduled for the end of May, will be held onsite between July 1 and 4, also taking advantage of the huge outside space of the Rimini trade fair district for the entire part of the event dedicated to the world of fitness. Enada 2021 will take place from September 21-23, while the 2021 edition of Music Inside Rimini was cancelled, which will be held in 2022.

By contrast, the winter edition of VicenzaOro was cancelled, with the event postpone to the September edition, which will be supported by T.Gold, the reference event for jewellery machinery and technologies for the processing of gold and jewels. In the gold sector, the digital event WeARe will then be held on March 23, a digital fashion show where exhibitors can present their collections and meet buyers from all over the world. The onsite event, OroArezzo, will instead take place in the Arezzo district from June 12-15, 2021. Hit Show, the reference trade fair event for hunting operators and aficionados, target sports and the outdoor world, usually held in February, will take place from June 5-7 in Vicenza. By contrast, Pescare Show also traditionally held in February, was moved to autumn, from November 19-21. The spring edition of Abilmente – the craft fair, will be held in May, onsite in the Vicenza trade fair district.

Many of the most important events organised by the Group in the second half, such as VicenzaOro September (middle of September), Ecomondo-Key Energy (end of October 2021), TTG-Sia-Sun (mid-October 2021) and Tecnargilla (end of September 2021), continue to be scheduled for the dates they are normally held on.

On a positive note, it should be pointed out that, albeit closed to the general public, the first edition of the new event Dubai Muscle Classic was held in February, the biggest bodybuilding competition ever organised in the United Arab Emirates.

On the **Hosted Events** front, Expodental was postponed, which will take place from June 17-19, 2021 in Rimini, as was Macfrut, which will be held at the same time as Fieravicola, from September 7-9, 2021.

Conference activities were restricted to events in digital format in the first few months of the year. As things stand, it is reasonable to expect onsite events to restart in the summer months, in which some of the most important events are already booked in the calendar.

As regards **Related Services**, these also essentially halted by the pandemic, it should be noted that, in the first few months of 2021 the confirmation was received that Summertrade has been awarded, for 3 years, renewable for a further two, the management of catering for the new Porsche Experience Centre in Franciacorta. In terms of stand fitting services, various business diversification initiatives are in progress both at product level (especially in the contract segment and participation in tenders called for possible vaccination points) and at geographical market level (US market). In addition, a project involving the re-engineering of the company processes is under way, whose core objective is to develop a new heavily customised management software program.

In this state of persistent uncertainty, the Company will continue to implement the action plan defined to protect the health and safety of all stakeholders and to combat the economic-financial impacts of the crisis.

On the economic front, actions to cut **operating costs** and **personnel costs** continued in the first few months of 2021. As regards the former, expenses were restricted to those strictly necessary; in relation to the latter, the Group companies extended the use of the social safety nets (Wage Integration Fund) until April 30, which is being used extensively considering the lack of ordinary activities.

Notice is hereby given that, in order to cut operating costs as a result of the persistence of the pandemic, Prostand S.r.l.'s Board of Directors resolved, on February 24th, 2021, to close the operating office of Santorso (former registered office of Colorcom, merged in Prostand in 2019) in Vicenza, as it believes a sizeable part of the functions currently performed by the aforementioned office can be re-allocated to the Prostand's facility in Torriana and absorbed by existing personnel. Therefore, in light of the above, over the next few months around 15 employees are expected to leave, in order to reduce operating costs and make processes more efficient. The company is managing the operation within the regulatory framework set forth in art. 14, paragraph 3 of Decree Law 104/2020.

As regards the measures aimed at guaranteeing the **financial balance**, the actions implemented in 2020 are continuing in terms of managing the trade receivables, the policies for the payment of suppliers and maximising the availability of funds. From this perspective, it should be noted that new lines of financing were granted in the first few months of 2021. In particular, the subsidiary Prostand obtained a 5-year (of which one pre-amortisation) loan from Monte dei Paschi di Siena of €2 million and a 6-year (of which one pre-amortisation) loan of €1.5 million from Banca Malatestiana. Both loans are 90% secured by a State guarantee from the Guarantee Fund pursuant to Law 662/92 managed by Mediocredito Centrale S.p.A. Thanks to the initiatives implemented to date, the Group currently has liquidity reserves, including agreed and unused credit lines, for a total amount of at least €40 million.

For the purposes of greater protection from liquidity risk, the Parent Company also submitted an application for access to a SACE-SIMEST subsidised loan, intended for businesses that organise international events for an amount of between €7 and €10 million and a term of 6 years. Prostand submitted an application to obtain an additional loan of €1.5 million for a term of 5 years, again secured by a State guarantee from the Fund pursuant to Law 662/92. Summertrade submitted an application for a €3 million loan with a 6-year term secured by a Mediocredito guarantee.

It should be noted that the results achieved in 2020 due to the pandemic involved the verification of the covenant breach in relation to the NFP/EBITDA ratio at the end of the year identified in the loan agreement stipulated by the Parent Company with Credit Agricole. The Parent Company requested the suspension of the covenant for the year 2020, receiving reassurances that said request would be accepted. However, in the absence of a formal response, the payables relating to the loan were fully reclassified to short-term, amounting to €13.9 million. These payables will be reclassified in keeping with the repayment plan when the company receives formal approval of its request.

In this hugely difficult context, the Company will continue to support its customers to enable them to keep in touch with their market and best organise the restart of onsite events. The Company will continue to implement the action plan defined to protect the health and safety of all stakeholders and to combat the economic-financial impacts of the crisis. Lastly, the Company will work on remapping its future path, by focusing on both international activities and on developing services through a new physical-digital mix. In particular, during the months of suspension of onsite activities, the Company ramped up its evaluation of the potential expansion on the international front. The current strategy aims to cover the main international markets in the flagship sectors of its portfolio: Food, Gold, Environment and Fitness/wellness. In this regard, significant international expansion operations in some of these areas will be announced shortly.

The process of aggregation with Bologna Fiere is continuing on this new basis. The Company, confirming the business soundness of the project and the determination to pursue it, announces that it will continue to work to verify its feasibility, considering the positions adopted by the reference shareholders, the intentions of the Emilia-Romagna Region (shareholder of both companies), and also taking account of the complexity of said project and the macroeconomic and pandemic context.

Despite this difficult situation, the Company is looking to the future with confidence and will continue to operate with determination, convinced of the strategic importance of the trade fair sector - and its role - as a business policy and internationalisation tool serving the companies in our country, which are demonstrating strong willingness to resume activities and return to onsite events.

ALLOCATION OF THE PROFIT FOR THE YEAR

Dear Shareholders,

We confirm that the financial statements as at December 31, 2020 and submitted for your review and approval in this Shareholders' Meeting were drafted in compliance with application legislation.

In submitting the 2020 separate financial statements of Italian Exhibition Group S.p.A. for the approval of the Shareholders' Meeting, the Company's Board of Directors proposes the following allocation of the loss for the year of €12,682,990 to the "Losses carried forward" reserve:

Rimini, March 18, 2021

Consolidated Financial Statements as at December 31, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (Values in Euro/000)	Note	12/31/2020	12/31/2019
NON-CURRENT ASSETS			
Property, plant and equipment	1	194,070	209,173
Intangible fixed assets	2	35,729	37,036
Equity investments valued using the equity method	3	3,616	4,437
Other equity investments	3	11,051	10,873
Of which with related parties		*10,974*	*10,786*
Deferred tax assets		6,830	1,940
Non-current financial assets for rights of use		672	840
Non-current financial assets		472	524
Other non-current assets		150	153
TOTAL NON-CURRENT ASSETS		252,589	264,976
CURRENT ASSETS			
Inventories		784	956
Trade receivables	4	13,554	33,899
Of which with related parties		*199*	*724*
Tax receivables for direct taxes		323	505
Current financial assets for rights of use		168	164
Current financial assets		59	1,472
Of which with related parties		*45*	*292*
Other current assets		4,313	5,857
Cash and cash equivalents	5	28,108	22,198
TOTAL CURRENT ASSETS		47,309	65,051
TOTAL ASSETS		299,898	330,027

LIABILITIES (Values in Euro/000)	Note	12/31/2020	12/31/2019
SHAREHOLDERS' EQUITY			
Share capital		52,215	52,215
Share premium reserve		13,947	13,947
Other reserves		28,645	26,608
Profit (loss) for previous years		8,781	(1,680)
Profit (loss) for the period attributable to shareholders of the Parent Company		(11,313)	12,861
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		92,276	103,951
Share capital and reserves attributable to minority interests		1,912	2,374
Profit (loss) for the period attributable to minority interests		(1,160)	(224)
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO MINORITY INTERESTS		752	2,150
TOTAL GROUP SHAREHOLDERS' EQUITY	6	93,028	106,101
NON-CURRENT LIABILITIES			
Payables due to banks	7	85,986	58,318
Non-current financial liabilities for rights of use	8	21,974	26,115
Of which with related parties		*15,296*	*17,219*
Other non-current financial liabilities	9	15,797	22,467
Provisions for non-current risks and charges		1,632	1,755
Employee provisions		4,287	4,580
Other non-current liabilities		2,106	2,300
TOTAL NON-CURRENT LIABILITIES		131,781	115,535
CURRENT LIABILITIES			
Payables due to banks	7	28,837	14,601
Current financial liabilities for rights of use		3,359	3,968
Of which with related parties		*953*	*1,320*
Other current financial liabilities		2,604	4,237
Trade payables	10	23,445	34,978
Of which with related parties		*95*	*126*
Tax payables for direct taxes		15	2,053
Other current liabilities	11	16,828	48,554
TOTAL CURRENT LIABILITIES		75,089	108,391
TOTAL LIABILITIES		299,898	330,027

CONSOLIDATED INCOME STATEMENT

	NOTES	2020	2019
REVENUES			
Revenues from contracts with customers	28	74,432	174,228
Of which with related parties		*76*	*2,138*
Other revenues	29	5,378	4,372
Of which with related parties		*65*	*1,134*
TOTAL REVENUES		79,810	178,601
Of which non-recurring revenues		*818*	*981*
OPERATING COSTS			
Change in inventories	30	(180)	142
Costs for raw materials, consumables and goods for resale	30	(6,659)	(15,420)
Costs for services	30	(45,054)	(82,499)
Of which with related parties		*(28)*	*(172)*
Costs for use of third-party assets	30	(214)	(492)
Of which with related parties			*(50)*
Personnel costs	30	(22,380)	(35,543)
Other operating costs	30	(3,532)	(2,914)
Of which with related parties		*(7)*	(6)
TOTAL OPERATING COSTS	30	(78,019)	(136,726)
of which non-recurring operating costs		*(2,393)*	*(238)*
GROSS OPERATING PROFIT (EBITDA)		1,791	41,874
Depreciation, amortisation and write-downs of fixed assets	31	(21,801)	(16,559)
Of which non-recurring items		*(4,747)*	*0*
Write-down of receivables	10	(1,739)	(1,134)
Provisions	19	169	(145)
Value adjustments of financial assets other than equity investments		3	1
OPERATING PROFIT/LOSS		(21,577)	24,038
FINANCIAL INCOME AND CHARGES			
Financial income	32	9,412	169
Financial charges	32	(4,071)	(4,276)
Exchange rate gains and losses	32	82	42
TOTAL FINANCIAL INCOME AND CHARGES		5,423	(4,065)
Of which non-recurring income and charges		*8,444*	*0*
GAINS AND LOSSES FROM EQUITY INVESTMENTS			
Effect of valuation of equity investments with the equity method	33	(1,392)	(290)
Other gains/losses on equity investments	33	0	43
Of which with related parties		*0*	*43*
TOTAL GAINS AND LOSSES FROM EQUITY INVESTMENTS		(1,392)	(248)
Of which non-recurring income and charges		*(1,032)*	*0*
PRE-TAX RESULT		(17,546)	19,725
INCOME TAXES			
Current taxes	34	(20)	(7,031)
Deferred tax assets/liabilities	34	4,841	292
Taxes related to previous years		251	(348)
TOTAL INCOME TAXES		5,073	(7,088)
GROUP PROFIT/LOSS FOR THE YEAR		(12,473)	12,637
PROFIT (LOSS) ATTRIBUTABLE TO MINORITY INTERESTS		(1,160)	(224)
PROFIT (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		(11,313)	12,861
EARNINGS PER SHARE		(0.3665)	0.4167
DILUTED EARNINGS PER SHARE		(0.3665)	0.4167

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2020	2019
PROFIT/(LOSS) FOR THE YEAR		**(12,473)**	**12,637**
Other comprehensive income components which will be subsequently reclassified under profit/(loss) for the year:			
Gains/(losses) on financial instruments for cash flow hedges	18	(483)	(342)
Taxes on derivative financial instruments		116	133
Gains/(losses) on translation of financial statements in foreign currency	15	(645)	(156)
Total other comprehensive income components which will be subsequently reclassified under profit/(loss) for the year		**(1,013)**	**(365)**
Other comprehensive income components which will not be subsequently reclassified under profit/(loss) for the year:			
Actuarial gains/(losses) from defined benefit plans for employees – IAS 19	20	(137)	(216)
Income taxes		33	52
Total effect of change in actuarial reserve		**(104)**	**(164)**
Gains/(losses) on financial assets measured at FVOCI	4	201	
Total other comprehensive income components which will not be subsequently reclassified under profit/(loss) for the year		**96**	**(164)**
TOTAL PROFIT/(LOSS) RECOGNISED IN EQUITY		**(916)**	**(529)**
COMPREHENSIVE INCOME/LOSS FOR THE YEAR		**(13,389)**	**12,108**
Attributable to:			
Minority interests		**(1,226)**	**(205)**
Shareholders of the Parent Company		**(12,164)**	**12,312**

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 at 01/01/2019	**52,215**	**13,947**	**67,160**	**9,213**	**2,413**	**(52,173)**	**(5,931)**	**10,348**	**97,192**	**1,896**	**533**	**99,621**
Allocation of profit for the year:												
- Distribution to shareholders							(5,556)		(5,556)	(73)		(5,629)
- Allocation to reserves				493	49		9,806	(10,348)	0	533	(533)	0
Comprehensive income/loss for the period						(547)		12,861	12,313	18	(224)	12,108
Balance 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:												
- Distribution to shareholders												
- Allocation to reserves				695	69		12,096	(12,861)	0	(224)	224	0
Change in scope of consolidation						(14)	517		503	(453)		(49)
Exercise of put options						2,138	(2,138)		0			0
Comprehensive income/loss for the period						(851)	(13)	(11,313)	(12,177)	(64)	(1,160)	(13,401)
Balance as at 12/31/20	**52,215**	**13,947**	**67,160**	**10,401**	**2,532**	**(51,447)**	**8,782**	**(11,313)**	**92,276**	**1,913**	**(1,160)**	**93,028**

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

CONSOLIDATED CASH FLOW STATEMENT

Values in Euro/000		Notes	12/31/2020	12/31/2019
Pre-tax result			**(17,546)**	**19,725**
	Of which with related parties		*106*	*1,815*
Adjustments to trace profit for the year back to the cash flow from operating activities:				
Amortisation, depreciation and write-downs of property, plant and equipment and intangible assets		30	21,801	16,559
Provisions and write-downs		10	1,739	1,134
Other provisions		19	(169)	1,353
Charges/(income) from valuation of equity investments in other companies with the equity method		32	1,392	248
Write-down of financial assets			(3)	-
Net financial charges		31	(5,423)	4,065
Costs for use of third-party assets (IFRS 16)			(4,050)	(3,747)
Effect on EBIT - financial charges for Put Options			(299)	(501)
Other non-monetary changes		28	1,542	(194)
Cash flow from operating activities before changes in working capital			**(1,016)**	**38,586**
Change in working capital:				
Inventories		9	172	(71)
Trade receivables		10	18,854	(850)
	Of which with related parties		*525*	*(450)*
Trade payables		24	(11,636)	(5,133)
	Of which with related parties		*31*	*421*
Other current and non-current assets		8 - 13	170	2,270
Other current and non-current liabilities		21 - 26	(32,315)	(2,983)
Receivables/payables for current taxes		11 - 25	1,661	(6,152)
	Of which with related parties			*1,745*
Deferred tax assets/liabilities			61	(11)
Cash flow from changes in working capital			**(23,032)**	**(12,931)**
Income taxes paid			(1,785)	(1,356)
Employee provisions and provisions for risks			(637)	(2,156)
Cash flows from operating activities			**(26,471)**	**22,198**
Cash flow from investment activities				
Net investments in intangible fixed assets		2	(295)	(6,246)
Net investments in property, plant and equipment		1	(3,564)	(12,275)
Disinvestments in intangible fixed assets		2	178	24
Disinvestments in property, plant and equipment		1	30	154
Dividends from associated companies and joint-ventures		32		43
	Of which with related parties			*43*
Change in current and non-current financial assets		7 - 12	1,467	353
	Of which with related parties		*247*	*231*
Net equity investments in subsidiaries			(926)	-
Changes in equity investments in associated companies and other companies		3 - 4	(319)	(575)
Cash flow from investment activities			**(3,429)**	**(18,522)**
Cash flow from financing activities				
Change in other financial payables - other		23	(2,116)	2,605
Payables due to shareholders		23	(242)	(690)
Obtainment/(repayment) of short-term bank loans		16	1,040	(3,603)
Obtainment of mortgages		16	64,570	6,677
Repayment of mortgages		16	(23,706)	(8,607)
Net financial charges paid		31	(2,867)	(1,845)
Dividends paid		15		(5,556)
Change in Group reserves		15	(335)	61
Payable due for the exercise of the put option			(534)	
Cash flow from financing activities			**35,809**	**(10,958)**
Net cash flow for the period			**5,910**	**(7,281)**
Opening cash and cash equivalents			22,198	29,479
Closing cash and cash equivalents			28,108	22,198

Explanatory notes to the financial statements

GENERAL INFORMATION

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

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

Italian Exhibition Group S.p.A. is controlled by Rimini Congressi S.r.l., which holds 49.29% of the share capital and holds voting rights for 55.86%. 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 it relations with said entity to the normal exercise of administrative and equity rights owing to its status of holder of voting rights; there is no connection between the members of the administration, management control bodies of the two companies;
- the Company does not receive - and, at any rate, is not subject in any way - to the financial or credit directives or instructions from Rimini Congressi;
- the Company has an organisational structure composed of expert professionals who, based on the powers conferred and the positions held, operate independently in line with the indications of the Board of Directors;
- the Company prepares the strategic, industrial, financial and/or budget plans of the Issuer and of the Group independently, and autonomously implements these;
- the Company operates fully independently, from a contractual perspective, in relations with its customers and its suppliers, without any external interference from Rimini Congressi.

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

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

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

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

STRUCTURE AND CONTENTS OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

BUSINESS CONTINUITY

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, also in light of the vaccination campaign, is believed to be temporary, and to work with its customers and partners to ensure that the trade fairs and conferences scheduled for late spring 2021 will be conducted in the best way possible. It should be noted, in that sense, that many of the Group's most important events, including VicenzaOro September, Ecomondo, TTG and Tecnargilla, are scheduled from September 2021 onwards, in the period they are normally held in.
- 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 €40 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. In addition, the Group formalised a cash budget with a time horizon until February 2022, in order to verify the absence of liquidity stress in the next 12 months. Therefore, the belief is that the Group's financial situation will allow us to deal with a period where the operations will still be affected by the current crisis.
- The Company and the Group concluded the process of finalising a new Business Plan with an explicit time horizon until 2025, approved by the Board of Directors on January 18th, 2021. This document was drawn up on the basis of two different scenarios, in order to highlight the possible trend in the Group's economic-financial results based on the expectations of the evolution of the pandemic and the vaccination campaign on both the national territory and on the possibility of movements abroad (for more details, please refer to the Directors' Report).
- The impacts of the pandemic on the results for the year involved the recognition of a covenant breach in relation to the loan agreement with the pool of banks headed up by Crédit Agricole subscribed by the Parent Company, which requested the suspension of application of the covenant for 2020, receiving reassurances that said request will be accepted. However, in the absence of a formal response, the payables relating to the loan were fully reclassified to short-term, amounting to €13.9 million. These payables will be reclassified in keeping with the repayment plan when the company receives formal approval of its request.
- 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, in 2020 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

Property, plant and equipment

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

The depreciation rates applied are as follows:

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

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

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

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

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

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

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

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

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

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

Intangible fixed assets

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

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

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

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

Impairment of non-financial assets

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

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

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

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

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

Business combinations

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

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

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

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

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

Financial assets

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

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

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

Financial assets designated at amortised cost

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

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

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

Financial assets designated at fair value through comprehensive income

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

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

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

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

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

Financial assets designated at fair value through profit and loss

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

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

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

Impairment of financial assets

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

In brief, the Group measures the expected losses of the financial assets so as to reflect:

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

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

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

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

Derivative financial instruments

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

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

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

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

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

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

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

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

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

- the rights to receive the cash flows from the asset are extinguished;
- the Company has transferred the right to receive the cash flows from the asset or assumed the contractual obligation to pay them in full and without delay to a third party and (a) has transferred substantially all rights and benefits of ownership of the financial asset, or (b) has neither transferred nor retained substantially all risks and benefits of the asset, but has transferred control of it.

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

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

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

Inventories

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

Cash and cash equivalents

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

Provisions for risks and charges

Allocations to provisions for risks and charges are made whenever the Group must meet a present obligation (legal or implicit) as the result of a past event, whose amount can be estimated reliably and involving a probable outlay of resources to meet the obligation. If the expectations of the use of resources go beyond the next year, the obligation is booked at the present value, determined by

discounting the expected future cash flows discounted at a rate which also takes into account the cost of borrowing and the risk of the liability.
Risks for which the occurrence of a liability is only possible are indicated in the appropriate section on "guarantees given, commitments and other contingent liabilities" and no allocation is made.

Employee benefits

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

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

Following said reform, the provision for employee severance indemnity, for the part accrued from January 1, 2007, is to be considered essentially similar to a "defined contribution plan". In particular, these changes introduced the possibility for the worker to choose where to allocate their employee severance indemnity being accrued: the new flows of the employee severance indemnity can, in companies with more than 50 employees, be allocated by the worker to pre-established pension funds or maintained in the company and transferred to the INPS (Italian National Social Security Institute). In short, for the employee severance indemnity accrued prior to 2007, the IEG Group carried out an actuarial evaluation, without subsequently including the component relating to future salary increases. The part subsequently accrued was instead accounted for according to the methods attributable to defined contribution plans.

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

Financial liabilities

Financial liabilities are initially recognised at their fair value, equal to the consideration received at the relevant date, augmented, in the case of payables and loans, by the directly attributable transaction costs. Subsequently, non-derivative financial liabilities are measured using the amortised cost criterion, by using the effective interest rate method.
Financial liabilities that are included in the scope of application of IFRS 9 are classified as payables and loans, or as hedging derivatives, depending on the case. The Company determines the classification of its financial liabilities on initial recognition.
Gains and losses are recognised in the income statement when the liability is extinguished as well as through the amortisation process.

The amortised cost is calculated by recognising all discounts or bonuses on the purchase and the fees or costs that are an integral part of the effective interest rate. Amortisation at the effective interest rate is included among financial charges in the income statement.
A financial liability is derecognised when the obligation underlying the liability is discharged, cancelled, or expires.

In the event that an existing financial liability is replaced by another from the same lender, in substantially different conditions, or the conditions of an existing liability substantially change, the exchange or amendment is treated as an accounting derecognition of the original liability and the recognition of a new liability, with any differences in the carrying amount recorded in the income statement.

Put options on minority interests

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

As regards EU-IFRS, the treatment applicable to put options regarding minority interests is not fully regulated. While, in fact, it has been established that the accounting of a put option on minority interests gives rise to the recognition of a liability, its balancing 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 balancing 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 balancing entry, if the put option is recognised to the seller as part of a business combination; or
    - with balancing 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 balancing entry for the recognition of the aforementioned liability will always be the shareholders' equity pertaining to the Parent Company.

Tax payables for direct taxes and other liabilities

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

Hedging instruments

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

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

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

Translation of foreign currency items

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

Treasury shares

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

Revenue recognition

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

- the contract with the customer has been identified;

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

The Group recognises revenues from contracts with customers when (or as) it fulfils the obligation by transferring the promised good or service (or asset) to the customer. The asset is transferred when (or as) the customer acquires control over it.
The Group transfers control of the good or service over time, and therefore fulfils the performance obligation and recognises the revenues over time, if one of the following criteria is satisfied:

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

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

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

Operating costs

Costs are recognised when they relate to goods and services sold or consumed in the period or for systematic allocation or when their future use cannot be identified.
Personnel expenses also include, on an accruals basis, taking into account the period of actual service, the fees to directors, both fixed and variable.
Costs that do not meet the conditions to be recognised under balance sheet assets are booked to the income statement in the period in which they are incurred.

Financial income and charges

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

Dividends

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

Taxes

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

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

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

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

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

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

USE OF ESTIMATES

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

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

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

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

- the measurement of fixed assets (amortisation/depreciation and any write-downs due to impairment, price allocations);
- the measurement of receivables.
- the recognition and quantification of contingent liabilities;
- the determination of deferred tax assets/liabilities and income taxes;
- the determination of liabilities relating to “Employee severance indemnity” accrued prior to 2007, which was carried out by making use of the actuarial evaluation prepared by independent actuaries.
- Financial payables on put options and conditional earn-outs;
- Provision for risks;
- Fair value of financial instruments.

With reference to fixed assets, notice is hereby given that, for the impairment test, the processes and measurement methods and the methods for calculating the estimates are based on complex assumptions relating to revenues, operating costs, margins, investments, rates of growth in the terminal value and discount rates differentiated for each of the CGUs identified, to which the different scenarios subject to sensitivity analysis are applied.

With reference to the measurement of receivables, notice is hereby given that the bad debt provisions reflects the estimates of expected losses for the Group's loan portfolio. Allocations were made to cover expected losses on loans, estimated on the basis of previous experience with reference to loans with similar credit risk, to amounts of current and historical unpaid amounts, as well as careful monitoring of the quality of the loan portfolio and the current and expected conditions and reference markets. The estimates and assumptions are periodically reviewed and the impact of any change recognised in the income statement in the relevant year.

With reference to the measurement of financial instruments, notice is hereby given that the fair value of unlisted financial assets is determined through financial measurement techniques used that require basic assumptions and estimates. These assumptions may not materialise in the times and methods envisaged. Therefore, the estimates prepared by the Group may differ from the final data.

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. For matters not specifically addressed, please refer to the respective paragraphs in "Measurement criteria".

FINANCIAL RISK MANAGEMENT

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

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

Credit risk

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

The table below shows the breakdown by past due brackets, of the receivables past due as at December 31, 2020 and December 31, 2019 and the overall value of the Bad Debt Provision.

				Analysis of past due 2020				
	Balance as at 12/31/2020	**Falling due**	**Past due**	0-90 days	91-180 days	181-365 days	Beyond 365 days	**Bad debt provision**
TRADE RECEIVABLES	**13,554**	**4,395**	**15,195**	3,115	1,029	2,120	8,930	**(6,036)**

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

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

Liquidity risk

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

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

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

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

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

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

	Within 1 year	From 1 to 5 years	Due after 5 years	Total
12.31.2020				
Payables due to banks	28,837	60,234	25,752	114,823
Financial liabilities on rights of use	3,359	10,323	11,651	25,333
Financial liabilities for put options		5,761		5,761
Other financial liabilities	2,568	10,072		12,640
Trade payables	23,445			23,445
TOTAL	**58,209**	**86,389**	**37,403**	**182,001**
12.31.2019				
Payables due to banks	14,716	28,680	29,638	73,034
Financial liabilities on rights of use	3,968	12,835	13,280	30,083
Financial liabilities for put options	206	11,548	5,197	16,952
Other financial liabilities	3,916	4,401		8,317
Trade payables	34,978			34,978
TOTAL	**57,784**	**57,464**	**48,115**	**163,364**

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

As at December 31, 2020, the IEG Group can rely on more than €23.8 million of unused credit lines, cash and cash equivalents of €28.1 million and trade receivables of €13.5 million, for a total of €77.5 million, compared to current payables and commitments totalling €75.1 million.

Market risk

Exchange rate risk

The IEG Group is exposed to exchange rate risk deriving from the fluctuation in exchange rates, in particular, vis-à-vis the US Dollar for the investment made in the subsidiary FB International Inc., vis-à-vis the United Arab Emirates for the investment made in HBG FZ LLC, vis-à-vis the Brazilian Real for the investment made in the Joint Venture Expo Estrategia Brasil and vis-à-vis the Chinese Renminbi for the investment made in the Joint Venture Europe Asia Global Link Exhibition Ltd.

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

Currency	Exchange rate as at 12/31/2020	Average exchange rate 2020	Exchange rate as at 12/31/2019	Average exchange rate 2019
United Arab Emirates Dirham	4.5065	4.1947	4.1257	4.111
US dollar	1.2271	1.1422	1.1234	1.1195
Brazilian Real	6.3735	5.8943	4.5157	4.4134
Chinese Renminbi	8.0225	7.8747	7.8205	7.7355

As at December 31, 2020, a change of +/- 1% in the above rates versus the Euro, based on all other variables remaining the same, would not have involved significant differences to the pre-tax result and, therefore, to the corresponding variation in shareholders' equity.

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

Values in USD/000	Values as at 12/31/2020
Intangible fixed assets	5,290
Property, plant and equipment	3,399
Receivables from customers	4,452
Tax receivables and deferred tax assets	208
Other receivables	36
Cash and cash equivalents	2,266
Payables due to banks	(177)
Financial payables for rights of use	(2,206)
Other financial payables	(877)
Trade payables	(4,631)
Tax payables	(12)
Other payables	(371)
Accrued expenses and deferred income	(77)

Interest rate risk

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

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

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

In 2020, following a hypothetical increase or decrease of 100 basis points in the interest rate, based on all other variables remaining the same, the higher or lower pre-tax charge (and therefore a corresponding change in shareholders' equity) would have been for an insignificant amount.

Price risk

The type of activity performed by the Group, essentially represented by the provision of services that do not require a process of purchase-transformation of assets, is such that the risk of fluctuations in prices is not particularly significant. The majority of the purchases made in relation to business activities 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 December 31, 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".

Fair Value

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

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

The following tables show the classification of financial assets and liabilities and the level of inputs used for the fair value measurement, as at December 31, 2020 and December 31, 2019.

12/31/2020

in Euro/000	Notes	Fair value level	Amortised cost	Fair value through OCI	Fair value through profit and loss	Total
ASSETS						
Other equity investments	4	2-3				11,051
Non-current financial assets	7	1-2	672	10,974	77	1,144
Other non-current assets	8		150		472	150
Trade receivables	10		13,554			13,554
Current financial assets	12	2	227			227
Other current assets	13		6,411			6,411
Cash and cash equivalents	14		6,025			6,025
TOTAL ASSETS			**27,038**	**10,974**	**549**	**38,561**
LIABILITIES						
Non-current payables due to banks	16		85,986			85,986
Other non-current financial liabilities	18	2	32,253	1,032	4,485	37,770
Other non-current liabilities	21		2,107			2,107
Current payables due to banks	16		28,837			28,837
Other current financial liabilities	23		5,963			5,963
Trade payables	24		23,445			23,445
Other current liabilities	26		16,828			16,828
TOTAL LIABILITIES			**195,419**	**1,032**	**4,485**	**200,936**

12/31/2019

in Euro/000	Notes	Fair value level	Amortised cost	Fair value through OCI	Fair value through profit and loss	Total
ASSETS						
Other equity investments	4	2-3		10,848	25	10,873
Non-current financial assets	7	1-2	1,320		44	1,364
Other non-current assets	8		152			152
Trade receivables	10		33,899			33,899

Current financial assets	12	2	1,636			1,636
Other current assets	13		5,856			5,856
Cash and cash equivalents	14		22,198			22,198
TOTAL ASSETS			**65,062**	**10,848**	**56**	**75,979**
LIABILITIES						
Non-current payables due to banks	16		58,318			58,318
Other non-current financial liabilities	18	2	43,354	549	4,679	48,582
Other non-current liabilities	21		2,300			2,300
Current payables due to banks	16		14,601			14,601
Other current financial liabilities	23		8,204			8,204
Trade payables	24		34,978			34,978
Other current liabilities	26		48,554			48,554
TOTAL LIABILITIES			**210,311**	**549**	**4,679**	**215,539**

Change in liabilities deriving from financing activities

The reconciliation of liabilities deriving from financing activities, as reported in the cash flow statement, for the period ended as at December 31, 2020 and December 31, 2019 is reported below. For December 31, 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 derivative subscribed on November 4, 2011 with Banca Popolare di Vicenza, now Banca Intesa Sanpaolo S.p.A.; while the other non-monetary changes include the impacts of IFRS 16, on current and non-current financial liabilities and the change in payables for put options.

in Euro/000	Balance as at December 31, 2019	Change in cash flow	Change in fair value	Other non-monetary changes	Balance as at December 31, 2020
Current bank payables	14,601	14,272			28,873
Non-current bank payables	58,318	27,668			85,986
Other current financial payables	8,205	(1,462)		(815)	5,927
Other non-current financial payables	48,582		289	(15,126)	37,770

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

OPERATING SEGMENTS

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

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

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

CONSOLIDATION PRINCIPLES

Subsidiaries

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

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

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

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

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

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

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

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

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

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

Associated companies

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

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

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

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

Joint ventures

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

SCOPE OF CONSOLIDATION AND ITS CHANGES

The consolidated financial statements as at December 31, 2020 includes the income statement and balance sheet data of Italian Exhibition Group S.p.A. (Parent Company) and of all companies it directly and indirectly controls.

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

The consolidated financial statements have been drafted on the basis of the accounting positions as at December 31, 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, with an indication of the method used for consolidation is provided in attachment 1 of the Explanatory notes.

The balance sheet and income statement figures as at December 31, 2020 also include the share of profits and losses of companies measured using the equity method on the date on which the company gained its significant influence over management up to its cessation.

The scope of consolidation as at December 31, 2020 differs from that as at December 31, 2019 due to:

- advance exercise of the put option granted to one of the minority shareholders on 20% of Prostand S.r.l.'s capital. 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 Prostand, 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 Prostand 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.
- On October 28th, 2020, the acquisition of the subsidiary HBG Events LLC was finalised, operating in the organisation of international fitness trade fairs, with registered office in Dubai.

As regards associated companies and joint ventures, it should be noted that, during the year, Prostand S.r.l. increased its stake in Cesena Fiere S.p.A. which now sits at 17.5%.

BUSINESS COMBINATIONS

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

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

The PPA process was concluded during the year for both the acquisitions described: the difference between the price paid for each of the acquisitions and the fair value of the net assets acquired of each entity was allocated to the intangible assets with definite useful life.

The following tables show the definitive values for the transactions in question:

FIMAST *Euro/000*	Book values at the acquisition date	Fair value at the acquisition date (definitive values)
Intangible fixed assets	0	243
Deferred tax liabilities	0	(68)
Total net assets acquired	**0**	**175**
Cost of the acquisition		**175**

FIERAVICOLA Euro/000	Book values at the acquisition date	Fair value at the acquisition date (definitive values)
Intangible fixed assets	0	819
Property, plant and equipment	50	0
Deferred tax liabilities	0	(19)
Total net assets acquired	**50**	**800**
Cost of the acquisition		**800**

On October 28, 2020, the acquisition of 100% of the subsidiary HBG Events FZ LLC, with registered office in United Arab Emirates, was finalised. The provisional values of the transaction in question are reported below, which was settled partly in cash and partly with a variable payment commitment connected with the performance of future events organised by the company:

EUR/000	Book values at the acquisition date in Euro	Fair value at the acquisition date (provisional values)
Tangible assets	1	1
Trade receivables	275	275
Other current assets	126	126
Cash and cash equivalents	8	8
Other non-current financial liabilities	(83)	(83)
Provisions	(46)	(46)
Trade payables	(17)	(17)
Other current liabilities	(579)	(579)
Total net assets acquired	**(315)**	**(315)**
Price paid at the closing date		**934**
Variable price estimated to be paid after 12 months		**3,270**
Goodwill (provisional)		**4,519**

FIRST-TIME APPLICATION OF NEW ACCOUNTING STANDARDS

For 2020, there are no standards that involved first-time application with significant impacts for the Group, with the exception of the Amendment to IFRS 16, which will be described in the next paragraph.

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 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 users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity".*
- Amendments to IFRS 9, IAS 39 and IFRS 7 - *Interest Rate Benchmark Reform – Phase 1.* 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.
- Amendment to IFRS 16 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 effects of COVID-19. The application of this amendment to the consolidated financial statements of the IEG Group entailed the reduction of financial liabilities for rights of use and the simultaneous recognition of income, under the item "Other revenues", for an amount of €503 thousand, as report in the following table (+ sign = credits and - sign = debits):

Company and contracts	Other revenues	Financial payables
IEG - Palacongressi	(294)	294
FB - Wayne	(6)	6
SU - MWC	(140)	140
SU - RDG	(22)	22
PD - Sede Poggio Torriana	(41)	41
Total amendment impact	**(503)**	**503**

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

Below 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:

- IFRS 17 *Insurance Contracts*: this standard introduces a new accounting approach to insurance contracts by insurance companies, to date indicated in IFRS 4 (in force). These amendments aim to make the accounting of insurance products more transparent and to improve the consistency of their accounting representation. Once approved, the standard will come into force on January 1, 2023.
- 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 constraints on some types of capitalisable expenses in order to make the asset available and ready to be used. Once approved, it will enter into force on 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. Once approved, it will enter into force on January 1, 2022.
- 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 application of IFRS 9 was temporarily suspended until January 1, 2021 (only under certain conditions). Once approved, the amendment will enter into force on January 1, 2021.
- Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16 - *Interest Rate Benchmark Reform – Phase 2.* The continuation of the first amendment (Interest Rate Benchmark Reform - Phase 1) published in 2019 and approved in January 2020. As compared to the first phase, which indicates the framework of regulations for the management of uncertainty after the reform of reference interest rates for most financial instruments (so-called “IBOR”), phase 2 deals with the management of replacement at the new reference interest rate. The Amendment also deals with IFRS 16 for cases in which lease payments are linked to rates or financial ratios. Once approved, the amendment will come into force on January 1, 2023.

COMMENTS ON MAIN ASSET ITEMS

NON-CURRENT ASSETS

1) Property, plant and equipment

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

	Balance as at 12/31/2018	Changes in 2019								Balance as at 12/31/2019
		Increases	Changes IFRS 16	Decreases/ Write-downs	Dep.	Dep. IFRS16	Transf.	Exchange rate effect	Changes in scope of consol.	
Land and buildings										
Book value	259,234	1,221	38,471	(40)			315			299,201
Amortisation/depreciation	(104,949)	(2)	(9,369)		(4,982)	(3,422)	0	2		(122,722)
Total land and buildings	**154,284**	**1,218**	**29,102**	**(40)**	**(4,982)**	**(3,422)**	**315**	**2**	**0**	**176,479**
Plant and machinery										
Book value	75,657	1,957		(74)			(10)			77,531
Amortisation/depreciation	(65,062)			29	(1,858)		22		4	(66,865)
Total plant and machinery	**10,595**	**1,957**	**0**	**(45)**	**(1,858)**	**0**	**13**	**0**	**4**	**10,666**
Industrial and commercial equipment										
Book value	33,307	2,328		(316)	0		(203)	41		35,158
Amortisation/depreciation	(23,324)	0		276	(3,064)		203	(10)	(1)	(25,919)
Total industrial and commercial equipment	**9,984**	**2,328**	**0**	**(39)**	**(3,064)**	**0**	**0**	**31**	**(1)**	**9,239**
Other assets										
Book value	21,796	1,966	322	(112)			419	(17)		24,374
Amortisation/depreciation	(15,737)		(84)	83	(1,207)	(69)	(318)	(12)	(4)	(17,349)
Total Other assets	**6,059**	**1,966**	**238**	**(30)**	**(1,207)**	**(69)**	**100**	**(29)**	**(4)**	**7,025**
Total fixed assets under construction and payments on account	**1,393**	4,717					(346)			**5,764**
TOTAL	**182,315**	**12,187**	**29,340**	**(154)**	**(11,112)**	**(3,491)**	**82**	**5**	**0**	**209,173**

	Balance as at 12/31/2019	Changes in as at 12/31/2020									Balance at 12/31/2020
		Increases	Changes IFRS 16	Write-downs	Decr.	Amort./Depre.	Amort./Dep rec. IFRS 16	Trans.	Exchange rate effect	Changes in scope of consol.	
Land and buildings											
Book value	299,201	673	(1,327)					1,403			299,950
Amortisation/depreciation	(122,722)		155			(5,034)	(3,578)				(131,179)
Total land and buildings	**176,479**	**673**	**(1,171)**	**0**	**0**	**(5,034)**	**(3,578)**	**1,403**	**0**	**0**	**168,771**
Plant and machinery											
Book value	77,531	773			(19)			605			78,890
Amortisation/depreciation	(66,865)				14	(1,878)					(68,729)
Total plant and machinery	**10,666**	**773**	**0**	**0**	**(5)**	**(1,878)**	**0**	**605**	**0**	**0**	**10,161**
Industrial and commercial equipment											
Book value	35,158	753		(979)	(853)			(183)	(259)		33,636
Amortisation/depreciation	(25,919)			(492)	853	(3,032)			189		(28,401)
Total industrial and commercial equipment	**9,239**	**753**	**0**	**(1,471)**	**0**	**(3,032)**	**0**	**(183)**	**(70)**	**0**	**5,235**
Other assets											
Book value	24,374	425	98		(127)	0	0	96	(129)	2	24,738
Amortisation/depreciation	(17,349)		1		85	(1,248)	(122)	0	66	(1)	(18,567)
Total Other assets	**7,025**	**425**	**100**	**0**	**(42)**	**(1,248)**	**(122)**	**96**	**(63)**	**1**	**6,171**
Total fixed assets under construction and payments on account	**5,764**	1,069		(1,203)				(1,899)			**3,732**
TOTAL	**209,173**	**3,693**	**(1,071)**	**(2,673)**	**(47)**	**(11,192)**	**(3,701)**	**22**	**(134)**	**1**	**194,070**

The net value of **"Land and buildings"** as at December 31, 2020 amounts to approximately €169 million, a net decrease of €7.8 million. The increases for the period amount to €0.7 million and are mainly attributable to the renovation of car parks in the Rimini trade fair district. 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 car parks in the Rimini trade fair district. Depreciation in the period came to €5 million and the net effect of the application of IFRS 16 was a decrease of €4.8 million, of which €1.2 million relating to the renegotiation of the lease fees due to Covid and 3.6 million for amortisation on rights of use.

The net value of item "**Plant and machinery**" as at December 31, 2020 amounted to €10.1 million, a net decrease of €0.5 million. The increases for the period amount to €0.8 million and mainly refer to the implementation of a new climate monitoring system within the trade fair districts and the implementation of a UPS system. The transfers as a result of the entry into operation of fixed assets under construction totalled €0.6 million and refer to plant installations relating to the car parks in the Rimini trade fair district. Depreciation for the period totalled around €1.9 million.

The item "**Industrial and commercial equipment**", with a balance of €5.2 million, recorded a net decrease of €4 million. The increases for the period 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. Depreciation in the period amounted to €3 million and write-downs came to €1.5 million due to the sale and disposal of material for stand fittings carried out by the company Prostand.

The item "**Other assets**", with a balance of €6.2 million, recorded a net decrease of €0.9 million. The increases for the period amounted to €0.4 million and are primarily related to the purchase of cars and office equipment by the Parent Company for €280 thousand, by Summertrade for €85 thousand and Prostand for €57 thousand. Depreciation for the period amounted to €1.2 million and the net effect of the application of IFRS16 was a reduction of €98 thousand.

Lastly, the item **"Fixed assets under construction and payments on account**" shows a net decrease of €2 million as a result of the entry into operation of assets for €1.9 million, write-downs due to the abandonment of the expansion project designed for the Vicenza trade fair district for €1.2 million approved by the BOD during the year (which constitute a non-monetary change in the cash flow statement) and increases for the period for €1.1 million, attributable for €584 thousand, to expansion projects for the Rimini trade fair district and €523 thousand for the renovation of the roof of pavilion 7 in the Vicenza trade fair district.

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

(*) Some of the amounts shown in this column do not correspond to those of the financial statements published as at December 31, 2018, as they reflect the valuations made at the time of the Purchase Price Allocation of Prostand and Colorcom at final values.

	Balance as at 12/31/2019	Changes in 2020						Balance as at 12/31/2020
		Net increases	Decreases	Amortisation/depreciation/write-downs	Transfers	Exchange rate effect	PPA	
Industrial patent and intellectual property rights								
Book value	4,192	292						4,484
Accumulated amortisation	(3,489)			(336)				(3,825)
Total industrial patent and intellectual property rights	**704**	**292**	**0**	**(336)**	**0**	**0**	**0**	**659**
Concessions, licenses, trademarks and similar rights								
Book value	11,672				60		128	11,861
Accumulated amortisation	(3,050)			(604)				(3,654)
Total concessions, licenses, trademarks and similar rights	**8,622**		**0**	**(604)**	**60**	**0**	**128**	**8,207**
Goodwill	**22,114**	**4,519**		**(3,759)**		**(398)**	**(255)**	**22,221**
Fixed assets under construction and payments on account	**46**	**122**	**(10)**					**158**
Book value	9,709	52			(83)		184	9,862
Accumulated amortisation	(4,158)			(1,221)				(5,379)
Total other intangible fixed assets	**5,551**	**52**		**(1,221)**	**(83)**		**184**	**4,483**
TOTAL INTANGIBLE FIXED ASSETS	**37,036**	**4,985**	**(10)**	**(5,919)**	**(22)**	**(398)**	**57**	**35,729**

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, licences, trademarks and similar rights" changed during the period, due to the increase in the values of the trademarks Fimast and Fiera avicola. The decrease due to amortisation totalled €604 thousand.

The item “Goodwill” includes the values generated by the surplus between the cost of the business combinations and the fair value of the assets, liabilities and contingent liabilities acquired. As at December 31, 2020, the balance of said item was roughly €22,221 thousand. The following table shows the related details:

Euro/000	Balance as at 12/31/2020	Balance as at 12/31/2019
Goodwill emerging from the transfer of Fiera di Vicenza	7,948	7,948
Goodwill emerging from the purchase of the business unit FIMAST	0	205
Goodwill emerging from the purchase of the business unit FIERAVICOLA	0	50
Other goodwill	355	355
Goodwill emerging from the purchase of FB International Inc.	552	4,709
Goodwill emerging from the purchase of Pro.Stand S.r.l. and Colorcom S.r.l.	8,847	8,847
Goodwill emerging from the purchase of HBG Events	4,519	0
TOTAL GOODWILL	**22,221**	**22,115**

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

The acquisition of the subsidiary HBG Events on October 28, 2020 generated provisional goodwill of €4.5 million. At the date of this document, the cost of the acquisition on net assets acquired was fully allocated to provisional goodwill; given that the Purchase Price Allocation phase has still not been completed and given the events indicative of possible impairment of the net assets acquired, as set forth in IAS 38, have not been verified, it was not necessary to test said goodwill for impairment. A specific analysis of the fair value of the net assets acquired and the consideration transferred will be carried out within twelve months of the acquisition. If, at the end of the measurement period, tangible and intangible assets with a definite life are identified, the provisional amounts recorded at the time of acquisition will be adjusted, with retroactive effect to the acquisition date.

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 was 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, in the half-yearly report, 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. and the newly acquired HBG Events.

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.

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. The operating cash flows (unlevered free cash flow) were determined by using the new 21-25 business plan "alternative scenario" drafted by the Company and approved by the Parent Company's Board of Directors on January 18, 2021, which forecasts, with respect to the basic plan for the year ending December 31, 2021, for a recovery in onsite trade fair events and conferences from September 2021. It should be noted that the sensitivity analyses were performed on said plan as shown in subsequent paragraphs. 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 order to determine the Terminal Value, a long-term growth rate "g" was used, differentiated, depending on the country in which the individual CGUs or groups of CGUs generate their flows and, in particular, 1.4% for those operating on the Italian market and 2.2% for those operating on the US market. The source of the data is the estimate of the expected inflation envisaged in the aforementioned countries in 2025 by the International Monetary Fund.

Also the parameters for the discounting of the explicit cash flows and the Terminal Value were differentiated by country and, in particular a WACC rate of 9.0% used for flows produced by Italian entities and 8.7% for the FB CGU. In constructing all the WACCs, a Small Size Premium of 3.2% was used, in consideration of the smaller size of the Group with respect to comparable companies (Source: Duff & Phelps) and, prudentially, a Specific Risk Premium of 1.00% inserted to take account of the "execution risk" resulting from the reduced forecasting capacity generated by the effects of COVID-19.

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.

For the FB CGU, despite an initial write-down already booked to the financial statements as at June 30, 2020 of €2,573 thousand, book values of net invested capital emerged that were higher than the value in use for an amount of €1,185 thousand. Also this value was booked in full as a reduction of the goodwill that emerged at the time of acquisition, which therefore reduced to €552 thousand.

Considering the persistence of the pandemic and current scenario of uncertainty, the company's Directors decided to further test the recoverable value of each CGU and the groups of CGUs described above and two separate sensitivity analyses were conducted, through which the WACC, the "g rate" and the estimates of the Operating Cash Flow were subject to assumptions of change. More specifically:

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

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

The assumptions used for impairment purposes and the results achieved, were approved by the Board of Directors of Italian Exhibition Group S.P.A. respectively on February 23, 2021 and March 18, 2021, independently and before these financial statements.

The investments in "Fixed assets under construction and payments on account" concern entirely the ongoing development of the new management software of Pro.Stand S.r.l.

Investments in "**Other intangible fixed assets**" refer to the Parent Company for €183 thousand and relate to the recognition of the assets of the events Fimast and Fiera Avicola and, for the remainder, roughly €36 thousand, relates to investments made by the company Summertrade.

3) Equity investments valued using the equity method and other equity investments

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. Movements in the period are detailed in the following table.

	% held as at 12.31.2020	Balance as at 12/31/2019	Changes in 2020				Balance as at 12/31/2020
			Increases	Reval./Write.down	Decreases	Transfers	
Associated companies							
Cesena Fiera S.p.A.	37.50%	1,008	334	26			1,368
Fitness Festival Int. S.r.l. in liquidation	50.00%	34		(4)			30
CAST Alimenti S.r.l.	23.08%	1,643		(51)			1,592
TOTAL ASSOCIATED COMPANIES		***2,685***	***334***	***(28)***			***2,990***
Jointly controlled companies							
Expo Estrategia Brasil Ltda	50.00%	285	25	(11)	(86)		213
DV Global Link LLC	49.00%	0					0
Destination Services S.r.l.	50.00%	65		(6)	(45)		14
Rimini Welcome S.c.a.r.l.	48.00%	0		4		10	14
EAGLE Asia	50.00%	1,403	131	(1,109)	(41)		384
TOTAL JOINTLY CONTROLLED COMPANIES		***1,752***	***156***	***(1,123)***	***(171)***	***10***	***625***
TOTAL EQUITY INVESTMENTS MEASURED USING THE EQUITY METHOD		**4,437**	**490**	**(1,151)**	**(171)**	**10**	**3,616**

Increases in the period came to €490 thousand and relate primarily, for €334 thousand, to the increase in the shareholding in Cesena Fiere, acquired from Prostand Srl. Thanks to this new acquisition, the subsidiary now holds 17.5%, augmented by 20% held by the Parent Company. A further share capital increase, for €131 thousand, in 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 €25 thousand as an additional contribution to Expo Estrategia Brasil.

Decreases in the period refer largely to variations in exchange rates in the period.

The measurements using the equity method contributed a total write-down of €119 thousand.

The Company conducted an impairment test on the main qualified equity investments booked to the financial statements, as required by IAS 36, in the presence of trigger events which may suggest impairment of the same. Since the outbreak of the Covid-19 pandemic is considered, especially for the sector in which the Group operates, an event that could involve a loss in value of the company assets, Cast Alimenti and EAGLE Asia were subject to a valuation.

Those comprised of the flows of each of the individual investees were identified as the reference CGUs. Therefore, the value in use of the CGUs identified was determined, by adopting the Discounted Cash Flow (DCF) methodology. This value, pro-rata with respect to the percentage stake held by the Group and net of the Net Financial Position based on the financial statements of the individual entities as at

December 31, 2020 (equity value), was compared with the value booked to the financial statements of the equity investments analysed. The growth and discounting parameters of the Cast Alimenti flows are the same as those described for the IEG and Italy CGU in Note 2) Intangible fixed assets. For the EAGLE Asia flows, a growth rate of 2.6% and a WACC of 10.72% was considered.

The analyses conducted showed the need to write down the equity investment held in the Chinese Joint Venture for €1,032 thousand.

4) Equity investments in other companies

The movements in the period for the item in question are reported below.

	% held at 12/31/2020	Balance 12/31/2019	Changes in 2020				Balance 12/31/2020
			Increases	Reval./Write.down	Decreases	Transfers	
Uni Rimini S.p.A.	7.64%	62					62
Rimini Congressi S.r.l.	10.36%	0	10,635	339			10,974
Società del Palazzo dei Congressi S.p.A.	0%	10,786		(151)	(10,635)		0
Rimini Welcome S.c.a.r.l.	10%	10				(10)	-
Eventi Oggi S.r.l.	15.30%	4					4
BCC Alto Vicentino	<0.5%	1					1
BCC San Giorgio	<0.5%	11					10
TOTAL EQUITY INVESTMENTS IN OTHER COMPANIES		**10,873**	**10,635**	**188**	**(10,635)**	**(10)**	**11,051**

The increases and decreases in the period relate entirely to the merger by incorporation of Società del Palazzo dei Congressi S.p.A. in Rimini Congressi S.r.l., as a result of which, based on the share swap ratio, IEG acquired 10.36% of the shares in its parent company Rimini Congressi S.r.l.

The equity investment in Rimini Congressi S.r.l. is measured at FV (through OCI without recycling): the revaluation for the period, therefore, relates to the adjustment for the period.

5) Deferred tax assets

“Deferred tax assets” are recognised up to the limits in which future taxable income will be available against which to utilise the temporary differences. Deferred tax assets and liabilities are offset given that they refer to the same tax authority. For more details on the breakdown of the item in question, please refer to subsequent Note 34) “Income taxes”.

	Balance as at 12/31/2020	Balance as at 12/31/2019
Credits for advance IRES/IRAP	9,805	5,090
Total deferred tax assets	**9,805**	**5,090**
Provision for deferred IRES	(2,974)	(3,150)
Total deferred tax liabilities	**(2,974)**	**(3,150)**
TOTAL DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES	**6,830**	**1,940**

Net deferred tax assets relate to both the temporary differences between the book values of the assets and liabilities in the financial statements and the corresponding values recognised for tax purposes and the losses from tax consolidation deemed recoverable based on company plans, whose materialisation is subject to the intrinsic risk of non-implementation inherent in the provisions contained therein. Management, with the support of its ta advisors, prepared an analysis based on the forecasts of the 2021-2025 Plan, approved by the Board of Directors on January 18, 2021, aimed at verifying the recoverability of deferred tax assets. Said analysis did not highlight any problems connected with the recoverability of the deferred tax assets booked in the financial statements.

6) Non-current financial assets for rights of use

“Non-current financial assets for rights of use” amounting to €672 thousand relate to the initial recognition of the new IFRS 16 and, more specifically, refer to financial receivables for active sub-leases of rights of use.

7) Non-current financial assets

The changes in the item in question are shown below.

	Balance	Changes in 2020			Balance
	12/31/2019	Increases/decreases	Revaluations/Write-downs	Transfers	12/31/2020
Gambero Rosso shares	40		(15)		25
Banca Malatestiana Credito Coop. shares	4				4
TFR (employee severance indemnity) policy	431		12		443
Payables due to minority interests	49	(49)			-
TOTAL NON-CURRENT FINANCIAL ASSETS	**524**	**(49)**	**(3)**		**472**

The nature and classification according to the categories established by IFRS 9 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 €150 thousand (€152 thousand as at December 31, 2019), and refer primarily to security deposits.

CURRENT ASSETS

9) Inventories

The table shows a breakdown of the item in question:

	Balance as at 12/31/2020	Balance as at 12/31/2019
Raw materials and consumables	286	281
Finished goods and goods for resale	497	676
TOTAL INVENTORIES	**784**	**956**

The item "Inventories" is composed of finished products and goods relating to the stand fitting company Prostand and raw materials relating to the catering activities performed by Summertrade.

10) Trade receivables

	Balance as at 12/31/2020	Balance as at 12/31/2019
Receivables from customers	13,421	33,713
Receivables from associated companies	110	132
Receivables due from jointly controlled companies	23	54
TOTAL TRADE RECEIVABLES	**13,555**	**33,899**

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. For more information on the past due brackets, please refer to the section "Credit risk", while as regards the estimate evaluations, please see the section "Use of estimates".

"Receivables from associated companies" totalled €110 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 2019.

It should be noted that the item "Receivables from customers" includes €65 thousand due from the parent company Rimini Congressi S.r.l., an investee in which IEG holds a 10.36% stake.

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 12/31/2020
		Uses	Provisions	Transfers	Change In Scope of consolidation	
Bad debt provision	714	(157)	276			832
Bad debt provision - taxed	4070	(380)	1,463		20	5,173
Bad debt provision - DV Global	0		30			30
TOTAL BAD DEBT PROVISION	**4,784**	**(537)**	**1,769**		**20**	**6,036**

11) Tax receivables for direct taxes

	Balance as at 12/31/2020	Balance as at 12/31/2019
Tax receivables for direct taxes	323	505

TOTAL TAX RECEIVABLES FOR DIRECT TAXES	**323**	**505**

The balance as at December 31, 2020 refers to credits for direct taxes, primarily relating to FB International Inc. and Prostand S.r.l.

12) Current financial assets for rights of use

"Non-current financial assets for rights of use" amounting to €168 thousand refer to financial receivables for active sub-leases of rights of use.

13) Current financial assets

	Balance as at 12/31/2020	Balance as at 12/31/2019
Financial receivables from associated companies	**45**	**292**
DV Global Link LLC	0	292
Destination Services S.r.l.	45	0
Short-term securities	**14**	**1,180**
BNL policy	0	1,093
UNIPOL bonds	0	59
USA Security Deposit	14	28
TOTAL CURRENT FINANCIAL ASSETS	**59**	**1,472**

“Current financial assets” amounted to €59 thousand, a decrease of €1,472 thousand compared to the balance as at December 31, 2019. The change derives primarily from the repayment following the expiry of the BNL policy and the Unipol bonds, and the full write-down of the financial receivable due from DV Global link.

14) Other current assets

The table shows a breakdown of the item in question.

	Balance as at 12/31/2020	Balance as at 12/31/2019
Other tax receivables	898	481
Receivables due from others	963	1,180
Accrued income and prepaid expenses	919	723
Costs paid in advance pertaining to subsequent years	1,533	3,472
TOTAL OTHER CURRENT ASSETS	**4,313**	**5,856**

“Receivables due from others” amounted to €963 thousand and are detailed in the table below:

	Balance as at 12/31/2020	Balance as at 12/31/2019
Down payments	34	-
Suppliers - advances	340	727
Trade receivables	122	111
Receivables due from employees	33	32
Receivables due from social security institutions	40	24
Security deposits	-	13
Agents - advances	47	49
Sundry receivables	346	224
TOTAL Receivables due from others	**963**	**1,180**

“Prepaid expenses” refer to portions of costs not pertaining exclusively to 2020, which have already been recorded in the accounts. “Accrued income” refers to revenues pertaining to the period which will be recorded in the accounts in a subsequent period. Prepaid expenses as at December 31, 2020 refer mainly to insurance charges, software and maintenance fees, rental expenses and consulting costs.

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 €28,108 thousand as at December 31, 2020, and includes almost exclusively short-term deposits remunerated at floating rate.
The trend in cash flows with respect to the previous year has been reported in the "Consolidated Cash Flow Statement" to which reference should be made.

COMMENTS ON THE MAIN ITEMS OF LIABILITIES AND SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY

16) Shareholders' Equity

	Balance as at	Changes in 2019				Balance as at
	12/31/2018 (*)	Increases	Decreases	Allocation of profit	Distribution of dividends	12/31/2019
Share capital	52,215					52,215
Share premium reserve	13,947					13,947
Revaluation reserves	67,160					67,160
Legal reserve	9,213			493		9,706
Statutory reserves	2,413			49		2,462
Capital grants	5,878					5,878
First-*time adoption* reserve	(46,306)					(46,306)
IAS transition reserve	0					0
CFH reserve	(75)		(342)			(417)
Actuarial reserve	(229)		(155)			(384)
Translation reserve	370	106				476
OCI reserve	294		(156)			138
Put option reserve	(12,105)					(12,105)
Retained earnings (losses carried forward)	(4,232)		(1,699)	9,806	(5,556)	(1,680)
Profit (loss) for the year	10,348	12,861		(10,348)		12,861
SHAREHOLDERS' EQUITY OF SHAREHOLDERS OF THE PARENT COMPANY	**98,891**	**12,966**	**(2,352)**	**-**	**(5,556)**	**103,950**
Capital and reserves pertaining to minority interests	2,043		(106)	533	(73)	2,396
First-time adoption reserve of minority interests	8					8
Actuarial reserve of minority interests	(21)		(9)			(30)
Profit (loss) attributable to minority interests	533		(224)	(533)		(224)
SHAREHOLDERS' EQUITY PERTAINING TO MINORITY INTERESTS	**2,563**	**-**	**(340)**	**-**	**(73)**	**2,150**
TOTAL GROUP SHAREHOLDERS' EQUITY	**101,454**	**12,966**	**(2,691)**	**-**	**(5,629)**	**106,100**

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

	Balance as at	Changes in 2020				Balance as at
	12/31/2019	Increases	Decreases	Allocation of profit	Other changes	12/31/2020
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		2,531
Capital grants	5,878					5,878
First-time adoption reserve	(46,306)					(46,306)
IAS transition reserve	0					0
CFH reserve	(417)		(367)			(784)
Actuarial reserve	(384)		(115)			(499)
Translation reserve	476		(583)			(107)
OCI reserve	138	201				339
Put option reserve	(12,105)				2,138	(9,967)
Retained earnings (losses carried forward)	(1,680)	517	(14)	12,097	(2,138)	8,781
Profit (loss) for the year	12,861		(11,313)	(12,861)		(11,313)
SHAREHOLDERS' EQUITY OF SHAREHOLDERS OF THE PARENT COMPANY	**103,950**	**717**	**(12,392)**	**0**	**0**	**92,276**
Capital and reserves pertaining to minority interests	2,396	280	(529)	(224)		1,923
First-time adoption reserve of minority interests	8					8
Actuarial reserve of minority interests	(30)	14	(3)			(20)

Profit (loss) attributable to minority interests	(224)		(1,160)	224		(1,160)
SHAREHOLDERS' EQUITY PERTAINING TO MINORITY INTERESTS	**2,150**	**294**	**(1,692)**	**0**	**0**	**752**
TOTAL GROUP SHAREHOLDERS' EQUITY	**106,100**	**1,011**	**(14,084)**	**0**	**0**	**93,028**

The total shareholders' equity of the Group as at December 31, 2020 totalled €93.0 million, of which €92.3 million attributable to the shareholders of the Parent Company and €0.8 million attributable to minority interests.

The Parent Company's Share Capital, fully subscribed and paid-up, amounts to €52.2 million and is divided into 30,864,197 shares.

Among the main changes that have characterised 2020, to be noted are the increase in shareholders' equity attributable to shareholders of the Parent Company for €0.5 million 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" for €2.1 million. Capital pertaining to minority interests increased by €0.3 million, due to the payment made, for the relevant portion, by the minority shareholder Summertrade in order to support the investee's activities.

The table below analyses the reconciliation between the shareholders' equity and the profit for the year of the Parent Company with those of the consolidated financial statements.

	Shareholders' equity (*including the result for the year*)	**Profit for the year**
Shareholders' equity and result of the Parent company	**103,847**	**(12,683)**
Group Companies valued with the Equity Method	20	12
Elimination of book value of consolidated companies		
- Difference between the book value and the pro-rata value of shareholders' equity	(18,602)	0
- Pro-rata results of the investees	(10,993)	(7,886)
- Value adjustments of the net assets of the investees	(4,846)	5,247
- Consolidation difference	13,998	0
Elimination of the effects of intercompany transactions		
Elimination of business combinations of entities under common control	(3)	
Elimination of write-downs of fully consolidated equity investments	8,855	3,681
Distribution of dividends		
Other	0	315
Shareholders' equity and result pertaining to the Group	**92,276**	**(11,314)**
Share pertaining to minority interests	752	(1,160)
Consolidated shareholders' equity and result for the year	**93,028**	**(12,474)**

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

(in Euro)	**2020**	**2019**
Basic EPS	(0.3665)	0.4167
Diluted EPS	(0.3665)	0.4167

The calculation is based on the following data:

(in Euro)	2020	2019
Profit for the year	(11,313)	12,860,604
Number of shares	30,864,197	30,864,197

NON-CURRENT LIABILITIES

17) Payables due to banks

The Group's bank debt increased by €43.8 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. Below are details regarding the payables due to banks in the short and long term and beyond 5 years.

	Balance as at 12/31/2020	Balance as at 12/31/2019
C/a debit balances	400	34
Other short-term credit facilities	4,334	3,532
Crédit Agricole pool loan	13,853	-
Banca Intesa-Sanpaolo mortgage	-	766
Unicredit mortgage	-	388
BPER mortgage - expiry 2028	-	1,311
BNL mortgage	-	1,778
Banco BPM mortgage	1,116	1,105
Volksbank mortgage	1,990	1,962
Banca Intesa-Sanpaolo (former Banca Popolare di Vicenza) mortgage	1,620	1,925
ICCREA mortgage (pool)	640	509
Unipol Stand-by	-	900
Unipol mortgage	329	327
Banca Popolare Valconca mortgage	243	-
Loan - Cassa Depositi e Prestiti - SACE	(15)	-
Loan - Intesa San Paolo – SACE	4,328	-
Other loans	-	-
TOTAL SHORT-TERM PAYABLES DUE TO BANKS	**28,837**	**14,601**

	Balance as at 12/31/2020	Of which due beyond 5 years	Balance as at 12/31/2019
Crédit Agricole pool loan	0	0	0
Banca Intesa-Sanpaolo mortgage	0	0	1,629
BPER mortgage - expiry 2028	0	0	11,274
BPM mortgage	1,128	0	2,244
Banca Intesa-Sanpaolo (former Banca Popolare di Vicenza) mortgage	30,986	23,877	31,658
Volksbank mortgage	3,210	0	5,199
ICCREA mortgage	1,199	0	1,330
Unipol Stand-by	2,900	0	4,400
Unipol mortgage	393	0	447
Banca Popolare Valconca mortgage	594	0	0
Loan - Cassa Depositi e Prestiti - SACE	14,959	1,874	-
Loan - Intesa San Paolo – SACE	30,546	-	-
Other loans	69	0	137
TOTAL MEDIUM/LONG-TERM PAYABLES DUE TO BANKS	**85,986**	**25,752**	**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 CESR recommendation 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 rights of use.

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

IEG Group Net Financial Position (Values in Euro/000)			12/31/2020	12/31/2019
1	**Short-term available funds**			
	01:01	Cash on hand	142	211
	01:02	Bank current account balances	27,966	21,987
	01:03	Invested liquidity	43	72
	01:04	Other short-term receivables		1,152
	01:06	Financial receivables due from associated companies	45	
		Total	**28,196**	**23,422**
2	**Short-term payables**			
	02:01	Bank current account overdrafts	(338)	(33)
	02:02	Other short-term payables to banks	(4,334)	(3,599)
	02:03	Portions of medium/long-term payables due within 12 months	(24,200)	(11,083)
	02:04	Other short-term payables - put options	0	(206)
	02:05	Other short-term payables	(2,347)	(3,452)
	02:06	Financial payables due to shareholders	(221)	(464)
	02:07	Current financial payables for rights of use	(3,359)	(3,968)
		Total	**(34,800)**	**(22,806)**
3	**Short-term financial position (1+2)**		**(6,605)**	**616**
5	**Medium/long-term financial payables (after 12 months)**			
	05:01	Medium/long-term mortgages/loans	(85,986)	(58,318)
	05:02	Other medium/long-term payables – put options	(5,761)	(16,745)
	05:06	Other medium/long-term payables – other	(4,519)	(494)
	05:07	Medium/long-term derivative financial instruments	(5,517)	(5,228)
	05:08	Non-current financial payables for rights of use	(21,974)	(26,115)
		Total	**(123,756)**	**(106,900)**
6	**Medium/long-term financial position (4+5)**		**(123,756)**	**(106,900)**
7	**TOTAL INDEBTEDNESS**		**(158,556)**	**(129,706)**
8	**Net financial position (3+6)**		**(130,360)**	**(106,283)**

As at December 31, 2020, bank payables were composed for €107.9 million of loans related to the Parent Company, for €5.9 million of loans taken out by the subsidiary Pro.Stand S.r.l., for €0.9 million of loans by Summertrade S.r.l. and, on a residual basis, by FB International Inc. This item also includes other short-term bank payables for €4.7 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 increase of €41.9 million to new loans for €64.5 million, repayments of existing loans for €23.7 million and an increase in short-term credit lines for €1.1 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. 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.

It should be noted that the results achieved in 2020 due to the pandemic involved the verification of the covenant breach in relation to the NFP/EBITDA ratio (covenant <3.5) at the end of the year identified in the loan agreement stipulated by the Parent Company with Credit Agricole. The Parent Company requested the suspension of the covenant for the year 2020, receiving reassurances that said request would be accepted. However, in the absence of a formal response, the payables relating to the loan were fully reclassified to short-term, amounting to €13.9 million. These payables will be reclassified in keeping with the repayment plan when the company receives formal approval of its request.

On April 16, 2020, Summertrade S.r.l. executed a loan agreement for €1 million, maturing 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 €0.8 million, of which €0.2 million due within 12 months.

In July, the Parent Company signed two loan agreements assisted by SACE's Italy Guarantee programme. The financing transaction is part of the measures taken by the Company to deal with the increase in financial requirements caused by the Covid-19 emergency. The first loan taken out with Intesa Sanpaolo S.p.A. for €35 million has a duration of 60 months with quarterly repayment at a rate of 1.16%. The second loan stipulated with Cassa Depositi e Prestiti S.p.A. for an amount of €15 million has a duration of 72 months and is repayable in quarterly instalments at a rate of 1.80%. For the latter, starting from 2021, two covenants are envisaged on indices defined for each year. Specifically:

Parameter per year	2021	2022	2023	2024 onwards
NFP/EBITDA	<6.0	<3.5	<2.8	<2.2
NFP/SE	<2.0	<1.5	<1.2	<1.0

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. It should be noted that the item includes €15,296 thousand relating to the parent company Rimini Congressi S.r.l.

19) Other non-current financial liabilities

The table shows a breakdown of the item in question.

	Balance as at 12/31/2020	Balance as at 12/31/2019
Fair value of derivative instruments	5,517	5,228
Financial liabilities for Pro.Stand put option	2,379	7,300
Financial liabilities for FB International Inc. Put Option	3,299	9,078
Financial liabilities for minimum guarantee amounts to minority shareholders of Pro.Stand	83	367
Financial liabilities for the purchase of HBG - estimated variable	3,270	-
Payables due to minority shareholders	-	222
Payables due to other lenders	4,569	272
TOTAL OTHER NON-CURRENT FIN. LIABILITIES	**12,952**	**22,467**

The item "Fair value of derivative instruments" amounted to €5,517 thousand, up compared with the previous year by €289 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:

- negotiation date: December 7, 2018;
- effective date: June 29, 2018;
- maturity date: June 30, 2036;
- date of interest payment: six-monthly, December 31 and June 30 of each year;
- total notional: €9,635,397.46
- fixed rate (pay leg): 0.96400% (Actual/360)
- floating rate (receive leg): 6M Euribor (Actual/360)

On April 16, 2020, a new loan agreement was entered into with the pool of banks headed up 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. Information is provided below on the four contracts stipulated during the year, respectively with Credit Agricole, BPER, BNL, Banco Popolare di Milano, which have the same characteristics:

- Negotiation date: June 23, 2020;
- Effectiveness date: December 31, 2020;
- Expiry date: April 18, 2028;
- dates of interest payment: six-monthly, December 31 and June 30 of each year;
- Total notional (of the four contracts): €10,546,876
- Fixed rate (pay IEG): -0.01% (Actual/360)
- Floating rate (receive IEG): 6M Euribor (Actual/360)

The table below shows the impacts of the change in the fair value of the six derivative instruments as at December 31, 2020.

VALUATION DATE	IRS Fair Value	Financial income (charges) through profit and loss	Change in CFH reserve
12/31/2019	(5,228)	(218)	(473)
12/31/2020	(5,517)	(148)	(483)

The items "Financial liabilities for put options" refer to the valuation, at the time of the acquisition of the equity investment, increased due to the financial charges for the period, of the sale options granted to the minority shareholder of FB International Inc. and the minority shareholders of Pro.Stand S.r.l. The decrease in the two items compared to the previous year, amounting to €10,700 thousand, is attributable, for €4,922 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 €535 thousand was stated, at the same time, under the long-term item “Payables due to other lenders”, and the amount of €1,069 thousand was stated under the short term item.

The remaining portion of the downward change, amounting to €5,779 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.

The item “Financial liabilities for minimum guarantee amounts to minority shareholders of Pro.Stand” includes the decrease in payables recognised in the PPA, 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. The reduction in the period is mainly due to the early end of the contract stipulated with some minority shareholders, which involved the recognition of financial income.

The item "Financial liabilities for purchase of HBG - variable estimated" represents the variable portion of the price estimated to be disbursed to the selling shareholders for the acquisition of the new subsidiary HBG Events FZ LLC, which took place on October 31, 2020. The portion to be disbursed is connected with the performance of future events organised by the subsidiary.

“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 stand-fitting subsidiary, in the amount of €535 thousand – for additional details see the previous paragraph;
- Government Small Business Loan granted during the year for the COVID-19 emergency to FB International Inc. in the amount of €765 thousand.

20) Provisions for non-current risks and charges

The changes in the item in question are shown below.

	Balance as at 12/31/2019	Changes in 2020 Provisions	Uses/decreases	Releases	Balance as at 12/31/2020
Provision for dispute risks	1,671			(82)	1,589
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**	**27**	**(101)**	**(82)**	**1,599**

The 'Provision for Dispute Risks' changed during the year solely due to the release of a position regarding a dispute with a former employee, which was closed following the signing of a settlement agreement with the counterparty.

In this regard, it should be noted that, by means of deed of summons notified on March 16th, 2015, the receiver in the bankruptcy proceedings of Aeradria S.p.A. (the "Receivership of Aeradria"), summonsed the Province of Rimini, the Municipality of Rimini, Rimini Holding S.p.A. and the Parent Company to legal proceedings before the Court of Bologna. At the date of the bankruptcy of the company Aeradria, 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 a 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 proceedings are still in progress and the next hearing is set for May 18, 2021. The Group believes the risks relating to said dispute to be remote and, consequently, no provision for risks was recognised in the financial statements.

By means of deed of summons notified on July 11, 2018, the receiver in the bankruptcy proceedings of Biblioteca della Moda S.r.l. (hereinafter also BDM), summoned Vicenza Holding S.p.A. (formerly Fiera di Vicenza S.p.A.) before the Court of Milan, as well as IEG as transferee, effective from 1 November 2016, of the business unit of Fiera di Vicenza S.p.A. and Fallimento di Milano Fashion Media S.r.l., a related party of BDM, given both administered by the same Legal Representative. The Receivership of BDM stated that Biblioteca della Moda S.r.l. was the holder of a receivable of €1,224 thousand due from the then Fiera di Vicenza S.p.A. and that, in 2015, Biblioteca della Moda S.r.l. had transferred said receivable to Milano Fashion Media S.r.l. Following said transfer, the then Fiera di Vicenza S.p.A. had offset said payable with another higher receivable due to said entity from Milano Fashion Media S.r.l. This transaction would have been targeted at allowing Fiera di Vicenza S.p.A. not to pay its payable past due to Biblioteca della Moda S.r.l. In light of this, the Receivership of BDM has asked the Court of Milan:

(i) to ascertain and rule as ineffective the transfer in favour of Milano Fashion Media s.r.l. regarding the receivable due to Biblioteca della Moda S.r.l. from Fiera di Vicenza S.p.A.;

(ii) alternatively or subordinately, to cancel the transfer of the receivable due to a conflict of interests and, consequently, to ascertain and declare the ineffectiveness of the offsetting;

(iii) to ascertain the free nature of the transfer and declare the ineffectiveness and/or unenforceability of said offsetting to the bankruptcy creditors of Fallimento Biblioteca della Moda S.r.l.;

(iv) or, subordinately, to arrange for its revocation pursuant to art. 67 of the Bankruptcy Law;

(v) in any case, with the sentencing of Vicenza Holding S.p.A. and Italian Exhibition Group S.p.A. (transferee of Vicenza Holding S.p.A.), jointly and severally, to pay to Fallimento Biblioteca della Moda S.r.l. the total amount of €1,224 thousand, plus default interest pursuant to Legislative Decree 231/2002 from the due date to the payment date.

On 9 March 2021, the first-instance ruling on the dispute described above was issued by the Court of Milan. The Judge sentenced Vicenza Holding S.p.A. and IEG (as transferee of the business unit of Vicenza Holding S.p.A.), jointly and severally, to pay to Fallimento Biblioteca della Moda S.r.l. the total amount of €1,224 thousand, plus default interest pursuant to Legislative Decree 231/2002 and legal costs.

IEG filed an appeal in order to obtain, first and foremost, the suspension of the executive effects of the first-instance ruling and to contest the decision taken in second instance proceedings. IEG, supported by its legal advisors, not considering itself to be directly liable for said expense and believing that it may receive a favourable outcome from the continuation of second instance proceedings, did not recognise any provision for risks for the dispute described herein.

The item “Other provisions” includes primarily the residual balance of 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 for the coverage of financial and commercial items recognised from the investee DV Global Link, currently in liquidation.

21) Employee provisions

The changes in the item in question are shown below.

	Balance as at 12/31/2019	Changes in 2020			Balance as at 12/31/2020
		Provisions	Uses/decreases	Releases	
Provision for agents’ leaving indemnities	178	10			188
Provision for non-competition agreement	460		(338)	(122)	0

Provision for employee severance indemnity	3,943	343	(187)		4,099
TOTAL EMPLOYEE PROVISIONS	**4,581**	**353**	**(524)**	**(122)**	**4,287**

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.

The non-competition agreement was completely eliminated as a result of the accrual of the sums related to it and their partial payment to the entities for which they had been recognised and, in particular, to close said provision, a payable of €338 thousand was recognised and a surplus portion of €122 thousand released.

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".

The IEG Group, in determining the actuarial calculations, avails itself of the support of a professional listed in the appropriate Register of Actuaries. The main hypotheses/assumptions used for the actuarial calculation of the defined benefit plans are shown below.

Demographic assumptions

Probability of death	Mortality tables broken down by gender - ISTAT 2019
Probability of disability	Zero probability (in consideration of the type of company under analysis)
Probability of resignations	The probability of company turnover of 3% was used
Probability of advance	An annual value of 3% was presumed with respect to an average value of accumulated employee severance indemnity of 70%

Economic-financial assumptions for calculation of the TFR (employee severance indemnity)

	2020	2019
Annual discount rate	0.34%	0.77%
Annual inflation rate	1.00%	1.00%
Assumption of real salary growth	1.50%	1.50%

The discounting of future services for employees deriving from Employee severance indemnity was measured by recognising market yields according to the provisions of IAS 19. For the discount rate, the rate relating to high credit rating Corporate Bonds AA with a duration equal to the plan of company commitments to its employees was taken as a reference.

The results of the actuarial evaluations depend strictly on the financial, demographic and behavioural assumptions adopted.
The following table, as required by the international accounting standard, shows the results of the DBO deriving from the change in assumptions.

Sensitivity Analysis - DBO		IEG Group SPA	Prostand Srl	Summertrade Srl	TOTAL
Central Assumption	€	**2,703,622**	**1,140,546**	**241,956**	**4,086,124**
Discount rate (+0.5%)	€	2,573,892	1,068,217	230,688	3,872,797
Discount rate (-0.5%)	€	2,843,072	1,220,608	254,006	4,317,687
Rate of payments Increases (+0.5%)	€	2,691,446	1,128,966	240,973	4,061,385
Rate of payments Decreases (-0.5%)	€	2,716,457	1,153,115	242,986	4,112,558
Rate of Price Inflation Increases (+0.5%)	€	2,788,715	1,199,270	249,314	4,237,299
Rate of Price Inflation Decreases (-0.5%)	€	2,623,879	1,086,732	235,035	3,945,646
Rate of Salary Increases (+0.5%)	€	2,703,622	1,166,659	241,956	4,112,237
Rate of Salary Decreases (-0.5%)	€	2,703,622	1,116,201	241,956	4,061,779
Increase the retirement age (+1 year)	€	2,723,794	1,149,535	243,739	4,117,068
Decrease the retirement age (-1 year)	€	2,682,237	1,131,177	240,046	4,053,460
Increase longevity (+1 year)	€	2,703,699	1,140,568	241,965	4,086,232
Decrease longevity (-1 year)	€	2,703,549	1,140,523	241,947	4,086,019
Assumptions of the previous year	€	2,591,283	1,077,781	232,193	3,901,257
Economic assumpt. of the previous and new demographic assumpt.	€	2,591,503	1,077,916	232,220	3,901,639

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 €2,107 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 €3,359 thousand. This item recorded a decrease of €609 thousand compared to the previous year, following the payments of the existing lease agreements and the application of the Amendment to IFRS 16, as indicated previously. It should be noted that the item included a total of €953 thousand relating to the parent company Rimini Congressi S.r.l., which took over the leases in place previously with Società del Palazzo S.p.A.

24) Other current financial liabilities

The table shows a breakdown of the item in question:

	Balance as at 12/31/2020	Balance as at 12/31/2019
Accrued expenses on mortgages	36	114
Payables due to shareholders	221	464
Payables for minimum guarantee amounts to former shareholders of Prostand	0	206
Payables for exercise of put options - Prostand	1,069	0
Payables due to other lenders within 12 months	1,278	3,453
TOTAL OTHER CURRENT FINANCIAL LIABILITIES	**2,604**	**4,237**

Accrued expenses relate to amounts of interest expense on mortgages pertaining to the current year and debited in the next year.

“Payables due to shareholders” amounted to €221 thousand and are primarily related to payables recognised by FB International Inc.

The "Payables for exercise of Prostand put options", amounting to €1,069 thousand, relate to the parent company's purchase of an additional 20% in the subsidiary Prostand S.r.l., which involved the payment of €535 thousand and the recognition of financial payables to be paid by 2021 to the former minority shareholder.

“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 €272 thousand.

25) Trade payables

The details of the item in question are provided below.

	Balance as at 12/31/2020	Balance as at 12/31/2019
Trade payables	23,350	34,853
Payables due to associated companies	87	120
Payables due to jointly controlled companies	8	6
TOTAL TRADE PAYABLES	**23,445**	**34,979**

Trade payables refer, for the most part, to purchases of the services needed for the staging of trade fairs. Payables due to associated companies relate, for €81 thousand, to Cesena Fiera S.p.A. and, for €6 thousand, to CAST Alimenti Srl. Payables due to jointly controlled companies regard exclusively DV Global Link LLC for €8 thousand.

26) Tax payables for direct taxes

	Balance as at 12/31/2020	Balance as at 12/31/2019
Tax payables	15	2,053
TOTAL TRADE PAYABLES	**15**	**2,053**

The item "Tax payables for direct taxes" reported a debt of €15 thousand in 2020, given that all tax payables relating to the previous year were duly paid and no payables for taxes were recognised in the current year.

27) Other current liabilities

The details of the item in question are provided below.

	Balance as at 12/31/2020	Balance as at 12/31/2019
Payments on account	2,575	1,943
Payables due to social security institutions	1,664	1,345
Other payables	8,203	5,873
Accrued expenses and deferred income	470	778
Revenues paid in advance pertaining to subsequent years	1,904	36,928
Other tax payables	2,011	1,688
TOTAL OTHER CURRENT LIABILITIES	**16,828**	**48,554**

The item recorded a decrease of €31.7 million compared to the previous year, primarily relating to the item 'Revenues paid in advance pertaining to subsequent years'.

The item 'Revenues paid in advance pertaining to subsequent years' includes revenues billed in the year, but relating to events pertaining to subsequent years, and the decrease is due to the absence of the early billing of events to be held in the future that involve lower Revenues paid in advance as a result of the uncertainty generated by the COVID-19 emergency and the repositioning of part of the events portfolio in the second half of the year.

“Other payables” refer primarily to the Parent Company and mainly include payables to employees such as accrued holidays, leave, ‘hour bank’, deferred monthly pay and other payables accrued and still not enjoyed or paid to personnel, fees accrued and not paid to statutory bodies.

COMMENTS ON MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

28) Revenues from contracts with customers

The following table shows the breakdown of revenues by business type:

	Balance as at 12/31/2020	Balance as at 12/31/2019
Organised Events	51,386	96,774
Hosted Events	18	1,823
Conferences	2,545	15,288
Related Services (stand fitting, catering, cleaning)	19,289	40,975
Publishing, Sports and Other activities	1,195	3,339
TOTAL REVENUES FROM CONTRACTS WITH CUSTOMERS	**74,432**	**174,228**

The year 2020 recorded a reduction in revenues of €99.8 million (-57.3%).

As regards the analysis of the trend in revenues in 2020 and the comparison with the data in the previous year, please refer to the information already outlined in the Directors' Report on Operations, where the variation is analysed by breaking it down into the various components that generated it. It should be noted solely that the current year was characterised by the outbreak of the Covid-19 pandemic, which saw activities halted for large parts of the year and, subsequently, led to the cancellation of most events during the year.

29) Other revenues

"Other revenues and income" are detailed as follows:

	Balance as at 12/31/2020	Balance as at 12/31/2019
Operating grants	1,682	172
Emilia-Romagna Region Grant	194	194
Other revenues	3,499	4,006
TOTAL OTHER REVENUES AND INCOME	**5,375**	**4,372**

The item "Other revenues and income" includes mostly accessory trade fair income, but falling under the ordinary activities of the Group, for example revenues from concessions, costs pertaining to third parties relating to events managed in collaboration with other parties, income from publications and subscriptions and other items.

This item includes non-recurring revenues of €818 thousand. Of these, €315 thousand are related to the signing of a settlement agreement with one of the minority shareholders of Pro.Stand S.r.l., for the resolution of a dispute that arose with regard to a series of liabilities borne by the previous Colorcom management and which had damaged the post-acquisition management, on which the minority shareholder itself issued indemnity guarantees. The difference relates to the revenues accrued following the application of the Amendment to IFRS 16. In the same period of the previous year, non-recurring revenues were recognised relating to the charge, made in the third quarter, for the costs incurred for the listing to selling shareholders of around € 1 million, in accordance with the agreements between the Parent Company and the same.

The remainder, amounting to €503 thousand, derives from the application of a recently published amendment to IFRS 16, which made it possible to account for the effects of changes to the payment plans of lease agreements following the COVID-19 emergency by derecognising the financial liability with a balancing entry in the income statement.

The item "Operating grants" includes, for roughly €700 thousand, the contributions to the non-repayable grant received as part of the Ristori Decree by the companies Italian Exhibition Group, Summertrade and Prostand. The remaining portion, attributable to the Parent Company, is composed of contributions to the internationalisation and development activities of trade fair events.

30) Operating costs

Operating costs amounted to €78.0 million (€136.7 million as at December 31, 2019) and are detailed as follows:

	Balance as at 12/31/2020	Balance as at 12/31/2019
Costs for raw materials, consumables and goods for resale	(6,849)	(15,420)
Costs for services	(45,054)	(82,499)
For use of third-party assets	(214)	(492)
For personnel		
Wages and salaries	(15,456)	(25,068)
Social security costs	(4,248)	(7,175)
Employee severance indemnity	(1,345)	(1,449)
Pension costs and similar liabilities	0	0
Other costs	(279)	(743)
Directors' fees	(1,052)	(1,110)
	(22,380)	(35,543)
Change in inventories	10	142
Other operating costs	(3,532)	(2,914)
TOTAL OPERATING COSTS	(78,019)	(136,726)

Operating costs fell by €58.7 million compared to the previous year (-42.9%). The variation is mainly due to the reduction in activities caused by the shutdown in activities imposed by the Government authorities to contain the spread of the Covid-19 pandemic, which made it impossible to hold trade fairs and conferences for large parts of the year.

As also indicated in the Income Statement, operating costs were encumbered by no-recurring items; more specifically, "Costs for services" include, for €710 thousand, the fees of the professionals involved in the combination project between Bologna Fiere and IEG and, for €1,203 thousand, by the permanent withdrawal from the expansion project designed for the Vicenza Trade Fair District, a decision taken by the Parent Company's Board of Directors on October 15, 2020, and whose design value has been recognised under fixed assets under construction and payments on account.

Lastly, "Other operating costs" included capital losses for the sale and disposal of trade fair equipment for approximately €480 thousand.

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

	Balance as at 12/31/2020	Balance as at 12/31/2019
Municipal taxes	(925)	(1,113)
Membership fees and contributions	(367)	(364)
Capital losses from fixed asset disposal	(545)	(101)
Other operating expenses	(431)	(1,336)
TOTAL OTHER OPERATING COSTS	**(2,268)**	**(2,914)**

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

	Balance as at 12/31/2020	Balance as at 12/31/2019
Amortisation of intangible fixed assets	(2,160)	(1,846)
Depreciation of property, plant and equipment	(14,893)	(14,602)
Write-downs of fixed assets	(4,747)	(111)
TOTAL AMORTISATION, DEPRECIATION AND WRITE-DOWNS	**(21,801)**	**(16,559)**

The item "Write-downs of fixed assets" includes the write-down of goodwill booked in relation to the acquisition of Fb International Inc. for €3.8 million and the write-down of the property, plant and equipment of Prostand Srl for roughly €0.9 million. The item includes non-recurring write-downs for €4.7 million as a result of goodwill impairment tests.

32) Financial income and charges

Details of “Financial income” are reported below:

	Balance as at 12/31/2020	Balance as at 12/31/2019
From securities in Current assets other than equity investments	**52**	**61**
Interest income on bank deposits	2	5
Other interest income	14	103
Restatement of payables for put options	9,344	0
Income other than the above	***9,360***	***108***
TOTAL FINANCIAL INCOME	**9,412**	**169**

Financial income amounted to €9.4 million, attributable almost entirely to non-recurring transactions involving the restatement of payables recognised for the future exercise of put options set forth contractually for the purchase of the remaining shares in Prostand Srl and FB International Inc, as a result of the revision of the estimates of future results of companies due to the impact of the pandemic Covid-19.

Details of the item “Interest and financial charges” are provided below:

	Balance as at 12/31/2020	Balance as at 12/31/2019
Interest expense on payables due to banks	(1,833)	(988)
Other interest expense and charges	(200)	(62)
Negative differences of SWAPs	(962)	(991)
IRS differential	194	(218)
Financial charges on put options	(590)	(1,218)
Interest expense on rights of use - IFRS 16	(681)	(799)

TOTAL INTEREST AND FINANCIAL CHARGES	**(4,071)**	**(4,276)**

Financial charges encumber almost exclusively Italian Exhibition Group S.p.A., which acts as the treasury for several of the Group's operating companies, and relate to mortgages taken out and the temporary use of short-term credit facilities.

The "IRS Differential" represents the change in the fair value of the derivative, solely for management purposes, contracted by the Parent Company with former Banca Popolare di Vicenza (now Banca Intesa San Paolo), between December 31, 2019 and December 31, 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 and the second one subscribed in 2018. It should be noted that the change in the fair value of the derivative financial instrument had a different impact in the two periods: a positive €194 thousand in 2020 and a negative €218 thousand in 2019, with a net change which led to an overall improvement in the item of roughly €412 thousand.

The item "Financial charges on put options" amounted to €590 thousand and includes financial charges accrued on payables connected with the put options relating to the stand-fitting companies acquired in 2018. They fell by €628 thousand compared to 2018 (€1,218 thousand) due to the reduction in payables for put options already mentioned previously.

It should be noted that, as a result of the application of IFRS 16 - Leases, the Group recognised interest expense totalling €681 thousand.

The exchange gains and losses led to a net profit of €82 thousand, mainly due to the Euro-Dollar exchange rate taken at the end of the year.

Notice is also hereby given that the item "Interest and financial charges" includes a non-recurring expense of €900 thousand, as a result of the non-use of a credit line provided by banks (so-called arrangement fees).

33) Gains and losses from equity investments

Equity investments in associated companies were measured using the equity method. The other equity investments are booked at cost and are written down in the event of a significant and prolonged reduction in the fair value with respect to the cost of recognition.
For more information, please refer to the previous comments on financial fixed assets.

	Balance as at 12/31/2020	Balance as at 12/31/2019
Revaluations of equity investments		
C.A.S.T. Alimenti Srl	0	8
Cesena Fiera S.p.a.	26	72
Fitness Festival International S.r.l. (in liquidation)	0	5
Total revaluations of equity investments	**26**	**178**
Write-downs of equity investments		
Expo Estrategia Brasil Eventos e Producoes Ltda	(11)	(19)
EAGLE	(1,109)	(68)
C.A.S.T. Alimenti Srl	(51)	
Rimini Welcome S.c.a.r.l.	(2)	
Fitness Festival International S.r.l. (in liquidation)	(4)	
Fairsystem Srl	0	(5)
DV Global Link LLC	(241)	(283)
Total Write-down of equity investments	**(1,418)**	**(376)**
Total effect of valuation of equity investments with the equity method	**(1,392)**	**(291)**
Income from equity investments		
CAST Alimenti dividends	0	43
Total income from equity investments	**0**	**43**

TOTAL GAINS/LOSSES ON EQUITY INVESTMENTS	**(1,392)**	**(248)**

It should be noted that the write-down of the equity investments in EAGLE was recognised as a non-recurring transaction.

34) Taxes

Income taxes for the year contributed a benefit of €5.1 million, of which taxes relating to previous years came to €0.3 million and the balance of deferred tax assets and deferred tax liabilities led to a lower expense of €4.8 million.

Pursuant to point 14) of article 2427 of the Italian Civil Code, and the requirements of IAS 12, the required information on deferred and prepaid taxes is shown below.

	2020			2019		
	Temporary differences	*Tax rate*	*Tax effect*	*Temporary differences*	*Tax rate*	*Tax effect*
Deferred tax assets with balancing entry in the income statement						
Bad debt provision	5,579	24%	1,346	4,346	24%	1,043
Other provisions for risks and charges	1,129	24%	275	1,671	24%	405
Other losses that can be carried forward	17,699	24%	4,180	2,441	9%	226
Agents' leaving indemnities	100	28%	28	100	28%	28
Membership fees paid in subseq. years	10	24%	2			
Directors' Emoluments not paid in the year	265	24%	63	287	24%	69
Deprec. Amortisation not deductible in the year	3,112	27%	844	1,072	25%	271
Statutory write-down fixed assets	112	28%	31	123	28%	34
Photovoltaic prepaid amounts	1,293	28%	361	1,406	28%	392
IAS write-down of intangible fixed assets	95	31%	29	185	28%	52
Statutory/fiscal misalignment on revaluation of land	1,657	28%	462	1,657	28%	462
Value adjustments of equity investments	227	1%	3	227	1%	3
Fair value of derivatives	4,485	24%	1,076	4,679	24%	1,123
Discounting of employee benefits	121	24%	29	47	24%	11
IFRS16	837	22%	184	414	22%	91
Indemnities	552	5%	25			
Total deferred tax assets with balancing entry in the income statement	***37,273***		***8,941***	***18,655***		***4,211***
Tax effect on "Actuarial Gain & Losses" component of actuarial calculation of Employee benefits	222	24%	53	125	24%	30
Fair value on derivatives at CFH	1,032	24%	248	549	24%	132
IFRS16	2,426	23%	563	2,426	23%	563
Total deferred tax assets charged - Shareholders' equity	***3,680***		***864***	***3,653***		***724***

	2020			2019		
	Temporary differences	*Tax rate*	*Tax effect*	*Temporary differences*	*Tax rate*	*Tax effect*
Deferred tax liabilities:						
Excess amortisation	4,536	28%	1,266	600	8%	50
Statutory/fiscal misalignment on revaluation of land	617	24%	148	4,537	0%	1,266
Amortised cost - loans				699	24%	168
Discounting of employee benefits	40	28%	11	20	27%	6
Total deferred tax liabilities charged to Income Statement	***5,194***		***1,425***	***5,856***		***1,489***
Statutory/fiscal misalignment on revaluation of land	1,542	28%	430	1,542	28%	430
				1,542		**430**
Recognition of deferred tax liabilities on PPA	4,011	28%	1,119	3,857	28%	1,076
Total taxes on PPA	***4,011***		***1,119***	***7,857***		***1,076***
Net deferred (prepaid) taxes	**23,953**		**5,330**	**11,053**		**1,940**

Deferred tax liabilities have been calculated according to the global allocation approach, taking into account the cumulative amount of all temporary taxable differences, based on the expected average rates in force when these temporary differences are offset.

Deferred tax assets were recorded given there is reasonable certainty as to the existence, in the years in which the temporary deductible differences will carry forward, in respect of which prepaid taxes were recognised, of a taxable income not lower than the amount of the differences that will be cancelled.

The main temporary differences that involved the recognition of deferred tax assets and liabilities are indicated in the table below, together with the associated effects.

The tables below show the differences between theoretical tax charges (IRES 24% and IRAP 3.9%) and the tax charge that can actually be recorded in the financial statements, as suggested by IAS 12.

Reconciliation between theoretical IRES and IRES as per the Financial Statements		12/31/2020
Pre-tax result from statutory financial statements of Group companies		**(16,879)**
Theoretical tax charge		*(2,120)*
Decreases		
	Use/cancellation of provisions allocated in previous years	(897)
	Deductible portion of board and lodging expenses	(916)
	Dividends from subsidiaries/revaluation of equity investments	(152)
	Other decreases	(1,985)
	IMU (Municipal property tax)	(154)
	IRAP and lump-sum portion on employee severance indemnity paid	(38)
	Total decreases	**(4,141)**
Increases		
	Write-down of equity investments and Allocation to provision for write-down of equity investments	6,250
	Non-deductible amortisation/depreciation and other non-deductible provisions	367
	IMU (Municipal property tax)	256
	Non-deductible portion of board and lodging expenses	1,209
	Other increases	3,926
	Total increases	**12,009**
Reduction in Income for Asset Increase (ACE)		**(176)**
Taxable amount for IRES purposes pertaining to the year		**(9,188)**
Use of tax losses of previous years		0
Actual taxable income for IRES purposes		**(9,188)**
IRES (corporate income tax) pertaining to the year		(18)
IRES in Income statement		**(18)**

Reconciliation between theoretical IRAP and IRAP as per the Financial Statements		12/31/2020
Difference between value and costs of production from statutory financial statements of Group companies		**1,288**
Non-relevant costs for IRAP purposes		6,223
Theoretical taxable income		**7,511**
Theoretical tax charge (3.90%)		*(293)*
Decreases		
	INAIL (Italian National Institute for Insurance against Accidents at Work), Trainees, Tax wedge and similar	(19,141)
	Excess tax amortisation	24
	Other decreases	(435)
	Total decreases	**(19,553)**
Increases		
	Directors' fees	621
	Municipal Property Tax	256
	Other increases	1,360
	Total increases	**(9,803)**
Taxable amount for IRAP (regional business tax) purposes pertaining to the year		**3**
Use of tax losses of previous years		-

Actual taxable amount for IRAP (regional business tax) purposes	**(9,803)**
IRAP pertaining to the year	3
IRAP in Income statement	**3**

35) Related party transactions

The companies in the IEG Group entered into transactions under market conditions and based on reciprocal cost effectiveness, both within the Group and with other related companies.

Business transactions between the IEG Group companies are mainly targeted at the organisation and management of exhibitions and events. IEG S.p.A. also provides treasury services to some Group companies. For a description of the nature and the amounts of the transactions between companies consolidated on a line-by-line basis, please refer to the contents of the Directors' Report on Operations.

The table below shows the amount and the nature of the receivables/payables as at December 31, 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.

Rimini Congressi is the parent company of the Group in which, following the merger by incorporation between the aforementioned company and Società del Palazzo S.p.A., the Group holds a stake of 10.36%. The tables below indicate the receivable/payable and cost/revenue transactions as at December 31, 2020 between IEG and the parent company. In addition, it should be noted that, on application of the new IFRS 16 accounting standard, the costs for the use of third-party assets, relating to rental agreements for the Palacongressi di Rimini stipulated between IEG S.p.A. and Rimini Congressi S.r.l., 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.

Related party transactions	Rimini Congressi (*)	Destination Services	DV Global Link LLC	Cesena Fiera	CAST Alimenti S.r.l.
Trade receivables	65		23	110	
Current financial assets		45			
TOTAL RECEIVABLES	**491**	**45**	**26**	**110**	
Trade payables			(8)	(81)	(6)
Financial payables	16,248				
Tax payables for direct taxes					
TOTAL PAYABLES	**16,248**		**(8)**	**(81)**	**(6)**
Revenues from sales and services	40			33	3
Other revenues	65				
Costs for services, use of third-party assets, other expenses	(5)		(3)	(19)	(9)
Income from equity investments					
TOTAL REVENUES AND COSTS	**101**		**(3)**	**14**	**(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 €1,031 thousand and financial charges for €404 thousand.

36) Disclosure pursuant to Law no. 124 of August 4, 2017

The information required pursuant to art. 1, paragraph 125 of Law no. 124 of August 4, 2017 is provided in the table below.

No.	Name of disbursing entity	Reason	Sum collected (€)	Collection date
1	G.S.E. S.p.A.	Photovoltaic incentives - January/February	3,875	04/30/2020
2	G.S.E. S.p.A.	Photovoltaic incentives - March	1,938	06/30/2020
3	G.S.E. S.p.A.	Photovoltaic incentives - April	1,985	06/30/2020
4	G.S.E. S.p.A.	Photovoltaic incentives - May	1,985	08/31/2020
5	G.S.E. S.p.A.	Photovoltaic incentives - June	1,985	08/31/2020
6	G.S.E. S.p.A.	Photovoltaic incentives - July	1,985	11/02/2020
7	G.S.E. S.p.A.	Photovoltaic incentives - August	1,985	11/02/2020
8	G.S.E. S.p.A.	Photovoltaic incentives - September	1,985	12/31/2020
9	G.S.E. S.p.A.	Photovoltaic incentives - October	1,985	12/31/2020
10	Municipality of Vicenza	Municipality of Vicenza - grant VIOFF20 DET.2055	22,000	11/23/2020
11	ICE - AGENZIA PER LA PROMOZIONE (Agency for the promotion abroad and internationalisation of Italian companies)	Ecomondo grants 2019	129,000	03/02/2020
12	ICE - AGENZIA PER LA PROMOZIONE (Agency for the promotion abroad and internationalisation of Italian companies)	Vicenza Oro grants - January	168,000	05/26/2020
13	ICE - AGENZIA PER LA PROMOZIONE (Agency for the promotion abroad and internationalisation of Italian companies)	Vicenza Oro grants - January	371,152	12/16/2020
14	MISE (Ministry of Economic Development)	Covid contribution to non-repayable grant - ddgt IEG	449,225	12/31/2020
15	MISE (Ministry of Economic Development)	Covid contribution to non-repayable grant - ddgt Prostand	117,150	12/31/2020
16	Emilia-Romagna Region	RER (Emilia-Romagna Region) Grants - Law 4	25,778	07/21/2020
17	MISE (Ministry of Economic Development)	Grant pursuant to art. 1, Decree Law 137/2020	135,362	24/12/2020
		Total	1,437,378	

37) Independent Auditors' fees

The following table shows the fees paid to auditors of group companies and to their network, broken down into audit and related services.

COMPENSATION FOR THE AUDIT	Balance as at 12/31/2020	Balance as at 12/31/2019
Audit services	154	127
Related Services	247	175

38) Additional Information

Sureties and guarantees granted to third parties

It should be noted that, as at December 31, 2020, the Group has guarantees in place relating to sureties and third party assets at IEG totalling €2,290 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 year 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 the lessor who owns the Milan offices for €193 thousand;
- by the Parent Company in favour of other entities for a total of €63 thousand;

- 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 for an amount of €1,200 thousand. This amount was not recorded under guarantees given as the associated provision for risks is allocated in the financial statements for the same amount.

Employees

The average number of employees is expressed as the number of FTE (full-time equivalent) workers. The comparison between the average number of employees in 2020 and the previous year is shown below.

FTE	2020	2019
Executives	12.2	13.8
Middle managers - White collar workers	386.6	379.3
Blue-collar workers	92.2	172.4
AVERAGE NUMBER OF EMPLOYEES	**491.0**	**565.5**

The exact number of workers (headcount) as at December 31, 2020 compared with the figure as at December 31, 2019 is indicated hereunder.

Headcount	12/31/2020	12/31/2019
Executives	14	13
Middle managers - White collar workers	378	405
Blue-collar workers	56	420
TOTAL HEADCOUNT AT THE END OF THE PERIOD	**448**	**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 DECEMBER 31, 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		*Parent Company*			
Exmedia S.r.l. (1)	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. (2)
Pro.Stand S.r.l.	Poggio Torriana, via Santarcangiolese 18	Trade fair stand fittings	182	100%	100%		(2)
IEG USA Inc.	1001 Brickell Bay Dr., Suite 2717° Miami (FL)	Equity holding company	USD 7,200	100%	100%		
FB International Inc.	1 Raritan Road, Oakland, New Jersey 07436 - USA	Trade fair stand fittings	USD 48	51%		51%	IEG USA Inc.
Prime Servizi S.r.l.	Via Flaminia, 233/A – 47924 Rimini	Cleaning and porterage services	60	51%	51%		
HBG Events FZ LLC	Creative Tower, 4422, Fujairah, UAE	Organisation of trade fair events	AED 799	100%	100%		

(1) The company was liquidated during the year. The economic result until the liquidation date is included in the consolidated financial statements.

(2) 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 DECEMBER 31, 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 EstrategiaBrasilEventos e ProducoesLtda	Rua Felix de Souza, 307 Vila Congonhas – Sao Paulo	Organiser and host site of trade fairs / events / conferences	REAL 6,091	50%	50%		
DV Global Link LLC	P.O. Box 9292, Dubai, United Arab Emirates	Organiser and host site of trade fairs / events / conferences	AED 500	49%	49%		
Fitness Festival International S.r.l. in liquidation	Via Martiri dei Lager, 65 – 06128 Perugia	Organiser of trade fairs / events and conferences	220	50%	50%		
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	37.5%	20%	17.5%	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.

Statement relating to the Consolidated Financial Statements pursuant to Art. 154 bis, paragraph 5 of Legislative Decree no. 58/1998

STATEMENT RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 154 BIS, PARAGRAPH 5 OF LEGISLATIVE DECREE NO. 58/1998

1. The undersigned, Corrado Peraboni, as Chief Executive Officer and Roberto Bondioli as Manager responsible for preparing the company's financial documents of Italian Exhibition Group S.p.A. hereby certify, also taking into account the provisions of article 154-*bis*, paragraphs 3 and 4 of Legislative Decree no. 58 of February 24, 1998:
   - the adequacy with respect to the company's profile, and
   - the effective application

   of the administrative and accounting procedures for the preparation of the Consolidated Financial Statements as at December 31, 2020.

2. It is also certified that:

   2.1. the consolidated financial statements as at December 31, 2020:
   - 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;
   - correspond to the results of the books and the accounting records;
   - are suitable to provide a true and fair representation of the capital, economic and financial situation of the issuer and group of companies included within the scope of consolidation.

   2.2. the Directors' Report on Operations includes a reliable analysis of the trends and results of operations as well as of the position of the issuer and of all entities included within the scope of consolidation, together with a description of the main risks and uncertainties they are exposed to.

Rimini, March 18, 2021

Signed

The Chief Executive Officer

Corrado Peraboni

Signed

Manager responsible for preparing the company's financial documents

Roberto Bondioli

Independent Auditors' Report to the Consolidated Financial Statements

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Independent auditor's report

in accordance with article 14 of Legislative Decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537/2014

To the Shareholders of Italian Exhibition Group SpA

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Italian Exhibition Group SpA (hereinafter also the "Company") and its subsidiaries (hereinafter also the "IEG Group" or the "Group"), which comprise the consolidated statement of financial position as of 31 December 2020, the consolidated income statement, the consolidated statement of comprehensive income, statement of changes in consolidated shareholders' equity, consolidated cash flow statement for the year then ended and explanatory notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements of Italian Exhibition Group SpA give a true and fair view of the financial position of the IEG Group as of 31 December 2020 and of the result of its operations and cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italy). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of this report. We are independent of Italian Exhibition Group SpA pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key audit matters	*Auditing procedures performed in response to key audit matters*
Recoverability of goodwill	
See paragraph "Measurement criteria" and note no. 2 - "Intangible fixed assets" of the explanatory notes to the consolidated financial statements as of 31 December 2020 As of 31 December 2020, the book value of the goodwill amounts recognised in the consolidated financial statements of the IEG Group amounted to about Euro 22.2 million. Under IAS 36 - "Impairment of assets", considering that goodwill is an intangible asset with an indefinite useful life, it is not subject to amortisation, but tested for impairment ("impairment test") at least once a year. On the basis of the Company's strategic choices, the goodwill amounts were allocated, for the purpose of verifying their recoverable value, to the Cash Generating Units ("CGUs") coinciding with the Italian operating sector of the IEG Group ("CGU Italy"), with "CGU FB" and with "CGU HBG". Starting from 30 June 2020, the Company reorganized CGUs in order to separately test the goodwill that emerged at the acquisition date, in the financial year 2018, of the US subsidiary FB International Inc., following the interruption of business of this company in the financial year 2020 due to the Covid-19 pandemic, which caused a delay in the expected synergies, predicted at the acquisition date, with the companies of the "CGU Italy". The impairment test was performed by the Directors by comparing the recoverable value of the "CGU Italy" and "CGU FB", represented by their value in use determined according to the discounted cash flow method with their book value, which includes the goodwill amounts. No impairment test was carried out relating to the company HBG Events FZ Llc, as the acquisition of	The audit approach preliminarily consisted in obtaining an understanding and assessing the methods and procedures defined by the Company to determine the recoverable value of the "CGU Italy" and "CGU FB", to which the goodwill tested for impairment were allocated. Specifically, we verified the reasonableness of the Directors' assumptions behind the allocation of goodwill to the "CGU Italy" and "CGU FB". We verified that the method used by the Company complied with IAS 36 adopted by the European Union and with the standard evaluation practice, including through the involvement of the PwC network experts in business valuations. We verified the reasonableness of the discount rates and of the perpetuity growth rates in comparison with the evaluation practice generally applied for companies in the relevant industry of the IEG Group. We verified the consistency between the financial flows included in the valuation model and those reflected in the 2021-2025 Plan - "alternative scenario", as well as assessing the reasonableness, based on the information available at the date, of the assumptions and forecasts underlying the Plan. We verified the mathematical accuracy of the valuation models prepared by the Company and examined the sensitivity analyses prepared by the Directors. Furthermore, with reference to the effects on the Group's business deriving from the Covid-19 pandemic, we carried out a stress test

this company took place only on October 28, 2020, the purchase price allocation process has not yet been completed and no impairment indicators emerged with respect to the acquisition date.

The values in use determined by the Directors, which consider the explicit forecast period 2021-2025, are based on assumptions regarding, among other things, (i) the estimated cash flows inferred from the Business plan 2021-2025 - "alternative scenario" (hereinafter the "Plan"), approved by the Company's Board of Directors on 18 January 2021, which forecasts, with respect to the basic plan for the year ending 31 December 2021, for a recovery in onsite trade fair events and conferences only from September 2021 (ii) the determination of an appropriate discount rate ("WACC") and (iii) the estimate of a medium/long-term growth rate ("g" rate) for the flows beyond the Plan explicit period.

The basis of preparation and the results of the impairment test were approved by the Company's Board of Directors on 23 February and on 18 March 2021, respectively, without detecting any impairment indicators for the goodwill amounts recognised in the consolidated financial statements, except for the goodwill relating to the "CGU FB", which was written down by approximately Euro 3.8 million.

This was considered as a particularly significant matter for the statutory audit of the consolidated accounts, in light of the estimation elements (in particular the estimate of the expected cash flows and the determination of the discount rate and growth rates) inherent in the evaluations performed by the Directors in relation to the recoverability of goodwill.

With regard to the effects on the activities of the IEG Group, the Directors carried out sensitivity analyses on the recoverable value of the CGUs, following the uncertainties arising from the Covid-19 pandemic.

exercise, considering worse inputs for the year 2021 compared to those used in the impairment tests of the goodwill recorded in the consolidated financial statements as of 31 December 2020.

Finally, we verified the adequacy and completeness of the disclosures provided by the Company in the explanatory notes to the consolidated accounts.

Recoverability of deferred tax assets

See paragraph "Measurement criteria" and note n° 5 - "Deferred tax Assets" and note n°34 - "Income taxes" of the explanatory notes to the consolidated financial statements as of 31 December 2020

Net deferred tax assets recognized in the consolidated financial statements as of 31 December 2020 approximately amount to Euro 5.3 million (partially offset by deferred tax liabilities equal to approximately Euro 3 million).

Such net deferred tax assets include approximately Euro 4.7 million relating to the IRES tax loss suffered by the companies belonging to the tax consolidation of the IEG Group in the year 2020.

The recoverability of deferred tax assets was considered a key audit matter for the purpose of the statutory audit of the consolidated financial statements due to the complexity of the evaluation of the recoverability of these receivables which is closely related to the achievability of the 2021-2025 Business Plan - "alternative scenario", approved by the Company's Board of Directors on 18 January 2021.

The recoverability of deferred tax assets was considered of particular relevance for the statutory audit of the consolidated financial statements, in consideration of the complexity of the evaluation of the recoverability of these assets, which is closely related to the achievability by the Company and the IEG Group of the 2021-2025 Plan - "alternative scenario", approved by the Company's Board of Directors on 18 January 2021.

Auditing procedures performed

Our audit procedures preliminarily included understanding and evaluating the procedures adopted by the Company to verify the recoverability of deferred tax assets.

We obtained the Company's forecast about the timing of recoverability of deferred tax assets, which is closely related to forecasted future taxable income in the period 2021-2025 for the Company and its Italian subsidiaries included in the scope of the IRES tax consolidation of the IEG Group, linked to the achievement of the prospective results included in the 2021-2025 Plan - "alternative scenario".

We verified the consistency between the financial flows included in the valuation model and those reflected in the 2021-2025 Plan - "alternative scenario", as well as assessing the reasonableness, based on the information available at the date, of the assumptions and forecasts underlying the Plan.

We verified that the methodology used by the Group was consistent with the international accounting standard IAS 12 adopted by the European Union and with the normal valuation practice, also through the involvement of the experts of the PwC network in the context of tax audit.

Finally, we verified the disclosures provided in the consolidated financial statements relating to forecasts underlying the recoverability of deferred tax assets.

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Responsibilities of the Directors and those charged with governance ("Collegio Sindacale") for the consolidated financial statements

The Directors of Italian Exhibition Group SpA are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the Directors use the going concern basis of accounting, unless they either intend to liquidate the parent company Italian Exhibition Group SpA or to cease operations or have no realistic alternative but to do so.

Those charged with governance *("Collegio Sindacale")* of Italian Exhibition Group SpA are responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italy) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italy), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- we concluded on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italy, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional disclosures required by article 10 of Regulation (EU) no. 537/2014

On 17 October 2018, the shareholders of Italian Exhibition Group SpA in general meeting engaged us to perform the statutory audit of the Company's separate and consolidated financial statements for the years ending 31 December 2019 to 31 December 2027.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) no. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on compliance with other laws and regulations

Opinion in accordance with article 14, paragraph 2, letter e) of Legislative Decree no. 39/10 and article 123-bis, paragraph 4 of Legislative Decree no. 58/1998

The Directors of Italian Exhibition Group SpA are responsible for preparing a report on operations (drawn up jointly for the Company's separate and consolidated financial statements) and a report on the corporate governance and ownership structure as of 31 December 2020, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italy) no. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree no. 58/1998 with the consolidated financial statements of the IEG Group as of 31 December 2020 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the IEG Group as of 31 December 2020 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e) of Legislative Decree no. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Bologna, 7 April 2021

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 consolidated financial statements refer to the consolidated financial statements in original Italian and not to any their translation."

ITALIAN EXHIBITION GROUP S.p.A.
Separate Financial Statements as at 12/31/2020

STATEMENT OF FINANCIAL POSITION

ASSETS (in Euro units)	NOTES	12/31/2020	12/31/2019
NON-CURRENT ASSETS			
Property, plant and equipment	1	183,380,519	192,746,689
Intangible fixed assets	2	21,250,808	22,926,970
Equity investments in subsidiaries	3	18,094,980	14,630,674
Equity investments valued using the equity method	4	2,949,304	4,128,368
Equity investments in other companies	5	11,041,757	10,853,134
Of which with related parties		*10,974,064*	*10,786,287*
Deferred tax assets	6	5,620,702	1,260,667
Non-current financial assets	7	472,072	474,924
Other non-current assets	8	98,243	115,929
TOTAL NON-CURRENT ASSETS		242,908,385	247,137,355
CURRENT ASSETS			
Inventories		-	-
Trade receivables	9	9,803,500	23,025,821
Of which with related parties		*2,750,346*	*2,646,043*
Tax receivables for direct taxes	10	76,011	-
Current financial assets	11	2,203,594	3,141,432
Of which with related parties		*2,203,594*	*1,989,697*
Other current assets	12	3,759,526	4,876,681
Cash and cash equivalents	13	24,069,554	18,147,288
TOTAL CURRENT ASSETS		39,912,185	49,191,222
TOTAL ASSETS		282,820,570	296,328,577

LIABILITIES	(in Euro units)	NOTES	12/31/2020	12/31/2019
SHAREHOLDERS' EQUITY				
	Share capital	14	52,214,897	52,214,897
	Share premium reserve	14	13,946,713	13,946,713
	Other reserves	14	33,147,188	32,733,409
	Profit (loss) for previous years	14	17,221,060	4,100,972
	Profit (loss) for the year	14	(12,682,991)	13,897,502
	TOTAL SHAREHOLDERS' EQUITY		103,846,867	116,893,493
NON-CURRENT LIABILITIES				
	Payables due to banks	15	83,730,328	56,403,007
	Non-current financial liabilities on rights of use	16	17,682,965	20,087,572
	Of which with related parties		*15,295,527*	*17,219,277*
	Other non-current financial liabilities	17	9,321,361	5,721,769
	Of which with related parties		*0*	*221,840*
	Provisions for non-current risks and charges	18	1,598,727	1,865,531
	Employee provisions	19	2,893,214	3,357,455
	Deferred tax liabilities	6	-	-
	Other non-current liabilities	20	2,106,514	2,300,485
	TOTAL NON-CURRENT LIABILITIES		117,333,109	89,735,819
CURRENT LIABILITIES				
	Payables due to banks	15	24,216,647	10,133,115
	Current financial liabilities on rights of use	21	1,369,744	2,276,394
	Of which with related parties		*952,875*	*1,319,894*
	Other current financial liabilities	22	2,556,303	3,787,795
	Of which with related parties		*221,840*	*221,840*
	Trade payables	23	18,060,026	28,005,904
	Of which with related parties		*4,451,369*	*7,524,673*
	Tax payables for direct taxes	24	0	1,969,082
	Of which with related parties		*-*	*-*
	Other current liabilities	25	15,437,874	43,526,975
	Of which with related parties			*163,599*
	TOTAL CURRENT LIABILITIES		61,640,594	89,699,265
TOTAL LIABILITIES			282,820,570	296,328,577

INCOME STATEMENT

(in Euro units)	NOTES	2020	2019
REVENUES			
Revenues from contracts with customers	27	56,588,982	120,282,468
Of which with related parties		*1,490,004*	*3,721,541*
Other revenues	27	3,672,211	3,818,420
Of which with related parties		*237,284*	*1,390,865*
TOTAL REVENUES		**60,261,193**	**124,100,888**
Of which non-recurring revenues		*293,938*	*981,162*
OPERATING COSTS			
Change in inventories		-	-
Costs for raw materials, consumables and goods for resale	28	(1,224,472)	(2,241,838)
Of which with related parties		*(12,900)*	-
Costs for services	28	(36,479,732)	(61,983,610)
Of which with related parties		*(8,990,766)*	*(18,353,278)*
Of which costs for non-recurring services		*(1,913,329)*	*(237,702)*
Costs for use of third-party assets	28	(123,499)	(219,768)
Personnel costs	28	(15,064,597)	(21,193,546)
Other operating costs	28	(1,744,770)	(2,495,969)
Of which with related parties		*(20,879)*	*(18,016)*
TOTAL OPERATING COSTS	28	(54,637,070)	(88,134,731)
GROSS OPERATING PROFIT (EBITDA)		**5,624,123**	**35,966,157**
Depreciation, amortisation and write-downs of fixed assets	29	(11,909,510)	(11,605,980)
Write-down of receivables	9	(1,504,645)	(995,215)
Provisions and releases	17	204,500	(144,728)
Value adjustments of financial assets other than equity investments		(24,238)	1,088
OPERATING PROFIT/LOSS		**(7,609,770)**	**23,221,322**
FINANCIAL INCOME AND CHARGES			
Financial income	30	46,599	138,174
Of which with related parties		*3,176*	*4,105*
Financial charges	30	(3,166,417)	(2,578,759)
of which non-recurring		*(900,000)*	
Exchange rate gains and losses	30	(55,052)	98,541
TOTAL FINANCIAL INCOME AND CHARGES	30	(3,174,870)	(2,342,044)
GAINS AND LOSSES FROM EQUITY INVESTMENTS			
Effect of valuation of equity investments with the equity method	31	(1,535,212)	(332,765)
Effect of measurement of equity investments in subsidiaries	31	(3,575,665)	(209,617)
Other gains/losses on equity investments	31		140,440
Of which with related parties		*0*	*140,440*
TOTAL GAINS AND LOSSES FROM EQUITY INVESTMENTS	31	(5,110,877)	(401,942)
of which non-recurring		*(4,607,665)*	
PRE-TAX RESULT		**(15,895,517)**	**20,477,336**
INCOME TAXES			
Current taxes	32	0	(6,612,350)
Taxes related to previous years	32	251,977	(348,247)
Deferred tax assets/liabilities	32	2,960,550	380,763
TOTAL INCOME TAXES	29	3,212,527	(6,579,834)
PROFIT (LOSS) FOR THE YEAR		**(12,682,991)**	**13,897,502**

STATEMENT OF COMPREHENSIVE INCOME

	2020	2019
PROFIT (LOSS) FOR THE YEAR	**(12,682,991)**	**13,897,502**
Other comprehensive income components which will be subsequently reclassified under profit/(loss) for the year:		
Gains/(losses) on financial instruments for cash flow hedges	(367,281)	(341,745)
Gains/(losses) on translation of financial statements in foreign currency	(104,844)	(18,186)
Total Other comprehensive income components which will be subsequently reclassified under profit/(loss) for the year	**(472,125)**	**(359,931)**
Other comprehensive income components which will not be subsequently reclassified under profit/(loss) for the year:		
Actuarial gains/(losses) from defined benefit plans for employees – IAS 19	(104,322)	(173,863)
Income taxes	25,037	41,727
Total effect of change in actuarial reserve	***(79,285)***	***(132,136)***
Gains/(losses) on financial assets measured at FVOCI	200,827	(156,264)
Total Other comprehensive income components which will not be subsequently reclassified under profit/(loss) for the year	**121,542**	**(288,400)**
TOTAL PROFIT/(LOSS) BOOKED TO SHAREHOLDERS' EQUITY	**(350,583)**	**(648,331)**
COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(13,033,573)**	**13,249,171**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium reserve	Revaluation reserves	Legal reserve	Statutory reserve	Other reserves	Retained earnings (Losses) carried forward	Profit (loss) for the year	Total
Balances as at 12/31/2018	**52,214,897**	**13,946,713**	**67,159,789**	**9,213,299**	**2,413,057**	**(45,946,288)**	**1,833,907**	**9,852,399**	**110,687,773**
Allocation of profit for the year:									
- Distribution to shareholders							(5,555,555)		(5,556,555)
- Allocation to reserves				492,620	49,262		9,310,517	(9,852,399)	-
- Effects of IFRS transition							(1,487,900)		(1,487,900)
Business combinations						-			-
Measurement of revaluation reserves						-	-		-
Measurement of defined-benefit plans *						(132,136)			(132,136)
OCI reserve *						(156,264)			(156,264)
Reserve for translation of foreign financial statements *						(18,186)			(18,186)
CFH reserve*						(341,745)			(341,745)
Result of the period								13,897,502	13,897,502
Balances as at 12/31/2019	**52,214,897**	**13,946,713**	**67,159,789**	**9,705,919**	**2,462,319**	**(46,594,619)**	**4,100,969**	**13,897,502**	**116,893,489**
Allocation of profit for the year:									
- Distribution to shareholders									
- Allocation to reserves				694,875	69,488		13,133,139	(13,897,502)	-
Measurement of defined-benefit plans *						(79,285)			(79,285)
OCI reserve *						(200,827)	(13,048)		187,779
Reserve for translation of foreign financial statements *						(104,844)			(104,844)
CFH reserve*						(367,281)			(367,281)
Result of the period								(12,682,991)	(12,682,991)
Balances at 12/31/2020	**52,214,897**	**13,946,713**	**67,159,789**	**10,400,794**	**2,531,806**	**(46,945,202)**	**17,221,060**	**(12,682,991)**	**103,846,867**

** These items fall under the components of the statement of comprehensive income*

CASH FLOW STATEMENT

Values in Euro/000		12/31/2020	12/31/2019
Profit/(loss) before tax		**(15,895,517)**	**20,477,336**
	Of which with related parties	*(7,283,567)*	*(13,258,889)*
Adjustments to trace profit for the year back to the cash flow from operating activities:			
Costs for use of third-party assets (IFRS 16)		(2,286,598)	(2,127,394)
Amortisation, depreciation and write-downs of property, plant and equipment and intangible assets		11,909,510	11,605,980
Provisions and write-downs		1,504,645	995,215
Other provisions		(68,130)	1,084,728
Charges/(income) from valuation of equity investments in other companies with the equity method		5,110,877	401,942
Write-down of financial assets			
Net financial charges		3,174,870	2,342,044
	Of which with related parties	*3,176*	*4,105*
Other non-monetary changes		1,008,659	(193,970)
Cash flow from operating activities before changes in working capital		**4,458,316**	**34,585,881**
Change in working capital:			
Inventories			
Trade receivables		11,717,676	(364,083)
	Of which with related parties	*(33,994)*	*(677,435)*
Trade payables		(10,246,975)	(2,343,767)
	Of which with related parties	*3,073,304*	*(587,917)*
Other current and non-current assets		112,834	199,583
Other current and non-current liabilities		(28,585,003)	(2,244,997)
Receivables/payables for current taxes		136,666	(5,533,045)
	Of which with related parties	*163,599*	*(1,730,090)*
Deferred tax assets/liabilities		67,259	60,546
Cash flow from changes in working capital		**(26,797,542)**	**(10,225,762)**
Income taxes paid		(1,779,698)	(1,356,000)
Employee provisions and provisions for risks		(742,200)	(1,744,253)
Cash flows from operating activities		**(24,861,125)**	**21,259,866**
Cash flow from investment activities			
Net investments in intangible fixed assets		(610,945)	(6,093,048)
Net investments in property, plant and equipment		(4,127,353)	(8,595,994)
Disinvestments in intangible fixed assets		255,740	-
Disinvestments in property, plant and equipment		1,228,375	60,063
Dividends from associated companies and joint-ventures			140,440
	Of which with related parties	*0*	*140,440*
Change in current and non-current financial assets		940,690	(287,694)
	Of which with related parties	*7,043*	*(35,621)*
Acquisitions net of cash and cash equivalents acquired			-
Changes in equity investments in associated companies and other companies		*(7,396,967)*	(606,218)
Cash flow from investment activities		**(9,710,460)**	**(15,382,451)**
Cash flow from financing activities			
Change in other financial payables		695,487	2,272,970
Payables due to shareholders		(273)	(5,963)
Obtainment/(repayment) of short-term bank loans		1,325,567	-
Obtainment of mortgages		64,883,121	6,546,366
Repayment of mortgages		(23,413,880)	(9,990,077)
Net financial charges paid		(2,891,328)	(1,659,491)
Dividends paid			(5,555,555)
Change in Group reserves		(104,844)	(18,184)
Cash flow from financing activities		**40,493,850**	**(8,409,934)**
Net cash flow for the period		**5,922,265**	**(2,532,519)**
Opening cash and cash equivalents		18,147,288	20,679,799
Closing cash and cash equivalents		24,069,554	18,147,288

Explanatory notes to the financial statements

GENERAL INFORMATION

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

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

Italian Exhibition Group S.p.A. is controlled by Rimini Congressi S.r.l., which holds 49.29% of the share capital and holds voting rights for 55.86%. 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 it relations with said entity to the normal exercise of administrative and equity rights owing to its status of holder of voting rights; there is no connection between the members of the administration, management control bodies of the two companies;
- the Company does not receive - and, at any rate, is not subject in any way - to the financial or credit directives or instructions from Rimini Congressi;
- the Company has an organisational structure composed of expert professionals who, based on the powers conferred and the positions held, operate independently in line with the indications of the Board of Directors;
- the Company prepares the strategic, industrial, financial and/or budget plans of the Issuer and of the Group independently, and autonomously implements these;
- the Company operates fully independently, from a contractual perspective, in relations with its customers and its suppliers, without any external interference from Rimini Congressi.

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

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

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

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

STRUCTURE AND CONTENTS OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

BUSINESS CONTINUITY

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, also in light of the vaccination campaign, is believed to be temporary, and to work with its customers and partners to ensure that the trade fairs and conferences scheduled for late spring 2021 will be conducted in the best way possible. It should be noted, in that sense, that many of the most important events, including VicenzaOro September, Ecomondo, TTG and Tecnargilla, are scheduled from September 2021 onwards, in the period they are normally held in.
- At the date of drafting of this document, the Company has liquidity reserves, augmented by authorised credit lines and not drawn down for an amount of at least €28 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. In addition, the Group formalised a cash budget with a time horizon until February 2022, in order to verify the absence of liquidity stress in the next 12 months. 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.
- The Company concluded the process of finalising a new Business Plan with an explicit time horizon until 2025, approved by the Board of Directors on January 18, 2021. This document was drawn up on the basis of two different scenarios, in order to highlight the possible trend in the economic-financial results based on the expectations of the evolution of the pandemic and the vaccination campaign on both the national territory and on the possibility of movements abroad (for more details, please refer to the Directors' Report).
- The impacts of the pandemic on the results for the year involved the recognition of a covenant breach in relation to the loan agreement with the pool of banks headed up by Crédit Agricole Italia subscribed by the Company, which requested the suspension of application of the covenant for 2020, receiving reassurances that said request will be accepted. However, in the absence of a formal response, the payables relating to the loan were fully reclassified to short-term, amounting to €13.9 million. These payables will be reclassified in keeping with the repayment plan when the company receives formal approval of its request.
- 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, in 2020 the Company took advantage of some measures of economic and financial support introduced by the government institutions, and will verify the possibility of applying those that may be adopted in the future, by continuing to make extensive use of forms of agile working; all in order to minimise the impacts of these temporary difficulties.

MEASUREMENT CRITERIA

Property, plant and equipment

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

The depreciation rates applied are as follows:

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

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

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

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

- determines whether the contract is or contains a lease, a circumstance that is verified when said contract gives the right to control the use of an identified asset for a period of time in exchange for a consideration. This measurement is repeated in the event of the subsequent change to the terms and conditions of the contract.
- separates the components of the contract, by distributing the consideration of the contract between the lease and non-lease component.
- determines the duration of the lease as the period that cannot be cancelled of the lease, augmented by any periods covered by a lease extension or termination option.

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

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

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

Intangible fixed assets

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

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

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

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

Impairment of non-financial assets

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

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

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

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

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

Business combinations

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

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

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

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

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

Financial assets

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

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

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

Financial assets designated at amortised cost

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

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

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

Financial assets designated at fair value through comprehensive income

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

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

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

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

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

Financial assets designated at fair value through profit and loss

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

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

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

Impairment of financial assets

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

In brief, the Group measures the expected losses of the financial assets so as to reflect:

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

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

g) significant financial difficulty of the issuer or debtor;

h) breach of contract, such as non-fulfilment of an obligation or failure to respect an expiry;

i) for economic or contractual reasons relating to the debtor's financial difficulty, the creditor grants the debtor a concession that the creditor would not otherwise have considered;

j) the probability that the debtor will file for bankruptcy or other financial restructuring procedures;

k) disappearance of an active market for that financial asset due to financial difficulties; or

l) the purchase or creation of the financial asset with huge discounts that reflect the credit losses incurred.

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

Derivative financial instruments

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

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

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

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

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

d) fair value hedge: when the hedge concerns the fair value changes of assets and liabilities booked to the financial statements, both the fair value changes in the hedging instrument and the changes in the object of the hedge are booked to the income statement.

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

f) hedge of a net investment in a foreign operation (net investment hedge).

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

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

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

- the rights to receive the cash flows from the asset are extinguished;

- the Company has transferred the right to receive the cash flows from the asset or assumed the contractual obligation to pay them in full and without delay to a third party and (a) has transferred substantially all rights and benefits of ownership of the financial asset, or (b) has neither transferred nor retained substantially all risks and benefits of the asset, but has transferred control of it.

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

Equity investments

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

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

Inventories

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand as well as on-demand bank deposits and other treasury investments with an original envisaged maturity of no more than three months.

The definition of cash and cash equivalents of the cash flow statement corresponds to that of the balance sheet.

Provisions for risks and charges

Allocations to provisions for risks and charges are made whenever the Group must meet a present obligation (legal or implicit) as the result of a past event, whose amount can be estimated reliably and involving a probable outlay of resources to meet the obligation. If the expectations of the use of resources go beyond the next year, the obligation is booked at the present value, determined by discounting the expected future cash flows discounted at a rate which also takes into account the cost of borrowing and the risk of the liability.

Risks for which the occurrence of a liability is only possible are indicated in the appropriate section on “guarantees given, commitments and other contingent liabilities” and no allocation is made.

Employee benefits

The employee benefits provided on or after the termination of the employment contract are composed of employee severance indemnity or retirement provisions.

Law no. 296 of December 27, 2006 “2007 Finance Law” introduced major changes to the allocation of amounts of the provision for employee severance indemnity. Until December 31, 2006, employee severance indemnity fell under post-employment plans known as “defined-benefit plans” and were measured according to IAS 19, using the projected unit credit method carried out by independent actuaries.

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

Following said reform, the provision for employee severance indemnity, for the part accrued from January 1, 2007, is to be considered essentially similar to a “defined contribution plan”. In particular, these changes introduced the possibility for the worker to choose where to allocate their employee severance indemnity being accrued: the new flows of the employee severance indemnity can, in companies with more than 50 employees, be allocated by the worker to pre-established pension funds or maintained in the company and transferred to the INPS (Italian National Social Security Institute). In short, for the employee severance indemnity accrued prior to 2007, the IEG Group carried out an actuarial evaluation, without subsequently including the component relating to future salary increases. The part subsequently accrued was instead accounted for according to the methods attributable to defined contribution plans.

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

Financial liabilities

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

Financial liabilities that are included in the scope of application of IFRS 9 are classified as payables and loans, or as hedging derivatives, depending on the case. The Company determines the classification of its financial liabilities on initial recognition.

Gains and losses are recognised in the income statement when the liability is extinguished as well as through the amortisation process.

The amortised cost is calculated by recognising all discounts or bonuses on the purchase and the fees or costs that are an integral part of the effective interest rate. Amortisation at the effective interest rate is included among financial charges in the income statement.

A financial liability is derecognised when the obligation underlying the liability is discharged, cancelled, or expires.

In the event that an existing financial liability is replaced by another from the same lender, in substantially different conditions, or the conditions of an existing liability substantially change, the exchange or amendment is treated as an accounting derecognition of the original liability and the recognition of a new liability, with any differences in the carrying amount recorded in the income statement.

Put options on minority interests

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

As regards EU-IFRS, the treatment applicable to put options regarding minority interests is not fully regulated. While, in fact, it has been established that the accounting of a put option on minority interests gives rise to the recognition of a liability, its balancing 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 balancing 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 balancing entry, if the put option is recognised to the seller as part of a business combination; or
    - with balancing 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 balancing entry for the recognition of the aforementioned liability will always be the shareholders' equity pertaining to the Parent Company.

Tax payables for direct taxes and other liabilities

Payables are recognised at nominal value. Payables are eliminated from the financial statements when the underlying financial obligations have been extinguished.

The liabilities, if expiring after twelve months, are discounted in order to bring them back to the current value through the use of a rate as such to reflect the market evaluations of the present value of money and the specific risks connected with the liability. Discounting interest is classified under financial charges.

Hedging instruments

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

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

The IEG Group applies the accounting of cash flow hedges in the event in which there is formal documentation of the hedging relationship of the changes in cash flows originating from an asset or liability or a future transaction (underlying element hedged) considered highly likely and which could impact the income statement.

The measurement criterion of the hedging instruments is represented by the fair value at the designated date. The fair value of the interest rate derivatives is determined by their market value at the designated date when it refers to future cash flow hedges. It is booked to the hedging reserve of shareholders' equity and transferred to the income statement when the underlying financial charge/income materialises.

In cases in which the instruments do not meet the required conditions for the accounting of hedging instruments set out in IAS 39, the fair value changes are booked to the income statement as financial charges/income.

Translation of foreign currency items

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

Treasury shares

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

Revenue recognition

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

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

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

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

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

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

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

Operating costs

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

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

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

Financial income and charges

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

Dividends

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

Taxes

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

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

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

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

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

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

USE OF ESTIMATES

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

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

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

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

- the measurement of fixed assets (amortisation/depreciation and any write-downs due to impairment, price allocations);

- the measurement of receivables.
- the recognition and quantification of contingent liabilities;
- the determination of deferred tax assets/liabilities and income taxes;
- the determination of liabilities relating to “Employee severance indemnity” accrued prior to 2007, which was carried out by making use of the actuarial evaluation prepared by independent actuaries.
- Financial payables on put options and conditional earn-outs;
- Provision for risks;
- Fair value of financial instruments.

With reference to fixed assets, notice is hereby given that, for the impairment test, the processes and measurement methods and the methods for calculating the estimates are based on complex assumptions relating to revenues, operating costs, margins, investments, rates of growth in the terminal value and discount rates differentiated for each of the CGUs identified, to which the different scenarios subject to sensitivity analysis are applied.

With reference to the measurement of receivables, notice is hereby given that the bad debt provisions reflects the estimates of expected losses for the Group's loan portfolio. Allocations were made to cover expected losses on loans, estimated on the basis of previous experience with reference to loans with similar credit risk, to amounts of current and historical unpaid amounts, as well as careful monitoring of the quality of the loan portfolio and the current and expected conditions and reference markets. The estimates and assumptions are periodically reviewed and the impact of any change recognised in the income statement in the relevant year.

With reference to the measurement of financial instruments, notice is hereby given that the fair value of unlisted financial assets is determined through financial measurement techniques used that require basic assumptions and estimates. These assumptions may not materialise in the times and methods envisaged. Therefore, the estimates prepared by the Group may differ from the final data.

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. For matters not specifically addressed, please refer to the respective paragraphs in "Measurement criteria".

FINANCIAL RISK MANAGEMENT

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

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

Credit risk

The credit risk to which the company is subject falls under normal commercial activities, both owing to the fragmentation of positions and the excellent credit quality historically recorded. The positions considered at risk were, nonetheless, written down accordingly. In order to contain the risks deriving from the management of trade receivables, an appropriate department has been set up to systematically coordinate the reminder activities managed, in the initial phase, by the sales structures, subsequently by the credit manager and, finally, entrusted to the legal representative or specialised companies. The software implemented by the company keeps a track of each reminder.

The table below shows the breakdown by past due brackets, of the receivables past due as at December 31, 2020 and December 31, 2019 and the overall value of the Bad Debt Provision.

	Balance as at	Analysis of past due						
	12/31/2020	Falling due	Past due	0-90 days	91-180 days	181-365 days	Beyond 365 days	Bad debt provision
TRADE RECEIVABLES	**9,805**	**4,996**	**9,778**	2,788	817	1,635	4,539	**(4,969)**

	Balance as at	Analysis of past due						
	12/31/2019	Falling due	Past due	0-90 days	91-180 days	181-365 days	Beyond 365 days	Bad debt provision
TRADE RECEIVABLES	**23,026**	**9,184**	**17,750**	11,910	661	1,056	4,124	**(3,908)**

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

Liquidity risk

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

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

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

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

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

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

Euro/000	Within 1 year	From 1 to 5 years	Due after 5 years	Total
12/31/2020				
Payables due to banks	24,217	57,979	25,752	107,947
Financial liabilities on rights of use	1,370	6,032	11,651	19,053
Other financial liabilities	2,520	9,357		11,878

Trade payables	18,060			18,060
TOTAL	**46,167**	**73,368**	**37,403**	**156,937**

Euro/000	Within 1 year	From 1 to 5 years	Due after 5 years	Total
12/31/2019				
Payables due to banks	10,245	26,765	29,638	66,648
Financial liabilities on rights of use	2,276	6,808	13,280	22,364
Other financial liabilities	3,676	5,722		9,398
Trade payables	28,006			28,006
TOTAL	**44,203**	**39,295**	**42,918**	**126,416**

For further information on the breakdown of the items reported in the table, please refer to Notes 15, 16, 17, 21, 22, 23.

As at December 31, 2020, the company can rely on roughly €15.6 million of unused credit lines, cash and cash equivalents of €24.7 million and trade receivables of €9.8 million.

Market risk

Exchange rate risk

The IEG Group is exposed to exchange rate risk deriving from the fluctuation in exchange rates, in particular, vis-à-vis the US Dollar for the investment made in the subsidiary FB International Inc., vis-à-vis the United Arab Emirates for the investment made in HBG FZ LLC, vis-à-vis the Brazilian Real for the investment made in the Joint Venture Expo Estrategia Brasil and vis-à-vis the Chinese Renminbi for the investment made in the Joint Venture Europe Asia Global Link Exhibition Ltd.

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

Currency	Exchange rate as at 12/31/2020	Average exchange rate 2020	Exchange rate as at 12/31/2019	Average exchange rate 2019
United Arab Emirates Dirham	4.5065	4.1947	4.1257	4.111
US dollar	1.2271	1.1422	1.1234	1.1195
Brazilian Real	6.3735	5.8943	4.5157	4.4134
Chinese Renminbi	8.0225	7.8747	7.8205	7.7355

As at December 31, 2020, a change of +/- 1% in the above rates versus the Euro, based on all other variables remaining the same, would not have involved significant differences to the pre-tax result and, therefore, to the corresponding variation in shareholders' equity.

Interest rate risk

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

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

The hedging activity, evaluated and decided on a case by case basis, is carried out predominantly through derivative contracts, typically purchases of caps and sales of floors that, when a certain level is reached, transform a variable rate to a fixed rate.

In 2020, following a hypothetical increase or decrease of 100 basis points in the interest rate, based on all other variables remaining the same, the higher or lower pre-tax charge net of the associated tax effect (and therefore a corresponding change in shareholders' equity) would have been for an insignificant amount.

Price risk

The type of activity performed by the company, essentially represented by the provision of services that do not require a process of purchase-transformation of assets, is as such that the risk of fluctuations in prices is not particularly significant. The majority of the purchases made in relation to business activities 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 December 31, 2020, the company is exposed to a minimal extent to the price risk associated with investments in listed equities, as it has made a small investment in the shares of the company Gambero Rosso, classified in the financial statements as 'available for sale'.

Fair Value

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

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

The following tables show the classification of financial assets and liabilities and the level of inputs used for the fair value measurement, as at December 31, 2020 and December 31, 2019.

12/31/2020

	Notes	Level	Amortised cost	Fair value through OCI	Fair value through profit and loss	Total
ASSETS						
Other equity investments	5	2-3		10,974	68	11,042
Non-current financial assets	7	1-2			472	472
Other non-current assets	8		98			98
Trade receivables	9		9,804			9,804
Current financial assets	11	2	2,204			2,204
Other current assets	12		4,782			4,782
Cash and cash equivalents	13		24,070			24,070
TOTAL ASSETS			**40,956**	**10,974**	**540**	**52,470**
LIABILITIES						
Non-current payables due to banks	15		83,730			83,730
Other non-current financial liabilities	17	2	21,487	1,032	4,485	27,004
Other non-current liabilities	20		2,107			2,107
Current payables due to banks	15		24,217			24,217
Other current financial liabilities	22		3,926			3,926

Trade payables	23	18,060			18,060
Other current liabilities	25	14,959			14,959
TOTAL LIABILITIES		**168,486**	**1,032**	**4,485**	**174,003**

12/31/2019						
	Notes	**Level**	**Amortised cost**	**Fair value through OCI**	**Fair value through profit and loss**	**Total**
ASSETS						
Other equity investments	5	2-3		10,786	67	10,853
Non-current financial assets	7	1-2	430		44	475
Other non-current assets	8		116			116
Trade receivables	9		23,026			23,026
Current financial assets	11	2	3,141			3,141
Other current assets	12		4,877			4,877
Cash and cash equivalents	13		18,147			18,147
TOTAL ASSETS			**49,738**	**10,786**	**111**	**60,635**
LIABILITIES						
Non-current payables due to banks	15		56,403			56,403
Other non-current financial liabilities	17	2	20,581	549	4,679	25,809
Other non-current liabilities	20		2,300			2,300
Current payables due to banks	15		10,133			10,133
Other current financial liabilities	22		6,064			6,064
Trade payables	23		28,006			28,006
Other current liabilities	25		43,527			43,527
TOTAL LIABILITIES			**167,015**	**549**	**4,679**	**172,243**

FIRST-TIME APPLICATION OF NEW ACCOUNTING STANDARDS

For 2020, there are no standards that involved first-time application with significant impacts for the Group, with the exception of the Amendment to IFRS 16, which will be described in the next paragraph.

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 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 users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity".*
- Amendments to IFRS 9, IAS 39 and IFRS 7 - *Interest Rate Benchmark Reform – Phase 1.* 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.
- Amendment to IFRS 16 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 effects of COVID-19. The application of this amendment to the consolidated financial statements of the IEG Group entailed the reduction of financial liabilities for rights of use and the simultaneous recognition of income, under the item "Other revenues", for an amount of €294 thousand, as report in the following table (+ sign = credits and - sign = debits):

Company and contracts	Other revenues	Financial payables
IEG - Palacongressi	(294)	294
Total amendment impact	**(294)**	**294**

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

Below 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:

- IFRS 17 *Insurance Contracts*: this standard introduces a new accounting approach to insurance contracts by insurance companies, to date indicated in IFRS 4 (in force). These amendments aim to make the accounting of insurance products more transparent and to improve the consistency of their accounting representation. Once approved, the standard will come into force on January 1, 2023.

- 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 constraints on some types of capitalisable expenses in order to make the asset available and ready to be used. Once approved, it will enter into force on 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. Once approved, it will enter into force on January 1, 2022.

- 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 application of IFRS 9 was temporarily suspended until January 1, 2021 (only under certain conditions). Once approved, the amendment will enter into force on January 1, 2021.

- Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16 - *Interest Rate Benchmark Reform – Phase 2.* The continuation of the first amendment (Interest Rate Benchmark Reform - Phase 1) published in 2019 and approved in January 2020. As compared to the first phase, which indicates the framework of regulations for the management of uncertainty after the reform of reference interest rates for most financial instruments (so-called "IBOR"), phase 2 deals with the management of replacement at the new reference interest rate. The Amendment also deals with IFRS 16 for cases in which lease payments are linked to rates or financial ratios. Once approved, the amendment will come into force on January 1, 2023.

COMMENTS ON MAIN ASSET ITEMS

NON-CURRENT ASSETS

1) Property, plant and equipment

The fixed assets were subject to a monetary revaluation in previous years pursuant to law no. 266/2005 carried out, partly, through the revaluation of the historical cost and, partly through the reduction of accumulated depreciation. Therefore, the historical cost of the fixed assets at the end of the previous year was determined as follows:

	Historical cost	Monetary revaluations Law no. 266/2005	**Balance as at 12/31/2019**
Land and buildings	283,223	6,078	289,301
Accumulated depreciation - buildings	-119,282	*534*	-118,748
Plant and machinery	74,564		74,564
Accumulated depreciation - plant and machinery	-65,226	*391*	-64,835
Industrial and commercial equipment	15,021		15,021
Accumulated depreciation - equipment	-13,183		-13,183
Other assets	17,712		17,712
Accumulated depreciation - Other assets	-12,810		-12,810
Fixed assets under construction and payments on account	5,724		5,724
	185,743	**7,003**	**192,746**

The table below details the changes in fixed assets in the last two financial years.

	Balance as at 12/31/2018	**Changes 2019** Increases	Changes IFRS 16	Decreases	Amortisation/depreciation	Amortisation/depreciation IFRS 16	Transfers	**Balance as at 12/31/2019**
Land and buildings								
Book value	259,211	1,174	28,641	(40)			315	289,301
Amortisation/depreciation	(104,941)		(7,010)		(4,976)	(1,821)		(118,748)
Total land and buildings	**154,269**	**1,174**	**21,631**	**(40)**	**(4,976)**	**(1,821)**	**315**	**170,553**
Plant and machinery								
Book value	73,243	1,308					13	74,564
Amortisation/depreciation	(63,212)				(1,624)			(64,835)
Total plant and machinery	**10,032**	**1,308**			**(1,624)**		**13**	**9,729**
Industrial and commercial equipment								
Book value	14,733	387		(99)				15,021
Amortisation/depreciation	(12,743)			99	(539)			(13,183)
Total industrial and commercial equipment	**1,991**	**387**		**-**	**(539)**			**1,839**
Other assets								
Book value	16,529	1,049	180	(64)			18	17,712
Amortisation/depreciation	(11,879)		(42)	45	(884)	(49)		(12,810)
Total Other assets	**4,650**	**1,049**	**138**	**(20)**	**(884)**	**(49)**	**18**	**4,902**
Fixed assets under construction and payments on account								
Book value	1,393	4,677					(346)	5,724
Total fixed assets under construction and payments on account	**1,393**	**4,677**	**0**	**0**	**0**	**0**	**(346)**	**5,724**
TOTAL	**172,335**	**8,596**	**21,769**	**(60)**	**(8,023)**	**(1,870)**	**0**	**192,746**

	Balance as at 12/31/2019	Changes in 2020						Balance a a 12/31/202
		Increases	Changes IFRS	Decreases	Amortisation/depreciation	Amortisation/depreciation IFRS	Transfers	
Land and buildings								
Book value	289,301	673	(1,171)				1,438	290,24
Amortisation/depreciation	(118,748)		-		(5,031)	(1,872)		(125,65
Total land and buildings	**170,553**	**673**	**(1,171)**	**-**	**(5,031)**	**(1,872)**	**1,438**	**164,59**
Plant and machinery								
Book value	74,564	753	-	-			461	75,77
Amortisation/depreciation	(64,835)		-	-	(1,636)	-	-	(66,47
Total plant and machinery	**9,729**	**753**	**-**	**-**	**(1,636)**	**-**	**461**	**9,30**
Industrial and commercial equipment								
Book value	15,021	110	-	-			-	15,13
Amortisation/depreciation	(13,183)		-	-	(423)	-	-	(13,60
Total industrial and commercial equipment	**1,838**	**110**	**-**	**-**	**(423)**	**-**	**-**	**1,52**
Other assets								
Book value	17,712	279	(14)	(54)			-	17,92
Amortisation/depreciation	(12,810)		-	28	(862)	(54)	-	(13,69
Total Other assets	**4,902**	**279**	**(14)**	**(26)**	**(862)**	**(54)**	**-**	**4,22**
Fixed assets under construction and payments on account								
Book value	5,724	1,109	-	(1,203)	-	-	(1,899)	3,73
Total fixed assets under construction and payments on account	**5,724**	**1,109**	**-**	**(1,203)**	**-**	**-**	**(1,899)**	**3,73**
TOTAL	**192,746**	**2,925**	**(1,184)**	**(1,228)**	**(7,952)**	**(1,926)**	**0**	**183,38**

The net value of "Land and buildings" as at December 31, 2020 amounts to approximately €164 million, a net decrease of €6 million. The increases for the period amount to €0.7 million and are mainly attributable to the renovation of car parks in the Rimini trade fair district. 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 car parks in the Rimini trade fair district. Depreciation in the period came to €5 million and the net effect of the application of IFRS 16 was a decrease of €3.1 million, of which €1.2 million relating primarily to the renegotiation of the lease fees due to Covid and €1.9 million for amortisation on rights of use.

The net value of item "Plant and machinery" as at December 31, 2020 amounted to €9.3 million, a net decrease of €0.4 million. The increases for the period amount to €0.7 million and mainly refer to the implementation of a new climate monitoring system within the trade fair districts for €210 thousand and a UPS system for €200 thousand. The transfers as a result of the entry into operation of fixed assets under construction totalled €0.5 million and refer to plant installations relating to the car parks in the Rimini trade fair district. Depreciation for the period totalled €1.6 million.

The item "Industrial and commercial equipment", with a balance of €1.5 million, recorded a net decrease of €0.3 million. The increases in the period are attributable to the purchase of assets for an insignificant amount. The depreciation for the period amounted to €0.4 million.

The item "Other assets", with a balance of €4.2 million, recorded a net decrease of €0.7 million. The increases for the period amounted to €0.3 million and are primarily related to the purchase of cars and office equipment. Depreciation for the period amounted to roughly €0.9 million and the net effect of the application of IFRS 16 was a reduction of €14 thousand. The decrease is due to the sale of two cars.

Lastly, the item "Fixed assets under construction and payments on account" shows a net decrease of €1.2 million as a result of the abandonment of the expansion project designed for the Vicenza trade fair district (which constitute a non-monetary change in the cash flow statement) and increases for the period for €1.1 million, attributable mainly to expansion projects for the Rimini trade fair district and for the renovation of the roof of pavilion 7 in the Vicenza trade fair district.

The property on via Emilia 155 (Rimini trade fair district) is encumbered by:

- a first mortgage issued to guarantee the loan granted by Banca Intesa Infrastrutture e Sviluppo (now Banca Intesa San Paolo) for €14.25 million;
- a second mortgage of €16 million to guarantee the loan granted by Banca Nazionale del Lavoro S.p.A. and drawn down in 2015;
- a third mortgage of €25.2 million issued to guarantee the loan granted by BPER Banca S.p.A. and drawn down in 2016.

The property in Vicenza, via dell'Oreficeria 16 (Vicenza trade fair district) is encumbered by a first mortgage of €84 million to guarantee the loan granted by Intesa San Paolo (formerly Banca Popolare di Vicenza) and drawn down in 2008.

2) Intangible fixed assets

	Balance as at 12/31/2018	Changes in 2019				Balance as at 12/31/2019
		Increases	Decreases	Amortisation, depreciation and write-downs	Transfers	
Industrial patent and intellectual property rights	305	559		(247)		618
Concessions, licenses, trademarks and similar rights	8,483	625		(579)		8,529
Goodwill	8,211	255				8,466
Other intangible fixed assets	1,547	4,654		(887)		5,314
TOTAL	**18,547**	**6,093**	**0**	**(1,713)**	**0**	**22,927**

	Balance as at 12/31/2019	Changes in 2020				Balance at 12/31/2020
		Increases	Decreases	Amortisation, depreciation and write-downs	PPA	
Industrial patent and intellectual property rights	618	263		(300)		581
Concessions, licenses, trademarks and similar rights	8,529	26		(554)	128	8,130
Goodwill	8,466				-255	8,211
Other intangible fixed assets	5,314	9		(1,177)	184	4,329
TOTAL	**22,927**	**298**		**(2,031)**	**57**	**21,251**

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, licences, trademarks and similar rights" changed during the period due to the recognition of the trademarks Fimast and Fieravicola; the change due to amortisation came to €0.5 million.

The item “Goodwill” includes the values generated by the surplus between the cost of the business combinations and the fair value of the assets, liabilities and contingent liabilities acquired. As at December 31, 2020, the balance of said item was roughly €8.2 million.

As outlined in the chapter relating to the “Measurement criteria”, goodwill is subject to impairment testing at the date of year-end or more frequently if there are indicators of impairment. At the date of drafting of this document, no indicators of possible impairment of the goodwill recorded were identified. The values resulting from the acquisitions and booked to the Company’s financial statements are set out below.

Euro/000	**Balance as at 12/31/2020**	**Balance as at 12/31/2019**
Goodwill emerging from the transfer of Fiera di Vicenza	7,948	7,948
Goodwill emerging from the purchase of the business unit FIMAST	0	205
Goodwill emerging from the purchase of the business unit FIERAVICOLA	0	50
Other goodwill	263	263
TOTAL GOODWILL	**8,211**	**8,466**

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

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

For the IEG CGU, the relevant value in use was determined by adopting the CGU Discounted Cash Flow (DCF) methodology. The operating cash flows (unlevered free cash flow) were determined by using the new 21-25 business plan "alternative scenario" drafted by the Company and approved by the Parent Company's Board of Directors on January 18, 2021, which forecasts, with respect to the basic plan for the year ending December 31, 2021, for a recovery in onsite trade fair events and conferences from September 2021.

For the determination of the Terminal Value, a long-term growth rate “g” of 1.4% was used, in line with the expected inflation forecast in Italy in 2025 based on International Monetary Fund estimates.

For the discounting of the explicit cash flows and the Terminal Value, a WACC rate of 9.0% was used, which includes a Small Size Premium of 3.39%, in consideration of the smaller size of the Group with respect to comparable companies (Source: Duff & Phelps) and, prudentially, a Specific Risk Premium of 1.00% inserted to take account of the “execution risk” resulting from the reduced forecasting capacity generated by the effects of COVID-19.

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

Considering the persistence of the pandemic and current scenario of uncertainty, the company's Directors decided to further test the recoverable value of the IEG CGU described above, and two separate sensitivity analyses were conducted, through which the WACC, the “g rate” and the estimates of the Operating Cash Flow were subject to assumptions of change. More specifically:

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

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

The assumptions used for impairment purposes, including therein the associated business plan of IEG S.p.A. and the results achieved, were approved by the Board of Directors of Italian Exhibition Group S.P.A. independently and before these financial statements on February 23, 2021.

The "**Other intangible fixed assets**" changed mainly due to the recognition of assets as a result of the PPA of Fimast and Fiera Avicola for €184 thousand.

3) Equity investments in subsidiaries

The changes in the item in question are shown below.

	% held	Balance 12/31/2019	Changes in 2020			Balance 12/31/2020
			Increases	Decreases	Reval./Write-downs	
Exmedia S.r.l. in liquidation	0%	-	242		(242)	-
Fieravicola S.r.l.	51%	-	51			51
Summertrade S.r.l.	65%	1,191	520			1,711
Prostand Exhibition Services S.r.l.	51%	148				148
Prime Servizi S.r.l.	51%	31				31
IEG USA Inc.	100%	5,854			(3,576)	2,278
Prostand Srl	80%	7,408	2,138			9,546
HBG Events FZ LLC	100%	0	4,331			4,331
TOTAL EQUITY INVESTMENTS IN SUBSIDIARIES		**14,631**	**7,282**		**(3,817)**	**18,095**

A further 20% of shares in Prostand S.r.l. was purchased during the year for €2,138 thousand, the company Fieravicola S.r.l. was incorporated, in which a stake of 51% is owned following the contribution of €51 thousand and 100% of the shares in HBG Events FZ LLC was acquired.

For the equity investment in IEG USA Inc., the FB CGU was tested for impairment during the year, which resulted in a write-down of €3,576 thousand.

The company Exmedia S.r.l. completed the liquidation phase on October 2, 2020.

It should be noted that, a put option was subscribed for Prostand S.r.l. at a fixed price equal to 20% of the shareholding, expiring on July 31, 2023. Therefore, for the purposes of the consolidated financial statements, a shareholding of 100% was considered.

The table below provides a comparison between the book value in the financial statements of the equity investments in subsidiaries and the value of the relative portion of shareholders' equity resulting from the last set of approved financial statements.

The Company conducted an impairment test on the main qualified equity investments booked to the financial statements, as required by IAS 36, in the presence of trigger events which may suggest impairment of the same. Since the outbreak of the Covid-19 pandemic is considered, especially for the sector in which the Group operates, an event that could involve a loss in value of the company assets, Summertrade S.r.l., Prostand S.r.l. and IEG USA Inc. – parent company of FB International Inc. were subject to a valuation.

Those comprised of the flows of each of the individual investees were identified as the reference CGUs. Therefore, the value in use of the CGUs identified was determined, by adopting the Discounted Cash Flow (DCF) methodology. The operating cash flows (unlevered free cash flow) were determined by using the new 21-25 business plan "alternative scenario" drafted by the Company and approved by the Parent Company's Board of Directors on January 18, 2021, which forecasts, with respect to the basic plan for the year ending December 31, 2021, for a recovery in onsite trade fair events and conferences from September 2021. It should be noted that the sensitivity analyses were performed on said plan as shown in previous Note 2).

The value in use, pro-rata with respect to the percentage stake held by the Group and net of the Net Financial Position based on the financial statements of the individual entities as at December 31, 2020 (equity value), was compared with the value booked to the financial statements of the equity investments analysed. The growth and discounting parameters of said flows are the same as those described in Note 2) Intangible fixed assets.

In order to determine the Terminal Value, a long-term growth rate "g" was used, differentiated, depending on the country in which the individual CGUs or groups of CGUs generate their flows and, in particular, 1.4% for those operating on the Italian market and 2.2% for those operating on the US market. The source of the data is the estimate of the expected inflation envisaged in the aforementioned countries in 2025 by the International Monetary Fund.

Also the parameters for the discounting of the explicit cash flows and the Terminal Value were differentiated by country and, in particular a WACC rate of 9.0% used for flows produced by Italian entities and 8.7% for the FB CGU. In constructing all the WACCs, a Small Size Premium of 3.2% was used, in consideration of the smaller size of the Group with respect to comparable companies (Source: Duff & Phelps) and, prudentially, a Specific Risk Premium of 1.00% inserted to take account of the "execution risk" resulting from the reduced forecasting capacity generated by the effects of COVID-19.

The assumptions used for impairment purposes and the results achieved, were approved by the Board of Directors of Italian Exhibition Group S.P.A. respectively on February 23, 2021 and March 18, 2021, independently and before these financial statements.

The analyses conducted showed the need to write down the equity investment held in the US subsidiary for €3,576 thousand.

Company name Registered office	% held	Share capital	Net result in the year	Reported shaeholders' equity	Value % of sharehold. Eq.	Book value
Subsidiaries						
Summertrade S.r.l. Rimini, via Emilia 155	65.00%	105	(1,533)	630	410	1,711
Prostand Exhibition Services S.r.l. Rimini, Via Emilia 155	51.00%	78	(1)	113	58	148

Prime Servizi Srl Rimini, via Flaminia 233/A	51.00%	60	13	417	213	31
IEG USA 1001 Brickell Bay Dr., Suite 2717° Miami (FL)	100%	5,854	(3,595)	2,270	2,270	2,278
FB International Inc. 1 Raritan Road Oakland, New Jersey 07436	51.00%	39	(1,205)	1,161	592	2,014
Prostand Srl Poggio Torriana, via Santarcangiolese 18	80.00%	182	(5,511)	1,809	1,809	9,546
HBG Events FZ Llc P.o Box 4422 Fujairah UAE	100.00%	186	(134)	(310)	(310)	4,331
Fieravicola S.r.l. Rimini, via Emilia 155	51.00%	100	(2)	98	50	51

4) Equity investments accounted for using equity method

Associated companies and jointly controlled companies, stated in the table below, are booked and measured in compliance with IAS 28 or using the equity method.

The changes in the item in question are shown below.

	% held	Balance as at 12/31/2019	Changes in 2020				Balance as at 12/31/2020
			Increases	Decreases	Revaluations/Write-downs	Transfers	
Associated companies							
Cesena Fiera S.p.A.	20.00%	699			17		716
Fitness Festival Int. S.r.l. in liquidation	50.00%	34			(4)		30
CAST Alimenti S.r.l.	23.08%	1,643			(51)		1,592
TOTAL ASSOCIATED COMPANIES		***2,376***			***(38)***		***2,338***
Jointly controlled companies							
Expo Estrategia Brasil Ltda	50.00%	285	25	(85)	(11)		213
DV Global Link LLC	49.00%	0					0
Destination Services S.r.l.	50.00%	65	(45)		(6)		14
EAGLE Asia	50.00%	1,403	132	(41)	(1,109)		384
TOTAL JOINTLY CONTROLLED COMPANIES		***1,752***	***156***	***(171)***	***(1,127)***		***611***
TOTAL EQUITY INVESTMENTS MEASURED USING THE EQUITY METHOD		**4,128**	**156**	**(171)**	**(1,164)**		**2,949**

The increases in the period totalled €156 thousand and related 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.

Decreases in the period refer to variations in exchange rates in the period.

The measurements using the equity method contributed a total write-down of €132 thousand.

The Company conducted an impairment test on the main qualified equity investments booked to the financial statements, as required by IAS 36, in the presence of trigger events which may suggest impairment of the same. Since the outbreak of the Covid-19 pandemic is considered, especially for the sector in which the Group operates, an event that could involve a loss in value of the company assets, Cast Alimenti and EAGLE Asia were subject to a valuation.

Those comprised of the flows of each of the individual investees were identified as the reference CGUs. Therefore, the value in use of the CGUs identified was determined, by adopting the Discounted Cash Flow (DCF) methodology. The operating cash flows (unlevered free cash flow) were determined by using the new 21-25 business plan "alternative scenario" drafted by the Company and approved by the

Parent Company's Board of Directors on January 18, 2021, which forecasts, with respect to the basic plan for the year ending December 31, 2021, for a recovery in onsite trade fair events and conferences from September 2021. It should be noted that the sensitivity analyses were performed on said plan as shown in previous Note 2).

The value in use, pro-rata with respect to the percentage stake held by the Group and net of the Net Financial Position based on the financial statements of the individual entities as at December 31, 2020 (equity value), was compared with the value booked to the financial statements of the equity investments analysed. The growth and discounting parameters of Cast Alimenti flows are the same as those described in Note 2) Intangible fixed assets. For the EAGLE Asia flows, a growth rate of 2.6% and a WACC of 10.72% was considered.

The assumptions used for impairment purposes and the results achieved, were approved by the Board of Directors of Italian Exhibition Group S.P.A. respectively on February 23, 2021 and March 18, 2021, independently and before these financial statements.

The analyses conducted showed the need to write down the equity investment held in the Chinese Joint Venture for €1,032 thousand.

The table below provides a comparison between the book value in the financial statements of the equity investments in associated companies and joint ventures and the value of the relative portion of shareholders' equity resulting from the last set of approved financial statements. Where the relevant shareholders' equity is significantly lower than the value recorded in the financial statements, an analysis of the investee was conducted to identify the presence of indicators of impairment.

Company name Registered office	% Held	Share capital	Net result in the year	Reported shaeholders' equity	Value % of sharehold. Eq.	Book value
Associated companies						
Green Box S.r.l.** Oderzo (TV), via Sordello 11/A	20.00 %	15	(18)	9	2	-
Cesena Fiera S.p.A. # Via Dismano 3845 – Cesena (FC)	20.00 %	2,000	104	3,630	726	716
C.A.S.T. Alimenti Srl # Via Serenissima, 5 - Brescia (BS)	23.08 %	126	246	3,059	706	1,592
Fitness Festival International Srl in liquidation *** Strada Trasimeno ovest, 10 – Perugia (PG)	50.00 %	220	(8)	59	30	-
Jointly controlled companies						
Expo Estrategia Brasil Eventos E Producoes Ltda # Brazil - Sao Paulo/SP, Rua Felix de Souza nº 307 – Vila Congonhas	50.00 %	1,371	(10)	453	227	213
DV Global Link LLC [*] P.O. Box 9846 – Dubai – United Arab Emirates	49.00 %	121	(205)	151	74	0
EAGLE [#] Shanghai, China	50.00 %	639	(155)	453	227	384
Destination Services Srl [#] Via Sassonia, 30 - Rimini	50.00 %	10	(13)	(3)	(2)	14

* Data referring to 09/30/2020
** Data referring to 12/31/2015
*** Data referring to 12/31/2018
[#} Data referring to 12/31/2019

All the holdings and shares of the companies referred to above are held directly, without recourse to trust companies or third parties.

Italian Exhibition Group S.p.A., through Prime Servizi S.r.l. holds a 30% stake in the company Eventioggi S.r.l. and through Prostand Srl holds a further 17.5% in Cesena Fiere S.p.A. For more information, please refer to the IEG Group's consolidated financial statements.

5) Equity investments in other companies

The changes in the item in question are shown below.

	% held at 12/31/2020	Balance 12/31/2019	Changes in 2020				Balance 12/31/2020
			Inc.	Decr.	Revaluations/Write-downs	Transfers	
Uni Rimini S.p.A.	6.00%	62					62
Rimini Congressi S.r.l.	10.36%	0	10,635		339		10,974
Società del Palazzo dei Congressi S.p.A.	18.38%	10,786		(10,635)	(151)		0
Rimini Welcome S.c.a.r.l.	10%	5	1				6
TOTAL EQUITY INVESTMENTS IN OTHER COMPANIES		**10,853**	**10,636**	**(10,635)**	**188**		**11,042**

The increases and decreases in the period relate entirely to the merger by incorporation of Società del Palazzo dei Congressi S.p.A. in Rimini Congressi S.r.l., as a result of which, based on the share swap ratio, IEG acquired 10.36% of the shares in its parent company Rimini Congressi S.r.l.

The equity investment Rimini Congressi S.r.l. is measured at FV (through OCI without recycling); revaluations in the period relate entirely to the adjustment for the aforementioned equity investment.

6) Deferred tax assets and liabilities

	Balance as at 12/31/2020	Balance as at 12/31/2019
Deferred tax assets	8,584	4,355
Provisions for deferred tax liabilities	*(2,963)*	(3,094)
TOTAL	***5,621***	***1,261***

"Deferred tax assets" are recognised up to the limits in which future taxable income will be available against which to utilise the temporary differences. Deferred tax assets and liabilities are offset given that they refer to the same tax authority. For more details on the breakdown of the item in question, please refer to Note 30) "Income taxes".

Management, with the support of its tax advisors, prepared an analysis based on the forecasts of the 2021-2025 Plan, approved by the Board of Directors on January 18, 2021, aimed at verifying the recoverability of deferred tax assets. Said analysis did not highlight any problems connected with the recoverability of the deferred tax assets booked in the financial statements.

7) Non-current financial assets

The movements in the period for the item in question are reported below.

	Balance	Changes in 2020			Balance
	12/31/2019	Increases/decreases	Revaluations/Write-downs	Transfers	12/31/2020
Gambero Rosso shares	40		(15)		25
Banca Malatestiana Credito Cooperativo shares	4				4
TFR (employee severance indemnity) policy	431		12		443
TOTAL NON-CURRENT FINANCIAL ASSETS	**475**		**(3)**		**472**

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 €98 thousand (€116 thousand as at December 31, 2019), and refer primarily to security deposits.

CURRENT ASSETS

9) Trade receivables

The table shows a breakdown of the item in question.

TRADE RECEIVABLES	Balance as at 12/31/2020	Balance as at 12/31/2019
Receivables from customers	7,123	20,917
Trade receivables due from subsidiaries	2,563	1,958
Trade receivables due from associated companies	94	94
Trade receivables due from jointly controlled companies	23	56
TOTAL TRADE RECEIVABLES	**9,804**	**23,026**

Receivables due from customers represent 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. For more information on the past due brackets, please refer to the section "Credit risk", while as regards the estimate evaluations, please see the section "Use of estimates".

"Receivables due from subsidiaries" relate to trade receivables due from the companies Prostand Srl, Summertrade Srl, FB Int. (wholly-owned by IEG USA).

"Receivables from associated companies" refer to trade receivables due 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, relating to the expenses incurred for the event VicenzaOro Dubai 2019.

It should be noted that the item “Receivables from customers” includes €65 thousand due from the parent company Rimini Congressi, an investee in which the parent company holds a stake of 10.36% following the merger by incorporation with Società del Palazzo S.p.A.

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 12/31/2020
		Uses	Provisions	Transfers	Change In Scope of consolidation	
Bad debt provision	135	(146)	74			81
Bad debt provision - taxed	3,774	(355)	1,431			4,858
Bad debt provision - associated companies	0		30			30
TOTAL BAD DEBT PROVISION	**3,908**	**(500)**	**1,534**		**26**	**4,968**

Details of the items “Receivables due from subsidiaries”, “Receivables from associated companies” and “Receivables due from jointly controlled companies”, relating to receivables exclusively of a trade nature, are provided below:

RECEIVABLES DUE FROM SUBSIDIARIES	Balance as at 12/31/2020	Balance as at 12/31/2019
Receivables due from Summertrade S.r.l.	131	531
Receivables due from Exmedia S.r.l. in liquidation	0	40
Receivables due from Prostand S.r.l.	2,363	1,320
Receivables due from FB International Inc	68	66
Receivables due from Prime Servizi S.r.l.	1	-
TOTAL RECEIVABLES DUE FROM SUBSIDIARIES	**2,563**	**1,958**

RECEIVABLES DUE FROM ASSOCIATED COMPANIES	Balance as at 12/31/2020	Balance as at 12/31/2019
Receivables due from Cesena Fiera S.p.A.	94	94
TOTAL RECEIVABLES DUE FROM ASSOCIATED COMPANIES	**94**	**94**

	Balance as at 12/31/2020	Balance as at 12/31/2019
Receivables due from DV Global Link LLC	23	54
Receivables due from Destination Services Srl	0	3
TOTAL RECEIVABLES DUE FROM JOINTLY CONTROLLED COMPANIES	**23**	**57**

10) Tax receivables for direct taxes

Tax receivables for direct taxes	Balance as at 12/31/2020	Balance as at 12/31/2019

IRES receivable	71	20
Receivables for tax consolidation	5	0
Total tax receivables for direct taxes	**76**	**20**

At the end of 2020, the item receivables for direct taxes included receivables for direct taxes due from the tax authorities for €71 thousand, and receivables due from the company Prime Servizi S.r.l. due to participation in national tax consolidation.

11) Current financial assets

“Current financial assets” include the credit positions of a financial nature of Italian Exhibition Group S.p.A. vis-à-vis the different subsidiaries and associated companies. An intercompany current accounts system is in place with Summertrade S.r.l. and Prostand Srl in order to optimise the Group’s financial management and debt.

	Balance as at 12/31/2020	Balance as at 12/31/2019
Subsidiaries	**2,159**	**1,698**
Exmedia S.r.l. in liquidation	0	180
Summertrade S.r.l.	642	1,116
Prostand Exhibition Services S.r.l.	177	177
Prostand S.r.l.	1,258	224
HBG Events	81	
Jointly controlled companies	**0**	**292**
DV Global Link LLC	0	292
Other companies	**45**	**0**
Destination Services Srl	45	0
Other current financial assets	**0**	**1,152**
BNL policy	0	1,093
UNIPOL bonds	0	59
TOTAL CURRENT FINANCIAL ASSETS	**2,204**	**3,141**

The change in the period is mainly due to the collection of two BNL and Unipol financial instruments during the year and the obtainment of borrowings from group companies.

12) Other current assets

The table shows a breakdown of the item in question.

	Balance as at 12/31/2020	Balance as at 12/31/2019
Receivables due from others	579	870
Accrued income and prepaid expenses	901	690
Costs paid in advance pertaining to subsequent years	1,457	2,916
Other tax receivables	824	399
TOTAL OTHER CURRENT ASSETS	**3,760**	**4,877**

Details of “Receivables due from others” are provided in the following table:

	Balance as at 12/31/2020	Balance as at 12/31/2019

Personnel - advances	27	27
Receivables due from agents	47	47
Suppliers - advances	178	587
Receivables due from social security institutions	8	4
Down payments		0
Trade receivables	177	49
Sundry receivables	141	155
TOTAL RECEIVABLES DUE FROM OTHERS	**579**	**870**

Total receivables due from others recorded insignificant changes; in addition, the changes are due to the normal evolution of company management.

"Prepaid expenses" refer to portions of costs not pertaining exclusively to 2020, which have already been recorded in the accounts. "Accrued income" refers to revenues pertaining to the period which will be recorded in the accounts in a subsequent period. Prepaid expenses as at December 31, 2020 refer mainly to insurance charges, rental expenses, software and maintenance fees.

The costs already incurred for the staging of trade fairs that will be held in the next few years, and therefore fully pertaining to subsequent years, were accounted as "Costs paid in advance pertaining to subsequent years".

13) Cash and cash equivalents

Cash and cash equivalents are composed of bank current accounts, deposits and available cash. The trend in cash flows with respect to December 31, 2019 has been reported in the "Cash Flow Statement" to which reference should be made. It should be noted that there are no restrictions on the use of the liquidity reported hereunder.

	Balance as at 12/31/2020	Balance as at 12/31/2019
Bank and post office deposits	24,025	18,078
Cash	42	45
Cheques	2	26
TOTAL CASH AND CASH EQUIVALENTS	**24,070**	**18,147**

COMMENTS ON THE MAIN ITEMS OF LIABILITIES AND SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY

14) Shareholders' equity

The company's Shareholders' equity is detailed as follows:

	Balance as at 12/31/2018	Changes 2019 Increases	Changes 2019 Decreases	Balance as at 12/31/2019	Changes in 2020 Increases	Changes in 2020 Decreases	Balance as at 12/31/2020
Share capital	**52,215**			**52,215**			**52,215**
Share premium reserve	**13,947**			**13,947**			**13,947**
Revaluation reserves	**67,160**			**67,160**			**67,160**
Reserve pursuant to Law no. 413/91	*1,888*			*1,888*			*1,888*
Reserve pursuant to law 266/05	*21,051*			*21,051*			*21,051*
Reserve pursuant to law 2/09	*44,221*			*44,221*			*44,221*
Legal reserve	**9,213**	**493**		**9,706**	**695**		**10,401**
Statutory reserve	**2,413**	**49**		**2,462**	**69**		**2,532**
Other reserves	**(45,946)**		**(648)**	**(46,595)**	**201**	**(551)**	**(46,945)**
Prov. for cap. grant - tech. inv.	*5,878*			*5,878*			*5,878*
First time adoption reserve	*(52,806)*			*(52,806)*			*(52,806)*
OCI reserve	*294*		*(156)*	*138*	201		*339*
Reserve for translation of foreign financial statements	*(68)*		*(18)*	*(86)*		*(105)*	*(191)*
Reserve for transactions under common control	*1,019*			*1,019*			*1,019*
Reserve for actuarial gains/losses - Employee severance indemnity	*(188)*		*(132)*	*(321)*		*(79)*	*(400)*
CFH reserve	*(75)*		*(342)*	*(417)*		*(367)*	*(784)*
Retained earnings (Losses) carried forward	**1,834**	**9,311**	**(7,043)**	**4,101**	**13,133**	**(13)**	**17,221**
Profit (loss) for the year	**9,852**	**13,898**	**(9,852)**	**13,898**		**(26,580)**	**(12,683)**
TOTAL SHAREHOLDERS' EQUITY	**110,688**	**23,750**	**(18,193)**	**116,893**	**14,098**	**(27,145)**	**103,847**

The table below presents an analysis of the breakdown of shareholders' equity in terms of availability and distributibility, as required by the reformed art. 2427, no. 7-bis of the Italian Civil Code, interpreted by document no. 1 of the OIC (Italian Accounting Standards Setter).

Nature/Description	Amount	Possibility of use (*)	Portion available	Uses in the last three years: to cover losses	Uses in the last three years: for increase/replenishment of share capital	Uses in the last three years: For other reasons
Share capital	52,215					
Capital reserves						
Share premium reserve	13,947	A, B, C	13,947			
Revaluation reserves	21,282	A, B	21,282			
Prov. for cap. grants - prev. inv.	5,878	A, B, C	5,878			
Profit reserves						
Legal reserve	10,401	B	10,401			
Statutory reserve	2,532	A, B	2,532			
Statutory reserves former Ente Fiera	0	A, B, C	0			
Extraordinary reserve	0	A, B, C	0			
Retained earnings	19,474	A, B, C	19,474			(12,598)
Total			**73,513**	**0**	**0**	**(12,598)**
Non-distributable amount			67,111			
Total non-distributable reserves			67,111			
Residual distributable portion			**6,402**			

*** Key**

A: share capital increase
B: coverage of losses
C: distribution to shareholders

The amount of non-distributable reserves is composed of the “Legal reserve”, the “Statutory reserve”, and “Revaluation reserves”. In 2016, as a result of the share capital increase carried out with the contribution of Fiera di Vicenza of its entire company, the Legal reserve fell below the minimum threshold of 20% of share capital and, therefore, the “Share premium reserve” can only be distributed for the part exceeding the replenishment of the legal reserve, i.e. for €13,905 thousand. In addition, given that the Company now holds shares in the parent company Rimini Congressi S.r.l., based on art. 2359-bis of the Italian Civil Code, the value booked to the financial statements for said shares, amounting to €10,974 thousand, cannot be distributed. It should be noted that the “Legal reserve” can be used to cover losses after all other reserves have been utilised.

NON-CURRENT LIABILITIES

15) Payables due to banks

The details of the item in question are provided below.

Current payables due to banks	**Balance as at 12/31/2020**	**Balance as at 12/31/2019**
Other short-term credit facilities	1,000	-
C/a debit balances	326	
Crédit Agricole pool loan	13,853	-
Banca Intesa-Sanpaolo mortgage	-	766
BNL mortgage	-	1,778
BPER mortgage - expiry 2028	-	1,311
Banca Popolare di Vicenza mortgage	1,620	1,925
Unicredit mortgage	-	388
Banco BPM mortgage	1,116	1,105
Volksbank mortgage	1,990	1,962
Loan - Cassa Depositi e Prestiti - SACE	-14	-
Loan - Intesa Sanpaolo - SACE	4,328	-
Unipol Stand-by	-	900
TOTAL Short-term payables due to banks	**24,217**	**10,133**

Non-current payables due to banks	**Balance as at 12/31/2020**	**of which due after 5 years**	**Balance as at 12/31/2019**
Crédit Agricole pool mortgage			-
Banca Intesa-Sanpaolo mortgage	-		1,629
BPER mortgage - expiry 2028	-		11,274
Banca Popolare di Vicenza mortgage	30,986	23,878	31,658
Banco BPM mortgage	1,128		2,244
Volksbank mortgage	3,210		5,199
Unipol Stand-by	2,900		4,400
Loan - Cassa Depositi e Prestiti - SACE	14,959	1,874	
Loan - Intesa Sanpaolo - SACE	30,546		
TOTAL long-term payables due to banks	**83,730**	**25,752**	**56,403**

The overall net financial position of the company is reported hereunder, drafted according to the provisions of Consob Communication no. 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 and Receivables due from subsidiaries and from associated companies.

IEG S.p.A.
Net financial position based on the CONSOB/CESR format

			Balance as at 12/31/2020	Balance as at 12/31/2019
1		**Short-term available funds**		
	01:01	Cash on hand	45	69
	01:02	Bank current account balances	24,025	18,078
	01:03	Invested liquidity	29	1,196
	01:04	Financial receivables from associated companies	45	
		Total	**24,143**	**19,343**
2		**Short-term payables**		
	02:02	Other short-term payables to banks	(1,326)	-
	02:03	Portions of medium/long-term payables due within 12 months	(22,927)	(10,245)
	02:04	Other short-term payables	(2,297)	(3,452)
	02:05	Financial payables due to shareholders	(224)	(224)
	02:06	Current payables for rights of use	(1,370)	(2,276)
		Total	**(28,143)**	**(16,197)**
3		**Short-term financial position (1+2)**	**(3,999)**	**3,146**
4		**Medium/long-term financial receivables (after 12 months)**	-	-
5		**Medium/long-term financial payables (after 12 months)**		
	05:01	Medium/long-term mortgages/loans	(83,730)	(56,403)
	05:04	Financial payables due to shareholders/subsidiaries/parent companies		(222)
	05:05	Other medium/long-term payables	(3,805)	(272)
	05:06	Medium/long-term derivative financial instruments	(5,517)	(5,528)
	05:07	Non-current payables for rights of use	(17,683)	(20,088)
		Total	**(110,735)**	**(82,212)**
6		**Medium/long-term financial position (4+5)**	**(110,735)**	**(82,212)**
7		**TOTAL INDEBTEDNESS**	**(138,877)**	**(98,409)**
8		**Net financial position (3+6)**	**(114,734)**	**(78,636)**

Compared with the previous year, bank payables recorded an overall increase of €41.4 million due to new loans for €63.7 million, repayments of existing loans for €23.6 million and an increase in short term credit lines for €1.3 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. 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. A covenant is in place on the loan as at 12/31/2020, calculated on the NFP/EBITDA for which suspension was requested from the pool of banks. Pending a formal agreement, the entire debt was reclassified as expiring within 12 months, amounting to €13.9 million.

In July, the Company signed two loan agreements assisted by SACE's Italy Guarantee programme. The financing transaction is part of the measures taken by the Company to deal with the increase in financial requirements caused by the Covid-19 emergency. The first loan taken out with Intesa Sanpaolo S.p.A. for €35 million has a duration of 60 months with quarterly repayment at a rate of 1.16%. The second loan stipulated with Cassa Depositi e Prestiti S.p.A. for an amount of €15 million has a duration of 72 months and is repayable in quarterly instalments at a rate of 1.80%. For the latter, starting from 2021, two covenants are envisaged on indices defined for each year. Specifically:

Parameter per year	2021	2022	2023	2024 onwards
NFP/EBITDA	<6.0	<3.5	<2.8	<2.2
NFP/SE	<2.0	<1.5	<1.2	<1.0

It should be noted that the results achieved in 2020 due to the pandemic involved the verification of the covenant breach in relation to the NFP/EBITDA ratio at the end of the year identified in the loan agreement stipulated by the Parent Company with Credit Agricole. The Parent Company requested the suspension of the covenant for the year 2020, receiving reassurances that said request would be accepted. However, in the absence of a formal response, the payables relating to the loan were fully reclassified to short-term, amounting to €13.9 million. These payables will be reclassified in keeping with the repayment plan when the company receives formal approval of its request.

16) Non-current financial liabilities for rights of use

The balance of €17.6 million represents the non-current portion of liabilities recognised for lease fees still not paid at the close of the year, in compliance with the introduction of new accounting standard IFRS 16 on January 1, 2019. It should be noted that the item includes payables due to Rimini Congressi S.r.l. for €15.3 million.

17) Other non-current financial liabilities

The breakdown of the item in question is shown below.

	Balance as at 12/31/2020	Balance as at 12/31/2019
Fair value of derivative instruments	5,517	5,228
Payables due to subsidiaries	-	222
Other non-current financial liabilities	3,805	272
TOTAL OTHER NON-CURRENT FIN. LIABILITIES	**9,322**	**5,722**

The item “Fair value of derivative instruments” amounted to €5,517 thousand, up compared with the previous year by €289 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:

- negotiation date: December 7, 2018;
- effective date: June 29, 2018;
- maturity date: June 30, 2036;
- date of interest payment: six-monthly, December 31 and June 30 of each year;
- total notional: €9,635,397.46
- fixed rate (pay leg): 0.96400% (Actual/360)
- floating rate (receive leg): 6M Euribor (Actual/360)

On April 16, 2020, a new loan agreement was entered into with the pool of banks headed up 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. Information is provided below on the four contracts stipulated during the year, respectively with Credit Agricole, BPER, BNL, Banco Popolare di Milano, which have the same characteristics:

- Negotiation date: June 23, 2020;
- Effectiveness date: December 31, 2020;
- Expiry date: April 18, 2028;
- dates of interest payment: six-monthly, December 31 and June 30 of each year;
- Total notional (of the four contracts): €10,546,876
- Fixed rate (pay IEG): -0.01% (Actual/360)
- Floating rate (receive IEG): 6M Euribor (Actual/360)

The table below shows the impacts of the change in the fair value of the six derivative instruments as at December 31, 2020.

VALUATION DATE	IRS Fair Value	Financial income (charges) through profit and loss	Change in CFH reserve
12/31/2019	(5,228)	(218)	(473)
12/31/2020	(5,517)	(148)	(483)

The items "Financial liabilities for put options" refer to the valuation, at the time of the acquisition of the equity investment, increased due to the financial charges for the period, of the sale options granted to the minority shareholder of FB International Inc. and the minority shareholders of Pro.Stand S.r.l. The decrease in the two items compared to the previous year, amounting to €10,700 thousand, is attributable, for €4,922 thousand, to the agreement for 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 €535 thousand was stated, at the same time, under the long-term item “Payables due to other lenders”, and the amount of €1,069 thousand was stated under the short term item.

18) Provisions for non-current risks and charges

The changes in the item in question are shown below.

	Balance as at	Changes in 2020			
	12/31/2019	Provisions	Uses/decreases	Releases	12/31/2020
Provision for dispute risks	1,671			(82)	1,589
Other provisions for risks	10				10
Provision for the write-down of equity investments	185	27	(101)	(110)	-
TOTAL PROVISIONS FOR RISKS AND CHARGES	**1,865**	**27**	**(101)**	**(82)**	**1,599**

The 'Provision for Dispute Risks' changed during the year solely due to the release of a position regarding a dispute with a former employee, which was closed following the signing of a settlement agreement with the counterparty.

In this regard, it should be noted that, by means of deed of summons notified on March 16th, 2015, the receiver in the bankruptcy proceedings of Aeradria S.p.A. (the “Receivership of Aeradria”), summonsed the Province of Rimini, the Municipality of Rimini, Rimini Holding S.p.A. and the Parent Company to legal proceedings before the Court of Bologna. At the date of the deed of summons, the Province of Rimini held a stake of 38.12% in Aeradria S.p.A., Rimini Holding S.p.A. 18.11% and the Parent Company 7.57%. The Municipality of Rimini, in turn, owned the entire share capital of Rimini Holding S.p.A., holder of 8% of the Parent Company’s share capital. In addition, at the same date, the Company was a subsidiary of Rimini Congressi S.r.l., which was, in turn, an investee of Rimini Holding S.p.A., the Province of Rimini and the C.C.I.A.A. (Chamber of Commerce, Industry, Agriculture & Crafts) of Rimini, each holding a stake of 33.3%. The arguments sustained by the Receivership of Aeradria are based on the assumption that the responsibility for the management of Aeradria S.p.A., which led to its bankruptcy, would be attributable not solely to the administrative and control bodies, but also the shareholders (the Province of Rimini, the Municipality of Rimini, Rimini Holding S.p.A. and the Parent Company). In particular, the Municipality of Rimini and the Province of Rimini would have exercised, over the years and on a 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. The court of Rimini set the next hearing of the proceedings for May 18, 2021. The Company believes the risks relating to said dispute to be remote and, consequently, no provision for risks was recognised in the financial statements.

By means of deed of summons notified on July 11, 2018, the receiver in the bankruptcy proceedings of Biblioteca della Moda S.r.l. (hereinafter also BDM), summoned Vicenza Holding S.p.A. (formerly Fiera di Vicenza S.p.A.) before the Court of Milan, as well as IEG as transferee, effective from 1 November 2016, of the business unit of Fiera di Vicenza S.p.A. and Fallimento di Milano Fashion Media S.r.l., a related party of BDM, given both administered by the same Legal Representative. The Receivership of BDM stated that Biblioteca della Moda S.r.l. was the holder of a receivable of €1,224 thousand due from the then Fiera di Vicenza S.p.A. and that, in 2015, Biblioteca della Moda S.r.l. had transferred said receivable to Milano Fashion Media S.r.l. Following said transfer, the then Fiera di Vicenza S.p.A. had offset said payable with another higher receivable due to said entity from Milano Fashion Media S.r.l. This transaction would have been targeted at allowing Fiera di Vicenza S.p.A. not to pay its payable past due to Biblioteca della Moda S.r.l. In light of this, the Receivership of BDM has asked the Court of Milan:

(i) to ascertain and rule as ineffective the transfer in favour of Milano Fashion Media s.r.l. regarding the receivable due to Biblioteca della Moda S.r.l. from Fiera di Vicenza S.p.A.;

(ii) alternatively or subordinately, to cancel the transfer of the receivable due to a conflict of interests and, consequently, to ascertain and declare the ineffectiveness of the offsetting;

(iii) to ascertain the free nature of the transfer and declare the ineffectiveness and/or unenforceability of said offsetting to the bankruptcy creditors of Fallimento Biblioteca della Moda S.r.l.;

(iv) or, subordinately, to arrange for its revocation pursuant to art. 67 of the Bankruptcy Law;

(v) in any case, with the sentencing of Vicenza Holding S.p.A. and Italian Exhibition Group S.p.A. (transferee of Vicenza Holding S.p.A.), jointly and severally, to pay to Fallimento Biblioteca della Moda S.r.l. the total amount of €1,224 thousand, plus default interest pursuant to Legislative Decree 231/2002 from the due date to the payment date.

On 9 March 2021, the first-instance ruling on the dispute described above was issued by the Court of Milan. The Judge sentenced Vicenza Holding S.p.A. and IEG (as transferee of the business unit of Vicenza Holding S.p.A.), jointly and severally, to pay to Fallimento Biblioteca della Moda S.r.l. the total amount of €1,224 thousand, plus default interest pursuant to Legislative Decree 231/2002 and legal costs.

IEG filed an appeal in order to obtain, first and foremost, the suspension of the executive effects of the first-instance ruling and to contest the decision taken in second instance proceedings. IEG, supported by its legal advisors, not considering itself to be directly liable for said expense and believing that it may receive a favourable outcome from the continuation of second instance proceedings, did not recognise any provision for risks for the dispute described herein.

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.

19) Employee provisions

The changes in the item in question are shown below.

	Changes in 2020	Balance as at

	Balance as at 12/31/2019	Provisions	Uses/decreases	Releases	12/31/2020
Provision for agents' leaving indemnities	178	10			188
Provision for non-competition agreement	460		(338)	(122)	0
Provision for employee severance indemnity	2,720	126	(140)		2,705
TOTAL EMPLOYEE PROVISIONS	**3,358**	**136**	**(474)**	**(122)**	**2,893**

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.

The non-competition agreement was completely eliminated as a result of the accrual of the sums related to it and their partial payment to the entities for which they had been recognised and, in particular, to close said provision, a payable of €338 thousand was recognised and a surplus portion of €122 thousand released.

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".

The IEG Group, in determining the actuarial calculations, avails itself of the support of a professional listed in the appropriate Register of Actuaries. The main hypotheses/assumptions used for the actuarial calculation of the defined benefit plans are shown below.

Demographic assumptions

Probability of death	Mortality tables broken down by gender - ISTAT 2019
Probability of disability	Zero probability (in consideration of the type of company under analysis)
Probability of resignations	The probability of company turnover of 3% was used
Probability of advance	An annual value of 3% was presumed with respect to an average value of accumulated employee severance indemnity of 70%

Economic-financial assumptions for calculation of the TFR (employee severance indemnity)

	2020	2019
Annual discount rate	0.34%	0.77%
Annual inflation rate	1.00%	1.00%
Assumption of real salary growth	1.50%	1.50%

The discounting of future services for employees deriving from Employee severance indemnity was measured by recognising market yields according to the provisions of IAS 19. For the discount rate, the

rate relating to high credit rating Corporate Bonds AA with a duration equal to the plan of company commitments to its employees was taken as a reference.
The results of the actuarial evaluations depend strictly on the financial, demographic and behavioural assumptions adopted.
The following table, as required by the international accounting standard, shows the results of the DBO deriving from the change in assumptions.

Sensitivity Analysis - DBO		IEG Group SPA
Central Assumption	€	**2,703,622**
Discount rate (+0.5%)	€	2,573,892
Discount rate (-0.5%)	€	2,843,072
Rate of payments Increases (+0.5%)	€	2,691,446
Rate of payments Decreases (-0.5%)	€	2,716,457
Rate of Price Inflation Increases (+0.5%)	€	2,788,715
Rate of Price Inflation Decreases (-0.5%)	€	2,623,879
Rate of Salary Increases (+0.5%)	€	2,703,622
Rate of Salary Decreases (-0.5%)	€	2,703,622
Increase the retirement age (+1 year)	€	2,723,794
Decrease the retirement age (-1 year)	€	2,682,237
Increase longevity (+1 year)	€	2,703,699
Decrease longevity (-1 year)	€	2,703,549
Assumptions of the previous year	€	2,591,283
Economic assumpt. of the previous and new demographic assumpt.	€	2,591,503

20) Other non-current liabilities

The item “Other non-current liabilities” is composed entirely 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 €2.1 million.

CURRENT LIABILITIES

21) Current financial liabilities for rights of use

The item is composed of the current portion of liabilities recognised for lease fees still not paid at the close of the year, in compliance with the introduction of new accounting standard IFRS 16 on January

1, 2019. The balance includes €953 thousand relating to the lease agreement of Palazzo dei Congressi di Rimini, stipulated with the related party Società del Palazzo dei Congressi S.p.A.

22) Other current financial liabilities

The table shows a breakdown of the item in question.

	Balance as at 12/31/2020	Balance as at 12/31/2019
Accrued expenses	36	112
Amounts due to shareholders for dividends	2	2
Payables due to other lenders within 12 months	2,297	3,452
Current financial liabilities due to subsidiaries	222	222
TOTAL OTHER CURRENT LIABILITIES	**2,556**	**3,788**

"Payables due to other lenders within 12 months" includes:

- The residual balance to be disbursed to former Prostand shareholders for the purchase of corporate shares of €1,341 thousand;
- 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;

The item "Current financial liabilities due to subsidiaries", amounting to €222 thousand, includes the payables due to Prostand S.r.l. relating to the amount to be disbursed to the former shareholders of Colorcom S.r.l., merged in Prostand in 2019, for the purchase of the company.

23) Trade payables

The table shows a breakdown of the item in question.

	Balance as at 12/31/2020	Balance as at 12/31/2019
Trade payables within 12 months	14,959	20,481
Payables due to subsidiaries	3,017	7,440
Payables due to associated companies	75	79
Payables due to jointly controlled companies	8	6
TOTAL TRADE PAYABLES	**18,060**	**28,006**

Trade payables refer, for the most part, to purchases of the services needed for the staging of trade fairs.
The "Payables due to subsidiaries" and "Payables due to associated companies" detailed in the following tables are exclusively of a trade nature.

	Balance as at 12/31/2020	Balance as at 12/31/2019
Payables due to Exmedia S.r.l. in liquidation	-	-
Payables due to Prostand Exhibition Services S.r.l.	1	1
Payables due to Prime servizi S.r.l.	312	651
Payables due to Summertrade S.r.l.	121	1,272

Payables due to Colorcom Allestimenti Fieristici Srl	-	-
Payables due to Prostand srl	2,583	5,516
TOTAL PAYABLES DUE TO SUBSIDIARIES	**3,017**	**7,440**

“Payables due to associated companies” and “Payables due to jointly-controlled companies” are summarised in the following table.

	Balance as at 12/31/2020	Balance as at 12/31/2019
Payables due to Cesena Fiera S.p.A.	69	69
Payables due to C.A.S.T. Alimenti Srl	6	10
TOTAL PAYABLES DUE TO ASSOCIATED COMPANIES	**75**	**79**
Payables due to DV Global Link LLC	6	6
TOTAL PAYABLES DUE TO JOINTLY CONTROLLED COMPANIES	**6**	**6**

24) Tax payables for direct taxes

The table shows a breakdown of the item in question.

	Balance as at 12/31/2020	Balance as at 12/31/2019
Payables due to parent companies	0	0
IRES payable	0	1,711
IRAP (regional business tax) payable	0	258
TOTAL PAYABLES FOR DIRECT TAXES	0	1,969

It should be noted, in the current year, the company participated in national tax consolidation as consolidating company. The subsidiaries Prime Servizi, Summertrade, PES and Prostand fall under the scope of consolidation.

25) Other current liabilities

The table shows a breakdown of the item in question.

	Balance as at 12/31/2020	Balance as at 12/31/2019
Payments on account	2,336	1,909
Payables due to subsidiaries	1,351	64
Payables due to social security institutions	1,448	990
Other payables	7,289	4,777
Accrued expenses and deferred income	385	344
Revenues paid in advance pertaining to subsequent years	1,246	34,479
Other tax payables	1,384	865
TOTAL OTHER CURRENT LIABILITIES	**15,438**	**43,527**

The change in the period is due largely to the decrease in revenues paid in advance pertaining to subsequent years due to the fact that events held in the first quarter of the previous year were not held during the year.

The table below details the items included in “Other payables”.

	Balance as at 12/31/2020	Balance as at 12/31/2019
Payables due to customers	4,839	862
Payables due to employees	1,755	3,664
Payables due to trade union organisations	0	0
Payables due to statutory bodies	197	222
Other payables	489	233
Security deposits	9	10
TOTAL OTHER PAYABLES	7,289	4,777

“Payables due to employees” include the valuation of accruals of holidays, leave, ‘hour bank’, deferred monthly pay and other payables accrued and still not enjoyed or paid to personnel of Italian Exhibition Group S.p.A., while “Personnel - salaries” shows the balance of fees accrued in December and paid in January 2021.

26) Disclosure on guarantees given, commitments and other contingent liabilities

Guarantee granted in its favour	Balance as at 12/31/2020	Balance as at 12/31/2019
Sureties	2,290	1,365
Third-party assets held at the company	-	-

It should be noted that, as at December 31, 2020, the Group has guarantees in place relating to sureties and third party assets at IEG totalling €2,290 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 Company in favour of the lessor of the Milan offices for €193 thousand;
- by the Company in favour of other entities for a total of €63 thousand.

It should also be noted that Italian Exhibition Group S.p.A. replaced Fiera di Vicenza S.p.A. in the guarantees issued by the latter in favour of the investee C.I.S. S.p.A. in liquidation for an amount of €1,200 thousand. This amount was not recorded under guarantees given as the associated provision for risks is allocated in the financial statements for the same amount.

In order to support the activities of subsidiaries and manage, at this particular moment, the financial requirements of Prostand S.r.l. and Summertrade S.r.l., the company signed a letter of financial support, respectively, on March 12 and February 3, 2021.

COMMENTS ON THE MAIN ITEMS OF THE INCOME STATEMENT

27) Revenues

“Revenues from contracts with customers” include the revenues pertaining to 2020 actually realised in the performance of the Company’s ordinary activities.

Total "Revenues" in 2020 fell by €63.8 million, marking a drop of 51.4%. The contraction is mainly due to the impacts of the Covid-19 pandemic, which prevented most activities from being carried out during the year and, consequently, led to the cancellation of many trade fairs and conferences that had been held as normal in 2019.

For a more comprehensive analysis of the trend in revenues in 2020, please refer to the information already outlined in the Directors’ Report on Operations.

	Balance as at 12/31/2020	Balance as at 12/31/2019
Revenues from contracts with customers	56,589	120,282
Other revenues	3,670	3,818
Operating grants	*1,513*	*172*
Other revenues	*2,157*	*3,646*
TOTAL REVENUES	**60,259**	**124,101**

The following tables provide details on revenues from sales and services by business line.

	Balance as at 12/31/2020	Balance as at 12/31/2019
Organised events	54,186	99,161
Hosted Events	18	2,007
Conferences	2,639	16,269
Publishing, Sports and Other lines	3,416	6,665
TOTAL REVENUES	**60,259**	**124,101**

The breakdown of “Other revenues” is shown below.

	Balance as at 12/31/2020	Balance as at 12/31/2019
Capital gains on disposals of assets	12	19
Income relating to previous years	348	615
Operating grants	*1,513*	172
Other revenues and income	*1,797*	3,013
TOTAL OTHER REVENUES	**3,670**	**3,818**

“Operating grants” are composed of grants for internationalisation and development of trade fairs, as well as for the promotion of conference activities. Roughly €449 thousand corresponds to the contributions to the non-repayable grant received pursuant to the "Ristori Decree".

The item “Other revenues and income” includes the portion of the grant provided by the Emilia Romagna Region for the construction of the new district pertaining to the year (€194 thousand). The grant from the Region is charged to the income statement in proportion to the depreciation of the assets for which the construction was provided; in this regard, also see the information shown above in Note 21) Other non-current liabilities.

As regards “Other revenues and income” recorded in 2020, it should be noted that, in 2019, the item included €981 thousand in non-recurring income relating to the charge-back to the parent company Rimini Congressi of a part of the advisory costs incurred by IEG S.p.A. to finalise its listing process, completed in 2019. For 2020, note should be taken of the non-recurring revenues of €237 thousand deriving from the application of a recently published amendment to IFRS 16, which made it possible to account for the effects of changes to the payment plans of lease agreements following the COVID-19 emergency by derecognising the financial liability with a balancing entry in the income statement.

In addition to the details indicated in the previous paragraph, "Other revenues and income" include the charge-back of costs to lessees of trade fair district spaces.

28) Operating costs

	Balance as at 12/31/2020	Balance as at 12/31/2019
Raw materials, consumables and goods for resale	**(1,224)**	(2,242)
Services	**(36,480)**	(61,984)
For use of third-party assets	**(123)**	(220)
For personnel	**(15,065)**	(21,194)
Other operating costs	**(1,745)**	(2,496)
TOTAL OPERATING COSTS	**(54,637)**	**(88,135)**

"Operating costs" fell by €33.5 million (-38%) compared to the previous year. As already explained previously and analysed in detail in the Directors' Report on Operations, the decrease is mainly due to the lower business volumes recorded as a result of the COVID-19 pandemic. It augments the natural reduction due to lower activities.

	Balance as at 12/31/2020	Balance as at 12/31/2019
Staff	(14,513)	**(20,720)**
Wages and salaries	(10,417)	(14,795)
Social security costs	(2,937)	(4,552)
Employee severance indemnity	(956)	(940)
Other costs	(203)	(432)
For Directors	(552)	**(473)**
TOTAL PERSONNEL COSTS	**(15,065)**	**(21,194)**

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

	Balance as at 12/31/2020	Balance as at 12/31/2019
Municipal Property Tax	(256)	(442)
Other Municipal taxes	(469)	(565)
Vehicle ownership tax	(7)	(5)
Membership fees and contributions	(349)	(355)
Revenue stamps and certification of the books	(13)	(22)
SIAE (Italian Authors and Publishers Association) fees, exhibition taxes	(6)	(24)
Expenses relating to previous years	(249)	(646)
Other costs	(396)	(438)
TOTAL OTHER OPERATING COSTS	**(1,745)**	**(2,496)**

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

By contrast, the table below provides details of amortisation and depreciation:

	Balance as at 12/31/2020	Balance as at 12/31/2019
Intangible fixed assets	**(2,031)**	**(1,713)**
Land and buildings	(6,903)	(6,797)
Plant and machinery	(1,636)	(1,624)
Industrial and commercial equipment	(423)	(539)
Other assets	(916)	(933)
Property, plant and equipment	**(9,878)**	**(9,893)**
TOTAL AMORTISATION, DEPRECIATION AND WRITE-DOWNS OF FIXED ASSETS	**(11,910)**	**(11,606)**

Please refer to the two paragraphs of property, plant and equipment and intangible fixed assets for in-depth analysis.

30) Financial income and charges

The breakdown of "Financial income" is shown below:

	Balance as at 12/31/2020	Balance as at 12/31/2019
Interest income on current accounts and bankbooks	1	1
Interest income on other receivables	42	59
Interest income on bonds	1	73
Interest income on intercompany current accounts from subsidiaries	3	4
TOTAL FINANCIAL INCOME	**47**	**138**

With a view to optimising the available funds of the Group, the company has established intercompany accounts with some subsidiaries and associated companies. Interest accrues on these accounts as at December 31, 2020 at the market rates correlated to the 3-month Euribor.

Interest income on current accounts and bonds are the result of company liquidity management during the year and the consequent investment of any access of the same in low risk products such as term deposits, bonds and policies with a minimum guaranteed yield.

"Interest income on other receivables" are attributable to credit recovery activities with the collection by the debtor of default interest for late payment and the interest generated by the Employee severance indemnity policy.

The breakdown of "Interest and financial charges" is shown below.

	Balance as at 12/31/2020	Balance as at 12/31/2019
Interest expense and expenses on bank debts	(1,898)	(885)
Interest expense on other payables	(23)	(20)
Negative differences of SWAPs	(962)	(991)
IRS differential	194	(218)
Interest expenses on leases	0	0
Interest expense on rights of use - IFRS 16	(478)	(465)
TOTAL INTEREST AND OTHER FINANCIAL CHARGES	**(3,166)**	**(2,579)**

Banking interest expense concerns almost completely the mortgages taken out by the Company and, to a residual extent, the temporary use of short-term credit lines.

Notice is hereby given that the item "Interest and financial expenses" includes a non-recurring expense of €900 thousand due to the arrangement fee for obtaining a medium-term credit line to support real estate investments planned by the Company. The suspension of the investment plan as a result of Covid-19 made it necessary to relinquish the line approved with the consequent debiting of the expense incurred.

The “IRS Differential” represents the change during the year in the fair value of the derivative contracted with former Banca Popolare di Vicenza (now Banca Intesa San Paolo S.p.A.), while the “Negative differences of SWAPs” refer to the interest paid to said bank at the fixed rate established by the contract in question.

The breakdown of the item “Exchange gains and losses” is shown below.

	Balance as at 12/31/2020	Balance as at 12/31/2019
Exchange gains	0	121
Exchange losses	(55)	(23)
TOTAL EXCHANGE GAINS AND LOSSES	**(55)**	**99**

The exchange gains and losses refer to revenues and expenses in foreign currency linked to the change in exchange rates.

31) Gains and losses from equity investments

Equity investments in associated companies were measured using the equity method. The other equity investments are booked at cost and are written down in the event of a significant and prolonged reduction in the fair value with respect to the cost of recognition.
For more information, please refer to the previous comments on financial fixed assets.

	Balance as at 12/31/2020	Balance as at 12/31/2019
Revaluations of equity investments		
C.A.S.T. Alimenti Srl	0	9
Cesena Fiera S.p.a.	17	28
Fairsystem Srl in liquidation	0	5
Total revaluations of equity investments	17	**43**
Write-downs of equity investments		
Expo Estrategia Brasil Eventos e Producoes Ltda	(11)	-19
EAGLE	(1,109)	-69
C.A.S.T. Alimenti Srl	(51)	0
Rimini Welcome S.c.a.r.l.	(5)	0
Fitness Festival International S.r.l. (in liquidation)	(4)	0
Fairsystem Srl	0	-5
DV Global Link LLC	(241)	-283
Total Write-down of equity investments	(1,422)	**-376**
Total effect of valuation of equity investments with the equity method	(1,405)	**-333**
Write-downs of equity investments - subsidiaries		
FB International Inc.	(3,576)	0
Exmedia in liquidation	(131)	-210
Total measurement of equity investments in subsidiaries	(3,706)	**-210**
Income from equity investments		
C.A.S.T. Alimenti S.r.l. dividends	0	44
Dividends of Summertrade S.r.l.	0	98
Total income from equity investments	0	**141**
Total effect of valuation of equity investments with the equity method	(5,111)	**-402**

32) Income taxes

Taxes are calculated in application of the tax regulations in force.

	Balance as at 12/31/2020	Balance as at 12/31/2019
IRES (corporate income tax) pertaining to the year	0	(5,607)
IRAP (regional business tax) pertaining to the year	0	(1,015)
Revenues (expenses) from tax consolidation	0	9
Taxes from previous years	252	(348)
Total direct taxes	**252**	**(6,961)**
Advance IRES	2,915	327
Advance IRAP	26	24
Total deferred tax assets	**2,941**	**352**
Deferred IRES	20	29
Deferred IRAP	0	0
Total deferred tax liabilities	**20**	**29**
TOTAL INCOME TAXES FOR THE YEAR	**3,213**	**(6,580)**

Pursuant to point 14) of article 2427 of the Italian Civil Code, and the requirements of IAS 12, the required information on deferred and prepaid taxes is shown below.

	2020			2019		
	Temporary differences	Tax rate	Tax effect	Temporary differences	Tax rate	Tax effect
Deferred tax assets:						
Bad debt provision	4,924	24.00%	1,182	3,773	24.00%	906
Provisions for risks and charges	1,129	24.35%	275	1,671	24.24%	405
Agents' leaving indemnities	100	27.9%	28	100	27.90%	28
Taxes for previous losses	78	24.00%	19	78	24.00%	19
Membership fees paid in subsequent year	10	24.00%	2			
Emoluments of statutory bodies not paid in the year	264	24.00%	63	287	24.00%	68
Amortisation/depreciation not deductible in the year	1,013	25.66%	260	888	25.50%	226
Statutory write-down of intangible fixed assets	112	27.90%	31	122	27.90%	34
Photovoltaic prepaid amounts	1,294	27.90%	361	1,406	27.90%	392
IAS write-down of intangible fixed assets	95	31.11%	29	114	30.58%	34
Statutory/fiscal misalignment on revaluation of land	1,657	27.90%	462	1,657	27.90%	462
Value adjustments of equity investments	227	1.20%	3	227	1.20%	3
Fair value of derivatives	4,485	24.00%	1,076	4,679	24.00%	1,123
Service cost and interest cost components	(10)	24.00%	(2)	4	24.00%	1
IFRS16	324	17.56%	57	207	19.15%	40
2020 loss from tax consolidation	16,624	24.00%	3,990			
Total deferred tax assets charged to Income Statement	**32,324**		**7,836**	**15,007**		**3,743**
Tax effect on "Actuarial Gain & Losses" component of actuarial calculation of Employee benefits	198	24.00%	48	111	24.00%	27
Effect of cash flow hedge derivatives	1,032	24.00%	248	549	24.00%	132
IFRS16	1,941	23.32%	453	1,941	23.32%	453
Total deferred tax assets charged to Shareholders' equity	**3,171**		**748**	**2,601**		**611**
Deferred tax liabilities:						
Statutory/fiscal misalignment on revaluation of land	4,537	27.90%	1,266	4,537	27.90%	1,266
Amortised cost - loans	617	24.00%	148	699	24.00%	167
Total deferred tax liabilities charged to Income Statement	**5,154**		**1,414**	**5,236**		**1,434**
Statutory/fiscal misalignment on revaluation of land	1,542	27.90%	430	1,542	27.90%	430
Total deferred tax liabilities charged to Shareholders' equity				**1,542**		**430**
Recognition of deferred tax liabilities on PPA	4,011	27.90%	1,119	4,409	27.90%	1,230
Total taxes on PPA	**4,011**		**1,119**	**4,409**		**1,230**

Deferred tax liabilities have been calculated according to the global allocation approach, taking into account the cumulative amount of all temporary taxable differences, based on the expected average rates in force when these temporary differences are offset.

Deferred tax assets were recorded given there is reasonable certainty as to the existence, in the years in which the temporary deductible differences will carry forward, in respect of which prepaid taxes were recognised, of a taxable income not lower than the amount of the differences that will be cancelled.

The main temporary differences that involved the recognition of deferred tax assets and liabilities are indicated in the table below, together with the associated effects.

The tables below show the differences between theoretical tax charges (IRES 24% and IRAP 3.9%) and the tax charge that can actually be recorded in the financial statements, as suggested by IAS 12.

RECONCILIATION BETWEEN THEORETICAL IRES AND IRES AS PER THE FINANCIAL STATEMENTS		
Pre-tax result		**(15,896)**
Theoretical tax charge (24.0%)		*0*
Decreases		
	Photovoltaic plant	
	Use/cancellation of provisions allocated in previous years	(897)
	Excess interest	
	Deductible portion of board and lodging expenses	(916)
	Dividends from subsidiaries/revaluation of equity investments	(152)
	Tax amortisation exceeding statutory amortisation	
	Other decreases	(1,555)
	Other write-downs of assets	
	IMU (Municipal property tax)	(154)
	IRAP and lump-sum portion on employee severance indemnity paid	(37)
	Total decreases	**(3,710)**
Increases		
SVP	Write-down of equity investments and Allocation to provision for write-down of equity investments	5,111
AAI	Non-deductible amortisation/depreciation and other non-deductible provisions	367
IMU tax	IMU (Municipal property tax)	256
	Non-deductible portion of board and lodging expenses	1,209
	Other increases	2,455
	Total increases	**9,399**
Reduction in Income for Asset Increase (ACE)		**(163)**
Taxable amount for IRES purposes pertaining to the year		**(10,370)**
Use of tax losses of previous years		-
Actual taxable income for IRES purposes		**(10,370)**
IRES (corporate income tax) pertaining to the year (24% of actual IRES income)		0
IRES in Income statement		**0**

RECONCILIATION BETWEEN THEORETICAL IRAP AND IRAP AS PER THE FINANCIAL STATEMENTS	
Difference between value of production and costs of production	**5,624**
Non-relevant costs for IRAP purposes	2,240
Theoretical taxable income	**7,864**
Theoretical tax charge (3.90%)	*(307)*
Decreases	
INAIL (Italian National Institute for Insurance against Accidents at Work), Trainees, Tax wedge and similar	(14,769)
Excess tax amortisation	24
Other decreases	(259)
Total decreases	**(15,004)**
Increases	
Directors' fees	593
Municipal Property Tax	256
Other increases	280
Total increases	**1,129**
Taxable amount for IRAP (regional business tax) purposes pertaining to the year	**(6,011)**
Use of tax losses of previous years	-
Actual taxable amount for IRAP (regional business tax) purposes	**(6,011)**
IRAP pertaining to the year	0
IRAP in Income statement	**0**

ADDITIONAL INFORMATION

33) Disclosure pursuant to Law no. 124 of August 4, 2017

The information required pursuant to art. 1, paragraph 125 of Law no. 124 of August 4, 2017 is provided in the table below.

No.	Name of disbursing entity	Reason	Sum collected (€)	Collection date
1	G.S.E. S.p.A.	Photovoltaic incentives - January/February	3,875	04/30/2020
2	G.S.E. S.p.A.	Photovoltaic incentives - March	1,938	06/30/2020
3	G.S.E. S.p.A.	Photovoltaic incentives - April	1,985	06/30/2020
4	G.S.E. S.p.A.	Photovoltaic incentives - May	1,985	08/31/2020
5	G.S.E. S.p.A.	Photovoltaic incentives - June	1,985	08/31/2020
6	G.S.E. S.p.A.	Photovoltaic incentives - July	1,985	11/02/2020
7	G.S.E. S.p.A.	Photovoltaic incentives - August	1,985	11/02/2020
8	G.S.E. S.p.A.	Photovoltaic incentives - September	1,985	12/31/2020
9	G.S.E. S.p.A.	Photovoltaic incentives - October	1,985	12/31/2020
10	Municipality of Vicenza	Municipality of Vicenza - grant VIOFF20 DET.2055	22,000	11/23/2020
11	ICE - AGENZIA PER LA PROMOZIONE (Agency for the promotion abroad and internationalisation of Italian companies)	Ecomondo grants 2019	129,000	03/02/2020
12	ICE - AGENZIA PER LA PROMOZIONE (Agency for the promotion abroad and internationalisation of Italian companies)	Vicenza Oro grants - January	168,000	05/26/2020
13	ICE - AGENZIA PER LA PROMOZIONE (Agency for the promotion abroad and internationalisation of Italian companies)	Vicenza Oro grants - January	371,152	12/16/2020
14	MISE (Ministry of Economic Development)	Covid contribution to non-repayable grant - ddgt IEG	449,225	12/31/2020
15	Emilia-Romagna Region	RER (Emilia-Romagna Region) Grants - Law 4	25,778	07/21/2020
		Total	**1,184,886**	

34) 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 2020 and the previous year is shown below.

	2020	**2019**
Executives	9.4	10.8
Middle managers/White collar workers	278.9	267.6
Blue-collar workers	10.4	11.1
AVERAGE NUMBER OF EMPLOYEES	**298.7**	**289.5**

35) Compensation for Corporate Officers

The Directors’ fees were defined by means of shareholders’ meeting resolution of July 31, 2019. The fees resolved make provision for a part of short-term and medium-term variable remuneration linked to the attainment of company targets.

	Balance as at 12/31/2020	Balance as at 12/31/2019
Directors	552	473
Statutory Auditors	124	82
TOTAL COMPENSATION FOR CORPORATE OFFICERS	**676**	**555**

36) Independent Auditors' fees

The table below shows the compensation paid to the independent auditors. The shareholders’ meeting of April 30, 2019 elected PricewaterhouseCoopers S.p.A. as the company’s independent auditors.
Total compensation accrued by the PWC network and booked to the Company’s financial statements is reported below.

COMPENSATION FOR THE AUDIT	Balance as at 12/31/2020	Balance as at 12/31/2019
Annual accounting audit	66	41
Limited audit on the half-yearly accounts	27	25
Other services and sundry advisory services	247	175

This document closely mirrors the economic and equity situation of the company Italian Exhibition Group S.p.A. Therefore, the shareholders are invited to approve it.

Rimini, March 18, 2021

The Board of Directors
Chief Executive Officer

Statement relating to the Separate Financial Statements pursuant to art. 154 bis, paragraph 5 of Legislative Decree no. 58/1998

STATEMENT RELATING TO THE SEPARATE FINANCIAL STATEMENTS PURSUANT TO ART. 154 BIS, PARAGRAPH 5 OF LEGISLATIVE DECREE NO. 58/1998

1. The undersigned, Corrado Peraboni, as Chief Executive Officer and Roberto Bondioli as Manager responsible for preparing the company's financial documents of Italian Exhibition Group S.p.A. hereby certify, also taking into account the provisions of article 154-*bis*, paragraphs 3 and 4 of Legislative Decree no. 58 of February 24, 1998:
   - the adequacy with respect to the company's profile, and
   - the effective application

   of the administrative and accounting procedures for the preparation of the Financial Statements as at December 31, 2020.

2. It is also certified that:
   2.1. the separate financial statements as at December 31, 2020:
   - 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;
   - correspond to the results of the books and the accounting records;
   - are suitable to provide a true and fair representation of the capital, economic and financial situation of the issuer.

   2.2. the Directors' Report on Operations includes a reliable analysis of the trends and results of operations as well as of the position of the issuer, together with a description of the main risks and uncertainties they are exposed to.

Rimini, March 18, 2021

Signed

The Chief Executive Officer

Corrado Peraboni

Signed

Manager responsible for preparing the company's financial documents

Roberto Bondioli

Independent Auditors’ Report to the Separate Financial Statements

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Independent auditor's report

in accordance with article 14 of Legislative Decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537/2014

To the Shareholders of Italian Exhibition Group SpA

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Italian Exhibition Group SpA (hereinafter also the "Company"), which comprise the statement of financial position as of 31 December 2020, the income statement, statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement for the year then ended and explanatory notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Italian Exhibition Group SpA as of 31 December 2020 and of the result of its operations and cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italy). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the separate financial statements" section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key audit matters	*Auditing procedures performed in response to key audit matters*
Recoverability of goodwill	
See paragraph "Measurement criteria" and note no. 2 - "Intangible fixed assets" of the explanatory notes to the separate financial statements as of 31 December 2020 As of 31 December 2020, the book value of the goodwill amounts recognised in the separate financial statements of Italian Exhibition Group SpA is equal to about Euro 8.2 million, mainly deriving from the transfer of the business unit *"Fiera di Vicenza"* occurred on 1 November 2016, amounting to about Euro 7.9 million. Under IAS 36 - "Impairment of assets", considering that goodwill is an intangible asset with an indefinite useful life, it is not subject to amortisation, but tested for impairment ("impairment test") at least once a year. On the basis of the Company's strategic choices, the goodwill amounts were allocated, for the purpose of verifying their recoverable value, to the Cash Generating Unit ("CGU") named ("IEG CGU"). The impairment test was performed by the Directors by comparing the recoverable amount of the IEG CGU represented by its value in use determined according to the discounted cash flow method with its book value, which includes the goodwill amounts. The value in use determined by the Directors, which considers the explicit forecast period 2021-2025, is based on assumptions regarding, among other things, (i) the estimated cash flows inferred from the business plan 2021-2025 - "alternative scenario" (hereinafter, the "Plan"), approved by the Company's Board of Directors on 18 January 2021, which forecasts, with respect to the basic plan for the year ending 31 December 2021, for a recovery in onsite trade fair events and conferences only from September 2021 (ii) the determination of an appropriate discount rate	The audit approach preliminarily consisted in obtaining, understanding and assessing the methods and procedures defined by the Company to determine the recoverable value of the IEG CGU, to which the goodwill tested for impairment were allocated. Specifically, we verified the reasonableness of the Directors' assumptions behind the allocation of goodwill to the IEG CGU. We verified that the method used by the Company complied with IAS 36 and with the standard evaluation practice, including through the involvement of the PwC network experts in business valuations. We verified the reasonableness of the discount rate and of the perpetuity growth rate in comparison with the evaluation practice generally applied for companies in the relevant industry of Italian Exhibition Group SpA. We verified the consistency between the financial flows included in the valuation model and those reflected in the 2021-2025 Plan - "alternative scenario", as well as assessing the reasonableness, based on the information available at the date, of the assumptions and forecasts underlying the Plan. We verified the mathematical accuracy of the valuation models prepared by the Company and examined the sensitivity analyses prepared by the Directors. Furthermore, with reference to the effects on the Company's business deriving from the Covid-19 pandemic, we carried out a stress test exercise, considering worse inputs for the year 2021 compared to those used in the impairment tests of the goodwill recorded in

Key audit matters	*Auditing procedures performed in response to key audit matters*
("WACC") and (iii) the estimate of a medium/long-term growth rate ("g" rate) for the flows beyond the Plan explicit period. The basis of preparation and the results of the impairment test were approved by the Company's Board of Directors on 23 February 2021 and on 18 March 2021, respectively, without detecting any impairment indicators for the goodwill amounts recognised in the separate financial statements. This was considered as a particularly significant matter for the statutory audit of the separate financial statements, in light of the estimation elements (in particular, the estimate of the expected cash flows and the determination of the discount rate and growth rates) inherent in the evaluations performed by the Directors in relation to the recoverability of goodwill. With regard to the effects on the activities of the IEG Group, the Directors carried out sensitivity analyses on the recoverable value of the CGUs, following the uncertainties arising from the Covid-19 pandemic.	the separate financial statements as of 31 December 2020. Finally, we verified the adequacy and completeness of the disclosures provided by the Company in the explanatory notes to the separate accounts.
Recoverability of investment in subsidiaries	
See paragraph "Measurement criteria" and note no. 3 - "Equity investments in subsidiaries" of the explanatory notes to the separate financial statements as of 31 December 2020 As of 31 December 2020, the carrying amount of investments in subsidiaries in the separate financial statement amounts to some Euro 18.1 million (net of write-off for Euro 3.8 million). This amount mainly relates to the subsidiaries Pro.Stand Srl for some Euro 9.5 million, HBG Events FZ Llc for some Euro 4.3 million, IEG USA Inc for some Euro 2.3 million and Summertrade Srl for some Euro 1.7 million. Equity investments in subsidiaries are initially valued at cost and, in the case of evidence of	The audit approach preliminarily consisted of understanding and evaluating of the methods adopted by the Company for determining the recoverable value of equity investments in subsidiaries, approved by the Company's Board of Directors on 18 March 2021, in compliance with the international accounting standard IAS 36 adopted by the European Union. We verified that the method used by the Company complied with IAS 36 adopted by the European Union and with the standard evaluation practice, including through the involvement of the PwC network experts in business valuations. The main valuation parameters adopted by

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Key audit matters	*Auditing procedures performed in response to key audit matters*
possible reductions in value, the cost is compared with the recoverable value, represented by the greater of the fair value, net of disposal costs, and the value in use. In order to assess the recoverability of carrying amount of the investment in subsidiaries at 31 December 2020, the Directors of Italian Exhibition Group SpA prepared specific impairment tests relating to the main subsidiaries Pro.Stand Srl, IEG USA Inc (holding company of the American fitting company FB International Inc) and Summertrade Srl, carrying out analyses in order to identify any indicators of impairment; in the presence of these indicators, the Company's management determined the recoverable value of the aforementioned equity investments, then posting a write-down of some Euro 3.6 million of the value of the equity investment in IEG USA Inc. No impairment test was carried out relating to the investment in HBG Events FZ Llc, as the acquisition of this company took place only on 28 October 2020, the purchase price allocation process has not yet been completed and no impairment indicators emerged with respect to the acquisition date. The recoverability of equity investments in subsidiaries was considered a key audit matter for the purpose of the statutory audit of the separate financial statements, in consideration of the significant impact of this caption and due to the negative effects of the Covid-19 pandemic, which significantly impacted the business and profitability of subsidiaries in the year ended 31 December 2020. The valuation models underlying the determination of the recoverable value (value in use) of equity investments in subsidiaries are based on complex valuations and estimates by the Company's management. In particular, the valuation models of equity investments in subsidiaries and the assumptions contained in the models themselves are influenced by future market conditions, as regards the expected	the Company were subject to a reasonableness analysis. With specific reference to the methods used for discount rates (the weighted average cost of capital or "WACC"), it was analysed that they had been determined according to best practices and on the basis of market data adopted for companies belonging to the sectors reference of the subsidiaries. Similarly, the determination of the medium / long-term growth rate (the "g" rate) was also evaluated with respect to the indications of the IFRS accounting standards adopted by the European Union. We verified the consistency between the financial flows included in the valuation model and those reflected in the 2021-2025 Plan - "alternative scenario", as well as assessing the reasonableness, based on the information available at the date, of the assumptions and forecasts underlying the Plan. We also verified the mathematical accuracy of the valuation models prepared by the Company. Finally, we verified the adequacy and completeness of the disclosures provided by the Company in the explanatory notes to the separate accounts.

Key audit matters	*Auditing procedures performed in response to key audit matters*
financial flows, the perpetual growth rate and the discount rate, on which the Directors carried out sensitivity analyzes on the recoverable value of the CGUs, following the uncertainties arising from the Covid-19 pandemic.	
Recoverability of deferred tax assets *See paragraph "Measurement criteria" and note n° 6 - "Deferred tax assets and liabilities" and note n° 32 - "Income taxes" of the explanatory notes to the separate financial statements as of 31 December 2020* Net deferred tax assets recognized in the separate financial statements as of 31 December 2020 approximately amount to Euro 4.1 million (partially offset by deferred tax liabilities equal to approximately Euro 3 million). Such net deferred tax assets include approximately Euro 2.5 million relating to the IRES tax loss suffered by the Company in the year 2020. The recoverability of deferred tax assets was considered of particular relevance for the statutory audit of the separate financial statements in consideration of the complexity of the evaluation of the recoverability of these assets, which is closely related to the achievability of the 2021-2025 Plan - "alternative scenario", approved by the Company's Board of Directors on 18 January 2021.	Our audit procedures preliminarily included understanding and evaluating the procedures adopted by the Company to verify the recoverability of deferred tax assets. We obtained the Company's forecast about the timing of recoverability of deferred tax assets, which is closely related to forecasted future taxable income in the period 2021-2025 for the Company and its Italian subsidiaries included in the scope of the IRES tax consolidation of the IEG Group, linked to the achievement of the prospective results included in the 2021-2025 Plan - "alternative scenario". We verified the consistency between the financial flows included in the valuation model and those reflected in the 2021-2025 Plan - "alternative scenario", as well as assessing the reasonableness, based on the information available at the date, of the assumptions and forecasts underlying the Plan. We verified that the methodology used by the Company was consistent with the international accounting standard IAS 12 adopted by the European Union and with the normal valuation practice, also through the involvement of the experts of the PwC network in the context of tax assessments. Finally, we verified the adequacy and completeness of the disclosures provided by the Company in the separate financial statements relating to forecasts underlying the recoverability of deferred tax assets.

Responsibilities of the Directors and those charged with governance ("Collegio Sindacale") for the separate financial statements

The Directors of Italian Exhibition Group SpA are responsible for the preparation of separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the separate financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the separate financial statements, the Directors use the going concern basis of accounting, unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Those charged with governance *("Collegio Sindacale")* of Italian Exhibition Group SpA are responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italy) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the separate financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italy), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the separate financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we concluded on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to

continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- we evaluated the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italy, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional disclosures required by article 10 of Regulation (EU) no. 537/2014

On 17 October 2018, the shareholders of Italian Exhibition Group SpA in general meeting engaged us to perform the statutory audit of the Company's separate and consolidated financial statements for the years ending 31 December 2019 to 31 December 2027.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1 of Regulation (EU) no. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed in this report is consistent with the additional report to those charged with governance *("Collegio Sindacale")*, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on compliance with other laws and regulations

Opinion in accordance with article 14, paragraph 2, letter e) of Legislative Decree no. 39/2010 and article 123-bis, paragraph 4, of Legislative Decree no. 58/1998

The Directors of Italian Exhibition Group SpA are responsible for preparing a report on operations (drawn up jointly for the Company's separate and consolidated financial statements) and a report on the corporate governance and ownership structure of the Company as of 31 December 2020, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italy) no. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4 of Legislative Decree no. 58/1998, with the separate financial statements of the Company as of 31 December 2020 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the separate financial statements of Italian Exhibition Group SpA as of 31 December 2020 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e) of Legislative Decree no. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Bologna, 7 April 2021

PricewaterhouseCoopers SpA

signed by

Gianni Bendandi
(Partner)

"This report has been translated into the English language from the original, which was issued in Italian language, solely for the convenience of international readers. Reference in this report to the financial statements refer to the financial statements in original Italian and not to any their translation."

Board of Statutory Auditors' Report

Italian Exhibition Group S.p.A.

Report to the 2020 Financial Statements of the Board of Statutory Auditors to the Shareholders' Meeting of Italian Exhibition Group S.p.A. pursuant to art. 153 of Legislative Decree no.58/1998 (TUF) and art. 2429 of the Italian Civil Code

Dear Shareholders,

This Report describes the supervisory activities performed by the Board of Statutory Auditors of Italian Exhibition Group S.p.A. (hereinafter also "IEG" or "Company") during 2020, drawn up pursuant to Legislative Decree no. 58/1998 ("Consolidated Law on Finance"), Art. 2429 of the Italian Civil Code, the Code of Conduct of the Board of Statutory Auditors of Listed Companies issued by the National Council of Chartered Accountants and Accounting Professionals, as well as in accordance with the instructions contained in Consob Communication no. DEM/I025564 of April 6th, 2001 and subsequent amendments.

The Board of Statutory Auditors carried out the supervisory activities also as Internal Control and Audit Committee.

1. Appointment of the Board of Statutory Auditors

The Board of Statutory Auditors currently in office was appointed by the Shareholders' Meeting of June 8th, 2020 in accordance with the provisions of the law and the Articles of Association; its mandate will end with the Shareholders' Meeting convened to approve the 2022 financial statements.

2. Verification of independence requirements of Board of Statutory Auditors

On June 16th, 2020 and February 12th, 2021, the Company's Board of Statutory Auditors carried out, with a positive outcome, the annual check to ensure that all members met the independence and professionalism requirements set forth in article 148, paragraph 3, of the Consolidated Law on Finance, as well as recommendation no. 9 of article 2 of the Code of Corporate Governance of Listed Companies, approved by the Corporate Governance Committee, promoted by Borsa Italiana S.p.A., business associations (ABI, Ania, Assonime and Confindustria) and professional investors (Assogestioni), regarding the independence of statutory auditors of listed companies, also based on the certifications and information provided by each statutory auditor.

Lastly, on June 16th, 2020 and February 12th, 2021, in line with Rule Q.1.1., "Rules of conduct of the board of statutory auditors of listed companies" of the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Institute of Chartered Accountants), the Board of Statutory Auditors conducted the self-evaluation of the Board, drafting a specific disclosure and sent this to the Company. The outcomes of this activity are filed in the records of the Board of Statutory Auditors.

3. Supervision performed and information received

During the year, the Board of Statutory Auditors carried out the supervisory activities reserved to it in compliance with art. 149 of Legislative Decree no. 58/1998 (TUF - Consolidated Law on Finance), the

"Rules of conduct of the Board of Statutory Auditors of Listed Companies" issued by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Institute of Chartered Accountants) regarding corporate controls and the activities of the Board of Statutory Auditors and the guidelines contained in both the 2018 Corporate Governance Code of listed companies and the referenced new Code of Corporate Governance adopted by the Board of Directors at the meeting on February 23rd, 2021.

The year 2020 was characterised by the health emergency caused by the Covid-19 pandemic (so-called Coronavirus) in relation to which, the Government adopted stronger health protection measures which imposed restrictions on the movement of people, and by means of Decree of the President of the Council of Ministers of March 11th, also restrictions on the performance of commercial and productive activities and a ban on gatherings of people, with the subsequent suspension of trade fairs and conferences. These measures were updated on several occasions during 2020 and, on October 24th, 2020, a new Decree of the President of the Council of Ministers was issued, which reinstated the ban on staging trade fairs. Subsequent provisions extended said ban until April 6th, 2021. This led to the cancellation of a large number of scheduled events.

The Company, consistently with the provisions issued by the Government, adopted organisational measures (including smart working) to ensure the continuation of management activities, primarily aimed at guaranteeing the continuity of relations with customers and its presence and image on the market, to best organise the recommencement of onsite events, in full respect and protection of the health of its employees, associates, suppliers and customers, by defining a system of measures known as the *#safebusiness* project.

In addition, the Company carried out actions geared towards correct management of operating costs and the suspension of all non-essential investments.

Despite the significant impacts on the 2020 financial statements related to the still ongoing pandemic situation, directors have deemed that pursuit of the strategic objectives, presented in the updated business plan, will guarantee the Company's development and business continuity.

With regard to the activities carried out in 2020 and the initial months of 2021, the Board of Statutory Auditors:

a) met 16 times in 2020, with an average meeting duration of roughly 2 hours and met 6 times during 2021 up to the present date;

b) attended:

(i) 11 meetings of the Board of Directors in 2020 and 5 meetings in 2021;

(ii) 2 meetings of the Remuneration and Appointments Committee in 2020 and 1 meeting in 2021;

(iii) 6 meetings of the Control and Risk Committee in 2020 and 2 meetings in 2021;

c) held 7 meetings with representatives of the Independent Auditors in 2020 and 2 meetings in 2021;

d) monitored compliance with the law and the Articles of Association, obtained information and supervised, to the extent of its responsibilities, the adequacy of the Company's organisational structure, compliance with the principles of proper administration and the adequacy of the provisions issued by the Company to subsidiaries, pursuant to Art. 114, para. 2 of the Consolidated Law on Finance;

e) obtained from the Chief Executive Officer, with the frequency envisaged by regulations and the Articles of Association, the necessary information on the activities carried out by the Company and subsidiaries, on the general performance of management and its outlook, as well as on the most significant financial transactions resolved and implemented, which are presented in the Directors' Report on Operations, to which reference is made;

f) moreover, acquired the information necessary for carrying out the activities for which it is responsible, by collecting documents, data and information and through periodic meetings, scheduled for the mutual exchange of relevant data and information with: (i) the Company's management; (ii) managers of the Company's organisational functions; (iii) the Manager responsible for preparing the company's financial documents; (iv) the Supervisory Body envisaged by the organisation, management and control model, adopted by the Company in accordance with Legislative Decree no. 231/2001 (the "231 Model"); (v) representatives of the Independent Auditors; and (vi) the control bodies of the subsidiaries;

g) supervised, in its capacity as the "Internal Control and Audit Committee" pursuant to Art. 19 of Legislative Decree no. 39/2010, including through meetings with the Independent Auditors and with the Manager responsible for preparing the company's financial documents, the following matters: (i) the corporate reporting process; (ii) the effectiveness of the internal control, internal audit and risk management systems; (iii) the statutory audit of the annual and consolidated accounts, and (iv) the independence of the auditing firm.

h) monitored the adequacy of the Internal Control and Risk Management System and of the Administrative-Accounting System, as well as the reliability of the latter to correctly represent the operational events through the competent business functions.

The Board of Statutory Auditors reviewed the assessment developed by the Board of Directors regarding the adequacy and effective functioning of the Internal Control and Risk Management System through:

- the update of the Guidelines of the Internal Control and Risk Management System, within which the Company, using the logic of the ERM model, defined an integrated risk management model to identify, assess and monitor external, strategic, financial and operational risks of the business;
- the certifications of the Separate and Consolidated Financial Statements by the Chief Executive Officer and the Manager responsible for preparing the company's financial documents, who provided the appropriate declarations, pursuant to Art. 154-bis, para. 5 bis of the Consolidated Law on Finance, taking into account the provisions of Art. 154-bis, paras. 3 and 4 of Legislative Decree no. 58/98;
- the periodic meetings with the Internal Audit Manager in relation to the activities carried out;
- the review of corporate documents and the results of work carried out by the Independent Auditors to whose Reports reference should be made;
- the interactions with the control bodies of the subsidiaries, pursuant to Art. 151, paras. 1 and 2 of the Consolidated Law on Finance;

- the participation in the works of the Control and Risk Committee and, on the occasions when the matters discussed called for it, the holding of joint meetings with said Committee;

i) received information from the Independent Auditors regarding regulatory changes affecting auditing activities and, in particular, the annual audit report, as well as the confirmation of their independence, and the communication of the non-auditing services provided to the Company by the Independent Auditors, as described in paragraph 10 below;

l) monitored the practical methods of implementation of the rules of corporate governance set forth in the Corporate Governance Code of listed companies and the Code of Corporate Governance, approved by the Corporate Governance Committee promoted by Borsa Italiana S.p.A., business associations (ABI, Ania, Assonime and Confindustria) and professional investors (Assogestioni);

m) the Board also states that it has taken into due consideration Consob warning notices no. 6/20 of April 9th, 2020 and no. 1/21 of February 16th, 2021 which, in light of the consequences of the Covid-19 pandemic and, more specifically, for matters within the competence of the control body, involved the need to:

(i) strengthen the information flows with the administration body responsible for preparing the draft financial statements;

(ii) promote effective and prompt communication with the auditors, for the mutual exchange of useful information for fulfilling the respective duties, also in accordance with art. 150, paragraph 3 of the Consolidated Law on Finance.

Again with regard to the referenced recommendations, the Board of Statutory Auditors ensures that it has focussed adequate attention also on the existence of the going concern assumption, regarding the provisions to be applied during the current emergency situation linked to Covid-19 and the adequacy of the internal control system. In this regard, it did not note any specific critical elements after having conducted checks not onsite.

4. 2020 Consolidated and Separate Financial Statements

The Board of Statutory Auditors received, within the deadlines prescribed by law, the Directors' Report on Operations, together with the consolidated financial statements of the group headed by Italian Exhibition Group S.p.A. and the separate financial statements for the year ended 31 December 2020.

The financial statements were prepared according to the IFRSs issued by the IASB and adopted by the European Commission according to the procedure set out in Art. 6 of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19th, 2002 and pursuant to Art. 9 of Legislative Decree no. 381/2005. The IFRSs also include the IASs and interpretations in force issued by the IFRS SIC.

The Independent Auditors PricewaterhouseCoopers S.p.a., which has been assigned the mandate for the statutory audit of the accounts, issued today the reports pursuant to Art. 14 of Legislative Decree no. 39/2010 and Art. 10 of Regulation (EU) no. 537/2014 for the separate and consolidated financial statements of Italian Exhibition Group S.p.A. as at December 31st, 2020, expressing an unqualified opinion without requests for specific disclosures.

In particular, with these reports, the Independent Auditors certify that the consolidated and separate financial statements provide a true and accurate representation of the financial position, results and cash flows for the year ended on that date, in compliance with IFRSs, as well as with the provisions issued in implementation of Art. 9 of Legislative Decree no. 38/2005, and that the Report on Operations (drafted together for the separate financial statements and the consolidated financial statements) and certain specific information in the Report on Corporate Governance and Ownership Structures indicated in Art. 123-bis, paragraph 4, of Legislative Decree no. 58 of February 24th, 1998, for which the Directors of Italian Exhibition Group S.p.A. are responsible, are consistent with the separate and consolidated financial statements of IEG Group as at December 31st, 2020 and are prepared in compliance with the law.

5. Most significant economic, financial and equity transactions

During the year, as referred to above, the Company suspended all non-essential investments.

Note should be taken of the participation in the incorporation of the company Fieravicola S.r.l., together with Cesena Fiera S.p.A. and Fiera di Forlì S.p.A. and the acquisition of 100% of HBG Events FZ LLC, organiser of events in Dubai.

As part of the measures set out in the "liquidity decree", IEG subscribed loans totalling €50 million with Intesa San Paolo S.p.A. and Cassa Depositi e Prestiti S.p.A., with Sace guarantee.

On October 15th, the Company signed a non-binding term sheet, currently expired, regarding the integration with the Bologna Fiere Group; the project aims to create the leading Italian operator in the sector, able to compete, also thanks to its organisational capacity in Italy and abroad, with the most important international players, making itself a flag bearer for Made in Italy and, at the same time, maintaining strong links with the local areas.

The combination process is currently continuing on new bases; the Company, confirming the business soundness of the project and the determination to pursue it, announced that it will continue to work to verify its feasibility, considering the positions adopted by the reference shareholders, the intentions of the Emilia-Romagna Region.

6. Intercompany transactions or related party transactions

On July 31st, 2019, the Company's Board of Directors approved the regulation governing related party transactions; the regulation adopted by the Company is consistent with the principles contained in the appropriate Consob regulation.

The Board took part in the meetings of the Related Party Committee during which the transactions in question were examined.

As noted in the Directors' Report on Operations, intercompany transactions relate to the exchange of goods and/or services and were carried out under market conditions and on the basis of reciprocal cost effectiveness.

Related party transactions were adequately described in the annual directors' financial report, which detailed, accordingly, the nature of the transactions and the resulting economic and equity effects. It should also be pointed out that all commercial transactions and the provision of services with related parties took place under market conditions, taking account of the characteristics of the goods sold and services provided. The merger by incorporation in Rimini Congressi S.r.l., parent company of the I.E.G. Group, of Società del Palazzo S.p.A. – partly owned by IEG, was subject to examination as part of the related party procedure.

A meeting was also held with the parent company Rimini Congressi Srl involving union representatives for the exchange of periodic information, as well as targeted at agreement of the extraordinary transaction cited above.

In this regard, there have been no reports, nor has any evidence emerged, of any situations entailing a conflict of interest or that transactions were carried out that were manifestly imprudent or risky, that is, capable of compromising the financial situation of the Company and/or Group.

Based on the information available to the Board of Statutory Auditors, no evidence has emerged of atypical and/or unusual transactions.

Meetings with the Boards of Statutory Auditors of subsidiaries: Art. 151, paras. 1 and 2 of Legislative Decree no. 58 of February 24th, 1998

From meetings held with the Boards of Statutory Auditors of the subsidiaries, where present (subsidiary Summertrade S.r.l.), no significant issues and/or facts emerged that should be noted, except for the information which follows. Moreover, the adequacy of the instructions issued by the parent company was confirmed.

Similarly, there is nothing significant to report with regard to information received from the Independent Auditors, where appointed, to audit the accounts for the financial statements (Summertrade S.r.l. and Prostand S.r.l.).

In relation to the investees Summertrade S.r.l. and Prostand S.r.l., both suffered significant losses in the year ended December 31st, 2020, despite having recorded reduced amortisation/depreciation (of 68% and 60% respectively), determined primarily by the effects of the Covid-19 pandemic on company activities.

Business continuity, as indicated in the requests for specific disclosures, was also guaranteed by IEG, as parent company, with a formal commitment to support the two investees financially and from a capital perspective, until at least December 31st, 2021.

8. Observations on the adequacy of the organisational structure

Based on its own competencies, the Board of Statutory Auditors supervised the adequacy of the Company's organisational structure with respect to the management and control requirements in reference to business operations.

The Board of Statutory Auditors acknowledges that the organisational structure has been updated in accordance with the changes that have taken place in the organisation.

9. Observations on the adequacy of the Internal Control and Risk Management System

It is noted that this Board continued to monitor risk management, which from a methodological point of view, follows the logic of the ERM (Enterprise Risk Management) model.

In accordance with the provisions of Art. 149 of the Consolidated Law on Finance, the Board of Statutory Auditors acknowledges that no weaknesses or critical issues emerged from supervisory activities that could be considered indicators of inadequacy of the internal control and risk management system.

On October 15th, 2020, the Board of Directors approved the amendments to the Organisational and Management Model pursuant to Legislative Decree no. 231/2001 in order to acknowledge the new offences set forth in the legislation.

The Supervisory Body pursuant to Legislative Decree no. 231/2001 presented the half-yearly reports on activities carried out during 2020, which involved monitoring the effectiveness of the 231 Model, in which no facts or situations were reported that should be highlighted in this report.

The Board of Statutory Auditors met with the Supervisory Body on one occasion alone, and on other occasions together with the other functions called through the Control and Risk Committee.

10. Observations on the adequacy of the administrative-accounting system and its reliability in correctly representing operational events

The Board of Statutory Auditors has no observations to make on the adequacy of the administrative-accounting system and on reliability in correctly representing operational events.

11. Observations on any relevant issues that emerged during meetings held with the Independent Auditors pursuant to Art. 150, para. 2, of Legislative Decree no. 58/1998 and Art. 19, para. 1, of Legislative Decree no. 39/2010

During 2020, and subsequently in 2021, the Board of Statutory Auditors held nine meetings as well as engaged in regular exchanges of information with the Independent Auditors. The exchanges of information that took place with the Independent Auditors pursuant to Art. 150 of Legislative Decree no. 58/98 and Art. 19, para. 1 of Legislative Decree no. 39/2010 did not identify any critical issues.

The Independent Auditors PricewaterhouseCoopers S.p.A., in the reports issued on April 7th, 2021 pursuant to Art. 14 of Legislative Decree no. 39/2010 and Art. 10 of Regulation (EU) no. 537/2014 for the separate and consolidated financial statements of Italian Exhibition Group S.p.A. as at December 31st, 2020, expressed an unqualified opinion without requests for specific disclosures or related observations or limitations.

In the additional Report to the Internal Control and Audit Committee issued in accordance with Art. 11 of European Regulation (EU) 537/2014, on the same date, the independent auditors PricewaterhouseCoopers S.P.A confirm that, based on the evidence acquired, the going concern assumption is appropriate for the preparation of the separate financial statements and the consolidated financial statements as at December 31st, 2020.

In particular, the independent auditors evaluated the completeness and consistency of the financial disclosures with the evaluations carried out by the Management regarding the relevance of the effects of the Covid-19 pandemic on the company's ability to operate as a going concern.

The Independent Auditors in their report, for the purposes referred to in Art. 19 of Legislative Decree no. 39/2010, notes that they did not identify any fundamental issues during the audits nor were there significant weaknesses in the internal control system with reference to the financial reporting process.

12. Assignment of mandates to the Independent Auditors and independence

The Board also monitored the independent audit of the annual accounts and the consolidated accounts and the independence of the independent auditors, with particular attention to any non-audit services provided to them.

In 2020, fees were paid to the independent auditors and other entities in their network in relation to non-audit service engagements for a total of €247,102.00. The engagements were authorised beforehand by the Board of Statutory Auditors, as Control and Audit Committee, pursuant to Articles 4 and 5 of European Regulation no. 537/2014, according to the procedure for the assignment of engagements to the independent auditors and their network.

The fees for the independent audit carried out for the Group companies by the independent auditors PricewaterhouseCoopers S.P.A. were published in the 2020 Annual Financial Report.

The table below summarises the taxable fees, relating to audit activities (in Euros):

Type of Services	Entity that provided the service	Recipient	Fees
Audit	PricewaterhouseCoopers S.p.A.	IEG S.p.A.	93,000.
Audit	PricewaterhouseCoopers S.p.A.	Summertrade S.r.l.	9,500.
Audit	PricewaterhouseCoopers S.p.A.	Prostand S.r.l.	20,000.
Audit	GC Consultants Inc	FB International	32,000.

In relation to the other services, the fees for the independent auditors and other entities in their network, are summarised in the table below (in Euros):

Type of Services	Entity that provided the service	Recipient	Fees
262 support	PwC Advisory S.p.A.	IEG S.p.A.	18,760.
262 support	PwC Advisory S.p.A.	Prostand S.r.l.	15,540.
2019 Non-Financial Statement	PricewaterhouseCoopers S.p.A.	IEG S.p.A.	16,800.
2020 Non-Financial Statement	PricewaterhouseCoopers S.p.A.	IEG S.p.A.	10,702.
Financial and Tax Due Diligence – Bologna Fiere	PwC Advisory S.p.A.	IEG S.p.A.	137,800.

Financial statements and information prospectus on integration of Bologna Fiere	PricewaterhouseCoopers S.p.A.	IEG S.p.A.	47,500.

Taking into account the above and also the declaration that there were no grounds for incompatibility issued by the Independent Auditors on today's date, April 7th, 2021, pursuant to Art. 6 of European Regulation no. 537/2014, the Board of Statutory Auditors determined that no issues were identified with regard to the independence of the auditing firm.

13. Opinions issued during the year

During the year, the Board of Statutory Auditors issued an opinion related to the remuneration of executive directors and the remuneration envisaged in cases of assignment of non-audit engagements to the independent auditors, pursuant to Art. 2389, para. 3 of the Italian Civil Code.

14. Indication of the Company's adherence to the Corporate Governance Code of Listed Companies

In compliance with the provisions in Art. 149, no. 1, letter c) bis of Legislative Decree no. 58/98 we acknowledge that the Company adheres to and has complied, firstly, with the Code of Corporate Governance of Listed Italian Companies (2018), then with the renewed Code of Corporate Governance promoted by Borsa Italiana S.p.A., by business associations (ABI, Ania, Assonime and Confindustria) and by professional investors (Assogestioni), the compliance with which was recommended as at January 1st, 2021.

Adherence to the regulations envisaged by the aforementioned Code of Corporate Governance (2018) and the Code of Corporate Governance, approved by the Corporate Governance Committee, was observed and was the subject of the Report on Corporate Governance and Ownership Structures prepared by the Board of Directors.

As required by the Code of Corporate Governance (2018) and the Code of Corporate Governance (2020), during the year the Board of Directors verified the effective independence of independent directors and the Board of Statutory Auditors verified the correct application of the criteria and the procedures applied. In accordance with the provisions of Art. 8.P.1. of said Code, and with recommendation no. 9 of art. 2 of the Code of Corporate Governance, the Board of Statutory Auditors also verified that it continued to meet the independence requirement.

Furthermore, this Board was informed of the remuneration policies through the Remuneration Report approved by the Board of Directors on March 18th, 2021, pursuant to Art. 123-ter of the Consolidated Law on Finance.

The Board of Statutory Auditors has been updated regarding developments in the business sector in which the Company operates and the reference regulatory framework, both during the periodic meetings of the Board of Directors and through specific communications pursuant to Art. 2.7 of the Code of

Corporate Governance (2018) and the Code of Corporate Governance (2020) approved by the Corporate Governance Committee.

15. Non-Financial Statement pursuant to Art. 4 of Legislative Decree no. 254/2016

The parent company IEG did not draft the Non-Financial Statement given that, in 2020, the average number of Group employees was below the threshold of five hundred as set out in Art. 2 of Legislative Decree no. 254/16.

16. Final assessments regarding the supervisory activities carried out as well as any omissions, reprehensible facts or irregularities found during the assessment.

By virtue of the supervisory activities carried out by the Board of Statutory Auditors, as described above, no reprehensible facts, omissions or irregularities emerged that required reporting to the competent supervisory and control bodies or presenting in this Report, nor were complaints received pursuant to Art. 2408 of the Italian Civil Code or reported.

The Board of Statutory Auditors is not aware of other facts or reports that should be noted for the Shareholders' Meeting.

17. Indication of any proposals to be presented to the Shareholders' Meeting pursuant to Art. 153, para. 2 of Legislative Decree no. 58/1998

Given the above and based on the financial statements as at December 31st, 2020, presented by the Board of Directors on March 18th, 2021, the Board of Statutory Auditors has not identified any impediments to their approval and expresses a favourable opinion on the proposal to carry forward the loss for the year presented by the Board of Directors and invites the Shareholders' Meeting to resolve accordingly.

Rimini-Modena, April 7th, 2021

Dott.ssa Alessandra Pederzoli	Dott. Massimo Conti	Dott. Marco Petrucci

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