

# Annual Report

# 2019



**FIERA MILANO**

This document contains a faithful translation into English of the original report in Italian Relazione Finanziaria Annuale 2019. However, for information about Fiera Milano Group reference should be made exclusively to the original report in Italian. The Italian version of the Relazione Finanziaria Annuale 2019 shall prevail upon the English version.

# Annual Report

# 2019



**FIERA MILANO**

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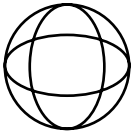
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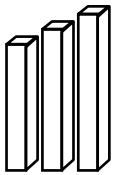
Resolutions passed  
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## Mission



Fiera Milano offers a means for companies to grow and become more international



It contributes to economic growth



It promotes socio-economic improvement in the region in which it is based

## THE COMPANY'S AIMS ARE

To be rated among the leading global companies in the exhibition sector

To offer companies a more effective business platform, raise their profiles, stimulate important contacts and increase their business prospects

To facilitate the interaction of different corporate cultures, the exchange of know-how and experience and to encourage innovation

To be a leader in new growth areas worldwide while promoting Made in Italy exports

# Letter to Shareholders

Dear Shareholders,

The year 2019 closed with a consolidated net profit of Euro 34.3 million, **a record for Fiera Milano**.

Our results were well **above the target** given in the **Strategic Plan 2018–22** presented in May 2018. All this was possible thanks to the excellent commercial performance of our exhibition and congress business. Improvements in operating efficiency through actions already started in 2018 also contributed to the results.

Exhibitions in the **Italian calendar** worth a mention include: **Host**, a directly organised biennial exhibition, which achieved a new historical record of over 200,000 attendees (up 8% on the previous edition), confirming its status as the world's leading exhibition in the world of professional hospitality. Among the annual exhibitions, the Salone del Mobile recorded a 12% rise in attendance over the comparable edition of 2017, which offered the same biennial EuroLuce and Works 3.0 events. The presence of **prestigious association events** such as the World Congress of Dermatology and the Lions Club International Convention provided further testimony to the international attractiveness of Milan and the MiCo Congress Centre.

During the year, we worked to implement the lines of development of the Strategic Plan. The initiatives aiming to **strengthen directly organised exhibitions** included the Company's purchase of a majority stake in Made Eventi S.r.l., organiser of MADE expo, a biennial international architecture and construction exhibition. MADE expo's reference sector operates in synergy with the Sicurezza security and fire exhibition, which includes building automation solutions, as well as FISP, the International Trade Fair for Safety and Protection organised by the Fiera Milano Group in São Paulo, Brazil.

During 2019, the Company also acquired the Cartoomics exhibition brand and the majority of the Milan Games Week trademark, exhibitions dedicated to the comics, gaming and entertainment sector, drawing in a young audience.

The development of services, and in particular fittings, continued. This is one of the primary growth lines of the Strategic Plan. In this context, the Company signed a **commercial partnership agreement with Allestimenti Benfenati**, a company that boasts many years of experience in the world of custom fittings and installations. The agreement will boost both companies' capacities for commercial expansion in the exhibition market, including events that take place outside the exhibition perimeter.

The Fiera Milano Group has accelerated its **Digital Transformation** strategy for exhibition sites and MiCo (Milano Convention Centre). This path, which began in 2018, at the end of 2019 saw the start of a partnership with Samsung SDS, a Samsung group company dealing with digital transformation and innovation.

The aim is to enable exhibition sites to offer additional quality services to visitors, exhibitors and organisers, delivering ever-improving customer experience. Samsung SDS will provide its own experience and knowledge of digital transformation processes, also thanks to its Digital Transformation Framework, which exploits technological solutions supporting digital innovation in various sectors.



The process of digital development includes, among other things, the installation during 2020 of the new **digital signage system** at the exhibition sites and MiCo. This innovative system using high-resolution screens can be adapted to a wide variety of applications. The new signage will provide the visitor with a unique experience at exhibitions and events.

Infrastructural development is part of a broader **investment plan**, already supported by Fondazione Fiera Milano, as the owner of the assets, for around Euro 50 million in 2018-19, aiming to make exhibition sites and the congress centre even more competitive. Further investments are planned for the three years 2020-23 for a total of approximately Euro 75 million.

Regarding the development of activities abroad, October saw the first edition of **E-Pack Tech**, an international event on packaging technologies and solutions designed for the Chinese e-commerce market. The exhibition was held as part of CeMAT Asia, China's leading exhibition on internal handling, technological automation, transport systems and logistics.

Major **operating efficiencies** were achieved during the year, particularly in Italy. This also includes a plan to rationalise the Group's corporate structure, launched in 2018. In particular, the 51% owned subsidiary La Fabbrica del Libro, was liquidated and the company Eurofairs International Consultoria e Participações Ltda was merged into its subsidiary CIPA Fiera Milano Publicações e Eventos Ltda.

In 2019, Fiera Milano shares rose by 65%, compared to gains of 27% and 28% for the FTSE Italia All-Share and FTSE Italia STAR indices respectively.

The Company's financial strength allows us to handle the uncertainties due to the health emergency that began in January 2020.

We will continue our commitment to implementing the Strategic Plan to create **value for all stakeholders**.

**The Chairman**  
Lorenzo Caprio

**Chief Executive Officer**  
Fabrizio Curci





# History of the Group

The Fiera Campionaria Internazionale was held on the ramparts of Port Venezia, Milan, before transferring in 1923 to a permanent site in the area now occupied by fieramilanocity.

The Portello site was extended with the opening of three new large pavilions that increased the available exhibition space by 74,000 square metres gross, giving a total of over 348,000 square metres of space.

In December, Fiera Milano SpA was listed on the Italian stock market. Fiera Milano increased its range of activities through the acquisition of some important exhibition organisers and enhanced its offering in stand-fitting services, catering, trade publications and internet services.

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1920      1946      1997      2000      2002      2005

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On 12 September, the Fiera Campionaria Internazionale inaugurated the new Fiera Milano exhibition site that had been rebuilt following its destruction during World War II.

In February, Ente Autonomo Fiera Internazionale di Milano, a private foundation, was constituted. In October, the Foundation passed the management of the exhibition sites, the organisation of exhibitions and supply of exhibition services and the congress activities to Fiera Milano SpA.

On 31 March, the new Fiera Milano exhibition complex on the outskirts of Milan was inaugurated; the site has 345,000 square metres of exhibition space. Some of the pavilions of the downtown site continued in use.



An intense internationalisation process started with the signing of a joint venture with Deutsche Messe, the owner of the Hannover exhibition site, covering regions outside Europe.

Fiera Milano is Official Partner for Operations of EXPO 2015 and provides stand-fitting, logistics and structure management services both for the event and for some participating countries.

The Fiera Milano Group starts the process of digital transformation of its Exhibition Sites, to provide visitors, exhibitors and organisers with even more high quality services thanks to a better customer experience.

**2008**

**2011**

**2015**

**2018**

**2019**

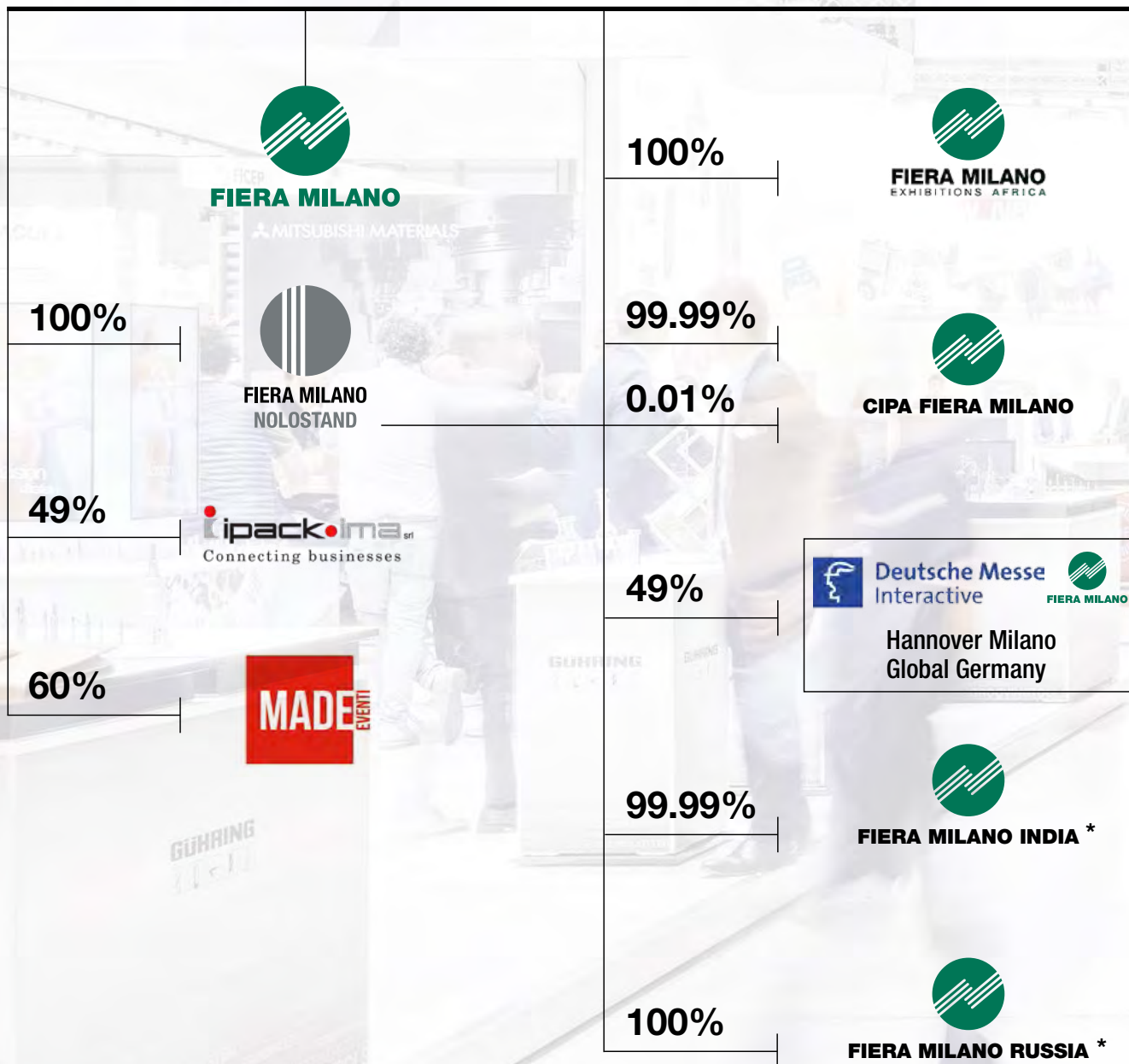
MiCo – Milano Congressi opened: this is the largest and most modern congress centre in Europe with capacity for 18,000 delegates. It is managed by Fiera Milano Congressi and was built by Fondazione Fiera Milano through the conversion of part of the fieramilanocity exhibition site.

Fiera Milano presented its new 2018-2022 Strategic Plan. The Plan focuses on four strategic lines: development of the portfolio of third-party events and conference business; enhancement of services; strengthening directly organised events; expansion of international business.

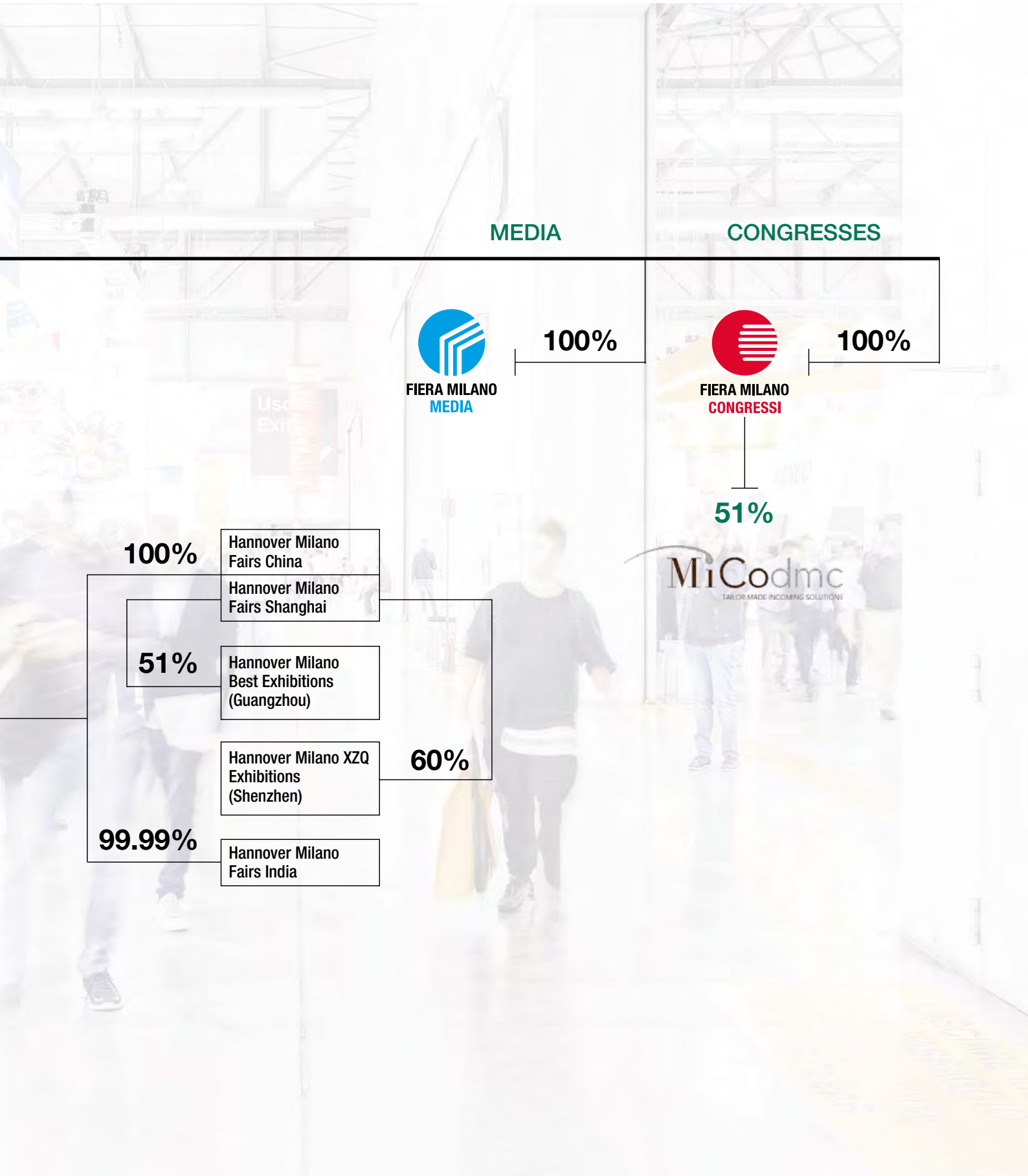
# Group Structure

## ITALIAN EXHIBITION BUSINESS

## FOREIGN EXHIBITION BUSINESS



\* Company in liquidation



**MEDIA**

**CONGRESSES**



**100%**



**FIERA MILANO  
CONGRESSI**

**100%**

**51%**



**100%**

Hannover Milano  
Fairs China

Hannover Milano  
Fairs Shanghai

**51%**

Hannover Milano  
Best Exhibitions  
(Guangzhou)

Hannover Milano XZQ  
Exhibitions  
(Shenzhen)

**60%**

**99.99%**

Hannover Milano  
Fairs India

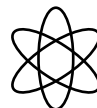
# Business Principles

The new Group principles  
defined in the 2018-2022  
Strategic Plan are



## MARKET FOCUS

to capture every market opportunity



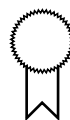
## ONE GROUP

a single integrated group



## EXECUTION EXCELLENCE

for a perfect and agile performance, greater operating efficiency through strict cost control and an effective organisation



## PEOPLE ENGAGEMENT

targeting engagement of all company employees, enhancing empowerment, rewarding best performance

# Highlights

## PERFORMANCE



REVENUES  
**280**  
Euro Million



EBITDA  
**106**  
Euro Million



- 81% Italian Exhibitions Business
- 1.5% Foreign Exhibitions Business
- 3.8% Media
- 13.7% Congresses

## BUSINESS

N°  
EVENTS

**80**

of which  
abroad

**28**

N°  
EXHIBITORS

**39,945**

of which  
abroad

**9,630**

## EXHIBITION SPACE

NET FLOORSPACE OCCUPANCY

**2,045,625**

of which abroad

**511,225**

GROSS EXHIBITION CAPACITY

**399,000** sq.m.

of which

**345,000** sq.m. **54,000** sq.m.

at fieramilano

at fieramilanocity

## HUMAN RESOURCES

N° GROUP  
EMPLOYEES

**707**

of which  
abroad

**105**

N° FEMALE EMPLOYEES  
IN GROUP

**60%**

of which

Executives

**24%**

Managers

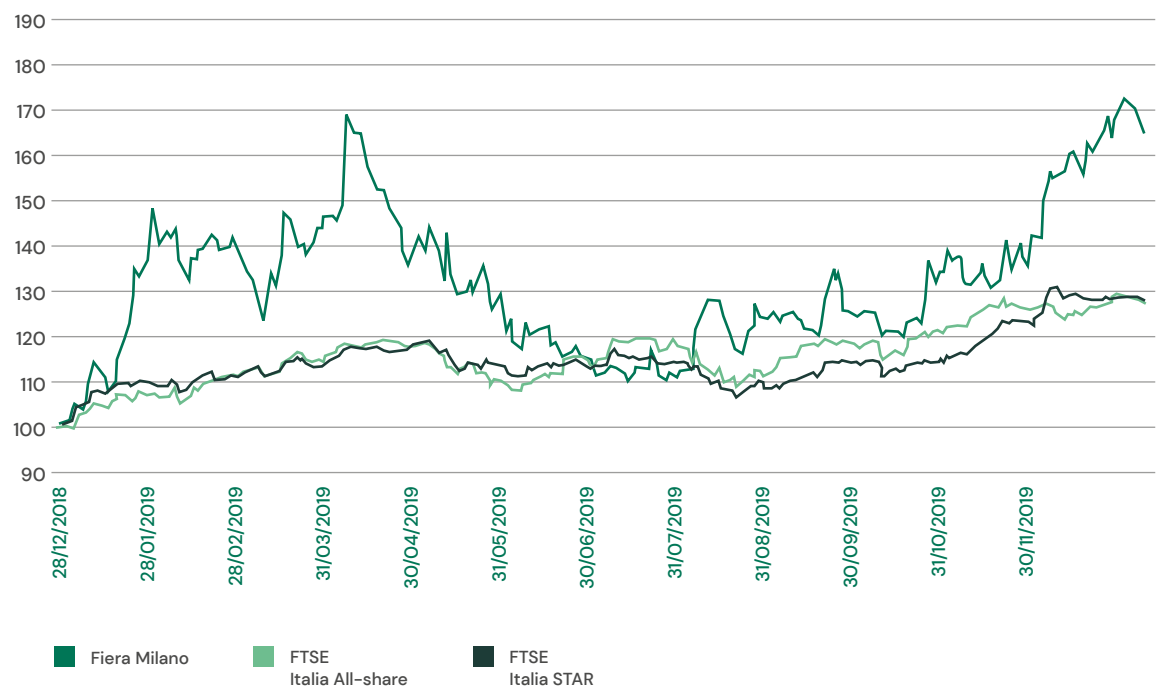
**47%**

# Fiera Milano on the Stock Exchange

Fiera Milano SpA has been listed in the STAR segment of Borsa Italiana’s MTA market since 12 December 2002. The STAR segment (High Performance Equities) is the MTA market segment trading securities with capitalisation of between Euro 40 million and Euro 1 billion issued by companies committed to satisfying the highest requirements of corporate governance and reporting.

The chart below shows the performance of Fiera Milano shares in 2019, compared to that of the FTSE Italia All-Share and FTSE Italia STAR indices. During the period, Fiera Milano shares gained 65%, well above the 27% and 28% recorded by the FTSE Italia All-Share and FTSE Italia STAR indices respectively.

FIERA MILANO SHARE PERFORMANCE AND THE MAIN INDICES (BASE 29.12.2018=100)



LISTING AND CAPITALIZATION FROM 02/01/2019 TO 31/12/2019

	Listing (euro)				Capitalization (millions of euro)			
	at 02/01/2019	max	min	at 30/12/2019	at 02/01/2019	max	min	at 30/12/2019
Fiera Milano	3.39	5.82	3.20	5.48	244	419	230	394



# Strategy

## PILLARS



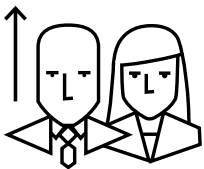
### MAXIMISE

the potential of exhibition sites and conference centres



### INVEST

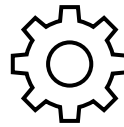
in the reference industrial sectors



### ENHANCE

human capital

## FOUR STRATEGIC LINES



### DEVELOPMENT

of the portfolio of third-party events and conference business



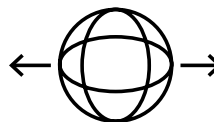
### ENHANCEMENT

of services



### STRENGTHENING

directly organised events



### EXPANSION

of international business

# Corporate Bodies and Independent Auditors

## BOARD OF DIRECTORS

<b>Lorenzo Caprio</b>	<b>Chairperson</b>
<b>Fabrizio Curci</b>	<b>Chief Executive Officer*</b>
<b>Alberto Baldan</b>	<b>Director**</b>
<b>Stefania Chiaruttini</b>	<b>Director**</b>
<b>Gianpietro Corbari</b>	<b>Director**</b>
<b>Francesca Golfetto</b>	<b>Director**</b>
<b>Angelo Meregalli</b>	<b>Director**</b>
<b>Marina Natale</b>	<b>Director***</b>
<b>Elena Vasco</b>	<b>Director**</b>

\* Fabrizio Curci has been the Chief Executive Officer of the Company since 1 September 2017.

\*\* Independent Director under Article 148, paragraph 3 of Legislative Decree of 24 February 1998 and the Self-regulatory Code of Borsa Italiana.

\*\*\* Marina Natale was the Chief Executive Officer of the Company until 31 August 2017.

## CONTROL AND RISK MANAGEMENT COMMITTEE

**Stefania Chiaruttini**  
**Francesca Golfetto**  
**Angelo Meregalli**

## APPOINTMENTS AND REMUNERATION COMMITTEE

**Elena Vasco**  
**Alberto Baldan**  
**Marina Natale**

## BOARD OF STATUTORY AUDITORS

<b>Riccardo Raul Bauer</b>	Chairperson
<b>Daniele Federico Monarca</b>	Standing Statutory Auditor
<b>Mariella Tagliabue</b>	Standing Statutory Auditor
<b>Daniele Beretta</b>	Substitute Statutory Auditor
<b>Marina Scandurra</b>	Substitute Statutory Auditor

## MANAGER RESPONSIBLE FOR PREPARING THE COMPANY ACCOUNTS, ITALIAN LAW 262/2005

**Marco Pacini**

## SUPERVISORY COMMITTEE, ITALIAN LEGISLATIVE DECREE 231/01

**Piero Antonio Capitini**  
**Luigi Bricocoli**  
**Jean Paule Castagno**

The Board of Directors was appointed by the Shareholders' Meeting of 21 April 2017 and the mandates of the Directors will expire at the Shareholders' Meeting to approve the Financial Statements at 31 December 2019.

The Board of Directors is invested with the widest powers for the ordinary and extraordinary management of the Company; it has the power to carry out all acts it deems appropriate or useful to attain the corporate objectives, except for those which, pursuant to law, are reserved for the Shareholders' Meeting.

Under the law and the Company Articles of Association, the Chairperson, in addition to being the legal representative of the Company, has all the powers to oversee and carry out external institutional relations.

The Chief Executive Officer has all the powers necessary for the ordinary administration and management of the Company, except for those that under the law and Company Articles of Association are reserved for the Board of Directors.

The Board of Statutory Auditors was appointed by the Shareholders' Meeting of 23 April 2018 and its mandate expires at the Shareholders' Meeting to approve the Financial Statements at 31 December 2020.

## INDEPENDENT AUDITORS

**EY SpA**

The mandate, given by the Shareholders' Meeting of 29 April 2014, is for the financial years 2014-2022.

The following is a translation of the Italian language of the Notice of convocation of the Ordinary Shareholders' Meeting. For any difference between the two texts, the Italian text shall prevail.

# Convocation of the Ordinary Shareholders' Meeting



## FIERA MILANO

FIERA MILANO S.p.A.

Registered office in Milan, Piazzale Carlo Magno 1

Operating and administrative offices in Rho (MI), S.S. del Sempione 28

Share Capital EUR 42,445,141.00 fully paid-up

Milan Business Register,

Tax Code and VAT no. 13194800150

## CONVENING OF ORDINARY SHAREHOLDERS' MEETING

The Shareholders' Meeting of Fiera Milano SpA (hereinafter the '**Company**') is convened in a single call at the Auditorium of the Service Centre of the Exhibition Centre, Strada Statale del Sempione no. 28, Rho (MI) (private parking area with entrance from Porta Sud), for **20 April 2020 at 3 pm**, to discuss and pass resolutions relating to and resulting from the following topics

## AGENDA

1. Financial Statements at 31 December 2019, Report of the Board of Directors on Operations and Report of the Board of Statutory Auditors, Report of the Independent Auditors. Presentation of the Consolidated Financial Statements at 31 December 2019 and the 2019 Consolidated Disclosure of Non-financial Information pursuant to Italian Legislative Decree no. 254/2016.
2. Allocation of profit for the year 2019.
3. Appointment of the Board of Directors:
  - 3.1 determination of the number of members;
  - 3.2 determination of the term of office;
  - 3.3 appointment of Directors by voting list;
  - 3.4 appointment of the Chairman;
  - 3.5 determination of remuneration.
4. Report on the Remuneration Policy and remuneration paid pursuant to Article 123-ter of Italian Legislative Decree 58/98:
  - 4.1 approval of section one;
  - 4.2 advisory vote on section two.
5. Authorisation for the purchase and disposal of treasury shares under Articles 2357 and 2357-ter of the Italian Civil Code, subject to revocation of the resolution passed by the Shareholders' Meeting on 18 April 2019.

## INFORMATION ON SHARE CAPITAL

The Company's subscribed and paid-in share capital is EUR 42,445,141.00 (forty-two million four hundred and forty – five thousand one hundred and forty-one) and comprises 71,917,829.00 (seventy-one million nine hundred and seventeen thousand eight hundred and twenty-nine) shares without par value. The shares are indivisible and give the right to one vote each, except for treasury shares which do not confer such right. At today's date, the Company holds 939,018 treasury shares, equal to 1.31% of the share capital.

## ADDITIONS TO THE AGENDA AND SUBMISSION OF NEW RESOLUTION PROPOSALS.

Shareholders who, even jointly, represent at least one fortieth of the Company's share capital may request, in writing, within ten days of the publication of this notice and, in compliance with the provisions of Article 126-*bis* of Italian Legislative Decree 58/98, the Consolidated Law on Financial Intermediation (hereinafter, the 'TUF') and Article 10.3 of the Articles of Association, additions to the list of items to be discussed, indicating in the request the additional items proposed or further proposals for resolutions on items already on the agenda. Such requests, together with certification confirming the ownership of the shareholding, must reach the Company at its certified email address [fieramilano@legalmail.it](mailto:fieramilano@legalmail.it) or the email address [investor.relations@fieramilano.it](mailto:investor.relations@fieramilano.it) or by registered letter with return receipt at the operational and administrative offices of the Company at S.S. del Sempione 28, Rho (MI) (Investor Relations Office). By this deadline and using the same means, a report must be sent to the Company's Board of Directors containing the reasons for the additional resolution proposals submitted or relating to further resolution proposals submitted on matters already included in the agenda. The Company shall make the report available to the public, accompanied by its own assessments, if any, at the same time as it publishes the news of the supplementation or presentation, in accordance with the procedures set out in Article 125-*ter*, paragraph 1, TUF. A request to add to the agenda is not permitted for items on which the Shareholders' Meeting resolves, in accordance with the law, on the proposal of the Directors or pursuant to a project or report prepared by them.

## ENTITLEMENT TO ATTEND THE SHAREHOLDERS' MEETING

Pursuant to the law and Article 12 of the Articles of Association, the right to participate in the Shareholders' Meeting and exercise the right to vote is certified by a notification to the Company, made by the authorised intermediary in accordance with its accounting records. The intermediary does this on behalf of the person entitled to vote, based on evidence recorded at the end of the accounting day of the seventh trading day before the date set for the Shareholders' Meeting (*i.e.* 7 April 2020, so-called 'record date'); Credit and debit records completed in accounts after this deadline do not legitimise the right to vote at the Shareholders' Meeting. Consequently, persons who become owners of the Company's shares only after that date will not be entitled to attend and vote at the Shareholders' Meeting. The notification from the intermediary mentioned above must reach the Company by close of business on the third trading day before the date of the Shareholders' Meeting (*i.e.* by 15 April 2020). Participation and voting rights are unaffected if the Company receives notification after this deadline, provided that it takes place before the beginning of the Shareholders' Meeting. Please note that the authorised intermediary notifies the Company at the request of the rights holder.

There is no procedure for postal or electronic voting.

## REPRESENTATION AT THE SHAREHOLDERS' MEETING

Pursuant to current legislation, any person entitled to attend the Shareholders' Meeting may be represented by written proxy, with the right to use the proxy form issued by authorised intermediaries at the request of the entitled person or using the form available on the Company's website [www.fieramilano.it](http://www.fieramilano.it), in the 'Investors' section. The proxy form must be sent to the certified email address [fieramilano@legalmail.it](mailto:fieramilano@legalmail.it) or the email address [investorrelations@fieramilano.it](mailto:investorrelations@fieramilano.it) or by registered letter with return receipt to the operational and administrative offices of the Company at S.S. del Sempione 28, Rho (MI) (Investor Relations Office). The proxy attending the Shareholders' Meeting must, in any event, confirm, under their own responsibility, that the proxy form submitted and the identity of the person granting proxy are true to the original records.

The proxy may be granted, free of charge, with voting instructions, to Computershare SpA, appointed by the Company to act as Authorised Representative pursuant to Article 135-*undecies* of the TUF, by signing the proxy form available from 10 March 2020 (i.e. the date of publication of the notice of convening) on the Company website [www.fieramilano.it](http://www.fieramilano.it) in the 'Investors' section'. This proxy form must be received in original by Computershare SpA at Via Lorenzo Mascheroni 19, 20145 Milan, if preferred with advance copy via fax to 02-46776850 or attached to an email sent to [ufficiomilano@pecserviziotoli.it](mailto:ufficiomilano@pecserviziotoli.it), by the end of the second trading day before the date set for the Shareholders' Meeting (i.e. 16 April 2020). A proxy thus granted takes effect only for those proposals in relation to which voting instructions have been issued. The proxy and voting instructions may be revoked within the same deadline as above (i.e. by 16 April 2020).

## RIGHT TO ASK QUESTIONS ON THE AGENDA ITEMS

Holders of voting rights can submit questions on agenda items even before the Shareholders' Meeting, under the provisions of Article 127-*ter* of the TUF, sending the questions via email to [investor.relations@fieramilano.it](mailto:investor.relations@fieramilano.it) or by registered letter with return receipt to the operational and administrative offices of the Company (Investor Relations Office). Such questions must reach the Company by 15 April 2020. The Company will reply to the questions at the latest during the Shareholders' Meeting, and reserves the right to provide a single response to questions with duplicate contents.

## APPOINTMENT OF THE BOARD OF DIRECTORS

For item three on the agenda, please note that, pursuant to Article 14 of the Articles of Association, Directors will be elected from lists that may be submitted by Shareholders who, alone or together with other Shareholders, represent a total of at least 2.5% of the share capital with voting rights at the Ordinary Shareholders' Meeting. Shareholders are invited to deposit at the certified email address [fieramilano@legalmail.it](mailto:fieramilano@legalmail.it) or by registered letter with return receipt at the operational and administrative offices of the Company, in Rho (MI), S.S. del Sempione 28 (Corporate Secretariat Office), at least twenty-five days before the date set for the Shareholders' Meeting (i.e. by 26 March 2020), their proposals for appointment to the office of Director, together with information on both the identity of the shareholders who submitted the list and the percentage of shareholding they hold, as well as the certification issued pursuant to law by the authorised intermediaries, showing ownership of the shareholding.

Certifications proving ownership of the shareholding on the date on which the lists are filed can also be produced subsequently, provided that this takes place twenty-one days before the date set for the Shareholders' Meeting (i.e. by 30 March 2020).

Together with the lists, at least twenty-five days before the date set for the Shareholders' Meeting, exhaustive information concerning the personal and professional characteristics of the candidates must also be filed with the list of administrative and control positions held by each candidate in other companies, including non-listed companies (to be updated and promptly communicated to the Company in the event of changes before the Shareholders' Meeting is held). Declarations by the individual candidates accepting their candidacy should also be filed. In these declarations they should also certify, under their own responsibility, that there are no grounds for ineligibility and incompatibility, as well as that they fulfil the requirements prescribed by current legislation for taking office, including any declaration of independence from the Company, issued in accordance with the criteria of independence set out in the current Corporate Governance Code for listed companies.

Please note that lists for the Board of Directors submitted that do not comply with the relevant provisions of the Articles of Association will be deemed not to have been submitted.

Please also note that any lists containing three or more candidates will have to comply with the limit established by Article 147-ter, paragraph 1-ter, TUF, on the assumption that Article 14.4 of the Articles of Association has been adjusted in accordance with a specific resolution passed by the Board of Directors on this date and currently being published in the Companies' Register.

The lists will be made available to the public without delay at the Company's registered office in Milan, Piazza Carlo Magno no.1, at the operational and administrative offices in Rho (MI), S.S. del Sempione 28, Service Centre (Reception Offices), as well as on the Company's website [www.fieramilano.it](http://www.fieramilano.it) (in the 'Investors' section) and on the website of the authorised storage mechanism [www.emarketstorage.com](http://www.emarketstorage.com).

## DOCUMENTATION AND INFORMATION

The Board of Directors' Reports and further documentation relating to items on the agenda, as required by current regulations, will be made available to Shareholders and the public, by the legal deadline (30 March 2020), at the Company's registered office, the operational and administrative offices, S.S. del Sempione 28, Centro Servizi, Rho (MI), the reception offices, on the Company website [www.fieramilano.it](http://www.fieramilano.it) (in the *Investors* section) and on the authorised storage mechanism [www.emarketstorage.com](http://www.emarketstorage.com). Shareholders have the right to obtain a copy of the documentation mentioned above.

Rho (Milan), 10 March 2020

**The Chairman of the Board of Directors**

Lorenzo Caprio



The following is a translation of the Italian language of the Integration of the Convening of the Ordinary Shareholders' Meeting. For any difference between the two texts, the Italian text shall prevail.

# Integration of the Convening of Ordinary Shareholders' Meeting



## FIERA MILANO

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Registered office in Milan, Piazzale Carlo Magno 1

Operating and administrative offices in Rho (MI), S.S. del Sempione 28

Share Capital EUR 42,445,141.00 fully paid-up

Milan Business Register,

Tax Code and VAT no. 13194800150

With reference to the Shareholders' Meeting of Fiera Milano SpA (hereinafter the '**Company**') – already convened, in a single call, at the Auditorium of the Service Centre of the Exhibition Centre, Strada Statale del Sempione no. 28, Rho (MI), for the **20<sup>th</sup> of April 2020, at 3:00 pm**, by publishing the relevant notice of call on the Company website [www.fieramilano.it](http://www.fieramilano.it) (in the "*Investors*" section) and on the authorized storage mechanism [www.emarketstorage.com](http://www.emarketstorage.com) on 10 March 2020, as well as on the newspaper Milano Finanza on 11 March 2020 – the integration relating to the methods of participation in the Shareholders' Meeting is shown below. The agenda already published is unchanged.

## REPRESENTATION AT THE SHAREHOLDERS' MEETING

Pursuant to article 106, paragraph 4 of the Law Decree of 17 March 2020, no. 18 published in the Official Journal on March 18, 2020, each subject entitled to attend the Shareholders' Meeting must be represented by Computershare S.p.A., appointed for this purpose by the Company to act as Authorized Representative pursuant to Article 135-*undecies* of the TUF. Participation in person or by granting a proxy to third parties is not allowed.

The proxy or sub-proxy may be granted to Computershare SpA, pursuant to article 135-*novies* of Legislative Decree no. 24 February 1998, n. 58, notwithstanding art. 135-*undecies*, paragraph 4, of the same decree.

The proxy may be released by signing the proxy form available on the Company website [www.fieramilano.it](http://www.fieramilano.it) in the '*Investors*' section'.

The proxy form to the Authorized Representative must be attached to an email message to be sent to [ufficiomilano@pecserviziotitoli.it](mailto:ufficiomilano@pecserviziotitoli.it), copy of which can be anticipated to [ufficiomi@computershare.it](mailto:ufficiomi@computershare.it), by the end of the second trading day before the date set for the Shareholders' Meeting (*i.e.* 16 April 2020).

A proxy thus granted takes effect only for those proposals in relation to which voting instructions have been issued. The proxy and voting instructions may be revoked within the same deadline as above (*i.e.* by 16 April 2020).



The Authorized Representative is available for any request or information at the e-mail address [ufficiomi@computershare.it](mailto:ufficiomi@computershare.it).

Notwithstanding the provisions for legitimacy to attend the Shareholders' Meeting established in the notice of call published on 10 March 2020, pursuant to article 106, paragraph 2 of the Law Decree of 17 March 2020, no. 18, participation in the Shareholders' Meeting will be allowed to the Authorized Representative and to the other parties entitled to attend, other than the shareholders, through electronic means of communication that allow the identification and immediate participation of the same, with electronic methods that will be communicated by the Society.

## RIGHT TO ASK QUESTIONS ON THE AGENDA ITEMS

In accordance with Article 127-ter of the TUF, holders of voting rights can submit questions on agenda items before the Shareholders' Meeting, by sending the questions via email to [investor.relations@fieramilano.it](mailto:investor.relations@fieramilano.it) or by registered letter with return receipt to the operational and administrative offices of the Company (Investor Relations Office). Such questions must reach the Company by 15 April 2020. The questions will be answered by the Company at the latest during the Shareholders' Meeting. The Company reserves the right to provide a single answer to the questions with the same content.

Rho (Milan), 20 March 2020

**The Chairman of the Board of Directors**

Lorenzo Caprio

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## Summary of results

## and significant events during the year<sup>1</sup>

2019 ended with the best net profit in the history of Fiera Milano.

This was mainly due to the excellent commercial performance of the exhibition and congress sector. In particular, the directly organised event Host achieved another all-time record, confirming its position as the world's leading exhibition for the professional hospitality industry. In the congress sector, the MiCO Congress Centre hosted prestigious events including the World Congress of Dermatology and the Lions Club International Convention, enabling the subsidiary Fiera Milano Congressi to close the financial year with best-ever results. Actions to cut costs, already started in previous years, also contributed to achieving the results.

EBITDA, excluding the effect of IFRS 16, was far higher than the target defined in the 2018–2022 Strategic Plan in May 2018, and exceeded the recent target notified to the market in November 2019.

The table below shows the key financial figures of the Group. When reading these figures, it should be remembered that the Group's business is seasonal due to exhibitions that take place every two years or at longer intervals. This makes a comparison between financial years more difficult. It should be noted that there were no atypical and/or unusual transactions or significant events and non-recurring transactions during the financial year under review. For details and information on related-party transactions, reference is made to the Notes to the Consolidated Financial Statements.

### FIERA MILANO GROUP SUMMARY OF KEY FIGURES

(Amounts in € '000)	Full year 31/12/19	Full year 31/12/18
Revenues from sales and services	279,711	247,217
EBITDA <sup>(a)</sup>	106,054	31,863
EBIT	59,598	25,075
Net profit/(loss) (continuing operations)	34,328	18,570
Net profit/(loss) (discontinued operations)	-	-
Net profit/(loss)	34,328	18,570
- Attributable to the shareholders of the controlling entity	34,425	18,848
- Attributable to non-controlling interests	(97)	(278)
Net capital employed <sup>(b)</sup>	512,907	58,433
covered by:		
Equity attributable to the Group	107,276	82,034
Equity attributable to non-controlling interests	580	61
Net financial debt/(cash) before IFRS 16 effects	(68,343)	(23,662)
Total net financial debt/(cash)	405,051	(23,662)
Investments (continuing operations and assets held for sale)	9,789	2,635
Employees (no. of permanent employees at year end)	707	696

<sup>(a)</sup> EBITDA is the operating result before depreciation and amortisation and adjustments to asset values.

<sup>(b)</sup> Net capital employed is the sum of non-current assets, non-current liabilities and net working capital.

<sup>1</sup> Financial statement figures for 2019 reflect the effects of the new accounting standard IFRS 16 on the recognition of leases, mainly relating to lease agreements for exhibition sites and the congress centre. To allow a comparison with 2018, which was not restated according to the new standard, the effects of the latter are indicated in the section "Accounting standards and consolidation criteria".

During the year, the Company continued the development lines of the 2018-2022 Strategic Plan, of which the main initiatives are described below.

## NEW INITIATIVES AND ACTIONS TO OPTIMISE THE EVENTS PORTFOLIO

As regards activities in Italy, the following recent acquisitions are reported:

On 9 July 2019, to further consolidate the portfolio of directly organised events, the Cartoomics trademark in the comic strip, gaming and entertainment sector was acquired for a total of Euro 320 thousand.

On 14 August 2019, to further consolidate the portfolio of directly organised events, 62.5% of the Milan Games Week trademark in the gaming and entertainment sector was acquired for a total of Euro 2,500 thousand.

On 5 December 2019, Fiera Milano acquired 60% of the company MADE Eventi Srl ("MADE eventi"). The purchase price agreed on was equal to Euro 1.86 million.

MADE eventi organises MADE expo at the Rho exhibition site of Fiera Milano, the two-yearly international trade fair on architecture and constructions for designers, businesses, buyers and specialist operators.

## FOREIGN DEVELOPMENT PLAN

As regards the development of "geoclones", in October Shanghai hosted the first edition of E-Pack Tech, the exhibition for e-commerce packaging technologies and solutions. The event was held as part of CeMAT Asia, China's leading exhibition dedicated to internal handling, technological automation, transport systems and logistics.

## INFRASTRUCTURE DEVELOPMENT AND DIGITAL TRANSFORMATION PLAN

During 2019, the infrastructure development plan continued with investments, backed by Fondazione Fiera Milano, as the owner of the assets. The aim of the plan is to make exhibition sites and the congress centre even more competitive. The development plan includes the digital transformation of exhibition sites and MiCo. In this regard, the Company signed an agreement with Samsung SDS, a company of the lead Group, that oversees digital transformation and innovation. The aim is to guarantee exhibition sites the chance to offer additional quality services to visitors, exhibitors and organisers, always delivering the best customer experience. Samsung SDS will provide its own experience and knowledge of digital transformation processes, thanks also to its Digital Transformation Framework, that exploits technological solutions supporting digital innovation in various sectors.

## RATIONALISATION

On 6 June 2019, the reverse merger of the company Eurofairs International Consultoria e Participações Ltda with its wholly-owned subsidiary CIPA Fiera Milano Publicações e Eventos Ltda took place. The merger was signed following the resolution passed by the Board of Directors of Fiera Milano SpA on 12 February 2019 and by the Shareholders' Meetings of Eurofairs and CIPA on 6 June 2019.

On 4 July 2019, the Extraordinary Shareholders' Meeting of La Fabbrica del Libro SpA approved the liquidation of the company. On 11 November 2019, the Shareholders' Meeting of the company approved the final liquidation statements and voluntary arrangement.

## OTHER INFORMATION

On 21 March 2019, pursuant to Article 5 of Consob Regulation 17221 of 12 March 2010 as amended on Related-Party Transactions, Fiera Milano published the Information Document on agreements relative to the sub-leasing of the roofing of exhibition spaces at Rho-Pero for the construction of a photovoltaic system and the related contract to purchase renewable energy, entered into with Fair renew S.r.l., whose share capital is held by A2A Rinnovabili S.p.A. (60%), a company of the A2A Group, and by Fondazione Fiera Milano (40%).

On 18 April 2019, the Ordinary Shareholders' Meeting of the Parent was held, approving the Financial Statements at 31 December 2018 and the distribution of a dividend of 13 euro cents per share, allocating the remainder of the Profit for the year as retained earnings. The Ordinary Shareholders' Meeting also approved the content of the First Section of the Remuneration Report, relative to the Company policy on the remuneration of Board Directors, and authorised the purchase and disposal of treasury shares.

On 18 April 2019, Fiera Milano SpA made a capital contribution for a total of Euro 900 thousand in favour of the Brazilian subsidiary Eurofairs International Consultoria e Participações Ltda. This transaction is covered by the Board of Directors' resolution of 19 February 2018 which had approved that financial resources of the subsidiary would be ensured through capital injections and/or loans up to Euro 2,200 thousand. The last tranche, equal to Euro 500 thousand was paid on 18 October 2019 in favour of the Brazilian subsidiary CIPA Fiera Milano Publicações e Eventos Ltda which incorporated Eurofairs International Consultoria e Participações Ltda following the merger which took place on 6 June 2019.

On 29 May 2019, Fiera Milano signed an agreement with the controlling entity Ente Autonomo Fiera Internazionale di Milano ("Fondazione Fiera Milano") – holder of a 63.821% stake in the share capital of Fiera Milano – introducing some amendments to the lease agreement between the parties, in a capacity as lessee and lessor respectively, concerning the Milan exhibition site (known as the fieramilanocity site). This agreement introducing amendments, effective from 1 June 2019, provided for: (a) a total reduction of Euro 1.5 million per annum in the lease payment, which was originally Euro 2.9 million, as well as (b) the exclusion of some areas of the Milan exhibition site, mainly used as parking areas. For this reduction, starting from 1 June 2019, Fiera Milano will make an annual lease payment in four quarterly instalments of Euro 1.4 million, indexed 100% to changes in the ISTAT index, to Fondazione Fiera Milano.

On 22 November 2019, as part of actions to develop services and in particular stand fittings, the Company signed a commercial partnership agreement with Allestimenti Benfenati, a company with considerable experience in stand fittings and custom installations. The agreement will promote respective abilities for commercial expansion in the exhibition, also including events outside this segment.



# Macroeconomic reference background

## MACROECONOMIC TREND

The macroeconomic context at global level has been made unstable, due to a number of events: international tensions also caused by trade wars making the geopolitical scenario volatile, social unrest intensifying in some geographical areas, Great Britain's departure from the European Union, which has now become effective, but with details still to be defined, and the spread of the Coronavirus, whose effects on the worldwide economy still have to be quantified.

International Monetary Fund estimates<sup>2</sup> for 2020, which do not take into account the recessionary effects of the global spread of the Coronavirus, envisage lower global economic growth compared to October 2019 forecasts. Specifically, forecasts were revised down by 0.1% for 2019 (2.9%) and 2020 (3.3%), and 0.2% for 2021 (3.4%). The revision is driven by slowdowns in some emerging economies (for example a decline in domestic demand and a slowdown in lending in India). In some cases, this revision reflects the impact of social unrest, also related to strong geopolitical tensions, such as between the United States and Iran. The IMF meeting held in Riyadh in February 2020 revised the estimated growth of the global economy for 2020 downwards from 3.3% to 3.2%, based on favourable – and now outdated – scenarios in which the spread of the virus was confined mainly to China, where growth is expected to decrease from 6% to 5.6%.

As regards the Eurozone<sup>3</sup>, the latest estimates show GDP growth substantially levelling out (+1.2%) in 2020 and 2021. These estimates are also likely to be revised.

The ratings agency S&P cut GDP growth forecasts for the Eurozone to 0.5% in March 2020, taking into account the spread of the Coronavirus to Europe.

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<sup>2</sup> IMF, World Economic Outlook, 20 January 2020

<sup>3</sup> European Commission, Winter 2020 Economic forecast, February 2020





# Income and financial performance

## for the year ended 31 December 2019

### INCOME PERFORMANCE

The Consolidated Income Statement is presented below.

CONSOLIDATED INCOME STATEMENT (Amounts in €'000)	2019		2018	
		%		%
<b>Revenues from sales and services</b>	<b>279,711</b>	<b>100</b>	<b>247,217</b>	<b>100</b>
Cost of materials	2,489	0.9	2,410	1.0
Cost of services	121,215	43.3	114,052	46.1
Costs for use of third party assets	486	0.2	50,343	20.4
Personnel expenses	47,432	17.0	47,037	19.0
Other operating expenses	4,778	1.7	4,525	1.8
<b>Total operating costs</b>	<b>176,400</b>	<b>63.1</b>	<b>218,367</b>	<b>88.3</b>
Other income	2,428	0.9	2,806	1.1
Results of equity-accounted companies	3,768	1.3	5,170	2.1
Allowance for doubtful accounts and other provisions	3,453	1.2	4,963	2.0
<b>EBITDA</b>	<b>106,054</b>	<b>37.9</b>	<b>31,863</b>	<b>12.9</b>
Depreciation and amortisation	45,171	16.1	5,871	2.4
Adjustments to asset values	1,285	0.5	917	0.4
<b>EBIT</b>	<b>59,598</b>	<b>21.3</b>	<b>25,075</b>	<b>10.1</b>
Financial income/(expenses)	(13,365)	(4.8)	(123)	(0.0)
Valuation of financial assets	-	-	(29)	(0.0)
<b>Profit/(loss) before income tax</b>	<b>46,233</b>	<b>16.5</b>	<b>24,923</b>	<b>10.1</b>
Income tax	11,905	4.3	6,353	2.6
<b>Profit/(loss) from continuing operations</b>	<b>34,328</b>	<b>12.3</b>	<b>18,570</b>	<b>7.5</b>
<b>Profit/(loss) from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit/(loss):</b>	<b>34,328</b>	<b>12.3</b>	<b>18,570</b>	<b>7.5</b>
<b>- attributable to the shareholders of the controlling entity</b>	<b>34,425</b>	<b>12.3</b>	<b>18,848</b>	<b>7.6</b>
<b>- attributable to non-controlling interests</b>	<b>(97)</b>	<b>(0.0)</b>	<b>(278)</b>	<b>(0.1)</b>

**Revenues from sales and services** amounted to Euro 279,711 thousand, up by Euro 32,494 thousand compared to the figure of Euro 247,217 thousand in 2018. The higher revenues were mainly due to the more favourable exhibition calendar, with the directly organised "Host", "Tuttofood" and "Sicurezza" events taking place, as well as the hosted "Made Expo" event, which are all biennial exhibitions held in odd-numbered years. Performance was also good in the congress sector and excellent in the exhibition segment, and in particular the event Host.

**EBITDA** amounted to Euro 106,054 thousand compared to Euro 31,863 thousand in 2018, an increase of Euro 74,191 thousand. EBITDA, excluding the effects relative to the first-time adoption of IFRS 16 (Euro 47,705 thousand), increased by Euro 26,486 thousand, which is mainly attributable to revenues and measures to cut costs already started in the previous year.

**EBIT** was equal to Euro 59,598 thousand compared to Euro 25,075 thousand in 2018, marking an increase of Euro 34,523 thousand. The change, excluding the effects relative to the first-time adoption of IFRS 16 (Euro 7,824 thousand), was equal to Euro 26,699 thousand, and is mainly attributable to the performance of EBITDA . Impairment losses, following impairment testing, regarded "Technology" publications, for Euro 605 thousand and the "Business International" trademark for Euro 568 thousand. The 2018 figure included impairment losses for publications equal to Euro 917 thousand.

**Net financial expenses** were negative for Euro 13,365 thousand compared to a negative Euro 123 thousand in 2018. The change, excluding the impacts relative to the first-time adoption of IFRS 16 (Euro -13,590 thousand) was equal to 348 and is mainly due to lower average debt relative to both short and medium/long-term maturities.

**Profit before income tax** was equal to Euro 46,233 thousand compared to Euro 24,923 thousand in 2018 and reflects a negative effect of Euro 5,766 thousand due to the first-time adoption of IFRS 16.

**Net profit** at 31 December 2019 stood at Euro 34,328 thousand, compared to a net profit of Euro 18,570 thousand for the previous year and reflects a negative effect of Euro 4,645 thousand due to the first-time adoption of IFRS 16. The result includes higher taxation, mainly due to an increase in current taxes.

For further details, see the Notes to the Consolidated Financial Statements.

Net profit is **attributable as follows**:

- Euro 34,425 thousand **to Shareholders' of the controlling entity**;
- Euro -97 thousand **to non-controlling interests** .

## EQUITY AND FINANCIAL PERFORMANCE

The table below shows the Restated Consolidated Balance Sheet.

### RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in €'000)

	31/12/19	31/12/18
Goodwill	95,036	94,127
Intangible assets with a finite useful life	14,640	10,791
Right-of-use assets	469,571	-
Tangible fixed assets	9,155	10,812
Other non-current assets	34,078	32,647
<b>A Non-current assets</b>	<b>622,480</b>	<b>148,377</b>
Inventory and contracts in progress	2,231	3,481
Trade and other receivables	40,356	45,136
Other assets	-	-
<b>B Current assets</b>	<b>42,587</b>	<b>48,617</b>
Trade payables	41,985	38,548
Payments received on account	49,227	49,659
Tax liabilities	2,979	2,229
Provisions for risks and charges and other current liabilities	36,111	31,258
<b>C Current liabilities</b>	<b>130,302</b>	<b>121,694</b>
<b>D Net working capital (B - C)</b>	<b>(87,715)</b>	<b>(73,077)</b>
<b>E Gross capital employed (A + D)</b>	<b>534,765</b>	<b>75,300</b>
Employee benefit provisions	9,898	8,958
Provisions for risks and charges and other non-current liabilities	11,960	7,909
<b>F Non-current liabilities</b>	<b>21,858</b>	<b>16,867</b>
<b>G NET CAPITAL EMPLOYED continuing operations (E - F)</b>	<b>512,907</b>	<b>58,433</b>
<b>H NET CAPITAL EMPLOYED assets held for sale</b>	<b>-</b>	<b>-</b>
<b>TOTAL NET CAPITAL EMPLOYED (G + H)</b>	<b>512,907</b>	<b>58,433</b>
covered by:		
Equity attributable to the Group	107,276	82,034
Equity attributable to non-controlling interests	580	61
<b>I Total equity</b>	<b>107,856</b>	<b>82,095</b>
Cash & cash equivalents	(68,031)	(28,409)
Current financial (assets)/liabilities	33,730	4,797
Non-current financial (assets)/liabilities	439,352	(50)
<b>Net financial position continuing operations</b>	<b>405,051</b>	<b>(23,662)</b>
<b>Net financial position assets held for sale</b>	<b>-</b>	<b>-</b>
<b>L Net financial position (TOTAL)</b>	<b>405,051</b>	<b>(23,662)</b>
<b>EQUITY AND NET FINANCIAL POSITION (I + L)</b>	<b>512,907</b>	<b>58,433</b>

The items in the Restated Balance Sheet correspond to those in the Consolidated Statement of Financial Position.

Total **net capital employed** at 31 December 2019 amounted to Euro 512,907, increasing by Euro 454,474 thousand compared to the figure at 31 December 2018 (Euro 58,433 thousand).

**Non-current assets** amounted to Euro 622,480 thousand at 31 December 2019 compared to Euro 148,377 thousand at 31 December 2018. The increase of Euro 474,103 thousand refers to the balance between the increase in assets due to the first-time adoption of IFRS 16 for Euro 509,452 thousand, investments for Euro 9,789 thousand, amortisation and depreciation for Euro 45,171 thousand (impact of IFRS 16 of Euro 39,881 thousand), increases in deferred tax assets for Euro 1,706 thousand, measurements of investments in shareholders' equity for Euro 28 thousand, value adjustments for Euro 1,285 thousand, exchange differences for Euro -75 thousand and other movements for Euro -341 thousand.

**Net working capital**, which is the balance between current assets and current liabilities, went from a negative Euro -73,077 thousand at 31 December 2018 to a negative Euro -87,715 thousand at 31 December 2019. The variation is mainly attributable to a decrease in trade receivables due to the dynamics of invoicing and inflows related to the exhibition calendar, and the increase in trade payables (to suppliers and event organisers); In structural terms, the Fiera Milano Group has a negative net working capital due to the favourable cash management cycle of exhibitions, as clients pay part of the attendance fee in advance.

As regards **Net financial position** not including IFRS 16 lease liabilities, the Group's net cash at 31 December 2019 amounted to Euro 68,343 thousand, compared to Euro 23,662 thousand at 31 December 2018. The increase, also considering the distribution of dividends by the Parent, is due to the positive cash flow from operations.

Net financial debt including IFRS 16 lease liabilities amounted to Euro 405,051 thousand.

Details of net cash/debt are given in the Notes to the Consolidated Financial Statements.

With reference to **total shareholders' equity**, the following table shows the reconciliation items between the values and result for the year of the Parent and those of the Consolidated Financial Statements:

STATEMENT OF RECONCILIATION BETWEEN FIERA MILANO SPA AND THE CONSOLIDATED FINANCIAL STATEMENTS (€'000)	Full year 2019		Full year 2018	
	Equity	Profit/(loss)	Equity	Profit/(loss)
<b>PARENT COMPANY EQUITY AND PROFIT/(LOSS)</b>	<b>99,373</b>	<b>32,794</b>	<b>75,277</b>	<b>16,561</b>
Equity and profit/(loss) of consolidated companies	33,402	3,624	41,013	2,871
Intragroup dividends	-	(2,266)	-	(2,755)
Elimination of carrying value of consolidated investments	(93,402)	-	(102,452)	-
Goodwill arising from acquisitions	12,020	-	11,156	-
Write-down of investments, net of tax effect	55,602	9	55,593	1,996
Elimination of write-downs of intergroup loans and financing	78	158	734	-
Elimination of intragroup margins	733	9	724	9
Minor consolidation adjustments, net of tax effect	50	-	50	(112)
<b>TOTAL EQUITY</b>	<b>107,856</b>	<b>34,328</b>	<b>82,095</b>	<b>18,570</b>
of which attributable to non-controlling interests	580	(97)	61	(278)
<b>GROUP EQUITY AND PROFIT/(LOSS)</b>	<b>107,276</b>	<b>34,425</b>	<b>82,034</b>	<b>18,848</b>

## INVESTMENTS

In the financial year ended at 31 December 2019, investments totalled Euro 9,786 thousand and break down as follows:

INVESTMENTS (€'000)	Full year to 31/12/19	Full year to 31/12/18
Intangible fixed assets	7,969	1,368
Tangible fixed assets	1,820	1,267
<b>Total investments in non-current assets</b>	<b>9,789</b>	<b>2,635</b>

**Investments in intangible fixed assets** totalled Euro 7,969 thousand and mainly concern:

- goodwill (Euro 909 thousand) and brands (Euro 1,255 thousand), which increased due to the acquisition of MADE eventi Srl;
- the acquisition of the brands Milan Games Week (Euro 2,500 thousand) and Cartoomics (Euro 320 thousand);
- investments of the Parent for purchases of software and licences as part of digital transformation projects (Euro 2,985 thousand).

**Investments in tangible fixed assets** totalled Euro 1,820 thousand and mainly concern:

- Euro 242 thousand of purchases of furniture and goods to be hired out at exhibitions;
- Euro 1,497 thousand for plant and equipment, electronic machinery and improvements made to the Rho exhibition site.

For further details, see the Notes to the Consolidated Financial Statements.



# Business performance by operating segment and geographical area

The following table gives the key figures of the Group by operating segment and geographical area.

## SUMMARY OF DATA BY OPERATING SEGMENT AND BY GEOGRAPHIC AREA

(Amounts in € '000)

	2019		2018	
<b>Revenues from sales and services</b>				
<b>- By operating segment:</b>		%		%
. Italian Exhibitions Business	235,290	81.0	200,333	77.8
. Foreign Exhibitions Business	4,276	1.5	7,844	3.1
. Media	11,106	3.8	11,262	4.4
. Congresses	39,677	13.7	37,708	14.7
<b>Total revenues gross of adjustments for inter-segment transactions</b>	<b>290,349</b>	<b>100.0</b>	<b>257,147</b>	<b>100.0</b>
. Adjustments for inter-segment transactions	(10,638)		(9,930)	
<b>Total revenues net of adjustments for inter-segment transactions</b>	<b>279,711</b>		<b>247,217</b>	
<b>- By geographic area:</b>				
. Italy	275,551	98.5	239,373	96.8
. Foreign countries	4,160	1.5	7,844	3.2
<b>Total</b>	<b>279,711</b>	<b>100.0</b>	<b>247,217</b>	<b>100.0</b>
<b>EBITDA</b>		%		%
<b>- By operating segment:</b>		on revenues		on revenues
. Italian Exhibitions Business	90,559	38.5	23,785	11.9
. Foreign Exhibitions Business	3,338	78.1	3,699	47.2
. Media	816	7.3	551	4.9
. Congresses	11,341	28.6	3,828	10.2
. Adjustments	-		-	
<b>Total</b>	<b>106,054</b>	<b>37.9</b>	<b>31,863</b>	<b>12.9</b>
<b>- By geographic area:</b>				
. Italy	102,827	37.3	28,164	11.8
. Foreign countries	3,227	77.6	3,699	47.2
<b>Total</b>	<b>106,054</b>	<b>37.9</b>	<b>31,863</b>	<b>12.9</b>
<b>EBIT</b>		%		%
<b>- By operating segment:</b>		on revenues		on revenues
. Italian Exhibitions Business	50,707	21.6	19,996	10.0
. Foreign Exhibitions Business	2,917	68.2	3,303	42.1
. Media	(584)	(5.3)	(618)	(5.5)
. Congresses	6,558	16.5	2,457	6.5
. Adjustments			(63)	
<b>Total</b>	<b>59,598</b>	<b>21.3</b>	<b>25,075</b>	<b>10.1</b>
<b>- By geographic area:</b>				
. Italy	56,791	20.6	21,835	9.1
. Foreign countries	2,807	67.5	3,240	41.3
<b>Total</b>	<b>59,598</b>	<b>21.3</b>	<b>25,075</b>	<b>10.1</b>
<b>Employees (no. of permanent employees at the end of the period)</b>		%		%
<b>- By operating segment:</b>				
. Italian Exhibitions Business	501	70.8	493	70.8
. Foreign Exhibitions Business	105	14.9	97	13.9
. Media	53	7.5	52	7.5
. Congresses	48	6.8	54	7.8
<b>Total</b>	<b>707</b>	<b>100.0</b>	<b>696</b>	<b>100.0</b>
<b>- By geographic area:</b>				
. Italy	602	85.1	599	86.1
. Foreign countries	105	14.9	97	13.9
<b>Total</b>	<b>707</b>	<b>100.0</b>	<b>696</b>	<b>100.0</b>



- **Revenues from sales and services**, before eliminations for inter-segment transactions, amounted to Euro 290,349 thousand at 31 December 2019, of which 81% generated by the Italian Exhibitions Business, 1% by the Foreign Exhibitions Business, 4% by the Media segment and 14% by the Congresses segment.
- Revenues from the **Italian Exhibitions Business** amounted to Euro 235,290 thousand, increasing by approximately 17% compared to the figure for 2018 (Euro 200,333 thousand). The higher revenues were mainly due to the more favourable exhibition calendar, with the directly organised "Host", "Tuttofood" and "Sicurezza" events taking place, as well as the hosted "Made Expo" event, which are all biennial exhibitions held in odd-numbered years. Performance was also good in the congress sector and excellent in the exhibition segment. This effect was partly offset by the absence of The Innovation Alliance, created from the union of five multi-annual exhibitions (Plast, Ipack-Ima, Meat-Tech, Pint4All and Intralogistica Italia) dedicated to solutions for the manufacturing industry, and the important exhibition Mostra Convegno Expocomfort, which is held every two years.
- Revenues from the **Foreign Exhibitions Business** amounted to Euro 4,276 thousand, decreasing by Euro 3,568 thousand over the previous year (Euro 7,844 thousand). The fall in revenues is mainly due to the different exhibition calendar in Brazil, as the biennial exhibitions Fisp and Fesqua, held in even-numbered years, did not take place.
- Revenues from **Media** amounted to Euro 11,106 thousand, in line with the figure for the previous year (Euro 11,262 thousand).
- Revenues from **Congresses** amounted to Euro 39,677 thousand, going up by Euro 1,969 thousand over the previous year (Euro 37,708 thousand). The increase is due to the more favourable dynamics of international events, including LIONS INTERNATIONAL, the World Congress of Dermatology - WCD, the European Society for Radiotherapy Congress - ESTRO, the European association stroke conference - ESOC, and ESA LIVING PLANET, the world's biggest earth observation conference.

**EBITDA** was equal to Euro 106,054 thousand, increasing by Euro 74,191 thousand compared to the previous year, and breaks down by operating segment as follows:

- **Italian Exhibitions Business:** this segment recorded EBITDA of Euro 90,559 thousand compared to Euro 23,785 at 31 December 2018. EBITDA, excluding the effects relative to the first-time adoption of IFRS 16 (Euro 43,702 thousand), increased by Euro 23,072 thousand, and besides reflecting the dynamics described for revenues, was positively impacted by commercial performance.
- **Foreign Exhibitions Business:** this segment recorded EBITDA of Euro 3,338 thousand compared to Euro 3,699 at 31 December 2018. The change is due to the aforementioned trend in revenues, and was for the most part offset by the result of the joint venture, with the partner Deutsche Messe AG as regards activities in China, recognised with the equity method.
- **Media:** this segment recorded EBITDA of Euro 816 thousand, improving by Euro 265 thousand over the previous year (Euro 551 thousand). The change is mainly due to an optimisation of costs for producing publications.
- **Congresses:** this segment recorded EBITDA of Euro 11,341 thousand compared to Euro 3,828 thousand at 31 December 2018, going up by Euro 7,513 thousand. EBITDA, excluding the effects relative to the first-time adoption of IFRS 16 (Euro 3,896 thousand), rose by Euro 3,617 thousand, which is mainly attributable to the trend of revenues, as already indicated.

Total **EBIT** was equal to Euro 59,598 thousand compared to Euro 25,075 thousand in the previous year, and breaks down by operating segment as follows:

- **Italian Exhibitions Business:** this segment recorded EBIT of Euro 50,707 thousand compared to Euro 19,996 thousand at 31 December 2018. The change, excluding the effects relative to the first-time adoption of IFRS 16 (Euro 7,327 thousand), was equal to Euro 23,384 thousand, and is mainly attributable to the performance of EBITDA and a lower depreciation due to the completion of the depreciation process for some groups of assets.
- **Foreign Exhibitions Business:** this segment recorded EBIT of Euro 2,917 thousand compared to Euro 3,303 thousand at 31 December 2018. The change was mainly due to the EBITDA trend.
- **Media:** this segment recorded EBIT of Euro -584 thousand, a positive change of Euro 34 thousand on the figure of the previous year (Euro -618 thousand). The improvement was mainly attributable to the trend of EBITDA. This effect was partially offset by the impairment losses, following impairment testing, for "Technology" publications, amounting to Euro 605 thousand and for the "Business International" trademark for Euro 568 thousand. 2018 figures include impairment losses for publications equal to Euro 917 thousand.
- **Congresses:** this segment recorded EBIT of Euro 6,558 thousand compared to Euro 2,457 thousand at 31 December 2018. The change, excluding the effects relative to the first-time adoption of IFRS 16 (Euro 492 thousand), was equal to Euro 3,609 thousand, and is mainly attributable to the performance of EBITDA.

Lastly, as regards **Employees** at the end of the year, the Group's 707 employees were deployed in the following four sectors as follows: 71% in the Italian Exhibitions Business, 15% in the Foreign Exhibitions Business, 7% in Media and 7% in Congresses.

## OPERATING FIGURES

The table below gives the figures for events held in the year ended 31 December 2019, at the fieramilano, fieramilanocity and foreign sites, compared with data from the previous year. More specifically, the table shows the net square metres of exhibition space occupied and the number of participating exhibitors. The events are classified according to how frequently they are held - annual, biennial or multi-annual and figures for exhibitions directly organised by the Group are also given for each of the periods (*the figures have been rounded off to make them easier to read and compare*).

FIERA MILANO GROUP SUMMARY OPERATING FIGURES	Full year to 31/12/19		Full year to 31/12/18	
	Total	Organised by the Group	Total	Organised by the Group
<b>Number of exhibitions:</b>	<b>80</b>	<b>43</b>	<b>79</b>	<b>39</b>
<b>Italy</b>	<b>52</b>	<b>15</b>	<b>52</b>	<b>12</b>
. annual	37	9	38	10
. biennial	15	6	8	-
. multi-annual	-	-	6	2
<b>Foreign countries</b>	<b>28</b>	<b>28</b>	<b>27</b>	<b>27</b>
. annual	23	23	23	23
. biennial	5	5	4	4
. multi-annual	-	-	-	-
<b>Number of congresses with related exhibition space</b>	<b>50</b>	<b>-</b>	<b>44</b>	<b>-</b>
<b>Net sq.metres of exhibition space:</b>	<b>2,045,625</b>	<b>941,595</b>	<b>1,972,175</b>	<b>678,790</b>
<b>Italy</b>	<b>1,534,400</b>	<b>430,370</b>	<b>1,505,380</b>	<b>211,995</b>
. annual (a)	1,070,200	148,385	1,084,640	180,350
. biennial	464,200	281,985	266,650	-
. multi-annual	-	-	154,090	31,645
(a) of which congresses with related exhibition space	72,035	-	62,490	-
<b>Foreign countries</b>	<b>511,225</b>	<b>511,225</b>	<b>466,795</b>	<b>466,795</b>
. annual	471,490	471,490	433,755	433,755
. biennial	39,735	39,735	33,040	33,040
. multi-annual	-	-	-	-
<b>Number of exhibitors:</b>	<b>39,945</b>	<b>16,935</b>	<b>35,615</b>	<b>12,085</b>
<b>Italy</b>	<b>30,315</b>	<b>7,305</b>	<b>27,865</b>	<b>4,335</b>
. annual (b)	23,375	3,000	21,845	3,810
. biennial	6,940	4,305	3,265	-
. multi-annual	-	-	2,755	525
(b) of which congresses with related exhibition space	6,075	-	3,715	-
<b>Foreign countries</b>	<b>9,630</b>	<b>9,630</b>	<b>7,750</b>	<b>7,750</b>
. annual	8,800	8,800	7,075	7,075
. biennial	830	830	675	675
. multi-annual	-	-	-	-

The table shows that in 2019, the percentage of total square metres of exhibition space covered by annual exhibitions was approximately 75%. In terms of net exhibition floor space, annual exhibitions covered 1,541,690 square metres, an increase of 23,295 square metres compared to the previous year. The increase mostly regarded annual exhibitions held abroad (+37,735 square metres, corresponding to approximately 9%). Biennial exhibitions covered 503,935 net square metres of exhibition space, an increase of approximately 68% compared to 2018. The increase, equal to 204,245 square metres, was mainly due to the directly organised biennial exhibitions in Italy (Host and Tuttofood). This effect was partly offset by the decrease in the biennial exhibitions hosted in Italy, with a change of -84,435 square metres, mainly due to the absence of the Mostra Convegno Expocomfort exhibition. There was a year-on-year increase compared to 2018 of 10%, or 44,430 net square metres, in the space occupied by exhibitions held abroad, mainly due to the combined effect of the different exhibition calendars in China, India, South Africa and Brazil.

The tables on the following pages give the figures for the two periods compared, for events hosted by the Group at the fieramilano and fieramilanocity sites. The tables show the net square metres of exhibition space occupied and the number of exhibitors, classified by how frequently the events are held, and indicate those exhibitions that were directly organised (*the figures have been rounded off to make them easier to read and compare*).

## ITALIAN EXHIBITION PORTFOLIO

	Net sq. metres of exhibition space		Number of exhibitors	
	Full year to 31/12/2019	Full year to 31/12/2018	Full year to 31/12/2019	Full year to 31/12/2018
<b>Annual exhibition:</b>				
<b>Directly organised</b>				
- Bit	15,790	16,280	280	290
- Chibimart Summer	3,505	3,655	115	130
- HOMI I semester	72,740	81,020	1,185	1,405
- HOMI Fashion&Jewels*	11,905	a)	540	a)
- HOMI Outdoor*	21,335	a)	250	a)
- Miart	8,960	8,845	210	205
- Promotion Trade Exhibition	4,500	4,905	145	145
- Sposaltalia	9,650	9,305	140	150
- Chibimart Winter	b)	3,040	b)	85
- HOMI II semester	a)	40,145	a)	1,040
- Tempo di libri	b)	13,155	b)	220
- Versilia Yachting Rendez-Vous	c)	c)	135	140
<b>Total annual exhibitions directly organised</b>	<b>148,385</b>	<b>180,350</b>	<b>3,000</b>	<b>3,810</b>
<b>Hosted</b>				
- Artigiano in fiera	56,885	59,170	1,475	1,540
- Cartoomics	12,800	14,465	435	400
- Eicma Moto	117,055	101,770	770	560
- Fa' la cosa giusta	11,345	11,340	695	720
- Gi come giocare	6,505	8,430	70	100
- Lineapelle (I semester)	48,710	48,195	1,115	1,110
- Lineapelle (II semester)	49,830	50,050	1,130	1,150
- Mido	50,710	50,490	1,250	1,270
- Milan Games Week	12,890	13,890	140	90
- Milano Auto Classica	16,225	15,660	325	330
- Milano Unica (Autumn)	34,110	32,510	470	480
- Milano Unica (Spring)	28,115	27,075	425	415
- Mipel (Autumn)	7,875	8,850	270	335
- Mipel (Spring)	8,275	8,890	270	320
- Myplant & garden	24,935	25,395	620	520
- Packaging premiere*	4,685	-	230	-
- Pets in the city*	4,635	-	90	-
- Plug-Mi*	2,790	-	30	-
- Salone del Franchising Milano	3,630	4,010	115	135
- Salone del mobile/ Complemento d'arredo	175,445	161,480	1,035	1,070
- Simac Tanning-Tech	18,685	18,230	280	275
- Smap Expo	835	-	20	-
- Smau	4,680	4,355	5	5
- The Micam (Autumn)	60,365	62,965	1,245	1,330

## ITALIAN EXHIBITION PORTFOLIO

	Net sq. metres of exhibition space		Number of exhibitors	
	Full year to 31/12/2019	Full year to 31/12/2018	Full year to 31/12/2019	Full year to 31/12/2018
<b>Annual exhibition:</b>				
- The Micam (Spring)	60,870	62,930	1,255	1,305
- The One Milano (February)	13,970	15,435	230	240
- The One Milano (September)	1,380	1,835	70	110
- Viscom - Visual communication	11,545	10,240	235	225
- Enci Winner	b)	19,300	b)	30
- Hobby Show (I semester)	b)	1,700	b)	70
- Hobby Show (II semester)	b)	1,170	b)	60
- Technology Hub (ex 3D Print Hub)	b)	1,970	b)	125
<b>Total annual exhibitions hosted</b>	<b>849,780</b>	<b>841,800</b>	<b>14,300</b>	<b>14,320</b>
<b>Total annual exhibitions</b>	<b>998,165</b>	<b>1,022,150</b>	<b>17,300</b>	<b>18,130</b>

	Net sq. metres of exhibition space		Number of exhibitors	
	Full year to 31/12/2019	Full year to 31/12/2018	Full year to 31/12/2019	Full year to 31/12/2018
<b>Biennial exhibitions</b>				
<b>Directly organised</b>				
- Fruit&Veg Innovation	1,820	-	45	-
- Host	140,900	-	2,145	-
- Sicurezza	20,625	-	370	-
- Smart Building Expo	3,405	-	95	-
- Transpotec & Logitec	51,105	-	255	-
- Tuttofood	64,130	-	1,395	-
<b>Total biennial exhibitions directly organised</b>	<b>281,985</b>	<b>-</b>	<b>4,305</b>	<b>-</b>
<b>Hosted</b>				
- Made Expo	45,930	-	690	-
- Euroluce	38,900	-	360	-
- Lamiera	22,935	-	385	-
- Vitrum	15,520	-	160	-
- Made in Steel	14,280	-	280	-
- Seeds & Chips	11,595	-	250	-
- Simei	30,190	-	465	-
- Workplace 3.0	2,360	-	15	-
- Farmacistapiù	505	-	30	-
- Biomass Innovation Expo	-	3,455	-	65
- Bimu	-	39,640	-	610
- Eurocucina	-	37,750	-	110
- Mostra Convegno Expocomfort	-	115,400	-	1,570
- Salone Internazionale del Bagno	-	21,210	-	180
- Sfortec	-	425	-	25
- Venditalia	-	13,855	-	285
- Xylexpo	-	34,915	-	420
<b>Total biennial exhibitions hosted</b>	<b>182,215</b>	<b>266,650</b>	<b>2,635</b>	<b>3,265</b>
<b>Total biennial exhibitions</b>	<b>464,200</b>	<b>266,650</b>	<b>6,940</b>	<b>3,265</b>

	Net sq. metres of exhibition space		Number of exhibitors	
	Full year to 31/12/2019	Full year to 31/12/2018	Full year to 31/12/2019	Full year to 31/12/2018
<b>Multi-annual exhibitions</b>				
<b>Directly organised</b>				
- Print4All	-	13,990	-	285
- Expodetergo	-	17,655	-	240
<b>Total multi-annual exhibitions directly organised</b>	<b>-</b>	<b>31,645</b>	<b>-</b>	<b>525</b>
<b>Hosted</b>				
- Intralogistica	-	3,555	-	85
- Ipack-Ima	-	57,045	-	1,025
- Meat Tech	-	6,925	-	105
- Plast	-	54,920	-	1,015
<b>Total multi-annual exhibitions hosted</b>	<b>-</b>	<b>122,445</b>	<b>-</b>	<b>2,230</b>
<b>Total multi-annual exhibitions</b>	<b>-</b>	<b>154,090</b>	<b>-</b>	<b>2,755</b>
<b>TOTAL EXHIBITIONS</b>	<b>1,462,365</b>	<b>1,442,890</b>	<b>24,240</b>	<b>24,150</b>
- Congresses with related exhibition space	72,035	62,490	6,075	3,715
<b>TOTAL</b>	<b>1,534,400</b>	<b>1,505,380</b>	<b>30,315</b>	<b>27,865</b>

\* The exhibition was held for the first time.

- a) The exhibition was reconfigured in two new formats: Fashion&Jewels and Outdoor.
- b) The exhibition did not take place.
- c) The exhibition was held in Viareggio with the presence of 80 boats (from 10 to 60 linear meters) and 155 curtains.

The table below gives details of the exhibitions organised abroad, for which the Group has acted as organiser, business partner or agent. The net exhibition space occupied was 511,225 square metres (*the figures for net square metres of exhibition space have been rounded off to make them easier to read and compare*).

#### FOREIGN EXHIBITION PORTFOLIO

	Net sq. metres of exhibition space		Number of exhibitors	
	Full year to 31/12/2019	Full year to 31/12/2018	Full year to 31/12/2019	Full year to 31/12/2018
<b>Annual exhibition:</b>				
<b>Annual exhibitions in China</b>				
- CEFE Shanghai *	4,125	-	155	-
- CeMAT Asia Shanghai	32,255	26,250	690	560
- China International Fastener Show °	15,810	13,500	800	700
- Chinafloor Domotex Shanghai °	89,030	80,785	1,605	1,455
- Comvac Asia	9,790	8,585	280	210
- E-Pack Tech Shanghai *	830	-	25	-
- Heavy Machinery Asia	1,190	-	50	-
- GITF International Tour Guangzhou	9,530	10,905	215	230
- Industrial Automation Beijing	3,620	3,910	150	120
- Industrial Automation Robotic Show South China °	7,780	5,605	200	120
- Industrial Automation Shanghai °	31,210	31,985	715	670
- Industrial Automation Shenzhen	11,965	12,950	500	370
- Internet Plus Expo Foshan	16,870	13,795	220	80
- Laser Fair Shenzhen	6,100	-	250	-

FOREIGN EXHIBITION PORTFOLIO

	Net sq. metres of exhibition space		Number of exhibitors	
	Full year to 31/12/2019	Full year to 31/12/2018	Full year to 31/12/2019	Full year to 31/12/2018
- Let China Guangzhou	9,350	-	310	-
- Metal + Tech Foshan	4,335	6,385	140	120
- Metalworking and CNC Mach. Tool Shanghai °	33,200	36,100	540	325
- Motor Show Chengdu °	83,500	75,700	100	90
- PTC Asia Shanghai	43,690	26,450	1,450	1,125
- Wuhan Motor Show °	42,970	45,400	85	85
- China Tourism International and Commodities Fair	a)	13,940	a)	160
- Industrial Supply Asia	b)	650	b)	35
<b>Total annual exhibition in China</b>	<b>457,150</b>	<b>412,895</b>	<b>8,480</b>	<b>6,455</b>
<b>Annual exhibitions in India</b>				
- Food Hospitality World Bangalore	a)	2,150	a)	90
- Food Hospitality World Mumbai	a)	2,460	a)	140
<b>Total annual exhibitions in India</b>	<b>-</b>	<b>4,610</b>	<b>-</b>	<b>230</b>
<b>Annual exhibitions in South Africa</b>				
- Cape Town Art Fair	3,930	3,695	105	100
<b>Total annual exhibitions in South Africa</b>	<b>3,930</b>	<b>3,695</b>	<b>105</b>	<b>100</b>
<b>Annual exhibitions in Brasil</b>				
- Ecoenergy (ex Enersolar)	475	630	25	35
- Exposec	9,935	10,695	190	210
- Infocomm	a)	1,230	a)	45
<b>Total annual exhibitions in Brasil</b>	<b>10,410</b>	<b>12,555</b>	<b>215</b>	<b>290</b>
<b>Total annual exhibitions</b>	<b>471,490</b>	<b>433,755</b>	<b>8,800</b>	<b>7,075</b>
<b>Biennial exhibitions:</b>				
<b>Biennial exhibitions in China</b>				
- China Commercial Vehicle Show °	27,435	-	180	-
- Metal + Metallurgy	3,480	-	130	-
<b>Total biennial exhibitions in China</b>	<b>30,915</b>	<b>-</b>	<b>310</b>	<b>-</b>
<b>Biennial exhibitions in Brasil</b>				
- Reatech, FisioTech	4,693	-	130	-
- Tubotech	1,483	-	235	-
- Wire South America	2,644	-	155	-
- Ebrats	-	1,980	-	80
- Feitintas	-	550	-	45
- Fesqua	-	10,735	-	235
- Fisp	-	19,775	-	315
<b>Total biennial exhibitions in Brasil</b>	<b>8,820</b>	<b>33,040</b>	<b>520</b>	<b>675</b>
<b>Total biennial exhibitions</b>	<b>39,735</b>	<b>33,040</b>	<b>830</b>	<b>675</b>
<b>TOTAL EXHIBITIONS</b>	<b>511,225</b>	<b>466,795</b>	<b>9,630</b>	<b>7,750</b>

\* First edition of this exhibition.

° Fiera Milano Group acts as a trading partner.

a) The exhibition did not take place.

b) The exhibition has become part of PTC Asia.

# Fiera Milano

## Group personnel

### COMPOSITION AND TURNOVER

At 31 December 2019, the Group had 707 permanent employees compared to 696 at 31 December 2018.

#### PERMANENT EMPLOYEES AT YEAR END

(units)	31/12/19			31/12/18		
	Total	Italy	Foreign countries	Total	Italy	Foreign countries
<b>Fully consolidated companies:</b>						
Executives	27	25	2	27	25	2
Managers and White collar workers (including Journalists)	592	562	30	587	554	33
<b>Total</b>	<b>619</b>	<b>587</b>	<b>32</b>	<b>614</b>	<b>579</b>	<b>35</b>
<b>Equity-accounted companies <sup>(a)</sup>:</b>						
Executives	5	2	3	2	-	2
White collar workers	83	13	70	80	20	60
<b>Total</b>	<b>88</b>	<b>15</b>	<b>73</b>	<b>82</b>	<b>20</b>	<b>62</b>
<b>TOTAL</b>	<b>707</b>	<b>602</b>	<b>105</b>	<b>696</b>	<b>599</b>	<b>97</b>

<sup>(a)</sup> the indicated data corresponds to the pro-quota of total employees

In 2019, a net increase of 11 employees was recorded over 2018, due mainly to the consolidation and strengthening of the organisational units in Italy and the acquisition of MADE Eventi S.r.l., as well as the consolidation of the joint venture with our partner Deutsche Messe AG.

Specifically, during 2019, 82 people joined the Group, of which 57 in Italy, due to a consolidation of commercial areas, with the acquisition of MADE Eventi, and a stabilisation of temporary contracts, consolidating all organisational units. The remaining 25 people were employed abroad and mainly refer to the business reorganisation and a high employee turnover rate.

71 people left the Group, of whom 54 from Italian companies, mainly due to voluntary resignations and the early retirement scheme of the Parent. 17 people left foreign businesses mainly due to a high employee turnover rate.

The overall turnover rate of employees, calculated as the difference between those joining and those leaving as a percentage of the average number of employees, was 21.9% compared to 18.2% last year.

Fiera Milano Group employs staff on temporary contracts to manage peaks of activity related to the exhibition calendar and to start up extraordinary projects. Personnel on temporary contracts increased from 35 at 31 December 2018 to 42 in 2019.

Through agreements with Milan Polytechnic, Bocconi University, Bicocca University, Cattolica del Sacro Cuore University, IULM University, Carlo Cattaneo – LIUC University, Genoa University, Pisa University, the Sole 24 ore Business School, the Accademia di Comunicazione (Academy of Higher Education in Communication Sciences), Fondazione Fiera Milano, AFOL Metropolitana (Training Centre), ACTL Associazione per la cultura ed il tempo libero (Association for culture and leisure), the ADECCO employment agency, FourStars Impresa Sociale (Non-profit training organisation), LUSMA University, Rome, Tor Vergata University Rome and the Gema Business School, Rome, the Fiera Milano Group offered work experience to 95 people (61 starting in 2019, 34 beforehand), in various company departments (Purchasing, Sales, Communication, Internal Audit, Customer Care, IT, Legal, Marketing, Operations and the Technical Department). The average length of the work experience was six months.



## EMPLOYMENT CONTRACTS IN FORCE

The Italian companies of the Fiera Milano Group adopt the national collective bargaining agreement for employees of tertiary, distribution and service companies; companies in the publishing sector instead adopt the national collective bargaining agreement of journalists for employees of graphic design and similar companies, publishers and multimedia companies.

The employees of Fiera Milano Group fall into three main categories:

- Executives with a managerial role.
- Middle managers and Journalists with specialist roles.
- Office staff and technical support staff.

The Italian division of the Fiera Milano Group has no manual workers as it outsources activities related to the supply and organisation of exhibition services.

Outside Italy, each company applies the employment laws of the country in which it is based.

## SAFETY MEASURES ADOPTED

The safety of its personnel is of primary importance and Fiera Milano Group makes significant investments on this front. In 2019, personnel with technical roles in the Company safety training.

## TRAINING

Professional training in the Fiera Milano Group is key to consolidating managerial skills, strengthening the Group's identity increasing a sense of belonging, its integration and organisational change processes, and nurturing the professional abilities and interpersonal skills of each person, adapting them to new economic contexts. Training is also a way to disseminate innovation as the driver for tackling new market challenges, to develop and achieve business results.

The 2019 training programme focussed on issues to raise awareness and develop managerial accountability based on company goals to attain. In this regard, training for all Group employees continued on new policies and procedures issued in the year (policy to manage data security in relations with third parties, cyber security management, procedure on related-party transactions, privacy and compliance). Classroom sessions were also held for middle management, to consolidate an awareness and the importance of personal data protection, sharing best practices and dealing with daily issues.

Over the year, continual professional development on occupational health and safety, and courses on legal updates concerning first aid, firefighting and safety officers, were also completed.

As regards the Performance Leadership Management system, the training programme focussed on strengths and areas for improvement in order to build up skills and conduct aimed at acquiring tools and new models that can improve managerial effectiveness and performance. In particular, a feedback procedure was started for middle management, involved in managing complex systems of relations each day. The procedure enabled the managers, who guide people, to acquire the tools necessary to manage their own staff with a view to personal and professional growth.

By using the individual account of the For-Te inter-professional fund, a training plan was presented consolidating and aligning leadership skills, to guarantee personnel continual professional development on an ongoing basis. The plan was conceived with the idea of targeting personal skills, by closely relating professional technical competencies with the development of managerial abilities, the management of human resources, an aptitude for creativity and innovation; these competencies have a significant impact and are fundamental for the success of the entire organisation. The programme format is based on the outcome of needs' analysis aimed at requalifying the skillset of individuals and the competencies of the organisation as a whole. On this last point, the major organisational changes within the Group have led to a new way of working in the company, where self-efficiency, individual accountability, proactivity and team work, also in multifunctional teams, have become an intrinsic part of the company context. This innovative transition, necessary to launch a different company approach, focuses on new leadership processes that are influential and engage others, with clear, precise guidelines and a prompt operational management.

In keeping with company strategies, the need to adopt a more integrative and proactive approach emerged; working increasingly in teams makes it possible to draw on a “wealth” of energy, competencies, ideas, visions, proposals and different solutions that give people the chance to learn something new all the time, coordinating with others, to achieve their goals.

Initially, two teams (Finance and Marketing) were selected, to build responsive, quick, flexible and dynamic relations, and create a positive climate and environment enabling everyone to raise their game, motivating them and making them feel actively involved in organisational change. To achieve this, programmes were conceived where the people from the teams were the protagonists of the change project, sharing not only methodologies but also «getting to know you better» moments, on both a personal and professional level.

These programmes were planned with an entirely concrete and practical approach, where participants lived the experience and the trainers were the facilitators of the learning process, as well as the motivators of growth and development. In particular, the “Lego” methodology was used with the Marketing team, creating models with the famous bricks to share, reflect on problems, develop creative thinking and listen to others’ viewpoints, as well as further explore own reflections.

For the Finance team, experiences and practical activities were proposed instead, where relational and team issues were explored through manual skills. The training continued with specific laboratory sessions, addressing communication and interpersonal relations.

Customer satisfaction within the Group is an essential value. Developing new approaches, knowing how to make the right decisions, negotiating successfully and reaching agreements on an ethical and strategic basis are all fundamental. To make the sales process truly successful, a training programme was proposed for sales staff in the Sales Area and in the Hosted Events Area, using the “Decide, Negotiate, Agree” methodology. This innovative sales technique provides basic knowledge of the psychological, emotional and tactical aspects that limit or strengthen decisions. The strategies and procedures adopted throughout the programme are highly persuasive; for this reason, the vision inspiring the model is based not only on a knowledge of decision-making processes and mental persuasion techniques, but above all on their balanced, effective use in order to achieve sales that are truly successful.

In a context where the ability to manage a project is increasingly important, the foundation Project Management course was started. The course not only presents an approach to dealing with and governing initiatives and innovation processes, but also makes it possible to increase the overall effectiveness of ongoing projects and efficiency of resources. The course explains Project management as the methodological infrastructure to manage one or more projects from the planning and work organisation stage, to timing, funding and the necessary human resources.

The Fiera Milano Group realises that its human resources represent human capital supporting the company’s prestige and credibility. To guarantee the continual professional development of its employees, the Group renewed its membership of Network Business International in 2019, enabling it to take part in various events, seminars and workshops on Finance, Legal Affairs, Human Resources, Marketing and the Supply Chain.

It also renewed its membership of the Executive Club, with meetings held exclusively for business leaders and top company management, to share and exchange ideas and best practices, network and identify business opportunities. The technical programme for continual professional development, with particular reference to IT and managerial skills was completed, also through registering middle managers with Asseprim, the National Association of Professional Services for Businesses, and Quadrifor, the Institute for Middle Managerial Training in the Tertiary Sector.

Continual professional development also proceeded for journalists in the Group’s Media Company. This ongoing process ensures journalists have the credits to maintain their professional qualification, also enabling them to keep up to date with deontological issues and current affairs.

In 2019, the Group leadership team took part in continual professional development sessions and initiatives proposed by Business International, as well as outdoor training, with a visit to an industrial site in Turin, with the aim of drawing inspiration and acquiring new processes to apply to the exhibition sector. The occasion was an opportunity, also during the debriefing, to get to know other participants better, express opinions and encourage Blue Sky thinking as a stimulus to create robust objectives targeting personal and team commitment.

Investing in the training of human capital is a constant, ongoing process within the Fiera Group. Commitment in future years will address and support digital transformation involving the entire Group from a technological standpoint, to support business processes and company operations. The transformation will require an investment in hard reskilling, and the introduction of new digital competencies necessary to support new business models.

A focus on people and teams in their transition through this additional change will be the driving force steering the Group towards new objectives.

Lastly, in 2019, a number of meetings were organised by the Chief Executive Officer with all Group employees, to provide updates on the performance of the Group's 2018–2022 Strategic Plan, business development and the economic results achieved each quarter.

CIPA Fiera Milano focussed on technical and language training with a view to resource development. In 2019, the African subsidiary did not put in place any individual training plans.

Overall 733 people took part in the 104 training courses held, for a total of 12,901 hours.

## SOCIAL RESPONSIBILITY CONTEST

In 2019, the Fiera Group launched a project to foster a culture of sustainability, meaning not only safeguarding the environment, but also social accountability and the consolidation of the company's identity in this context.

A shared programme was started, with the empowerment of people as the key component, where economic aspects combine with the social and environmental aspects of individual behaviour, with a view to sustainable development in the long term.

The need for this kind of approach was in line with the Group's strategic plan that covers, among others, the promotion of a change culture and the improvement of sustainability performance. The innovative programme involved a large number of company resources who, motivated to focus on change, would go on to develop new projects to improve the culture of sustainability, adopting ideas and concrete actions.

In April 2019, Fiera Milano launched a Social Responsibility Contest, setting up an internal project team along with an external team of consultants. The aim of the Contest was to devise sustainability projects. The selection process defined the areas of impact the Contest projects would focus on, which were taken from the materiality matrix containing the sustainability topics which are significant for Fiera Milano. Therefore, four areas of impact were identified, to be covered by the eight new projects: Inequality, the Circular Economy, Water and Climate Change.

The Contest ended with the Evaluation Committee (comprising members of the Board of Directors and Board of Statutory Auditors) selecting the best project and the projects to go on to the operational stage. Rewarding the dedication, passion and enthusiasm of all participants, the Evaluation Committee considered all the projects to be valid and deserving of going on to the operational stage.

The experience of the Contest at Fiera Milano has shown it is possible to achieve several objectives at the same time: on the one hand, the Contest raised company employees' collective awareness of sustainability, and on the other, it proved to be a useful human resources initiative, encouraging team building and cooperation among departments.

The impact was felt across the entire Group, which showed it was receptive and willing to adopt individual, virtuous behaviour. 87 employees were involved, divided into 8 groups. The company committed to following up the contest, maintaining the enthusiasm about this experience and developing the eight projects presented.

## Risk factors affecting

## Fiera Milano Group

### RISK MANAGEMENT IN THE FIERA MILANO GROUP - THE INTEGRATED RISK MANAGEMENT MODEL

The Fiera Milano Group adopts a structured, integrated risk analysis and management process at Group level, inspired by internationally recognised Enterprise Risk Management (ERM) standards. Based on a risk mapping and quantification method directly involving the Group's management in a capacity as risk owner, the Fiera Milano Group's ERM process supports, on the one hand, the assessment, definition and planning of company objectives and strategies, and on the other, the correct implementation of the following activities, through their integration in company planning and management processes:

- the systematic and proactive identification of risks the Group is exposed to;
- the advance assessment of potential negative effects on required performance and the likelihood of occurrence of the risks identified;
- the definition and implementation of a risk response which is consistent with the company's risk appetite, considering the level of maturity of the existing Risk Management system;
- monitoring of the effectiveness of the risk response and evolution of exposure, over time.

The results of this ERM process are periodically notified to the Control and Risk Committee, Board of Statutory Auditors and Board of Directors, and are used by the Internal Control department to prepare the annual risk-based audit plan.

The organisational and procedural supervision of the ERM process is guaranteed by the Risk Management department, which is responsible for the correct operation of the overall process to manage company risks and operates based on the ERM Policy, which governs the roles and responsibilities for identifying, measuring, managing, monitoring and reporting the corporate risks of the Fiera Milano Group.

During 2019, risks with potential environmental, social, reputational and health and safety impacts (ESG risks) were added to the Enterprise Risk Management process. Sustainability risks are risk events that may affect the attainment of the Group's sustainability objectives, in the five areas covering environmental, social and personal aspects, human rights and the fight against corruption. The addition of ESG (environmental, social and governance) risks in the ERM process will allow for a management of these risks which is more structured and proactive, with positive effects on safeguarding the Group's sustainability objectives.

The main risk factors and uncertainties to which the Fiera Milano Group is exposed, that have emerged from the aforementioned process, are described below, taking into account the business sector in which it operates and the characteristics of the business model it uses. An account of Group policies to manage and mitigate the risks described is given where necessary.

## 1. RISKS RELATED TO EXTERNAL FACTORS AND STRATEGIC RISKS

### Risks related to the general economic environment, to the development of and competition within the exhibition market

The Group's income and financial results are related to the trend of the economic cycle and/or macro-economic aspects, both general and specific, of the reference sector; moreover, the group is exposed to the risk that its leadership position on the domestic market may be affected by tougher competition or by new operators entering, that could have a negative impact on the Group's market position.

The macro-economic context at global level is currently affected by a number of uncertainties, including (i) international tensions also caused by trade wars making the geopolitical scenario volatile, (ii) Great Britain's departure from the European Union, which has now become effective, but with details still to be defined and (iii) the spread of Coronavirus, of which the effects on global economy overall still have to be reliably quantified.

As regards the Euro zone<sup>4</sup>, the latest estimates available predict GDP growth to halve in 2020, from 1% to 0.5% due to the effect of Covid-19, slowing down compared to +1.5% in 2019.

Italy<sup>5</sup> grew by +0.2% in 2019, but after 4 quarters of slowly rising growth, GDP fell by 0.3% in the last part of the year. Based on the latest estimates of S&P, GDP in Italy is expected to drop in 2020, due to Covid-19, compared to a previous growth estimate of 0.4%; Italy has therefore confirmed its position as trailing behind other European countries in its development.

Against a backdrop that is not positive for our country, exports increased by 2.3% in 2019, driven above all by the food, pharmaceutical and textile/clothing industries, in a context not yet affected by the Coronavirus.

This positive trend in exports clearly benefited the exhibition sector overall, thanks to the appeal of the Italian exhibition market for the country's robust production sectors (furniture, food, instrument mechanics and fashion).

On the domestic front, figures for 2019 published by CFI, the Confindustria agency for the exhibition sector, referring only to events organised by its members compared to previous editions, were stable in terms of rented floor space: the number of exhibitors increased overall by 4%, with the number of Italian exhibitors going up by 3% and international exhibitors by 7%, while the same trend was not noted for visitors, who recorded only a slight increase in 2019<sup>6</sup>.

In particular, for Fiera Milano, some surveys<sup>7</sup> highlight how Italian exhibitors are dynamic on foreign markets, in terms of turnover and number of countries they operate in: the number of exhibitors at Fiera Milano exhibition sites that realise over 50% of their turnover through exports is still high, and in 2019, this figure was steady at 44%, compared to 30% in the pre-crisis reference year (2007). At national level, manufacturing companies exporting their production amounted to around 25% on average, while exhibitors at Fiera Milano that export totalled 92%; the main export countries are Germany, France and the US.

The global exhibition market continues to be fragmented as a whole, although a shift towards consolidation has been noted in recent years, also following some large-scale M&A transactions, which have changed the international panorama and the ranking of major players in the industry (e.g.: the acquisition of UBM by Informa, the acquisition of *Ascential Events* by ITE and the acquisition of Mack Brooks by Reed Exhibitions). Transaction multiples are currently very high and this intense M&A activity will continue in both the short and mid-term, reflecting the considerable interest that private equity funds are showing in the exhibition industry, attracted by a sector that continues to grow at global level, represented by high added-value B2B services and characterised by high cash flows.

<sup>4</sup> S&P, March 2020

<sup>5</sup> European Commission, Winter 2020 Economic forecast, February 2020; ISTAT, monthly industrial production figures, February 2020

<sup>6</sup> Newsletter CFI, Congiuntura fieristica italiana, January 2020

<sup>7</sup> Source: Fondazione Fiera Milano Research Unit

In this scenario, the objective of Fiera Milano Group is to achieve long-term sustainable growth with a view to maintaining its leadership position in Italy and increasing its presence and competitiveness at international level. It continues to be committed to pursuing the strategic direction established in the 2018–2022 Plan, focusing on four major strategic lines: (i) development of the portfolio of third-party events and congress business; (ii) the enhancement of services; (iii) the strengthening of directly organised events; (iv) the expansion of international business. It is in this context that technological and digital transformation is taking place (Smart District and Digital Signage), as a powerful enabler for achieving the objectives described.

### Risks connected with climate change

A growing awareness at international level of the consequences of climate change, with a broad-ranging impact expected on ecosystems, the economy, human health and wellbeing, calls for companies to also assess the potential impact on their business which they might have to face in the medium/long-term. Extreme weather events and natural disasters expose the Group to the risk of damaging assets and infrastructures, that could affect the proper running of exhibitions and congresses, forcing the Group to suspend or interrupt its activities, with negative consequences in financial and reputational terms. During 2019, the Group analysed the potential impact of extreme natural events, such as flooding, earthquakes, snow, etc. on its infrastructures identifying a low exposure to these risks overall. To deal with these events, the Group adopted a “Crisis management” system in 2019, overseen by an interfunctional Crisis Team, which adopts operational measures in the case of extreme crisis events, including the management of internal and external communication.

The Group also has adequate insurance cover (Property Damage and Business Interruption) as part of the Group All Risks Property policy.

### Risks of terrorist attacks

The exhibition and congress sites managed by Fiera Milano Group are considered a target at risk of potential terrorist attacks, given the high number of people that may be present at peak exhibitions and the consequent media attention that an event of this nature would attract. The potential negative repercussions are assessed as high in terms of damage to buildings, harm to people and the fact that it would consequently be impossible to operate, while the probability of this happening is considered low.

To this end, the Group has for some time had an effective security system for access management; more specifically, also following the recommendations of the competent authorities and consulting with them, the Group has raised the levels of security and access control to the areas where exhibitions take place by introducing security controls based on those conducted at airports (security checks at entry points using scanners for bags and metal detectors for people), adopting preventive measures in collaboration with the police, and protecting pedestrian areas by placing road blockers and concrete barriers that prevent vehicle access.

In addition, under the current “All Risks Property” insurance policy, insurance cover is in place for damage to insured property as a result of terrorist attacks. The policy also has a Section for Indirect Damage – Business Interruption, covering all loss of earnings as a result of a terrorist attack.

### Risks from events being cancelled and/or suspended due to Covid-19

The Covid-19 (Coronavirus) epidemic, which has affected China since January 2020, particularly the city of Wuhan and Hubei province, has meant that the Chinese authorities have had to take measures to curb contagion, including severe restrictions on the movement of vehicles and people. As a result, some exhibitions in China have been cancelled as instructed by the government authorities, including, for example, GIFT–International Tourism Gaungzhou, a tourism trade fair scheduled for February 2020 organised by HMFS – Hannover Milano Fairs Shanghai, a joint venture in which the Fiera Milano Group holds a 49% stake, while other events have been postponed (e.g.: Domotex Asia/Chinafloor). At present, we cannot rule out that other events organised by the aforementioned joint venture may be cancelled or at any rate postponed to another date or location, with relative financial impacts due to lost revenues, margins or the impossibility of recovering costs already incurred; the extent of the potential risk will largely depend on the time it takes to contain the epidemic.

Plus travel restrictions on the Chinese population could have serious impacts on Chinese professional operators (exhibitors, buyers, visitors, congress participants), attending events in European countries. As regards the exhibition and congress industry business managed in Italy, and the international spread of the Coronavirus, which reached Italy in the second half of February 2020, and consequent containment measures (in particular restrictions on gatherings of people), issued by the authorities to protect public health, the Group's calendar of exhibitions and congresses, like other national and European operators, has changed, with some events suspended or postponed. Despite nearly all postponed events being rescheduled in 2020, financial impacts cannot be ruled out, also as a result of further changes to the exhibition and congress calendar, which at present can only be quantified with a high level of uncertainty. For additional information on Covid-19, reference is made to the section "Subsequent events" of the report on operations.

### **Cyclical nature and seasonality of the exhibition industry**

Exhibition and event organisation, by its nature, is subject to seasonality and demand cyclicity, both of which are particularly relevant to the Italian and European market; the latter is characterised by the almost total absence of exhibitions in the summer months, and by the presence of biennial and multi-annual exhibitions. This seasonality has a significant impact on the distribution of the Group's revenues and margins, which is exposed to the risk of having non-optimal saturation levels of exhibition and congress facilities in order to achieve the expected profit margins.

To date, the strategies pursued by management to counteract this risk include: (i) enhancing the portfolio of hosted exhibitions, (ii) consolidating own events, also through M&A, (iii) internationalising events (in terms of exhibitors and visitors, also through so-called "geocloning", which could lead to greater stability of revenues and profit margins over a single year and also between odd and even-numbered years.

### **Risks connected to the Group's dependency on the exhibition business**

At present, several Group Companies are highly dependent on the performance of the exhibition and congress businesses, specifically Fiera Milano Media SpA, Nolostand SpA and Mico DMC Srl, whose businesses are currently still mostly captive in terms of the Group's portfolio of exhibitions and congresses.

To address this dependency and the inherent risks it poses to the business of the aforementioned Companies, the Group has launched measures to mitigate the potential negative effects on its consolidated results. In particular, Fiera Milano Media SpA is following a development strategy to build and consolidate non-captive commercial strategies by stepping up its Digital Publishing activities and expanding the high-level training area (education segment) by launching new products. Mico DMC develops non-captive business lines, such as corporate events, and provides DMS services directly to exhibitors, for own and third-party exhibitions, leveraging its expertise in the exhibition sector in managing buyers and organisers, and to this end it has its own dedicated Business Development unit.

For Nolostand SpA, this risk factor is ingrained in the organisational operating model the Group has selected and adopted for Nolostand SpA, whose operations are nearly entirely captive in relation to the exhibition and congress business developed by the Group. Specifically, its commercial offering is managed by Fiera Milano SpA facilities during (i) the sales stage, through the Value Added Services department – commercial area, and (ii) the planning and cost estimate stage, through the Sales and Services Provision department – technical area, while the contract stage is managed by the operating area (engineering, logistics and worksites) of Nolostand.

## 2. OPERATIONAL RISKS RELATED TO PROCESSES AND THE ORGANISATION

### Risks related to the loss of key events and the repositioning of exhibitions

Despite the high number of events organised and hosted at the exhibition sites, the use of a significant part of the exhibition space, and relative revenues and margins, is linked to a limited number of specific events, both organised and hosted (Salone del Mobile, Eicma Moto, Mostra Convegno Expocomfort, Host, Homi, Tuttofood, Innovation Alliance). Therefore, it is possible that these events could record a negative performance, which would affect their continuity over time, or that they could move (for hosted events) to other exhibition sites, with a consequent negative impact on the Group's results.

To address these uncertainties, the Group has drawn up plans of action with a view to reducing its risk exposure; in particular through (i) a strategy to expand the main directly organised exhibitions (Host, Tuttofood and Homi) with the objective of increasing penetration in the trade sectors represented (ii) the expansion and optimisation of the portfolio of services (e.g.: customised fittings, destination management services) to propose to the organisers of hosted exhibitions and exhibitors (iii) the launch of the «Smart District» and «Digital Signage» projects (digital transformation of the exhibition infrastructure), which when completed, will enable the Fieramilano site in Rho to count on distinctive characteristics with a technological appeal that the competition does not have.

Furthermore, with regard to the weak situation seen in the recent past in terms of the reference markets – or of some segments – there appears to be a need to reposition several own events (e.g.: HOMI and BIT), for which measures such as a change in the organisational format, changes in dates and/or locations, spin-offs or additions of new trade sectors have already been fully or partly introduced, with a consequent greater risk of exposure to the under-performance of these events and relative repercussions on expected results, both in the short and the medium/long-term. This risk is mitigated by creating cross-functional teams, with specific skills in the businesses in question, able to provide support to the business units in developing repositioning projects, by analysing competitive scenarios and market trends.

### Cyber risk

The growing use of network-based technologies and business models that enable sensitive information to be sent and shared through virtual spaces (e.g.: social media, cloud computing) has created IT vulnerability and therefore cyber attacks, which have become increasingly more frequent and sophisticated, also regarding changes in the reference context. These attacks can cause delays in business dealings, a temporary or prolonged interruption to activities, the loss of data, personal data breaches with relative requests for compensation, and ensuing financial and reputational harm.

To address these risk factors, the Group has developed a number of controls, described below. Physical prevention and protection measures for the network are in place, including firewalls, intrusion detection systems and the daily back up of all data. The Group's IT Security department systematically carries out vulnerability assessments and penetration tests on systems considered the most critical to prevent possible breaches and, together with the Group ICT department, it has started a number of projects to strengthen cybersecurity for network protection, digital identity and logical access, data, email and endpoints. During 2020, a Security Control Centre (SOC) will be set up, managed by a team of cyber experts, to provide specific support on cybersecurity.

The Group has also adopted a number of IT Security policies and procedures, including its cybersecurity management policy, its procedure on data breaches, its policy to manage data security in relations with third parties and policy to classify and manage information.

In organisational terms, the Group adopted a «Crisis management» system in 2019, managed by an interfunctional Crisis Team, which puts in place operational measures to adopt in the case of extreme crisis events, including the management of internal and external communication.

Lastly, specific periodic training is given to Group employees, including training sessions on «phishing», to increase awareness among company personnel of recognising this specific type of cyber attack.

On the insurance front, a policy to cover cyber risk was taken out in the first half of 2019.



### Risks connected with reliance on key personnel and change management

The Group relies to a considerable extent on the professional contribution of key personnel and staff with a high level of specialisation, chiefly including (i) members of top management and (ii) exhibition directors, who are responsible for organising single events, based on their specialist professional skills developed in the reference markets of the exhibitions organised; The Group is therefore exposed to the risk of not managing to retain or attract resources with suitable characteristics to carry out its activities and support its strategies, or to the risk of employees currently hold key positions or specialist personnel leaving their posts.

Moreover, with the Digital Transformation process in progress and the growing importance of digital technologies in the Group's growth strategies, there is a potential risk of inadequate change management, i.e. the inability to manage organisational change with negative repercussions in terms of achieving set goals, and a risk of inadequate know-how, in terms of the inability to develop or gain adequate skills, knowledge and technical abilities in order to create value for the Group.

To manage potential problems arising from these risk factors, the Group introduced a PLM – Performance and Leadership Management – system to assess the expertise of its personnel: the purpose of the system is to promote the achievement of strategic business objectives and assess expected conduct based on a leadership model that represents the Fiera Milano Group. The relative incentive plans aim to enable the Group to boost the development and loyalty of its personnel and key internal expertise, ensuring a better coordination/exchange and sharing of know-how.

A medium/long-term incentive plan has also been adopted based on a mixed cash and performance share structure. The aim is to refer the incentive process of the Group's managerial staff and key personnel to the actual results of the Company and develop policies to attract and retain talented professionals. In addition to Executive Directors and Executives with Strategic Responsibilities, the Plan is also for some key managers.

During 2019, a succession & management continuity plan was launched, to identify potential successors for key positions within the Group. The plan involves identifying high-potential resources, able to replace the managers of some strategic Group areas, in the future, through training and skills development plans.

Lastly, as regards change management, an early, voluntary retirement scheme was adopted in 2019, with the aim of promoting generation turnover and the introduction of new skills, including digital, to support the digital transformation that will involve the entire Group in technological terms to support business processes and the company's operation. In this regard, continual efforts have been made to source the best professionals to join the group, in terms of specific skills (a fit with the positions to be held), and adequacy and cultural fit (to support the change). The change and re-skilling needs will also entail considerable investment in training, in line with company objectives.

### Risks relating to undeclared working practices in the Group's supply chain

The service suppliers used by the Fiera Milano Group operate in labour-intensive sectors (e.g. cleaning, stand-fitting, security and catering) and pose a medium/high risk of exposure to undeclared working practices.

However, the actual likelihood of engaging suppliers with undeclared working practices is considered to be low, based on the numerous organisational and procedural controls adopted by the Group, which it has developed and puts in place (i) when selecting suppliers, to qualify them in terms of reputation and economic/technical requisites, with consequent registration in the Group's suppliers list, and (ii), in the field during access controls (checks on people entitled to have access, overseen by the Security Department) and the performance of contract services (first-level checks by the requesting department and second-level checks by the Supplier Quality department).

It should be noted that i) the Code of Ethics of the Fiera Milano Group includes basic policies regarding illegal work and child labour ii) the current Model 231 has a special section on crimes relating to the employment of illegally staying third country nationals and a special section on crimes of illicit brokering and labour exploitation and on the prevention and monitoring of the aforementioned crimes.

During 2019, Fiera Milano adopted an additional control of the access badges for suppliers with a higher number of workers, thanks to the use of an entrance database managed by the Security department, in order to check people present in the authorised subcontractor area, based on the contract awarded to the suppliers and/or service provider.

In June 2019, Fiera Milano signed a Memorandum of Understanding with the Milan Prefecture and some social partners on prevention and protection in the workplace for the exhibition sites managed by Fiera Milano. In line with the strategy already adopted, this Memorandum aims to tackle the problem of illegal employment through sharing information to consolidate the ability to take action and adopt prevention, also through a permanent Observatory being set up in February 2020 to foster as far as possible a culture of legality.

### **Risks linked to potential repercussions from a lack of transparency and integrity of counterparties**

There is a potential risk that transactions lacking transparency with counterparties may develop into illegal behaviour such as, for example, corruption, compromising the Group's reputation and integrity, also considering its media exposure.

To protect itself from this risk and the potential negative effects on its reputation and integrity, the Group has prepared and implemented a broad system of organisational and procedural safeguards that combat both active and passive corruption.

On a procedural level, the Code of Ethics forbids corrupt practices, unlawful bribery, collusion, and requests, direct and/or through third parties, for personal or career advantages either personal or on behalf of others. The current Model 231 has two specific sections covering corruption: one for crimes committed against the Public Administration and one covering private-to-private corruption, which illustrate the potential types of crime and the relative control protocols to safeguard the sensitive areas in question. These control protocols are part of specific company procedures, of which the most significant concern Procurement. In addition, each customer and supplier, and more generally all third parties, are informed about the Model 231 and the Code of Ethics of Group companies, insofar as specific clauses are included in contracts, in which the counterparty undertakes to comply with the principles in Legislative Decree 231/2001 and in the Code of Ethics.

The Group has also adopted a procedure to manage gifts, donations and sponsorships.

As regards foreign subsidiaries, guidelines were issued for them in 2019 on Anti-Corruption controls, as well as a Compliance Programme, adopted by the Brazilian company CIPA and the South African company Fiera Milano Exhibition Africa; in the first half of 2020, a risk assessment was conducted by dedicated departments, to assess whether additional controls needed to be included in the company's procedures, in order to fully implement the provisions of the above guidelines.

To ensure the autonomy of buyers in the Procurement department, procedures in effect include a rotation system for the buyers, also depending on the importance of the goods/services being purchased, for new and different categories of supplies. A similar job rotation system was introduced for employees having contact with suppliers of medium/high risk services whereby they rotate their positions at intervals depending on their seniority within the organisation for operations staff, and at longer intervals for positions in which the managerial component prevails over the operational one.

Employees also attended training courses specifically dedicated to the topics in question, both in the classroom and using e-learning techniques.

Lastly, through the whistleblowing procedure, the process of receiving, analysing and processing whistleblowing, including information reported anonymously or in confidence, made by third parties or Fiera Milano Group personnel, was regulated. The procedure envisages a specific internal committee (Whistleblowing Committee) which is tasked with verifying reported information indicating illegal facts and/or conduct. The committee is assisted in this task by the Supervisory Body, in the event of reported information regarding illegal matters related to Legislative Decree 231/2001.

### 3. LEGAL/COMPLIANCE RISKS

#### Risks connected to the legal framework on health and safety

The activities carried out by the Group, in particular at exhibition and congress sites, and the number of people (employees, suppliers, exhibitors, visitors, congress participants, stand fitters, etc.) who transit and operate there, expose Group Companies to the risk of accidents or breaches of occupational health and safety laws (Consolidated Act 81/2008). If laws on occupational health and safety were infringed, the Group could be subject to significant administrative penalties, or, in the case of injury, it could be exposed to litigation with possible negative implications for its financial situation, and reputation.

The Group also makes extensive use of suppliers for services connected to the exhibitions, covered by specific laws governing contracts. Although the Fiera Milano Group does not have any relationship with workers of contractors, Group companies could be held jointly responsible with the contractors for the payment of social security contributions for workers carrying out the contracts. Therefore, the Group is exposed to the risk of administrative penalties (also pursuant to Legislative Decree 231/2001) and the interruption of its activities due to breaches of relevant laws, including laws on occupational health and safety, on remuneration and social security payments by contractors, and on unauthorised sub-contracting.

In order to mitigate the potential negative effects of the above risk factors, in addition to contractual protection mechanisms, the Fiera Milano Group has adopted a number of procedural and organisational safeguards of various types, which include:

- monitoring the supplier selection process, with controls of technical/professional eligibility and a focus on occupational health and safety;
- preparing the Interference Risk Assessment Report (DUVRI) and aligning procedures concerned, in order to comply with Legislative Decree 81/2008;
- systematically updating Model 231, including the Special Section on Occupational Health and Safety;
- preparing and updating the Health, Safety and Environment Action Plan (PASSA), which contains the programme of measures considered appropriate or necessary to guarantee the improvement of health and safety levels over time;
- adopting and giving to suppliers and exhibitors "Technical Regulations for Exhibitions", which contain the rules which exhibitors and suppliers must observe in their activities;

Lastly, in June 2019, Fiera Milano signed a document with the Milan Prefecture and Health Protection Agency, ATS, on «guidelines for the organisation of occupational safety at exhibitions in Fiera Milano SpA's exhibition sites», which require compliance with the legal obligations contemplated in Legislative Decree 81/08, and set out a number of additional undertakings for the parties, including some for Fiera Milano in a capacity as site manager, organiser, principal and contractor.

### Administrative liability of entities pursuant to Legislative Decree 231/01

The Group is exposed to the risk of penalties from a possible assessment of its own Model 231 considered to be inadequate. Legislative Decree 231/2001 establishes the administrative liability of entities as a consequence of some crimes committed by directors, senior executives and employees in the interest and to the benefit of the entity. However, the decree exonerates the entity from this liability if it can demonstrate it has adopted and effectively implemented an organisational, management and control model (Model 231), suitable for preventing the commission of the crimes contemplated. The adoption of Organisational Models does not rule out, per se, the imposition of penalties contemplated in Decree 231/2001. In fact if a crime is committed which involves the administrative liability of the Company pursuant to Legislative Decree 231/2001, the Judicial Authorities are required to assess these models, and their actual implementation. If the Judicial Authorities consider the models adopted as not being suitable for preventing the crimes that have occurred, or as not being efficiently implemented, or consider the monitoring of the model's functioning and compliance by the dedicated body as insufficient, bans would be imposed in any case on the Company, *i.e.* a ban on dealing with the Public administration, or fines would be imposed, with consequent negative effects on operations, prospects and the Group's financial situation, as well as its reputation.

To meet the requirements of this Legislative Decree, Group companies subject to the legislation have adopted their own Organisational and Management Models that are constantly monitored and updated. In 2019, activities continued to update the Models of Group Companies, overseen by the Parent Compliance department, in order to implement legal developments and changes in the organisational structure of the companies. Training on the Model was also held for most employees.

As regards foreign subsidiaries, that are not subject to Legislative Decree 231/2001, the parent issued guidelines for them during 2019 on Anti-Corruption controls and a Compliance Programme, which were adopted by the Brazilian company CIPA FM and the South African company Fiera Milano Exhibition Africa; in the first half of 2020, a risk assessment was conducted by dedicated departments, to assess whether additional controls needed to be included in the company's procedures, in order to fully implement the provisions of the above guidelines.

### Risks connected to third-party liability

In carrying out the activities of the Fiera Milano Group, unforeseen damage could occur to property or harm to persons at the Group's exhibition sites. The simultaneous presence of several workers with different contracts (employees, external suppliers that have contracts with the Group and/or sub-contractors of other operators, etc.) could also make it difficult to attribute responsibility in case of damage to property or harm to persons, with potential consequences for the business of the Company and its image.

At an organisational and procedural level, each function managing activities with impacts on health and safety must carry out their activities in the difference stages concerned (e.g.: stipulating contracts, maintenance operations, control of exhibition site areas, employee training, assignment of spaces, etc.). Fiera Milano has also set up an internal unit (Exhibition Safety) with responsibility for coordinating different internal and external (ATS) entities involved as regards event safety, ensuring compliance with applicable procedures. Lastly, specific third-liability insurance policies have been taken out.

### Compliance risk regarding data protection

As part of its activities, the Group processes personal data, including special data, of natural persons (e.g. employees, customers, suppliers, etc.) and is therefore required to comply with provisions in Regulation (EU) 2016/679 ("GDPR"), and any other applicable national and/or EU provision on privacy, including provisions of the Data Protection Authority. The Group is therefore exposed to the risk that procedures implemented and measures adopted on personal data protection are not entirely sufficient, and/or necessary safeguards for privacy, with reference to different areas of activity, are not correctly implemented, at an organisational level, which could result in a breach of GDPR obligations and related penalties being imposed: (i) administrative penalties up to Euro 20,000,000 or up to 4% of global annual turnover in the previous year, if higher; (ii) the risk of possible orders on processing methods, that could impact the ordinary management of activities (e.g. data blocking); and (iii) the risk of possible criminal sanctions imposed in accordance with Italian privacy laws. At present, the Group has adopted its own privacy structure, based on new provisions set out in the GDPR, adopting the documentation requested by this Directive. In terms of procedural safeguards, Fiera Milano has adopted a data breach procedure and a data protection policy. It has appointed a Data Protection Officer (DPO) and identified Privacy Officers within various company departments, who have been given specific responsibilities related to personal data processing in their own departments. Activities continued to map personal data processing, to compile the records required by Article 30 of the GDPR. Lastly, training was given to employees on the basic concepts of the data protection regulation and sessions were held dedicated to the obligations of Data Protection/Privacy Officers.

## 4. FINANCIAL RISKS

For details, reference is made to the section on the disclosure of financial assets and liabilities, as required by IFRS 7, in the Notes to the Consolidated Financial Statements.

## Non-Financial Statement

*"To meet the requirements of Article 5, paragraph 3, letter b of Legislative Decree 254/2016, the Company has prepared the Consolidated Disclosure of Non-Financial Information, which is a separate report. The 2019 Consolidated Disclosure of Non-Financial Information, prepared in accordance with GRI Standards, is available on the Group website.*

## Significant events after the end of the year

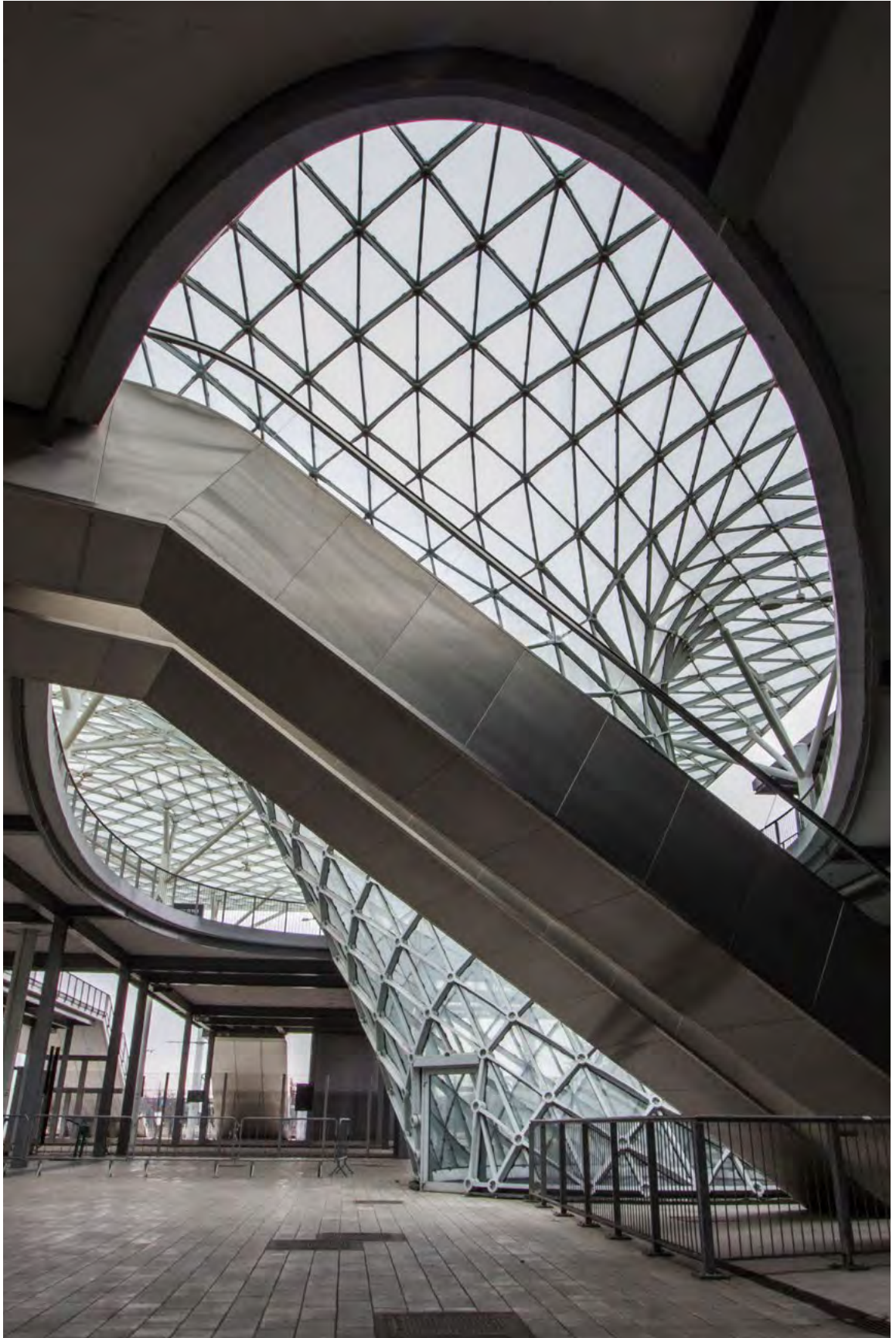
The Covid-19 (Coronavirus) epidemic, which has affected China since January 2020, has meant that the Chinese authorities have had to take measures to curb contagion, including severe restrictions on the movement of vehicles and people. As a result, the calendar of exhibitions organised by Hannover Milano Fairs Shanghai, a joint venture company, has undergone some changes with the cancellation, at the time of writing, of a single exhibition and the postponement of several others, some of which until dates currently being defined.

As regards the subsequent spread of Coronavirus in Italy a government decree has ordered, among other measures, a lockdown on exhibitions until 3 April 2020. In the meantime, the Company, in partnership with third party organisers, has already rescheduled the main exhibitions planned for the early months of the year to later dates. For example, Salone del Mobile, initially scheduled for April, will be held from 16 to 21 June 2020, and Mostra Convegno Expocomfort, initially planned for March, will be held from 8 to 11 September 2020.

## Business outlook

Due to the epidemiological emergency, first in China and then in other countries, including Italy, some exhibitions scheduled for the early months of the year have been postponed to ensure that they can take place. The Company will continue to monitor the evolution of the epidemiological situation and the ongoing booking of exhibition spaces, also in cooperation with third-party organisers.

Based on the current exhibition calendar, the Company confirms the 2020 target of EBITDA in the range of Euro 71-75 million, already communicated to the market, implementing all possible measures to ensure the achievement of the target.



# Income and financial performance of Fiera Milano SpA

## INCOME PERFORMANCE

FIERA MILANO SPA INCOME STATEMENT (amounts in €'000)	2019		2018	
		%		%
<b>Revenues from sales and services</b>	<b>230,011</b>	<b>100.0</b>	<b>196,384</b>	<b>100.0</b>
Cost of materials	459	0.2	326	0.2
Cost of services	104,158	45.3	94,324	48.0
Costs for use of third party assets	324	0.1	44,559	22.7
Personnel expenses	36,888	16.0	35,278	18.0
Other operating expenses	3,660	1.6	3,521	1.8
<b>Total operating costs</b>	<b>145,489</b>	<b>63.2</b>	<b>178,008</b>	<b>90.7</b>
Other income	5,885	2.6	5,582	2.8
Allowance for doubtful accounts and other provisions	1,922	0.8	3,453	1.8
<b>EBITDA</b>	<b>88,485</b>	<b>38.6</b>	<b>20,505</b>	<b>10.3</b>
Depreciation and amortisation	37,642	16.4	2,415	1.2
Adjustments to asset values	-	-	-	-
<b>EBIT</b>	<b>50,843</b>	<b>22.2</b>	<b>18,090</b>	<b>9.1</b>
Financial income/(expenses)	(6,375)	(2.8)	5,832	3.0
Valuation of financial assets	(9)	(0.0)	(1,996)	(1.0)
<b>Profit/(loss) before income tax</b>	<b>44,459</b>	<b>19.4</b>	<b>21,926</b>	<b>11.1</b>
Income tax	11,665	5.1	5,365	2.7
<b>Profit/(loss) from continuing operations</b>	<b>32,794</b>	<b>14.3</b>	<b>16,561</b>	<b>8.4</b>
<b>Profit/(loss) from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit/(loss)</b>	<b>32,794</b>	<b>14.3</b>	<b>16,561</b>	<b>8.4</b>

**Revenues from sales and services** amounted to Euro 230,011 thousand compared to Euro 196,384 thousand in 2018, marking an increase of Euro 33,627 thousand. The higher revenues were mainly due to the more favourable exhibition calendar in the current year, with the directly organised "Host", "Tuttofood" and "Sicurezza" events taking place, as well as the hosted "Made Expo" event, which are all biennial exhibitions held in odd-numbered years. This effect was partly offset by the absence of the European event The Innovation Alliance, and the important exhibition Mostra Convegno Expocomfort, which is held every two years.

A breakdown of sales by geographical area is not given as Fiera Milano SpA operates almost exclusively on the domestic market.



**EBITDA** amounted to Euro 88,485 thousand compared to 20,505 thousand at 31 December 2018, marking an increase of Euro 67,980 thousand. EBITDA, excluding the effects relative to the first-time adoption of IFRS 16 (Euro 42,460 thousand), increased by Euro 25,520 thousand, which is mainly attributable to the increase in revenues.

**EBIT** totalled Euro 50,843 thousand compared to Euro 18,090 thousand at 31 December 2018, marking an increase of Euro 32,753 thousand. The change, excluding the effects relative to the first-time adoption of IFRS 16 (Euro 7,239 thousand), was equal to Euro 25,514 thousand, and is mainly attributable to the performance of EBITDA.

**Net financial expenses** were negative amounting to Euro 6,375 thousand compared to a positive value of Euro 5,832 thousand at 31 December 2018. The change, excluding the impacts relative to the first-time adoption of IFRS 16 (Euro -12,501 thousand) was equal to Euro 294 thousand and is mainly due to lower average debt relative to both short and medium/long-term maturities.

The item **Valuation of financial assets** amounted to Euro -9 thousand compared to Euro -1,996 thousand at 31 December 2018 and refers to the write-down of the investment in the company Fiera Milano India Pvt Ltd. More details are given in the specific item of the Notes to the Financial Statements.

**Net profit** at 31 December 2019 amounted to Euro 32,794 thousand, after taxes of Euro 11,665 thousand, compared to a net profit of Euro 16,561 thousand after taxes of Euro 5,365 thousand in the previous financial year and reflects a negative effect of Euro 4,281 thousand due to the first-time adoption of IFRS 16.

Further details on taxes are given in the Notes to the Financial Statements.

## EQUITY AND FINANCIAL PERFORMANCE

### FIERA MILANO SPA RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(Amounts in €'000)

	31/12/19	31/12/18
Goodwill	70,144	70,144
Intangible assets with a finite useful life	11,078	6,783
Tangible fixed assets	2,417	3,026
Right-of-use assets	431,919	-
Financial assets	62,330	59,340
Other non-current assets	-	-
<b>A Non-current assets</b>	<b>577,888</b>	<b>139,293</b>
Inventories	1,088	2,786
Trade and other receivables	24,219	31,071
<b>B Current assets</b>	<b>25,307</b>	<b>33,857</b>
Trade payables	25,309	19,857
Pre-payments	38,672	41,743
Tax liabilities	2,262	1,313
Provisions for risks and charges and other current liabilities	40,100	37,070
<b>C Current liabilities</b>	<b>106,343</b>	<b>99,983</b>
<b>D Net working capital (B - C)</b>	<b>(81,036)</b>	<b>(66,126)</b>
<b>E Gross capital employed (A + D)</b>	<b>496,852</b>	<b>73,167</b>
Employee benefit provisions	4,418	4,847
Provisions for risks and charges and other non-current liabilities	7,973	3,507
<b>F Non-current liabilities</b>	<b>12,391</b>	<b>8,354</b>
<b>G NET CAPITAL EMPLOYED continuing operations (E - F)</b>	<b>484,461</b>	<b>64,813</b>
<b>H NET CAPITAL EMPLOYED asset held for sale</b>	<b>-</b>	<b>-</b>
<b>TOTAL NET CAPITAL EMPLOYED (G + H)</b>	<b>484,461</b>	<b>64,813</b>
covered by:		
<b>I Equity</b>	<b>99,373</b>	<b>75,277</b>
Cash & cash equivalents	(63,946)	(16,986)
Current financial (assets)/liabilities	43,423	6,522
Non-current financial (assets)/liabilities	405,611	-
<b>Net financial position continuing operations</b>	<b>385,088</b>	<b>(10,464)</b>
<b>Net financial position asset held for sale</b>	<b>-</b>	<b>-</b>
<b>L Net financial position (TOTAL)</b>	<b>385,088</b>	<b>(10,464)</b>
<b>EQUITY AND NET FINANCIAL POSITION (I + L)</b>	<b>484,461</b>	<b>64,813</b>

The items in the Reclassified Balance Sheet correspond to those in the Statement of Financial Position of Fiera Milano SpA.

**Net capital employed** totalled Euro 484,461 thousand at 31 December 2019, an increase of Euro 419,648 thousand compared to the figure at 31 December 2018.

**Non-current assets** amounted to Euro 577,888 thousand at 31 December 2019 compared to Euro 139,293 thousand at 31 December 2018. The increase of Euro 438,595 thousand mainly refers to the adoption of the new accounting standard IFRS 16, as well as the increase in intangible assets resulting from investments for the period.

**Net working capital**, which is the balance of current assets and current liabilities, changed from a negative figure of Euro -66,126 thousand at 31 December 2018 to a negative figure of Euro -81,036 thousand at 31 December 2019. The variation is mainly attributable to a decrease in trade receivables due to the dynamics of invoicing and inflows related to the exhibition calendar, and the increase in trade payables (to suppliers and event organisers).

Fiera Milano SpA has structural negative net working capital due to the favourable cash management cycle of exhibitions as clients make advance payment of part of the attendance fee. Furthermore, Fiera Milano SpA also manages these activities on behalf of third-party organisers and, in this way, generates positive cash flows also from renting exhibition space.

**Shareholders' equity** amounted to Euro 99,373 thousand, an increase of Euro 24,096 thousand compared to 31 December 2018. The change is mainly due to the net profit for the year, besides the payment of dividends for 2018.

**Net financial position** not including IFRS 16 lease liabilities posted net cash of Euro 50,150 thousand, compared to net cash of Euro 10,464 thousand at 31 December 2018, increasing by Euro 39,686 thousand. The increase, also considering the distribution of dividends, is due to the positive cash flow from operations.

Net debt including IFRS 16 lease liabilities amounted to Euro 385,088 thousand.

**Investments:** at 31 December 2019 totalled Euro 9,392 thousand and break down as follows:

<b>INVESTMENTS</b> (€'000)	<b>Full year at 31/12/19</b>	<b>Full year at 31/12/18</b>
Intangible fixed assets	5,760	935
Tangible fixed assets	372	496
Financial fixed assets	3,260	1,347
<b>Total investments in non-current assets</b>	<b>9,392</b>	<b>2,778</b>

**Investments in intangible fixed assets** totalled Euro 5,760 thousand and refer to the purchase of exhibition brands, the implementation of digital projects, purchases of software and software licenses with limited user rights, as well as costs incurred for activities to develop new company information systems.

**Investments in tangible fixed assets** amounted to Euro 372 thousand mainly for plant and machinery, equipment and furniture, for use in exhibitions, as well as electronic equipment and furnishings.

**Investments in financial fixed assets** amounted to Euro 3,260 thousand and refer to the acquisition of 60% of the company Made Eventi Srl, as well as equity transactions in the companies Cipa Fiera Milano Publicações and Eventos Ltda.

As regards related-party transactions with Group companies, reference is made to Note 42 in the Notes to the Financial Statements of Fiera Milano SpA.

# Fiera Milano SpA

## personnel

### COMPOSITION AND TURNOVER

The Company had 418 permanent employees at 31 December 2019 and the breakdown compared to the previous financial year was as follows:

#### PERMANENT EMPLOYEES AT YEAR END

(units)	31/12/19	31/12/18
Executives	22	22
Middle management and White collar workers	396	401
<b>Total</b>	<b>418</b>	<b>423</b>

Permanent employees decreased by five compared to the previous year.

35 employees joined the group, of whom 12 on permanent contracts, consolidating company policy to gradually recruit juniors initially taken on with other contracts, 11 to build up the corporate governance staff team, 8 to expand the marketing and operations departments and 4 employees who were first hired on contracts with other Group companies. 40 employees left the company, of whom 22 resigned voluntarily and 18 took early retirement. The personnel that left were from the marketing department and staff positions.

The overall turnover of employees, calculated as the difference between those joining and those leaving the Company as a percentage of the average number of employees, was 17.8% in 2019 compared to 11.8% in 2018.

#### MOVEMENT IN EMPLOYEES

	2019	2018
New employees	35	28
Leavers	40	21
Employee turnover	17.8%	11.8%
Internal mobility	30	80

Fiera Milano SpA employs staff on temporary contracts to manage peaks of activity related to the exhibition calendar and to start up extraordinary projects. Personnel on temporary contracts fell from 19 employees in 2018 to 26 employees in 2019.

FIXED-TERM CONTRACTS	Full year at 31/12/2019	Full year at 31/12/2018	Change
Executives	-	-	-
White collar workers	26	19	7
<b>Total</b>	<b>26</b>	<b>19</b>	<b>7</b>

Part-time employees went from 57 in 2018 to 53 in 2019, 44 of whom were horizontal part-time employees and 9 vertical part-time employees.

Employees of Fiera Milano SpA fall into three main categories:

- Executives with a managerial role.
- Middle management with specialist roles.
- Office staff and technical support staff.

Fiera Milano SpA has no manual workers as it outsources all activities for exhibition and setting-up services.

A breakdown by length of service at Fiera Milano SpA indicates the strong employee retention of the Company and confirms the figures for the previous financial year. The following table gives a breakdown of employees by length of service:

BREAKDOWN BY LENGTH OF SERVICE	31/12/19	31/12/18
< 10 years	31%	23%
From 10 to 20 years	44%	49%
> 20 years	25%	28%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## EMPLOYMENT CONTRACTS IN FORCE

### National Collective Bargaining and Supplementary Agreement

Fiera Milano SpA adopts the National Collective Bargaining Agreement for employees of companies in the tertiary, distribution and services sectors and also adopted a supplementary company contract for non-executive employees, expiring on 31 December 2018; on 15 January 2019, the new supplementary company contract of Fiera Milano was signed, valid from 4 March 2019 to 31 December 2022.

The new Contract has introduced various measures for working hours, social clauses, support for families and parents, and welfare. As regards working hours and the work organisation, the aim of the new contract is to harmonise and bring in line company organisational requirements, which are specific to the exhibition industry, with peak times and periods of less intensity, with the personal and professional needs of people, in order to promote a greater balance between professional and personal life. Moreover, new social and family measures were introduced.

Fiera Milano SpA therefore continued to focus on its employees by identifying alternative ways of enhancing their wellbeing while, at the same, containing the costs to the Company.

The success of the Corporate Welfare Plan continued in 2019; this plan incorporates benefits, personal services and services to ensure an optimum work-life balance. The Company sets aside an equal sum for each employee to use on these benefits. The "WellFair" plan is accessible on-line and permits employees to choose the services that best suit them from amongst those identified by the Company under the provisions of applicable law. It allows each individual to construct his/her own benefit package and to manage it as he/she sees fits until the credit allocated him/her has been used up.

## EQUAL OPPORTUNITIES AND NON-DISCRIMINATION

Fiera Milano SpA considers diversity and equal opportunities to be extremely important and this is expressed in its Code of Ethics, which states:

*Fiera Milano SpA offers all workers the same employment opportunities, operating in such a way as to ensure that all of them enjoy equitable treatment based on criteria of merit without any discrimination.*

*The competent functions must:*

- *adopt merit, skill, and in all cases, strictly professional criteria for any decision concerning an employee;*
- *select, hire, train, pay and manage employees without discrimination;*
- *create a work environment where personal characteristics cannot give rise to discrimination.*

*Fiera Milano Spa interprets its entrepreneurial role in the protection of both work conditions and the worker's psychological and physical integrity, respecting his/her moral personality, and preventing the latter from suffering illicit influences or undue difficulties.*

In particular, with regard to the employment of women, Fiera Milano prepares a biennial report on gender equality in hiring employees, training, promotion and other factors in order to have an overview of gender equality amongst its employees as required by Italian Legislative Decree 198 of 11 April 2006.

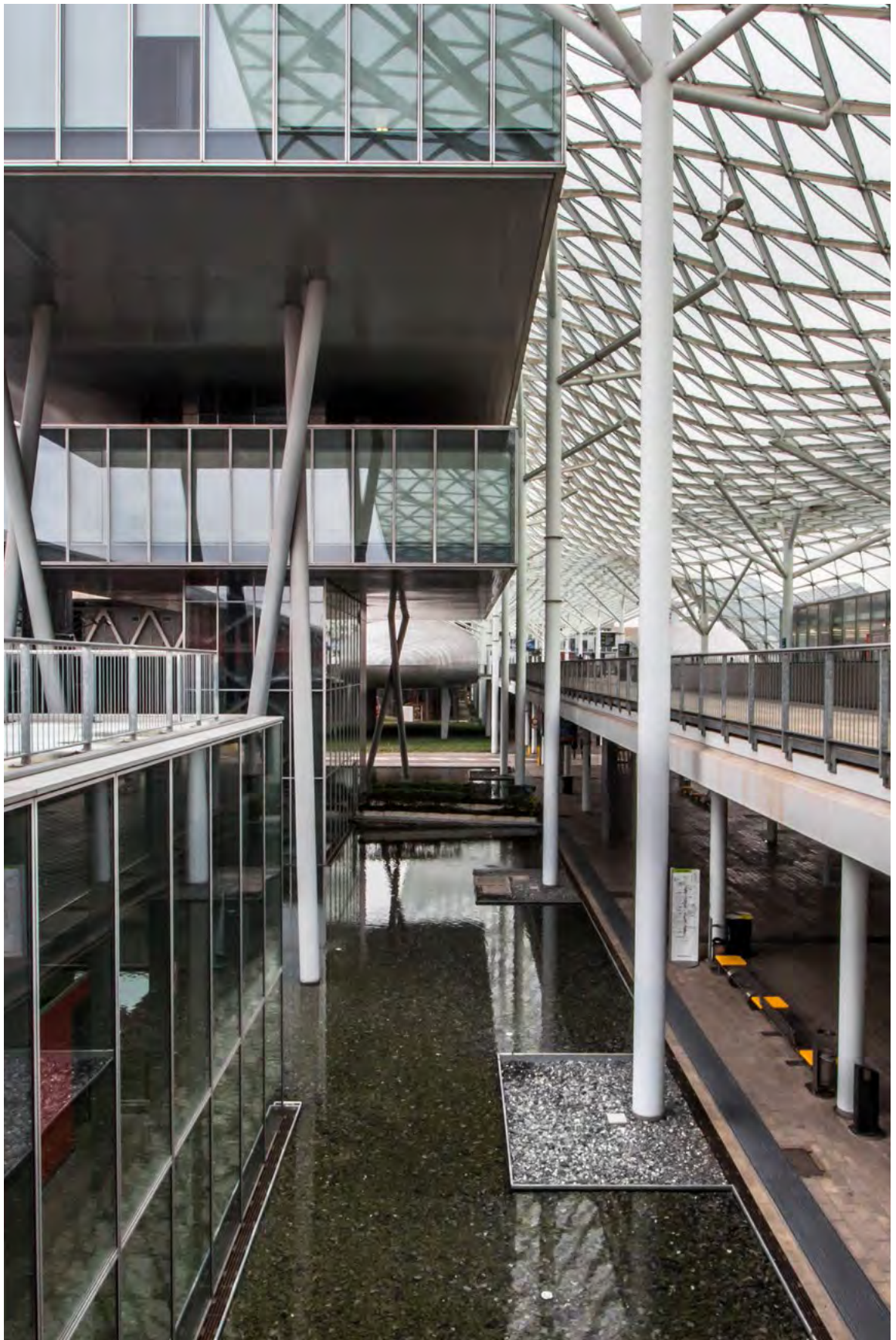
In 2019, female employees numbered 252 representing 60% of total employees.

## SAFETY

The safety of all its employees is fundamental for Fiera Milano SpA and it makes significant investments to ensure their safety. In 2019, personnel with technical roles in the Company received health and safety training.

## TRAINING

As regards the 2019 training programme of Fiera Milano SpA, reference is made to the section "Training" in the chapter "Fiera Milano Group personnel".



# Other information

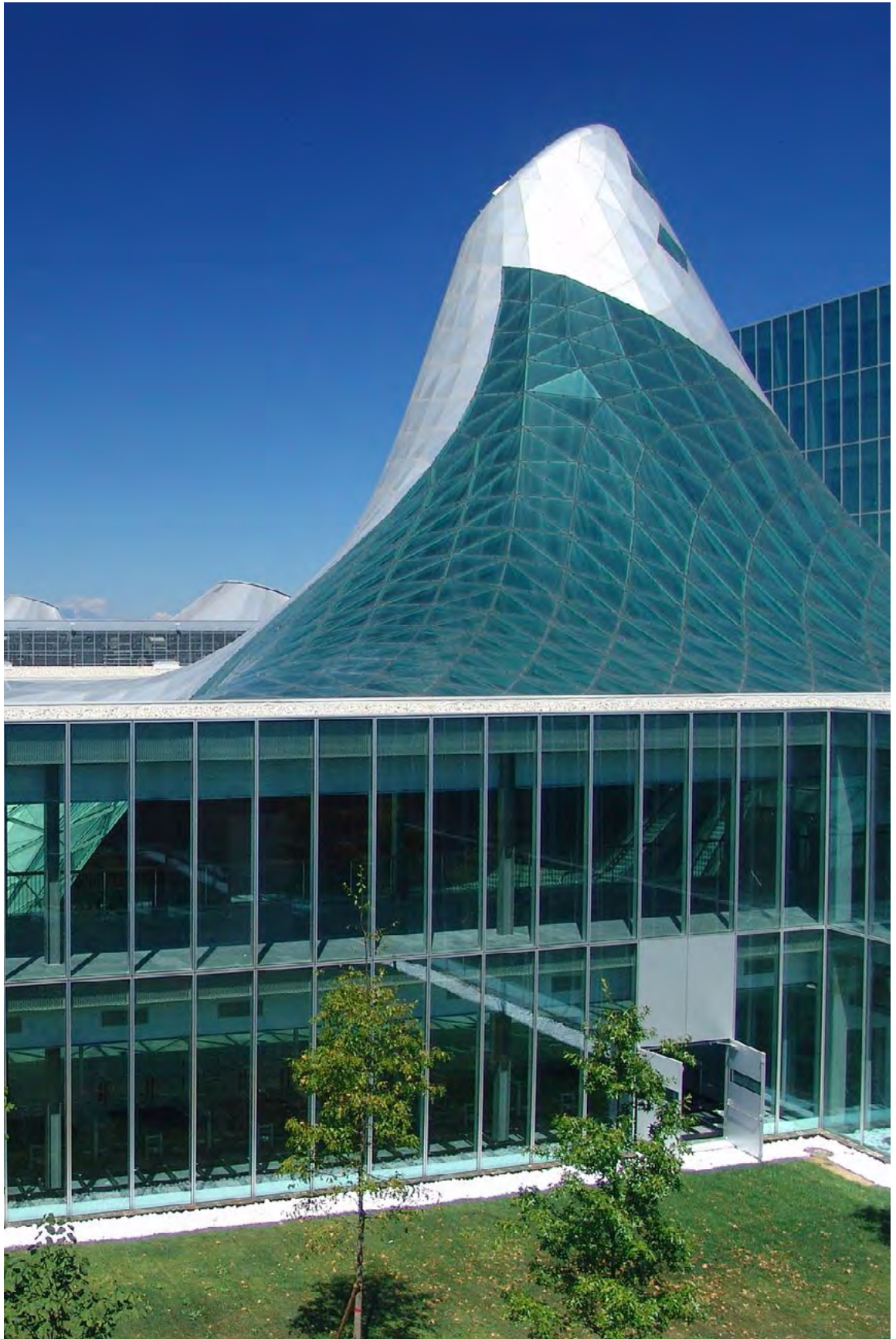
## 1. EQUITY INVESTMENTS HELD BY MEMBERS OF THE ADMINISTRATIVE AND CONTROL BODIES AND BY GENERAL MANAGERS AND EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

The table below shows equity investments in Fiera Milano SpA and its subsidiaries held by members of the Administrative and Control Bodies, the General Managers and Executives with Strategic Responsibilities, as well as by their spouses not legally separated and children that are minors, directly or through subsidiary companies, trust companies or intermediaries that appeared in the shareholders' register at 31 December 2019 or from communications received or information obtained directly from the relevant parties.

Name and surname	Position	Company in which shares are held	No, of shares held at 31.12.2018	No, of shares acquired	No, of shares sold	No, of shares held at 31.12.2019
<b>Directors</b>						
Lorenzo Caprio	Chairperson	Fiera Milano SpA	-	-	-	-
Fabrizio Curci	Chief Executive Officer	Fiera Milano SpA	-	-	-	-
Alberto Baldan	Director	Fiera Milano SpA	-	-	-	-
Stefania Chiaruttini	Director	Fiera Milano SpA	-	-	-	-
Gianpietro Corbari	Director	Fiera Milano SpA	-	-	-	-
Francesca Golfetto	Director	Fiera Milano SpA	-	-	-	-
Angelo Meregalli	Director	Fiera Milano SpA	-	-	-	-
Marina Natale	Director	Fiera Milano SpA	-	-	-	-
Elena Vasco	Director	Fiera Milano SpA	-	-	-	-
<b>Statutory Auditors</b>						
Riccardo Raul Bauer	Chairperson	Fiera Milano SpA	-	-	-	-
Daniele Federico Monarca	Standing Statutory Auditor	Fiera Milano SpA	-	-	-	-
Mariella Tagliabue	Standing Statutory Auditor	Fiera Milano SpA	-	-	-	-
<b>No. of Executives with strategic responsibilities</b>	<b>Company in which shares are held</b>		<b>No, of shares held at 31.12.2018</b>	<b>No, of shares acquired</b>	<b>No, of shares sold</b>	<b>No, of shares held at 31.12.2019</b>
Strategic Executives in charge	Fiera Milano SpA	<b>no. 1</b>	-	-	-	-

No person in the above table holds shares in the subsidiary companies of Fiera Milano SpA.





# Report on Corporate Governance and ownership structure at 31 December 2019

In this Report on Corporate Governance and Ownership Structure (hereinafter the “**Report**”), Fiera Milano S.p.A. (hereinafter the “**Company**” or “**Fiera Milano**”) provides an account of its corporate governance system, information regarding the ownership structure and disclosure on its compliance with the recommendations contained in the principles and application criteria of Borsa Italiana’s Corporate Governance Code for Listed Companies, as amended in December 2011, July 2014, July 2015 and again in July 2018 (hereinafter the “**Corporate Governance Code**”). The term corporate governance is used to identify the body of rules and procedures for managing and controlling joint stock companies. An effective and efficient business organisation model must be capable of using the correct means to manage business risks and potential conflicts of interest that can arise between Directors and shareholders and between controlling and non-controlling interests. These aspects are of even greater significance in listed companies with a wide shareholder base.

The indications given by Borsa Italiana in the “Format for the Report on Corporate Governance and Ownership Structure” issued in January 2020 and Recommendations formulated by the Corporate Governance Committee have been taken into account in the preparation of this Report.

## 1. ISSUER PROFILE

Fiera Milano, an issuer of shares listed in the STAR segment of the Electronic Equity Market (MTA – Mercato Telematico Azionario) regulated by Borsa Italiana S.p.A. (hereinafter “**Borsa Italiana**”), adopts a corporate governance system that conforms to laws and regulations and is aligned with the contents of the Corporate Governance Code.

The Company, which exercises direction and coordination over its direct subsidiaries, uses a traditional administration and control model based on the existence of a Board of Directors and a Board of Statutory Auditors.

Fiera Milano qualifies as a Small and Medium Enterprise (hereinafter “**SME**”) under Article 1, paragraph 1.w-*quater*.1 of Legislative Decree 58 of 24 February 1998 (hereinafter the “**Consolidated Finance Act**”). the capitalisation of the Company, in fact, is Euro 394,109,703 at 30 December 2019, with revenue of Euro 230,011,092 at 31 December 2019.

\* \* \* \* \*

Fiera Milano publishes a Consolidated Disclosure of Non-Financial Information, pursuant to Legislative Decree 254/2016, the “Sustainability Report”, which supplements the information contained in the Annual Financial Report, providing details of the performance and key sector indicators from the perspective of sustainability and social responsibility.

## 2. DISCLOSURE ON THE OWNERSHIP STRUCTURE (ARTICLE 123-BIS, PARAGRAPH 1, CONSOLIDATED FINANCE ACT) AT 10 MARCH 2020

### 2.1 Structure of share capital (Article 123-bis, paragraph 1.a), Consolidated Finance Act)

The paid in share capital is equal to Euro 42,445,141.00 (forty-two million four hundred and forty-five thousand one hundred and forty-one) and comprises 71,917,829 (seventy-one million nine hundred and seventeen thousand eight hundred and twenty-nine) registered shares with no nominal value.

The shares are indivisible and carry one voting right each, except in the case of treasury shares held directly and indirectly which do not have this right.

The Company has issued no other financial instruments with rights to subscribe to newly issued shares.

At 31 December 2019, the Company had no share-based incentive schemes involving an increase, against payment or free of charge, in the share capital. Pursuant to Article 114-bis of the Consolidated Finance Act, the Shareholders' Meeting of 23 April 2018 approved a new medium/long-term incentive plan called the "Performance Shares Plan 2018-2019", with a hybrid "cash" and "performance shares" structure. In relation to the contents of the Performance Shares Plan 2018-2019, please refer to the Report on the Remuneration Policy and Remuneration Paid prepared according to Article 123-ter of the Consolidated Finance Act.

## 2.2 Restrictions on the transfer of shares (Article 123-bis, paragraph 1.b), Consolidated Finance Act)

There are no restrictions on the transfer of shares.

## 2.3 Significant shareholdings (Article 123-bis, paragraph 1.c), Consolidated Finance Act)

The Company is classified as an SME and, therefore, under Article 120, paragraph 2, of the Consolidated Finance Act, the significant threshold for reporting significant shareholdings is 5%.

According to the shareholders' register and communications received pursuant to Article 120 of the Consolidated Finance Act, the shareholders who at 10 March 2020 held, directly or indirectly, shares equal to 5% or more of the share capital were as follows:

Declarant	Direct Shareholder	No. Shares	% of Ordinary Share Capital	% of Voting Capital
Fondazione E.A.Fiera Internazionale di Milano	Fondazione E.A.Fiera Internazionale di Milano	45,898,995	63.821	64.666
	<b>Total</b>	<b>45,898,995</b>	<b>63.821</b>	<b>64.666</b>
Milan-Monza-Brianza-Lodi Chamber of Commerce (formerly Milan Chamber of Commerce, Industry and Agriculture)	Parcam S.r.l.	4,689,316	6.520	6.607
	Milan-Monza-Brianza-Lodi Chamber of Commerce (formerly Milan Chamber of Commerce, Industry and Agriculture)	1	0.000	0.000
	<b>Total</b>	<b>4,689,317</b>	<b>6.520</b>	<b>6.607</b>

## 2.4 Shares with special rights (Article 123-bis, paragraph 1.d), Consolidated Finance Act)

No shares with special rights have been issued.

## 2.5 Employee stock options: mechanism for exercising voting rights (Article 123-bis, paragraph 1.e), Consolidated Finance Act)

At 31 December 2019, there were no employee stock option plans.

## 2.6 Restrictions on voting rights (Article 123-bis, paragraph 1.f), Consolidated Finance Act)

There are no restrictions on voting rights.

## 2.7 Shareholders' agreements (Article 123-bis, paragraph 1.g), Consolidated Finance Act)

There are no shareholder agreements pursuant to Article 122 of the Consolidated Finance Act.

## 2.8 Change of control clauses (Article 123-bis, paragraph 1.h), Consolidated Finance Act) and provisions in the Articles of Association regarding tender offers (Article 104, paragraph 1-ter and Article 104-bis, Consolidated Finance Act)

There are no change of control clauses pursuant to Article 123-bis, paragraph 1.h) of the Consolidated Finance Act.

As regards tender offers, the Company Articles of Association meet current regulations on the passivity rule and do not provide for application of the neutralisation measures under Article 104-bis, paragraphs 2 and 3 of the Consolidated Finance Act.

## 2.9 Mandates to increase the share capital and authorisations for the purchase of treasury shares (Article 123-bis, paragraph 1.m), Consolidated Finance Act)

In 2019, the Shareholders' Meeting gave no authorisation to the Board of Directors to increase the share capital pursuant to Article 2443 of the Italian Civil Code.

The Ordinary Shareholders' Meeting of 18 April 2019 authorised the Board of Directors to acquire treasury shares for a period of 18 months. The authorisation stipulated that (i) the maximum number of shares acquired, including those already owned by the Company and its subsidiaries, could not exceed one-fifth of shares making up the share capital of the Company, (ii) the purchase price of each share could not be higher than the greater of the highest price of the last independent transaction and the current highest independent offer price on the trading date on which the acquisition is made, whilst respecting the requirement that the unit price of the shares must not be 10% higher or lower than the reference price of Fiera Milano shares on the MTA market organised and operated by Borsa Italiana on the trading day preceding any single transaction, (iii) shares could be disposed of in one or more transactions even before the authority to acquire the shares had been completed, and (iv) the disposal price could not be lower than the lowest price at which the shares were acquired; this restriction on the disposal price does not apply if the shares are disposed of as part of a stock option plan.

The Company did not implement the aforementioned plan.

At the date of this Report, Fiera Milano directly held 939,018 treasury shares, equal to 1.31% of the share capital.

## 2.10 Direction and coordination (Article 2497 et seq., Italian Civil Code)

As approved by the General Council of its controlling entity Fondazione Ente Autonomo Fiera Internazionale di Milano on 26 July 2004, Fiera Milano has autonomous organisational and decision-making powers and is not subject to direction or coordination – pursuant to Article 2497 et seq. of the Italian Civil Code – by the controlling entity.

Any presumption of direction and coordination is negated by the fact that Fondazione Ente Autonomo Fiera Internazionale di Milano exerts no decisive influence on the long-term strategic plans or annual budgets of Fiera Milano or on its investment decisions, nor does it determine its policies regarding the acquisition of goods and services on the market, or coordinates any business initiative or activity in the sectors in which the Company and its subsidiaries or associates operate.

Fiera Milano exercises direction and control over its direct subsidiaries. At 31 December 2019, the Company exercised direction and control over: i) wholly owned companies, i.e. Fiera Milano Congressi S.p.A., Fiera Milano Media S.p.A. and Nolostand S.p.A.; and ii) the subsidiary Made Eventi S.r.l.

Direction and control activities are governed by the Guidelines on Direction and Coordination, approved by the Board of Directors of the Company in the meeting of 31 July 2019 (reference is made to §12.2).

## 3. COMPLIANCE (ARTICLE 123-BIS, PARAGRAPH 2.A), CONSOLIDATED FINANCE ACT)

Fiera Milano adheres to the Corporate Governance Code, approved by the Corporate Governance Committee of Borsa Italiana in March 2006 and amended in December 2011, July 2014, July 2015 and again in July 2018.

The Corporate Governance Code is publicly available on the website of the Committee for Corporate Governance at <https://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/codice2018clean.pdf>.

During the meeting of 11 February 2020, the Board of Directors acknowledged that the Corporate Governance Committee had given final approval and published on its website (<https://www.borsaitaliana.it/comitato-corporate-governance/news/20200131.pdf>), on 31 January 2020, the new Corporate Governance Code, that may be adopted by the company from the first financial year after 31 December 2020.

The corporate governance structure of Fiera Milano is not affected by non-Italian legal provisions.

## 4. BOARD OF DIRECTORS

The Board of Directors has a central role in the business organisation and is responsible for its activities and its strategic and operating guidelines, as well as for verifying the existence of controls necessary to monitor Company and Group performance.

The paragraph on the composition of the Board of Directors describes the current structure of the Board.

### 4.1 Appointment and replacement (Article 123-bis, paragraph 1.I), Consolidated Finance Act)

As required by law and by the Articles of Association, the appointment of members of the Board of Directors is from lists presented by shareholders who, either alone or in concert with other shareholders, hold at least 2.5% of the Company share capital, as established by the Articles of Association and by Consob Resolution 28 of 30 January 2020. The lists must be filed with the registered office of the Company at least twenty-five days prior to the date set for the Shareholders' Meeting on first call and must be made publicly available at least twenty-one days prior to this date in compliance with current regulations.

Ownership of the minimum shareholding required to present lists is based on the shares confirmed as registered to the shareholder on the day on which the lists are filed with the Company. To prove ownership of the minimum number of shares required to present lists, shareholders must submit the relative certification released by authorised intermediaries in accordance with law by the Company's list publication deadline.

Each list must be filed, by the aforementioned deadlines, with (i) information concerning the identity of the shareholders that have presented the list and their percentage shareholding, (ii) statements in which each candidate accepts the candidacy, confirming that there is no cause that would make them ineligible or incompatible and that they meet the necessary requirements for appointment under current regulations, including any independence requirements for Statutory Auditors required by law and by the Corporate Governance Code, and that they do not exceed the limit to the total number of administration and control positions held in other companies, listed or unlisted; the statements of each candidate must confirm possession of the capacity for free expression and must also include a specific undertaking from each candidate that he/she will maintain his/her ability for independent judgement free from any external influence for the entire term of office, as well as a specific undertaking to dedicate an amount of time to the position consistent with correct and diligent fulfilment of the role and not to assume other administration and control positions that violate the internal regulation of the Company regarding the limit to the total number of positions held; (iii) a professional curriculum vitae from each candidate, indicating administrative and control and executive positions currently held and those held previously.

It is also a legal requirement that at least one Director be appointed from the list with the greatest number of votes presented by minority shareholders and that is in no way connected, even indirectly, with the shareholders who presented, or acted in concert to present, or voted for the list that received the highest number of votes.

With reference to the appointment and replacement of members of the Board of Directors, the Articles of Association, in compliance with the requirements of Article 147-ter, paragraph 1-ter, of the Consolidated Finance Act and Article 144-undecies 1 of Consob Regulation 11791 approved by resolution dated 14 May 1999, and subsequent amendments and modifications (hereinafter the "Issuers' Regulation"), require that:

- the number of Directors respects the principle of gender balance, in compliance with applicable regulations<sup>8</sup>;
- the way in which the lists are drawn up and the substitution mechanisms for replacing persons during their term of office guarantee compliance with the principle of gender balance;
- the mechanisms used should the elected body not respect the principle of gender balance ensure that some or all of the last persons elected from the list that obtained the highest number of votes and that are of the gender most represented must step down to ensure compliance with the principle of gender balance, and must be replaced by the first persons that failed to be elected on the same list and belong to the less represented gender.

<sup>8</sup> Article 14.4 of the Articles of Association has been brought into line with regulatory provisions by resolution of the Board of Directors on 10 March 2020; this change is currently being published in the Business Register.

The Directors must meet the professionalism and integrity requirements according to applicable laws, failing which they will be ineligible or will have to step down from office. The composition of the Board of Directors must reflect an adequate level of diversity in terms of skills, experience, age, gender and international profile.

To co-opt Directors to the Board, the Board of Directors must ascertain in advance the optimum qualitative and quantitative composition in order to identify and ensure the correct theoretical profile (including proven and continuing professionalism and independence) of the candidates.

The majority of members of the Board of Directors must meet the independence requirements for Statutory Auditors according to current law and also the independence requirements established in the Corporate Governance Code. Independent Directors, according to their documented experience, must possess the professionalism to ensure a high level of internal discussion in the Board of Directors and to make an effective contribution to its decision-making process.

The Board of Directors assesses the existence of independence requirements: (i) on the initial appointment of a new Director qualifying as independent; (ii) on the re-appointment of all Directors qualifying as independent.

The Board of Directors will ascertain annually that the requirements for independence of Directors already appointed are still met. In all cases, an assessment that each Director classified as independent meets the independence requirements must be carried out by the Board of Directors in accordance with the principle of substance over form. Should the requirements for independence, as defined above, be found to be lacking in any independent director, he/she will forfeit the position unless at least the majority of members of the Board of Directors still meets the independence requirements. An independent Director losing their independence requirements during the term of office must immediately inform the Board of Directors. Furthermore, the independence requirement will be considered not met if a Director has already held three consecutive positions as independent director of the Company.

The complete Articles of Association are available on the Company website [www.fieramilano.it](http://www.fieramilano.it) in the section *Investor Relations/Corporate Governance/Articles of Association*.

The number of independent Directors on the current Board of Directors exceeds the legal requirements (the Consolidated Finance Act) and/or regulatory requirements (the requirements for the STAR segment of the Italian stock exchange and the Corporate Governance Code).

As indicated in the Corporate Governance Code, a Director of a listed issuer is not normally considered independent if he or she:

- a) directly or indirectly, also through subsidiaries, trusts or third parties, controls the issuer or is able to exercise significant influence over the issuer, or is party to a shareholders' agreement through which one or more parties can exercise control or significant influence over the issuer;
- b) has, or has held in the previous three financial years, a significant role (Chairman, Executive Director, executive with strategic responsibilities) in the issuer or in one of its subsidiaries of strategic importance or in a company that is subject to common control with the issuer, or in a company or entity which, also with others through a shareholding agreement, controls or is capable of exercising significant influence over the issuer;
- c) in the preceding financial year, has or had, directly or indirectly, a significant business, financial or professional relationship with:
  - the issuer, one of its subsidiaries or any member of its top management;
  - an individual who, also together with others through a shareholding agreement, controls the issuer, or – if a company or entity – is connected with any of the related top management;or who is, or in the last three financial years has been, an employee of any of the aforementioned entities;

- d) receives or has received in the previous three financial years from the issuer, or one of its subsidiaries or from a parent company, significant additional remuneration to the compensation agreed for a non-executive Director of the issuer or remuneration as member of a committee recommended in the Corporate Governance Code, including any incentive plans linked to company performance, comprising those that are share-based;
- e) has been a Director of the issuer for more than nine of the last twelve years;
- f) is an executive Director in another company in which an executive Director of the issuer is also a Director;
- g) is a shareholder or Director of a company or entity belonging to the group of the company that is appointed as auditor to the issuer;
- h) is closely related to a person in any of the situations described above.

– **Succession plans**

On March 2019, the Company approved a procedure for the succession plan for executive directors with the aim to ensure their prompt replacement in the event of termination from their office different from the natural termination of the mandate, in order to guarantee an orderly succession in the top management positions through a rapid replacement of the discontinued executive directors, thus ensuring the continuity and stability of the management.

In particular, during the year under review, the Company implemented the succession plan.

**4.2 Composition (Article 123-bis, paragraphs 2.d) and 2.d-bis), Consolidated Finance Act)**

The current Board of Directors was appointed by the Shareholders' Meeting of 21 April 2017 and the term of office will expire with the Shareholders' Meeting called to approve the financial statements at 31 December 2019.

The Shareholders' Meeting of 21 April 2017 approved a Board of Directors composed of eight members with the right to increase the number of Directors at a subsequent meeting.

On 25 July 2017, the Shareholders' Meeting increased the number of members of the Board of Directors to nine and the latter then appointed Fabrizio Curci as new Director with a term from 1 September 2017 until the expiry date for the term of office of the other Directors. The Board of Directors met at the end of the Shareholders' Meeting and appointed Fabrizio Curci as Chief Executive Officer and General Manager of Fiera Milano effective from 1 September 2017.

Therefore, the Board of Directors is currently composed of nine Directors. A brief curriculum vitae for each Director in office at 10 March 2020 giving his/her main personal and professional details, as well as a list of positions held, is given below.

- **Lorenzo Caprio**, Chairman, appointed by the Shareholders' Meeting of 21 April 2017. (**Non-executive Director** – Chairman)

Born in Milan on 19 November 1957, he graduated in Economics from Cattolica University, Milan. He is currently a tenured Professor of Corporate Finance in the Economics Faculty at Cattolica University and is also a Chartered Accountant registered in Milan and an External Auditor; since May 2007 and until 2018 he was the Chairman of the Board of Statutory Auditors of Banca ITB S.p.A. and, is currently Chairman of the Board of Statutory Auditors of Banca 5 S.p.A.; he is a member of the scientific committees of the *Journal of Management and Governance*, *Il controllo nelle società e negli enti*, *Banca Impresa e Società*, and the *Journal of Financial Markets and Institutions* and is a member of the Board of Governors of the University Centre for the social doctrine of the Church at the Cattolica del Sacro Cuore University.

- **Fabrizio Curci**, Chief Executive Officer, appointed on 25 July 2017 and in office since 1 September 2017 (**Non-independent Executive Director – Chief Executive Officer**).

Fabrizio Curci, Chief Executive Officer and General Manager of Fiera Milano, was born in Barletta on 28 November 1972.

He graduated in Economics, with a specialisation in marketing, from Bocconi University in Milan and then attended its Intensive Managerial Programme in General Management.

At FCA – FIAT Chrysler Automobiles he headed up the EMEA after sales business unit and was responsible for the international launch of the Alfa Romeo brand and for Brand Operations in Europe, the Middle East and Africa.

At Olivetti – Tecnost he held several marketing and sales roles; in the Fiamm S.p.A. group, he was involved in sales, marketing & communication, and modern distribution for the automotive division. Since 31 October 2018 he has been on the Executive Committee and Board of Directors of UFI, the Global Association of the Exhibition Industry.

In December 2018 he became Deputy Chair of AEFI – the Association of Italian Exhibitors.

- **Alberto Baldan**, Director, appointed by the Shareholders' Meeting of 21 April 2017, meets the requirements for independence under Article 148, paragraph 3 of the Consolidated Finance Act and under the Corporate Governance Code (**Independent Non-executive Director**).

Born in Venice on 21 October 1960, he graduated in Economics. He is currently Chief Executive Officer of Grandi Stazioni Retail S.p.A., Managing Director of Retail Group S.p.A. and a Board member of Illy Caffè S.p.A..

- **Stefania Chiaruttini**, Director, appointed by the Shareholders' Meeting of 21 April 2017, meets the requirements for independence under Article 148, paragraph 3 of the Consolidated Finance Act and under the Corporate Governance Code (**Independent Non-executive Director**).

Born in Este (Padua) on 11 August 1962, she has been a Chartered Accountant since 1997 and is a founding partner of the firm Chiaruttini & Associati.

For over 30 years she has exclusively practised as a Chartered Accountant and Auditor. She began her career with a prestigious Milan studio, in 1997 going on to establish Studio Chiaruttini & Associati.

Specialising in criminal economics law, market fraud and corporate crises, she has also gained experience with banks and financial institutions as commissioner, member of supervisory committees and curator appointed by the Ministry for the Economy. Since the start of her career, she has specialised in corporate crises and has been a consultant on behalf of business executives and courts, as well as judicial curator and commissioner. Since the early 1990s she has played a part in significant listed company restructurings and has prepared and assessed the financial and business plans of companies in difficulty as advisor or expert witness.

Stefania Chiaruttini has gained particular experience in the prevention of the administrative liability of companies and entities, holding numerous consulting positions for the preparation of organisational models pursuant to Legislative Decree 231/2001, and accepting appointments as member of the supervisory bodies of banking and industrial companies.

An expert in business assessment, she also works alongside magistrates and major law offices as technical consultant, has held and still holds positions as Statutory Auditor, Director and Receiver in various listed and unlisted companies and is an Official Receiver under Law 270/99 and the Marzano Law.

A speaker at congresses, university courses and post-university master's courses, in Italy and abroad, she is the author of several articles published in specialist journals.



- **Gianpietro Corbari**, Director, appointed by the Shareholders' Meeting of 21 April 2017, meets the requirements for independence under Article 148, paragraph 3 of the Consolidated Finance Act and under the Corporate Governance Code (**Independent Non-executive Director**).  
Born in Paderno Ponchielli (Cremona) on 15 November 1961, he graduated in Aeronautical Engineering from the Polytechnic of Milan in 1986. During his career, he has held increasingly responsible positions in important Italian companies that include Galbani S.p.A., Esselunga S.p.A. and Granarolo S.p.A. He is currently the Chief Executive Officer and General Manager of Pam PANORAMA S.p.A. and Chairman of the Board of Directors of Alingi S.r.l. and Real Estate Development S.r.l.
- **Francesca Golfetto**, Director, appointed by the Shareholders' Meeting of 21 April 2017, meets the requirements for independence under Article 148, paragraph 3 of the Consolidated Finance Act and under the Corporate Governance Code (**Independent Non-executive Director**).  
Born in Mirano (Venice) on 4 October 1950, she graduated in Economics from the University of Venice Ca' Foscari. She was a Visiting Scholar at Oxford University, the Said Business School and the University of Toronto, and has taught at the Universities of Turin, Venice, Toronto and Oxford. She is currently a tenured Professor of Management at Bocconi University, Milan. She is a management consultant in corporate and market strategy. She is the author of numerous international publications on management, also on the exhibition sector. She is a Chartered Accountant and Auditor and is on the register of consultants of the Milan Court for corporate valuations. She has been a member of boards of directors, both of listed and unlisted companies, of control and risk management committees, remuneration committees, and supervisory committees of companies in extraordinary administration. She is currently an independent director of Dea Capital S.p.A. and of Caleffi S.p.A.
- **Angelo Meregalli**, Director, appointed by the Shareholders' Meeting of 21 April 2017, meets the requirements for independence under Article 148, paragraph 3 of the Consolidated Finance Act and under the Corporate Governance Code (**Independent Non-executive Director**).  
Born in Milan on 17 October 1967, he holds a degree in Aeronautical Engineering from the Polytechnic of Milan and began his career holding technical and commercial roles for important multinationals in the aviation industry and industrial sector. After an MBA from SDA Bocconi, he joined Booz Allen & Hamilton, working in management consulting for the pharmaceutical, automotive and tech industries. He then went on to work for the UniCredit Group, where he spent ten years in payments and household and SME loans, with responsibility for risk management, national and international business development, and M&A. He oversaw the goodwill of two consumer credit companies in Bulgaria and Romania, for the UniCredit Group, before becoming Head of the European Division of Retail Payment Systems. In 2012 he became Managing Director of PayPal Italy. He continued his career with Fintech, holding regional and later global roles. At present, he is Head of Global M&A and Strategic Partners Go-to-Market, dividing his time between Europe and the Silicon Valley.
- **Marina Natale**, Director (**Non-Executive**), appointed by the Shareholders' Meeting of 21 April 2017. From 2 May 2017 to 31 August 2017 she was the Chief Executive Officer of the Company.  
Born in Saronno (Varese) on 13 May 1962, she graduated with honours in Economics from Cattolica University, Milan.  
She is currently CEO of AMCO S.p.A., a member of the Investors Committee of the Italian Recovery Fund (formerly Atlante II), a member of the Board of Directors of Valentino S.p.A. and of the Board of Directors of Salini Impregilo S.p.A. She has held numerous positions in Unicredit S.p.A., the last of which as Deputy General Manager after being appointed CFO in 2009 and having managed the most important external growth operations of the Group.

- **Elena Vasco**, Director, appointed by the Shareholders' Meeting of 21 April 2017, meets the independence requirements pursuant to Article 148, paragraph 3 of the Consolidated Finance Act and the Corporate Governance Code (**Independent Non-executive Director**).

Born in Hartford (USA) on 31 December 1964, she graduated with honours in Economics in Naples in 1989 and in 1991 received a Master's in Economics from Northeastern University, Boston.

She has been the General Secretary of the Milan-Monza-Brianza-Lodi Chamber of Commerce since May 2015 and has worked there since 2009. Prior to that, from 1992 to 1997, she worked in Mediobanca Servizio Partecipazioni e Affari Speciali (consultancy, M&A and corporate finance). She then held several executive positions in the Hdp-RCS Group and was a member of numerous boards of directors of group companies including Valentino, RCS Editori, RCS Libri, Parmalat S.p.A. and RAI Sat.

She is currently a member of the board of directors of the listed companies DeA Capital S.p.A. and Terna S.p.A. She is also Deputy Chair of the Board of Directors of Fondazione La Triennale - Milan.

With the exception of the Chief Executive Officer, all members of the Board are non-executive Directors since none has any management responsibility.

For information on positions as Director or Statutory Auditor held by members of the Board of Directors in other companies listed on regulated markets, Italian or foreign, or in financial, banking or insurance companies or companies of significant size, please refer to the section above and Table 1 of this Report.

Note that the number of independent directors shown above exceeds the minimum ratio to the total number of Board Directors required under applicable laws and regulations.

The Board of Directors verified the independence requirements of the Directors at its Board meeting on 11 February 2020, by obtaining self-certification from each Director, now held on Company records. On the aforementioned date, the Board of Statutory Auditors, as part of its duties required by law, certified that the Board of Directors had correctly applied the criteria and procedures for ascertaining and evaluating the independence of its members. The Chairman of the Board of Directors and the Chairman of the Board of Statutory Auditors therefore confirmed that the independence requirements were met by the aforementioned Directors.

Profiles of the members of the Board of Directors may be found on the Company website [www.fieramilano.it](http://www.fieramilano.it) in the section *Investor Relations/Corporate Governance/Corporate Bodies*.

#### - **Diversity criteria and policies**

In the financial year under review, the following measures were implemented regarding the Company's strategy of diversity in the composition of the administration, management and control bodies.

Under the current Articles of Association, the composition of the Board of Directors must meet the legal requirements for gender balance. Moreover, the composition of the Board must reflect adequate diversity in terms of skills, experience, age, gender and international profile.

On 10 July 2017, the Board of Directors adopted the "Regulations of the Board of Directors of Fiera Milano S.p.A.", prepared in accordance with the provisions of current law and the Corporate Governance Code, which identifies further requirements for Directors in addition to those required by law.

Moreover, one third of members of the Board of Directors of Fiera Milano are of the less represented gender, *i.e.* female, as also envisaged in the Corporate Governance Code and which, in addition to gender diversity, are also suitably represented by other generational and professional diversities.

In general, as regards the composition of the Board of Directors, a priority objective was to ensure that members have appropriate expertise and professionalism in order to ensure effective action.

- **Total number of positions held in other companies**

As required by the Company Articles of Association, in its Regulations the Board of Directors stipulated the maximum number of administration and control positions that can simultaneously be held by any Director to ensure that responsibilities as a Director of the Issuer are performed effectively.

The "Regulations of the Board of Directors of Fiera Milano S.p.A." set out criteria for the total number of positions that may be held by all members of the Board of Directors. Where more rigorous, the limits on holding several positions envisaged in pro tempore legal and regulatory provisions prevail. The Board of Directors assesses annually that the limit on the total number of positions that may be held is respected. Any Director that becomes aware that he/she exceeds this limit must, within 10 (ten) days of learning this fact, inform the Company of how the limit has been exceeded and, within 90 (ninety) days, resign from one or more of the positions held. Within 5 (five) days of resigning, the member of the Board of Directors must inform the Company of the position or positions from which he/she has resigned.

The limits to the total number of administration, direction and control positions under the Regulations of the Board of Directors are summarised in the following table.

**FIERA MILANO S.P.A. LISTED COMPANIES AND/OR BANKS, FINANCIAL OR INSURANCE UNDERTAKINGS AND/OR THOSE OF MATERIAL SIZE (ITALIAN/FOREIGN)**

	Executive positions	Non-executive or supervisory positions		Total no. of positions
<b>Chief Executive Officer</b>	no.	2		5
	Executive positions	Non-executive or supervisory positions		Total no. of positions
<b>Chairman</b>	no.	In companies in which Fiera Milano S.p.A. has NO shareholding	In companies in which Fiera Milano S.p.A. has a shareholding	8
		3	5	
	Executive positions	Non-executive or supervisory positions		Total no. of positions
<b>Non-executive Directors</b>		When executive positions are also held		
		5		
		When executive positions are NOT held		
	3	7		10

In accordance with the Regulation:

- executive positions refer to: Chief Executive Officer, Member of the Management Committee, Chairman of the Board of Directors or of the Supervisory Committee, General Manager;
- non-executive positions and positions with control refer to: members of the Board of Directors with no executive responsibilities, members of the Supervisory Committee and members of the Board of Statutory Auditors;
- companies of material size refer to those with consolidated revenues in excess of Euro 500 million or with a total number of employees exceeding 500.

Lastly, in addition to any other incompatibilities according to law, any political or trade union positions are also considered incompatible.

- **Induction programme**

In 2019, the Chairman and Chief Executive Officer provided adequate information to the Board of Directors on the exhibition sector in which Fiera Milano operates, on the business organisation and its evolution and on the reference legal framework.

Moreover, at meetings held during the year under review, the Board of Directors was given constant and timely notification of measures to update the corporate processes and procedures, and the development of the organisational structure of the Fiera Milano Group. In particular, training on the administrative liability of entities pursuant to Legislative Decree 231/2001 was provided for the entire Board of Directors and Board of Statutory Auditors.

#### 4.3 Role of the Board of Directors (Article 123-bis, paragraph 2.d), Consolidated Finance Act)

The Board of Directors is vested with the widest possible powers for ordinary and extraordinary management of the Company. In particular, it has the power to take any action it deems appropriate or useful to achieving the corporate purpose, with the exception of actions which, by law, are decided by the Shareholders' Meeting.

In addition, pursuant to Article 17.1 of the Articles of Association, responsibility for the following is also attributed to the Board of Directors:

- (i) merger decisions in cases indicated in Articles 2505 and 2505-bis of the Italian Civil Code;
- (ii) the establishment and closure of secondary branches;
- (iii) the reduction in share capital in cases of withdrawal by shareholders;
- (iv) alignment of the Articles of Association to regulatory requirements;
- (v) the transfer of the Company's registered office within the Province.

Under Article 17.2 of the Articles of Association, in addition to the responsibilities that by law may not be delegated, the Board of Directors also has exclusive responsibility for:

- (a) the purchase, subscription, and transfer, on its own account, of shares, shareholdings or interests in other companies, including newly established companies, and the transfer of option rights, except transactions concerning the mere investment of liquidity;
- (b) the approval of all risk assumption and risk management policies, with no exceptions, as well as evaluation of the functionality, efficiency and effectiveness of the internal control systems of the Company;
- (c) the spin-off of property and movable assets to other companies, both those in the process of being established and those already established;
- (d) any form of loan taken out by the Company exceeding the limit of 30% of equity;
- (e) agreements for mortgages, encumbrances or other guarantee rights of any type whatsoever on all or relevant parts of the Company's bonds, property or assets;
- (f) budget approval;
- (g) bank guarantees to third parties granted by the Company;
- (h) the stipulation of contracts concerning property assets, with the sole exception of property leases taken out for Company activities for periods not exceeding six years;
- (i) the purchase, sale, creation, rental and stipulation of licences for patents, trademarks, models, internet domains and/or websites, satellite or cable TV channels, publications, copyright and similar, and all intellectual property rights in general, relating to the corporate purpose;
- (j) the award of consulting, service and other assignments exceeding Euro 100,000 not envisaged in the budget to parties in any case not on the Board;
- (k) the appointment of the General Manager and a Deputy General Manager, if required, at the proposal of the Chief Executive Officer, if appointed, and decisions regarding their powers; other senior managers, including in the internal audit department, may be appointed by the Chief Executive Officer as long as the Board of Directors is informed promptly of any such appointments;
- (l) the appointment or termination of the position of Financial Reporting Officer;
- (m) the appointment of the Supervisory Committee;
- (n) the establishment and disbanding of internal Committees of the Board of Directors, the appointment and removal of their members and approval of their operating procedures;
- (o) the appointment and removal of the Internal Audit Manager as proposed by the Chief Executive Officer, after having obtained the opinion of the Board of Statutory Auditors and of the Independent Directors.

The Board of Directors also decided that it should have exclusive responsibility for the following:

- preparing and approving the business plan, as proposed by the Chief Executive Officer, and the strategic objectives contained therein;
- as regards top management (meaning those executives reporting directly to the Chief Executive Officer with gross annual earnings in excess of Euro 200,000), the power to employ, promote, transfer, discipline and dismiss them, establishing their responsibilities, employment category, remuneration, both fixed and variable, and any eventual and/or ancillary agreements to the employment contract, while respecting the employment policies under Article 17.2, letter b) of the Articles of Association;
- all extraordinary administrative measures.

The Regulations of the Board of Directors aim to bring the organisation and operations of the Company's Board of Directors in line with current law, the Articles of Association, the Corporate Governance Code and internal governance procedures.

Together with their attachments, the Regulations of the Board of Directors govern the appointment and composition, the operating methods, responsibilities, powers and funds of the Board of Directors, the assessment procedure and amendments to the Regulations. Any omission in the Regulations is covered by the provisions of laws and regulations *ratione temporis*.

Board meetings are usually held according to a schedule that is approved at the start of the year in order to ensure maximum attendance at the meetings. They are also held whenever required or if there is a request from at least one third of the members of the Board or from a Statutory Auditor and in any circumstances in cases envisaged by law.

The corporate calendar is available on the Company website [www.fieramilano.it](http://www.fieramilano.it) in the section *Investor Relations/Documents/Financial Calendar*.

The Chairman ensures the proper conduct of Board meetings and is supported by the Secretary in ensuring the timely delivery and adequacy of the documentation supplied ahead of the Board meetings and in ensuring that confidentiality of the data and information given is maintained. In the absence or impediment of the Chairman, Board meetings are chaired by the most senior independent Director.

Under the Articles of Association, the majority of the current members of the Board of Directors must be present for any Board decision to be valid. Decisions are made on absolute majority vote of Directors present. In the case of a split outcome, the meeting Chairman will have the casting vote.

Under Article 2391 of the Italian Civil Code, each Director must notify the Board of Directors and the Board of Statutory Auditors of any interest he/she may have or may have on behalf of third parties in any given transaction and must provide adequate information of such an interest as required by law.

In the Regulations of the Board of Directors, the Board has identified a fair and suitable deadline, prior to Board meetings, for the receipt of documentation and information necessary to allow them to speak knowledgeably on the topics submitted for their examination and approval.

The Board of Directors decided that three days prior to the date of a meeting was sufficient to send pre-board documentation to Board Directors and Statutory Auditors, as indicated in the Regulations of the Board of Directors, except in emergency situations when the documentation is made available as soon as possible. The documents relating to approval of the draft financial statements and interim financial reports must instead be submitted at least seven days prior to the date set for the Board meeting. The Chairman ascertains that the aforementioned information has been provided to the Directors and the Statutory Auditors, confirming this at the start of the meeting. During the year ended 31 December 2019, compliance with deadlines was a constant focus of the Chairman and Chief Executive Officer, to ensure the adoption of suitable Board decisions, and deadlines were, generally, met.

In particular, the relevant Company department prepares supporting documentation by compiling information and/or decision-related sheets that provide all the elements necessary for the Directors to make informed decisions.

The supporting documentation is considered available when it may be viewed and downloaded from the Restricted Area (<https://filebox.fieramilano.it> - Consiglio di Amministrazione folder). The members of the Board of Directors and interested parties are notified by the Chairman that the documents are available in the Restricted Area through the appropriate company departments and the documents are accessed using the accreditation procedures set up by these departments.

During the year, a project was started for the digital management of Board meetings, enabling a new application to be developed to guarantee the sharing of documents among members of the Board of Directors, ensuring necessary confidentiality. This application was used starting from the first board meeting in 2020.

Reports presented and decisions made at Board meeting are minuted. Under the Articles of Association, the Secretary to the Board takes the minutes of the meetings. Following a Board meeting, a draft of the minutes is given to all Directors and Statutory Auditors for their comments, which must be submitted to the Secretary. The final version of the minutes, prepared by the Secretary, is approved at the next Board meeting and signed by the Chairman and the Secretary to the Board and included in the Company records.

During the year ended 31 December 2019, the Board of Directors met nine times with a high attendance rate for all Directors (the number of meetings attended by each member of the Board of Directors is shown in Table 1). The average duration of the Board meetings was approximately 3 hours 30 minutes. At the date of approval of this Report, three Board meetings had been held during the current year.

The members of the Board of Directors have declared and have guaranteed that they will effectively carry out their roles and dedicate the necessary time to them. This was also confirmed by the significant number of Board meetings held in 2019 and by the high attendance rate of Directors at those meetings.

Group executives, responsible for company activities regarding specific matters on the agenda, are invited to attend Board meetings, to provide additional information on matters under discussion.

#### 4.4 Delegated Corporate Bodies

##### - **Chairman of the Board of Directors**

Pursuant to Article 18 of the Articles of Association, the Chairman of the Board of Directors is appointed from among the directors originally meeting the independence requirements indicated in the Articles of Association. In addition to his/her legal responsibilities, the Chairman of the Board of Directors has further duties, pursuant to specific requirements in the Articles of Association, as recognised in specific resolutions approved by the Board of Directors on 2 May 2017 and 10 July 2017. In particular, he/she convenes and sets the agenda for the Board of Directors, encourages internal discussion, promotes the actual operation of the corporate governance system, ensuring the balance of powers with respect to the Chief Executive Officer. The Chairman of the Board of Directors coordinates the work of the Board and ensures that adequate information regarding items on the agenda of meetings is provided to all members. Specifically, the Chairman ensures that (i) the Directors receive sufficiently in advance any documentation regarding matters to be discussed at the meeting or, at least, basic information on these matters; (ii) the documentation on matters to be discussed and, in particular provided to the Non-executive Directors, is both qualitatively and quantitatively sufficient as regards the items on the agenda.

The Chairman is the direct point of contact between the Board of Directors and the internal control bodies, the Board of Directors' committees and the Internal Audit Department.

The Chairman of the Board of Directors supervises and coordinates with the Chief Executive Officer on external institutional relations and then arranges their implementation.

The Chairman of the Board of Directors cannot be assigned any executive role.

Under Article 13 of the Articles of Association, the Chairman of the Board of Directors manages Shareholders' meetings, ensures that the meeting is quorate, ascertains the identity and eligibility of those present, regulates meeting proceedings – including the order and duration of spoken contributions, determines the voting system, the counting of votes – and scrutinises the results of voting.

Lastly, under Article 19 of the Articles of Association, the Chairman of the Board of Directors represents the Company before any judicial or administrative authority and has powers to sign for the company.

– **Chief Executive Officer**

On 25 July 2017, the Ordinary Shareholders' Meeting of Fiera Milano approved an increase in the number of Board Directors to nine and appointed Fabrizio Curci as the new Director effective from 1 September 2017 until expiry of the term of office of the other Directors, *i.e.* until the Shareholders' Meeting held to approve the financial statements at 31 December 2019. The Board of Directors met at the end of the Shareholders' Meeting and appointed Fabrizio Curci as Chief Executive Officer and General Manager of Fiera Milano effective from 1 September 2017.

The Chief Executive Officer is invested with all the powers necessary for the management and ordinary administration of the Company except for those that are reserved by law to the Board of Directors and those indicated in Article 17.1 and 17.2 of the Articles of Association and any other matters that remain the responsibility of the Board of Directors.

On 25 July 2017 and effective from 1 September 2017, further amended on 18 September 2017 and 22 May 2018, the Board of Directors invested Mr Curci with the following powers:

1. to stipulate, amend and conclude property leases with annual instalments of no more than Euro 2,000,000.00 per transaction and for periods not exceeding six years, to perform company activities;
2. to stipulate, amend and conclude consultancy and cooperative agreements, contracts for the use of intellectual property and professional services in general for an amount or commitment not exceeding Euro 1,000,000.00 per transaction, without prejudice to the fact that the Board of Directors remains responsible for appointments, consultancies and services for over Euro 100,000.00 that are not within budget limits and in any event given to parties outside the Board of Directors;
3. to negotiate and carry out cash transactions in foreign currencies for a maximum amount of Euro 2,000,000.00;
4. to acquire, dispose of and negotiate derivative contracts (swaps, futures and options) on condition that such transactions may only be carried out to hedge interest rate, price, and exchange rate risks and to hedge against fluctuations in share prices or other financial instruments held by the Company, and always for a notional amount not exceeding Euro 2,000,000.00 per transaction;
5. to comply with legal requirements governing the circulation of shares and dividend distributions with the authority to sign declarations;
6. to give mandates to banks, credit institutions, financial and trust companies to carry out equity services on behalf of the Company, negotiating the relative conditions and making the necessary payments;
7. to reach agreements concerning the receivables of the Company including the payment conditions of contracts with third parties for amounts not exceeding Euro 1,000,000.00 per transaction;
8. to negotiate and finalise, under any form, loan agreements and financing, including discounting and factoring transactions, for single transaction amounts representing no more than 30% of the equity of the Company, as well as to request and accept credit facilities for a maximum amount not exceeding 30% of the equity of the Company;
9. in the interests of the Company and/or in the interests of and/or in favour of directly or indirectly controlled companies or entities and for sums not exceeding Euro 5,000,000.00, to request bank and/or insurance guarantees, letters of guarantee and, in general, reliance letters, to sign the relative agreements, furnish guarantees of all types, sign indemnities and/or warranties, endorsements, comfort letters, and finalise and sign financing transactions and/or bank guarantees;

10. to request without limits bank and/or insurance guarantees, letters of guarantee and general reliance letters in compliance associated with a request for reimbursement of taxes and/or duties to the Company;
11. to represent the Company both in Italy and abroad in all matters and requirements relating to taxes, duties, and national insurance contributions and, for example, sign as the legal representative the annual tax returns, the VAT returns, the annual withholding tax forms; to sign, present and negotiate statements, appeals, claims and disputes with the Tax and Customs Authorities, the Tax Commissions of all levels, including the Central Tax Commission, and the Judicial Authority, negotiate and settle tax disputes, appointing and dismissing as necessary solicitors, defence lawyers, consultants and expert witnesses;
12. to represent the Company, both actively and passively, in Italy and abroad, before judicial, civil and criminal authorities, administrative and financial authorities in any area and level of jurisdiction also before courts of appeal and the high court, appointing and dismissing as necessary defence lawyers, solicitors, counsellors, consultants and expert witnesses and all with the power to table formal complaints on behalf of the Company;
13. to negotiate and settle legal and out-of-court disputes, make out-of-court settlements for a maximum of Euro 1,000,000.00 per dispute; to submit disputes to formal or informal arbitration;
14. to represent the Company in individual labour disputes governed by Chapter IV, Book II of the Civil Procedure Code, represent the Company in the aforementioned actions, taking part in hearings under Articles 420 and following of the Civil Procedure Code with full powers to settle or agree disputes in the role, for this purpose, of public prosecutor in accordance with the aforementioned Article 420 of the Civil Procedure Code;
15. for employees that are not part of management and those managers that are not top managers (top managers being those that report directly to the Chief Executive Officer and that have gross annual salaries in excess of Euro 200,000.00), to employ, promote, transfer, discipline and dismiss, determine their duties, placement, remuneration, both fixed and variable, and any ancillary and/or extra agreements to the employment contract, while respecting the employment policies under Article 17.2 letter (b) of the Articles of Association;
16. to release certificates and returns for employee income, wage slips and any other matters concerning employees and social security and social and national insurance agencies and other public and/or private entities;
17. to represent the Company, in Italy and abroad, before social and welfare agencies, trade unions and organisations for employers and employees, law enforcement agencies, social security agencies, the Azienda Socio Sanitaria Territoriale (Local Health Authorities), Agenzia di Tutela della Salute (the Health Protection Agency, Istituti di Ricovero e Cura a Carattere Scientifico (Research/Teaching Hospitals), employment offices and mediation and arbitration organisations, and to sign national, local and company trade union agreements and negotiate as part of any related disputes;
18. to represent the Company, in Italy and abroad, in matters under Italian Legislative Decree 58 of 24 February 1998 and before Borsa Italiana S.p.A., the Commissione Nazionale per le Società e la Borsa (Consob) or other bodies that manage and/or govern regulated financial markets, the Ufficio Italiano dei Cambi, Monte Titoli S.p.A., the Italian Monopolies and Mergers Authority, the Italian Communications Regulator, the Bank of Italy, courts, Business Registers, Chambers of Commerce and Industry, government ministries and any other control and public bodies, associations, legal entities or individuals, shareholders and with the power to sign any declarations, documents and/or communications, statements, and certificates considered necessary and/or appropriate;
19. to represent the Company at meetings of shareholders, associations, foundations, consortia and entities in which the Company has a shareholding and with the power to delegate such representation;
20. to stipulate, amend and cancel purchase, exchange and sales contracts and those for the supply of goods, raw materials, finished and semi-finished products and any product required for the Company business, limited to a value of Euro 2,000,000.00 for any transaction;
21. to stipulate, amend and cancel tender contracts of any kind, including services, works, and transport contracts, commission agreements, deposit contracts, agency and sale contracts, loan for use, hire, agency and carrier services agreements for sums not exceeding Euro 20,000,000.00 for any transaction;



22. to represent the Company in tenders and, in general, any procedures for the award of contracts of any kind, for concessions or sub-concessions from public or private entities and their agents and sub-agents, stipulating and signing contracts in the name of and on behalf of the Company, giving expressions of interest, applications, financial quotations or any other relevant statement or declaration defining prices, agreements and conditions and signing these concession and/or sub-concession agreements;
23. to dispose of, destroy or scrap machinery, equipment, plant, vehicles and any other type of asset having completed any formalities required by the public registers for ownership and including the cancellation of mortgages;
24. to stipulate, amend and cancel insurance contracts covering all types of risks, lease and factoring contracts for sums not exceeding Euro 5,000,000.00 for any single transaction;
25. to stipulate, amend and cancel procurement contracts for the purchase of technologies, products and services in the fields of IT, electronics, telecommunications and office automation technology, for sums not exceeding Euro 2,000,000.00 for any single transaction;
26. to carry out banking transactions, including opening bank accounts, making deposit agreements, transferring cash and cash equivalents among banking institutions and using the current account and overdraft facilities within the credit limits previously requested and obtained by the Company;
27. on behalf of the Company, to instigate any preventive or enforcement, seizure, and injunction measures, attachment orders and revoke these; to protest against bills of exchange; to issue a garnishee statement to the judicial authorities while adhering to the provisions of applicable law, with special reference to the provisions of Article 547 et seq. of the Civil Procedure Code;
28. to intervene in bankruptcy proceedings, file creditor claims in those bankruptcy proceedings, sign agreements, demand partial or final distribution, intercede in arrangements with creditors and approve or reject them;
29. to represent the Company, in Italy and abroad, in bids and tenders to provide and supply public and private, government and quasi-governmental and local entities stipulating and signing in the name of and on behalf of the Company all the relevant papers, determining prices, agreements and conditions, granting and redeeming guarantee deposits, cashing the money agreed and issuing valid receipts and liability release declarations to the accounts offices, departments and persons responsible for making the payments;
30. to represent the Company, in Italy and abroad, instigating any compliance or transaction with any public, government or private entity including any municipal, provincial, regional or state entity, the Azienda Socio Sanitaria Territoriale (Local Health Authorities), Agenzia di Tutela della Salute (the Health Protection Agency, Istituti di Ricovero e Cura a Carattere Scientifico (Research/Teaching Hospitals), the tax authorities, business registers, railway companies, post office, land, sea and air transport companies with all necessary powers and to the full extent permitted by law;
31. to sign statements regarding regulatory status and compliance, consular invoices, import and export certificates and forms, and to carry out any required transactions with customs with the authorisation to make and collect any necessary deposits, sign application statements and forms;
32. to sign reports regarding inspections of any kind by public officials with the power to instigate disputes, make declarations, express reservations and provide corrections and clarifications;
33. to issue instructions, organise, manage and control, with fully independent decision-making and spending powers, compliance as part of the Company's activities of all obligations envisaged in Regulation (EU) 2016/679 – the General Data Protection Regulation – and Italian regulations on personal data protection and related amendments, as well as adopt all measures necessary for this purpose, and to represent the Company as data processing controller with the right to sub-delegate all or part of the aforementioned powers and/or assign the duty of complying with such obligations to other internal parties (executives, employees) or external parties (consultants);
34. to assign and revoke responsibilities and general and/or special powers for specific acts or categories of acts within the limits of the powers assigned;
35. in accordance with Article 19 of the Articles of Association, to have signing authority and legal representation on behalf of the Company, either with third parties or in legal matters concerning Fiera Milano, for all matters delegated by the Board of Directors, preceding his name with the words "Chief Executive Officer";

36. to assume the responsibilities of the "Director appointed to oversee the internal control and risk management system" in accordance with Article 7 of the Corporate Governance Code;
37. and any other management or representation powers for the ordinary management of the Company but specifically excluding any related to the extraordinary management of the Company.

Lastly, by decision of 13 December 2018, the Chief Executive Officer was granted powers to negotiate, authorise and sign transactions involving the temporary commitment of liquidity through available funds of Fiera Milano, in compliance with the provisions of the Financial Resources Management Policy as approved by the Board of Directors, up to a limit of Euro 20 million per investment, with the option as part of the delegated powers to grant special power of attorney for certain actions or categories of actions with a limit of Euro 10 million per investment.

In addition, the Board of Directors assigned further roles and responsibilities to the Chief Executive Officer, in particular the role of Director appointed to oversee the internal control and risk management system, pursuant to indications in the Corporate Governance Code; appointment as Statutory Employer of Fiera Milano under Article 2, paragraph 1, letter B) of Legislative Decree 81/08 and designating him as the person responsible for environmental safety and protection, with all the necessary executive, management and decision-making powers and funds required to ensure compliance with laws regarding environmental safety and protection.

The Chief Executive Officer reports to the Board of Directors, at least quarterly and whenever the Board meets, on his activities, the operating performance and business outlook, as well as the main economic, financial and equity transactions or those of most significant size and nature carried out by the Company and its subsidiaries.

The Board of Directors also gave Mr Curci specific responsibilities regarding his role as General Manager of Fiera Milano and required him to report to the Board of Directors on these responsibilities at least quarterly.

Specifically, as General Manager, Mr Curci is responsible for:

1. implementing the business plan approved by the Board of Directors;
2. implementing the decisions taken by the Board of Directors, also through coordination of subordinate bodies, and ensuring their timely execution;
3. adopting all necessary measures to ensure the regular operation of the Company;
4. defining the corporate organisational chart and supervising activities so that all departments act in coordination with each other;
5. coordinating the activities of all corporate functions, assigning responsibilities, setting targets and ascertaining whether these targets are met;
6. identifying and appointing those responsible for the services and sectors and coordinating their activities;
7. managing all services and the operating units of the structure through the implementation of policy-making, coordination and administrative supervisory functions for employees and external staff;
8. making available and/or authorising the payment of the salaries and contributions of Fiera Milano employees, referred to each month, and taking any action to ensure the above and carrying out and/or subscribing to any means useful or necessary to compile the forms for the payment of costs related to the monthly wages (i.e. national insurance contributions and statutory deductions) and the payment of these costs;
9. coordinating and optimising all Company operations and projects to enhance their efficiency and ensure they work towards the aims of the Company;
10. carrying out surveys, studies and analyses aimed at formulating efficiency improvement proposals and defining the responsibility matrix and the organisational structure;
11. supervising the work organisation;
12. ensuring strict compliance with laws, internal regulations and instructions;
13. overseeing the scheduling of periodic assessments, workloads, service and operating unit productivity.

#### 4.5 Self-appraisal by the Board of Directors

Pursuant to the Corporate Governance Code and Article 12.1 of the Regulations of the Board of Directors, at least once a year the Board of Directors carries out a self-appraisal of the functioning, composition and size of the Board of Directors and of its committees, providing information of any professional qualities it deems should be present in the Board of Directors.

The appraisal is carried out under the Regulations of the Board of Directors of Fiera Milano.

This Report includes notification that the appraisal has been carried out and, where considered appropriate, indicates the results.

The Chairman of the Board of Directors starts and manages the self-appraisal and identifies any internal and/or external persons that should be involved in the process. The self-appraisal involves the following steps:

- identification of the appraisal parameters for the current financial year and the quantitative and qualitative valuation criteria;
- gathering of qualitative information on the directors, including updating curricula vitae, the list of positions held by each director, training courses followed and any related-party transactions;
- gathering information on attendance, meeting duration and matters discussed;
- the use of questionnaires to ascertain the opinion of the directors regarding the assessment parameters for the composition and modus operandi of the Board itself and the internal committees of the Board. The questionnaires are updated and/or amended annually depending on the aim of the self-appraisal for that financial year;
- assessment of the qualitative information obtained regarding compliance with the law, best governance practices and the Regulations of the Board of Directors regarding board member profiles;
- final assessment of information deriving from the self-appraisal questionnaires;
- formalisation of the results in the relevant document indicating the methodology used and the results obtained.

In particular, continuing the strategy to improve the self-appraisal process started in December 2018, the Board of Directors, in the meeting of 17 December 2019, confirmed the methodology used for the annual appraisal, assigning the Company Secretariat to oversee the process, supervised by the Chairman and the Appointments and Remuneration Committee; the latter, only as regards aspects on guidance for shareholders for the appointment of the Board of Directors whose term of office expired with the approval of the Financial Statements at 31 December 2019.

For the correct performance of the self-appraisal process, each Director completed the following to the extent of his/her responsibilities:

- the Board of Directors self-appraisal questionnaire;
- the self-appraisal questionnaire for committee members, where appropriate;
- the checklist certifying personal requirements and expertise;
- a personal details record;
- his/her curriculum vitae.

The results of the process, relating to self-appraisal of the operations, membership and number of members of the Board of Directors and its committees in reference to 2019, were obtained through the active cooperation of all Directors and were processed with operating support from the Secretariat of Fiera Milano.

In particular, as part of the self-appraisal carried out for the year ended 31 December 2019, specific areas of competence were identified as essential within the Board of Directors. These were:

- knowledge of the exhibition sector;
- experience of corporate management and/or business organisation acquired through long-term experience of administration, direction or control in companies or groups of similar size;

- an ability to read and understand financial statements acquired through years of experience of corporate administration and control or in a professional capacity or through teaching at university level;
- an understanding of corporate governance (audit, legal and corporate aspects, etc.) acquired through years of audit or management control experience in companies of significant size or gained in a professional capacity or through teaching at university level;
- international experience and knowledge of foreign markets acquired through years of business or professional activities in companies or groups with an international profile.
- knowledge of remuneration packages (*i.e.* added by Board decision of 13 December 2018 among the skills that the Board of Directors must possess as a whole);
- business risk management (*i.e.* added by Board decision of 13 December 2018 among the skills that the Board of Directors must possess as a whole);

The self-appraisal, under the supervision of the Chairman of the Board of Directors, was carried out by each Director completing a questionnaire in aggregate and anonymous form; the results were presented during the Board Meeting of 11 February 2020.

The questions were designed to analyse (i) the size and composition of the Board of Directors with reference to the nature and professional experience of the Directors; (ii) its *modus operandi*, (iii) the composition and responsibilities of the internal committees of the Board; (iv) the knowledge of the legal framework of the sector and the participation of Directors at meetings and in the decision-making process.

As regards the personal and collective requisites and competencies of Board members:

- all members meet the requirements under Article 2382 of the Civil Code;
- the Board of Directors comprises six independent directors out of a total of nine overall, meeting the requirement under Article 3.C.3. of the Corporate Governance Code of Borsa Italiana S.p.A. of July 2018 (which requires at least two independent directors);
- the Board of Directors guarantees the diversity of its members; specifically:
  - gender diversity is well represented on the Board, with one more than one third of the directors being female, *i.e.* the least represented gender;
  - generational diversity is well represented on the Board, as members are from different age groups and professional backgrounds;
  - professional diversity is well represented on the Board, as members are specialist professionals operating in diverse product sectors of interest for Fiera Milano;
- each Board Director has good knowledge of and experience in at least three of the competency areas indicated;
- overall, in relation to the number Board Directors, the Board has a high level of competency in each area appraised.

With reference to the results of the self-appraisal on the Board's *modus operandi*:

- the size of the Board is adequate for it to carry out its functions;
- the composition of the Board is balanced and does not require the addition of other professional competencies;
- the functioning of the Board is generally adequate for the operating requirements of Fiera Milano; specifically:
  - main strategic decisions are promptly notified to the Board.
  - Board activities are generally given a positive assessment;
  - the Board operates effectively to monitor, promote and encourage compliance with relevant rules and regulations;
  - the Board's controls on Fiera Milano's obligations are adequate;

- pre-board information is adequate and the Company, in adopting the new application which has made Board meetings fully digital, has made it easier and immediate for board directors to review documentation;
- the frequency and duration of Board meetings are adequate for the items on the agenda;
- information flows between the Board and other company boards are adequate.

In the self-appraisal process, the Board of Directors also made training proposals, to assist the board in areas in its remit that may become a challenge for the future.

As the term of office of the Board of Directors will end with the Shareholders' Meeting called to approve the Financial Statements at 31 December 2019, guidance for shareholders on the qualitative/quantitative composition of the new board was provided, in line with recommendations in the Corporate Governance Code. This guidance is contained in a specific document, approved by the Board of Directors on 11 February 2020, and disclosed to the market on the same date.

#### 4.6 Independent Directors

During 2019, the Independent Directors actively contributed to corporate decisions adopted. In this respect, as detailed below, the Appointments and Remuneration Committee is primarily composed of Independent Directors and the Control and Risk Committee is composed entirely of Independent Directors.

During 2019, a meeting of the Independent Directors was held, during which their involvement in Board decisions was rated positively, save for suggestions to further improve Board meetings. The Directors always received, well in advance, all the information necessary to ensure their participation at the Board meetings was effective and informed and not merely a formality; this enabled them to formulate any appropriate comments on the advisability and correctness of decisions put forward for the approval of the Board.

The Directors' independence is verified annually on the basis of criteria established in the Corporate Governance Code and other regulatory measures in force.

At the time of the self-appraisal, each Director provided self-certification to confirm they met the requirements of independence in accordance with provisions of the Corporate Governance Code.

#### 4.7 Lead Independent Director

Pursuant to the Corporate Governance Code, companies not listed on the FTSE-Mib index are required to appoint a Lead Independent Director only in the following cases: (i) if the Chairman of the Board of Directors is the company's Chief Executive Officer; (ii) if the office of Chairman is held by the person who controls the issuer.

For this reason, as Fiera Milano is under no such obligation, at the meeting of 2 May 2017 the Board of Directors decided not to appoint a Lead Independent Director.

## 5. INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS (ARTICLE 123-BIS, PARAGRAPH 2.D), CONSOLIDATED FINANCE ACT)

The Board of Directors, in compliance with the provisions of the Corporate Governance Code has set up internal committees to assist the Board in carrying out its role.

Specifically, the Board of Directors has set up the Control and Risk Committee and the Appointments and Remuneration Committee; their roles in offering advice and/or making recommendations are in line with the standard required by the Corporate Governance Code and corporate governance best practices.

In particular, as regards the Appointments and Remuneration Committee, the Company decided to continue grouping together the activities relating to remuneration and appointments under a single committee, in view of the fact that the approach was confirmed capable of achieving the objectives established by the Corporate Governance Code, and given the limited size of the Company and the high degree of ownership concentration at 31 December 2019.

Special regulations approved by the Board of Directors govern the work of these Committees.

The Committees report periodically on their activities to the Board of Directors.

### 5.1 Appointments and Remuneration Committee

An Appointments and Remuneration Committee was set up within the Board of Directors.

The Appointments and Remuneration Committee comprises at least three Non-executive Directors, the majority of whom are Independent Directors, in compliance with the Articles of Association. At least one member of the Committee has adequate knowledge and experience of financial matters or remuneration policies. This is assessed at the time of his/her appointment.

The Committee assists the Board of Directors in preparatory work, advises and makes recommendations on appointments and remuneration matters. Specifically:

Functions of the Committee in terms of remuneration:

- a) the Committee presents the Remuneration Report to the Board of Directors for its approval, particularly the remuneration policy, that will be presented to the Shareholders' Meeting convened to approve the financial statements as required by law;
- b) it prepares proposals for the remuneration of the Chairman and Executive Directors covering all forms of remuneration and salary payments;
- c) it prepares proposals for the remuneration of Directors appointed to sit on Board committees;
- d) it gives opinions, also based on indications from the Chief Executive Officer, concerning:
  - a. d.1 general annual and long-term incentive criteria, also share-based, for Company executives;
  - b. d.2 general guidelines for the remuneration of Executives with Strategic Responsibilities;
- e) it prepares proposals, together with the Chairman of the Board, on performance objectives connected with the variable remuneration of Directors with special powers;
- f) it proposes the definition, together with the Chairman of the Board, of end-of-office indemnities for Directors with special powers as well as non-compete agreements;
- g) it monitors the implementation of decisions taken by the Board of Directors, in particular, verifying the actual achievement of performance targets;
- h) it periodically evaluates the adequacy, overall consistency and actual adoption of the Remuneration Policy, as described in letter a) above, and prepares relevant proposals for the Board of Directors;
- i) it informs the shareholders' meeting about procedures for exercising its functions, in reports to be presented in accordance with applicable law.
- j) Functions of the Committee in terms of appointments:
- k) the Committee puts the names of possible candidates for Director to the Board, should one or more Directors be unable to carry out his/her duties in the course of the financial year (Article 2386, paragraph 1, Italian Civil Code) ensuring that the requirements for both a minimum number of Independent Directors and gender balance are met.

The members of the Appointments and Remuneration Committee, in office until approval of the financial statements at 31 December 2019, are the Directors: Alberto Baldan, Marina Natale and Elena Vasco, who acts as Chairman. Members of the Appointments and Remuneration Committee have the necessary experience to carry out their assigned duties with respect both to appointments and remuneration.

Members of the Appointments and Remuneration Committee are remunerated for their activities.

During the year ended 31 December 2019, the Committee held 5 duly minuted meetings and carried out its responsibility to table proposals to the Board of Directors. The average duration of the meetings of this Committee was approximately 1 hour and 30 minutes. At the date of approval of this Report, 2 meetings had been held in the current financial year.

At the first opportunity, the Committee Chairman arranges for the Board of Directors to be informed of issues of particular significance or of interest raised during the meetings.

Detailed information on the composition, role and functioning of the Appointments and Remuneration Committee are given in the Remuneration Report prepared in accordance with Article 123-ter of the Consolidated Finance Act.

During the financial year under review, the work of the Appointments and Remuneration Committee concerned:

- for appointments:
  - succession plans: this issue was thoroughly discussed in the meeting of 11 March 2019, when the succession plan presented to the Board of Directors for approval on 12 March 2019 was validated;
  - preliminary review of documentation, prepared during the 2019 self-appraisal process, to give guidance to shareholders on the composition of the new Board of Directors of Fiera Milano S.p.A..
- for remuneration:
  - review of the Remuneration Report pursuant to Article 123-ter of the Consolidated Finance Act and in particular the remuneration policy to be presented for approval to the Board of Directors and the Shareholders' Meeting convened to approve the financial statements for the year;
  - proposal of settlement of the MBO Bonus, performance bonuses and one-off bonuses for 2018;
  - review of the short-term incentives plan (MBO) for the Chief Executive Officer and Executive with strategic responsibilities for 2019;
  - review of the guidelines of the short-term incentives plan (MBO) for 2020 for the company population affected;
  - initial considerations on the 2020–2022 LTI Plan;
  - analysis of the impact of the Shareholder Rights Directive on the Remuneration Policy.

Moreover, during the year, the Appointments and Remuneration Committee reviewed the new version of the Committee Regulations approved by the Board of Directors of the Company on 18 June 2019.

It also conducted a self-appraisal to verify the adequacy of its composition and rules for its functioning, based on its duties. This self-appraisal was completed with a positive outcome on 8 February 2019.

## 5.2 Control and Risk Committee

The Board of Directors has set up a Control and Risk Committee composed of independent and non-executive Directors.

The Committee is composed of a minimum of three Non-executive Directors who, in accordance with the Articles of Association, must all be independent. At least one member of the Committee must have appropriate experience in accounting and finance and the Board of Directors must ascertain this at the time of appointment.

The Board of Directors appoints one of the independent members of the Committee as Chairman to coordinate the work of the Committee.

The Committee has an advisory role, makes proposals and carries out preliminary research to aid the Board of Directors in its decisions and assessments of the internal control and risk management system, as well as relating to approval of interim financial reports and the disclosure of a non-financial statement (hereinafter "NFI" – Disclosure of Non-Financial Information).

The Committee meets periodically with a frequency suited to correctly carrying out its duties. In any event it meets to approve the annual financial statements, the six-month interim financial statements and the Disclosure of Non-Financial Information.

In particular, in compliance with the principles in the Corporate Governance Code, the Board of Directors has given the Committee the duty of assisting it, carrying out adequate preliminary activities and providing advice, in assessments and decisions relative to the Internal control and risk management system, and in decisions on the approval of financial reporting and the NFI.

In this context, the Committee gives a preliminary opinion to the Board of Directors regarding:

- the definition of guidelines for the internal control and risk management system so that the main risks faced by the Company and its subsidiaries are correctly identified, quantified, managed and monitored while assessing the compatibility of these risks with management of the company in a way that is consistent with the stated strategic objectives;
- the annual assessment of the adequacy and effectiveness of the internal control and risk management system given the nature of the business and its risk profile;
- the description, which forms part of the report on corporate governance, of the main features of the internal control and risk management system, the coordination methods adopted by parties involved and the assessment of its adequacy;
- the interests of the Company regarding minor or significant related-party transactions, and the substantial fairness of conditions, pursuant to company procedures in force adopted in accordance with Consob Resolution 17221/10 and related organisational implementing rules;
- the proposed appointment or removal of the Internal Control Director, ensuring that he/she has the necessary resources to carry out his/her role, and whether his/her remuneration is consistent with Company policy, assisted in this matter by the Appointments and Remuneration Committee;
- the adoption and subsequent updating of Guidelines for the Financial Reporting Officer;
- annual approval of the audit plan prepared by the Internal Control Director;
- the findings of the independent auditors in any letter of recommendation and in the report on any fundamental matters under Article 19, paragraph 3 of Legislative Decree 39/10 emerging from the independent audit.

The Committee, in assisting the Board of Directors, also has the following duties:

- in collaboration with the Financial Reporting Officer and having requested opinions of the Independent Auditors and the Board of Statutory Auditors, assessing the correct adoption of accounting standards, as well as their consistent application across the Group for the purpose of preparing the consolidated financial statements;
- expressing specific opinions on aspects regarding the identification of main corporate risks;
- monitoring the autonomy, adequacy, effectiveness and efficiency of the Internal Audit Department of Fiera Milano S.p.A. and supervising activities, to ensure that conditions of independence and objectivity, competence and professional diligence are met, in compliance with the Code of Ethics of Fiera Milano and international standards. Specifically, the Committee:
  - reviews the periodic assessment reports of the Internal Audit Department containing information on activities carried out, the assessment of the internal control and risk management system, and any other important evaluations;
  - requests the Internal Audit Department to carry out audits/controls for specific areas of operations, and, at the same time, notifies the Chairman of the Board of Statutory Auditors;



- reviews results of audits conducted by the Internal Audit Department;
- reviews information received from the Internal Control Director and promptly informs the Board of Directors of its own evaluations, in the case of: i) serious deficiencies in the system to prevent irregularities and fraudulent acts or irregularities or fraudulent acts committed by employees that hold key positions in the internal control and risk management system; ii) circumstances that may harm the independence of the Internal Audit Department;
- after preliminary research, supports the assessments and decisions of the Board of Directors on matters concerning the risk management of prejudicial events that have come to the attention of the Board of Directors;
- oversees matters regarding the sustainability of company activities and the interaction with all stakeholders so that a true and fair assessment of the information can be included in the NFI under Legislative Decree 254/2016 and as further amended;
- advises on the activities of departments in the case of judicial investigations in Italy and/or abroad, for which the Chief Executive Officer and/or Chairman of the Company and/or a Board Director and/or an officer reporting directly to the Chief Executive Officer, also if no longer in office, have received information of their being investigated regarding the predicate crimes in Legislative Decree 231/2001, referable to the relative mandate and area of responsibility;
- reports at least every six months at the time of the approval of the annual financial statements and the six-month interim financial statements to the Board of Directors on its work and on the adequacy of the internal control and risk management system;
- carries out all further duties assigned by the Board of Directors.

The Chairman of the Board of Statutory Auditors (or a member of the Board of Statutory Auditors delegated by the Chairman) and the Head of Internal Audit for Fiera Milano attend meetings of the Control and Risk Management Committee. Other Statutory Auditors may also attend.

If considered appropriate, the Committee may invite Directors and executives of Fiera Milano or of Group companies to attend its meetings so that they may give their opinion on specific matters; it may also invite other persons who may be able to assist in the business of the Committee.

The Control and Risk Committee has access to all the information and Company departments required to carry out its duties and may also be assisted by external consultants.

The current members of the Control and Risk Committee are the directors Stefania Chiaruttini, acting as Chairman, Francesca Golfetto and Angelo Meregalli.

Members of the Control and Risk Committee are remunerated for their activities.

During the year ended 31 December 2019, the Control and Risk Committee held 10 duly minuted meetings. The average duration of the meetings of this Committee was approximately 1 hour and 35 minutes. At the date of the approval of this Report, 2 meetings had been held in the current financial year.

During the financial year under review, subject to approval of its action plan and to the extent of its responsibilities, the Control and Risk Committee expressed its opinion on the following:

- impairment testing for the Financial Statements at 31 December 2018 and relative results;
- six-monthly control activities regarding the procedures and activities indicated in Law 262/2005;
- the Independent Auditor's Plan for the 2019 Financial Statements;
- the Disclosure of Non-Financial Information at 31 December 2018;
- investments in sustainable finance;
- agreements between Fondazione Ente Autonomo Fiera Internazionale di Milano and Fiera Milano.
- specific agreements and extraordinary transactions which come under the definition of Minor or Significant Transactions pursuant to applicable regulations and the Procedure on Related-Party Transactions adopted by the Company;
- the Internal Audit and Compliance Plans, as well as the results of all second and third level control functions (including the Risk Management function);

The Control and Risk Committee also exercised its prerogative to provide the Board of Directors with a preliminary analysis identifying, measuring, managing and monitoring the main risks to the Company and, as part of its annual assessment, the adequacy of the internal control and risk management system given the characteristics of the business and its risk profile, as well as its effectiveness.

On the subject of related-party transactions, the Committee examined the substantive and procedural fairness of the main economic, equity and financial transactions with related parties.

Moreover, during the year, the Control and Risk Committee reviewed the new version of the Committee Regulations approved by the Board of Directors of the Company on 18 June 2019.

It also conducted a self-appraisal to verify the adequacy of its composition and rules for its functioning, based on its duties. This self-appraisal was completed with a positive outcome in March 2019.

During the year, the Control and Risk Management Committee held specific meetings with the Company's Supervisory Board, in accordance with Legislative Decree 231/2001.

## 6. REMUNERATION OF THE BOARD OF DIRECTORS

The variable part of the remuneration of the Chief Executive Officer and the Executive with Strategic Responsibilities is linked to achievement of the specific performance targets, indicated in advance and determined in accordance with the Remuneration Policy approved by the Board of Directors. For details, reference should be made to the Report on the Remuneration Policy and Remuneration Paid published in accordance with Article 123-ter of the Consolidated Finance Act for:

- the general policy on remuneration;
- the remuneration of Executive and Non-executive Directors (see Section II, Paragraph I, of the Report on the Remuneration Policy and Remuneration Paid prepared in accordance with Article 123-ter of the Consolidated Finance Act);
- the remuneration of executives with strategic responsibilities (see Section II, Paragraph II, of the Report on the Remuneration Policy and Remuneration Paid prepared in accordance with Article 123-ter of the Consolidated Finance Act);
- the indemnity payable to the Chief Executive Officer in the event of resignation, dismissal or termination of contract (see Section II, Paragraph I, of the Report on the Remuneration Policy and Remuneration Paid prepared in accordance with Article 123-ter of the Consolidated Finance Act).

## 7. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The internal control and risk management system of the Company and the Group is made up of a set of rules, procedures and organisational structures designed to identify, measure, manage and monitor the main risks. It contributes to the conduct of the Company and the Group, consistent with the corporate purposes established by the Board of Directors of the Parent, and encourages the adoption of informed decisions. It assists in ensuring: (i) the protection of equity, (ii) efficient and effective corporate procedures, (iii) reliability of financial reporting to corporate bodies and the market, and (iv) compliance with applicable laws and regulations, the Articles of Association, and internal procedures.

The Fiera Milano Group has for some time carried out a periodic analysis of the risks at Group level using internationally recognised standards of Enterprise Risk Management (ERM).

The main aim is to have a systematic and proactive approach to the main risks to which the Group – and each of its Companies – is exposed in carrying out its business and pursuing its established objectives, to assess in advance the potential negative effects, implement appropriate actions to mitigate such effects, and to monitor over time any relative exposure.

In order to achieve this, Fiera Milano has compiled a catalogue of Group risks and uses a risk mapping and risk scoring methodology. Specifically, the Group consolidated process entails periodic:

- i. updating of the risk catalogue according to the strategies implemented and the management and business model used;
- ii. assessment of the risks by the management of Fiera Milano and its subsidiaries;
- iii. consolidation of information and prioritisation of the risks and the consequent areas of action;
- iv. tolerance analysis of any exposure identified and formulation of the appropriate management strategies/ actions and the identification of the persons responsible for implementing such actions.

The organisational and procedural supervision of the ERM process is guaranteed by the Risk Management Department, responsible for the correct functioning of the entire company risk management process, and that operates based on the ERM Policy, governing the roles and responsibilities for identifying, measuring, managing, monitoring and reporting corporate risks in the Fiera Milano Group.

The Control and Risk Committee and the Board of Statutory Auditors are periodically informed of the process results.

– ***Risk management and internal control system for financial reporting***

The aforementioned integrated risk management model cannot be considered separately from the internal control system used for the financial reporting process, as both are elements of the overall internal control and risk management system of the Fiera Milano Group. The process for preparing the annual and interim financial statements and, in particular, the procedures to describe the principal risks and uncertainties to which Fiera Milano and the Group are exposed, are strictly linked and coordinated to the information flows deriving from the Enterprise Risk Management (ERM) processes of the Company and of the Group, which aim to identify, assess and mitigate any corporate risks.

In recent financial years, Fiera Milano has modified its internal control system for financial reporting in keeping with the provisions of Law 262/05 so as to document, where necessary, the administrative and accounting control model adopted and to schedule and implement periodic checks on the operational efficacy of the controls that are behind the certification process of the Financial Reporting Officer.

The aforementioned administrative and accounting control model combines the internal procedures and methods used by the Company to attain company objectives of integrity, accuracy, reliability and timeliness of financial reporting. The approach of Fiera Milano in formulating, implementing and continually updating the aforementioned administrative and accounting control model follows a development process in line with generally accepted best practices, with the guidelines for the duties of the Financial Reporting Officer under Article 154-*bis* of the Consolidated Finance Act issued by Confindustria, and with the control elements identified in the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

This reference model, based on the components of the internal control system (Control environment, Risk assessment, Control activities, Information & Communications, and Monitoring) necessary to attain the aforementioned financial reporting objectives favours, inter alia, the identification of coordination opportunities and the development of synergies among, for example, Enterprise Risk Management activities, activities undertaken to comply with Legislative Decree 231/2001 and the activities of the Internal Audit Department.

The internal control system phases relating to the financial reporting system of Fiera Milano can be divided into the following macro-categories:

- identification of processes, risks and controls;
- definition and updating of administrative and accounting procedures;
- monitoring the administrative and accounting procedures.

As part of the responsibilities and powers given him/her by the Board of Directors, the Financial Reporting Officer must effectively implement any actions falling into the above categories.

The main activities referred to in the adopted model, and included in the macro-categories listed above, are summarised below.

- ***Identification of processes, risks and controls***

This category includes all activities concerned with identifying or updating the extent of analysis and monitoring carried out, the identification and assessment of risks, the mapping of administrative and accounting processes and therefore the formulation and assessment of controls to mitigate such risks.

At least once a year, the Financial Reporting Officer decides the areas of the Company and Group processes that will be subject to risk analysis and to monitoring of the controls existing in the administrative and accounting control model. This is done using both quantitative and qualitative parameters to ensure that the most significant areas and/or those that pose the greatest risk of failing to meet the objectives of the financial reporting controls are included in the aforementioned areas.

Defining the areas to be analysed and monitored necessitates identification of the relevant accounts, disclosures and associated procedures so that the subsequent identification and assessment of controls, both at entity level and at procedure and transaction level, can effectively mitigate the risks inherent in the financial reporting preparation process.

With regard to identifying and assessing risk in financial reporting, the approach adopted considers both the risk of unintentional errors and those that may be caused by fraudulent activity, providing for the formulation and monitoring of checks and controls that address these types of risk, as well as coordinating the controls implemented with others in the overall internal control system.

To support the assessment of inherent risk levels, the reference criteria used are based on the following main potential risk indicators, generally recognised by reference best practices: changes in information systems, processes and procedures and other complex elements, for example, the complexity of information processing required by a certain procedure, a high level of transactions, or, for example, in processes that employ a considerable amount of estimates and valuations, the adequacy of the documentation and the reliability of the assumptions made.

When significant risks in financial reporting are identified, the administrative and accounting control model provides for the appropriate identification of controls to mitigate these risks. Specifically, the approach adopted takes adequate account of both manual controls and the data system controls in the administrative and accounting procedures, the so-called automatic system controls application, the general IT controls that govern system access, control of developments and amendments to the application systems, and the adequacy of the IT structures.

The administrative and accounting model, in line with reference best practices, ensures that the surveillance procedures for the processes, risks and controls is updated for significant changes in the Group administrative and accounting procedures whenever necessary.

- ***Definition and updating of administrative and accounting procedures***

Based on the results of activities to identify the processes, risks and controls, the Financial Reporting Officer defines or updates the administrative and accounting procedures and guarantees their adequacy as regards the internal control system and monitors the various phases of the process for defining or updating the procedures.

In particular, the administrative and accounting procedures are updated in conjunction with an assessment of the form and design of the controls and the continuous monitoring of their implementation.

- **Monitoring the administrative and accounting procedures**

The Financial Reporting Officer constantly monitors the administrative and accounting procedures, with particular reference to those concerning the preparation of the financial statements, the consolidated financial statements and the condensed six-month interim financial statements, as well as any action or communication of a financial nature that requires statements, attestations and declarations under paragraphs 2 and 5 of Article 154-bis of the Consolidated Finance Act, so as to ensure the adequacy and effective implementation of these procedures.

To achieve this, specific audit activities are planned to ascertain correct implementation of the controls incorporated in the administrative and accounting procedures. The control, analysis and audit activities for the administrative and accounting procedures are based on defining a test strategy that determines the modus operandi, the controls and ways of monitoring the procedural systems implemented.

Control testing activity is planned in such a way as to give priority to checks of identified "key" controls, and to balance objectives of efficiency with the requirement of achieving adequate coverage of control activities, introducing rotational tests for significant processes and sub-processes in relation to subsequent financial reporting dates.

Since 2017, as part of the continuous development of the administrative and accounting control model, given the organisational development of the Company, without affecting the role and responsibilities of the Financial Reporting Officer regarding declarations under Article 154-bis of the Consolidated Finance Act, the responsibility of carrying out the key control tests of the administrative and accounting processes has been given to the Internal Audit Department of the Company.

On the basis of the information received from the Financial Reporting Officer, the Head of Internal Audit, with the support of his/her department, identifies the timing and operating means for carrying out the tests on the key controls identified by the Financial Reporting Officer.

Following the tests, the Internal Audit Department advises the Financial Reporting Officer of the outcome of tests carried out on each key control and indicates any shortcomings and/or areas of improvement arising therefrom.

As regards the organisational aspects and roles involved in the various phases of formulating, implementing, monitoring and updating the administrative and accounting control model over time, specific information flows have been defined between the Financial Reporting Officer and the corporate, administrative and control committees and the company executives and/or areas that, outside the Administration, Finance and Tax Department, are involved in compiling, preparing and circulating the annual financial statements, the consolidated financial statements, the condensed six-month interim financial statements, the interim report on operations and, more in general, any information subject to attestation/declaration by the Financial Reporting Officer. The accounting and administrative control model also covers specific information flows among Group companies and internal statements/declarations.

In preparing the annual and interim financial statements and describing the principal risks and uncertainties to which Fiera Milano and the Group are exposed, the Financial Reporting Officer works with employees involved in the Enterprise Risk Management processes of the Company and of the Group in order to identify and assess all corporate risks.

- **Governance of subsidiaries with registered offices in countries outside the EU**

In accordance with the provisions of Article 15, as referred to in Article 18, paragraph 1 of the Regulation on Markets adopted by Resolution 20249 of 28 December 2017, the Company and its subsidiaries have administrative and accounting systems which allow public disclosure of the accounting positions used to prepare the consolidated financial statements of companies to which this law is applicable, and which permit the regular communication of data to the management of the Parent and its independent auditors as required to prepare the Consolidated Financial Statements.

Therefore, the conditions exist under the aforementioned Article 15, letters a), b) and c) of the Consob Regulation on Markets.

### 7.1 Director appointed to oversee the internal control and risk management system

The Board of Directors is responsible for internal control and risk management and, with the assistance of the Control and Risk Committee, for establishing its guidelines and periodically verifying that it is fit for purpose and is functioning effectively, ensuring that the principal corporate risks are identified and managed in an appropriate manner.

On 25 July 2017 – effective from 1 September 2017 – the Board of Directors delegated responsibilities under Article 7 of the Corporate Governance Code governing internal control and the risk management system to the Chief Executive Officer, Fabrizio Curci.

### 7.2 Head of Internal Audit (the "Internal Audit Department")

The Internal Audit Department performs third level, independent and assurance controls designed to audit and assess the operations and adequacy of the Internal Control and Risk Management System (ICRMS) and related organisation, with the duty of:

- auditing the operations and adequacy of the ICRMS as a whole in relation to the size and business operations of the Fiera Milano Group, providing assessments and recommendations;
- providing support to Top Management and management on ICRMS issues.

In line with reference best practices, the Board of Directors approved the Internal Audit Manual which sets out the aims, powers and responsibilities of the Internal Audit Department.

The Head of Internal Audit, Basilio Postiglione, was appointed on the proposal of the Director responsible for the internal control system by the Board of Directors of Fiera Milano at its meeting of 10 July 2017, following a favourable opinion from the Control and Risk Committee and after consulting the Board of Statutory Auditors.

The Internal Audit Department is not responsible for any area of operations and reports to the Chairman of the Board of Directors, so as to ensure its independence and autonomy and its direct access to information useful in carrying out its duties.

The remuneration of the Head of Internal Audit is defined by the Chief Executive Officer, in agreement with the Chairman, and is updated in compliance with company remuneration policies and with due regard to the role covered.

In particular, the Head of Internal Audit:

- on an ongoing basis and in relation to specific needs, in compliance with international standards, audits the operations and suitability of the Internal Control and Risk Management System, taking into consideration the characteristics of the Fiera Milano Group and the risks identified. After obtaining an opinion from the Director responsible for the internal control system, the Control and Risk Committee and the Board of Statutory Auditors, he/she prepares an annual Audit Plan for submission to the Board of Directors for approval;
- prepares periodic reports containing adequate information on his/her activities, the risk management methods and compliance with defined risk containment plans. The periodic reports contain an assessment of the adequacy and effectiveness of the Internal Control and Risk Management System;
- promptly prepares reports on particularly significant events;
- submits the aforementioned reports to the Control and Risk Committee, the Board of Statutory Auditors and the Chairman of the Board of Directors, as well as to the Director responsible for the internal control system;
- as part of the audit plan, audits the reliability of the IT systems, including accounting records systems.

In order to perform assigned duties, in addition to the Head of Internal Audit, the Internal Audit Department has four members of staff with specific expertise on internal control and economic and financial matters.

If considered appropriate and subject to authorisation of the delegated bodies, the Head of Internal Audit can also be assisted by external audit professionals or use tools to support activities.

### 7.3 Organisation model pursuant to Legislative Decree 231/01

The Company has adopted an Organisation, Management and Control Model in accordance with Legislative Decree 231/01.

As a result of its need to guarantee transparency and fairness in its business dealings, the Company considered it appropriate to adopt an Organisation, Management and Control Model pursuant to Legislative Decree 231/01 (hereinafter the "**Model 231**"), which was most recently updated by the Board of Directors on 25 July 2019.

In particular, based on amendments to Legislative Decree 231/01, changes made to the Company's organisational structure and procedural configuration, it was considered appropriate to revise the entire Model 231 of Fiera Milano. The revision concerned both the General Section and Special Sections (with the exception of the Special Section "Occupational Health and Safety Crimes", updated in December 2018).

To complete the revision, on 17 December 2019, the Special Section on "Environmental Crimes" was updated, and the Special Section on "Occupational Health and Safety Crimes" was formally aligned.

The adoption and maintenance of the Model 231 aims to create a business strategy based on the principles of fairness and legality; for this reason, the Company has updated organisational and management control protocols aimed at preventing any risk that the crimes referred to in Italian Legislative Decree 231/01 are committed, and revised the description of predicate crimes.

The Company Model is currently composed of:

- a General Section, which describes the contents of Italian Legislative Decree 231/2001; the governance system and the organisational structure of the Company; the methodology used to identify and map the sensitive processes/activities, gap analysis and preparation of the Model 231; the characteristics and modus operandi of the Supervisory Committee; training and information; the penalty system;
- thirteen Special Sections, on categories of predicate crimes contemplated by Legislative Decree 231/01, indicating the sensitive processes/company activities which are significant as they could potentially cause the crimes to be committed, and the relative (general and specific) protocols for preventing their commission. Each section is dedicated to a category of crimes under Legislative Decree 231/2001: (i) crimes against the public administration and private-to-private corruption, (ii) corporate crimes, (iii) market abuse crimes, (iv) transnational crimes, (v) occupational health and safety crimes, (vi) crimes concerning receiving, laundering and the re-use and self-laundering of money and goods of unlawful origin, (vii) cyber crime and unlawful data processing, (viii) crimes of organised crime, (ix) crimes against industry and trade and crimes involving counterfeiting (x) crimes of copyright infringement (xi) environmental crimes (xii) employment of an illegally staying third-country national; (xiii) unlawful intermediation and exploitation of labour.

As an attachment, the Code of Ethics of the Fiera Milano Group (hereinafter the "**Code of Ethics**" or "**Code**") is included to complete and form an integral part of the Model.

The Code of Ethics clearly defines the set of values recognised, accepted and shared by the Company and the responsibilities it assumes both internally and externally. Compliance with the Code of Ethics by employees of Fiera Milano is of fundamental importance to the operations, reliability and reputation of the Company - factors that are a decisive asset in the success of the Group. The employees of Fiera Milano, in addition to meeting the normal requirements of loyalty, correct behaviour, and acting in good faith under the terms of the employment contract, must avoid carrying out any activity that is in competition with Fiera Milano, must respect the company rules and comply with the requirements of the Code of Ethics. All those who have business relations with the Company are made aware of the Code.

The general section of the Model 231 of the Company is available on the website [www.fieramilano.it](http://www.fieramilano.it) in the section *Investor Relations/Corporate Governance/Model 231 - General Section*, as is the Code of Ethics, published in the section *Investor Relations/Corporate Governance/Code of Ethics*.

Following the update to the Model 231 and, in order to continue the training of recent years, information and training initiatives for all corporate employees were implemented. In particular, following the update to the Model 231, a training day was held for all employees on 27 November, to provide information about the role of the Supervisory Board, and how to implement and interpret the Model 231. The training culminated in a business case and questionnaire to test knowledge gained during the day.

To guarantee the functioning, effectiveness and compliance with the Model 231, the Company has set up a collective body known as the Supervisory Committee. The current Supervisory Committee, appointed on 29 May 2017, is made up of its Chairman Piero Antonio Capitini and members Luigi Bricocoli and Jean-Paule Castagno. This Committee is tasked with the control and updating of the Model 231 to ensure that it is both efficient and effective, as well as coordinating its own activities with those of other bodies and internal audit departments.

The members of the Supervisory Board are remunerated for their activities and have an annual budget when specific controls require the use of dedicated resources.

The Model 231, in application of the provisions of Article 6 paragraph 2 of Legislative Decree 231/01, provides for specific information flows to the Supervisory Committee so that the functional and compliance supervision of the Model 231 is more effective.

With reference to the unlisted Italian companies of the Group that have adopted their own organisational model, the Supervisory Committee has conducted research on each of these in order to identify adequate technical/operational solutions that, while respecting the mandate and powers reserved for the same by the prevailing regulations, are appropriate to the dimensions and organisational context of each corporate entity, also taking account of the relevant guidelines issued by the Parent.

As regards subsidiaries operating under foreign jurisdictions, which are not required to adhere to the provisions of Legislative Decree 231/01 and which do not have their own Organisation, Management and Control Models pursuant to the aforementioned Decree 231, the Group Code of Ethics, the guidelines for anti-corruption and other compliance programmes are adopted, in order to have a systematic reference framework of crime prevention regulations and standards. These Guidelines, which are immediately adopted by external subsidiaries, were considerably revised, approved by the Company Chief Executive Officer in July 2019 and presented during Board meetings of foreign subsidiaries.

#### **7.4 Independent Auditors**

The statutory auditing of the accounts has been assigned to EY S.p.A. (formerly Reconta Ernst & Young S.p.A.), a company registered in the special Consob Register, in compliance with applicable laws. The mandate was conferred by the Shareholders' Meeting of 29 April 2014 and refers to the financial years ending 31 December 2014-2022.

#### **7.5 Financial Reporting Officer**

After previously seeking opinion in favour from the Board of Statutory Auditors, on 11 May 2018, the Board of Directors of the Company appointed Marco Pacini, Chief Financial Officer of the Fiera Milano Group since 13 November 2017, as Financial Reporting Officer. At the same time, through an appropriate delegation of responsibilities, the Board granted him adequate means and powers to carry out the duties attributed to this position by law. The Board of Directors also supervises actual compliance with administrative and accounting procedures. The Articles of Association require this Officer to be an expert in matters of administration, finance and control and to meet the same integrity requirements as Statutory Auditors under current legislation. The Officer's appointment is for three financial years and must not exceed the term of office of the Board of Directors that made the appointment.



## 7.6 Coordination among persons involved in the internal control and risk management system

The coordination of persons involved in the internal control and risk management system is through a series of mechanisms and means of interaction such as: i) scheduling and holding joint meetings of the various corporate bodies and departments responsible for internal control and risk management; ii) attendance at meetings of the Control and Risk Committee by the Chairman of the Board of Statutory Auditors and other members of the Board of Statutory Auditors and by the Head of Internal Audit and Head of Compliance; iii) attendance by the Head of Internal Audit and Head of Compliance at the meetings of the Supervisory Committee under Legislative Decree 231/01; iv) the Risk Management function attends the meetings of the Control and Risk Committee at least twice a year, and also takes part in periodic meetings of the Board of Statutory Auditors.

During the revision of the "Regulation on the exercise of the power of direction and coordination by the parent" and subsequent approval of the Guidelines on Direction and Coordination, the Board of Directors of the Company also resolved to approve the Guidelines for Managing Information Flows (hereinafter, "**Guidelines**"). The purpose of the Guidelines is to define the management of minimum information flows between different companies of the Fiera Milano Group and between control bodies of the Parent (i.e. the Board of Directors, Board of Statutory Auditors, Supervisory Board, the Control and Risk Management Committee, the Appointments and Remuneration Committee, the Internal Audit Department, the Risk Management Function, the Compliance Function, the Financial Reporting Officer under Law 262/2005), in order to promote the exchange of information among company boards and Group companies, to guarantee more efficient and effective process management.

## 8. BOARD OF STATUTORY AUDITORS

### 8.1 Appointment of Statutory Auditors

The Articles of Association currently require that the appointment of Statutory Auditors is on the basis of lists presented by the shareholders; the Articles state that the position of Chairman of the Board of Statutory Auditors is granted to the first candidate on the second list by number of votes and who is in no way related, even indirectly, to those shareholders who presented, or acted in concert to present, or voted for the first-placed list by number of votes. Only those shareholders who, individually or together, represent at least 2.5% of the share capital and are entitled to vote in the ordinary shareholders' meeting have the right to present a list, as required by the Articles of Association and by Consob Resolution 28 of 30 January 2020. A shareholder who intends to present a list of candidates and who does not own a controlling interest or the relative majority of the share capital of the Company must deposit a declaration stating the absence of any relationship with the controlling shareholders, as required by the regulatory provisions. The lists must be filed with the registered office of the Company at least twenty-five days prior to the date set for the Shareholders' Meeting on first call and must be made publicly available at least twenty-one days prior to this date.

Ownership of the minimum shareholding required to present lists is based on the shares confirmed as registered to the shareholder on the day on which the lists are filed with the Company. To prove ownership of the minimum number of shares required to present lists, by the deadline for publication of the lists by the Company, the shareholders must provide the relative certification issued by the authorised intermediaries in accordance with law.

Each list, deposited at least twenty-five days before the date fixed for the Shareholders' Meeting on first call, must be accompanied by a declaration in which each candidate accepts the candidacy and declares that no reasons of ineligibility or incompatibility exist also with reference to the accumulation of positions referred to below, that the requirements of applicable law relating to the assumption of the position are fulfilled, and must include a curriculum vitae of the candidate that indicates the administration and control positions held.

The lists presented by shareholders must have two sections: one for the appointment of Standing Statutory Auditors and the other for Substitute Statutory Auditors. The lists should not contain more candidates than there are positions to be filled, and should be numbered consecutively. The lists must include candidates of both genders. Each candidate may only appear on one list, failing which they will be ineligible.

The Articles of Association also provide that, without prejudice to situations of incompatibility under applicable law, any person who is already an acting Statutory Auditor in four companies listed on regulated markets may not take up a position as Statutory Auditor and, if elected, their mandate is nullified, except where different limits are established by laws periodically in force.

To meet the requirements of Article 148, paragraph 1-bis of the Consolidated Finance Act and Article 144-undecies.1 of the Issuers' Regulation regarding the appointment and replacement of members of the Board of Statutory Auditors, the Articles of Association contain the same criteria and requirements as those for the appointment and replacement of members of the Board of Directors described above.

The complete Articles of Association are available on the Company website [www.fieramilano.it](http://www.fieramilano.it) in the section *Investor Relations/Corporate Governance/Articles of Association*.

## 8.2 Diversity criteria and policies

Under Article 20 of the Articles of Association and in compliance with provisions of the Corporate Governance Code, the Board of Statutory Auditors is well represented in terms of gender diversity – as it has three Standing Statutory Auditors of which at least one is of the least represented gender and two Substitute Statutory Auditors, one of each gender – and also in terms of generational diversity as its members come from various age groups and professional backgrounds.

The replacement procedure complies with the requirement for gender balance.

The members of the Board of Statutory Auditors must also meet the integrity, professionalism and independence requirements of laws and regulations; they must also be independent under the criteria required of directors in the Corporate Governance Code. In this context, as part of its annual assessment, the Board of Statutory Auditors verified the independence requirements by obtaining self-certification from each of its members, now held on Company records, and reported the results to the Board of Directors.

An indication of further requirements to be appointed as a Statutory Auditor was considered unnecessary as applicable rules and regulations ensure the identification of persons that have the necessary skills and experience to carry out the role.

## 8.3 Composition of the Board of Statutory Auditors (Article 123-bis, paragraphs 2.d) and 2.d-bis), Consolidated Finance Act)

The Board of Statutory Auditors was appointed by the Shareholders' Meeting of 23 April 2018, based on a single list presented by the controlling shareholder, Ente Autonomo Fiera Internazionale di Milano, and will remain in office until approval of the Financial Statements at 31 December 2020.

The following is a short curriculum vitae, indicating the personal and professional experience of each of the Statutory Auditors currently on the Board of Statutory Auditors:

**Riccardo Raul Bauer**, Chairman of the Board of Statutory Auditors of Fiera Milano since 23 April 2018 and Standing Statutory Auditor of Fiera Milano Congressi S.p.A. since 3 April 2019. Born in Milan on 12 January 1951, he graduated in Economics from Cattolica University, Milan in 1983. He has been a practising Chartered Accountant since 1984 and is on the National Register of Auditors.

He is a founder member of Studio OMNIA, where he practises his profession under consulting and assistance assignments in business acquisitions of leading Italian groups, with *pro veritate* opinions on accounting and auditing principles.

He has held and currently holds many administration and control positions, including Chairman of the Board of Statutory Auditors of Avio S.p.A., Chairman of the Board of Statutory Auditors of the Ospedale Israelitico, Member of the Board of Statutory Auditors of the Museo dell'Ebraismo e della Shoà and of Space Lab S.p.A., Financial Reporting Assessor on the Board of Directors of Istituto Pitigliani and Chair of the Audit Committee of the Order of Chartered Accountants and Accounting Experts of Milan.

Author of 30 books and numerous other publications, he has also held academic positions and, for over twenty-five years, he has been Professor under contract of Business Audit and Control for daytime and evening courses at Cattolica University. For eight years he was a professor of accounting at Bocconi University and was and is professor of the second-level Master's in Business Administration in Italian and English.

**Daniele Federico Monarca**, Standing Statutory Auditor of Fiera Milano since 23 April 2018 and Standing Statutory Auditor of Fiera Milano Media S.p.A. since 3 April 2019.

Born in Milan on 22 April 1959, he graduated in Economics from Bocconi University in 1981. He has been a practising Chartered Accountant since 1982 and is on the National Register of Auditors.

He has held several administration and control positions and is currently Standing Statutory Auditor of Costruzioni Giuseppe Maltauro S.p.A., Independent Director of BFC Blue Financial Communication S.p.A., Independent Director of BFC Space S.r.l., Non-executive Director of Consaequo Partners S.r.l., Non-executive Director of ICIUS S.r.l., Partner/Co-Founder and Chief Executive Officer of Pigreco Corporate Finance S.r.l., Substitute Statutory Auditor of Banca Monte dei Paschi di Siena S.p.A., Standing Statutory Auditor of Foodness S.p.A., Standing Statutory Auditor with Statutory Audit Responsibilities of FHS&C S.p.A.

Entered in the Register of Court Appointed Experts with the Court of Milan, to date he is also Professor under contract in accounting at Bocconi University, Milan for the Post-Graduate Course for Company Lawyers and Professor of the Family Officer Master's Course organised by AIFO Academy.

**Mariella Tagliabue**, Standing Statutory Auditor of Fiera Milano since 23 April 2018. Chair of the Board of Statutory Auditors of Ipack Ima S.r.l. since 3 April 2019 and Chair of the Board of Statutory Auditors of Made Eventi S.r.l. since 5 December 2019. She was born in Monza on 31 August 1970. She graduated with honours in Economics from Cattolica University. She is a chartered accountant, auditor and is on the register of technical consultants of the Court of Milan. She is a Professor under contract for the Master's in Credit Risk Management at Cattolica University.

She is a technical consultant on financial statements, extraordinary corporate transactions and business assessment.

She is the author of "Introduzione ai principi guida degli Standards Contabili Internazionali", published by Educatt, and contributor to the scientific series "Economia degli intermediari finanziari" published by McGraw Hill.

She was Senior Manager of KPMG S.p.A. Financial Services as head of audit planning and supervision for listed Italian banks and large international groups.

Currently, she also holds the position of Chairman of the Board of Statutory Auditors of Anima Holding S.p.A., Standing Statutory Auditor of Nexi S.p.A., Mercury Payment Services S.p.A., Nexi Payments S.p.A.

She has been a member of the Board of Statutory Auditors and Supervisory Board of companies in listed groups (Intesa Sanpaolo and Mittel).

**Daniele Beretta**, Substitute Statutory Auditor of Fiera Milano since 23 April 2018.

Born in Milan on 25 April 1980, he graduated in Economics of financial institutions and markets from Bocconi University, Milan in 2003. He has been a qualified Chartered Accountant since 2011 and is on the National Register of Auditors.

He holds positions as Standing Statutory Auditor and Legal Auditor with companies operating in the industrial, financial and services sectors.

He is Professor under contract at the Faculty of Banking Science, Cattolica University, Milan.

He currently has a partnership arrangement with the Studio Corbella Villa Crostarosa - Giucciardi in Milan and is treasurer of Confprofessioni at the Lombardy Regional Council.

**Marina Scandurra**, Substitute Statutory Auditor of Fiera Milano since 23 April 2018.

Born in Rome on 15 December 1969, she graduated in Economics from La Sapienza University, Rome in 1994. She is qualified as a Chartered Accountant and is on the National Register of Auditors.

Currently she holds the following corporate offices: She is a Standing Statutory Auditor on the Board of GEDI Gruppo Editoriale S.p.A., Member of the Supervisory Board of GEDI Gruppo Editoriale S.p.A., Standing Statutory Auditor of Acea Produzione S.p.A., Standing Statutory Auditor on the Board, also with Supervisory Board duties, of Bredamenarinibus S.p.A., Standing Statutory Auditor on the Board of MICO DMC S.r.l., Standing Statutory Auditor on the Board of Morini S.r.l., Chairman of the Board of Statutory Auditors, also with legal audit duties, of Citelum Napoli Illuminazione Scarl, Chairman of the Board of Statutory Auditors of Stretto di Messina S.p.A. and Standing Statutory Auditor on the Board of Transmed S.p.A.

During 2019, the Board of Statutory Auditors met 16 times. The average duration of the meetings of the current Board of Statutory Auditors was approximately 30 hours. At the date of approval of this Report, four meetings had been held in the current financial year.

#### 8.4 Role and functions of the Board of Statutory Auditors

The Board of Statutory Auditors, in compliance with Article 149 of the Consolidated Finance Act and the powers invested in it by Article 2403-bis of the Italian Civil Code, monitors the Company's activities to: ensure compliance with the principles of correct administration, the adequacy of the company's organisational structure regarding positions and responsibilities, the internal control system and the administrative/accounting system, as well as the reliability of the latter in accurately representing management information, the procedures for the actual implementation of corporate governance rules of codes of conduct prepared by companies responsible for the organisation and management of regulated markets, as well as the adequacy of regulations prepared by the Company and applicable to its subsidiaries, in accordance with Article 114 paragraph 2 of Legislative Decree 58/98. In compliance with Article 19 of Legislative Decree 39/2010, the Board of Statutory Auditors also oversees the legal audit of the annual and consolidated financial statements, the effectiveness of the internal control, internal audit and risk management systems, as well as the process for financial reporting. The Board of Statutory Auditors also oversees compliance with the provisions regarding the Disclosure of Non-Financial Information, required by Legislative Decree 254/2016 and reviews this in its annual report to the Shareholders' Meeting.

Under Article 20.1 of the Articles of Association, in addition to its responsibilities under Article 2403, paragraph 1 of the Civil Code and the powers it has under Article 2403-bis of the Italian Civil Code, the Board of Statutory Auditors must also monitor:

- (a) the capacity of the entire internal control system to establish the effectiveness of all structures and departments involved in the control system and their adequate coordination, while taking corrective measures for any shortfall or irregularity that comes to light;
- (b) the corporate disclosure process;
- (c) the statutory auditing of the annual accounts;
- (d) the independence of the independent auditor or independent audit firm, in particular as regards non-audit services.

In addition, as Internal Control and Audit Committee pursuant to Article 19, Legislative Decree 39/2010, the Board of Statutory Auditors is responsible for procedure for selecting the independent auditors. The Board of Statutory Auditors must also inform the Board of Directors of the results of the audit and submit the additional report to the Board pursuant to Article 11, Regulation (EU) 537/2014 received from the independent auditors, accompanied by any findings.

The Board of Statutory Auditors also monitors the independence of the independent auditors, ensuring compliance with existing regulations, and the nature and scale of non-audit services provided to the Company and its subsidiaries by the independent auditors and its network of entities. To carry out its responsibilities the Board of Statutory Auditors also works in conjunction with the Internal Audit Department and with the Control and Risk Committee on matters of common interest through meetings and exchanges of information.

With all its members, the Board of Statutory Auditors attends meetings of the Control and Risk Committee.

### 8.5 Self-appraisal by the Board of Statutory Auditors

In compliance with the Code of Conduct for the Boards of Statutory Auditors of Listed Companies, published by Italy's National Association of Accounting Professionals (CNDCEC), on 26 April 2018 the Board of Statutory Auditors completed an appraisal in relation to:

- the suitability of members and adequate composition of the board, with reference to the professionalism, expertise, integrity and independence requirements of the regulations;
- the availability of time and resources suited to the complexity of the position.

The Board of Statutory Auditors also performs periodic self-appraisals of its operations in relation to the actual planning of its activities.

The self-appraisal of the Company's Board of Statutory Auditors was therefore based on guidelines issued by Italy's National Association of Accounting Professionals (CNDCEC) and, in particular, the 2019 self-appraisal questionnaire was used based on indications in the document "Self-appraisal for Boards of Statutory Auditors", published by CNDCEC in May 2019.

The Chairman of the Board of Statutory Auditors, with operating support from the relevant company departments, prepares the self-appraisal report of the Board, which describes the methodology used and the different stages that constitute the self-appraisal process; those involved in the self-appraisal; the results obtained, highlighting any strengths or weaknesses; the remedial actions suggested by the Statutory Auditors; and describes the progress or status of corrective actions defined in the previous self-appraisal. The self-appraisal document is presented to the Board of Statutory Auditors for its approval and then agreed with the Board of Directors.

The self-appraisal, started by the Chairman of the Board of Statutory Auditors, was carried out by each Statutory Auditor completing a questionnaire; the results were presented to the Board of Statutory Auditors, which formalised it in an ad hoc document presented to the Board of Directors at its meeting of 11 February.

The questions were designed to analyse (i) the size and composition of the Board of Statutory Auditors with reference to the nature and professional experience of the Statutory Auditors; (ii) its *modus operandi*, (iii) the composition and responsibilities of the internal committees of the Board; (iv) the knowledge of the legal framework of the sector and the participation of Statutory Auditors in meetings and in the decision-making process.

Each Statutory Auditor completed this questionnaire and the analysed results were aggregated and presented to the Board of Statutory Auditors in an anonymous format.

The results were obtained through the active cooperation of all Statutory Auditors and were processed with operating support from the Secretariat of Fiera Milano.

In particular, each Statutory Auditor completed:

- the self-appraisal questionnaire;
- the checklist certifying professional requirements and expertise;
- a personal details record;
- his/her curriculum vitae.

As regards the personal and collective requisites and competencies of Board members:

- all members meet the requirements under Article 2382 of the Civil Code;
- the members of the Board of Statutory Auditors must also meet the integrity, professionalism and independence requirements of laws and regulations (*i.e.* the Consolidated Finance Act);
- the Board of Statutory Auditors guarantees the diversity of its members; specifically:
  - gender diversity is well represented on the Board, with more than one third of the directors being female, *i.e.* the least represented gender;
  - generational diversity is well represented on the Board, as members are from different age groups and professional backgrounds;
- each Board Director has good knowledge of and experience in at least three of the competency areas indicated.

With reference to the results of the self-appraisal on the Board's modus operandi:

- the size of the Board is adequate for it to carry out its functions;
- the composition of the Board is balanced, and diverse professional expertise guaranteeing appropriate oversight of different areas is well represented, including in particular the following:
  - legal expertise;
  - accounting expertise in consulting and interpreting financial reporting;
  - financial expertise and expertise in extraordinary operations;
  - expertise in risk management;
  - expertise in statutory auditing;
  - expertise in taxation;
  - knowledge of internal audit processes;
- each member of the Board declares they have sufficient time available to carry out their duties, in view of the scope and complexity, and also the nature, dimension, sectors of activity, organisational configuration and other characteristics of the Company;
- the functioning of the Board is generally adequate for the requirements of Fiera Milano; specifically:
  - members always attend the Board's meetings;
  - members are actively involved in discussions;
  - the Board's meetings are specifically and clearly recorded in the minutes;
  - the minutes are adequate and the register of meetings is duly updated and kept;
  - there is a team spirit and mutual trust;
  - the maximum number of positions that may be held is observed;
  - the auditors are willing to take part in company activities;
  - the work carried out by the Board overall is effective;
- information flows between the Board of Statutory Auditors and other company boards are adequate, although – with a view to continual improvement, it is suggested to send documentation earlier;
- the position of the Chairman is key; specifically:
  - meetings of the Board are managed effectively;
  - he/she has a steering function in the Board's organisation;
  - he/she coordinates with the Chairmen of other company bodies and top managers of the Company;
  - information flows with company functions are correctly managed;
  - he/she ensures necessary leadership.

The Board has made a specific training proposal that could take place during the year to further improve its performance, covering:

- further review of the Fiera Milano's reference market;
- cyber security;
- sustainability review.

## 9. PROCEDURES ADOPTED BY THE COMPANY

### 9.1 Insider Dealing Code

The Company has adopted an Insider Dealing Code, prepared in accordance with EU Regulation No 596 of 16 April 2014 (Market Abuse Regulation – “MAR”) and related implementing regulations (“**Insider Dealing Regulations**”).

Under the Insider Dealing Code, most recently updated on 15 December 2017, a number of relevant persons, and persons close to them, who have regular access to inside information and the power to make management decisions that could affect the performance and prospects of the listed issuer, are obliged to inform the market of any transaction involving listed financial instruments issued by the company. Relevant persons under the provisions of the Insider Dealing Code are those with administrative, direction and control responsibilities within Fiera Milano.

The relevant persons identified above must communicate to the Company and to Consob any transactions they have made or that have been made by Persons Closely Associated with them within three trading days of the date of the transaction.

Consistent with the requirements of the MAR, the current Insider Dealing Code provides for a black-out period of thirty days preceding the public announcement of interim results or year-end financial statements during which the relevant persons are prohibited from trading in financial instruments issued by the Company.

Communications made in compliance with the Insider Dealing Code (*filing models*) and the Insider Dealing Code itself are available on the Company website [www.fieramilano.it](http://www.fieramilano.it) in the section *Investors*.

### 9.2 Treatment of Corporate Disclosures

The Company has adopted a “Procedure for the internal management and external disclosure of inside information and register maintenance (hereinafter, the “**Procedure**”), as well as the related “Implementing measures of the procedure for the internal management and external disclosure of inside information and register maintenance” (hereinafter, the “**Implementing Measures**”), last updated by the Board of Directors on 18 June 2019, which implement the provisions of the regulations on market abuse.

In particular, compared to the version approved in 2018, the changes made to the Procedure and Implementing Measures were based on the annual assessment conducted pursuant to Article 9.2 of the Procedure by the Chief Executive Officer.

The Procedure contains specific sections covering the definition of relevant and inside information, the related management procedures, ways of managing so-called market rumours, governs instances of delays in disclosure to the market, the approval process for press releases, persons authorised to maintain external relations and persons obliged to maintain confidentiality.

The Procedure also covers the maintenance and updating of the Relevant Information List (RIL) and the Insider List, which identifies the responsibilities and ways of maintaining and updating it. The procedure identifies the individual responsible for managing the list, an info room committee and the individuals that can be registered in it; it also governs the procedures for initial inclusion and subsequent updating as well as aspects regarding confidentiality obligations, as well as how these are managed in the event that the procedure for delayed communication of inside information is activated.

### 9.3 Procedure for Related-Party Transactions

The Company has a Procedure for Related-Party Transactions (hereinafter the “**Procedure**”). The Procedure was adopted on 5 November 2010 and implemented from 1 January 2011. It was prepared in compliance with the Provisions relating to transactions with Related Parties approved by Consob Resolution 17221 of 12 March 2010, first amended by Consob Resolution 17389 of 23 June 2010 and later by Resolution 19974 of 27 April 2017 (hereinafter the “**Regulation**”), with recommendations contained in the Corporate Governance Code and with the guidelines for application of the Provisions relating to transactions with Related Parties issued by Consob with Communication no. DEM/10078683 of 24 September 2010.

The current Procedure was reviewed twice in 2018. In particular, the amendments were agreed by the Board of Directors' decisions of 19 February 2018 and again on 11 May 2018, also to align the document and its provisions with amendments to the reference regulations and as regards the organisational structure of the Company.

In general, the Procedure provides rules and measures to be adopted to ensure transparency and the substantial and procedural fairness of related-party transactions carried out directly by Fiera Milano or through its subsidiaries. In particular, the Control and Risk Committee has been identified as the body designated to express a considered opinion on the interests of the Company and on the substantial fairness of relevant conditions for the completion of related-party transactions.

The Procedure takes advantage of the exception granted in the Regulation that, without prejudice to provisions on public disclosure, smaller listed companies – or those with balance sheet assets or revenues that do not exceed Euro 500 million as shown in the most recently approved Consolidated Financial Statements – may apply the guidance and approval procedures for Minor Transactions to Material Transactions.

The Board of Directors of the Company will periodically, and in any event at least every three years, assess whether to update the Procedure taking into account, inter alia, any changes to its ownership structures, as well as the effective application of the rules and guidance in use.

The Procedure is available on the Company website, [www.fieramilano.it](http://www.fieramilano.it), in the section *Investor Relations/Corporate Governance/Related Parties Procedure*.

The Company has also adopted Organisational Implementing Instructions with regard to the Procedure for Related-Party Transactions – that were updated during the Board meeting of 19 February 2018 – in order to:

- (i) establish the methods and timing for the preparation and updating of the related parties database compiled specifically for the Procedure;
- (ii) monitor the rules for identifying related-party transactions before they are finalised and oversee the preliminary procedures by identifying those persons that should give and/or receive information, the subjects appointed to ascertain if a specific transaction comes under the scope of the Procedure, as well as the means of guaranteeing the traceability of the transaction in question;
- (iii) establish the methods, timing and responsibility for managing the public disclosure process as required by the Procedure.

With regard to the new version of the Instructions associated with the aforementioned Procedure, the main amendments aim to align its contents with the current organisational structure of the Company and with the European Commission's Directive on market abuse.

In particular, the Instructions define the new composition of the Advisory Committee on Related Parties.



## 10. SHAREHOLDER RELATIONS

The Company has adopted a communication policy with the aim of establishing continuous dialogue with all shareholders and, in particular, with institutional investors, ensuring the systematic and prompt dissemination of exhaustive information regarding its activities, while complying with the regulations on inside information.

The Company has an Investor Relations Department, headed by Gianna La Rana as Investor Relations Manager, responsible for relations with the financial community.

The methods adopted for financial disclosure are those of systematic contact with financial analysts, institutional investors and the specialist media in order to ensure a full and proper understanding of trends in the Company's strategic direction, the implementation of strategy and the impact on the business results.

In addition, the Company believes that dialogue with investors is fostered by providing sufficient information to allow them to make informed decisions when exercising their rights and by organising the content of the Company's website ([www.fieramilano.it](http://www.fieramilano.it) in the *Investor Relations* section) so that they can access economic and financial information (annual financial statements, half-yearly and quarterly interim financial statements, presentations to the financial community), as well as updated data and documents of general interest to shareholders (press releases, the corporate calendar, composition of the Company's governing bodies, the Articles of Association, minutes of Shareholders' Meetings, the Code of Ethics, the Procedure for Related-Party Transactions, the Insider Dealing Code, and the related filing models etc.).

## 11. SHAREHOLDERS' MEETINGS (ARTICLE 123-BIS, PARAGRAPH 2.C), CONSOLIDATED FINANCE ACT)

The Shareholders' Meeting represents all shareholders, and its decisions, taken in accordance with the law and the Articles of Association, are mandatory and binding on all shareholders, including those who did not attend, abstained or dissented, although dissenting shareholders have rights of rescission under certain circumstances.

Also in accordance with the provisions of Article 9.C.3 of the Corporate Governance Code, the Shareholders' Meeting of 23 April 2013 adopted Rules of Procedure that govern the conduct of Ordinary and Extraordinary Shareholders' Meetings. These Rules are publicly available on the Company website [www.fieramilano.it](http://www.fieramilano.it) in the section *Investor Relations/Corporate Governance/Shareholders' Meetings*.

The aforementioned Rules of Procedure define the procedures to be followed to ensure the orderly and correct conduct of Shareholders' Meetings whilst guaranteeing the right of each shareholder to speak on the matters under discussion.

The Shareholders' Meeting is convened and deliberates, under the law and regulations for companies with listed shares, on matters that are its responsibility by law.

The Shareholders' Meeting is authorised to approve, inter alia, in an ordinary or extraordinary meeting (i) the appointment or removal of members of the Board of Directors and of the Board of Statutory Auditors and their relevant remuneration and responsibilities, (ii) the Financial Statements and the allocation of profits, (iii) the purchase and disposal of treasury stock, (iv) changes to the Articles of Association, (v) the issue of convertible bonds.

In accordance with applicable law, legitimate attendance and exercise of the right to vote in Shareholders' Meetings is restricted to those who appear as shareholders at close of business on the seventh trading day prior to the date of the Shareholders' Meeting, and who present to the issuer the relevant communication from an intermediary that conforms to its accounting records, on behalf of the person having the right to vote at the Shareholders' Meeting using the aforementioned mechanism.

## 12. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (ARTICLE 123-BIS, PARAGRAPH 2.A), CONSOLIDATED FINANCE ACT)

### 12.1 Management procedure for disclosures, including anonymous disclosures received by Fiera Milano and its subsidiaries

On 8 November 2016, a Management policy for disclosures, including anonymous disclosures received by the Group companies, was adopted. It was last updated at the meeting of the Company's Board of Directors held on 11 May 2018. The Procedure governs the receipt, analysis and treatment of disclosures alleging irregularities, including those made anonymously or in confidence, from third parties or from Fiera Milano Group personnel.

The disclosures may include, inter alia: crimes, illicit or anomalous activities and/or behaviour of any kind, also omissive, attributable to the employees of the Fiera Milano Group or third parties that violate the Code of Ethics, the Models 231 adopted by companies of Fiera Milano Group, internal regulations issued by the Fiera Milano Group, laws or regulations or obligations issued by the Authorities or any acts that could cause damage or detriment of any kind to the Fiera Milano Group.

The latest review of the Procedure amended the composition of the Disclosures Committee, in which the Internal Audit Director and Head of Human Resources, participate with the Head of Security. This Committee reports to the Supervisory Committee on any controls that have been carried out when significant provisions of Legislative Decree 231/01 have been breached.

Although disclosures may be made in any way, the Company has set up different channels of communication that include: the website, an e-mail address, a toll-free number and a postal address. The channels set up for direct disclosure to the Supervisory Committees of Group companies under Legislative Decree 231 remain valid (dedicated accounts).

### 12.2 Guidelines on Direction and Coordination

The Company has adopted Guidelines on the exercise of management and coordination powers by the Parent (the "Guidelines"), which replaced the "Regulation on the exercise of the power of direction and coordination by the parent" previously in force (the latest version of this document was approved by the Shareholders' Meeting in April 2013).

Considering legal developments in the meantime, and despite the changes made to the organisational structure of the Fiera Milano Group, it was considered appropriate to revise this document

This document was prepared to set guidelines for the direction and coordination of subordinate entities, with the aim of providing a solid base for stronger and more effective inter-relations.

The Guidelines identify precise responsibilities regarding, respectively, the Company and its subsidiaries, in a framework of a unequivocal and reciprocal undertaking of duties and specific governance procedures, appropriately gauged to provide an equitable balance between requirements for centralisation and respect for the autonomous management of subsidiaries. The Guidelines and any changes or additions are presented to the Boards of Directors of Group Companies for approval and are then notified to the shareholders' meetings of all Group Companies.

The Guidelines were approved by the Board of Directors of the Parent on 31 July 2019 and, subsequently, in order for them to be adopted, the Regulations were presented to the Shareholders' Meetings of the individual companies of the Group so that each could independently adopt them as the basis for their own operations. They will also be presented, along with this report, at the next Shareholders' Meeting of Fiera Milano S.p.A.

### 13. CHANGES AFTER THE END OF THE REPORTING PERIOD

There have been no changes in the corporate governance of the Company after the end of the reporting period.

### 14. RECOMMENDATIONS OF THE CORPORATE GOVERNANCE COMMITTEE FOR 2020 (LETTER DATED 19 DECEMBER 2019)

By letter dated 19 December 2019, the Chairman of the Corporate Governance Committee informed the top management of Italian listed companies of a number of recommendations to ensure a higher degree of alignment between corporate governance practices and instructions contained in the Corporate Governance Code. For 2020 in particular, issuers were invited to focus on the following issues:

- a. sustainability;
- b. quality of information to the board of directors;
- c. independence;
- d. the remuneration of non-executive directors and members of the control body.

These recommendations – immediately brought to the attention of the Chairman of the Board of Directors and the Chairman of the Board of Statutory Auditors – were shared with the entire Board of Directors of Fiera Milano at the meeting held on 23 January 2020. On that occasion, the Board of Directors verified that the Company is aligned with the recommendations issued by the Corporate Governance Committee.

In particular, after reviewing the four recommendations, it considered that Fiera Milano:

*Areas of attention already identified in 2018*

1. quality of information to the board of directors: as already noted last year, Fiera Milano has already set a three-day deadline in the Regulations of the Board of Directors for providing board directors and auditors with documents on items to discuss, apart from financial statement documents, which must be given to the Board at least one week beforehand (as stated in the Guidelines of the Financial Reporting Officer). With the adoption of the new digital system for managing board meetings, it will be even simpler for directors to review documentation to be discussed;
2. independence: in compliance with recommendations, greater attention was paid to assessing the positions of individual directors; they are still well represented (six/nine), and their number is higher than that required in the articles of association (at least the majority);

*New areas of attention*

3. sustainability: with the aim of consolidating its own Corporate Social Responsibility policies, the 2018 Non-Financial Statement of Fiera Milano had already defined the objectives, actions and targets for each of the material topics (environment, people, social dimension, human rights, the fight against active and passive corruption), included in the incentive system of main Group managers.
4. the remuneration of non-executive directors and members of the control body: Fiera Milano acknowledges the commitment required of its non-executive directors to carry out their role; for this reason directors that sit on individual committees (Control and Risk Committee and Appointments and Remuneration Committee) receive additional remuneration. The remuneration paid to the Board of Statutory Auditors is instead specifically assessed by the Board itself and the company will highlight any considerations made in this regard by the Board.

## Tables

The two tables on the following pages summarise the Company's compliance with the main corporate governance requirements of the Corporate Governance Code.

The first table shows the structure of the Board of Directors and its internal committees. It lists the Directors and their category (Executive, Non-executive and Independent). It also shows the composition of the various committees.

The second table summarises the characteristics of the Board of Statutory Auditors. It lists the members of the Board, both standing and substitute, and indicates if they have been nominated from lists put forward by non-controlling interests.

Both tables give information on the number of meetings held by the Board of Directors, the various committees and the Board of Statutory Auditors and the attendance rate of individual members. The tables also show the number of administrative positions held in other companies; these are also detailed in this Report and are used for necessary checks to establish compliance with rules on holding several positions.

**TABLE 1. STRUCTURE OF THE BOARD OF DIRECTORS AND OF ITS COMMITTEES**

### BOARD OF DIRECTORS

Position	Member	Year of birth	Date first appointed	In office from/ until		Non-exec.	Independent under the Code	Independent under the Cons. Fin. Act	BoD attendance*	No. of other positions held**	Control and Risk Management Committee		Appointments and Remuneration Committee	
				List	Exec.						***	*	***	*
Chairperson	Lorenzo Caprio	1957	21.04.2017	a	b			X	9/9	1				
Chief Executive Officer	Fabrizio Curci <sup>o</sup>	1972	25.07.2017	a	b	X			9/9	0				
Director	Marina Natale <sup>Δ</sup>	1962	21.04.2017	a	b		X	X	8/9	3			M	5/5
Director	Alberto Baldan	1960	21.04.2017	a	b		X	X	9/9	3			M	5/5
Director	Stefania Chiaruttini	1962	21.04.2017	a	b		X	X	7/9	4	P	10/10		
Director	Gianpietro Corbari	1961	21.04.2017	a	b		X	X	5/9	1				
Director	Francesca Golfetto	1950	21.04.2017	a	b		X	X	9/9	2	M	10/10		
Director	Angelo Meregalli	1967	21.04.2017	a	b		X	X	6/9	0	M	9/10		
Director	Elena Vasco	1964	21.04.2017	a	b		X	X	9/9	2			P	5/5
<b>Board of Directors</b>														
<b>Number of meetings held in the financial year ended 31 December 2019</b>										9	10			5
<b>Shareholding required by non-controlling shareholders to present lists (under Article 147-ter of the TUF):</b>														2.50%

### NOTES

- \* This column shows the attendance rate of Directors at Board Meetings and at Committee Meetings. It gives the number of meetings attended compared to the number of meetings held (no. attended/ no. of meetings held while the Director was in office in the period under review).
- \*\* This column shows the number of other positions of Director or Statutory Auditor held in listed companies, banks or in companies of material size on regulated markets, including those outside Italy.
- \*\*\* This column shows the role of the Director on the committee: "C" = Chairperson, "M" = member.
- <sup>o</sup> This indicates the Director responsible for the internal control and risk management system.
- <sup>Δ</sup> Ms Marina Natale held the position of Chief Executive Officer of the Company until 31 August 2017.
- <sup>a</sup> Appointed by the Shareholders' Meeting of 21 April 2017 for a three-year period ending with the approval of the Financial Statements at 31 December 2019. The Board of Directors took office on 2 May 2017. Mr Curci was appointed Chief Executive Officer at the Shareholders' Meeting of 25 July 2017 when the number of Directors was increased to nine. Mr Curci's mandate runs from 1 September 2017 until the date the mandate of the other Directors expires.
- <sup>b</sup> Appointed from the only list presented by the controlling shareholder Fondazione E. A. Fiera Internazionale di Milano.

TABLE 2: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

## BOARD OF STATUTORY AUDITORS

Position	Member	Year of birth	Date first appointed	In office from/ until	List	Independent under the Code	Attendance at meetings of the Board of Statutory Auditors*	No. of other positions held**
Chairperson	Riccardo Raul Bauer	1951	23/04/18	a	b	X	16/16	1
Statutory Auditor	Daniele Federico Monarca	1959	23/04/18	a	b	X	16/16	0
Statutory Auditor	Mariella Tagliabue	1970	23/04/18	a	b	X	16/16	2
Substitute Auditor	Daniele Beretta	1980	23/04/18	a	b			
Substitute Auditor	Marina Scandurra	1969	23/04/18	a	b			

**Number of meetings held in the financial year to 31 December 2019** 16

**Shareholding required by non-controlling interests to present lists of candidates (under Article 148 of the Consolidated Finance Act)** 2.50%

## NOTES

\* This column shows the attendance rate at meetings of the Board of Statutory Auditors (no. of times present/ no. of meetings held during the period of appointment).

\*\* This column shows the number of positions held as Director or Statutory Auditor under Article 148-bis of the TUF. For a complete list of the positions held by each member of the Board of Statutory Auditors, please refer to the information published on the Consob website in accordance with Article 144-quinquedecies of the Consob Issuers' Regulations.

**a** Appointed by the Shareholders' Meeting of 23 April 2018 for a three-year period ending with the approval of the Financial Statements at 31 December 2020.

**b** Appointed from the only list presented by the controlling shareholder Fondazione E. A. Fiera Internazionale di Milano.

# Proposals for the Ordinary Shareholders' Meeting

**ORDINARY SHAREHOLDERS' MEETING OF FIERA MILANO SPA IS CONVENED IN A SINGLE CALL IN RHO (MI), AT THE AUDITORIUM OF THE SERVICE CENTRE OF THE EXHIBITION CENTRE, STRADA STATALE DEL SEMPIONE N. 28 (PRIVATE PARKING WITH ENTRANCE FROM PORTA SUD), FOR 20 APRIL 2020 AT 3 PM.**

**(Report pursuant to Article 125-ter, paragraph 1, Italian Legislative Decree no. 58 of 24 February 1998, as amended)**

- 1. Financial Statements at 31 December 2019, Report of the Board of Directors on Operations and Report of the Board of Statutory Auditors, Report of the Independent Auditors. Presentation of the Consolidated Financial Statements at 31 December 2019 and the 2019 Consolidated Disclosure of Non – financial Information pursuant to Italian Legislative Decree no. 254/2016.**

Dear Shareholders,

The preliminary Financial Statements at 31 December 2019, that we submit for your attention, closed with a net profit of EUR 32,793,582.39.

We would also like to draw your attention to the Group Consolidated Financial Statements at 31 December 2019, which, although not subject to approval by the Shareholders' Meeting, are supplementary to the information provided in the Financial Statements of Fiera Milano SpA.

Given the above, we submit the following for your approval

## **proposed resolution**

*'The Shareholders' Meeting of Fiera Milano SpA, having considered the Management Report of the Board of Directors, the Report of the Board of Statutory Auditors and the report of the Independent Auditors, and having examined the Financial Statements at 31 December 2019,*

## **resolves**

- *to approve the Financial Statements for the year ended 31 December 2019, consisting of the statement of financial position, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and the related notes to the financial statements, which shows a net profit of Euro 32,793,582.39 as presented by the Board of Directors as a whole, in the individual entries and with the proposed provisions, as well as the related Report of the Board of Directors on Operations'.*

We also present the Shareholders' Meeting with the Consolidated Disclosure of Non-financial Information prepared by the Company in accordance with Italian Legislative Decree no. 254/2016.

## 2. Allocation of profit for the year 2019.

Dear Shareholders,

the draft financial statements at 31 December 2019, which we submit for your approval, close with a net profit of EUR 32,793,582.39 which allows us to propose the distribution of a dividend, gross of any possible taxation, of Euro 0.13 for each ordinary share with rights.

Given the above, we submit the following for your approval

### proposed resolution

*'The Shareholders' Meeting of Fiera Milano SpA, having taken note of the Management Report of the Board of Directors, the Report of the Board of Statutory Auditors and the Report of the Independent Auditors, approved the Financial Statements at 31 December 2019,*

### resolves

to allocate the net profit of the year of Euro 32,793,582.39 as follow:

- distribution of a dividend, gross of amounts withheld under law, of euro 0.13 for each of the ordinary shares with rights, based on the amount of the profit for the year 2019;
- retaining the remaining profit for the year, net of the aforementioned distribution;
- to establish that the dividend will be paid on 6 May 2020, with detachment date on 4 May 2020, according to Borsa Italiana calendar, and record date on 5 May 2020.

## 3. Appoint the Board of Directors:

**3.1 determination of the number of members;**

**3.2 determination of the term of office;**

**3.3 appointment of Directors by voting list;**

**3.4 appointment of the Chairman;**

**3.5 determination of remuneration.**

Dear Shareholders,

the mandate of the Board of Directors was granted by the Shareholders' Meeting held on 21 April 2017, except for Mr Curci who was appointed during the Shareholders' Meeting of 25 July 2017, with effect from 1 September 2017, and expires with the Shareholders' Meeting convened to approve the Financial Statements at 31 December 2019.

We thank you for the confidence you have placed in us and invite you to appoint the new Board of Directors, pursuant to Article 2364, paragraph 1, point 2) of the Italian Civil Code, after determining its term of office. We suggest that this should be three financial years, i.e. until the date of the Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2022. We also invite you to determine its numerical composition, under current legal provisions, as well as the provisions of the Articles of Association, which are available on the Company's website [www.fieramilano.it](http://www.fieramilano.it) in the Investor Relations/Governance/Articles of Association section.

We also invite you to appoint the Chairman of the Board of Directors. On this point in particular, please note that in appointing the Chairman we suggest you take into consideration the indications included in the lists presented. Please also note that if the Shareholders' Meeting does not appoint the Board of Directors, the Board will be elected by the administrative body during its first meeting.

In this regard, we remind you that:

- pursuant to Article 14.1 of the Articles of Association, the term of office of the Board of Directors may not exceed three financial years and it may not have less than three or more than nine members, including the Chairman;
- outgoing Directors are eligible for re-election;
- the Directors must meet the requirements provided for by current legislation;
- pursuant to the provisions of Article 147-ter, fourth paragraph, of Italian Legislative Decree no. 58/1998, at least one of the members of the Board of Directors, or two if the Board of Directors has more than seven members, must meet the independence requirements established for Statutory Auditors by Article 148, paragraph 3, of Italian Legislative Decree no. 58/1998. Also, the Code of Conduct for Listed Companies issued by Borsa Italiana SpA (hereinafter, the '**Code of Conduct**'), to which the Company has subscribed, in its current version, recommends that there should not, in any case, be fewer than two independent directors (Article 3, Criterion 3.C.3);
- the Board of Directors is appointed from lists of candidates presented by Shareholders who, under the Articles of Association, current legal provisions and Consob Executive Resolution no. 28 of 30/01/2020, represent a total of at least 2.5% of the share capital;
- pursuant to the provisions of Article 147-ter, third paragraph, of Italian Legislative Decree no. 58/1998 and Article 14.4 of the Articles of Association, at least one director must from the minority list that received the highest number of votes and is not connected in any way, not even indirectly, with the shareholders who submitted, helped to submit, or voted for the list that received the most votes;
- concerning the composition of the lists, please note that, pursuant to Article 14.4. of the Articles of Association, as amended during the Board of Directors meeting held on 10 March 2020, to bring them into line with current legislation, the principle of gender balance must be applied and, therefore, ensure that at least two fifths of the candidates<sup>9</sup> belong to the least represented gender, in compliance with the new paragraph 1-ter of Article 147-ter of the TUF, replaced by Article 1, paragraph 302 of Law 160/2019;
- the presentation of the lists of candidates to join the Board of Directors and their eventual appointment must take place in compliance with the provisions of Article 14.4 of the Articles of Association and current legal provisions. Lists submitted without complying with the above provisions shall be deemed not to have been submitted;
- if only one list is submitted or if no list is submitted at all, the Shareholders' Meeting will appoint the Board of Directors as provided for by law and with the majorities required by law, ensuring a gender balance.

Also, we would point out to Shareholders who intend to make proposals for appointments to the office of Director that:

- Fiera Milano SpA, as it is listed on the STAR segment of the Italian Stock Exchange of Borsa Italiana SpA (hereinafter '**Borsa Italiana**'), complies with the standards of corporate governance, transparency of information and liquidity under the quality standards of the STAR segment. Thus, based on the Regulations of Borsa Italiana and related Instructions, it:
  - i. ensures the presence of two independent directors on the Boards of Directors comprising up to a maximum of eight members, and three independent directors, on the Boards of Directors composed of nine up to a maximum of 14 members;
  - ii. applies, regarding the composition of the Board of Directors, the principles and application criteria set out in Article s 2 and 3 of the Corporate Governance Code;
- the nomination proposals must be filed at the registered office or, preferably, at the operational and administrative offices of the Company, in Rho (Mi), S.S. del Sempione n. 28, at least twenty-five days before the date set for the Shareholders' Meeting on single call and must be accompanied by:
  - i. information about the identity of the shareholders who have submitted the list and the percentage of the share capital held by them, as well as the certification, issued according to the law by the persons authorised to do so, proving ownership of the shareholding;

<sup>9</sup> Article 14.4 of the Articles of Association has been brought into line with regulatory provisions by resolution of the Board of Directors on 10 March 2020; this change is currently being published in the Business Register.



- ii. certificates proving ownership of the shareholding on the date on which the lists are filed may also be produced subsequently, provided that this takes place in the twenty-one days before the date set for the Shareholders' Meeting on first call;
  - iii. declarations in which the individual candidates accept, under their own responsibility, the candidacy and certify the non-existence of causes of ineligibility and incompatibility and the existence of the requisites prescribed by current legislation for the assumption of the office, including the integrity requirements provided for in Article 148, paragraph 4, of Italian Legislative Decree 58/98, referred to in Article 147-*quinquies* of the same Decree, as well as any indication, on the part of the same, of the independence requirements of statutory auditors under current legal provisions and those indicated in the Code of Conduct;
  - iv. *cv/resume* regarding the personal and professional characteristics of each candidate, with a list of the directorship and control positions held in other companies;
- the Company will publish the lists at least twenty-one days before the Shareholders' Meeting, in line with the provisions of the Articles of Association and Article 144-*octies* of the Regulations referred to in Consob Resolution no. 11971/1999 and subsequent amendments and additions (hereinafter, the '**Issuers' Regulations**').

For the presentation of the lists, we remind you that, on 11 February 2020, the Board of Directors of the Company approved a document relating to the guidelines on the qualitative and quantitative composition of the administrative body and that it was circulated to the market and published on the Company's website in the section *Investor Relations/2020* on the same date.

We also invite you to determine - pursuant to Article 2364, paragraph 1, point 3) of the Italian Civil Code - the total annual remuneration due to the Directors and the annual remuneration due to the Chairman of the Board of Directors.

Shareholders are therefore invited, in addition to submitting the lists for the appointment of Directors, as specified above, to formulate proposals for resolutions on the items on the Agenda as set out in points 3.1, 3.2, 3.4 and 3.5 below:

#### **resolution proposals**

##### **3.1 Determination of the number of members;**

Shareholders are invited to determine the number of members of the Board of Directors.

##### **3.2 Determination of the term of office;**

Shareholders are invited to determine the term of office of the Board of Directors.

##### **3.3 Appointment of Directors by voting list;**

Shareholders are invited to submit and vote the lists for the appointment of members of the Board of Directors pursuant to Article 14 of the Articles of Association.

##### **3.4 Appointment of the Chairman.**

Shareholders are invited to appoint the Chairman of the Board of Directors.

##### **3.5 Determination of remuneration.**

Shareholders are invited to determine the maximum total amount, by way of annual remuneration, including all taxes and contributions payable by the Company, due to the directors, by delegating to the Board of Directors, with the opinion of the Board of Statutory Auditors, pursuant to the law, the determination of the amount to be attributed to directors with special duties.

#### **4. Report on the Remuneration Policy and remuneration paid pursuant to Article 123-ter of Italian Legislative Decree 58/98:**

##### **4.1 approval of section one;**

##### **4.2 advisory vote on section two.**

Dear Shareholders,

On 10 March 2020, the Board of Directors approved, under current legal provisions, the Report on remuneration policy and payments prepared pursuant to Article 123-ter of the TUF (hereinafter, the '**Report**'), which will be made available to the public on 25 March 2020.

Pursuant to paragraph 3-ter of Article 123-ter of the TUF, the Shareholders' Meeting is asked to vote, by binding resolution, in favour or against, Section One of the Report and, pursuant to paragraph 6 of the same provision, by non-binding resolution, in favour or against, Section Two of the Report.

Given the preceding, the Directors submit for your consideration Section One of the aforesaid Report. This section describes the Company's remuneration policy (hereinafter the '**Policy**'), by which the Board of Directors determines the remuneration of its members and, specifically, of Directors with special responsibilities, members of the Committees and the Executives with strategic responsibilities in the Group. Section Two, on the other hand, provides an adequate representation of each of the items comprising the remuneration of the members of the Board of Directors and Executives with Strategic Responsibilities. It describes in detail the remuneration paid, in the year concerned, to the members of the Board of Directors and Executives with Strategic Responsibilities, and to members of the Company's Board of Statutory Auditors, in any capacity and in any form, by the Company, its subsidiaries or associated companies.

The Policy is the result of a clear and transparent process in which the Board of Directors of the Company and the Appointments and Remuneration Committee play central roles.

On the proposal of the Appointments and Remuneration Committee, the Company's Board of Directors adopted the Policy, also prepared in the light of the recommendations contained in Article 6 of the Corporate Governance Code.

Specifically, the Policy of the Company aims to:

attract, motivate and retain resources with the professional qualities required to pursue the Group's objectives profitably;

align management and shareholder interests, pursuing the priority objective of sustainable value creation in the medium/long-term by forging a strong link between remuneration on the one hand and individual and Group performance on the other;

reward merit to properly recognise the individual contributions made by employees.

For the specific contents of the Remuneration Report, please refer to the document available on the Company's website at the address [www.fieramilano.it](http://www.fieramilano.it) in the '*Investors*' section.

Given the above, we submit the following for your approval

#### **resolution proposals**

##### **4.1 Approval of section one**

*'The Shareholders' Meeting of Fiera Milano SpA for the Report on remuneration policy and payments made pursuant to Article 123-ter of Italian Legislative Decree 58/98 and, in particular, Section One,*

**resolves**

4.1 to approve the contents of Section One of the Report on the remuneration policy and payments made prepared pursuant to article 123-ter of Italian Legislative Decree 58/98, concerning the Company's policy on the remuneration of the members of the Board of Directors, and in particular the Directors with special duties, the members of the Committees and the Executives with Strategic Responsibilities in the Group, as well as the procedures used for the adoption and implementation of this policy'.

**4.2 Advisory vote on section two**

'The Shareholders' Meeting of Fiera Milano SpA for the Report on remuneration policy and payments made pursuant to Article 123-ter of Italian Legislative Decree 58/98 and, in particular, Section One,

**resolves**

4.2 to approve the content of Section Two of the Report on remuneration policy and payments made prepared pursuant to Article 123-ter of Italian Legislative Decree No. 58/98, concerning the remuneration awarded to members of the Board of Directors, Executives with Strategic Responsibilities and members of the Company's Board of Statutory Auditors'.

**5. Authorisation to purchase and dispose of treasury shares pursuant to Article s 2357 and 2357-ter of the Italian Civil Code, subject to revocation of the resolution passed by the Shareholders' Meeting on 18 April 2019.**

**(Report pursuant to Article 73 and Annex 3A of the Issuers' Regulations)**

Dear Shareholders,

The Shareholders' Meeting of 18 April 2019 authorised the Company to purchase treasury shares for a period of 18 months from the date of approval and to dispose of all and/or part of the treasury shares purchased without time limits and even before the purchase mandate had been exhausted.

The Company has not purchased treasury shares under the terms of this authorisation and, therefore, at today's date, directly and indirectly holds 939,018 treasury shares, equivalent to 1.31% of the share capital.

Given that the above authorisation expires on 17 October 2020, rather than convene a special Shareholders' Meeting around this expiry date, we ask you to approve a new authorisation for the purchase and disposal of treasury shares pursuant to Article s 2357 et seq. of the Italian Civil Code, subject to revocation of the existing authorisation.

The purchase of the Company's ordinary shares will be carried out in accordance with the existing rules for listed companies of any other applicable EU and national laws.

See below for the reasons and procedures for the purchase and disposal of treasury shares whose authorisation we request.

**A) Reasons for requesting authorisation to purchase and dispose of treasury shares**

The Board of Directors is requesting this authorisation because it believes that the purchase of treasury shares could represent an attractive investment opportunity and/or may be instrumental in improving the financial structure of the Company, as well as facilitating any agreements that presuppose the exchange of share packages.

The authorisation is also requested to dispose of treasury shares to be used as part of share incentive plans adopted as required by law, or as part of any bond issues convertible into Company shares.

Authorisation is requested to carry out transactions, under the laws and regulations in force, to stabilise share price movements linked to contingent market anomalies, improving the liquidity of the shares.

We propose that the Shareholders' Meeting, under the conditions and within limits specified below, authorise the Board of Directors to dispose of shares purchased, in addition to those already held. We consider this option an important tool of management and strategic flexibility.

**B) Maximum number and par value of the shares covered by the authorisation; compliance with the provisions of paragraph 3 of Article 2357 of the Italian Civil Code.**

The purchase mandate requested applies to the Company's ordinary shares without par value and, under Article 2357, paragraph 3, of the Italian Civil Code, may not exceed 5% of the share capital, including shares held by the Company and its subsidiaries at today's date. The subsidiaries will receive instructions for the timely notification of any purchases of shares in Fiera Milano SpA to ensure compliance with the aforementioned overall limit of 5% of the Company's share capital.

At the date of this Report, the Company's subscribed and paid-up share capital is EUR 42,445,141.00 (forty-two million four hundred and forty-five thousand one hundred and forty-one), and comprises 71,917,829 (seventy-one million nine hundred and seventeen thousand eight hundred and twenty-nine) registered shares without par value.

The consideration paid or received for transactions in treasury shares will be recorded directly under shareholders' equity as required by IAS 32 and the accounting treatment thereof will comply with regulations in force.

**C) Duration of the authorisation**

The share purchase authorisation is requested for a period of eighteen months from the date of approval by the Shareholders' Meeting, while the authorisation to dispose of shares is requested without a time limit.

**D) Consideration for the purchase and disposal of shares**

Without prejudice to the provisions of letter E) below, treasury shares may be purchased, in compliance with trading conditions established in Article 3 of Delegated Regulation (EU) 2016/1052 (hereinafter "**Regulation 1052**") implementing Regulation (EU) 596/2014 and applicable provisions of the Italian Civil Code, at a price not greater than the higher price of the most recent independent transaction and the current highest independent price bid on the trading venues where the purchase is made. This is on the proviso that the unit price shall be neither lower nor higher than 10% of the reference price recorded for Fiera Milano shares on the MTA Market (Mercato Telematico Azionario) organised and managed by Borsa Italiana SpA in the trading session preceding each purchase transaction.

The shares may be sold, even before the purchase mandate has been exhausted, in one or more tranches, at a price not below the lowest purchase price.

This price limit will not apply if the shares are sold as part of share incentive plans. Should the shares be used as part of extraordinary transactions, by way of example and without limitation, share swaps, part-exchanges, conferrals or as part of equity transactions or other corporate and/or financial transactions and/or other extraordinary transactions and any other non-cash disposal transaction, the Board of Directors will decide the financial terms of the transaction according to its type and characteristics, also taking account of the market performance of the Fiera Milano SpA shares.

**E) Procedures for the purchase of treasury shares**

The purchase of treasury shares may take place in one or more tranches, in compliance with applicable laws and regulations including, as appropriate, permitted market practices.

Purchases of treasury shares must be made pursuant to the provisions of Article 3 of Regulation 1052, or applicable provisions of the Italian Civil Code, and in such a way as to ensure equal treatment for all shareholders in accordance with Article 132 of the Consolidated Finance Act, exclusively in the following ways:

- i. public offer to buy or exchange;
- ii. on regulated markets in accordance with the operating procedures laid down in the organisation and management rules for said markets, which do not allow the direct matching of offers to buy with offers to sell at a predetermined trading price;

Disposals may be made, on one or more occasions, even before the purchases have been completed, through sale on regulated and/or unregulated markets or off-market, by public offer, or as a consideration for the purchase of shareholdings and possibly for assignment to shareholders.

Given the above, we submit the following for your approval

#### **proposed resolution**

*'The Shareholders' Meeting of Fiera Milano SpA on 20 April 2020,*

- *having considered the proposal of the Board of Directors, prepared according to Article 125-ter of Italian Legislative Decree 58/98, Article 73 of Consob Regulation no. 11971 by resolution dated 14 May 1999, and in accordance with Annex 3A – Table 4 of the same Regulation, and the proposal contained therein, taking into account the provisions of Article s 2357 and 2357-ter of the Italian Civil Code,*

#### **resolves**

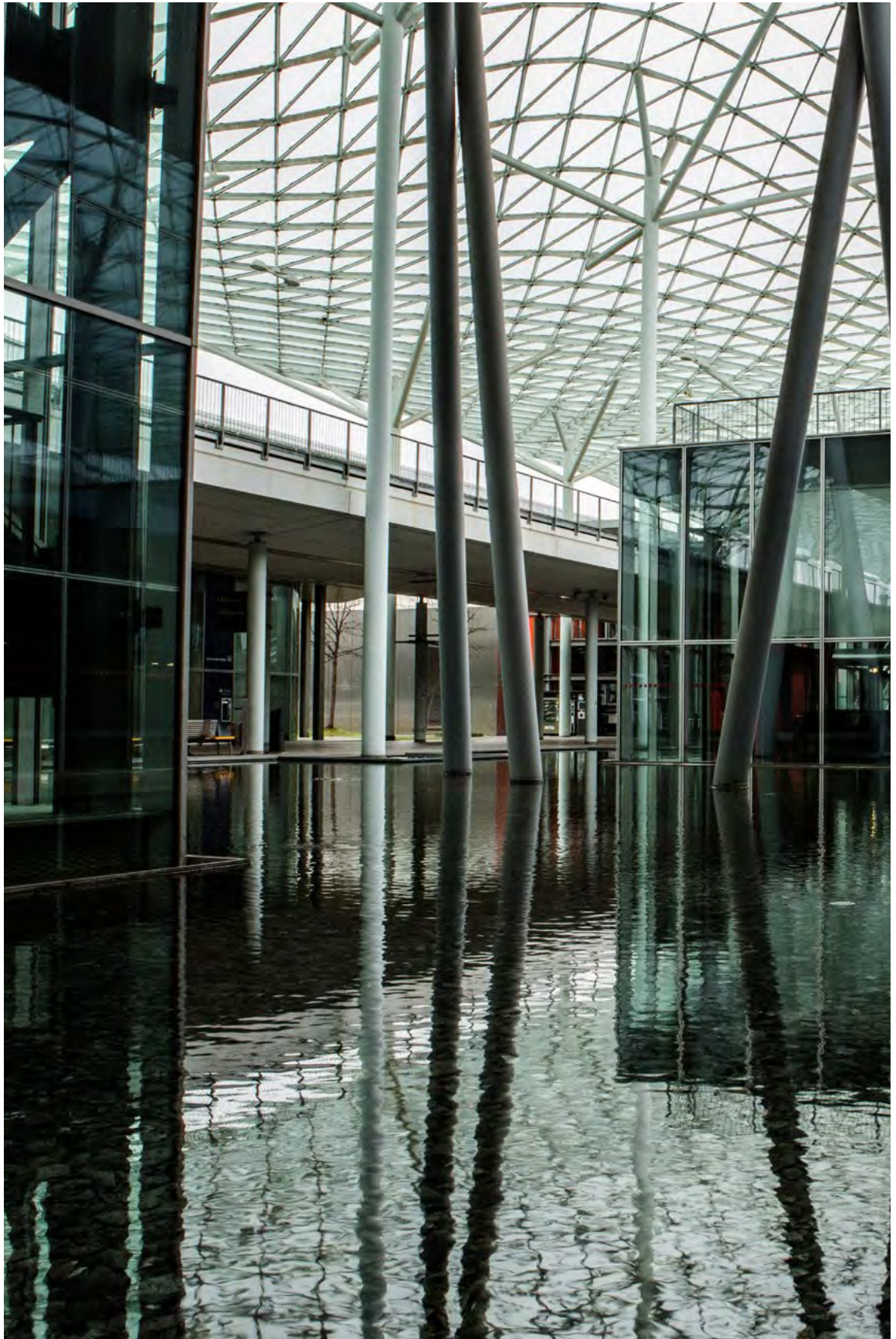
- 1) *to revoke the cancellation of the authorisation to purchase and dispose of treasury shares approved by the Ordinary Shareholders' Meeting of 18 April 2019;*
- 2) *to authorise the Board of Directors, pursuant to Article 2357 et seq. of the Italian Civil Code, to purchase treasury shares of the Company for the quantity, at the price, within the terms and in the manner set out below:*
  - *that the purchase may be made in one or more tranches, within 18 months from the date of this resolution;*
  - *that the consideration for the purchase of each share shall not be greater than the price of the last independent transaction or the price of the highest current independent offer (whichever is highest) in the trading venues where the purchase is made. It is understood that the unit price must be neither 10% lower nor higher than the reference price recorded for Fiera Milano shares on the MTA market organised and managed by Borsa Italiana SpA on the trading day before each individual purchase transaction;*
  - *that the maximum number of shares purchased, including shares held by the Company and its subsidiaries, may not exceed 5% of the Company's share capital;*
  - *The purchase of treasury shares may take place in one or more tranches, in compliance with applicable laws and regulations including, as appropriate, accepted market practices. The purchase of treasury shares must be carried out in compliance with the conditions set out in Article 3 of Delegated (EU) Regulation 2016/1052 and in accordance with the provisions of Article 132 of Italian Legislative Decree 58/98, Article 144-bis of the Regulation issued by Consob with resolution no. 11971 of 14 May 1999, and any other applicable regulations, including EU regulations;*
- 3) *authorising the Board of Directors, pursuant to current legal provisions, to dispose of all or part of the treasury shares purchased, without time limits, even before the share purchase authorisation is exhausted; Disposals may be made, on one or more occasions, even before the purchases have been completed, through sale on regulated and/or unregulated markets or off-market, public offer, or as a consideration for the purchase of shareholdings and possibly for assignment to shareholders.*

*The sale price must not be below the lowest purchase price. This price limit will not apply if the shares are disposed of as part of share incentive plans. If the shares are used in the context of extraordinary transactions, including, by way of example and without limitation, share swaps, part-exchanges, conferrals or as part of equity transactions or other corporate and/or financial transactions and/or other extraordinary transactions and any other non-cash disposal transaction, the Board of Directors will determine the financial terms of the transaction according to its type and characteristics, also taking account of the market performance of the Fiera Milano shares;*

- 4) *granting the Board of Directors and, acting on its behalf, the appointed Chairman and Chief Executive Officer, jointly and severally, all necessary power to make purchases or disposals and, in any event, to implement the above resolutions, also through proxies, in compliance with any requests made by the competent authorities.*

Rho (Milan), 10 March 2020

p. The Board of Directors  
**The Chairman**  
Lorenzo Caprio



# Fiera Milano Group Consolidated Financial Statements at 31 December 2019

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

notes		31/12/19	31/12/18
			(€ '000)
	<b>ASSETS</b>		
	<b>Non-current assets</b>		
4	Property, plant and equipment	9,155	10,812
5	Right-of-use assets	469,571	-
50	of which from related parties	462,382	-
	Investments in non-core property	-	-
6	Goodwill	95,036	94,127
7	Intangible assets with a finite useful life	14,640	10,791
8	Equity accounted investments	19,905	19,914
9	Other investments	32	32
10-50	Other financial assets	50	50
11	Trade and other receivables	11,170	11,431
50	of which from related parties	11,071	11,335
12	Deferred tax assets	2,971	1,270
	<b>Total</b>	<b>622,530</b>	<b>148,427</b>
	<b>Current assets</b>		
13	Trade and other receivables	40,356	45,136
50	of which from related parties	3,404	7,669
14-50	Inventories	2,231	3,481
	Contracts in progress	-	-
15	Financial assets	1,320	14
50	of which from related parties	1,320	14
16	Cash and cash equivalents	68,031	28,409
	<b>Total</b>	<b>111,938</b>	<b>77,040</b>
	<b>Assets held for sale</b>		
	Assets held for sale	-	-
	<b>Total assets</b>	<b>734,468</b>	<b>225,467</b>
	<b>EQUITY AND LIABILITIES</b>		
17	<b>Equity</b>		
	Share capital	41,645	41,645
	Share premium reserve	9,324	9,379
	Revaluation reserve	-	-
	Other reserves	4,400	3,667
	Retained earnings	17,482	8,495
	Profit/(loss) for the year	34,425	18,848
	<b>Total Group equity</b>	<b>107,276</b>	<b>82,034</b>
	<b>Equity attributable to non-controlling interests</b>	<b>580</b>	<b>61</b>
	<b>Total equity</b>	<b>107,856</b>	<b>82,095</b>
	<b>Non-current liabilities</b>		
	Bonds in issue	-	-
	Bank borrowings	-	-
18	Financial liabilities related to the right-of-use of assets	439,402	-
50	of which from related parties	433,693	-
	Other financial liabilities	-	-
19	Provision for risks and charges	1,833	729
20	Employee benefit provisions	9,898	8,958
21	Deferred tax liabilities	10,127	7,180
	Other liabilities	-	-
	<b>Total</b>	<b>461,260</b>	<b>16,867</b>
	<b>Current liabilities</b>		
	Bonds in issue	-	-
22	Bank borrowings	1	3,514
23	Trade payables	41,985	38,548
24-50	Advances	49,227	49,659
25	Financial liabilities related to the right-of-use of assets	33,992	-
50	of which from related parties	32,423	-
26-50	Other financial liabilities	1,057	1,297
27	Provision for risks and charges	5,225	6,603
28	Tax liabilities	2,979	2,229
29	Other liabilities	30,886	24,655
50	of which to related parties	8,438	3,874
	<b>Total</b>	<b>165,352</b>	<b>126,505</b>
	<b>Liabilities held for sale</b>		
	Liabilities held for sale	-	-
	<b>Total liabilities</b>	<b>734,468</b>	<b>225,467</b>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		(€ '000)	
notes		2019	2018
33	Revenues from sales and services	279,711	247,217
50	of which with related parties	586	6,652
	<b>Total revenues</b>	<b>279,711</b>	<b>247,217</b>
34-50	Cost of materials	2,489	2,410
35	Cost of services	121,215	114,052
50	of which with related parties	5,833	1,571
36	Cost of use of third-party assets	486	50,343
50	of which with related parties	7	46,493
37-50	Personnel costs	47,432	47,037
38-50	Other operating expenses	4,778	4,525
	<b>Total operating expenses</b>	<b>176,400</b>	<b>218,367</b>
39-50	Other income	2,428	2,806
40	Results of equity accounted associates and joint ventures	3,768	5,170
41	Provisions for doubtful receivables and other provisions	3,453	4,963
	<b>EBITDA</b>	<b>106,054</b>	<b>31,863</b>
42	Depreciation of property, plant and equipment and right-of-use assets	43,208	3,971
50	of which with related parties	38,339	-
	Depreciation of property investments	-	-
42	Amortisation of intangible assets	1,963	1,900
43	Adjustments to asset values	1,285	917
	<b>EBIT</b>	<b>59,598</b>	<b>25,075</b>
44-50	Financial income and similar	479	279
45	Financial expenses and similar	13,844	402
50	of which with related parties	13,391	10
46	Valuation of financial assets	-	(29)
	<b>Profit/(loss) before tax</b>	<b>46,233</b>	<b>24,923</b>
47	Income tax	11,905	6,353
50	of which with related parties	7,762	1,385
	<b>Profit/(loss) from continuing operations</b>	<b>34,328</b>	<b>18,570</b>
	<b>Profit/(loss) from discontinued operations</b>	<b>-</b>	<b>-</b>
	<b>Profit/(loss) of the year</b>	<b>34,328</b>	<b>18,570</b>
48	<b>Profit/(loss) attributable to:</b>		
	<b>The shareholders of the controlling entity</b>	<b>34,425</b>	<b>18,848</b>
	Non-controlling interests	(97)	(278)
	<b>Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss</b>		
17	Revaluation of defined benefit schemes	(806)	215
	Tax effects	(193)	52
	<b>Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss</b>		
17	Currency translation differences of foreign subsidiaries	49	(241)
	<b>Other comprehensive income/(loss) of equity accounted associates and joint ventures that will not be reclassified subsequently to profit or loss</b>		
2	Revaluation of defined benefit schemes	(28)	(7)
	Tax effects	(7)	(2)
	Currency translation differences of foreign subsidiaries	(37)	(175)
	<b>Other comprehensive income/(loss) net of related tax effects</b>	<b>(622)</b>	<b>(258)</b>
	<b>Total comprehensive income/(loss) for the year</b>	<b>33,706</b>	<b>18,312</b>
	Total comprehensive income/(loss) for the year attributable to:		
	The shareholders of the controlling entity	33,804	18,592
	Non-controlling interests	(98)	(280)
49	<b>Earnings/(losses) per share (€)</b>		
	Basic	0.4850	0.2655
	Diluted	0.4850	0.2655

## CONSOLIDATED STATEMENT OF CASH FLOWS

	(€ '000)	
notes	2019	2018
	<b>28,409</b>	<b>17,922</b>
	-	-
	<b>Cash flow from operating activities</b>	
16	107,767	24,289
50	(54,865)	(42,556)
30	(87)	(277)
30	(13,590)	-
30	172	45
47	(1,132)	(1,163)
	<b>93,130</b>	<b>22,894</b>
	-	-
	<b>Cash flow from investing activities</b>	
4	(1,820)	(1,267)
4	38	292
7	(5,806)	(1,368)
7	26	-
2	(1,842)	-
2	3,715	3,552
	<b>(5,689)</b>	<b>1,209</b>
	-	-
	<b>Cash flow from financing activities</b>	
17	-	(138)
10	-	(50)
18-30-50	-	(3,545)
15	(1,478)	2,795
50	(1,306)	2,795
25-30	(33,559)	-
50	(32,104)	-
22-26-30-50	(3,655)	(12,865)
17	(9,227)	-
	<b>(47,919)</b>	<b>(13,803)</b>
	-	-
17	100	187
	<b>39,522</b>	<b>10,300</b>
	-	-
	-	-
	<b>68,031</b>	<b>28,409</b>

	(€ '000)	
	2019	2018
Result of continuing operations	34,328	18,570
<i>Adjustments for:</i>		
Profit from equity accounted investments	(3,768)	(5,170)
Depreciation and Amortisation	45,171	5,871
Provisions, write-downs and impairment	4,368	5,375
Capital gain and losses	37	(171)
Financial expenses related to the right-of-use of assets (IFRS 16)	13,590	-
Personnel costs "Performance Shares Plan"	721	849
Net change in employee provisions	(244)	(206)
Changes in deferred taxes	1,730	3,553
Inventories	1,250	4
Trade and other receivables	3,361	1,302
Trade payables	3,383	(9,889)
Pre-payments	(435)	6,602
Tax payables	1,852	1,382
Provisions for risks and charges and other liabilities (excluding payables to Organisers)	(1,220)	(173)
Payables to Organisers	3,643	(3,610)
<b>Total</b>	<b>107,767</b>	<b>24,289</b>

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(€'000)

note 17	Share capital	Share premium reserve	Other reserves	Retained earnings	Profit/(loss) for the year	Total Group equity	Capital and reserves attributable to non-controlling interests	Profit/(loss) for the financial year attributable to non-controlling interests	Total non-controlling interests	Total equity
<b>Balance at 31 December 2017</b>	<b>41,645</b>	<b>10,299</b>	<b>3,059</b>	<b>5,831</b>	<b>1,637</b>	<b>62,471</b>	<b>463</b>	<b>101</b>	<b>564</b>	<b>63,035</b>
Allocation of earnings at 31.12.17:	-	-	-	1,637	(1,637)	-	101	(101)	-	-
<i>use of reserves</i>	-	(864)	-	864	-	-	-	-	-	-
<i>dividend distribution</i>	-	-	-	-	-	-	(358)	-	(358)	(358)
Fair value stock grant	-	-	849	-	-	849	-	-	-	849
Expenses related to the share capital increase	-	(56)	-	-	-	(56)	-	-	-	(56)
Capital contribution to La Fabbrica del Libro SpA	-	-	-	-	-	-	96	-	96	96
Accounting by the net equity method (MiCo DMC Srl)	-	-	-	-	-	-	37	-	37	37
Remeasurement of defined benefit plans	-	-	-	163	-	163	-	-	-	163
Total comprehensive income for the financial year	-	-	(241)	-	18,848	18,607	-	(278)	(278)	18,329
<b>Balance at 31 December 2018</b>	<b>41,645</b>	<b>9,379</b>	<b>3,667</b>	<b>8,495</b>	<b>18,848</b>	<b>82,034</b>	<b>339</b>	<b>(278)</b>	<b>61</b>	<b>82,095</b>
Allocation of earnings at 31.12.18:	-	-	-	18,848	(18,848)	-	(278)	278	-	-
<i>use of reserves</i>	-	-	-	-	-	-	-	-	-	-
<i>dividend distribution</i>	-	-	-	(9,227)	-	(9,227)	-	-	-	(9,227)
Fair value stock grant	-	-	721	-	-	721	-	-	-	721
Expenses related to the share capital increase	-	(55)	-	-	-	(55)	-	-	-	(55)
Liquidation of La Fabbrica del Libro SpA	-	-	-	-	-	-	(18)	-	(18)	(18)
Acquisition of MADE eventi Srl	-	-	-	-	-	-	634	-	634	634
Remeasurement of defined benefit plans	-	-	-	(634)	-	(634)	-	-	-	(634)
Total comprehensive income for the financial year	-	-	12	-	34,425	34,437	-	(97)	(97)	34,340
<b>Balance at 31 December 2019</b>	<b>41,645</b>	<b>9,324</b>	<b>4,400</b>	<b>17,482</b>	<b>34,425</b>	<b>107,276</b>	<b>677</b>	<b>(97)</b>	<b>580</b>	<b>107,856</b>

# Notes to the Consolidated Financial Statements

On 10 March 2020, the Board of Directors approved the Fiera Milano Group Consolidated Financial Statements at 31 December 2019 and authorised their publication.

The Fiera Milano Group is active in all the key areas of the exhibition and congress industry and is one of the largest integrated exhibition companies worldwide.

The Group business consists of hosting exhibitions, fairs and other events, promoting and making available equipped exhibition spaces, as well as offering project support and ancillary services. This includes the business of staging exhibitions (and providing end services to exhibitors and visitors).

The Group's business has dual seasonality: (i) a higher concentration of exhibitions in the six months from January to June; (ii) exhibitions that have a multiannual frequency.

Further details on Group structure are provided in the relevant section of the Management Report.

## 1) ACCOUNTING STANDARDS AND CONSOLIDATION CRITERIA

### 1.1 Standards used to prepare the Financial Statements

The Consolidated Financial Statements were prepared in accordance with IAS and IFRS accounting standards in force at 31 December 2019, issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, relative interpretative documents and the provisions of Article 9 of Italian Legislative Decree 38/2005.

The accounting standards used to prepare the present Consolidated Financial Statements are the same as those used to prepare the Financial Statements at 31 December 2018, except for those applicable from 1 January 2019 described below.

Given the capital and financial position for 2019, the 2020–2023 financial forecasts, approved by the Board of Directors on 23 January 2020, and taking into account the forecasts for working capital performance and for the financial and capital position, the Financial Statements and Consolidated Financial Statements of the Group have been prepared on a going concern basis.

The Financial Statements are prepared in Euros and all figures are rounded to the nearest thousand Euros unless otherwise indicated. The Financial Statements give comparative data for the previous financial year.

In 2019, no atypical and/or unusual transactions took place.

The risks and uncertainties affecting business and the Group are described in the Board of Directors' Report on Operations in the section on the "Risk factors affecting Fiera Milano Group" in Note 31, and in paragraph 1.6 "Use of Estimates" in the Notes.

These Financial Statements have been audited by the independent auditors EY SpA.

### 1.2 New accounting standards, interpretations and amendments adopted

The Group has adopted for the first time some accounting standards and amendments that are applicable to financial periods beginning on or after 1 January 2019.

The nature and impact of each new accounting standard or amendment is given below:

### IFRS 16 – Leases

Regulation (EC) 2017/1986 issued on 31 October 2017 by the European Commission approved IFRS 16 – Leases, which replaces IAS 17 and related interpretations. In particular, IFRS 16 defines a lease as a contract that attributes to entities acting as lessees the right of use of an asset for a certain period of time in exchange for payment. The new standard eliminates the separate classification of operating or finance leases for preparation of the financial statements of entities acting as lessees. Specifically, the following is required for all leases with a duration of more than 12 months:

- in the Statement of Financial Position, recognition of a right-of-use asset (ROU), and of a lease liability representing the obligation to make the contractual payments. As permitted by the standard, right-of-use assets and lease liabilities are recognised in items separated from other asset and liability items;
- in the Income Statement, recognition of the amortisation on the right-of-use assets and accrued interest expense on the lease liability, instead of recognising operating lease payments among operating costs. The Income Statement also includes: (i) lease payments relating to short-term leases of moderate value, as permitted in simplified form by IFRS 16; and (ii) variable lease payments not included in the lease liability calculation;
- The following are classified in the cash flow statement: (a) cash payments for the principal portion of the lease liability within financing activities; (b) cash payments for the interest portion of the lease liability applying the requirements in IAS 7 Statement of Cash Flows for interest paid; and (c) payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability within operating activities.

Compared to the provisions of IAS 17 in reference to operating leases, the application of IFRS 16 results in an impact on the Statement of Cash Flows in that it determines: (a) an improvement in net cash flows from operating activities, which no longer includes lease payments; (b) a decline in net cash flows from financing activities that will include outlay associated with repayment of the lease liability.

On first-time adoption, the Group used the modified retrospective approach *i.e.* the option not to restate the comparative figures from previous years. Based on this criterion, the lease liability is measured on the basis of residual lease payments, discounted at the incremental borrowing rate as at the date of first-time adoption. The carrying amount of the lease liability is equal to the carrying amount of the right-of-use asset (or ROU asset) at the transition date. The value of lease-related prepayments recognised in the Statement of Financial Position at the reporting date have been reclassified under the item ROU assets on first-time adoption of the standard in question.

In addition, the Group will adopt the exemption permitted by the standard for short-term leases (with a duration of less than 12 months) for all asset classes and for leases in which the underlying asset is of a modest unit value. Contracts for which the exemption was applied are mainly in the categories: computers, telephones and tablets; office and multi-function printers and other electronic devices.

For these contracts, the introduction of IFRS 16 does not require recognition of a lease liability and related right of use, but rather the lease payments are recognised in the Income Statement on a straight-line basis over the duration of the respective contracts.

The transition to IFRS 16 introduces certain elements of professional opinion and the use of assumptions and estimates relating to the lease duration and definition of the incremental borrowing rate. The main elements can be summarised as follows:

- the contract renewal clauses are considered in determining the duration when their exercise is deemed reasonably certain, *i.e.* when the Group has the option of exercising the renewal without first obtaining consent from the counterparty. In particular, this criterion led to the determination of a residual duration of around 13 years for rent on the exhibition structures leased from the controlling entity Fondazione Fiera Milano;

- the discounting rate used to calculate the lease liability is determined, as described below, by a base rate that reflects the financial market performance, plus a market spread that reflects the risk premium required by lenders taking into account the lease duration. The 10-year IRS rate recorded at 1 January 2019 was used as the base rate, whilst the market spread was established by considering a list of companies comparable with Fiera Milano, listed and operating in the exhibition sector. The average rate used was therefore calculated as 2.81%.

New contracts during 2019 mainly related to the addition of Made Eventi Srl to the scope of consolidation on 5 December. The incremental borrowing rate applied, calculated on that date, is 2.53%.

Application of IFRS 16 had significant effects on the accounting representation of the item Non-current assets and on financial debt as, to conduct its activities, the Fiera Milano Group uses exhibition sites and warehouses leased from the controlling entity Fondazione Fiera Milano and from third parties.

By way of example, the table below summarises the effects deriving from the application of the new standard IFRS 16:

				(€'000)
IFRS 16 EFFECTS	2018	2019	2019 pre IFRS 16	IFRS 16 impact
Revenues from sales and services	247,217	279,711	279,711	-
<b>Total revenues</b>	<b>247,217</b>	<b>279,711</b>	<b>279,711</b>	-
Cost of materials	2,410	2,489	2,489	-
Cost of services	114,052	121,215	121,215	-
Cost of use of third-party assets	50,343	486	48,191	(47,705)
Personnel costs	47,037	47,432	47,432	-
Other operating expenses	4,525	4,778	4,778	-
<b>Total operating expenses</b>	<b>218,367</b>	<b>176,400</b>	<b>224,105</b>	<b>(47,705)</b>
Other income	2,806	2,428	2,428	-
Results of equity accounted associates and joint ventures	5,170	3,768	3,768	-
Provisions for doubtful receivables and other provisions	4,963	3,453	3,453	-
<b>EBITDA</b>	<b>31,863</b>	<b>106,054</b>	<b>58,349</b>	<b>47,705</b>
Depreciation of property, plant and equipment and right-of-use assets	3,971	43,208	3,327	39,881
Amortisation of intangible assets	1,900	1,963	1,963	-
Adjustments to asset values	917	1,285	1,285	-
<b>EBIT</b>	<b>25,075</b>	<b>59,598</b>	<b>51,774</b>	<b>7,824</b>
Financial income and similar	279	479	479	-
Financial expenses and similar	402	13,844	254	13,590
Valuation of financial assets	(29)	-	-	-
<b>Profit/(loss) before tax</b>	<b>24,923</b>	<b>46,233</b>	<b>51,999</b>	<b>(5,766)</b>
Income tax	6,353	11,905	13,026	(1,121)
<b>Profit/(loss) from continuing operations</b>	<b>18,570</b>	<b>34,328</b>	<b>38,973</b>	<b>(4,645)</b>
<b>Right-of-use assets</b>	-	<b>469,571</b>	-	<b>469,571</b>
<b>Total net financial debt/(cash)</b>	<b>(23,662)</b>	<b>405,051</b>	<b>(68,343)</b>	<b>473,394</b>

In accordance with the reinforced derivation principle for income under the Italian tax system, the IAS/IFRS-compliant qualification criteria of the income statement components as well as the corresponding timing accrual and classification criteria in the financial statements are also relevant to the tax effects.



At 31 December 2019, the carrying amount of the right-of-use assets amounted to Euro 469,571 thousand, of which Euro 469,239 thousand related to properties with depreciation of Euro 39,757 thousand and Euro 332 thousand to the car fleet with depreciation of Euro 124 thousand. The cash outflow amounted to Euro 47,149 thousand. At the date of first adoption, the right-of-use assets amounted to Euro 525,001 thousand.

#### Other accounting standards

– Amendments to IFRS 9 – *Prepayments Features with Negative Compensation*

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value in the statement of comprehensive income, provided that the contractual cash flows “are solely payments of principal and interest” (SPPI) and the instrument is classified according to the appropriate business model. The amendments to IFRS 9 clarify that a financial asset meets the SPPI criterion regardless of the event or circumstance that causes early termination of the contract and regardless of the party that pays or receives reasonable additional compensation to do so.

These amendments have had no impact on the Group’s consolidated financial statements.

– Amendments to IAS 19 – *Plan Amendment, Curtailment or Settlement*

The amendments to IAS 19 set out the accounting rules for the event that, during the reporting period, there is a plan amendment, curtailment or settlement. The amendments specify that when a plan amendment, curtailment or settlement occurs during the reporting period, it is mandatory for an entity to determine the service cost for the period after plan amendment, curtailment or settlement, using the relevant assumptions to remeasure the net liability (asset) for defined benefits so that it reflects the plan benefits and plan assets after that event. An entity is also required to determine net interest for the period after the plan amendment, curtailment or settlement: the net liability (asset) for defined benefits so that it reflects the plan benefits and plan assets after that event; and the discount rate used to remeasure the net liability (asset) for defined benefits.

The Group did not record any plan amendments, curtailments or settlements during the reporting period.

– Amendments to IAS 28 – *Long-term interests in associates and joint ventures*

The amendments specify that an entity applies IFRS 9 for long-term interests in an associate or joint venture to which the equity method is not applied but which, in essence, form part of the net investment in the associate or joint venture (long-term interests).

This clarification is relevant because it implies that the expected credit loss model of IFRS 9 applies to such long-term interests.

The amendments also clarify that, in adopting IFRS 9, an entity must not take into account any losses of the associate or joint venture or any impairment of the interest, recognised as adjustments to the net investment in the associate or joint venture resulting from the adoption of IAS 28 Investments in Associates and joint ventures.

These changes had no impact on the consolidated financial statements, as the Group does not hold investments in associates and joint ventures that are not subject to the equity method.

– IFRIC Interpretation 23 – *Uncertainty over income tax treatments*

The Interpretation determines the accounting of income taxes when the tax treatment involves uncertainties that affect the application of IAS 12 and does not apply to taxes or levies that are not within the scope of IAS 12, nor does it specifically include requirements relating to interest or sanctions due to uncertain tax treatment.

The interpretation deals specifically with the following points:

- whether an entity should consider uncertain tax treatments separately;
- the entity's assumptions on examinations of tax treatments by taxation authorities;
- how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- how an entity deals with changes in facts and circumstances.

An entity has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing. The approach that allows the best prediction of uncertainty resolution should be adopted.

The Group applies significant judgement in identifying uncertainties in the tax treatment of income taxes. As the Group operates in a complex multinational context, it has assessed the effects of the interpretation on its consolidated financial statements without finding any significant impact.

- Annual improvements - 2015-2017 Cycle:

#### IFRS 3 - *Business Combination*

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination that has taken place in stages, including remeasurement at fair value of the interest previously held in the assets and liabilities of the joint operation. In doing so, the acquiring entity remeasures the interest previously held in joint operation.

The entity applies these amendments to business combinations so that the acquisition date is on or after the first annual period beginning on or after 1 January 2019, with early application permitted.

This change did not have any impact on the Group's consolidated financial statements as no business combinations took place in which joint control was obtained.

#### IFRS 11 - *Joint Arrangements*

An entity that participates in a joint operation, without having joint control, could obtain joint control of the joint operation if its activity constitutes a business as defined in IFRS 3.

The amendments clarify that the interests previously held in the joint operation are not remeasured. An entity applies these amendments to transactions in which joint control is held on or after the annual period beginning on or after 1 January 2019, with early application permitted.

This change did not have any impact on the Group's consolidated financial statements as no business combinations took place in which joint control was obtained.

#### IAS 12 - *Income Taxes*

The amendments clarify that the income tax consequences of dividends are related to the transactions or events that generated distributable profits rather than to the profits distributed to shareholders. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual periods beginning on or after 1 January 2019, with early application permitted. When an entity applies these amendments for the first time, it applies them to the tax consequences of dividends recognised from the beginning of the first annual period. Since the Group's current practice is in line with those amendments, the Group has not recorded any impact from these changes on its consolidated financial statements.

#### IAS 23 – *Borrowing Costs*

The amendments clarify that an entity treats as a general borrowing any borrowing made that was intended from inception to develop an asset when all the actions necessary to prepare that asset for use or sale are completed.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual period in which the entity first applies those amendments. An entity applies those amendments for annual periods beginning on or after 1 January 2019, with early application permitted. Since the Group's current practice is in line with those amendments, the Group has not recorded any impact from these changes on its consolidated financial statements.

The main changes introduced by amendments to and interpretations of standards applicable from 2020 are presented below.

#### – Amendments to IAS 1 and IAS 8 – *Definition of Material*

It aims to clarify the definition of “material” in order to help companies assess whether information is to be included in their financial statements.

The amendments will apply from 1 January 2020. However, early application is permitted.

#### – Amendments to the Conceptual Framework in International Financial Reporting Standards

Commission Regulation (EU) 2019/2075 of 29 November 2019 adopting the amendments to the references to the IFRS Conceptual Framework was published in the Official Journal L 316 of 6 December 2019. The amendments are intended to update the existing references to the previous Conceptual Framework and replace them with references to the revised Conceptual Framework in different accounting Standards and interpretations.

Company shall apply the amendments, at the latest, from the commencement date of their first reporting period starting on or after 1 January 2020.

#### – Amendment to IFRS 3 – *Business Combinations*

The amendment affected the definition of business, now understood as an integrated set of activities that can be conducted and managed for the purpose of providing goods or services to customers, generating income from investments (such as dividends or interest) or generating other income from ordinary activities. The new amended definition of a business shall be applied to acquisitions taking place on or after 1 January 2020.

The amendment has not yet been endorsed by the European Commission.

#### – Amendments to IAS 39, IFRS 9 and IFRS 7 – *Interest Rate Benchmark Reform*

The amendments concern hedge accounting under IFRS 9 and IAS 39.

The amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted.

The amendment has not yet been endorsed by the European Commission.

#### – IFRS 17 – *Insurance Contracts*

On 26 June 2019, IASB published Exposure Draft Amendments to IFRS 17 for consultation. The draft amendments do not affect the basic principles of the new IFRS 17. The Board also proposed to postpone the effective date of the standard by one year to 2022.

### 1.3 Form and content of the Consolidated Financial Statements

With regard to the form and content of the Consolidated Financial Statements, the Group has made the following decisions:

- the Consolidated Statement of Financial Position is presented with separate sections for Assets, Liabilities, and Equity. Assets and liabilities are also recognised according to their classification as current, non-current and held for sale;
- the Consolidated Statement of Comprehensive Income is shown as a single statement in a continuous format and items are analysed by nature since this approach provides reliable information that is more relevant than classification by function;
- the Consolidated Statement of Cash Flows is presented using the indirect method;
- the Consolidated Statement of Changes in Equity is presented with separate entries for comprehensive income and transactions with shareholders.

### 1.4 Scope and principles of consolidation

These Consolidated Financial Statements include the Parent Company Fiera Milano SpA, its subsidiaries and companies under joint control.

The Consolidated Financial Statements are based on the financial statements as at 31 December 2019 approved by the boards of directors of the companies included in the scope of consolidation and prepared according to Group accounting policies and IAS/IFRS.

In relation to the scope of consolidation, note that:

- On 18 April 2019, the Parent Company made a share capital increase payment of Euro 900 thousand to Eurofairs International Consultoria e Participações Ltda in order to strengthen the company's capital. This transaction is covered by the Board of Directors resolution of 19 February 2018 which approved that the financial resources of the subsidiary would be ensured through capital injections and/or loans by up to Euro 2,200 thousand. On 6 June 2019, the merger by incorporation of the company in the company CIPA Fiera Milano Publicações e Eventos Ltda took place. The merger document was signed following the resolution passed by the Board of Directors of Fiera Milano SpA on 12 February 2019 and by the Shareholders' Meetings of the owners of Eurofairs and CIPA dated 6 June 2019. On 18 October 2019, the last tranche of the capital contribution, amounting to Euro 500 thousand, was paid to the subsidiary CIPA.
- On 4 July 2019, the Extraordinary Shareholders' Meeting of La Fabbrica del Libro SpA approved the liquidation of the company. On 11 November 2019, the Shareholders' Meeting of the company approved the final liquidation statements and voluntary arrangement.
- On 14 November 2019 the contract for the acquisition of 60% of the company MADE eventi Srl was signed. MADE eventi organises MADE expo, the two-yearly international trade fair on architecture and constructions, at the Rho exhibition site of Fiera Milano. On 5 December 2019, the closing of the transaction for the transfer of shares was signed for a total of Euro 1,860 thousand. The contractually agreed price adjustment clause had no effect because the equity conditions provided for when the company was transferred were met. The transaction follows the strategic lines of the 2018-2022 Plan, consolidating the portfolio of directly organised events in a strategic sector for Italy.

The list of companies included in the scope of consolidation at 31 December 2019 is provided in Attachment 1.

### Subsidiaries

Subsidiaries are consolidated from the date when control is effectively transferred to the Group and are deconsolidated on the date when control is transferred to third parties.

The carrying amount of consolidated investments is set off against the corresponding portion of equity at the acquisition date, in view of the assumption of the liabilities and assets shown in the respective financial statements of the subsidiaries consolidated on a line-by-line basis. Acquisitions of subsidiaries are recognised using the purchase method, as required by IFRS 3 – Business Combinations revised in 2008.

The total capital and reserves of subsidiaries that qualify as non-controlling interests are recognised in equity under “Capital and reserves: non-controlling interests”. The portion of consolidated profit or loss attributable to non-controlling interests is shown under “Net profit (loss) – non-controlling interests”.

### Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group recognises its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 Investments in Associates and joint ventures.

In the transition from proportionate consolidation to the equity method, the interest in the joint venture is recognised at the beginning of the earliest period presented. At initial recognition, that initial investment shall be measured as the aggregate of the carrying amounts of the assets and liabilities that the entity had previously proportionately consolidated, including any goodwill arising from acquisition. If the goodwill previously belonged to a larger cash-generating unit, or to a group of cash-generating units, the entity shall allocate goodwill to the joint venture on the basis of the relative carrying amounts of the joint venture and the cash-generating unit or group of cash-generating units to which it belonged.

### Intercompany transactions

Profits and losses not yet realised that stem from transactions between consolidated companies are eliminated, as are all payables and receivables, costs and revenues, unrealised gains and losses and all other transactions between consolidated companies.

### Translation of financial statements in foreign currencies

At the end of the reporting period, the assets and liabilities of consolidated companies with an accounting currency that is not the Euro are translated into the presentation currency of the Group’s consolidated accounts at the exchange rate in force on that date. Income Statement items are translated at the average exchange rate for the year and translation differences arising on the adjustment of opening equity at the closing spot rates and the differences arising from the different methods used to translate profit for the year are recognised in equity through the statement of comprehensive income and shown separately in a special reserve.

The exchange rates used for the translation into Euros of the 2019 and 2018 financial statements of foreign companies are shown in the table below:

	average 2019	average 2018	31/12/19	31/12/18
South African rand	16.1757	15.6186	15.7773	16.4594
Brazilian reals	4.4134	4.3085	4.5157	4.444
Russian rouble	72.4553	74.0416	69.9563	79.7153
Indian rupee	78.8361	80.7332	80.187	79.7298

Source: Bank of Italy

## 1.5 Summary of accounting standards and measurement criteria

### Business combinations

Business combinations are accounted for by applying the purchase method in accordance with IFRS 3 – Business Combinations, revised in 2008. Under this method, the amount transferred in a business combination is measured at fair value, determined as the sum of fair values of the assets transferred and the liabilities assumed by the Group at the acquisition date and the equity instruments issued in exchange for control of the acquired entity. All other costs associated with the transaction are recognised in the Statement of Comprehensive Income at the time they are incurred.

Contingent considerations, considered part of the transfer price, are measured at fair value at the acquisition date. Subsequent changes to the fair value are recognised through other comprehensive income.

The identifiable assets acquired and the liabilities assumed are measured at fair value at the acquisition date.

Goodwill is measured as the difference between the aggregate of the considerations transferred for the business combination, the equity value pertaining to non-controlling interests and the fair value of any previously held equity interest in the acquired entity and the fair value of net assets acquired and liabilities assumed at the acquisition date. If the difference between the net acquisition-date amounts of the assets and liabilities exceeds the considerations transferred, the equity value pertaining to non-controlling interests and the fair value of any previously held equity interest in the acquired entity, the excess is immediately recognised in the Statement of Comprehensive Income as income deriving from the transaction.

Minority interests in equity at the acquisition date may be measured at fair value or in proportion to the minority interest in the identifiable assets of the acquired entity. The choice of measurement method is made transaction by transaction.

In the fair value measurement process for business combinations, the Fiera Milano Group uses available information and, for more material business combinations, also uses the support of external appraisals.

Business combinations transacted prior to 1 January 2010 are recognised using the previous version of IFRS 3.

### Business combinations achieved in stages

When a business combination is achieved in stages (step acquisition), the Group's previously held share of the entity's assets and liabilities are measured at fair value at the date that control is obtained and any resulting adjustments are recognised in the statement of comprehensive income. Previously held investments are therefore recognised as though they had been sold and reacquired at the date that control is obtained.

### Put options

In relation to non-hedging derivatives, both the IASB and the Italian Civil Code envisage that after initial measurement, subsequent measurement must be at fair value and any changes recognised through profit and loss.

Granting put options to minority shareholders gives them the right to request the Group buys back their shares at a future date. Paragraph 23 of IAS 32 establishes that a contractual right to receive cash or another financial asset from an entity constitutes a financial liability for the present value of the exercise price of the option. Therefore, where the entity does not have the unconditional right to avoid delivering cash or other financial instruments when a put option on shares of subsidiaries is exercised, it must recognise the financial liability. The financial liability is initially recognised at fair value corresponding to the present value of the amount to be reimbursed, estimated on the best information available, and changes in the fair value between one financial period and another are recognised in the income statement under financial income/expenses.

If the contract expires without delivery, the carrying amount of the financial liability is transferred to equity.

### Transactions involving non-controlling interests

Changes to a percentage interest in a subsidiary where control is retained are accounted for as equity transactions. Consequently, for acquisitions after gaining control, any gain or loss between the acquisition cost and the corresponding share of equity is recognised directly in equity attributable to the owners of the Parent. Any capital gain on the partial disposal of an investment in a subsidiary where control is retained is likewise recognised directly in equity attributable to the owners of the Parent.

In cases where the partial disposal of subsidiaries results in loss of control, the residual investment is adjusted to the related fair value and the remeasurement qualifies as a capital gain (loss) on the transaction.

### Tangible fixed assets

#### Property, plant and equipment

Property, plant and equipment are recognised at purchase or production cost, including directly attributable expense, adjusted for accumulated depreciation.

Tangible assets are systematically depreciated each year on a straight-line basis, using economic/technical rates determined by the residual useful life of the assets.

Routine maintenance costs are charged to the income statement when they are incurred.

The replacement costs of identifiable components of complex assets are allocated to the assets and depreciated over their useful lives. The residual carrying amount of the components being replaced is recognised in the income statement.

Improvements to third party assets are recognised in property, plant and equipment based on the nature of the cost incurred; the depreciation period corresponds to the lesser of the residual useful life of the tangible asset and the residual period of the lease.

The depreciation rates applied are listed below:

- Office furniture and machinery	12%
- Exhibition furniture and equipment	27%
- Components for stands to be hired out	40%
- Catering equipment	25%
- Metal components to be hired out	13.5%
- Sundry machinery and equipment	15%
- Motor vehicles	25%
- Site motor vehicles	20%
- Electronic equipment	20%
- Plant and machinery	10%
- Telecommunication systems	20%
- Alarm systems	30%
- Furnishings	12%

If there is any indication of impairment, the tangible assets are impairment tested using the procedure illustrated in the paragraph "Impairment of assets".

### Intangible fixed assets

An intangible asset is recognised only if it is identifiable and controllable, is expected to generate future economic benefits, and its cost can be reliably measured.

#### Goodwill and intangible assets with an indefinite useful life

Goodwill arising from business combinations is initially recognised at cost on the acquisition date, as indicated in the paragraph above on Business Combinations and, for impairment test purposes, allocated to a cash generating unit or group of cash generating units which benefit from the synergies permitted by the acquisition that generated the goodwill. After initial recognition, goodwill is measured at cost less any impairment loss stemming from the impairment tests (see the paragraph "Impairment of assets"). An intangible asset is considered to have an indefinite useful life when no limit can be foreseen to the period during which the asset can generate cash inflows for the Group. Intangible assets with an indefinite useful life and goodwill are not subject to amortisation.

#### Intangible assets with a finite useful life

Intangible assets with a finite useful life are measured at purchase or production cost, including any contingent costs, and systematically amortised on a straight-line basis over their estimated useful life. If there is any indication of impairment, they are impairment tested using the procedure illustrated in the paragraph "Impairment of assets".

Since the last quarter of 2008, trademarks of exhibitions (*i.e.* exhibitor lists, visitor lists and the actual trademark of the exhibition) and of publications have been reclassified from goodwill and intangible assets with an indefinite life to intangible assets with a finite useful life. The initial choice was based on the consideration that the businesses underlying these assets, *i.e.* exhibitions and specialist publications, do not lend themselves to a precise assessment of their lifetime. In essence, at the time of the initial choice, no factors of a general economic, regulatory or legal nature or factors specific to the entity or to the sector in which it is active emerged such as to set a foreseeable limit on the period during which the asset was expected to generate net cash inflows.

However, general trends in national and international markets, together with the internal competitive dynamics of the reference sectors for exhibitions and specialist publications, led to a reconsideration of these initial assumptions. After comparing the practices of the main Italian and foreign competitors, it was concluded that an estimated finite useful life of 20 years was appropriate in most cases, both for exhibitions and publications.

Where an estimate of the reference time horizon for certain intangible assets was shown to be more uncertain, the useful life was set at 10 years.

Therefore, the amortisation rates applied are listed below:

- |                                     |           |
|-------------------------------------|-----------|
| - Exhibition trademarks             | 5% or 10% |
| - Other trademarks and publications | 5% or 10% |

Industrial patents, intellectual property rights, licences and concession agreements are amortised over three to ten years from the year they were acquired.

Research costs are recognised in the income statement at the time they are incurred. In compliance with IAS 38, development costs relating to specific projects, including the launch of new exhibitions, are capitalised when it is probable that the generation of future economic benefits is reasonably certain and when their costs can be reliably measured and amortised in the period when the expected future benefits are realised for the same project. The carrying amount of costs is reviewed annually at the end of the reporting period or more often if there are any particular reasons for doing so, to analyse the fair value and ascertain any indication of impairment.



### Impairment of assets

Goodwill and other intangible assets with an indefinite life are systematically tested for impairment at the end of the reporting period, or more often if impairment indicators emerge.

Tangible and intangible assets with a finite useful life that are depreciated or amortised are tested for impairment only when there are indications of impairment.

Whether recognised values can be recovered was verified by comparing the carrying amount against the higher between the net sale price and the value in use of the asset. The net sale price is the amount obtainable from the sale of an asset in a transaction between willing and able third parties, less costs to sell. In the absence of binding agreements, prices listed on an active market, or the best information available taking into account recent transactions involving identical or similar assets in the same business sector, are used as reference. The value in use is calculated by discounting, at a rate expressing the weighted average cost of capital of a company with a similar risk profile and debt profile, the expected cash flows from use of the asset (or group of assets, *i.e.* cash generating units) and its disposal at the end of its useful life.

If subsequently there is an indication that an impairment loss, other than for goodwill, may have decreased or no longer exists, the carrying amount of the asset is adjusted to the new estimate of the recoverable value although this value may not exceed the value which would have been recognised if there had been no impairment. Reversal of impairment is recognised in the income statement.

### Leased assets

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, determining its terms and conditions of use and, though not explained, its upkeep over time.

The adoption of IFRS 16 has significantly affected the figure of the Lessee; it is no longer required to distinguish between operating and finance lease, as the distinction between the two types is superseded by the distinction between lease and service concession arrangements. Therefore, in the case of leases, a single accounting model independent of the characteristics of the contract itself will apply, as better described in section 1.2 "New accounting standards, interpretations and amendments adopted".

The most significant Rights Of Use which are determined in the Fiera Milano Group as a result of the application of IFRS 16 do not generate independent cash flows and therefore the check of their recoverable amount is carried out exclusively within the CGUs to which they belong.

### Control and identifiability of an asset

Two material elements are considered to determine whether an asset in question is leased or part of a service concession arrangement: control and identifiability of the asset.

The control concerns management by the lessee of the use and obtainment of economic benefits deriving from the use of the identified asset, which is the subject of the contract.

Identifiability, on the other hand, exists whenever an asset can be uniquely identified, provided that there is no right of substitution for the duration of the contract in favour of the lessor, who would be allowed to continue to have control of the asset.

### The Group as lessee

The Group adopts a single recognition and measurement model for all leases, except for short-term leases and leases of low value. The Group recognises the liabilities relating to the lease payments and the right-of-use asset, which is the asset underlying the contract.

**(i) Right-of-Use Assets**

The Group recognises the right-of-use assets at the inception date of the lease (*i.e.*, the date on which the underlying asset is available for use). The right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of the lease liabilities recognised, the initial direct costs incurred and the lease payments made at the commencement date or before commencement less any awards granted. Right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, as follows:

- Capital properties 1 to 12 years
- Car fleet 1 to 4 years

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

Right-of-use assets are subject to impairment. Please refer to paragraph 1.6 "Use of estimates".

**(ii) Lease liabilities**

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not yet paid at that date. Payments due include fixed payments (including in-substance fixed payments) less any lease awards to be received, variable lease payments that depend on an index or rate, and amounts expected to be payable under residual value guarantees. Lease payments also include the exercise price of a purchase option if it is reasonably certain that this option will be exercised by the Group and payments of penalties for terminating the lease if the lease term reflects the Group exercising an option to terminate the lease.

Variable lease payments that do not depend on an index or rate are recognised as an expense in the period (unless they were incurred to produce inventories) in which the event or condition giving rise to the payment occurs.

In calculating the present value of the payments due, the Group uses the incremental borrowing rate at the commencement date if the implicit interest rate cannot be easily determined. After the commencement date, the amount of the lease liability increases to account for interest on the lease liability and decreases to account for payments made. In addition, the carrying amount of lease liabilities is restated in the event of any changes to the lease or for the revision of the contractual terms for the change in payments; it is also restated if there are changes in the valuation of the option to purchase the underlying asset or changes in future payments resulting from a change in the index or rate used to determine such payments.

**(iii) short-term leases or leases of low value**

The Group applies the exemption for the recognition of short-term leases relating to machinery and equipment (*i.e.*, leases that have a duration of 12 months or less from the inception date and do not contain a purchase option). The Group has also applied the exemption for leases relating to low-value assets with reference to lease contracts for office equipment whose value is considered low. Short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

### ***The Group as lessor***

Lease contracts that essentially leave the Group with all the risks and benefits associated with ownership of the asset are classified as operating leases. Income from operating leases must be recognised on a straight-line basis over the lease term, and are included as revenue in the income statement due to their operating nature. Initial negotiation costs are added to the carrying amount of the leased asset and recognised over the term of the contract on the same basis as lease income. Unplanned leases are recognised as revenue in the period in which they are accrued.

### **Financial assets**

IFRS 9 requires that if specific options are not exercised, financial instruments are classified according to the following criteria:

- Business Model defined by the entity for financial instruments management, and
- characteristics of the contractual cash flows of the financial instruments.

IFRS 9 envisages three asset categories:

- Assets held to collect the contractual cash flows (or Hold to Collect; HTC), measured at amortised cost;
- assets held to collect the contractual cash flows and to be sold (or Hold to Collect and Sell; HTCS), designated at fair value through profit or loss (FVTPL) or through other comprehensive income (FVOCI);
- Other financial assets designated at fair value through profit or loss. This residual category can include all business models other than those mentioned above.

The financial assets are initially recognised at fair value, normally represented by the transaction price, plus any accessory charges on the purchase.

The amortised cost criterion offers the best representation in the financial statements for financial assets comprising debt securities and receivables, in that it allows the interest to be spread over the holding period, in compliance with accrual accounting.

Subsequent measurement after initial recognition is at amortised cost or fair value, and these methods are applied according to the category of the financial instrument concerned.

With regard to the classification of financial liabilities, IFRS 9 envisages a general rule by which the entity measures the financial liabilities at amortised cost using the effective interest method (as previously under IAS 39). As regards assets and liabilities measured at fair value, any changes in value are recognised in the income statement, therefore helping to determine the profit or loss for the year. However, if the changes are caused by a change in credit risk, the changes in fair value are recognised in equity.

Assets classed as held to maturity are recognised among current financial assets if the maturity is less than twelve months, or as non-current if greater. They are subsequently measured at amortised cost. The latter is calculated using the effective interest method, taking into account any purchase discounts or premiums and spreading them over the entire period up to maturity, less any impairment.

Loans and receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the Companies belonging to the Group measure the realisable value of these receivables taking account of estimated future cash flows.

Available-for-sale assets are recognised as non-current assets, unless they are to be divested within twelve months from the end of the reporting period, and are measured at fair value. Profits or losses from fair value measurement are recognised in other comprehensive income and aggregated in a specific equity reserve until they are sold, recovered or otherwise derecognised.

### Equity investments

Equity investments fall under the scope of application of the IFRS 9 classification and measurement criteria for equity investments, excluding equity interests in subsidiaries, associates and joint ventures and companies under their control which are instead classed as equity instruments under IAS 32. In this residual category, the investments are designated at fair value through other comprehensive income.

Investments in associates identified as joint ventures are measured using the equity method, which envisages recognition in a specific item of comprehensive income of the Group share of the profit or loss of companies over which it exercises significant influence.

### Inventories

Inventories are measured at the lower of purchase cost and net estimated realisable value. The Group's inventories consist mainly of outstanding costs relating to activities in future years.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank demand deposits and cash investments with an original maturity of not more than three months. The definition of cash and cash equivalents in the Consolidated Statement of Cash Flows is the same as that for the Statement of Financial Position.

### Assets and liabilities held for sale

This category includes assets and liabilities or disposal groups/discontinued operations where the carrying amount will be recovered primarily through a sale rather than through continued use.

For this to happen, the following conditions must be met:

- the assets (or disposal groups) must be available for immediate sale in their present condition;
- the sale must be highly probable, i. e. the company must be committed to a programme for their disposal; activities to identify a buyer must have been initiated; and completion of the sale must be scheduled to take place within one year of the date of classification in this category.

Assets held for sale are measured at the lower of their net carrying amount and their fair value less costs to sell.

If an asset that is depreciated or amortised is reclassified to this item, the depreciation or amortisation process is discontinued at the time of reclassification.

In compliance with IFRS 5, figures for discontinued operations are presented as follows:

- in two specific items of the Consolidated Statement of Financial Position: Assets held for sale and Liabilities held for sale;
- in a specific item of the Consolidated Statement of Comprehensive Income: Profit/(loss) from discontinued operations

### Equity

#### Treasury shares

The nominal value of treasury shares is deducted from share capital and any amount in excess of nominal value is deducted from the share premium reserve.

Under IAS/IFRS regarding the acquisition of treasury shares, the nominal value of the shares is deducted from share capital while the difference between the nominal value and the acquisition value is deducted from the share premium reserve. Regarding the sale of treasury shares, the share capital and the share premium reserve are reconstituted by the same amounts as the reductions applied when the shares were acquired while any gains/losses from the sale is recognised in equity, under other reserves, with no impact on the income statement. The shares taken as reference for the calculation of gains/losses on disposal are selected using the FIFO method.

### **Stock Grant**

In accordance with IFRS 2 – Share-based Payment, the total fair value of stock grants at the assignment date was recognised in full in the Income Statement under personnel costs, over the entire period between the assignment date and their vesting date, with a reserve recognised in equity as a balancing entry.

The fair value of the stock grants was measured at their assignment date, reflecting the arm's length value at that date.

If a "vesting period" is envisaged in which certain conditions (targets reached) have to be satisfied in order for the assignees to become rights holders, the remuneration costs, determined on the present value of the shares at the assignment date, are recognised under personnel costs on a straight-line basis over the period between the assignment date and the vesting date.

If a stock grant is assigned at the end of the vesting period, a corresponding increase in equity is recognised.

### **Costs of capital transactions**

Costs directly attributable to capital transactions are recognised as a direct reduction of equity.

### **Trade payables, tax liabilities, advances and other liabilities**

Payables, advances and other liabilities are initially recognised at fair value. After that, they are measured at amortised cost. Payables are derecognised when the underlying financial obligations have been discharged.

If they have a due date exceeding twelve months, the liabilities are discounted to present value using an interest rate reflecting market assessments of the time value of money and specific risks connected with the liability concerned. Discounted interest is classified in financial expenses.

### **Derivative instruments**

A derivative is a financial instrument or other form of contract with the following characteristics: (i) its value changes in response to the change in an interest rate, the price of a financial instrument, a commodity price, a foreign exchange rate, a price or rates index, a credit rating, or another pre-established underlying variable; (ii) it requires no net initial investment or, if initial investment is required, is smaller than would be required for a contract from which a similar response to changes in market factors would be expected; (iii) it is settled at a future date. Derivatives are classified as financial instruments and therefore adjusted to fair value at the end of each year. The effects of fair value adjustments are recognised in the income statement as financial income/expenses.

### Provisions for risks and charges

Provisions for risks and charges are allocated when the Group must meet a present obligation (legal or implicit) stemming from a past event, the amount of which can be reliably estimated and for settlement of which an outflow of resources is probable. If expectations of resource outflow go beyond the next financial year, the obligation is recognised at its present value through discounting of future cash flows at a rate that also considers the time value of money and the liability's risk.

Risks for which manifestation of a liability is only possible, not probable, are shown in the paragraph "Disclosure on guarantees given, undertakings and other contingent liabilities", and no provisions are allocated for these.

### Bank borrowings and other financial liabilities

Financial payables are initially recognised at cost, represented by the fair value of the funds received net of accessory charges incurred in acquiring the loan. After initial recognition, borrowings are measured at amortised cost, calculated using the effective interest rate method. Amortised cost is calculated by taking into account issuance costs and any discount or premium envisaged at the time of settlement.

### Employee benefits

Employee benefits paid out upon or after termination of the employment relationship consist mainly of employee severance indemnities (trattamento di fine rapporto or TFR), which are governed by Article 2120 of the Italian Civil Code.

In compliance with IAS 19, employee severance indemnities are considered a defined benefit plan, i. e. a plan consisting of benefits provided post-employment, which constitutes a future obligation for which the Group assumes actuarial risks and related investments. As required by IAS 19, the Group uses the projected unit credit method to determine the present value of its defined benefit obligations and the related current service costs. This calculation requires the application of objective and mutually compatible actuarial assumptions concerning demographic variables (mortality rate, employee turnover) and financial variables (discount rate, future increases in salary levels). The Fiera Milano Group recognises changes in actuarial gains/losses in other comprehensive income. From 1 January 2007, following the social security reform, cumulative employee severance indemnities are allocated to pension funds or to the INPS treasury fund, or, in the case of companies with fewer than 50 employees, may remain within the company as in previous years. Employees were given the option until 30 June 2007 to choose the destination of their severance indemnities.

In that regard, the allocation of accrued employee severance indemnities to pension funds or to INPS means that a portion of these indemnities will be classified as a defined contribution plan in that the company's obligation is solely the payment of contributions either to the pension fund or to INPS. The liability related to past employee severance indemnities continues to be a defined benefit plan to be measured using actuarial assumptions.

Employee termination benefits not included in the employee severance indemnities (TFR) are recognised as liabilities and employee expenses when the enterprise is demonstrably committed to terminating the employment of an employee or group of employees before the normal retirement date or provides termination benefits as a result of an incentive to voluntary redundancy. The benefits owed to employees for termination of their employment do not give any future economic benefits to the enterprise and are therefore recognised immediately as a cost.

### Revenue recognition

Revenues are recognised when contractual obligations are fully satisfied and the customer acquires control of the assets transferred. They are recognised at the fair value of the consideration received or receivable, taking into account any trade discounts and quantity-based reductions granted.

Revenue from the provision of services is recognised when the service is provided. In compliance with paragraph 31 et seq. of IFRS 15, services relating to exhibitions and congresses are considered to be transferred to the customer during the exhibitions and events, as this is the period in which most of the related costs are incurred. Likewise, such revenues are recognised during the exhibition or event as the funds used and costs incurred are also spread over the exhibition/event duration.

When it is probable that the total costs of an exhibition will exceed its total revenues, the expected loss is recognised as a cost in a specific provision.

### **Operating costs**

Costs are recognised when they relate to goods and services sold or used in the financial year or on an accrual accounting basis when their future usefulness cannot be precisely identified.

Personnel expenses include both the fixed and variable remuneration of Directors taking account of the effective period of service.

Costs that are not eligible to be recognised in assets are recognised in the income statement in the period in which they are incurred.

### **Other income**

This item has a residual nature and includes revenues from grants and subsidies.

### **Financial income and expenses**

Financial income and expenses are recognised in the accounts based on timing that considers the effective return/expense of the asset/liability concerned.

### **Taxes**

Income taxes are recognised, for each company, according to estimated taxable income in compliance with current tax rates and regulations in the countries where the Group operates. Income taxes are recognised in the income statement, except those relating to items charged or credited directly in equity, the tax effect of which is recognised in equity.

Deferred taxes are measured according to the taxable temporary differences existing between the carrying amounts of assets and liabilities and their tax base and are classified among non-current assets and liabilities.

Deferred tax assets are recognised to the extent that there is likely to be sufficient future taxable income against which the positive balance can be utilised. The carrying amount of deferred tax assets is subject to review at the end of each reporting period.

Deferred tax assets and liabilities are measured according to the tax rates that are expected to be applied in the period when the deferrals materialise, considering the tax rates in force or those that are scheduled to come into force subsequently.

Current and deferred tax assets and liabilities are offset only when they are levied by the same tax authority and when there is a legal right to offsetting.

Note 47 provides further information on the tax consolidation.

### **Transactions in foreign currencies**

Transactions in foreign currencies are recorded at the current exchange rate in force on the transaction date. Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate in force at the end of the reporting period. Foreign exchange differences generated by the extinction of monetary items or their translation at different exchange rates from those at which they were translated at the time of initial recognition in the period or in previous periods are recognised in the income statement. Exchange rate differences are recognised in financial income and expenses.

## Dividends

Dividend income is recognised when the shareholders' right to receive payment has been established. This is normally the date of the Annual Shareholders' Meeting that approves the dividend distribution.

## Earnings per share

Basic earnings (losses) per share are calculated by dividing the Group profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding in the period, excluding treasury shares.

Diluted earnings (losses) per share are calculated by adjusting the weighted average number of shares outstanding to allow for all dilutive potential ordinary shares.

## 1.6 Use of estimates

Preparation of the financial statements and related notes using IFRS requires estimates and assumptions to be made that affect the amounts of assets and liabilities in the Statement of Financial Position and disclosures concerning contingent assets and liabilities at the end of the reporting period. Actual results may differ from these estimates. Estimates are used to recognise provisions for doubtful receivables, depreciation and amortisation, employee benefits, taxes and other provisions and reserves, as well as any adjustments to asset values. Estimates and assumptions are reviewed regularly and the effects of any change are immediately recognised in the income statement.

The most important estimates used to prepare the Financial Statements are given below as these involve a significant level of subjective opinion, assumptions and estimates:

- *Goodwill* is systematically tested for impairment annually, or more often if impairment indicators emerge. The impairment test calls for a discretionary estimate of the values in use of the cash generating unit to which the goodwill is attributed, in turn based on the estimate of future cash flows of the CGU and their discounting at a specified discount rate.

Whether recognised values can be recovered was verified by comparing the carrying amount against the higher between the net sale price and the value in use of the asset. The net sale price is the amount obtainable from the sale of an asset in a transaction between willing and able third parties, less costs to sell. In the absence of binding agreements, prices listed on an active market are used as reference or calculated according to IFRS 13 – Fair Value Measurement. The value in use is calculated by discounting, at a rate expressing the weighted average cost of capital of a company with a similar risk profile and debt profile, the expected cash flows from use of the asset (or group of assets, *i.e.* cash generating units) and its disposal at the end of its useful life.

- *Intangible assets with a finite useful life* are tested for impairment when there are internal or external indications that an asset is impaired; this test calls for a discretionary estimate of the values in use of the cash generating unit to which the asset is attributed, in turn based on the estimate of future cash flows of the CGU and their discounting at a specified discount rate.
- *Deferred tax assets* recognised against tax losses carried forward and other taxable temporary differences to the extent that it is probable there will be sufficient future taxable income against which these tax losses and other taxable temporary differences can be used. The Directors must make a significant discretionary assessment of the amount of deferred tax assets to be recognised. The Company's Business Plan was taken into consideration when verifying the recoverability of deferred tax assets.
- *Provisions for risks and charges*: provisions for risks and charges are subject to discretionary estimates using the best available information at the date of these Financial Statements and based on historic and future data regarding the likely outcome of legal disputes or events, for which assessment of the risk profiles and likely financial impact is uncertain and complex and could result in an adjustment to the estimates.



Reference should be made to the specific paragraph in the notes to the Financial Statements for the use of estimates on financial risks. Measurement of the provision for risks refers to the best information available at the end of the reporting period.

The plans used to carry out the impairment tests are based on certain expectations and assumptions of future performance that by their very nature are subject to uncertainties. Therefore, results could differ from estimates.

The plan will be continually assessed by the Directors regarding the effective realisation of the initiatives and forecasts and the effects on the financial and economic performance of the Group.

## 2) DISCLOSURE ON JOINT VENTURES AND BUSINESS COMBINATIONS

### Joint ventures

The Group has a 49% shareholding in Hannover Milano Global Germany GmbH, recognised at equity, which is jointly controlled with Deutsche Messe AG.

Following the adoption of IFRS 11 – Joint Arrangements, the Group assessed that the joint control contract represents a joint venture. In effect, the significant business decisions relating to Hannover Milano Global Germany GmbH require the unanimous agreement of the parties and neither party has any specific rights over the individual assets or obligations or on individual liabilities of the legal entity.

Under the joint venture agreement with Deutsche Messe AG, the Group share of equity is calculated on the results generated by the various exhibitions; this share went from 39.91% in 2018 to 40.16% in 2019.

The main balance sheet and income statement items of the joint venture and the Group's share are summarised in the tables below:

	(€'000)	
Hannover Milano Global Germany GmbH	31/12/19	31/12/18
Current assets	4,179	2,764
Non-current assets	9,261	8,864
Current liabilities	17,284	14,108
Net financial debt/(cash)	(27,072)	(23,330)
<b>Equity</b>	<b>23,228</b>	<b>20,850</b>
<b>Book value of the joint venture</b>	<b>10,629</b>	<b>9,706</b>

Hannover Milano Global Germany GmbH	2019	2018
Total revenues and other income	53,277	44,460
Total operating costs	(37,821)	(31,773)
Depreciation and amortisation	(541)	(387)
Interest income	399	(50)
Interest payable	(9)	(4)
<b>Profit/(loss) before tax</b>	<b>15,305</b>	<b>12,246</b>
Income tax	(4,634)	(4,336)
<b>Profit/(loss) for the year</b>	<b>10,671</b>	<b>7,910</b>
<b>Profit/(loss) attributable to the shareholders of the controlling entity</b>	<b>10,421</b>	<b>7,978</b>
<b>Group profit/(loss)</b>	<b>4,185</b>	<b>3,184</b>

The Group has a 49% shareholding in Ipack Ima Srl, which is recognised at equity and over which it exercises joint control together with UICMA (Union of Italian Manufacturers of Automatic Machines for Packing and Packaging).

Last year's Ipack-Ima exhibition, held every three years as part of "The Innovation Alliance", meant it showed greater profit than the current year when the exhibition is not held.

The main balance sheet and income statement items of the joint venture and the Group's share are summarised in the tables below:

	(€'000)	
<b>Ipack Ima Srl</b>	<b>31/12/19</b>	<b>31/12/18</b>
Current assets	948	545
Non-current assets	5,243	5,510
Current liabilities	1,181	1,463
Non-current liabilities	900	1,269
Net financial debt/(cash)	717	(2,182)
<b>Equity</b>	<b>3,393</b>	<b>5,505</b>
<b>Book value of the joint venture</b>	<b>1,663</b>	<b>2,697</b>

<b>Ipack Ima Srl</b>	<b>2019</b>	<b>2018</b>
Total revenues and other income	250	17,194
Total operating costs	(1,413)	(11,293)
Depreciation and amortisation	(279)	(237)
Interest payable	(15)	(13)
<b>Profit/(loss) before tax</b>	<b>(1,457)</b>	<b>5,651</b>
Income tax	(362)	1,598
<b>Profit/(loss) for the year</b>	<b>(1,095)</b>	<b>4,053</b>
<b>Group profit/(loss)</b>	<b>(537)</b>	<b>1,986</b>

At 31 December 2019 and at 31 December 2018, there were no contingent liabilities or material obligations relating to the investment of the Parent Company in the joint ventures.

The Group holds a 51% stake in MiCo DMC Srl (indirectly through Fiera Milano Congressi SpA), which was initially consolidated on a line-by-line basis.

On 4 December 2018, the governance agreement regarding MiCo DMC Srl with the partner AIM Group International SpA was amended, establishing a greater degree of collaboration for business management decisions. Under IFRS 11, these agreements mean the company is categorised as a joint venture, meaning that from 31 December 2018 the value of the investment is consolidated at equity.

The main balance sheet and income statement items of the joint venture and the Group share are summarised in the following table:

	(€'000)	
<b>MiCo DMC Srl</b>	<b>31/12/19</b>	<b>31/12/18</b>
Current assets	2,560	1,593
Non-current assets	117	165
Current liabilities	2,508	1,570
Non-current liabilities	158	175
Net financial debt/(cash)	(361)	(158)
<b>Equity</b>	<b>372</b>	<b>171</b>
<b>Book value of the joint venture</b>	<b>190</b>	<b>87</b>

<b>MiCo DMC Srl</b>	<b>2019</b>
Total revenues and other income	12,026
Total operating costs	(11,640)
Depreciation and amortisation	(28)
Interest payable	(6)
<b>Profit/(loss) before tax</b>	<b>352</b>
Income tax	118
<b>Profit/(loss) for the year</b>	<b>234</b>
<b>Group profit/(loss)</b>	<b>120</b>

### Business combinations

On 14 November 2019 the Parent Company signed the contract for the acquisition of 60% of the exhibition organiser MADE eventi Srl.

On 5 December 2019, the closing of the transaction for the transfer of shares was signed for a total of Euro 1,860 thousand. The contractually agreed price adjustment clause had no effect because the equity conditions provided for when the company was transferred were met.

The transaction follows the strategic lines of the 2018–2022 Plan, consolidating the portfolio of directly organised events in a strategic sector for Italy. The goodwill that arose represents the expected benefits from the relationships and the synergies of the organisation acquired with the group's activities.

MADE eventi organises MADE expo at the Rho exhibition site of Fiera Milano, the two-yearly international trade fair on architecture and constructions for designers, businesses, buyers and specialist operators, spread over four rooms: MADE Costruzioni e Materiali, MADE Involucro e Serramenti, MADE Interni e Finiture, MADE Software, Tecnologie e Servizi.

The sector has synergies with the exhibition Sicurezza, which also covers solutions for building automation. A similar product synergy also exists with Fisp, the international trade fair for safety and security organized by the Fiera Milano Group in São Paulo, Brazil.

The deal also helps to further consolidate the partnership between Fiera Milano SpA and Federlegno Arredo Eventi SpA, organiser of the Salone del Mobile, held in Milan.

The figures relating to the acquisition can be broken down as follows:

	(€'000)
<b>MADE eventi Srl</b>	<b>5/12/19</b>
Cash for the securities	1,860
Deferred payment	-
<b>Transaction consideration</b>	<b>1,860</b>

	(€'000)
<b>Flussi finanziari</b>	<b>5/12/19</b>
Cash in	1,860
Cash out	(18)
<b>Cash flow paid</b>	<b>1,842</b>

	(€'000)
<b>MADE eventi Srl</b>	<b>5/12/19</b>
Current assets	833
Non-current assets	2,139
Current liabilities	539
Non-current liabilities	534
<b>Assets acquired</b>	<b>1,899</b>
Net financial debt/(cash)	332
Equity attributable to non-controlling interests	(634)
<b>Goodwill</b>	<b>909</b>
<b>Total</b>	<b>1,842</b>

The main income statement items of the company, consolidated from the closing of the transaction, are summarised in the table below:

	(€'000)
<b>MADE eventi Srl</b>	<b>2019</b>
Total operating costs	(125)
Interest payable	(6)
<b>Profit/(loss) before tax</b>	<b>(131)</b>
Income tax	2
<b>Profit/(loss) for the year</b>	<b>(133)</b>

These amounts are not particularly significant as the company's business is characterised by a strong two-yearly seasonality of the events organised.

Attachment 2 to the Financial Statements of Fiera Milano SpA provides summary financial reporting on subsidiaries, joint ventures and associates.

### 3) SEGMENT REPORTING

In compliance with IFRS 8, the identification of operating segments and related information provided in segment reporting is based on the data used by management to make its operating decisions and is consistent with the management and control model used. The internal accounting system, which is regularly reviewed and used by the top decision makers in the Group, gives information by segment and also by individual company.

The internal organisation structure and the performance measurement system is shaped by the strategic direction of the Group, with a view to greater integration of sales and operating processes. In particular, all activities carried out by Fiera Milano SpA, Nolostand SpA, Ipack Ima Srl and in MADE eventi Srl are grouped into a single operating segment "Italian Exhibitions Business", as described in greater detail in Note 6 on Cash Generating Units.

Consequently, based on the management approach, the operating segments were defined as follows:

- **Italian Exhibitions Business:** this segment covers all activities for the organisation and hosting of exhibitions and other events in Italy through the use, promotion and offer of furnished exhibition spaces; through the provision of stand-fitting, technical and site services associated with exhibition and congress business; through the provision of project support and ancillary services. This includes the business of staging exhibitions (and providing end services to exhibitors and visitors):

- directly organised by the Group or in partnership with third-parties;
- organised by third parties, through contracting out of spaces and services.

These activities are carried out by the Parent Company Fiera Milano SpA, Ipack Ima Srl, Nolostand SpA and MADE eventi Srl.

- **Foreign Exhibitions Business:** this segment covers all activities for the organisation of exhibitions and other events abroad through the use, promotion and offer of furnished exhibition spaces, of project support and of ancillary services. This includes the business of staging exhibitions (and providing end services to exhibitors and visitors) that are directly organised by the Group, in partnership with third parties or acting as agents.

These activities are carried out by the following companies:

- Hannover Milano Global Germany GmbH, a joint venture with Deutsche Messe AG of Hanover, which operates in China through two subsidiaries, Hannover Milano Fairs China Ltd and Hannover Milano Fairs Shanghai Co. Ltd. and through its 51% investee Hannover Milano Best Exhibitions Co. Ltd and its 60% investee Hannover Milano XZQ Exhibitions. It also operates in India through the subsidiary Hannover Milano Fairs India Pvt Ltd;
  - Cipa Fiera Milano Publicações e Eventos Ltda ("Cipa FM"), with registered office in São Paulo;
  - Fiera Milano India Pvt Ltd, with registered office in New Delhi;
  - Limited Liability Company Fiera Milano, with registered office in Moscow;
  - Fiera Milano Exhibitions Africa PTY Ltd (hereinafter "Fiera Milano Africa"), with its registered office in Westlake - Cape Town.
- **Media:** this segment covers the production of content and supply of online and offline publishing services, as well as those associated with the organisation of events and congresses by Fiera Milano Media SpA.
  - **Congresses:** this segment covers the management of congresses and events and the supply of destination management services by Fiera Milano Congressi SpA and MiCo DMC Srl.

The tables below give Income Statement and Statement of Financial Position figures by segment for the financial years at 31 December 2019 and 31 December 2018.

(€'000)

INCOME STATEMENT TO 31/12/19	Italian Exhibitions Business	Foreign Exhibitions Business	Media	Congresses	Adjustments	Consolidated
Revenues from sales and services to third-parties	228,933	4,160	7,736	38,882		279,711
Revenues from intersegment sales and services	6,357	116	3,370	795	(10,638)	
<b>Total revenues</b>	<b>235,290</b>	<b>4,276</b>	<b>11,106</b>	<b>39,677</b>	<b>(10,638)</b>	<b>279,711</b>
<i>of which from Italy</i>						275,551
<i>of which from foreign activities</i>						4,160
Cost of materials	2,181	12	221	76	(1)	2,489
Cost of services	99,484	3,607	6,086	24,720	(12,682)	121,215
Cost for use of third-party assets	422	191	91	45	(263)	486
Personnel expenses	39,317	1,308	3,889	3,733	(815)	47,432
Other operating expenses	4,304	72	50	356	(4)	4,778
<b>Total operating expenses</b>	<b>145,708</b>	<b>5,190</b>	<b>10,337</b>	<b>28,930</b>	<b>(13,765)</b>	<b>176,400</b>
Other income	4,263	100	595	597	(3,127)	2,428
Profit/(loss) of equity accounted companies	-537	4,185		120		3,768
Allowance for doubtful accounts and other provisions	2,749	33	548	123		3,453
<b>EBITDA</b>	<b>90,559</b>	<b>3,338</b>	<b>816</b>	<b>11,341</b>	<b>-</b>	<b>106,054</b>
<i>of which from Italy</i>						102,827
<i>of which from foreign activities</i>						3,227
Depreciation of property, plant and equipment and right-of-use assets	38,207	160	90	4,751		43,208
Depreciation of property investments						
Amortisation of intangible assets	1,533	261	137	32		1,963
Adjustments to asset values	112		1,173			1,285
<b>EBIT</b>	<b>50,707</b>	<b>2,917</b>	<b>(584)</b>	<b>6,558</b>	<b>-</b>	<b>59,598</b>
<i>of which from Italy</i>						56,791
<i>of which from foreign activities</i>						2,807
Financial income and similar						479
Financial expenses and similar						13,844
Valuation of financial assets						
<b>Profit/(loss) before income tax</b>						<b>46,233</b>
Income tax						11,905
<b>Profit/(loss) from continuing operations</b>						<b>34,328</b>
<b>Profit/(loss) from discontinued operations</b>						<b>-</b>
<b>Profit/(loss) for the year</b>						<b>34,328</b>
Profit/(loss) attributable to non-controlling interests						(97)
<b>Group profit/(loss)</b>						<b>34,425</b>

(€'000)

STATEMENT OF FINANCIAL POSITION DATA AT 31/12/19	Investments	Depreciation and amortisation of non-current assets
Italian Exhibitions Business	482,258	39,740
Foreign Exhibitions Business	537	421
Media	288	227
Congresses	36,158	4,783
Adjustments	-	-
<b>Total</b>	<b>519,241</b>	<b>45,171</b>

The assets and liabilities for the segment include the right of use to the leased asset deriving from the application of IFRS 16.

(€'000)

<b>INCOME STATEMENT TO 31/12/18</b>	Italian Exhibitions Business	Foreign Exhibitions Business	Media	Congresses	Adjustments	Consolidated
Revenues from sales and services to third-parties	195,477	7,844	8,439	35,457		247,217
Revenues from intersegment sales and services	4,856	-	2,823	2,251	(9,930)	
<b>Total revenues</b>	<b>200,333</b>	<b>7,844</b>	<b>11,262</b>	<b>37,708</b>	<b>(9,930)</b>	<b>247,217</b>
<i>of which from Italy</i>						239,373
<i>of which from foreign activities</i>						7,844
Cost of materials	2,095	12	190	123	(10)	2,410
Cost of services	88,725	5,730	7,013	24,334	(11,750)	114,052
Cost for use of third-party assets	46,019	224	217	4,213	(330)	50,343
Personnel expenses	38,180	1,222	3,316	4,797	(478)	47,037
Other operating expenses	3,713	190	58	635	(71)	4,525
<b>Total operating expenses</b>	<b>178,732</b>	<b>7,378</b>	<b>10,794</b>	<b>34,102</b>	<b>(12,639)</b>	<b>218,367</b>
Other income	4,164	670	286	395	(2,709)	2,806
Profit/(loss) of equity accounted companies	1,986	3,184				5,170
Allowance for doubtful accounts and other provisions	3,966	621	203	173		4,963
<b>EBITDA</b>	<b>23,785</b>	<b>3,699</b>	<b>551</b>	<b>3,828</b>	<b>-</b>	<b>31,863</b>
<i>of which from Italy</i>						28,164
<i>of which from foreign activities</i>						3,699
Depreciation of property, plant and equipment and right-of-use assets	2,480	142	17	1,332		3,971
Depreciation of property investments						
Amortisation of intangible assets	1,309	254	235	39	63	1,900
Adjustments to asset values			917			917
<b>EBIT</b>	<b>19,996</b>	<b>3,303</b>	<b>(618)</b>	<b>2,457</b>	<b>(63)</b>	<b>25,075</b>
<i>of which from Italy</i>						21,835
<i>of which from foreign activities</i>						3,240
Financial income and similar						279
Financial expenses and similar						402
Valuation of financial assets						(29)
<b>Profit/(loss) before income tax</b>						<b>24,923</b>
Income tax						6,353
<b>Profit/(loss) from continuing operations</b>						<b>18,570</b>
<b>Profit/(loss) from discontinued operations</b>						<b>-</b>
<b>Profit/(loss) for the year</b>						<b>18,570</b>
Profit/(loss) attributable to non-controlling interests						(278)
<b>Group profit/(loss)</b>						<b>18,848</b>

(€'000)

<b>STATEMENT OF FINANCIAL POSITION DATA AT 31/12/18</b>	Investments	Depreciation and amortisation of non-current assets
Italian Exhibitions Business	2,165	3,789
Foreign Exhibitions Business	350	396
Media	-	252
Congresses	85	1,371
Adjustments	-	63
<b>Total</b>	<b>2,600</b>	<b>5,871</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

## ASSETS

## NON-CURRENT ASSETS

## 4) Property, plant and equipment

The breakdown and changes in the last two financial years are given below:

PROPERTY, PLANT AND EQUIPMENT	Balance at 31/12/17	Changes during the financial year							Balance at 31/12/18
		Incr.	Decr.	Depr.	Impairment	Currency translation differences	Transfers to joint venture	Reclassification	
<b>Plant and machinery</b>									
. historic cost	18,465	183	-	-	-	-	-	270	18,918
. depreciation	16,021	-	-	616	-	-	-	277	16,914
<b>Net</b>	<b>2,444</b>	<b>183</b>	<b>-</b>	<b>616</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7)</b>	<b>2,004</b>
<b>Industrial and commercial equipment</b>									
. historic cost	37,347	654	1,316	-	-	-	-	(243)	36,442
. depreciation	33,710	-	1,256	1,654	-	-	-	(250)	33,858
<b>Net</b>	<b>3,637</b>	<b>654</b>	<b>60</b>	<b>1,654</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>2,584</b>
<b>Other assets</b>									
. historic cost	58,287	395	266	-	-	(64)	(30)	-	58,322
. depreciation	50,679	-	241	1,721	-	(50)	(11)	-	52,098
<b>Net</b>	<b>7,608</b>	<b>395</b>	<b>25</b>	<b>1,721</b>	<b>-</b>	<b>(14)</b>	<b>(19)</b>	<b>-</b>	<b>6,224</b>
<b>Contracts in progress and pre-payments</b>									
. historic cost	76	-	-	-	-	-	-	(76)	-
<b>Net</b>	<b>76</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(76)</b>	<b>-</b>
<b>Total property, plant and equipment</b>									
. historic cost	114,175	1,232	1,582	-	-	(64)	(30)	(49)	113,682
. depreciation	100,410	-	1,497	3,991	-	(50)	(11)	27	102,870
<b>Net</b>	<b>13,765</b>	<b>1,232</b>	<b>85</b>	<b>3,991</b>	<b>-</b>	<b>(14)</b>	<b>(19)</b>	<b>(76)</b>	<b>10,812</b>



PROPERTY, PLANT AND EQUIPMENT	Balance at 31/12/18	Changes during the financial year								Balance at 31/12/19
		Incr.	Decr.	Depr.	Impairment	Currency translation differences	Acquired business	Reclassification	Other	
<b>Plant and machinery</b>										
. historic cost	18,918	58	49	-	-	-	-	-	(11)	18,916
. depreciation	16,914	-	49	459	-	-	-	(7)	-	17,317
Net	2,004	58	-	459	-	-	-	7	-	1,599
<b>Industrial and commercial equipment</b>										
. historic cost	36,442	243	894	-	1,973	-	-	-	-	33,818
. depreciation	33,858	-	866	1,136	1,861	-	-	7	-	32,274
Net	2,584	243	28	1,136	112	-	-	(7)	-	1,544
<b>Other assets</b>										
. historic cost	58,322	1,497	557	-	-	21	114	13	(4)	59,406
. depreciation	52,098	-	547	1,732	-	19	92	-	-	53,394
Net	6,224	1,497	10	1,732	-	2	22	13	(4)	6,012
<b>Contracts in progress and pre-payments</b>										
. historic cost	-	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-
<b>Total property, plant and equipment</b>										
. historic cost	113,682	1,798	1,500	-	1,973	21	114	13	(15)	112,140
. depreciation	102,870	-	1,462	3,327	1,861	19	92	-	-	102,985
<b>Net</b>	<b>10,812</b>	<b>1,798</b>	<b>38</b>	<b>3,327</b>	<b>112</b>	<b>2</b>	<b>22</b>	<b>13</b>	<b>(15)</b>	<b>9,155</b>

The breakdown and changes in the various items were as follows:

#### Plant and machinery

This item totalled Euro 1,599 thousand, net of depreciation for the year of Euro 459 thousand, and was mainly for electrical, heating, alarm and audiovisual systems.

The increase of Euro 58 thousand refers mainly to Parent Company investments in plant and machinery for the Rho exhibition site.

#### Industrial and commercial equipment

This item totalled Euro 1,544 thousand, net of depreciation for the year of Euro 1,136 thousand, and was mainly for equipment and furnishings related to the exhibition business.

The increases amounted to Euro 243 thousand, mainly comprising investments by Nolostand SpA for the purchase of exhibition equipment and assets to be hired out during exhibitions.

The decreases totalling Euro 28 thousand refer mainly to the residual value of wooden fittings disposed of by Nolostand SpA.

Adjustments of Euro 112 thousand related to Nolostand SpA and concerned inventory adjustments.

**Other assets**

This item totalled Euro 6,012 thousand net of depreciation for the year of Euro 1,732 thousand; Euro 3,707 thousand was for improvements to the assets of Fondazione Fiera Milano and Euro 2,305 thousand was for furniture, furnishings, minor equipment, vehicles and electronic equipment.

The Euro 1,497 thousand increase breaks down as follows:

- Euro 1,008 thousand pertaining to Fiera Milano Congressi SpA mainly referring to the renovation and upgrading of the Mico Nord and Mico Sud congress facilities leased by Fondazione to the company, to MoMec, and to the purchase of audio-video equipment;
- Euro 298 thousand pertaining to the Parent Company referring mainly to electronic machines and furnishing accessories;
- Euro 112 thousand pertaining to Fiera Milano Africa referring to exhibition furnishings;
- the remaining Euro 79 thousand pertaining to other companies.

Depreciation of improvements to third-party assets is calculated on the residual duration of the real estate lease to which they refer.

**5) Right-of-use assets**

The breakdown and changes in the last two financial years are given below:

RIGHT-OF-USE ASSETS	Balance at 31/12/18	Changes during the financial year					Balance at 31/12/19
		Incr.	Decr.	Depr.	Acquired business	Reclassification	
(€'000)							
<b>Leased property</b>							
. historic cost	-	508,664	-	-	332	-	508,996
. depreciation	-	-	-	39,757	-	-	39,757
<b>Net</b>	-	508,664	-	39,757	332	-	469,239
<b>Leased corporate fleet</b>							
. historic cost	-	456	-	-	-	-	456
. depreciation	-	-	-	124	-	-	124
<b>Net</b>	-	456	-	124	-	-	332
<b>Total Right-of-use assets</b>							
. historic cost	-	509,120	-	-	332	-	509,452
. depreciation	-	-	-	39,881	-	-	39,881
<b>Net</b>	-	509,120	-	39,881	332	-	469,571

The amounts and changes in the various items during the year were as follows:

**Right-of-use properties**

The item totalled Euro 469,239 thousand, less depreciation for the period of Euro 39,757 thousand, and refers to the recognition of leases of right-of-use property deriving from the application of IFRS 16 in force as from 1 January 2019. Section 1 "Accounting standards and consolidation criteria" provides further details.

The change in the scope of consolidation derives from the acquisition of MADE eventi Srl.

**Right-of-use vehicles**

The item totalled Euro 332 thousand, less depreciation for the period of Euro 124 thousand, and refers to the recognition of the right-of-use relating to the company car fleet deriving from the application of the new IFRS 16 in force as from 1 January 2019. Section 1 "Accounting standards and consolidation criteria" provides further details.

The item Right-of-use assets includes related-party transactions of Euro 462,382 thousand (zero at 31 December 2018). Note 50 provides further details on such transactions.

**6) Goodwill**

The breakdown and changes in the last two financial years are given below:

(€'000)

GOODWILL	Balance at 31/12/17	Changes during the financial year				Balance at 31/12/18
		Incr.	Decr.	Transfers to joint venture	Currency translation differences	
<b>Goodwill</b>						
. historic cost	110,813	-	-	(89)	-	110,724
. amortisation	16,597	-	-	-	-	16,597
<b>Net</b>	<b>94,216</b>	<b>-</b>	<b>-</b>	<b>(89)</b>	<b>-</b>	<b>94,127</b>

(€'000)

GOODWILL	Balance at 31/12/18	Changes during the financial year				Balance at 31/12/19
		Incr.	Decr.	Transfers to joint venture	Currency translation differences	
<b>Goodwill</b>						
. historic cost	110,724	909	-	-	-	111,633
. amortisation	16,597	-	-	-	-	16,597
<b>Net</b>	<b>94,127</b>	<b>909</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>95,036</b>

The increase relates to the acquisition of MADE eventi Srl. Further details are provided in Note 2 - Disclosure on joint ventures and Business Combinations.

As described in the section on measurement criteria, goodwill is subject to annual impairment tests at the end of each reporting period or more frequently if there are any indications of impairment. Paragraph 1.6 "Use of estimates" gives details of the methods used for the impairment tests.

Goodwill is allocated to the different cash generating units (CGUs) or group of CGUs that gave rise to the goodwill.

To identify “the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets” (IAS 36 – Impairment of Assets), each different Group reportable segment was designated a CGU.

In the new reportable segment “Italian Exhibitions Business”, the CGUs correspond to individual exhibitions and include the activities carried out by the Parent Company Fiera Milano SpA and those of the subsidiaries Nolostand SpA and MADE eventi Srl.

In the reportable segment “Foreign Exhibitions Business”, the situation is different in countries where the Group holds its own exhibitions (such as Brazil) from countries where the Group operates through joint venture arrangements and trademark user licence agreements (such as China and India). In the first case, the CGUs correspond to individual exhibitions; in the second, the CGUs are represented by the individual reference market.

Various CGUs can be identified in the reportable segment “Media”: one CGU includes all activities related to seminars and congresses (“events and training” CGU). The Publishing and Digital Services CGU grouping includes the publications broken down by industry (ho.re.ca sector and technology sector), digital services, advertising and sponsorship.

Lastly, in the reportable segment “Congresses”, two CGUs can be identified: for the activities of Fiera Milano Congressi SpA and its subsidiary MiCo DMC Srl.

In order to avoid using arbitrary allocation criteria for the impairment tests, goodwill was allocated based on appropriate groupings that reflect both the strategic vision of the company and how the goodwill was generated.

The goodwill allocations were as follows:

- The Italian Exhibitions Business CGU grouping: includes the CGUs corresponding with all exhibitions organised and hosted by Fiera Milano SpA and MADE eventi Srl, and the stand-fitting services provided by Nolostand SpA, for goodwill amounting to Euro 83,634 thousand.
- The Publishing and Digital Services CGU grouping: includes the CGUs corresponding with publications and digital services and the advertising and sponsorship activities. The goodwill of Fiera Milano Media SpA was allocated to this CGU, for Euro 5,947 thousand, deriving from the acquisitions of publishing companies that were subsequently merged into it.
- The “Congresses” CGU: includes goodwill of Euro 5,455 thousand, deriving from the acquisition of Fiera Milano Congressi SpA.

The recoverable amount of the cash generating units or groups of CGUs to which individual goodwill amounts are allocated was verified by calculating the higher between the fair value net of costs to sell and the value in use.

The value in use is calculated using the discounted cash flow method, based on plans approved by the respective Boards of Directors of the group companies. The time horizon considered is four years, as several important events in the exhibition calendar have a biennial frequency. Cash flow projections beyond the time horizons of the respective business plans are generally made using the average gross operating profit – understood as EBITDA net of impairment losses and provisions – for the whole period of the plan and reconstructing a normalised cash flow without considering changes in working capital but including maintenance and replacement investments. The terminal value is measured as a perpetual annuity obtained by capitalising the average net cash flows of the last four years of specific forecasting, using a discount rate calculated by reference country for the various CGUs. Zero growth in real terms was assumed, considering only the level of medium/long-term inflation forecast in the specific monetary area of reference. Only the Publishing and Digital Services CGU grouping did not include the forecast medium/long-term inflation rate in the growth factor, which therefore appears as a negative factor in real terms.

The WACC (Weighted Average Cost of Capital) used for activities in Italy includes: (i) a risk free rate of 1.93%; (ii) a market risk premium of 6.30%; (iii) a levered beta at the sector average of 0.64; (iv) a specific risk premium that varied in the different CGUs; (v) a cost of debt equal to 2.53%; (vi) a debt to invested capital of 25% (the average for comparable companies).

The individual benchmarks were determined by using, as far as possible, publicly available sources. A rate net of taxes was used for cash flows net of taxes.

The WACC used in the different CGUs varies on the basis of: (i) the different risk free rate (assumed to be equal to the yield on 10-year government bond of the CGU's country of reference; (ii) the different specific risk coefficient covering execution risk relating to the forecast cash flows. This risk factor reflects the figures deriving from historic deviations between forecast and final figures, as well as forward-looking assessments of business initiatives; (iii) the different cost of debt based on the expected inflation rate in the individual reference monetary areas of each CGU. A summary of the results is given in the table below:

CGU	WACC
Italian Exhibitions Business	5.68%
Publishing and Digital Services	7.18%
Congresses	5.68%

There was no indication of impairment in any goodwill amount.

Sensitivity analyses were carried on existing goodwill out by varying the WACC (+0.5%) and the forecast operating cash flows (-10%) with a positive result in both cases.

A test was also carried out on the amounts resulting from the application of IFRS 16 (with determination of consistent cash flows) confirming the results achieved.

Moreover, the item "Right-of-use assets" does not generate independent cash flows; therefore, the recoverable amount, determined as the higher of value in use and fair value less the costs to sell, can only be assessed within the CGUs to which it belongs.

## 7) Intangible assets with a finite useful life

The breakdown and changes in the last two financial years are given below:

(€'000)

INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE	Balance at 31/12/17	Changes during the financial year							Balance at 31/12/18
		Incr.	Decr.	Depr.	Impairment	Currency translation differences	Transfers to joint venture	Reclassification	
<b>Trademarks and publishing titles</b>									
. historic cost	37,482	188	-	-	-	(649)	(10)	-	37,011
. amortisation	26,558	-	-	956	917	(372)	(4)	-	28,055
Net	10,924	188	-	956	917	(277)	(6)	-	8,956
<b>Concessions, licenses and similar rights</b>									
. historic cost	3,751	399	-	-	-	-	(21)	8	4,137
. amortisation	3,562	-	-	123	-	-	(11)	-	3,674
Net	189	399	-	123	-	-	(10)	8	463
<b>Industrial patents and intellectual property rights</b>									
. historic cost	38,096	601	314	-	-	(41)	-	5	38,347
. amortisation	36,798	-	308	758	-	(17)	-	-	37,231
Net	1,298	601	6	758	-	(24)	-	5	1,116
<b>Non-competition agreements</b>									
. historic cost	290	-	307	-	-	17	-	-	-
. amortisation	221	-	307	63	-	23	-	-	-
Net	69	-	-	63	-	(6)	-	-	-
<b>Intangible fixed assets under construction</b>									
. historic cost	13	180	-	-	-	-	-	63	256
Net	13	180	-	-	-	-	-	63	256
<b>Total intangible assets with a finite useful life</b>									
. historic cost	79,632	1,368	621	-	-	(673)	(31)	76	79,751
. amortisation	67,139	-	615	1,900	917	(366)	(15)	-	68,960
Net	12,493	1,368	6	1,900	917	(307)	(16)	76	10,791

INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE	Balance at 31/12/18	Changes during the financial year							Balance at 31/12/19
		Incr.	Decr.	Depr.	Impairment	Currency translation differences	Acquired business	Reclassification	
(€'000)									
<b>Trademarks and publishing titles</b>									
. historic cost	37,011	2,820	1	-	16,344	(45)	1,263	-	24,704
. amortisation	28,055	-	1	995	15,171	(13)	13	-	13,878
<b>Net</b>	<b>8,956</b>	<b>2,820</b>	<b>-</b>	<b>995</b>	<b>1,173</b>	<b>(32)</b>	<b>1,250</b>	<b>-</b>	<b>10,826</b>
<b>Concessions, licenses and similar rights</b>									
. historic cost	4,137	656	-	-	-	-	252	96	5,141
. amortisation	3,674	-	-	234	-	2	247	-	4,157
<b>Net</b>	<b>463</b>	<b>656</b>	<b>-</b>	<b>234</b>	<b>-</b>	<b>(2)</b>	<b>5</b>	<b>96</b>	<b>984</b>
<b>Industrial patents and intellectual property rights</b>									
. historic cost	38,347	1,191	-	-	-	(4)	-	121	39,655
. amortisation	37,231	-	-	734	-	(2)	-	-	37,963
<b>Net</b>	<b>1,116</b>	<b>1,191</b>	<b>-</b>	<b>734</b>	<b>-</b>	<b>(2)</b>	<b>-</b>	<b>121</b>	<b>1,692</b>
<b>Intangible fixed assets under construction</b>									
. historic cost	256	1,138	26	-	-	-	-	(230)	1,138
<b>Net</b>	<b>256</b>	<b>1,138</b>	<b>26</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(230)</b>	<b>1,138</b>
<b>Total intangible assets with a finite useful life</b>									
. historic cost	79,751	5,805	27	-	16,344	(49)	1,515	(13)	70,638
. amortisation	68,960	-	1	1,963	15,171	(13)	260	-	55,998
<b>Net</b>	<b>10,791</b>	<b>5,805</b>	<b>26</b>	<b>1,963</b>	<b>1,173</b>	<b>(36)</b>	<b>1,255</b>	<b>(13)</b>	<b>14,640</b>

### Trademarks and publications

This item totalled Euro 10,826 thousand, with breakdown as follows:

- exhibition trademarks:
  - Milan Games Week: Euro 2,394 thousand;
  - Host: Euro 1,466 thousand;
  - Mipap Milano Prêt-à-Porter: Euro 1,377 thousand;
  - MADE expo: Euro 1,244 thousand;
  - Promotion Trade Exhibition: Euro 1,136 thousand;
  - Exposec: Euro 1,005 thousand;
  - Fisp: Euro 978 thousand;
  - Transpotec & Logitec: Euro 383 thousand;
  - Cartoomics: Euro 305 thousand;
  - Festivity: Euro 190 thousand;
  - Tubotech: Euro 158 thousand;
  - Miart: Euro 101 thousand;
  - BtoBio Expo: Euro 72 thousand;
  - Tuttofood: Euro 9 thousand;
  - Fruit&Veg Innovation: Euro 8 thousand;

Most trademarks are for the directly organised exhibitions of the Group.

The trademarks came under Group control through various business combinations that took place over time. Since the last quarter of 2008, the associated exhibitions and publications have been amortised based on the assessment of their finite useful life (previously accounted as assets with an indefinite useful life).

The increase of Euro 2,820 thousand refers to the Parent Company, which to further consolidate the portfolio of directly organised events acquired the following trademarks:

- Cartoomics, in the cartoon, gaming and entertainment sector, acquired on 9 July 2019 for Euro 320 thousand;
- Milan Games Week in the gaming and entertainment sector, purchased on 14 August 2019 for a total of Euro 2,500 thousand, *i.e.*, a share of 62.5%.

The change in the scope of consolidation relates to the MADE expo trademark deriving from the acquisition of MADE eventi Srl.

For the purpose of the impairment test, the external and internal sources of information specified in paragraphs 12-14 of IAS 36 were examined.

Adjustments amounting to Euro 1,173 thousand were the result of impairment testing and relate to the publications:

- Business International, written down in full by Euro 568 thousand;
- Testate Technology, written down in full by Euro 605 thousand;

In both cases, the adjustments were justified by changes in cash flow forecasts.

There were no indications of impairment for the other intangible assets with a finite useful life.

Exhibition trademarks are amortised over a useful life of 10-20 years. The useful life of each trademark is calculated, assuming for each specific intangible asset that its presence in its reference market is ongoing, the competitive position and its operating profitability.

Other changes in this item were as follows:

- Euro 995 thousand as amortisation;
- Euro 32 thousand as negative exchange rate effects.

#### **Concessions, licences and similar rights**

This item totalled Euro 984 thousand net of amortisation for the year of Euro 234 thousand. The Euro 656 thousand increase refers to the Parent Company's acquisition of software licences with time-limited rights of use.

Time-limited software licences are amortised over a period of three years.

#### **Industrial patents and intellectual property rights**

This item totalled Euro 1,692 thousand net of amortisation for the year of Euro 734 thousand. The increase of Euro 1,191 thousand refers mainly to costs associated with the implementation of digital projects and software purchases by the Parent Company.

Amortisation is calculated on the estimated useful life of the asset, which is three years.

#### **Assets under development and advances**

This item totalled Euro 1,138 thousand and refers to costs incurred for the development of new IT systems of the Parent Company. On completion, the asset will be reclassified under the corresponding item of fixed assets and it will start to be depreciated.



**8) Equity accounted investments**

This item totalled Euro 19,905 thousand (Euro 19,914 thousand at 31 December 2018), with breakdown as follows:

- Euro 17,303 thousand for the 49% shareholding in Hannover Milano Global Germany GmbH;
- Euro 2,367 thousand for the 49% shareholding in Ipack Ima Srl;
- Euro 235 thousand for the 51% shareholding in MiCo DMC Srl.

The changes in this item were as follows:

	Balance at 31/12/18	Changes during the financial year				Balance at 31/12/19
		Results	Dividend distribution	Other	Currency translation differences	
Equity-accounted investments	19,914	3,768	(3,715)	(25)	(37)	19,905
<b>Total</b>	<b>19,914</b>	<b>3,768</b>	<b>(3,715)</b>	<b>(25)</b>	<b>(37)</b>	<b>19,905</b>

(€'000)

Further details are provided in Note 2 – Disclosure on joint ventures and business combinations.

**9) Other investments**

This item totalled Euro 32 thousand (Euro 32 thousand at 31 December 2018) and represents the membership interest in the Comitato Golden Card.

**10) Other financial assets**

This item totalled Euro 50 thousand (Euro 50 thousand at 31 December 2018) and relates to the loan disbursed to the joint venture MiCo DMC Srl.

The entire item refers to related-party transactions (Euro 50 thousand at 31 December 2018). Note 50 provides further details on such transactions.

**11) Trade and other receivables**

This item totalled Euro 11,170 thousand (Euro 11,431 thousand at 31 December 2018).

The changes in this item were as follows:

TRADE AND OTHER RECEIVABLES	Balance at 31/12/18	Changes during the financial year		Balance at 31/12/19
		Increase	Decrease	
Other receivables from the controlling shareholder	11,335	-	264	11,071
Other guarantee deposits	96	3	-	99
<b>Total</b>	<b>11,431</b>	<b>3</b>	<b>264</b>	<b>11,170</b>

(€'000)

These included:

- other receivables from the controlling entity of Euro 11,071 thousand (Euro 11,335 thousand at 31 December 2018). Euro 10,412 thousand was for the guarantee deposit under the lease agreements for the two exhibitions sites of Rho and Milan. This amount is equivalent to the combined quarterly rent on the two leases. The remainder of Euro 659 thousand refers to the medium/long-term portion of the receivable from the right to reimbursement by Fondazione Fiera Milano of the guarantee deposit paid on the two previous leases, partly offset against the amount payable by Fiera Milano SpA as guarantee deposit on the new leases. This receivable will be repaid by Fondazione Fiera Milano in six-monthly instalments over the term of the lease, offset against the lease payments due from Fiera Milano SpA;
- other guarantee deposits totalling Euro 99 thousand (Euro 96 thousand at 31 December 2018).

Trade and other receivables included Euro 11,071 thousand (Euro 11,335 thousand at 31 December 2018) for related-party transactions. Note 50 provides further details on such transactions.

**12) Deferred tax assets**

This item totalled Euro 2,971 thousand (Euro 1,270 thousand at 31 December 2018) and were the net balance of deferred tax assets and liabilities in each consolidated company.

An analysis of the changes in deferred tax assets is given in Note 47 to the Income Statement.

## CURRENT ASSETS

### 13) Trade and other receivables

	(€'000)		
TRADE AND OTHER RECEIVABLES	31/12/19	31/12/18	Change
Trade receivables	31,282	33,389	(2,107)
Trade receivables from the controlling shareholder	2,963	4,702	(1,739)
Trade receivables from joint venture	47	87	(40)
Other receivables	4,163	3,403	760
Prepaid expenses from the controlling shareholder	394	2,879	(2,485)
Prepaid expenses from joint venture	-	1	(1)
Accrued income and prepaid expenses	1,507	675	832
<b>Total</b>	<b>40,356</b>	<b>45,136</b>	<b>(4,780)</b>

This item totalled Euro 40,356 thousand (Euro 45,136 thousand at 31 December 2018).

The main types of receivables are described below.

Trade receivables due from customers totalled Euro 31,282 thousand (Euro 33,389 thousand at 31 December 2018), net of the provision for doubtful receivables of Euro 3,500 thousand. They comprised receivables from organisers, exhibitors and others for the provision of exhibition space and services associated with events and congresses.

The figure for receivables was adjusted for the provision for doubtful receivables in order to bring the nominal value of the receivables that were deemed difficult to recover in line with the estimated recoverable amount. Use of the provision refers to receivables that, in the financial year under review, were found to be unrecoverable.

The change in this provision during the year was as follows:

	(€'000)			
	31/12/18	Provisions	Utilisation and other changes	31/12/19
Provision for doubtful receivables	3,574	394	468	3,500

Other receivables from the controlling entity of Euro 2,963 thousand (Euro 4,702 thousand at 31 December 2018) are broken down as follows:

- Euro 3 thousand (Euro 3 thousand at 31 December 2018) for tax consolidation receivables;
- Euro 1,122 thousand (Euro 360 thousand at 31 December 2018) for Group VAT receivables;
- other receivables of Euro 1,838 thousand (Euro 4,339 thousand at 31 December 2018). The change refers mainly to lower receivables for investment projects coordinated and managed by Fiera Milano SpA, support for which was planned by the controlling entity Fondazione Fiera Milano as part of the plan for competitiveness and sustainability of the exhibition structures.

Other receivables totalled Euro 4,163 thousand (Euro 3,403 thousand at 31 December 2018), comprising:

- Euro 1,370 thousand (Euro 863 thousand at 31 December 2018) for advances to suppliers;
- Euro 386 thousand (Euro 734 thousand at 31 December 2018) for other tax receivables, mainly referring to Cipa FM for Euro 242 thousand and other companies for Euro 144 thousand;
- VAT receivables of Euro 892 thousand (Euro 574 thousand at 31 December 2018) mainly relating for Euro 471 thousand to the VAT receivable of the liquidated company La Fabbrica del Libro SpA attributed to Fiera Milano SpA following approval of the voluntary arrangement by shareholders, and for Euro 416 thousand to the VAT receivable of the company MADE eventi Srl which is not part of the group VAT settlement;

- Euro 317 thousand (Euro 312 thousand at 31 December 2018) of receivables for tax credits on employee severance indemnities;
- receivables from employees for Euro 142 thousand (Euro 115 thousand at 31 December 2018);
- Inail advances and receivables for Euro 128 thousand (Euro 190 thousand at 31 December 2018);
- other receivables for Euro 928 thousand (Euro 615 thousand at 31 December 2018).

Prepayments to the controlling entity of Euro 394 thousand (Euro 2,879 thousand at 31 December 2018). The change mainly refers to the reclassification of prepayments relating to the lease contract under the item "Right-of-use assets" deriving from the application of IFRS 16 in force from 1 January 2019 as further specified in section 1 "Accounting standards and consolidation criteria".

Accruals amounting to Euro 1,507 thousand (Euro 675 thousand at 31 December 2018) referred to insurance premiums and other costs accruing to future years.

Trade and other receivables included Euro 3,404 thousand (Euro 7,669 thousand at 31 December 2018) for related-party transactions. Note 50 provides further details on such transactions.

#### 14) Inventories

This item totalled Euro 2,231 thousand (Euro 3,481 thousand at 31 December 2018) and the breakdown was as follows:

	(€'000)		
<b>INVENTORIES</b>	<b>31/12/19</b>	<b>31/12/18</b>	<b>Change</b>
Raw materials, subsidiary materials and consumables	12	20	(8)
Deferred costs	2,219	3,461	(1,242)
<b>Total</b>	<b>2,231</b>	<b>3,481</b>	<b>(1,250)</b>

Deferred costs referred to exhibitions and congresses to be held after 31 December 2019.

The table below gives a breakdown by exhibition.

	(€'000)		
<b>EXHIBITION</b>	<b>31/12/19</b>	<b>31/12/18</b>	<b>Change</b>
Fesqua	409	-	409
Fisp	320	-	320
Homi I semester	227	176	51
Miart	190	204	(14)
Bit	172	228	(56)
Exposec	121	109	12
Cartoomics	121	-	121
Tuttofood	105	1,192	(1,087)
Host	30	523	(493)
Transpotec & Logitec	2	106	(104)
Congresses and other exhibitions	522	923	(401)
<b>Total</b>	<b>2,219</b>	<b>3,461</b>	<b>(1,242)</b>

Inventories included Euro 207 thousand (Euro 310 thousand at 31 December 2018) for related-party transactions. Note 50 provides further details on such transactions.

**15) Financial assets**

This item totalled Euro 1,320 thousand (Euro 14 thousand at 31 December 2018) and the breakdown was as follows:

				(€'000)
<b>FINANCIAL ASSETS</b>	<b>31/12/18</b>	<b>Increase</b>	<b>Decrease</b>	<b>31/12/19</b>
S/term financing to joint venture	14	1,306	-	1,320
<b>Total</b>	<b>14</b>	<b>1,306</b>	<b>-</b>	<b>1,320</b>

This item refers to the loan of Euro 1,305 thousand granted by the Parent Company to the joint venture Ipack Ima Srl, at a rate of 1.50%, and the loan of Euro 15 thousand granted by Fiera Milano Congressi SpA to the joint venture MiCo DMC Srl at a rate of 3%.

The entire item refers to related-party transactions (Euro 14 thousand at 31 December 2018). Note 50 provides further details on such transactions.

**16) Cash and cash equivalents**

This item totalled Euro 68,031 thousand (Euro 28,409 thousand at 31 December 2018) and were almost entirely bank deposits to meet short-term cash requirements.

The cash flows, with comparative data at 31 December 2018, are shown in the Consolidated Statement of Cash Flows.

## EQUITY AND LIABILITIES

### 17) Equity

The breakdown of consolidated equity was as follows:

	(€'000)		
EQUITY	31/12/19	31/12/18	Change
Share capital	41,645	41,645	-
<i>of which treasury shares</i>	(800)	(800)	-
Share premium reserve	9,324	9,379	(55)
<i>of which treasury shares</i>	(3,204)	(3,204)	-
Other reserves	4,400	3,667	733
Retained profits/(losses)	17,482	8,495	8,987
Profit/(loss) for the year	34,425	18,848	15,577
<b>Group equity</b>	<b>107,276</b>	<b>82,034</b>	<b>25,242</b>
Capital and reserves attributable to non-controlling interests	677	339	338
Profit/(loss) attributable to non-controlling interests	(97)	(278)	181
<b>Equity attributable to non-controlling interests</b>	<b>580</b>	<b>61</b>	<b>519</b>
<b>Total</b>	<b>107,856</b>	<b>82,095</b>	<b>25,761</b>

The amounts and changes in the items were as follows:

#### Share capital

At 31 December 2019, the share capital was Euro 41,645 thousand (Euro 41,645 thousand at 31 December 2018), net of Euro 800 thousand for treasury shares. The fully paid-up share capital of the Parent Company was made up of 71,917,829 ordinary shares with no restrictions on dividend distribution and repayment of share capital, except as provided by law for treasury shares.

A breakdown of the shares outstanding is shown in the following table:

	Number of shares at 31 December 2018	Change			Number of shares at 31 December 2019
		Capital Increase	Purchase	Sale	
Ordinary shares in issue	71,917,829	-	-	-	71,917,829
Treasury shares	939,018	-	-	-	939,018
Total shares outstanding	70,978,811				70,978,811

In accordance with IAS/IFRS, the nominal value of treasury shares acquired in previous years was recorded as a direct decrease in share capital whilst the difference between the purchase value and nominal value of treasury shares directly reduced the share premium reserve.

The Parent Company's Extraordinary Shareholders' Meeting of 31 July 2015, at the same time as approving the share capital increase, also approved the cancellation of the nominal value of the shares representing the share capital. Therefore, since that date the nominal value is calculated by dividing the share capital by the number of shares outstanding. At 31 December 2019, this gave an implicit nominal value of Euro 0.59 per share.

At 31 December 2019, the Parent Company held 939,018 treasury shares.

#### **Share-premium reserve**

The share premium reserve was Euro 9,324 thousand (Euro 9,379 thousand at 31 December 2018) net of the Euro 3,204 thousand for treasury shares.

A decrease of Euro 55 thousand relating to the release of deferred tax assets for the deductible portion of accessory costs deriving from the share capital increase of the Parent Company in 2015, which in application of IAS 32 were recorded as a direct decrease in equity, net of the related tax effect.

#### **Other reserves**

This item totalled Euro 4,400 thousand (Euro 3,667 thousand at 31 December 2018), with breakdown as follows:

- Euro 8,489 thousand from the Parent Company legal reserve;
- Euro -5,659 thousand from the currency translation reserve;
- Euro 1,570 thousand from the stock grant reserve in relation to the estimated cost of the Performance Shares Plan included in the 2018-2019 management incentives plan.

#### **Retained earnings**

This item amounted to Euro 17,482 thousand (Euro 8,495 thousand at 31 December 2018).

Changes in the period under review were as follows:

- an increase of Euro 18,848 thousand for the allocation of the result for the previous financial year;
- a decrease of Euro 9,227 thousand due to the distribution of dividends;
- an decrease of Euro 634 thousand for the remeasurement of defined benefit plans, net of the tax effect.

#### **Profit/loss for the year**

Group net profit for the year ending 31 December 2019 was Euro 34,425 thousand (Euro 18,848 thousand at 31 December 2018).

#### **Capital and reserves – non-controlling interests**

This item totalled Euro 677 thousand (Euro 339 thousand at 31 December 2018).

Changes in the period under review were as follows:

- an increase of Euro 634 thousand for the acquisition of the subsidiary MADE eventi Srl;
- a decrease of Euro 278 thousand for the allocation of the profit/loss of the previous financial year;
- a decrease of Euro 18 thousand due to the liquidation of the subsidiary La Fabbrica del Libro SpA.

#### **Net profit (loss) – non-controlling interests**

The net loss attributable to non-controlling interests was Euro 97 thousand (Euro -278 thousand at 31 December 2018).

## LIABILITIES

## NON-CURRENT LIABILITIES

**18) Financial payables related to the right-of-use assets**

This item totalled Euro 439,402 thousand (zero at 31 December 2018), with breakdown as follows:

FINANCIAL LIABILITIES RELATED TO THE RIGHT-OF-USE OF ASSETS	(€ '000)		
	31/12/19	31/12/18	Change
Financial liabilities related to the right-of-use of assets	439,402	-	439,402
<b>Total</b>	<b>439,402</b>	<b>-</b>	<b>439,402</b>

It refers to the medium/long-term portion of the lease liability. The liability refers to the obligation to make the payments provided for by the leases for properties and the car fleet deriving from the application of IFRS 16 in force as from 1 January 2019. Section 1 "Accounting standards and consolidation criteria" provides further details.

The item Financial payables related to right-of-use assets includes related-party transactions of Euro 433,693 thousand (zero at 31 December 2018). Note 50 provides further details on such transactions.

**19) Provisions for risks and charges**

This item totalled Euro 1,833 thousand (Euro 729 thousand at 31 December 2018) and the breakdown was as follows:

PROVISIONS FOR RISKS AND CHARGES	31/12/18	Provisions	Utilisation	(€'000)
				31/12/19
Other provisions for risks and charges	729	1,118	14	1,833
<b>Total</b>	<b>729</b>	<b>1,118</b>	<b>14</b>	<b>1,833</b>

Provisions for risks and charges mainly referred to the Parent Company for Euro 1,508 thousand and relate to other risks of outlay on legal disputes with suppliers, in particular contractual terminations and damages, calculated on the basis of their presumed outcome, through internal assessments and with support from external legal advisors.

The remainder of this item refers to the provision for agents' termination indemnity of the subsidiary Fiera Milano Media SpA.



## 20) Employee benefit provisions

This item totalled Euro 9,898 thousand (Euro 8,958 thousand at 31 December 2018).

Provisions for defined benefit plans, calculated using actuarial methods, were for employee severance indemnities that had accrued at 31 December 2019 and with breakdown as follows:

EMPLOYEE BENEFIT PROVISIONS	31/12/18	Actuarial evaluation	Indemnities and advances paid	Acquired business	Transfers from joint venture	(€'000)
						31/12/19
Defined benefit plans	8,958	1,464	1,009	350	135	9,898
<b>Total</b>	<b>8,958</b>	<b>1,464</b>	<b>1,009</b>	<b>350</b>	<b>135</b>	<b>9,898</b>

## ACTUARIAL EVALUATION

(€'000)

Personnel costs:	
- indemnities related to defined benefit plans	527
Financial expenses:	
- actualisation charges	131
Other comprehensive income	
- Remeasurement of defined benefit plans	806
<b>Total</b>	<b>1,464</b>

The Group uses a duly certified professional to determine the actuarial amounts.

The main hypotheses/assumptions used in the actuarial calculations for the defined benefit plans were as follows:

## DEMOGRAPHIC ASSUMPTIONS

Mortality rate	Based on the ISTAT 2011 mortality tables by gender to which has applied a 20% falling mortality connected
Probability of disability	Based on the disability tables used in the INPS 2010 forecast model
Probability of termination of employment	Based on the probable employee turnover rate equal to 5% per annum of the companies being valued
Retirement probability	Assumption that the basic requirements needed to receive the compulsory general insurance ( <i>Assicurazione Generale Obbligatoria</i> ) were met
Probability of early retirement	Assumption of 3% per annum and an average amount of 70% of the staff-leaving indemnities of all the companies valued.

## ECONOMIC AND FINANCIAL ASSUMPTION FOR CALCULATION OF SEVERANCE INDEMNITY PROVISIONS

	31/12/19	31/12/18
Annual technical discount rate	0.70%	1.55%
Annual inflation rate	1.00%	1.50%
Annual rate of increase in total employees' salary	2.50%	2.50%
Annual rate of increase in severance indemnity provisions	2.62%	2.62%

The discount rate was calculated with reference to the Eurozone Iboxx Corporate AA index for a period equal to or greater than 10 years.

The following table gives a sensitivity analysis for the liability as changes arise in the main assumptions used.

#### EFFECT OF DEFINED BENEFIT PLANS ON DEBT

(€ '000)

Economic and financial assumptions	Range	Base figure (excluding the CEO's termination benefit)	Increase in assumptions	Decrease in assumptions
Annual technical discount rate	+/- 0.5%	9,898	9,426	10,411
Annual rate of increase in total employees' salary	+/- 0.5%	9,898	9,270	8,703
<b>Economic and financial assumptions</b>				
Life expectancy	+/- 1 year	9,898	9,948	9,849

#### 21) Deferred tax liabilities

(€ '000)

DEFERRED TAX LIABILITIES	31/12/19	31/12/18	Change
Deferred tax liabilities	10,127	7,180	2,947
<b>Total</b>	<b>10,127</b>	<b>7,180</b>	<b>2,947</b>

This item totalled Euro 10,127 thousand (Euro 7,180 thousand at 31 December 2018) and is the net balance of deferred tax assets and deferred tax liabilities for each company included in the area of consolidation.

The item includes:

- Euro 8,136 thousand for the IRES deferred tax provision;
- Euro 1,991 thousand for the IRAP deferred tax provision.

An analysis of the changes in deferred tax liabilities is given in Note 47 to the Income Statement.

## CURRENT LIABILITIES

#### 22) Bank borrowings

This item totalled Euro 1 thousand (Euro 3,514 thousand at 31 December 2018).

Credit lines with covenants included that from Banca Nazionale del Lavoro SpA, which was for advances on domestic receivables. Under the agreement for the credit line, each year Fiera Milano SpA channels through the bank commercial cash inflows in the form of payments, bank transfers, POS payments and notice payment forms (MAV) for an amount equal to the nominal amount of the creditline. At 31 December 2019, this credit line had not been used;

#### 23) Trade payables

This item totalled Euro 41,985 thousand (Euro 38,548 thousand at 31 December 2018). Trade payables were mainly to Italian suppliers, most of which for the purchase of services required to mount the exhibitions that is the core business of the Group.

**24) Advances**

This item totalled Euro 49,227 thousand (Euro 49,659 thousand at 31 December 2018).

These refer to advances invoiced to customers for exhibitions and congresses to be held after the end of the year. Revenue recognition is delayed until the exhibition is held.

The table below gives a breakdown by exhibition. The change in advances compared to the previous year can be explained by the biennial and multi-annual frequency of some exhibitions.

	31/12/19	31/12/18	Change
<b>ADVANCES</b>			
Mostra Convegno Expocomfort	8,681	886	7,795
Homi I semester	8,213	10,466	(2,253)
Host	3,381	6,460	(3,079)
The Micam (Spring)	3,109	3,875	(766)
Mido	2,608	3,103	(495)
Salone del mobile/Complemento d'arredo	2,354	2,046	308
Lineapelle I semester	1,500	1,503	(3)
Homi Fashion&Jewels	1,231	-	1,231
Fisp	1,020	248	771
Milano Unica (Spring)	938	1,134	(196)
Promotion Trade Exhibition	887	820	67
Fesqua	774	171	604
Simac Tanning-Tech	662	709	(47)
Exposec	613	734	(122)
Tuttofood	598	3,442	(2,844)
The One Milano (February)	487	636	(149)
Eurocucina	487	-	487
CPhl	462	-	462
Bimu	409	-	409
Bit	318	571	(253)
Myplant & garden	317	291	26
Salone Internazionale del Bagno	277	-	277
Xylexpo	262	-	262
Venditalia	261	-	261
Sposaltalia	212	371	(159)
Fire Show	209	-	209
Ipack-Ima	194	-	194
Miart	159	115	44
Cartoomics	153	-	153
Mipel (Spring)	143	202	(59)
Transpotec & Logitec	-	1,731	(1,731)
Sicurezza	-	893	(893)
Made Expo	-	653	(653)
Euroluce	-	469	(469)
Lamiera	-	379	(379)
Simei	-	279	(279)
Versilia Yachting Rendez-Vous	-	237	(237)
Packaging Premiere	-	170	(170)
Reatech	-	142	(142)
Made in Steel	-	128	(128)
Congresses and other exhibitions	8,308	6,795	1,513
<b>Total</b>	<b>49,227</b>	<b>49,659</b>	<b>(431)</b>

The item Advances includes related-party transactions of Euro 218 thousand (zero at 31 December 2018). Note 50 provides further details on such transactions.

**25) Financial payables related to the right-of-use assets**

This item totalled Euro 33,992 thousand (zero at 31 December 2018), with breakdown as follows:

FINANCIAL LIABILITIES RELATED TO THE RIGHT-OF-USE OF ASSETS	(€ '000)		
	31/12/19	31/12/18	Change
Financial liabilities related to the right-of-use of assets	33,992	-	33,992
<b>Total</b>	<b>33,992</b>	-	<b>33,992</b>

It refers to the short-term portion of the lease liability. The liability refers to the obligation to make the payments provided for by the leases for properties and the car fleet deriving from the application of IFRS 16 in force as from 1 January 2019. Section 1 "Accounting standards and consolidation criteria" provides further details.

The item Financial payables related to right-of-use assets includes related-party transactions of Euro 32,423 thousand (zero at 31 December 2018). Note 50 provides further details on such transactions.

**26) Other financial liabilities**

This item totalled Euro 1,057 thousand (Euro 1,297 thousand at 31 December 2018) and the breakdown was as follows:

OTHER FINANCIAL LIABILITIES	(€ '000)		
	31/12/19	31/12/18	Change
Financial payables to the controlling shareholder	449	678	(229)
Other financial payables	608	619	(11)
<b>Total</b>	<b>1,057</b>	1,297	<b>(240)</b>

The item "Financial payables to the Parent" refers to the balance in the correspondent current account held by the Parent Company with Fondazione Fiera Milano. The fixed rate was equal to the 1-month Euribor plus a spread of 0.75%.

"Other financial payables" mainly related to the valuation of the amount payable to acquire the non-controlling interests of Cipa FM.

Other financial liabilities included Euro 449 thousand (Euro 678 thousand at 31 December 2018) for related-party transactions. Note 50 provides further details on such transactions.

**27) Provisions for risks and charges**

This item totalled Euro 5,225 thousand (Euro 6,603 thousand at 31 December 2018) and the breakdown was as follows:

PROVISIONS FOR RISKS AND CHARGES	31/12/18	Provisions	Utilisation	Currency translation differences	(€ '000)
					31/12/19
Palazzo Italia project	197	-	197	-	-
Loss on exhibitions	-	500	-	-	500
Other provisions for risks and charges	6,406	3,363	5,094	50	4,725
<b>Total</b>	<b>6,603</b>	<b>3,863</b>	<b>5,291</b>	<b>50</b>	<b>5,225</b>

The item included:

- Euro 500 thousand relating to the Parent Company provision to cover the expected negative margin on a loss-making event in 2020;
- Euro 1,567 thousand relating to the liability mainly connected to the corporate reorganisation of the Group;
- Euro 1,490 thousand relating to provisions for other risks of outlay on legal disputes with suppliers of the subsidiary Nolostand SpA, calculated on the basis of their presumed outcome, through internal assessments and with support from external legal advisors;
- Euro 1,668 thousand relating to Cipa FM for risks connected to the reorganisation and tax provisions.

**28) Tax liabilities**

This item totalled Euro 2,979 thousand (Euro 2,229 thousand at 31 December 2018) and the breakdown was as follows:

TAX LIABILITIES	(€ '000)		
	31/12/19	31/12/18	Change
Income tax payable on profits for the year	1,303	233	1,070
Income tax payable for employees (IRPEF)	1,320	1,389	(69)
Income tax payable for temporary employees and project workers (IRPEF)	154	134	20
Other tax liabilities	202	473	(271)
<b>Total</b>	<b>2,979</b>	<b>2,229</b>	<b>750</b>

The change mainly refers to the increase in current IRAP taxes for the year net of advances paid.

**29) Other liabilities**

This item totalled Euro 30,886 thousand (Euro 24,655 thousand at 31 December 2018) and the breakdown was as follows:

	(€ '000)		
<b>OTHER LIABILITIES</b>	<b>31/12/19</b>	<b>31/12/18</b>	<b>Change</b>
Payables to exhibition organisers	9,123	5,498	3,625
Payables to employees	8,447	9,652	(1,205)
Payables to the controlling shareholder for tax consolidation	6,508	1,070	5,438
Payables to pension and social security entities	2,413	2,141	272
Other payables	1,939	3,106	(1,167)
Group VAT payables	668	1,998	(1,330)
Payables to the controlling shareholder	581	488	93
Trade payables to joint venture	483	252	231
Payables to directors and statutory auditors	204	70	134
Payables to related parties	85	2	83
Payables to exhibition organisers in joint venture	18	-	18
Deferred income to related parties	64	64	-
Deferred income to joint venture	31	-	31
Other accrued liabilities	322	314	8
<b>Total</b>	<b>30,886</b>	<b>24,655</b>	<b>6,231</b>

Other liabilities included Euro 8,438 thousand (Euro 3,874 thousand at 31 December 2018) for related-party transactions. Note 50 provides further details on such transactions.

**30) Financial assets and liabilities**

The Group's net financial position and its composition are shown in the table below:

**GROUP NET FINANCIAL POSITION**

(Amounts in € '000)	31/12/19	31/12/18	change
A. Cash (including bank balances)	68,031	28,409	39,622
B. Other cash equivalents	-	-	-
C. Securities held for trading	-	-	-
<b>D. Cash and cash equivalents (A+B+C)</b>	<b>68,031</b>	<b>28,409</b>	<b>39,622</b>
<b>E. Current financial assets</b>	<b>1,320</b>	<b>14</b>	<b>1,306</b>
- E.1 of which Current financial assets to other related parties	1,320	14	1,306
F. Current bank borrowings	1	11	(10)
G. Current portion of non-current debt	-	3,503	(3,503)
H. Other current financial liabilities	1,057	1,297	(240)
- H.1 of which Other current financial liabilities to the controlling shareholder	449	678	(229)
<b>I. Current financial debt (F+G+H)</b>	<b>1,058</b>	<b>4,811</b>	<b>(3,753)</b>
<b>J. Current net financial debt (cash) (I-E-D)</b>	<b>(68,293)</b>	<b>(23,612)</b>	<b>(44,681)</b>
<b>K. Non-current financial assets</b>	<b>50</b>	<b>50</b>	<b>-</b>
- K.1 of which non-current financial assets to other related parties	50	50	-
L. Non-current bank borrowings	-	-	-
M. Debt securities in issue	-	-	-
N. Other non-current liabilities	-	-	-
<b>O. Non-current financial debt (-K+L+M+N)</b>	<b>(50)</b>	<b>(50)</b>	<b>-</b>
<b>Net financial debt/(cash) from continuing operations (J+O)</b>	<b>(68,343)</b>	<b>(23,662)</b>	<b>(44,681)</b>
<b>Net financial debt/(cash) from assets held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>P. Net financial debt/(cash) before IFRS 16 effects</b>	<b>(68,343)</b>	<b>(23,662)</b>	<b>(44,681)</b>
Q. Current financial liabilities related to the right of use of assets	33,992	-	33,992
- Q.1 of which current financial liabilities related to the right-of-use assets to the controlling shareholder	32,423	-	32,423
R. Non-current financial liabilities related to the right of use of assets	439,402	-	439,402
- R.1 of which non-current financial liabilities related to the right-of-use assets to the controlling shareholder	433,693	-	433,693
<b>IFRS 16 financial effects</b>	<b>473,394</b>	<b>-</b>	<b>473,394</b>
<b>S. Total net financial debt/(cash) (P+Q+R)</b>	<b>405,051</b>	<b>(23,662)</b>	<b>428,713</b>

Net financial position not including IFRS 16 lease liabilities, shows net cash at 31 December 2019 amounted to Euro 68,343 thousand, compared to Euro 23,662 thousand at 31 December 2018.

The increase, also considering the distribution of dividends by the Parent, is due to the positive cash flow from operations.

Net financial debt including IFRS 16 lease liabilities amounted to Euro 405,051 thousand.

Additional information on the financial instruments of the Group is given below to enable a better assessment of:

- a) the importance of the financial instruments to the Statement of Financial Position and Income Statement;
- b) the extent and type of risks deriving from the financial instruments to which the Group was exposed during the current and previous financial years and the relevant risk management procedures.

#### Classes of financial instruments

The items in the Statement of Financial Position and the types of risk related to financial instruments at 31 December 2019 and 31 December 2018 are shown in the following table.

<b>RISK CLASS</b> (€'000)	Notes	FY 31/12/19	FY 31/12/18	Liquidity risk	Interest rate risk	Credit risk
<b>NON-CURRENT ASSETS</b>						
Other financial assets	10	50	50	X		X
Trade and other receivables	11	11,170	11,431			X
<b>CURRENT ASSETS</b>						
Trade and other receivables	13	40,356	45,136			X
Financial assets	15	1,320	14	X		X
Cash and cash equivalents	16	68,031	28,409			
<b>NON-CURRENT LIABILITIES</b>						
Financial liabilities related to the right-of-use of assets	18	439,402	-	X	X	
<b>CURRENT LIABILITIES</b>						
Bank borrowings	22	1	3,514	X	X	
Trade payables	23	41,985	38,548	X		
Financial liabilities related to the right-of-use of assets	25	33,992	-	X	X	
Other financial liabilities	26	1,057	1,297	X	X	
Other current liabilities	29	30,886	24,655	X		



**Significance of financial instruments**

Financial instruments and their relative significance, as regards the Statement of Financial Position and Income Statement at 31 December 2018 and 31 December 2019, are shown in the following tables.

<b>FINANCIAL ASSETS AND LIABILITIES SHOWN IN THE ACCOUNTS</b> (€'000)	Notes	FY 31/12/18	Assets measured at fair value through profit & loss (FVPTL)	Liabilities measured at amortised cost (HTC)	Assets measured at fair value through OCI reserve (FVOCI)	Assets measured at amortised cost (HTC)	Fair value	Impact on Income Statement
<b>NON-CURRENT ASSETS</b>								
Other financial assets	10	50	-	-	-	50	50	-
Trade and other receivables	11	11,431	-	-	-	11,431	11,431	35
<b>CURRENT ASSETS</b>								
Trade and other receivables	13	45,136	-	-	-	45,136	45,136	(534)
Financial assets	15	14	-	-	-	14	14	-
Cash and cash equivalents	16	28,409	-	-	-	28,409	28,409	162
<b>NON-CURRENT LIABILITIES</b>								
Financial liabilities related to the right-of-use of assets	18	-	-	-	-	-	-	-
<b>CURRENT LIABILITIES</b>								
Bank borrowings	22	3,514	-	3,514	-	-	3,514	(213)
Trade payables	23	38,548	-	38,548	-	-	38,548	(4)
Financial liabilities related to the right-of-use of assets	25	-	-	-	-	-	-	-
Other financial liabilities	26	1,297	-	1,297	-	-	1,297	(10)
Other liabilities	29	24,655	-	23,585	-	-	24,655	-

FINANCIAL ASSETS AND LIABILITIES SHOWN IN THE ACCOUNTS (€'000)	Notes	FY 31/12/19	Assets measured at fair value through profit & loss (FVPTL)	Liabilities measured at amortised cost (HTC)	Assets measured at fair value through OCI reserve (FVOCI)	Assets measured at amortised cost (HTC)	Fair value	Impact on Income Statement
<b>NON-CURRENT ASSETS</b>								
Other financial assets	10	50	-	-	-	50	50	-
Trade and other receivables	11	11,170	-	-	-	11,170	11,170	93
<b>CURRENT ASSETS</b>								
Trade and other receivables	13	40,356	-	-	-	40,356	40,356	(394)
Financial assets	15	1,320	-	-	-	1,320	1,320	13
Cash and cash equivalents	16	68,031	-	-	-	68,031	68,031	163
<b>NON-CURRENT LIABILITIES</b>								
Financial liabilities related to the right-of-use of assets	18	439,402	-	439,402	-	-	439,402	(13,590)
<b>CURRENT LIABILITIES</b>								
Bank borrowings	22	1	-	1	-	-	1	(30)
Trade payables	23	41,985	-	41,985	-	-	41,985	-
Financial liabilities related to the right-of-use of assets	25	33,992	-	33,992	-	-	33,992	-
Other financial liabilities	26	1,057	-	1,057	-	-	1,057	-
Other current liabilities	29	30,886	-	24,378	-	-	30,886	-

As shown in the above tables, the carrying amount of financial assets and liabilities is a reasonable approximation of their fair value; financial instruments include guarantee deposits under lease agreements and borrowings and non-current instruments.

The financial instruments are classifiable under Level 3 of the fair value hierarchy of IFRS 13.

Changes in liabilities due to financing activities are shown in the following table:

CHANGES IN LIABILITIES FROM FINANCING ACTIVITIES	31/12/18	Adoption IFRS 16 01/01/19	Changes in financial flows		Non-monetary changes Exchange rate effect	(€'000) 31/12/19
			Increase	Decrease		
Financial liabilities related to the right-of-use of assets	-	488,943	-	-	(49,541)	439,402
<b>Total change in non-current financial payables</b>	<b>-</b>	<b>488,943</b>	<b>-</b>	<b>-</b>	<b>(49,541)</b>	<b>439,402</b>
Credit lines	11	-	-	10	-	1
Bank loans	3,503	-	28	3,531	-	-
Financial liabilities related to the right-of-use of assets	-	33,559	-	33,559	33,992	33,992
Current financial debt with the controlling shareholder	678	-	69,671	69,900	-	449
Current payables for acquisition of shareholdings	619	-	-	-	(11)	608
<b>Total change in current financial payables</b>	<b>4,811</b>	<b>33,559</b>	<b>69,699</b>	<b>107,000</b>	<b>33,981</b>	<b>35,050</b>
<b>Total liabilities from financing activities</b>	<b>4,811</b>	<b>522,502</b>	<b>69,699</b>	<b>107,000</b>	<b>(15,560)</b>	<b>474,452</b>

### 31) Financial and market risk management

The main financial instruments of the Group are bank borrowings, short-term demand deposits and current financial payables from the controlling entity Fondazione Fiera Milano.

The Fiera Milano Group has a strong cash flow cycle due to the financial profile of companies that organise exhibitions and congresses. These companies request an advance from their customers to confirm their participation in an event and this sum is normally collected prior to the start of the event or at its conclusion. Suppliers of goods and services are instead paid under payment terms adopted as common practice. This system allows the organisers to generate negative working capital which, in turn, leads to a cash surplus.

The Parent Company, Fiera Milano SpA, which in turn rents exhibition space to the organisers, providing them with administrative and cash management services, acting on their behalf to collect all amounts that exhibitors pay to the organiser. After collection and based on the contractual agreements, Fiera Milano SpA retrocedes to the organiser what is its due and keeps the payment for the spaces rented at the exhibition sites. This system allows Fiera Milano SpA to collect its own amounts due in advance, as do the organisers. The companies in the Fiera Milano Group that benefit from this strong cash management cycle are therefore those that organise events and the Parent Company.

The Group is exposed to the following main types of risk.

### 31.1 Credit risk

Credit risk is represented by the Group's exposure to potential losses from the non-fulfilment of obligations undertaken by counterparties. Credit risk is adequately monitored, also in relation to the cash management cycle that characterises the Group's business. Fiera Milano hosts and organises exhibitions that are leaders in their sector and, therefore, the loyalty of exhibitors is very high. For the Parent Company Fiera Milano SpA, the current system means that all amounts collected from exhibitors flow into Fiera Milano SpA accounts, which then pays the amounts due to its customers/organisers.

With regard to Nolostand SpA and Fiera Milano Media SpA, part of the services provided to exhibitors is invoiced and collected on behalf of the individual Group companies by Fiera Milano SpA. Nevertheless, these companies carry out standard solvency assessments of potential customers and the relevant departments constantly monitor outstanding amounts so that any appropriate measures for debt recovery are implemented.

Three different categories of credit risk have been identified: organisers, exhibitors and other receivables.

The first risk category is represented by the exhibition **organisers**; the receivables included in this category are considered to represent the lowest risk as the Parent Company Fiera Milano SpA manages the cash flows of all the exhibitions at its two sites. Provisions for doubtful receivables in this class are minimal in comparison to the collection volumes and refer mainly to a few receivables that are proving difficult to recover.

The second risk category is the **exhibitors**; the receivables from this category are considered medium risk as exhibitors have to make payment before the end of the exhibition.

The third risk category is **other receivables**, which mainly comprises exhibition-related activities (stand-fitting, congresses, promotions, Internet services) and activities that are not exhibition-related (sponsorship, advertising, etc.). For these receivables, collection is based on normal invoice payment conditions.

Specific guarantees can be used as a further means of mitigating credit risk.

The categories of credit risk at 31 December 2018 and at 31 December 2019 and the breakdown of past due amounts are shown in the following tables:

(€'000)	FY 31/12/2018 Receivables	Breakdown of late payments (days)						Provision
		Due	Overdue	0-90	91-180	181-270	>270	
Organisers	7,294	6,625	2,241	629	-	-	1,612	1,572
Exhibitors	12,007	8,672	3,886	2,655	105	107	1,019	551
Other	14,088	10,085	5,454	3,581	223	197	1,453	1,451
<b>Total</b>	<b>33,389</b>	<b>25,382</b>	<b>11,581</b>	<b>6,865</b>	<b>328</b>	<b>304</b>	<b>4,084</b>	<b>3,574</b>

(€'000)	FY 31/12/2019 Receivables	Breakdown of late payments (days)						Provision
		Due	Overdue	0-90	91-180	181-270	>270	
Organisers	4,531	1,857	4,197	2,746	-	-	1,451	1,523
Exhibitors	9,642	7,746	2,198	874	245	339	740	302
Other	17,109	14,212	4,572	2,908	96	166	1,402	1,675
<b>Total</b>	<b>31,282</b>	<b>23,815</b>	<b>10,967</b>	<b>6,528</b>	<b>341</b>	<b>505</b>	<b>3,593</b>	<b>3,500</b>

The provision for doubtful receivables is based on presumed recoverability, using internal assessments supported by those of external legal consultants.

Changes in the provision for doubtful receivables at 31 December 2018 and 31 December 2019 by risk category are shown in the following tables:

(€'000)	Balance at 31/12/2017 Provision	Provisions	Utilisation	Other changes	Balance at 31/12/2018 Provision
Organisers	1,695	85	208	-	1,572
Exhibitors	958	16	423	-	551
Other	2,457	433	1,381	(58)	1,451
<b>Total</b>	<b>5,110</b>	<b>534</b>	<b>2,012</b>	<b>(58)</b>	<b>3,574</b>

(€'000)	Balance at 31/12/2018 Provision	Provisions	Utilisation	Other changes	Balance at 31/12/2019 Provision
Organisers	1,572	-	49	-	1,523
Exhibitors	551	203	452	-	302
Other	1,451	191	990	1,023	1,675
<b>Total</b>	<b>3,574</b>	<b>394</b>	<b>1,491</b>	<b>1,023</b>	<b>3,500</b>

### 31.2 Liquidity risk

Although the Group has taken measures to ensure that it has adequate levels of working capital and liquidity, a drop in business volumes caused by the seasonal and cyclic nature of the exhibition business could affect its financial results and its ability to generate cash flows. In this respect, note the change in the Group's net debt/cash which at 31 December 2019 showed cash of Euro 68,343 thousand net of the effects of application of the new IFRS 16, a clear improvement on 31 December 2018, consistent with the positive operating performance.

The aim of Fiera Milano SpA's risk management, also in the presence of financial debt, is to guarantee an adequate level of liquidity, minimising the related costs and maintaining a balance between the duration and composition of debt.

The credit lines currently existing with banks, together with forecast operating cash flows, were considered sufficient to cover short-term financial requirements despite the peaks in cash absorption that are concentrated in the months when there are no exhibitions and when financial requirements are covered using funds available in the current account held with the controlling entity Fondazione Fiera Milano.

Maintaining financial equilibrium of the Group is also dependent on attaining the targets of the Business Plan, as well as on the performance of the economy, an understanding of which necessitates an assessment of the outcome of future events or circumstances that by their very nature are uncertain.

The tables below give the breakdown of financial liabilities by maturity and an estimate of related interest expense due to maturity at 31 December 2018 and 31 December 2019.

FINANCIAL LIABILITIES (€'000)	Balance at 31/12/2018	3 mths	6 mths	12 mths	18 mths	24 mths	3 years	5 years	>5 years
Current bank borrowings	3,514	1,009	1,000	1,505					
Current interest payable		13	9	9					
Other current financial liabilities	1,297	678		619					
Current interest payable		1							
Trade payables	38,548	38,548							
<b>Total</b>	<b>43,359</b>	<b>40,249</b>	<b>1,009</b>	<b>2,133</b>	-	-	-	-	-

FINANCIAL LIABILITIES (€'000)	Balance at 31/12/2019	3 mths	6 mths	12 mths	18 mths	24 mths	3 years	5 years	>5 years
Current bank borrowings	1	1							
Other current financial liabilities	1,057	449		608					
Current interest payable		1							
Financial liabilities related to the right-of-use of assets	473,394	8,413	8,470	17,108	17,331	17,567	35,769	73,598	295,138
Non-current interest payable		3,246	3,187	6,198	5,955	5,712	10,679	18,291	30,225
Trade payables	41,985	41,985							
<b>Total</b>	<b>516,437</b>	<b>54,095</b>	<b>11,657</b>	<b>23,914</b>	<b>23,286</b>	<b>23,279</b>	<b>46,448</b>	<b>91,889</b>	<b>325,363</b>

### 31.3 Market risk

The Group reserves the right to use appropriate hedging instruments if market risks become significant.

#### a) Interest rate risk

The Group has access to credit lines at competitive rates and is therefore also able to manage interest rate fluctuations. Moreover, the Group constantly monitors market conditions so as to intervene promptly should conditions change.

Notes 22 gives the composition of bank borrowings.

The tables below give interest rate sensitivity analyses that show the financial expenses and income that a +/-0.5% change in interest rates would have had on equity and on the income statement for 2018 and 2019.

(€'000)	Total at 31/12/18	Balance * (debt)	Income (expense)	Rate	+0.5%	-0.5%
Current accounts	28,367	27,068	162	0.60%	298	27
Current loans to joint venture	64	659	11	1.67%	14	8
Current account with the controlling shareholder	(678)	(826)	(10)	1.27%	(15)	(6)
Bank overdrafts	(11)	(6,318)	(24)	0.38%	(56)	8
Current and non-current bank borrowings	(3,503)	(11,059)	(173)	1.57%	(229)	(118)
Other current and non-current financial liabilities	(619)	(619)	-	-	-	-

\* average for the financial year

(€'000)	Total at 31/12/19	Balance * (debt)	Income (expense)	Rate	+0.5%	-0.5%
Current accounts	67,993	53,341	163	0.31%	432	(101)
Current loans to joint venture	1,370	766	13	1.70%	17	9
Current account with the controlling shareholder	(449)	(7)	-	0.75%	-	-
Bank overdrafts	(1)	-	-	-	-	-
Current and non-current bank borrowings	-	(2,027)	(30)	1.48%	(40)	(20)
Other current and non-current financial liabilities	(608)	(608)	-	-	-	-
Financial liabilities related to the right-of-use of assets	(473,394)	(498,455)	(13,590)	2.73%	(16,100)	(11,116)

\* average for the financial year

### b) Exchange rate risk

The Group operates in various markets worldwide and therefore is exposed to market risks from fluctuations in exchange rates.

As in the previous financial year, this risk remained relatively insignificant despite the Group presence in international markets. This is because the Group has no financing in foreign currencies. Exchange rate risk relating to foreign operations is limited as the business in each country has costs and revenues that are in the same currency. The risk is mainly related to infragroup transactions for chargebacks that are part of cost-sharing agreements, which give rise to exchange rate risk for the company whose functional currency differs from that in which the infragroup transaction is denominated.

### c) Risk of changes in raw material prices

The Group has limited exposure to the risk of changes in raw material prices. The Group normally has more than one supplier for any material considered critical and in some cases has long-term contracts that ensure lower price volatility.

## 32) Disclosure on guarantees given, undertakings and other contingent liabilities

### Guarantees given

This item totalled Euro 4,695 thousand and the breakdown was as follows:

- Euro 3,202 thousand for the guarantee given by Fiera Milano Congressi SpA to the Tax Authority to offset VAT as part of the Group payment;
- Euro 924 thousand for the guarantee given by the Parent Company to Conserva Holding Srl on behalf of the subsidiary Nolostand SpA for the obligations under the lease agreement for a warehouse;
- Euro 275 thousand for guarantees given against lease agreements of the subsidiaries Nolostand SpA and MADE eventi Srl;
- Euro 213 thousand for the guarantee given by the Parent Company to the Tax Authority - Milan Internal Revenue Office on behalf of the company La Fabbrica del Libro SpA to cover offsets made as part of Group VAT consolidation;
- Euro 81 thousand for other guarantees.

### Contingent liabilities

There are several pending legal disputes, for which the legal consultant has estimated a potential liability of Euro 1,260 thousand.

## INCOME STATEMENT

### 33) Revenues from sales and services

This item totalled Euro 279,711 thousand (Euro 247,217 thousand at 31 December 2018).

The breakdown by revenue type was as follows:

	(€'000)		
REVENUES FROM SALES AND SERVICES	2019	2018	Change
Fees exhibitors area	82,948	41,297	41,651
Facility fee for use of exhibition area	72,936	90,954	(18,018)
Rental of stands, fittings and equipment	61,360	56,069	5,291
Revenues from exhibition and congress organisation services	12,881	12,941	(60)
Catering and canteen services	11,525	9,618	1,907
Advertising space and services	10,890	12,240	(1,350)
Exhibition site services	8,762	8,681	81
Supplementary exhibition services	6,140	3,790	2,350
Miscellaneous fees and royalties	3,468	3,330	138
Administrative, telephone and internet services	2,920	2,270	650
Access surveillance and customer care services	2,412	2,923	(511)
Ticket office sales	1,330	1,293	37
Exhibition insurance services	1,227	924	303
Congress organisation	750	677	73
Multimedia and on-line catalogue services	162	210	(48)
<b>Total</b>	<b>279,711</b>	<b>247,217</b>	<b>32,494</b>

The higher revenues were mainly due to the more favourable exhibition calendar in the current year, with the directly organised "Host", "Tuttofood" and "Sicurezza" events taking place, as well as the hosted "Made Expo" event, which are all biennial exhibitions held in odd-numbered years. This effect was partly offset by the absence of European event The Innovation Alliance, and the important exhibition Mostra Convegno Expocomfort, which is held very two years.

The greater impact of directly organised exhibitions in 2019 compared to those hosted explains the increase in the item "Exhibitor area fees" and the decrease in "Facility fee for use of exhibition area" compared to 2018.

The item Revenues from sales and services included Euro 586 thousand (Euro 6,652 thousand at 31 December 2018) for related-party transactions. Note 50 provides further details on such transactions.



**34) Costs of materials**

This item totalled Euro 2,489 thousand (Euro 2,410 thousand at 31 December 2018).

The breakdown by cost type was as follows:

	(€'000)		
<b>COST OF MATERIALS</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Subsidiary materials and consumables	1,889	1,897	(8)
Printed materials, forms and stationery	348	354	(6)
Raw materials	209	140	69
Finished goods and packaging	35	-	35
Change in inventories of raw materials	8	20	(12)
Uses of provisions	-	(1)	1
<b>Total</b>	<b>2,489</b>	<b>2,410</b>	<b>79</b>

The item Costs of materials did not include related-party transactions (Euro 1 thousand at 31 December 2018).

**35) Costs of services**

This item totalled Euro 121,215 thousand (Euro 114,052 thousand at 31 December 2018).

The breakdown by cost type was as follows:

	(€'000)		
<b>COST OF SERVICES</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Equipment hire	25,123	24,195	928
Stands and equipment for exhibitions	18,405	17,689	716
Advertising	15,654	6,344	9,310
Energy costs	9,558	9,012	546
Maintenance	7,364	7,943	(579)
Cleaning and waste disposal	6,315	6,252	63
Security and gate services	5,959	5,913	46
Catering services	3,700	3,069	631
Technical, legal, commercial and administrative services	3,319	3,298	21
Telephone and internet expenses	2,433	2,603	(170)
Technical, legal, commercial and administrative advice	2,295	3,036	(741)
Technical assistance and ancillary services	1,930	1,460	470
Ticketing	1,894	2,128	(234)
IT services	1,626	1,506	120
Insurance	1,223	1,214	9
Change in suspended costs for future exhibitions	1,222	(542)	1,764
Transport	1,102	1,524	(422)
Conference and congress services	541	521	20
Costs for events in Italy	475	4,049	(3,574)
Remuneration of Statutory Auditors	247	274	(27)
Expenses for statutory bodies	24	23	1
Other	11,092	12,836	(1,744)
Uses of provisions	(286)	(295)	9
<b>Total</b>	<b>121,215</b>	<b>114,052</b>	<b>7,163</b>

Costs of services mainly included costs for managing the exhibition sites during the setting up, running and dismantling of exhibitions and congresses.

This item increased by Euro 7,163 thousand compared to 31 December 2018, in particular for advertising services, mainly due to the higher volume of business due to the more favourable exhibition calendar.

It should be noted that the decrease in "Expenses for events in Italy" is due to the change in the governance agreement concerning MiCo DMC Srl. Initially consolidated on a line-by-line basis, from this year it qualifies as a joint venture and is consolidated using the equity method.

Costs of services included Euro 5,833 thousand (Euro 1,571 thousand at 31 December 2018) for related-party transactions. Note 50 provides further details on such transactions.

**36) Cost of use of third-party assets**

This item totalled Euro 486 thousand (Euro 50,343 thousand at 31 December 2018) and the breakdown was as follows:

	(€'000)		
<b>COST OF USE OF THIRD-PARTY ASSETS</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Rent and expenses for exhibition sites	258	50,541	(50,283)
Vehicle hire - service	161	424	(263)
Office equipment and photocopier hire	67	131	(64)
Lease of company division	-	212	(212)
Uses of provisions	-	(965)	965
<b>Total</b>	<b>486</b>	<b>50,343</b>	<b>(49,857)</b>

The decrease in the item "Cost of use of third-party assets" mainly refers to the reclassification of payments under the leases for properties and the car fleet of Euro 47,705 thousand deriving from the application of IFRS 16 in force as from 1 January 2019. Section 1 "Accounting standards and consolidation criteria" provides further details.

Cost of use of third-party assets included Euro 7 thousand (Euro 46,493 thousand at 31 December 2018) for related-party transactions. Note 50 provides further details on such transactions.

**37) Personnel costs**

This item totalled Euro 47,432 thousand (Euro 47,037 thousand at 31 December 2018) and the breakdown was as follows:

	(€'000)		
<b>PERSONNEL COSTS</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Salaries	32,358	32,098	260
Social Security payments	9,927	10,119	(192)
Redundancy incentives	2,786	2,923	(137)
Defined contribution plan charges	1,697	1,543	154
Directors' remuneration	950	1,105	(155)
Defined benefit plan charges	527	426	101
External and temporary employees	326	245	81
Seconded employees from subsidiaries	225	190	35
Other expenses	1,711	1,845	(134)
Uses of provisions	(3,075)	(3,457)	382
<b>Total</b>	<b>47,432</b>	<b>47,037</b>	<b>395</b>

The item "Other expenses" includes Euro 722 thousand as costs relating to the "Medium-term Incentive Plan" approved by the Fiera Milano SpA Shareholders' Meeting of 23 April 2018. This plan is an incentive to management to achieve the Company's strategic objectives and align the interests of beneficiaries to those of shareholders. The Plan has a hybrid structure that envisages assignment to beneficiaries of 40% in cash and 60% as a certain number of ordinary shares on achieving specific predefined performance objectives for the period 2018-2019.

Personnel costs included Euro 225 thousand (Euro 178 thousand at 31 December 2018) for related-party transactions. Note 50 provides further details on such transactions.

The breakdown by category of the average number of employees (including those on fixed-term contracts) was as follows:

<b>BREAKDOWN OF PERSONNEL BY CATEGORY</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Managers	31	30	1
Middle managers and white collar workers	710	702	8
<i>of which equity accounted companies:</i>			
Managers	3	2	1
Middle managers and white collar workers	77	64	13
<b>Total personnel</b>	<b>741</b>	<b>732</b>	<b>9</b>

### 38) Other operating expenses

This item totalled Euro 4,778 thousand (Euro 4,525 thousand at 31 December 2018) and the breakdown was as follows:

<b>OTHER OPERATING EXPENSES</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Other taxes	2,209	2,028	181
Contributions and donations	680	579	101
Doubtful receivables	579	2,057	(1,478)
Taxes other than income tax	479	420	59
Copyright royalties (SIAE)	329	346	(17)
Municipal tax on advertising	175	185	(10)
Gifts and promotional merchandise	95	51	44
Capital losses from tangible asset	28	49	(21)
Balancing item from closure of prior year accounts	-	135	(135)
Other expenses	783	746	37
Uses of provisions	(579)	(2,071)	1,492
<b>Total</b>	<b>4,778</b>	<b>4,525</b>	<b>253</b>

Other operating expenses included Euro 233 thousand (Euro 218 thousand at 31 December 2018) for related-party transactions. Note 50 provides further details on such transactions.

**39) Other income**

This item totalled Euro 2,428 thousand (Euro 2,806 thousand at 31 December 2018) and the breakdown was as follows:

	(€'000)		
<b>OTHER INCOME</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Other recovered costs	1,039	832	207
Office rent and expenses	514	362	152
Recovery of expenses for seconded employees	195	200	(5)
Contributions to income	40	-	40
Insurance indemnities	17	39	(22)
Capital gains on non-current assets	13	220	(207)
Other income	610	1,153	(543)
<b>Total</b>	<b>2,428</b>	<b>2,806</b>	<b>(378)</b>

"Contributions to income" refer to the Parent Company in relation to the tax grant recognised on advertising investments in newspapers, periodicals and local television and radio stations pursuant to article 57-bis of Italian Decree Law 50 of 24 April 2017.

Other income included Euro 820 thousand (Euro 626 thousand at 31 December 2018) for related-party transactions. Note 50 provides further details on such transactions.

**40) Profit/loss of equity accounted associates and joint ventures**

This item totalled Euro 3,768 thousand (Euro 5,170 thousand at 31 December 2018) and relates to the following investments in joint ventures:

- Deutsche Messe AG for Euro 4,185 thousand (Euro 3,184 thousand at 31 December 2018);
- Ipack Ima Srl for Euro -537 thousand (Euro 1,986 thousand at 31 December 2018);
- MiCo DMC Srl for Euro 120 thousand (zero at 31 December 2018).

**41) Provisions for doubtful receivables and other provisions**

This item totalled Euro 3,453 thousand (Euro 4,963 thousand at 31 December 2018).

Changes in this item are shown in the following table:

	(€'000)		
<b>PROVISIONS FOR DOUBTFUL RECEIVABLES AND OTHER PROVISIONS</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Other disputes	2,562	872	1,690
Disputes with personnel	1,089	1,882	(793)
Reorganisation of personnel	830	2,389	(1,559)
Losses on future exhibitions	500	-	500
Provisions for doubtful receivables	394	534	(140)
Write-back of provisions	(1,922)	(714)	(1,208)
<b>Total</b>	<b>3,453</b>	<b>4,963</b>	<b>(1,510)</b>

Notes 13, 19 and 27 provide further details on changes in the provision for doubtful receivables and provisions for risks for the year.

## 42) Depreciation and amortisation

### Depreciation of property, plant and equipment and right-of-use assets

This item totalled Euro 43,208 thousand (Euro 3,971 thousand at 31 December 2018).

Details of depreciation are provided in the Explanatory Notes under the item Property, plant and equipment and under Right-of-use assets.

Depreciation of property, plant and equipment and right-of-use assets includes related-party transactions of Euro 38,339 thousand (zero at 31 December 2018). Note 50 provides further details on such transactions.

### Amortisation of intangible assets

This item totalled Euro 1,963 thousand (Euro 1,900 thousand at 31 December 2018).

Details of amortisation are given in the Explanatory Notes on the item Intangible assets with a finite useful life.

## 43) Adjustments to asset values

This item totalled Euro 1,285 thousand (Euro 917 thousand at 31 December 2018).

The breakdown for this item is given in the following table:

	(€'000)		
<b>ADJUSTMENTS TO ASSET VALUES</b>	<b>2019</b>	2018	<b>Change</b>
Impairment of exhibition trademarks and publications	1,173	917	256
Write-downs of Property, Plant and Equipment	112	-	112
<b>Total</b>	<b>1,285</b>	<b>917</b>	<b>368</b>

Details of the impairment losses can be found in Note 7.

## 44) Financial income and similar

This item totalled Euro 479 thousand (Euro 279 thousand at 31 December 2018) and the breakdown was as follows:

	(€'000)		
<b>FINANCIAL INCOME AND SIMILAR</b>	<b>2019</b>	2018	<b>Change</b>
Interest income on bank deposits	163	162	1
Interest income from cautionary deposits related to the rent of the exhibition site	83	31	52
Exchange rate gains	76	58	18
Other financial income from joint venture	13	11	2
Interest income on receivables from the controlling shareholder	9	4	5
Other financial income	135	13	122
<b>Total</b>	<b>479</b>	<b>279</b>	<b>200</b>

Financial income and similar included Euro 105 thousand (Euro 46 thousand at 31 December 2018) for related-party transactions. Note 50 provides further details on such transactions.

**45) Financial expenses and similar**

This item totalled Euro 13,844 thousand (Euro 402 thousand at 31 December 2018) and the breakdown was as follows:

	(€'000)		
<b>FINANCIAL EXPENSES AND SIMILAR</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Interests on financial leasing with the controlling shareholder	13,389	-	13,389
Interest on financial leasing	201	-	201
Charges on discounting defined benefit plans	131	122	9
Interest payable on bank accounts	43	213	(170)
Exchange rate losses	61	42	19
Interest payable on the current account with the controlling shareholder Fondazione Fiera Milano	2	10	(8)
Other financial expenses	17	15	2
<b>Total</b>	<b>13,844</b>	<b>402</b>	<b>13,442</b>

Expenses on leases refer to the lease liability deriving from the application of IFRS 16 in force as from 1 January 2019. Section 1 "Accounting standards and consolidation criteria" provides further details.

The change in "Interest expense on bank accounts" was mainly due to the decrease in financial expenses in relation to the reduction in average debt.

Financial expenses and similar included Euro 13,391 thousand (Euro 10 thousand at 31 December 2018) for related-party transactions. Note 50 provides further details on such transactions.

**46) Valuation of financial assets**

This item was zero (Euro -29 thousand at 31 December 2018).

**47) Income taxes**

Income taxes were Euro 11,905 thousand (Euro 6,353 thousand at 31 December 2018).

The breakdown was as follows:

	(€'000)		
<b>INCOME TAX</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Current income tax	9,998	2,950	7,048
Deferred income tax	1,907	3,403	(1,496)
<b>Total</b>	<b>11,905</b>	<b>6,353</b>	<b>5,552</b>

The higher tax figure is mainly associated with the increase in taxable income generated in the years.

The breakdown of current taxes at 31 December 2019 was as follows:

	(€'000)		
<b>CURRENT INCOME TAX</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Current income tax (IRAP)	2,429	1,115	1,314
Other current income tax	(193)	450	(643)
Expenses from tax consolidation	7,779	1,388	6,391
Income from tax consolidation	(17)	(3)	(14)
<b>Total</b>	<b>9,998</b>	<b>2,950</b>	<b>7,048</b>

The tax consolidation charges reflect the sum payable to Fondazione Fiera Milano for the theoretical IRES tax charge on the taxable amount transferred to the consolidating entity net of tax losses carried forward that predated the tax consolidation agreement and of ACE (Aiuto per la Crescita Economica) relief.

Other current income tax includes the expenses accrued by the foreign companies of the Group.

Deferred taxes for the year totalled Euro 1,907 thousand and represent the balance of deferred tax assets (Euro 3,042 thousand) and deferred tax liabilities (Euro -1,135 thousand).

The change in deferred tax assets was due to the lower release of deferred tax asset recognised in previous financial years in conjunction with the tax losses used to offset taxable income generated in the year.

The change in deferred tax liabilities was mainly due to the greater releases of tax provisions allocated in previous financial periods for impairment losses on trademarks and for amortisation and depreciation reabsorbed in the period under review.

The change in the scope of consolidation relates to MADE eventi Srl, consolidated as of 5 December 2019.

A breakdown of deferred tax assets and deferred tax liabilities is given in the following table:

	(€'000)						
<b>DEFERRED INCOME TAXES</b>	<b>31/12/18</b>	<b>Recognised in the Income Statement</b>	<b>Recognised in equity</b>	<b>Acquired business</b>	<b>Other</b>	<b>Exchange rate effect</b>	<b>31/12/19</b>
<b>Deferred tax assets</b>							
Excess amortisation, depreciation and write-downs	1,602	74	-	-	-	16	1,692
Provisions for risks and charges	1,262	(153)	-	-	-	2	1,111
Doubtful receivables	1,071	(303)	-	-	-	-	768
Tax losses carried forward	4,216	(3,292)	-	-	-	-	924
Costs for share capital increase	55	-	(55)	-	-	-	-
Other temporary differences	3,169	632	150	339	-	(42)	4,248
<b>Total</b>	<b>11,375</b>	<b>(3,042)</b>	<b>95</b>	<b>339</b>	<b>-</b>	<b>(24)</b>	<b>8,743</b>
<b>Deferred tax liabilities</b>							
Goodwill amortisation and deferred taxes on acquisition of intangible assets	16,483	(972)	-	-	-	(1)	15,510
Other temporary differences	802	(163)	(43)	-	(207)	-	389
<b>Total</b>	<b>17,285</b>	<b>(1,135)</b>	<b>(43)</b>	<b>-</b>	<b>(207)</b>	<b>(1)</b>	<b>15,899</b>
Net deferred income taxes	(5,910)	(1,907)	138	339	207	(23)	(7,156)
<i>of which: Deferred tax assets</i>	1,270						2,971
<i>Deferred tax liabilities</i>	7,180						10,127



<b>RECONCILIATION OF THEORETICAL AND EFFECTIVE CORPORATION TAX CHARGE (IRES)</b>		(€'000)
Consolidated profit/(loss) before income tax		46,233
Percentage applicable for corporation income tax (IRES)		24.0%
<b>Theoretical IRES tax charge (corporation income tax)</b>		<b>11,096</b>
Difference between theoretical and effective tax charges:		
ACE benefit		(200)
Tax-free dividends		(1,364)
<b>Effective IRES tax charge</b>		<b>9,532</b>

<b>RECONCILIATION OF THEORETICAL AND EFFECTIVE CORPORATION TAX CHARGE (IRAP)</b>		(€'000)
EBIT		59,598
Personnel expenses		47,432
Consolidated taxable base for purposes of IRAP		107,030
Statutory rate applicable for corporation income tax (IRAP)		3.9%
<b>Theoretical IRAP tax charge (corporation income tax)</b>		<b>4,174</b>
Difference between theoretical and effective tax charges:		
Tax wedge		(1,812)
Taxes on foreign subsidiaries		(172)
Other		183
<b>Effective IRAP tax charge</b>		<b>2,373</b>

The item "Income taxes" included Euro 7,762 thousand (Euro 1,385 thousand at 31 December 2018) for related-party transactions. Note 50 provides further details on such transactions.

#### **48) Net profit (loss) for the year attributable to owners of the controlling entity**

Group net profit at 31 December 2019 was Euro 34,425 thousand compared to the profit of Euro 18,848 thousand at 31 December 2018.

#### **49) Earnings per share**

In 2019 earnings per share was Euro 0.4850 compared to Euro 0.2655 for the year ended 31 December 2018, calculated by dividing the net profit by the weighted average number of Fiera Milano SpA shares outstanding during the year.

	2019	2018
Profit/(loss) (€'000)	34,425	18,848
Average no. of shares in circulation ('000)	70,979	70,979
Basic earnings/(losses) per issued share (€)	0.4850	0.2655
Earnings/(losses) per fully diluted no. of shares (€)	0.4850	0.2655

The value used as the numerator to calculate basic and diluted earnings per share was Euro 34,425 thousand at 31 December 2019 (Euro 18,848 thousand at 31 December 2018).

The weighted average number of ordinary shares used to calculate basic earnings (losses) per share and diluted earnings (losses) per share, with a reconciliation of the two figures, is shown in the following table:

('000)	2019	2018
Weighted average no. of shares used for calculation of EPS	70,979	70,979
+ Potential no. of shares issued without payment	-	-
Weighted average no. of shares used to calculate diluted EPS	70,979	70,979

During the year, no financial instruments were issued, including shares that could potentially be issued and that could dilute future basic earnings per share, and there have been no transactions involving the ordinary shares or ordinary shares to be issued in the future since the end of the reporting period.

### 50) Related-party transactions

Transactions between companies both within the Group and with other related parties are normally carried out at arm's length.

As part of its corporate governance action, Fiera Milano SpA has adopted Procedures for Related-party Transactions as indicated in the chapter on corporate governance and ownership structure in the Annual Report.

The commercial relations between companies of the Fiera Milano Group concern the organisation and management of exhibitions and other events managed by the Group. Fiera Milano SpA provides administrative services to some subsidiaries in order to optimise personnel and skills, and also provides communication services in order to ensure a uniform Group image.

All the Italian subsidiaries, except for the newly acquired MADE eventi Srl, as consolidated companies, also opted for the Italian tax consolidation for IRES tax purposes with a compulsory duration of three years.

The adoption of the tax consolidation system gives the Fiera Milano Group an undoubted economic and financial advantage, in particular due to the possibility of immediately using the Group's tax losses realised in years applicable under the scheme to offset the income of the consolidated companies, thereby immediately realising tax savings deriving from the use of these losses.

Internal legal relations between the companies participating in the tax consolidation are governed by a regulation which also envisages a standard procedure for correct compliance with tax obligations and the associated responsibilities of the participating companies.

In the Statement of Financial Position and the Income Statement, the amounts for related-party positions or transactions, if material, are shown separately from the reference items. Given the total amount of statement of financial position and income statement items, Fiera Milano Group has decided that Euro 2 million is the material threshold above which separate disclosure must be made in the Statement of Financial Position and Euro 1 million is that for separate disclosure in the Income Statement.

Detailed information on related-party transactions is provided below and is divided between "Related-party transactions with the controlling entity Fondazione Fiera Milano", "Related-party transactions with joint ventures" and "Transactions with other related parties".

## Related-party transactions with the controlling entity Fondazione Fiera Milano

The recurring transactions are summarised below.

### I. Real estate lease agreements with Fiera Milano SpA

As described below, on 31 March 2014 new leases were signed for the exhibition sites of Rho and Milan. These contracts were effective from the second half of 2014.

On 18 January 2003, Fiera Milano SpA signed a lease agreement with Fondazione Fiera Milano for the Rho exhibition site. The same agreement established the terms of the lease for the Milan City site, aligning the effective dates for the exhibition sites at 1 January 2006.

Initially, cancellation of the contracts had to be notified 18 months prior to their expiry on 31 December 2014. On 31 March 2014, new leases were signed for the exhibition sites. The new leases are for 9 years effective from 1 July 2014 (following the agreed early termination of the existing lease agreements due to expire on 31 December 2014) and are automatically renewable for a further 9 years.

Under the lease for the Rho exhibition site, compared to the previous lease valid until 30 June 2014, the rent was reduced by Euro 2,000 thousand in the second half of 2014 and by Euro 14,000 thousand for 2015 and for each subsequent year. Therefore, the rent was Euro 24,400 thousand for the second half of 2014 and Euro 38,800 thousand from 2015 and for each subsequent year, annually adjusted for 100% of the change in the ISTAT consumer price index.

For the Milan City exhibition site, the parties initially agreed, in the 2014 renewal, to maintain the rent of Euro 2,850 thousand per annum, annually adjusted for 100% of the change in the ISTAT consumer price index. Subsequently, on 8 May 2019, Fiera Milano reached an agreement amending rent, which, with effect from 1 June 2019, provided for a reduction of Euro 1,500 thousand a year, as well as the exclusion of some areas of the Milan exhibition site, mainly used as parking areas. For this reduction, starting from 1 June 2019, Fiera Milano will make an annual lease payment of Euro 1,413 thousand, index-linked 100% to changes in the ISTAT index, in four quarterly instalments, to Fondazione Fiera Milano.

The amendment to the lease contract as described above constitutes a substantial modification of a Major related-party transaction. Therefore, the transaction was approved on 8 May 2019 – pursuant to article 9.1 of the Related Parties Procedure – by the Board of Directors of the Company, after obtaining the favourable reasoned opinion of the Internal Control and Risk Committee on 7 May 2019. An Information Document prepared in accordance with article 10.2 of the Related Parties Procedure and Consob Regulation 17221/2010 was filed and made available, by the legal deadlines, to the public at Fiera Milano's registered office and operating and administrative offices, on the website and on the authorised storage system. With particular regard to the aforesaid procedure, Fiera Milano is a smaller listed company and, as such, benefits from the exemption granted under Article 10, paragraph 1, of Consob Regulation 17221/2010.

To confirm the arm's length conditions applied, the lease payments were determined by the parties also using valuations prepared for Fiera Milano SpA by an independent expert.

As from 1 January 2019, the new IFRS 16 standard introduced a different accounting treatment for lease contracts in which the Group operates as a lessee. Specifically, the following is required for all leases with a duration of more than 12 months:

- in the Statement of Financial Position, recognition of a right-of-use asset (ROU), and of a lease liability representing the obligation to make the contractual payments.
- in the Income Statement, recognition of the amortisation on the right-of-use assets and accrued interest expense on the lease liability, instead of recognising operating lease payments among operating costs.

## II. Real estate lease agreement with Fiera Milano Congressi SpA

On 24 January 2000, Fondazione Fiera Milano signed a contract with Fiera Milano Congressi SpA, valid until 31 December 2012, relating to the availability of part of the former Pavilion 17 at the Milan City site. On 15 March 2005, this contract was updated to reflect the expansion of the congress centre. The new agreement between Fondazione Fiera Milano and Fiera Milano Congressi SpA was valid until 30 June 2011 and renewable until 30 June 2017. In a letter dated 9 February 2016, Fondazione chose not to cancel the agreement by 30 June 2016 and it was therefore automatically renewed until 30 June 2023.

Under the existing contract, Fiera Milano Congressi SpA pays an annual fixed rent of Euro 350 thousand (reassessed annually according to ISTAT), plus a 5% variable component based on revenues achieved in excess of a minimum revenue limit generated on the area leased.

On 18 May 2009, Fondazione Fiera Milano signed a preliminary contract with Fiera Milano Congressi SpA for the lease of Pavilions 5 and 6 at the Milan City site, to build the new congress centre that was inaugurated in May 2011 and that together with the congress areas of Pavilion 17 was called MiCo – Milano Congressi. The final lease for the “South Wing” area (formerly Pavilions 5 and 6) became effective from 1 May 2011 with a nine-year duration, automatically renewable for a further nine years unless terminated by one of the parties. The annual lease payment is Euro 3,000 thousand plus a variable component of 5% of the excess revenues realised by Fiera Milano Congressi SpA in the area concerned for 2011–2014 business plan periods only. The rent is adjusted annually by an amount equal to 100% of the change in the ISTAT index for the previous year. Under the contract there was a reduction in the full rent for the first four years. The rent for the first year was set at Euro 750 thousand with annual increases of Euro 750 thousand in the following three years until the agreed full rent of Euro 3,000 thousand per annum was reached. On reaching the full rent, the variable component became no longer payable from 2015.

As from 1 January 2019, the new IFRS 16 standard introduced a different accounting treatment for lease contracts in which the Group operates as a lessee. Specifically, the following is required for all leases with a duration of more than 12 months:

- in the Statement of Financial Position, recognition of a right-of-use asset (ROU), and of a lease liability representing the obligation to make the contractual payments.
- in the Income Statement, recognition of the depreciation on the right-of-use assets and accrued interest expense on the lease liability, instead of recognising operating lease payments among operating costs.

## III. Settlement of Group VAT

Taking advantage of the option provided by Italian Presidential Decree 633/72, the Group chose to follow the procedure, managed by the controlling entity, Fondazione Fiera Milano, for the Group settlement of VAT. This mechanism makes it easier to settle any tax obligations, without the Group incurring additional costs.

## IV. Group tax consolidation with the controlling entity Fondazione Fiera Milano

In 2016, Fiera Milano SpA and some of the Italian subsidiaries did not renew the option to participate in the tax consolidation of Fiera Milano SpA and opted instead to participate in the tax consolidation of Fondazione Fiera Milano acting as the consolidating entity. This option was renewed for the three years 2019, 2020 and 2021.

The Regulation adopted for the tax consolidation of Fondazione Fiera Milano provides that the tax losses of consolidated companies, generated in each of the years that the option is valid, may be utilised to offset the tax payables in the same financial year of companies participating in the tax consolidation, after the tax losses of Fiera Milano SpA and the consolidating entity have been calculated; the tax losses of consolidated companies are remunerated to the extent of the effective benefit achieved by the tax consolidation.

#### V. Contract for supply of services

Fiera Milano SpA has an annual contract with Fondazione Fiera Milano for the reciprocal provision of services, which arise from or are necessary for the exercise of their respective activities. The contract is renewable annually subject to written agreement between the parties.

The contract provides for the reciprocal supply by the Parent Company and Fondazione Fiera Milano of two kinds of services: i) services of a general nature, which fall within the range of activities of the entity providing them, supplied to the buyer on a continuous and systematic basis; ii) specific services, or services provided on request and relating to specific activities agreed on each occasion between the buyer and the supplier, also on the basis of specific offers/estimates. The service supply contract is governed at arm's length.

#### VI. Licence contracts for use of the Fiera Milano trademark

On 17 December 2001, Fondazione Fiera Milano, as owner of the "Fiera Milano" trademark granted Fiera Milano SpA exclusive licence for use of the brand name for its own activities, also through its use on headed paper, on its commercial material, and to differentiate its headquarters and offices. The licence has been granted for Italy and all countries and locations where the trademark has been or will be registered or lodged.

The symbolic consideration paid by Fiera Milano SpA to Fondazione Fiera Milano was Euro 1. Fondazione Fiera Milano, as its corporate purpose includes development of the exhibition sector, decided to retain ownership of the Fiera Milano trademark and did not include it in the business unit "Exhibition Management Activity" transferred to the Parent Company in 2001, but envisaging that Fiera Milano would use the brand name for an extended period of time and without incurring costs for its use.

This licence is renewed year after year until 31 December 2032.

#### VII. Correspondent current account with Fiera Milano SpA

A new contract for the correspondent current account was agreed on 24 June 2016, effective as of 1 July 2016. The contract expires on 31 December of each year and is automatically renewed unless one of the parties cancels by 30 September preceding the date of expiry.

Under the existing contract, by mutual consent the parties agreed to cancel the previous correspondent current account before replacing it.

The parties settle collections and payments under co-obligation contracts, in particular the lease payments for the exhibition sites and the services provided by each party to the other.

The fixed rate was equal to the 1-month Euribor plus a spread of 0.75%.

Receivables for invoices issued by the parties will accrue interest 60 days from the end of the month in which the invoice is issued although the interest may not be collected and will remain unavailable until the current account is closed, except for invoices that are past due by more than 180 days which are always payable immediately.

Invoices for the exhibition site lease payments are part of the agreement but accrue interest and are payable under the specific terms of the related leases. The balance of any invoices past due by at least 180 days, together with the balance of the invoices for the exhibition site leases that are due under the terms of the relevant leases, represent the collectable balance.

Credits that cannot be offset are excluded from the current account.

The party for which the credit or debit balance exceeds Euro 5,000 thousand has the right to request payment or to arrange payment. Where a request for payment of the balance has been made, the amount must be settled within 15 working days of the request.

The correspondent current account must be closed and payment of all interest arranged every quarter.

### VIII. "Corporate Think Tank" investments plan

On 14 May 2018, as part of the competitiveness and sustainability plan for exhibition and congress structures, Fondazione Fiera Milano signed an agreement with Fiera Milano SpA and Fiera Milano Congressi SpA undertaking a commitment to support major investment plans. The parties developed their partnership through the set-up of a Corporate Think Tank for the joint analysis, comparison and assessment of methods for implementing the investments. The parties agree that for the coordination and strict monitoring of investment activities, Fondazione Fiera Milano will pay Fiera Milano SpA and Fiera Milano Congressi SpA an arm's length fee of 4% of the total value of the related investments.

### XI. "Fiera Milano" brand development and enhancement

On 17 December 2019, Fondazione Fiera Milano entered into an agreement with Fiera Milano SpA for the enhancement of the "Fiera Milano" trademark with a particular focus on international markets. The agreement provided for an economic contribution by Fondazione Fiera Milano for the activities carried out by Fiera Milano SpA, recognising the connection between some of the activities to develop and enhance Fiera Milano SpA's market position and the enhancement of assets owned by Fondazione Fiera Milano, with particular regard to the "Fiera Milano" trademark. The parties agreed that, as part of the development plan, Fondazione Fiera Milano will reimburse Fiera Milano SpA for the costs incurred in carrying out its activities. For activities relating to 2019, Fondazione Fiera Milano will reimburse up to a maximum amount of Euro 400 thousand, while for activities carried out in 2020 and 2021 a maximum amount of Euro 2,500 thousand per financial year will be reimbursed.

### X. Real estate sublease agreements

On 21 March 2019, pursuant to Article 5 of Consob Regulation 17221 of 12 March 2010 as amended on Related-Party Transactions, Fiera Milano published the Information Document on agreements relative to the sub-leasing of the roofing of exhibition spaces at Rho-Pero for the construction of a photovoltaic system and the related contract to purchase renewable energy, entered into with Fair renew S. r. l., whose share capital is held by A2A Rinnovabili S.p.A. (60%), a company of the A2A Group, and by Fondazione Fiera Milano (40%).

### Related-party transactions with joint ventures

On 14 December 2019, Hannover Milano Global Germany GmbH, a joint venture between Fiera Milano SpA and Deutsche Messe AG, approved the 2018 Financial Statements and approved a dividend distribution of Euro 8,193 thousand. The amount attributable to Fiera Milano Group was Euro 3,225 thousand, which was collected in December 2019.

On 21 February 2016, Fiera Milano SpA and Ipack Ima Srl, a company in joint venture with UCIMA, signed a loan agreement for a maximum of Euro 3,000 thousand that is automatically renewed annually; the interest rate is 1.50%. At 31 December 2019, the loan was used up to Euro 1,305 thousand.

Ipack Ima Srl also has commercial relations with the Group for the preparation of two exhibitions (Ipack Ima and Meat-Tech) organised by the Company, and makes use of the central management of certain administrative and technical services. On 3 April 2019, along with the approval of the 2018 Financial Statements, the company approved a dividend distribution of Euro 1,000 thousand.

On 3 April 2019, along with the approval of the 2018 Financial Statements, the company approved a dividend distribution of Euro 1,000 thousand. The amount attributable to Fiera Milano Group was Euro 490 thousand, which was collected in May 2019.

On 4 December 2018, the governance agreement regarding MiCo DMC Srl with the partner AIM Group International SpA was amended, establishing a greater degree of collaboration for business management decisions. Under IFRS 11, these agreements mean the company is categorised as a joint venture, meaning that from 31 December 2018 the value of the investment is consolidated at equity rather than line by line.

Relations with the Group are associated with the remainder of the ten-year loan granted by the controlling entity Fiera Milano Congressi SpA on 18 May 2015 for Euro 65 thousand at a rate of 3% and with the provision of destination management logistics services.

#### Transactions with other related parties

The main transactions referred to:

- liabilities in respect of Federlegno Arredo Eventi SpA and Federlegno Arredo following the transfer of employees to MADE eventi Srl during 2019. In view of this transfer, the Company recorded a payable corresponding to the payments accrued by employees;
- revenues for Fiera Parking SpA, a company wholly owned by Fondazione Fiera Milano. On 5 July 2018, Fiera Milano SpA signed an agreement with Fiera Parking SpA for the management of car parks serving the fieramilanocity exhibition centre. The agreement has a seven-year duration from 1 September 2018, automatically renewable for a further seven years.

Transactions with related parties that are not consolidated are shown in the following table:

#### RELATED PARTY ENTRIES IN THE STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT IN THE FINANCIAL YEAR TO 31 DECEMBER 2019

(€'000)

	Increments of right-of-use assets	Non-current financial assets	Trade and other non-current receivables	Trade and other current receivables	Inventories	Current financial assets	Non-current Financial liabilities related to the right-of-use of assets	Advances	Current financial liabilities related to the right-of-use of assets	Other Current financial liabilities	Other current liabilities	Revenues from sales and services	Cost of services	Cost of use of third-party assets	Personnel Expenses	Other operating expenses	Other income	Depreciation of property, plant and equipment and right-of-use assets	Financial income and similar	Financial expenses and similar	Income tax
<b>Controlling shareholder and other Group companies</b>																					
Fondazione Fiera Milano	462,382		11,071	3,357			433,693		32,423	449	7,757	476	381		232	444	38,339	92	13,391	7,762	
<b>Companies under joint control</b>																					
Ipack Ima Srl				21		1,305		218			73	11	4		225		312		11		
MiCo DMC Srl		50		26	207	15					459	3	5,439	7		1	62		2		
<b>Other related parties</b>																					
Federlegno Arredo											40										
Federlegno Arredo Eventi SpA											45		9								
Fiera Parking SpA											64	96					2				
<b>Total related parties transactions</b>	462,382	50	11,071	3,404	207	1,320	433,693	218	32,423	449	8,438	586	5,833	7	225	233	820	38,339	105	13,391	7,762
<b>Total reported</b>	-	50	11,170	40,356	2,231	1,320	439,402	49,227	33,992	1,057	30,886	279,711	121,215	486	47,432	4,778	2,428	43,208	479	13,844	11,905
<b>% Rel. party transactions/Total reported</b>	-	100%	99%	8%	9%	100%	99%	-	95%	42%	27%	-	5%	1%	-	5%	34%	89%	22%	97%	65%

Information on the remuneration paid to the Administrative and Control Bodies, General Managers and Executives with strategic responsibilities at 31 December 2019 is given in the table included in the section "Other information".

	(€'000)	
STATEMENT OF RELATED PARTY CASH FLOW	2019	2018
<b>Cash flow from operating activities</b>		
Revenues and income	1,406	7,278
Costs and expenses	(44,637)	(48,461)
Financial income	105	46
Financial expenses on leased assets (IFRS 16)	(13,389)	-
Financial expenses	(2)	(10)
Losses/income from tax consolidation	(7,762)	(1,385)
Changes in trade and other receivables	4,529	(234)
Changes in inventories	103	(307)
Change in advances	218	(1,776)
Change in other current liabilities	4,564	2,293
<b>Total</b>	<b>(54,865)</b>	<b>(42,556)</b>
<b>Cash flow from investment activities</b>		
Investments in non-current activities		
. Tangible and intangible	-	-
. Other non-current assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Cash flow from financing activities</b>		
Change in non-current financial assets	-	(50)
Change in non-current financial liabilities	-	(42)
Change in current financial assets	(1,306)	2,795
Change in current financial liabilities	(229)	641
Change in current financial liabilities related to the right-of-use of assets	(32,104)	-
<b>Total</b>	<b>(33,639)</b>	<b>3,344</b>
<b>Cash Flow in the period</b>	<b>(88,504)</b>	<b>(39,212)</b>

The table below shows cash flow from related party transactions:

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities
FY to 31.12.19:			
Total	93,130	(5,689)	(47,919)
Related party transactions	(54,865)	-	(33,639)
FY to 31.12.18:			
Total	22,894	1,209	(13,803)
Related party transactions	(42,556)	-	3,344



## 51) Other information

### Material non-recurring events and transactions

During the year, there were no material non-recurring transactions or events under Consob Communication of 28 July 2006.

### Transactions relating to atypical and/or unusual operations

In compliance with the Consob Communication of 28 July 2006, it is stated that no unusual and/or atypical operations were carried out by the Group in 2019 as defined in the aforementioned Communication.

### Information required pursuant to Italian Law 124/2017

Pursuant to Law 124/2017 there are no contributions to report. "Grants related to income" included under Other income refer to the tax grant recognised on advertising investments in newspapers, periodicals and local television and radio stations pursuant to article 57-*bis* of Italian Decree Law 50 of 24 April 2017.

### Significant events after the end of the year

The Covid-19 (Coronavirus) epidemic, which has affected China since January 2020, has meant that the Chinese authorities have had to take measures to curb contagion, including severe restrictions on the movement of vehicles and people. As a result, the calendar of exhibitions organised by Hannover Milano Fairs Shanghai, a joint venture company, has undergone some changes with the cancellation, at the time of writing, of a single exhibition and the postponement of several others, some of which until dates currently being defined.

As regards the subsequent spread of Coronavirus in Italy a government decree has ordered, among other measures, a lockdown on exhibitions until 3 April 2020. In the meantime, Fiera Milano SpA, in partnership with third party organisers, has already rescheduled the main exhibitions planned for the early months of the year to later dates. For example, Salone del Mobile, initially scheduled for April, will be held from 16 to 21 June 2020, and Mostra Convegno Expocomfort, initially planned for March, will be held from 8 to 11 September 2020.

### Remuneration of the Administrative and Control Bodies, General Managers and Executives with strategic responsibilities

Executives with strategic responsibilities are those that have the power and responsibility, both direct and indirect, for the planning, management and control of Group activities.

The Group Executives with strategic responsibilities are the Directors, Statutory Auditors and the Chief Financial Officer of the Parent Company.

The total remuneration for this category of Executives was Euro 2,819 thousand at 31 December 2019 (Euro 2,789 thousand at 31 December 2018) and the breakdown was as follows:

(€'000)

REMUNERATION	2019		
	Directors	Statutory Auditors	Others
Short-term benefits	681	146	1,137
Post-employment benefits	-	-	76
Other non current benefits	-	-	-
Staff-leaving indemnities	-	-	-
Cost related "Medium-term Incentive Plan"	-	-	779
<b>Total</b>	<b>681</b>	<b>146</b>	<b>1,992</b>

The estimated cost for the "Medium-Term Incentive Plan" includes the value of stock grants assigned for Euro 540 thousand and the cash portion for Euro 239 thousand.

(€'000)

REMUNERATION	2018		
	Directors	Statutory Auditors	Others
Short-term benefits	680	137	1,108
Post-employment benefits	-	-	85
Other non current benefits	-	-	-
Staff-leaving indemnities	-	-	-
Cost related "Medium-term Incentive Plan"	-	-	779
<b>Total</b>	<b>680</b>	<b>137</b>	<b>1,972</b>

At 31 December 2019, the outstanding amount payable to this category was Euro 638 thousand (Euro 610 thousand at 31 December 2018).

**Information under Article 149-duodecies of the Consob Issuers' Regulation**

The fees paid for services provided by the independent auditors in 2019 are shown in the following table.

(€'000)

<b>Service provided</b>	<b>Service provider</b>	<b>Client</b>	<b>Fees for financial year 2019</b>
Auditing	EY SpA	Parent Company - Fiera Milano SpA	194
Auditing	network EY	Subsidiaries	181
Other services (*)	EY SpA	Parent Company - Fiera Milano SpA	53
Other services (**)	EY SpA	Parent Company - Fiera Milano SpA	20
Other services (*)	EY SpA	Subsidiaries	28
Other services (**)	EY SpA	Subsidiaries	3
		<b>Total</b>	<b>479</b>

(\*) Agreed upon procedures

(\*\*) Other professional services

Rho (Milan), 10 March 2020

on behalf of the Board of Directors

**The Chairman**

Lorenzo Caprio

LIST OF COMPANIES INCLUDED IN THE AREA OF CONSOLIDATION  
AND OTHER INVESTMENTS AT 31 DECEMBER 2019

## Attachment 1

Company name and registered office	Main activity	Share capital (000) <sup>(*)</sup>	Shareholding %			Shareholding of Group companies %
			Group total	Directly held by Fiera Milano	Indirectly held through other Group companies	
<b>A) Parent Company</b>						
<b>Fiera Milano SpA</b> Milan, p.le Carlo Magno 1	Organisation and hosting of exhibitions in Italy	42,445				
<b>B) Fully consolidated companies</b>						
<b>Fiera Milano Media SpA</b> Milan, p.le Carlo Magno 1	Media services	2,803	100	100		100 Fiera Milano SpA
<b>Fiera Milano Congressi SpA</b> Milan, p.le Carlo Magno 1	Management of congresses	2,000	100	100		100 Fiera Milano SpA
<b>Nolostand SpA</b> Milan, p.le Carlo Magno 1	Stand fitting services	7,500	100	100		100 Fiera Milano SpA
<b>Made Eventi Srl</b> Rho (Milano), strada Statale del Sempione n. 28	Organisation of exhibitions in Italy	1,100	60	60		60 Fiera Milano SpA
<b>CIPA Fiera Milano Publicações e Eventos Ltda</b> São Paulo Brasil, na Avenida Angélica, 2491, 20º andar, conjuntos 203 e 204	Organisation of exhibitions outside of Italy	R \$ 97,981	100	99.99	0.01	99.99 Fiera Milano SpA 0.01 Nolostand SpA
<b>Fiera Milano India Pvt Ltd</b> New Delhi, Barakhamba Road, Connaught Place	Organisation of exhibitions outside of Italy	INR 20,000	99.99	99.99		99.99 Fiera Milano SpA
<b>Limited Liability Company "Fiera Milano" **</b> Moscow, 24 A/1 ul. B. Cherkizovskaya	Organisation of exhibitions outside of Italy	RUB 10,000	100	100		100 Fiera Milano SpA
<b>Fiera Milano Exhibitions Africa Pty Ltd</b> Cape Town, The Terraces, Steenberg Office Park, Tokai	Organisation of exhibitions outside of Italy	ZAR 0.6	100	100		100 Fiera Milano SpA
<b>C) List of jointly controlled companies equity-accounted</b>						
<b>Hannover Milano Global Germany GmbH</b> Hannover Germany, MesseGelaende	Organisation of exhibitions outside of Italy	25	49	49		49 Fiera Milano SpA
<b>Hannover Milano Fairs Shanghai Co. Ltd</b> Shanghai China, Pudong Office Tower	Organisation of exhibitions outside of Italy	USD 500	49		100	100 Hannover Milano Global Germany GmbH
<b>Hannover Milano Fairs China Ltd</b> Hong Kong China, Golden Gate Building	Organisation of exhibitions outside of Italy	HKD 10	49		100	100 Hannover Milano Global Germany GmbH
<b>Hannover Milano Fairs India Pvt. Ltd **</b> East Mumbai, Andheri	Organisation of exhibitions outside of Italy	INR 274,640	48.99		99.99	99.99 Hannover Milano Global Germany GmbH
<b>Hannover Milano Best Exhibitions Co., Ltd</b> Guangzhou China, West Tower, Poly World Trade Center	Organisation of exhibitions outside of Italy	RMB 1,000	24.99		51	51 Hannover Milano Fairs Shanghai Co. Ltd
<b>Hannover Milano XZQ Exhibitions Co., Ltd</b> Shenzhen China	Organisation of exhibitions outside of Italy	RMB 100	29.40		60	60 Hannover Milano Fairs Shanghai Co. Ltd
<b>ipack Ima Srl</b> Rho, S.S. del Sempione km.28	Organisation of exhibitions in Italy	20	49	49		49 Fiera Milano SpA
<b>MiCo DMC Srl</b> Milan, p.le Carlo Magno 1	Management of congresses	10	51		51	51 Fiera Milano Congressi SpA
<b>D) List of companies accounted at cost</b>						
<b>Comitato Golden Card</b> Cinisello Balsamo, viale Fulvio Testi 128	Other activities	3	33.33	33.33		33.33 Fiera Milano SpA
<b>Covention Bureau Italia Srl</b> Firenze, piazza Adua 1	Other activities	8	2		2	2 Fiera Milano Congressi SpA

(\*) Euro or other currencies as specifically indicated

(\*\*) Company in liquidation

## DECLARATION RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH ARTICLE 154-BIS, PARAGRAPH 5, ITALIAN LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998

1. The undersigned, Fabrizio Curci, as Chief Executive Officer, and Marco Pacini, as Financial Reporting Officer of Fiera Milano SpA, having noted the provisions of article 154-bis, paragraphs 3 and 4, Italian Legislative Decree 58 of 24 February 1998, attest to:
  - the appropriateness in relation to the characteristics of the business and
  - the effective application of administrative and accounting procedures for preparation of the consolidated financial statements at 31 December 2019.

2. It is also declared that:

2.1 the Consolidated Financial Statements at 31 December 2019:

- have been prepared in accordance with applicable international accounting standards recognised by the European Union in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- correspond to the results contained in the accounting records and documents;
- provide a true and correct representation of the capital, economic and financial situation of the Issuer and all the companies included in the consolidation.

2.2 the report on operations includes a reliable analysis of the performance and results of operations and the situation of the Issuer and of the entities included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Rho (Milan), 10 March 2020

*Signed*  
**CEO**  
Fabrizio Curci

*Signed*  
**Financial Reporting Officer**  
Marco Pacini

## INDEPENDENT AUDITORS' REPORT



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### Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014 (Translation from the original Italian text)

To the Shareholders of  
Fiera Milano S.p.A.

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Fiera Milano Group (the Group), which comprise the consolidated statement of financial position as at 31 December 2019 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Fiera Milano S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. 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.

EY S.p.A.  
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Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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We identified the following key audit matters:

Key Audit Matter	Audit Response
<p><b>Valuation of goodwill and intangible assets with definite useful life</b></p> <p>At December 31, 2019 the carrying amount of goodwill and intangible assets with definite useful life was euro 95 million and euro 14,6 million, respectively, which were allocated to the Group's Cash Generating Units (CGUs). In 2019, the Group recorded an impairment of intangible assets for euro 1,2 million. Goodwill is tested for impairment at least annually at the end of the reporting period, or more often, if there is any indication of impairment. Intangible assets with definite useful life, which are being depreciated, are tested for impairment only when there is an indication of impairment.</p> <p>The processes and methodologies to estimate and determine the recoverable amount of the CGUs, in terms of value in use, are based on complex assumptions that, due to their nature, imply the use of judgement by Management, in particular with reference to the cash flow forecasts for the period covered by the 2020-2023 Group business plan, the normalized cash flows used to estimate terminal value and the discount rate and long term growth rates applied.</p> <p>Considering the materiality of the carrying amount of such assets and the level of judgement and complexity of the assumptions used in estimating the recoverable amount of goodwill and intangible assets with definite useful life, we have determined that this area constitutes a key audit matter.</p> <p>The Company included disclosures related to the nature and the key assumptions used for impairment test in note 6 "Goodwill" and note 7 "Intangible assets with a finite useful life".</p>	<p>Our audit procedures in response to this key audit matter included, among others: (i) understanding of the process and key controls implemented by the Company to evaluate goodwill, intangible asset with definite useful life and investments; (ii) verification of the perimeter of the CGUs and of the allocation of the respective book values; (iii) reviewing of the report prepared by the external expert who supported management in performing the impairment test, including the valuation of their competence, capabilities and objectivity; (iv) assessing the significant assumptions underlying future cash flow projections, including the determination of the weighted average cost of capital, the discount rate and the long-term growth rates used in estimating the terminal value, and performing sensitivity analyses; (v) assessing the variances between actual results and the previous forecasts as assumed by the Group; (vi) testing the mathematical accuracy of the impairment test calculation; (vii) verifying the consistency of the forecast of future cash flows of the CGUs with the Group business plan for the period 2020-2023.</p> <p>In performing our audit procedures we also involved our valuation specialists who assisted us in the assessment of assumptions and methodologies utilized by the Group, and performed independent calculations and sensitivity analyses of key assumptions. Lastly, we assessed the adequacy of the disclosures made in the notes to the financial statements relating to evaluation of goodwill, intangible assets with definite useful lives and investments.</p>



Key Audit Matter	Audit Response
<p><b>First application of IFRS 16 - Leases</b>                      Starting from January 1, 2019 the new International Financial Reporting Standard 16 - Leases ("IFRS 16") relating to the accounting of lease contracts, is fully enacted. The new standard provides that, for passive lease contracts, a lessee shall recognize a right-of-use assets and a lease liability at the present value of the lease payments. Fiera Milano Group, in accordance with IFRS 16, has provided information on the impacts of the first application of the standard from January 1, 2019 in note 1.2 «New accounting standards, interpretations and amendments adopted».</p> <p>As of January 1, 2019, the Group has recorded right-of-use assets and lease liabilities for euro 525 millions. The high degree of judgment required by IFRS 16 in estimating the assumptions necessary for the adoption of the standard in relation to the duration of the lease and the definition of the discount rate, together with the significance of the impacts on the Group's consolidated financial statements, represented for us a key audit matter.</p>	<p>Our audit procedures in response to this key audit matter included, among others: (i) the analysis of accounting policies and assumptions used by management in connection with the adoption of the standard; (ii) the assessment of the effectiveness of the internal control system put in place by Management; (iii) the assessment of the renewal clauses and of the correct determination of the discount rate used; (iv) the verification of the movements occurred during the year. Lastly, we reviewed the adequacy of the disclosures provided in the notes to the consolidated financial statements with regards to their compliance with the provisions of IFRS 16.</p>

### Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the parent Company Fiera Milano S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing 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 Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; have designed and performed audit procedures responsive to those risks, and 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 have 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 have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of 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 financial statements or, if such disclosures are inadequate, to consider this matter in forming 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 have 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 have obtained sufficient appropriate audit evidence regarding the financial information of the entities 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.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, 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 identify during our audit.



We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all 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 have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

#### **Additional information pursuant to article 10 of EU Regulation n. 537/14**

The shareholders of Fiera Milano S.p.A., in the general meeting held on 29 April 2014 engaged us to perform the audits of the separate and consolidated financial statements for of the years ending 31 December 2014 to 31 December 2022.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

### **Report on compliance with other legal and regulatory requirements**

#### **Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998**

The Directors of Fiera Milano S.p.A. are responsible for the preparation of the Management Report and of the Report on Corporate Governance and Ownership Structure of Fiera Milano Group as at 31 December 2019 including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Management Report and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements of Fiera Milano Group as at 31 December 2019 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Management Report and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of Fiera Milano Group as at 31 December 2019 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.



### **Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016**

The Directors of Fiera Milano S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information have been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information are subject to a separate compliance report signed by us.

Milan, 24 March 2020

EY S.p.A.  
Signed by: Federico Lodrini, Auditor

*This report has been translated into the English language solely for the convenience of international readers.*

# Fiera Milano SpA Financial Statements

## at 31 December 2019

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STATEMENT OF FINANCIAL POSITION – FIERA MILANO SPA

notes		31/12/19	31/12/18
	<b>ASSETS</b>		
	<b>Non-current assets</b>		
2-42	Property, plant and equipment	2,417,152	3,026,144
3	Right-of-use assets	431,919,377	-
42	of which from related parties	431,576,747	-
	Investments in non-core property	-	-
4	Goodwill	70,144,099	70,144,099
5	Intangible assets with a finite useful life	11,077,988	6,782,888
6	Investments	51,166,391	47,915,443
	Other financial assets	-	-
7	Trade and other receivables	11,163,419	11,423,897
42	of which from related parties	11,071,195	11,334,673
	Deferred tax assets	-	-
	<b>Total</b>	<b>577,888,426</b>	<b>139,292,471</b>
	<b>Current assets</b>		
8	Trade and other receivables	24,219,318	31,071,429
42	of which from related parties	3,810,597	7,978,118
9-42	Inventories	1,088,259	2,785,835
	Contracts in progress	-	-
10	Financial assets	1,605,048	2,961,153
42	of which from related parties	1,605,048	2,961,153
11	Cash and cash equivalents	63,946,063	16,986,314
	<b>Total</b>	<b>90,858,688</b>	<b>53,804,731</b>
	<b>Assets held for sale</b>		
	Assets held for sale	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
	<b>Total assets</b>	<b>668,747,114</b>	<b>193,097,202</b>
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	Share capital	41,644,917	41,644,917
	Share premium reserve	7,625,105	7,680,270
	Revaluation reserve	-	-
	Other reserves	10,059,980	9,337,830
	Retained earnings	7,249,637	52,731
	Profit/(loss) for the year	32,793,582	16,561,245
	<b>Total</b>	<b>99,373,221</b>	<b>75,276,993</b>
	<b>Non-current liabilities</b>		
	Bonds in issue	-	-
	Bank borrowings	-	-
13	Financial liabilities related to the right-of-use of assets	405,611,021	-
42	of which to related parties	405,429,386	-
	Other financial liabilities	-	-
14	Provision for risks and charges	1,507,783	407,783
15	Employee benefit provisions	4,417,723	4,846,695
16	Deferred tax liabilities	6,464,979	3,100,237
	Other non-current liabilities	-	-
	<b>Total</b>	<b>418,001,506</b>	<b>8,354,715</b>
	<b>Current liabilities</b>		
	Bonds in issue	-	-
17	Bank borrowings	437	3,514,189
18	Trade-payables	25,309,534	19,856,552
19-42	Advances	38,671,784	41,742,879
20	Financial liabilities related to the right-of-use of assets	29,627,159	-
42	of which to related parties	29,464,142	-
21	Other financial liabilities	15,400,917	5,969,420
42	of which to related parties	15,400,917	5,969,420
22	Provision for risks and charges	1,476,832	3,989,119
23	Tax liabilities	2,261,547	1,312,725
24	Other liabilities	38,624,177	33,080,610
42	of which to related parties	19,041,747	15,909,074
	<b>Total</b>	<b>151,372,387</b>	<b>109,465,494</b>
	<b>Liabilities held for sale</b>		
	Liabilities held for sale	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
	<b>Total liabilities</b>	<b>668,747,114</b>	<b>193,097,202</b>

## STATEMENT OF COMPREHENSIVE INCOME – FIERA MILANO SPA

		(euro)	
notes		2019	2018
28	Revenues from sales and services	230,011,092	196,383,505
42	of which with related parties	3,676,144	10,866,922
	<b>Total revenues</b>	<b>230,011,092</b>	<b>196,383,505</b>
29-42	Cost of materials	458,869	325,674
30	Cost of services	104,157,767	94,324,254
42	of which with related parties	41,859,162	37,043,121
31	Cost of use of third-party assets	324,201	44,559,355
42	of which with related parties	169,300	42,920,543
32	Personnel costs	36,887,576	35,277,910
42	of which with related parties	1,869,314	1,297,424
33-42	Other operating expenses	3,660,192	3,521,306
	<b>Total operating expenses</b>	<b>145,488,605</b>	<b>178,008,499</b>
34	Other income	5,885,172	5,583,576
42	of which with related parties	4,784,638	4,455,656
35	Provisions for doubtful receivables and other provisions	1,921,844	3,453,215
	<b>EBITDA</b>	<b>88,485,815</b>	<b>20,505,367</b>
36	Depreciation of property, plant and equipment and right-of-use assets	36,176,901	1,093,803
42	of which with related parties	35,047,778	-
	Depreciation of property investments	-	-
36	Amortisation of intangible assets	1,465,379	1,321,216
	Adjustments to asset values	-	-
	<b>EBIT</b>	<b>50,843,535</b>	<b>18,090,348</b>
37	Financial income and similar	6,323,901	6,122,120
42	of which with related parties	6,101,682	6,028,181
38	Financial expenses and similar	12,699,331	289,561
42	of which with related parties	12,570,136	11,933
39	Valuation of financial assets	(9,052)	(1,996,245)
	<b>Profit/(loss) before tax</b>	<b>44,459,053</b>	<b>21,926,662</b>
40	Income tax	11,665,471	5,365,417
42	of which with related parties	6,288,091	598,063
	<b>Profit/(loss) from continuing operations</b>	<b>32,793,582</b>	<b>16,561,245</b>
	<b>Profit/(loss) from discontinued operations</b>	<b>-</b>	<b>-</b>
41	<b>Profit/(loss) for the year</b>	<b>32,793,582</b>	<b>16,561,245</b>
	<b>Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss</b>		
	Revaluation of defined benefit schemes	(180,387)	65,799
	Tax effects	(43,293)	15,792
	<b>Other comprehensive income/(loss) net of related tax effects</b>	<b>(137,094)</b>	<b>50,007</b>
	<b>Total comprehensive income/(loss) for the year</b>	<b>32,656,488</b>	<b>16,611,252</b>

## CASH FLOWS STATEMENT – FIERA MILANO SPA

notes	2019	2018
		(euro)
<b>Net cash at beginning of year</b>	<b>16,986,314</b>	<b>7,690,696</b>
<b>Cash flow from operating activities</b>		
11 Net cash arising from operations	95,182,974	13,726,937
42 <i>of which with related parties</i>	(42,836,552)	(60,057,974)
25 Interest paid	(131,550)	(263,158)
25 Interest paid on financial liabilities related to the right-of-use of assets	(12,501,311)	-
25 Interest received	264,876	110,996
Income taxes paid	(988,552)	(987,450)
<b>Total</b>	<b>81,826,437</b>	<b>12,587,325</b>
<b>Cash flow from investing activities</b>		
2-42 Investments in tangible assets	(372,265)	(496,642)
2 Write-downs of tangible assets	35,353	170,349
5 Investments in intangible assets	(5,760,478)	(935,326)
6 Acquisition of investments	-	(2,406,900)
6 Subsidiary company share capital transactions	(3,260,000)	5,478,908
37 Dividends received	5,980,640	5,933,936
<b>Total</b>	<b>(3,376,750)</b>	<b>7,744,325</b>
<b>Cash flow from financing activities</b>		
12 Equity	-	(1,699,271)
Non-current financial liabilities	-	(3,502,804)
10-25 Current financial assets	1,091,229	3,811,890
42 <i>of which with related parties</i>	1,356,105	3,811,890
20 Current financial liabilities related to the right-of-use of assets	(29,403,217)	-
42 <i>of which with related parties</i>	(29,232,161)	-
17-21-25 Current financial liabilities	6,049,295	(9,645,847)
42 <i>of which with related parties</i>	9,431,497	3,293,039
12 Dividends paid	(9,227,245)	-
<b>Total</b>	<b>(31,489,938)</b>	<b>(11,036,032)</b>
<b>Cash flow for the year</b>	<b>46,959,749</b>	<b>9,295,618</b>
<b>Net cash from assets held for sale</b>	<b>-</b>	<b>-</b>
<b>Net cash at the end of year</b>	<b>63,946,063</b>	<b>16,986,314</b>

	2019	2018
		(euro)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Result including non-operating activities	32,793,582	16,561,245
<b>Adjustments for:</b>		
Depreciation and Amortisation	37,642,280	2,415,019
Provisions, write-downs and impairment	1,921,844	3,453,215
Valuation of financial activities	9,052	1,996,245
Capital gains and losses	(10,141)	(161,206)
Financial income	(5,980,640)	(5,933,936)
Financial expenses related to the right-of-use of assets	12,501,311	-
Net change in employee provisions	(609,359)	(54,687)
Personnel costs "Performance Shares Plan"	722,150	848,802
Changes in deferred taxes	3,352,870	3,928,912
Inventories	1,697,576	(552,589)
Trade and other receivables	4,342,409	553,817
Trade payables	5,452,982	(8,036,966)
Pre-payments	(3,071,095)	2,862,408
Tax payables	1,937,374	1,018,004
Provisions for risks and charges and other liabilities (excluding payables to Organisers)	(1,162,620)	(1,546,090)
Payables to Organisers	3,643,399	(3,625,256)
<b>Total</b>	<b>95,182,974</b>	<b>13,726,937</b>



STATEMENT OF CHANGES IN EQUITY – FIERA MILANO SPA

						(euro)
Note 12	Share capital	Share premium reserve	Other reserves	Retained earnings	Profit/(loss) for the financial year	Total
<b>Balance at 31 December 2017</b>	<b>41,644,917</b>	<b>10,298,693</b>	<b>8,489,028</b>	<b>2,724</b>	<b>(863,987)</b>	<b>59,571,375</b>
Loss for the year covered by:						
- Share premium reserve	-	(863,987)	-	-	863,987	-
Fair value stock grant	-	-	848,802	-	-	848,802
Expenses related to the share capital increase	-	(55,165)	-	-	-	(55,165)
Remeasurement of defined benefit plans	-	-	-	50,007	-	50,007
Deed of merger at 06.12.18:						
- merger deficit – principle of continuity of values	-	(1,699,271)	-	-	-	(1,699,271)
Total comprehensive income/(loss) for the financial year at 31.12.18	-	-	-	-	16,561,245	16,561,245
<b>Balance at 31 December 2018</b>	<b>41,644,917</b>	<b>7,680,270</b>	<b>9,337,830</b>	<b>52,731</b>	<b>16,561,245</b>	<b>75,276,993</b>
Loss for the year covered by:						
- dividend distribution	-	-	-	-	(9,227,245)	(9,227,245)
- retained earnings	-	-	-	7,334,000	(7,334,000)	-
Fair value stock grant	-	-	722,150	-	-	722,150
Expenses related to the share capital increase	-	(55,165)	-	-	-	(55,165)
Remeasurement of defined benefit plans	-	-	-	(137,094)	-	(137,094)
Total comprehensive income/(loss) for the financial year at 31.12.19	-	-	-	-	32,793,582	32,793,582
<b>Balance at 31 December 2019</b>	<b>41,644,917</b>	<b>7,625,105</b>	<b>10,059,980</b>	<b>7,249,637</b>	<b>32,793,582</b>	<b>99,373,221</b>

# Notes to the Financial Statements

On 10 March 2020, the Board of Directors approved the Fiera Milano SpA Financial Statements at 31 December 2019 and authorised their publication.

Fiera Milano SpA, as Parent Company, has also prepared the Consolidated Financial Statements at 31 December 2019.

Fiera Milano SpA, also through its subsidiaries, is active in all the characteristic areas of the exhibition industry and the Company is one of the largest integrated companies in this sector worldwide.

The Company business consists of hosting exhibitions, fairs and other events, promoting and making available equipped exhibition spaces, as well as offering project support and ancillary services. This includes the business of staging exhibitions (and providing end services to exhibitors and visitors).

The business of the Company has dual seasonality: (i) a higher concentration of exhibitions in the six months from January to June; (ii) exhibitions that have a multiannual frequency.

## 1) ACCOUNTING STANDARDS AND CRITERIA USED TO PREPARE THE FINANCIAL STATEMENTS

### 1.1 Standards used to prepare the Financial Statements

The Financial Statements were prepared in accordance with IAS and IFRS accounting standards in force at 31 December 2019, issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, relative interpretative documents and the provisions of Article 9 of Italian Legislative Decree 38/2005.

The accounting standards used to prepare the present Financial Statements are the same as those used to prepare the Financial Statements at 31 December 2018, except for those applicable from 1 January 2019 described below.

Given the capital and financial position for 2019, the 2020-2023 financial forecasts, approved by the Board of Directors on 23 January 2020, and taking into account the forecasts for working capital performance and for the financial and capital position, the Financial Statements and Consolidated Financial Statements have been prepared on a going concern basis.

The Financial Statements are prepared in Euros and all figures are rounded to the nearest thousand Euros unless otherwise indicated. The Financial Statements give comparative data for the previous financial year. Note that some figures from the previous year have been restated for comparison purposes.

In 2019, no atypical and/or unusual transactions took place.

The risks and uncertainties affecting business and the Company are described in the Board of Directors' Report on Operations in the section on the "Risk factors affecting Fiera Milano Group" in Note 26, and in paragraph 1.5 "Use of Estimates" in the Notes.

These Financial Statements have been audited by the independent auditors EY SpA.

## 1.2 New accounting standards, interpretations and amendments adopted

The Company has adopted for the first time some accounting standards and amendments that are applicable to financial periods beginning on or after 1 January 2019.

The nature and impact of each new accounting standard or amendment is given below:

### IFRS 16 - Leases

Regulation (EC) 2017/1986 issued on 31 October 2017 by the European Commission approved IFRS 16 - Leases, which replaces IAS 17 and related interpretations. In particular, IFRS 16 defines a lease as a contract that attributes to entities acting as lessees the right of use of an asset for a certain period of time in exchange for payment. The new standard eliminates the separate classification of operating or finance leases for preparation of the financial statements of entities acting as lessees. Specifically, the following is required for all leases with a duration of more than 12 months:

- in the Statement of Financial Position, recognition of a right-of-use asset (ROU), and of a lease liability representing the obligation to make the contractual payments; As permitted by the standard, right-of-use assets and lease liabilities are recognised in items separated from other asset and liability items;
- in the Income Statement, recognition of the depreciation on the right-of-use assets and accrued interest expense on the lease liability, instead of recognising operating lease payments among operating costs. The Income Statement also includes: (i) lease payments relating to short-term leases of moderate value, as permitted in simplified form by IFRS 16; and (ii) variable lease payments not included in the lease liability calculation;
- The following are classified in the cash flow statement: (a) cash payments for the principal portion of the lease liability within financing activities; (b) cash payments for the interest portion of the lease liability applying the requirements in IAS 7 Statement of Cash Flows for interest paid; and (c) payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability within operating activities.

Compared to the provisions of IAS 17 in reference to operating leases, the application of IFRS 16 results in an impact on the Statement of Cash Flows in that it determines: (a) an improvement in net cash flows from operating activities, which no longer includes lease payments; (b) a decline in net cash flows from financing activities that will include outlay associated with repayment of the lease liability.

On first-time adoption, the Company used the modified retrospective approach i. e. the option not to restate the comparative figures from previous years. Based on this criterion, the lease liability is measured on the basis of residual lease payments, discounted at the incremental borrowing rate as at the date of first-time adoption. The carrying amount of the lease liability is equal to the carrying amount of the right-of-use asset (or ROU asset) at the transition date. The value of lease-related prepayments recognised in the Statement of Financial Position at the reporting date will be reclassified under the item ROU assets on first-time adoption of the standard in question.

In addition, the Company will adopt the exemption permitted by the standard for short-term leases (with a duration of less than 12 months) for all asset classes and for leases in which the underlying asset is of a modest unit value. Contracts for which the exemption was applied are mainly in the categories: computers, telephones and tablets; office and multi-function printers and other electronic devices.

For these contracts, the introduction of IFRS 16 does not require recognition of a lease liability and related right of use, but rather the lease payments will be recognised in the Income Statement on a straight-line basis over the duration of the respective contracts.

The transition to IFRS 16 introduces certain elements of professional opinion and the use of assumptions and estimates relating to the lease duration and definition of the incremental borrowing rate. The main elements can be summarised as follows:

- the contract renewal clauses are considered in determining the duration when their exercise is deemed reasonably certain, i. e. when the Company has the option of exercising the renewal without first obtaining consent from the counterparty. In particular, this criterion led to the determination of a residual duration of around 13 years for rent on the exhibition structures leased from the controlling entity Fondazione Fiera Milano;
- the discounting rate used to calculate the lease liability is determined, as described below, by a base rate that reflects the financial market performance, plus a market spread that reflects the risk premium required by lenders taking into account the lease duration. The 10-year IRS rate recorded at 1 January 2019 was used as the base rate, whilst the market spread was established by considering a list of companies comparable with Fiera Milano, listed and operating in the exhibition sector. The average rate used was therefore calculated as 2.81%.

The incremental borrowing rate applied at 31 December 2019 was calculated as 2.53%.

The adoption of IFRS 16 showed material impacts on the accounting representation of the item Non-current assets and on Non-current financial debt as, to conduct its activities, the Company uses exhibition sites and warehouses leased from the controlling entity Fondazione Fiera Milano.

By way of example, the table below summarises the effects deriving from the application of the new standard IFRS 16:

IFRS 16 EFFECTS	(€'000)			IFRS 16 impact
	2018	2019	2019 pre IFRS 16	
Revenues from sales and services	196,384	230,011	230,011	-
<b>Total revenues</b>	<b>196,384</b>	<b>230,011</b>	<b>230,011</b>	-
Cost of materials	326	459	459	-
Cost of services	94,324	104,158	104,158	-
Cost of use of third-party assets	44,559	324	42,784	(42,460)
Personnel costs	35,278	36,888	36,888	-
Other operating expenses	3,521	3,660	3,660	-
<b>Total operating expenses</b>	<b>178,008</b>	<b>145,489</b>	<b>187,949</b>	<b>(42,460)</b>
Other income	5,582	5,885	5,885	-
Provisions for doubtful receivables and other provisions	3,453	1,922	1,922	-
<b>EBITDA</b>	<b>20,505</b>	<b>88,485</b>	<b>46,025</b>	<b>42,460</b>
Depreciation of property, plant and equipment and right-of-use assets	1,094	36,177	956	35,221
Amortisation of intangible assets	1,321	1,465	1,465	-
Adjustments to asset values	-	-	-	-
<b>EBIT</b>	<b>18,090</b>	<b>50,843</b>	<b>43,604</b>	<b>7,239</b>
Financial income and similar	6,122	6,324	6,324	-
Financial expenses and similar	290	12,699	198	12,501
Valuation of financial assets	(1,996)	(9)	(9)	-
<b>Profit/(loss) before tax</b>	<b>21,926</b>	<b>44,459</b>	<b>49,721</b>	<b>(5,262)</b>
Income tax	5,365	11,665	12,646	(981)
<b>Profit/(loss) from continuing operations</b>	<b>16,561</b>	<b>32,794</b>	<b>37,075</b>	<b>(4,281)</b>
<b>Right-of-use assets</b>	-	<b>431,919</b>	-	<b>431,919</b>
<b>Total net financial debt/(cash)</b>	<b>(10,464)</b>	<b>385,088</b>	<b>(50,150)</b>	<b>435,238</b>

In accordance with the reinforced derivation principle for income under the Italian tax system, the IAS/IFRS-compliant qualification criteria of the income statement components as well as the corresponding timing accrual and classification criteria in the financial statements are also relevant to the tax effects.

At 31 December 2019, the carrying amount of the right-of-use assets amounted to Euro 431,919 thousand, of which Euro 466,787 thousand related to properties with depreciation of Euro 35,114 thousand and Euro 353 thousand to car rentals with depreciation of Euro 107 thousand. The cash outflow amounted to Euro 41,905 thousand. At the date of first adoption, the right-of-use assets amounted to Euro 483,493 thousand.

#### Other accounting standards

- Amendments to IFRS 9 - *Prepayments Features with Negative Compensation*

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value in the statement of comprehensive income, provided that the contractual cash flows are "solely payments of principal and interest" (SPPI) and the instrument is classified according to the appropriate business model. The amendments to IFRS 9 clarify that a financial asset meets the SPPI criterion regardless of the event or circumstance that causes early termination of the contract and regardless of the party that pays or receives reasonable additional compensation to do so.

These amendments have had no impact on the Company's financial statements.

- Amendments to IAS 19 - *Plan Amendment, Curtailment or Settlement*

The amendments to IAS 19 set out the accounting rules for the event that, during the reporting period, there is a plan amendment, curtailment or settlement. The amendments specify that when a plan amendment, curtailment or settlement occurs during the reporting period, it is mandatory for an entity to determine the service cost for the period after plan amendment, curtailment or settlement, using the relevant assumptions to remeasure the net liability (asset) for defined benefits so that it reflects the plan benefits and plan assets after that event. An entity is also required to determine net interest for the period after the plan amendment, curtailment or settlement: the net liability (asset) for defined benefits so that it reflects the plan benefits and plan assets after that event; and the discount rate used to remeasure the net liability (asset) for defined benefits.

The Company did not record any plan amendments, curtailments or settlements during the reporting period.

- Amendments to IAS 28 - *Long-term interests in associates and joint ventures*

The amendments specify that an entity applies IFRS 9 for long-term interests in an associate or joint venture to which the equity method is not applied but which, in essence, form part of the net investment in the associate or joint venture (long-term interests).

This clarification is relevant because it implies that the expected credit loss model of IFRS 9 applies to such long-term interests.

The amendments also clarify that, in adopting IFRS 9, an entity must not take into account any losses of the associate or joint venture or any impairment of the interest, recognised as adjustments to the net investment in the associate or joint venture resulting from the adoption of IAS 28 Investments in Associates and joint ventures.

These amendments have had no impact on the Company's financial statements.

- IFRIC Interpretation 23 – *Uncertainty over income tax treatments*

The Interpretation determines the accounting of income taxes when the tax treatment involves uncertainties that affect the application of IAS 12 and does not apply to taxes or levies that are not within the scope of IAS 12, nor does it specifically include requirements relating to interest or sanctions due to uncertain tax treatment.

The interpretation deals specifically with the following points:

- whether an entity should consider uncertain tax treatments separately;
- the entity's assumptions on examinations of tax treatments by taxation authorities;
- how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- how an entity deals with changes in facts and circumstances.

An entity has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing. The approach that allows the best prediction of uncertainty resolution should be adopted.

This interpretation has had no impact on the Company's financial statements.

- Annual improvements – 2015–2017 Cycle

IFRS 3 – *Business Combination*

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination that has taken place in stages, including remeasurement at fair value of the interest previously held in the assets and liabilities of the joint operation. In doing so, the acquiring entity remeasures the interest previously held in joint operation.

The entity applies these amendments to business combinations so that the acquisition date is on or after the first annual period beginning on or after 1 January 2019, with early application permitted.

This amendment has had no impact on the Company's financial statements.

IFRS 11 – *Joint Arrangements*

An entity that participates in a joint operation, without having joint control, could obtain joint control of the joint operation if its activity constitutes a business as defined in IFRS 3.

The amendments clarify that the interests previously held in the joint operation are not remeasured. An entity applies these amendments to transactions in which joint control is held on or after the annual period beginning on or after 1 January 2019, with early application permitted.

This amendment has had no impact on the Company's financial statements.

IAS 12 – *Income Taxes*

The amendments clarify that the income tax consequences of dividends are related to the transactions or events that generated distributable profits rather than to the profits distributed to shareholders. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual periods beginning on or after 1 January 2019, with early application permitted. When an entity applies these amendments for the first time, it applies them to the tax consequences of dividends recognised from the beginning of the first annual period. Since the Company's current practice is in line with those amendments, the Company has not recorded any impact from these changes on its financial statements.

#### IAS 23 – *Borrowing Costs*

The amendments clarify that an entity treats as a general borrowing any borrowing made that was intended from inception to develop an asset when all the actions necessary to prepare that asset for use or sale are completed.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual period in which the entity first applies those amendments. An entity applies those amendments for annual periods beginning on or after 1 January 2019, with early application permitted. Since the Company's current practice is in line with those amendments, the Company has not recorded any impact from these changes on its financial statements.

The main changes introduced by amendments to and interpretations of standards applicable from 2020 are presented below.

#### – Amendments to IAS 1 and IAS 8 – *Definition of Material*

It aims to clarify the definition of “material” in order to help companies assess whether information is to be included in their financial statements.

The amendments will apply from 1 January 2020. However, early application is permitted.

#### – Amendments to the Conceptual Framework in International Financial Reporting Standards

Commission Regulation (EU) 2019/2075 of 29 November 2019 adopting the amendments to the references to the IFRS Conceptual Framework was published in the Official Journal L 316 of 6 December 2019. The amendments are intended to update the existing references to the previous Conceptual Framework and replace them with references to the revised Conceptual Framework in different accounting Standards and interpretations. Company shall apply the amendments, at the latest, from the commencement date of their first reporting period starting on or after 1 January 2020.

#### – Amendment to IFRS 3 – *Business Combinations*

The amendment affected the definition of business, now understood as an integrated set of activities that can be conducted and managed for the purpose of providing goods or services to customers, generating income from investments (such as dividends or interest) or generating other income from ordinary activities. The new amended definition of a business shall be applied to acquisitions taking place on or after 1 January 2020. The amendment has not yet been endorsed by the European Commission.

#### – Amendments to IAS 39, IFRS 9 and IFRS 7 – *Interest Rate Benchmark Reform*

The amendments concern hedge accounting under IFRS 9 and IAS 39.

The amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. The amendment has not yet been endorsed by the European Commission.

#### – IFRS 17 – *Insurance Contracts*

On 26 June 2019, IASB published Exposure Draft Amendments to IFRS 17 for consultation. The draft amendments do not affect the basic principles of the new IFRS 17. The Board also proposed to postpone the effective date of the standard by one year to 2022.

### 1.3 Form and content of the Financial Statements

With regard to the form and content of the Financial Statements, Fiera Milano SpA has made the following decisions:

- the Statement of Financial Position is presented with separate sections for Assets, Liabilities, and Equity. Assets and liabilities are also recognised according to their classification as current, non-current and held for sale;
- the Statement of Comprehensive Income is shown as a single statement in a continuous format and items are analysed by nature since this approach provides reliable information that is more relevant than classification by function;
- the Statement of Cash Flows is presented using the indirect method;
- the Statement of Changes in Equity is presented with separate entries for comprehensive income and transactions with shareholders.

### 1.4 Summary of accounting standards and measurement criteria

#### Business combinations

Business combinations are accounted for by applying the purchase method in accordance with IFRS 3 – Business Combinations, revised in 2008. Under this method, the amount transferred in a business combination is measured at fair value, determined as the sum of fair values of the assets transferred and the liabilities assumed by the Company at the acquisition date and the equity instruments issued in exchange for control of the acquired entity. All other costs associated with the transaction are recognised in the Statement of Comprehensive Income at the time they are incurred.

Contingent considerations, considered part of the transfer price, are measured at fair value at the acquisition date. Subsequent changes to the fair value are recognised through other comprehensive income.

The identifiable assets acquired and the liabilities assumed are measured at fair value at the acquisition date.

Goodwill is measured as the difference between the aggregate of the considerations transferred for the business combination, the equity value pertaining to non-controlling interests and the fair value of any previously held equity interest in the acquired entity and the fair value of net assets acquired and liabilities assumed at the acquisition date. If the difference between the net acquisition-date amounts of the assets and liabilities exceeds the considerations transferred, the equity value pertaining to non-controlling interests and the fair value of any previously held equity interest in the acquired entity, the excess is immediately recognised in the Statement of Comprehensive Income as income deriving from the transaction.

In the fair value measurement process for business combinations, the Company uses available information and, for more material business combinations, also uses the support of external appraisals.

#### Business combinations achieved in stages

When a business combination is achieved in stages (step acquisition), the Company's previously held share of the entity's assets and liabilities are measured at fair value at the date that control is obtained and any resulting adjustments are recognised in the statement of comprehensive income. Previously held investments are therefore recognised as though they had been sold and reacquired at the date that control is obtained.



### Business combinations under common control

Business combinations under common control (*i. e.* between entities controlled by the same party or parties) are excluded from the scope of IFRS 3 – Business Combinations. In the absence of a standard that deals specifically with this type of transaction, adoption of the most suitable treatment must be guided by the general scope of IAS 8, *i. e.* providing a reliable and truthful representation of the transaction and applying the principle of substance over form.

Under OPI 1 (Assirevi Preliminary Opinions on IFRS) on the “Accounting treatment of business combinations under common control in the separate and in the consolidated financial statements”, economic substance refers to the generation of value added which results in a significant change in cash inflows from the net assets transferred before and after the transaction. Should it be impossible to estimate a significant increase in future cash inflows from the assets transferred, the choice of how the transaction is accounted should be governed by prudence, which results in the application of the accounting principle of value continuity. This principle entails recognition in the financial statements of values equal to those that would have existed if the net assets involved in the combination had always been combined. The net assets must therefore be recognised at their carrying amounts in the relevant accounts prior to the transaction or, if available, at the values in the Consolidated Financial Statements of the controlling entity Fiera Milano SpA. Where the transfer values are higher than the historic values, the excess must be eliminated by a downward adjustment to the equity of the acquirer, charged to a specific reserve.

### Tangible fixed assets

#### Property, plant and equipment

Property, plant and equipment are recognised at purchase or production cost, including directly attributable expense, adjusted for accumulated depreciation.

Tangible assets are systematically depreciated each year on a straight-line basis, using economic/technical rates determined by the residual useful life of the assets.

Routine maintenance costs are charged to the income statement when they are incurred.

The replacement costs of identifiable components of complex assets are allocated to the assets and depreciated over their useful lives. The residual carrying amount of the components being replaced is recognised in the income statement.

Improvements to third party assets are recognised in property, plant and equipment based on the nature of the cost incurred; the depreciation period corresponds to the lesser of the residual useful life of the tangible asset and the residual period of the lease.

The depreciation rates applied are listed below:

- Office furniture and machinery	12%
- Exhibition furniture and equipment	27%
- Catering equipment	25%
- Sundry machinery and equipment	15%
- Site motor vehicles	20%
- Electronic equipment	20%
- Plant and machinery	10%
- Telecommunication systems	20%
- Alarm systems	30%
- Furnishings	12%

If there is any indication of impairment, the tangible assets are impairment tested using the procedure illustrated in the paragraph "Impairment of assets".

### **Intangible fixed assets**

An intangible asset is recognised only if it is identifiable and controllable, is expected to generate future economic benefits, and its cost can be reliably measured.

### **Goodwill and intangible assets with an indefinite useful life**

Goodwill arising from business combinations is initially recognised at cost on the acquisition date, as indicated in the paragraph above on Business Combinations and, for impairment test purposes, allocated to a cash generating unit or group of cash generating units which benefit from the synergies permitted by the acquisition that generated the goodwill. After initial recognition, goodwill is measured at cost less any impairment loss stemming from the impairment tests (see the paragraph "Impairment of assets"). An intangible asset is considered to have an indefinite useful life when no limit can be foreseen to the period during which the asset can generate cash inflows. Intangible assets with an indefinite useful life and goodwill are not subject to amortisation.

### **Intangible assets with a finite useful life**

Intangible assets with a finite useful life are measured at purchase or production cost, including any contingent costs, and systematically amortised on a straight-line basis over their estimated useful life. If there is any indication of impairment, they are impairment tested using the procedure illustrated in the paragraph "Impairment of assets".

Industrial patents, intellectual property rights, licences and concession agreements are amortised over three years from the year they were acquired.

Exhibition trademarks are amortised on the basis of a useful life of between ten and twenty years, estimated on the competitive dynamics of the industry and a comparison of the practices adopted by leading Italian and foreign competitors.

Research costs are recognised in the income statement at the time they are incurred. In compliance with IAS 38, development costs relating to specific projects, including the launch of new exhibitions, are capitalised when it is probable that the generation of future economic benefits is reasonably certain and when their costs can be reliably measured and amortised in the period when the expected future benefits are realised for the same project. The carrying amount of costs is reviewed annually at the end of the reporting period or more often if there are any particular reasons for doing so, to analyse the fair value and ascertain any indication of impairment.

### **Impairment of assets**

Goodwill and other intangible assets with an indefinite life are systematically tested for impairment at the end of the reporting period, or more often if impairment indicators emerge.

Tangible and intangible assets with a finite useful life that are depreciated or amortised are tested for impairment only when there are indications of impairment.

Whether recognised values can be recovered was verified by comparing the carrying amount against the higher between the net sale price and the value in use of the asset. The net sale price is the amount obtainable from the sale of an asset in a transaction between willing and able third parties, less costs to sell. In the absence of binding agreements, prices listed on an active market, or the best information available taking into account recent transactions involving identical or similar assets in the same business sector, are used as reference. The value in use is calculated by discounting, at an appropriate rate expressing the weighted average cost of capital of a company with a similar risk profile and debt profile, the expected cash flows from use of the asset (or group of assets, i. e. cash generating units) and its disposal at the end of its useful life.

If subsequently there is an indication that an impairment loss, other than for goodwill, may have decreased or no longer exists, the carrying amount of the asset is adjusted to the new estimate of the recoverable value although this value may not exceed the value which would have been recognised if there had been no impairment. Reversal of impairment is recognised in the income statement.

### Leased assets

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, determining its terms and conditions of use and, though not explained, its upkeep over time.

The adoption of IFRS 16 has significantly affected the figure of the Lessee; it is no longer required to distinguish between operating and finance lease, as the distinction between the two types is superseded by the distinction between lease and service concession arrangements. Therefore, in the case of leases, a single accounting model independent of the characteristics of the contract itself will apply, as better described in section 1.2 "New accounting standards, interpretations and amendments adopted".

The most significant Rights Of Use which are determined in the Company as a result of the application of IFRS 16 do not generate independent cash flows and therefore the check of their recoverable amount is carried out exclusively within the CGU to which "Italian Exhibitions Business" belongs.

### Control and identifiability of an asset

Two material elements are considered to determine whether an asset in question is leased or part of a service concession arrangement: control and identifiability of the asset.

The control concerns management by the lessee of the use and obtainment of economic benefits deriving from the use of the identified asset, which is the subject of the contract.

Identifiability, on the other hand, exists whenever an asset can be uniquely identified, provided that there is no right of substitution for the duration of the contract in favour of the lessor, who would be allowed to continue to have control of the asset.

### The Company as lessee

The Company adopts a single recognition and measurement model for all leases, except for short-term leases and leases of low value. The Company recognises the liabilities relating to the lease payments and the right-of-use asset, which is the asset underlying the contract.

#### (i) Right-of-Use Assets

The Company recognises the right-of-use assets at the inception date of the lease (*i.e.*, the date on which the underlying asset is available for use). The right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of the lease liabilities recognised, the initial direct costs incurred and the lease payments made at the commencement date or before commencement less any awards granted. Right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, as follows:

- Capital properties 1 to 12 years
- Car fleet 1 to 4 years

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

Right-of-use assets are subject to impairment. Please refer to paragraph 1.5 "Use of estimates".

**(ii) Lease liabilities**

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not yet paid at that date. Payments due include fixed payments (including in-substance fixed payments) less any lease awards to be received, variable lease payments that depend on an index or rate, and amounts expected to be payable under residual value guarantees. Lease payments also include the exercise price of a purchase option if it is reasonably certain that this option will be exercised by the Company and payments of penalties for terminating the lease if the lease term reflects the Company exercising an option to terminate the lease. Variable lease payments that do not depend on an index or rate are recognised as an expense in the period (unless they were incurred to produce inventories) in which the event or condition giving rise to the payment occurs.

In calculating the present value of the payments due, the Company uses the incremental borrowing rate at the commencement date if the implicit interest rate cannot be easily determined. After the commencement date, the amount of the lease liability increases to account for interest on the lease liability and decreases to account for payments made. In addition, the carrying amount of lease liabilities is restated in the event of any changes to the lease or for the revision of the contractual terms for the change in payments; it is also restated if there are changes in the valuation of the option to purchase the underlying asset or changes in future payments resulting from a change in the index or rate used to determine such payments.

**(iii) short-term leases or leases of low value**

The Company applies the exemption for the recognition of short-term leases relating to machinery and equipment (i.e., leases that have a duration of 12 months or less from the inception date and do not contain a purchase option). The Company has also applied the exemption for leases relating to low-value assets with reference to lease contracts for office equipment whose value is considered low. Short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

**The Group as lessor**

Lease contracts that essentially leave the Company with all the risks and benefits associated with ownership of the asset are classified as operating leases. Income from operating leases must be recognised on a straight-line basis over the lease term, and are included as revenue in the income statement due to their operating nature. Initial negotiation costs are added to the carrying amount of the leased asset and recognised over the term of the contract on the same basis as lease income. Unplanned leases are recognised as revenue in the period in which they are accrued.

**Financial assets**

IFRS 9 requires that if specific options are not exercised, financial instruments are classified according to the following criteria:

- Business Model defined by the entity for financial instruments management, and
- characteristics of the contractual cash flows of the financial instruments.

IFRS 9 envisages three asset categories:

- assets held to collect the contractual cash flows (or Hold to Collect; HTC), measured at amortised cost;
- assets held to collect the contractual cash flows and to be sold (or Hold to Collect and Sell; HTCS), designated at fair value through profit or loss (FVTPL) or through other comprehensive income (FVOCI);
- other financial assets designated at fair value through profit or loss. This residual category can include all business models other than those mentioned above.

The financial assets are initially recognised at fair value, normally represented by the transaction price, plus any accessory charges on the purchase.

The amortised cost criterion offers the best representation in the financial statements for financial assets comprising debt securities and receivables, in that it allows the interest to be spread over the holding period, in compliance with accrual accounting.

Subsequent measurement after initial recognition is at amortised cost or fair value, and these methods are applied according to the category of the financial instrument concerned.

With regard to the classification of financial liabilities, IFRS 9 envisages a general rule by which the entity measures the financial liabilities at amortised cost using the effective interest method (as previously under IAS 39). As regards assets and liabilities measured at fair value, any changes in value are recognised in the income statement, therefore helping to determine the profit or loss for the year. However, if the changes are caused by a change in credit risk, the changes in fair value are recognised in equity.

Assets classed as held to maturity are recognised among current financial assets if the maturity is less than twelve months, or as non-current if greater. They are subsequently measured at amortised cost. The latter is calculated using the effective interest method, taking into account any purchase discounts or premiums and spreading them over the entire period up to maturity, less any impairment.

Loans and receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the Company measures the realisable value of these receivables taking account of estimated future cash flows.

Available-for-sale assets are recognised as non-current assets, unless they are to be divested within twelve months from the end of the reporting period, and are measured at fair value. The gains or

losses from fair value measurement are recognised in other comprehensive income and aggregated in a specific equity reserve until they are sold, recovered or otherwise derecognised.

### **Equity investments**

After initial recognition, investments in subsidiaries and associates are measured at cost less any impairment loss stemming from the annual impairment tests.

Investments fall under the scope of application of the IFRS 9 classification and measurement criteria for equity investments, excluding interests in subsidiaries, associates and joint ventures and companies under their control which are instead classed as equity instruments under IAS 32. In this residual category, the investments are designated at fair value through other comprehensive income.

### **Inventories**

Inventories are measured at the lower of purchase cost and net estimated realisable value. The Company's inventories consist mainly of outstanding costs relating to activities in future years.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, bank demand deposits and cash investments with an original maturity of not more than three months. The definition of cash and cash equivalents in the Statement of Cash Flows is the same as that for the Statement of Financial Position.

### Assets and liabilities held for sale

This category includes assets and liabilities or disposal groups/discontinued operations where the carrying amount will be recovered primarily through a sale rather than through continued use. For this to happen, the following conditions must be met:

- the assets (or disposal groups) must be available for immediate sale in their present condition;
- the sale must be highly probable, i. e. the company must be committed to a programme for their disposal; activities to identify a buyer must have been initiated; and completion of the sale must be scheduled to take place within one year of the date of classification in this category.

Assets held for sale are measured at the lower of their net carrying amount and their fair value less costs to sell.

If an asset that is depreciated or amortised is reclassified to this item, the depreciation or amortisation process is discontinued at the time of reclassification.

In compliance with IFRS 5, figures for discontinued operations are presented as follows:

- in two specific items of the Statement of Financial Position: Assets held for sale and Liabilities held for sale;
- in a specific item of the Income Statement: Profit/(loss) from discontinued operations

### Equity

#### Treasury shares

The nominal value of treasury shares is deducted from share capital and any amount in excess of nominal value is deducted from the share premium reserve.

Under IAS/IFRS regarding the acquisition of treasury shares, the nominal value of the shares is deducted from share capital while the difference between the nominal value and the acquisition value is deducted from the share premium reserve. Regarding the sale of treasury shares, the share capital and the share premium reserve are reconstituted by the same amounts as the reductions applied when the shares were acquired while any gains/losses from the sale is recognised in equity, under other reserves, with no impact on the income statement. The shares taken as reference for the calculation of gains/losses on disposal are selected using the FIFO method.

#### Stock Grant

In accordance with IFRS 2 - Share-based Payment, the total fair value of stock grants at the assignment date was recognised in full in the Income Statement under personnel costs, over the entire period between the assignment date and their vesting date, with a reserve recognised in equity as a balancing entry.

The fair value of the stock grants was measured at their assignment date, reflecting the arm's length value at that date.

If a "vesting period" is envisaged in which certain conditions (targets reached) have to be satisfied in order for the assignees to become rights holders, the remuneration costs, determined on the present value of the shares at the assignment date, are recognised under personnel costs on a straight-line basis over the period between the assignment date and the vesting date.

If a stock grant is assigned at the end of the vesting period, a corresponding increase in equity is recognised.

#### Costs of capital transactions

Costs directly attributable to capital transactions are recognised as a direct reduction of equity.

### Trade payables, tax liabilities, advances and other liabilities

Payables, advances and other liabilities are initially recognised at fair value. After that, they are measured at amortised cost. Payables are derecognised when the underlying financial obligations have been discharged. If they have a due date exceeding twelve months, the liabilities are discounted to present value using an interest rate reflecting market assessments of the time value of money and specific risks connected with the liability concerned. Discounted interest is classified in financial expenses.

### Derivative instruments

A derivative is a financial instrument or other form of contract with the following characteristics: (i) its value changes in response to the change in an interest rate, the price of a financial instrument, a commodity price, a foreign exchange rate, a price or rates index, a credit rating, or another pre-established underlying variable; (ii) it requires no net initial investment or, if initial investment is required, is smaller than would be required for a contract from which a similar response to changes in market factors would be expected; (iii) it is settled at a future date. Derivatives are classified as financial instruments and therefore adjusted to fair value at the end of each year. The effects of fair value adjustments are recognised in the income statement as financial income/expenses.

### Provisions for risks and charges

Provisions for risks and charges are allocated when the Company must meet a present obligation (legal or implicit) stemming from a past event, the amount of which can be reliably estimated and for settlement of which an outflow of resources is probable. If expectations of resource outflow go beyond the next financial year, the obligation is recognised at its present value through discounting of future cash flows at a rate that also considers the time value of money and the liability's risk.

Risks for which manifestation of a liability is only possible, not probable, are shown in the paragraph "Disclosure on guarantees given, undertakings and other contingent liabilities", and no provisions are allocated for these.

### Bank borrowings and other financial liabilities

Financial payables are initially recognised at cost, represented by the fair value of the funds received net of accessory charges incurred in acquiring the loan. After initial recognition, borrowings are measured at amortised cost, calculated using the effective interest rate method. Amortised cost is calculated by taking into account issuance costs and any discount or premium envisaged at the time of settlement.

### Employee benefits

Employee benefits paid out upon or after termination of the employment relationship consist mainly of employee severance indemnities (trattamento di fine rapporto or TFR), which are governed by Article 2120 of the Italian Civil Code.

In compliance with IAS 19, employee severance indemnities are considered a defined benefit plan, i. e. a plan consisting of benefits provided post-employment, which constitutes a future obligation for which the Company assumes actuarial risks and related investments. As required by IAS 19, the Company uses the projected unit credit method to determine the present value of its defined benefit obligations and the related current service costs. This calculation requires the application of objective and mutually compatible actuarial assumptions concerning demographic variables (mortality rate, employee turnover) and financial variables (discount rate, future increases in salary levels). Fiera Milano SpA recognises changes in actuarial gains/losses in other comprehensive income.

From 1 January 2007, following the social security reform, cumulative employee severance indemnities are allocated to pension funds or to the INPS treasury fund. Employees were given the option until 30 June 2007 to choose the destination of their severance indemnities.

In that regard, the allocation of accrued employee severance indemnities to pension funds or to INPS means that a portion of these indemnities will be classified as a defined contribution plan in that the company's obligation is solely the payment of contributions either to the pension fund or to INPS. The liability related to past employee severance indemnities continues to be a defined benefit plan to be measured using actuarial assumptions.

Employee termination benefits not included in the employee severance indemnities (TFR) are recognised as liabilities and employee expenses when the enterprise is demonstrably committed to terminating the employment of an employee or group of employees before the normal retirement date or provides termination benefits as a result of an incentive to voluntary redundancy. The benefits owed to employees for termination of their employment do not give any future economic benefits to the enterprise and are therefore recognised immediately as a cost.

### Revenue recognition

Revenues are recognised when contractual obligations are fully satisfied and the customer acquires control of the assets transferred. They are recognised at the fair value of the consideration received or receivable, taking into account any trade discounts and quantity-based reductions granted.

Revenue from the provision of services is recognised when the service is provided. In compliance with paragraph 31 et seq. of IFRS 15, services relating to exhibitions and congresses are considered to be transferred to the customer during the exhibitions and events, as this is the period in which most of the related costs are incurred. Likewise, such revenues are recognised during the exhibition or event as the funds used and costs incurred are also spread over the exhibition/event duration.

When it is probable that the total costs of an exhibition will exceed its total revenues, the expected loss is recognised as a cost in a specific provision.

### Operating costs

Costs are recognised when they relate to goods and services sold or used in the financial year or on an accrual accounting basis when their future usefulness cannot be precisely identified.

Personnel expenses include both the fixed and variable remuneration of Directors taking account of the effective period of service.

Costs that are not eligible to be recognised in assets are recognised in the income statement in the period in which they are incurred.

### Other income

This item has a residual nature and includes revenues from grants and subsidies.

### Financial income and expenses

Financial income and expenses are recognised in the accounts based on timing that considers the effective return/expense of the asset/liability concerned.



### Taxes

Income taxes are recognised according to estimated taxable income in compliance with current tax rates and regulations. Income taxes are recognised in the income statement, except those relating to items charged or credited directly in equity, the tax effect of which is recognised in equity.

Deferred taxes are measured according to the taxable temporary differences existing between the carrying amounts of assets and liabilities and their tax base and are classified among non-current assets and liabilities.

Deferred tax assets are recognised to the extent that there is likely to be sufficient future taxable income against which the positive balance can be utilised. The carrying amount of deferred tax assets is subject to review at the end of each reporting period.

Deferred tax assets and liabilities are measured according to the tax rates that are expected to be applied in the period when the deferrals materialise, considering the tax rates in force or those that are scheduled to come into force subsequently.

Current and deferred tax assets and liabilities are offset when there is a legal right to offsetting.

Note 40 provides further information on the tax consolidation.

### Transactions in foreign currencies

Transactions in foreign currencies are recorded at the current exchange rate in force on the transaction date. Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate in force at the end of the reporting period. Foreign exchange differences generated by the extinction of monetary items or their translation at different exchange rates from those at which they were translated at the time of initial recognition in the period or in previous periods are recognised in the income statement. Exchange rate differences are recognised in financial income and expenses.

### Dividends

Dividend income is recognised when the shareholders' right to receive payment has been established. This is normally the date of the Annual Shareholders' Meeting that approves the dividend distribution.

### 1.5 Use of estimates

Preparation of the financial statements and related notes using IFRS requires estimates and assumptions to be made that affect the amounts of assets and liabilities in the Statement of Financial Position and disclosures concerning contingent assets and liabilities at the end of the reporting period. Actual results may differ from these estimates. Estimates are used to recognise provisions for doubtful receivables, depreciation and amortisation, employee benefits, taxes and other provisions and reserves, as well as any adjustments to asset values. Estimates and assumptions are reviewed regularly and the effects of any change are immediately recognised in the income statement.

The most important estimates used to prepare the Financial Statements are given below as these involve a significant level of subjective opinion, assumptions and estimates:

- *Goodwill* is systematically tested for impairment at least annually, or more often if impairment indicators emerge. The impairment test calls for a discretionary estimate of the values in use of the cash generating unit to which the goodwill is attributed, in turn based on the estimate of future cash flows of the CGU and their discounting at a specified discount rate.
- *Intangible assets with a finite useful life* are tested for impairment when there are internal or external indications that an asset is impaired; this test calls for a discretionary estimate of the values in use of the cash generating unit to which the asset is attributed, in turn based on the estimate of future cash flows of the CGU and their discounting at a specified discount rate.
- *Deferred tax assets* recognised against tax losses carried forward and other taxable temporary differences to the extent that it is probable there will be sufficient future taxable income against which these tax losses and other taxable temporary differences can be used. The Directors must make a significant discretionary assessment of the amount of deferred tax assets to be recognised. The Company's Business Plan was taken into consideration when verifying the recoverability of deferred tax assets.
- *Provisions for risks and charges* are subject to discretionary estimates using the best available information at the date of these Financial Statements and based on historic and future data regarding the likely outcome of legal disputes or events, for which assessment of the risk profiles and likely financial impact is uncertain and complex and could result in an adjustment to the estimates.

Reference should be made to the specific paragraph in the notes to the Financial Statements for the use of estimates on financial risks. Measurement of the provision for risks refers to the best information available at the end of the reporting period.

The plans used to carry out the impairment tests are based on certain expectations and assumptions of future performance that by their very nature are subject to uncertainties. Therefore, results could differ from estimates.

The plan will be continually assessed by the Directors regarding the effective realisation of the initiatives and forecasts and the effects on the financial and economic performance of the Company.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

## ASSETS

## NON-CURRENT ASSETS

## 2) Property, plant and equipment

The breakdown and changes in the last two financial years are given below:

(€'000)

PROPERTY, PLANT AND EQUIPMENT	Balance at 31/12/17	Changes during the financial year						Balance at 31/12/18
		Incr.	Decr.	Depr.	Impairment	Reclassification	Other changes	
<b>Plant and machinery</b>								
. historic cost	15,952	183	-	-	-	-	(17)	16,118
. depreciation	14,904	-	-	391	-	-	(17)	15,278
Net	1,048	183	-	391	-	-	-	840
<b>Industrial and commercial equipment</b>								
. historic cost	12,795	103	21	-	-	-	-	12,877
. depreciation	12,041	-	21	253	-	-	-	12,273
Net	754	103	-	253	-	-	-	604
<b>Other assets</b>								
. historic cost	27,953	210	31	-	-	-	(104)	28,028
. depreciation	26,102	-	22	470	-	-	(104)	26,446
Net	1,851	210	9	470	-	-	-	1,582
<b>Total property, plant and equipment</b>								
. historic cost	56,700	496	52	-	-	-	(121)	57,023
. depreciation	53,047	-	43	1,114	-	-	(121)	53,997
Net	3,653	496	9	1,114	-	-	-	3,026

PROPERTY, PLANT AND EQUIPMENT	Changes during the financial year							(€'000)
	Balance at 31/12/18	Incr.	Decr.	Depr.	Impairment	Reclassification	Other changes	Balance at 31/12/19
<b>Plant and machinery</b>								
. historic cost	16,118	54	-	-	-	-	(11)	16,161
. depreciation	15,278	-	-	236	-	-	-	15,514
Net	840	54	-	236	-	-	(11)	647
<b>Industrial and commercial equipment</b>								
. historic cost	12,877	20	-	-	-	-	-	12,897
. depreciation	12,273	-	-	269	-	-	-	12,542
Net	604	20	-	269	-	-	-	355
<b>Other assets</b>								
. historic cost	28,028	298	548	-	-	-	(4)	27,774
. depreciation	26,446	-	538	451	-	-	-	26,359
Net	1,582	298	10	451	-	-	(4)	1,415
<b>Total property, plant and equipment</b>								
. historic cost	57,023	372	548	-	-	-	(15)	56,832
. depreciation	53,997	-	538	956	-	-	-	54,415
<b>Net</b>	<b>3,026</b>	<b>372</b>	<b>10</b>	<b>956</b>	<b>-</b>	<b>-</b>	<b>(15)</b>	<b>2,417</b>

The amounts and changes in the various items during the year were as follows:

#### Plant and machinery

This item totalled Euro 647 thousand, net of depreciation for the year of Euro 236 thousand, and was for costs relating to electrical, heating, alarm and audiovisual systems.

The total increases amounting to Euro 54 thousand referred to plant and machinery for the Rho exhibition site.

#### Industrial and commercial equipment

This item totalled Euro 355 thousand, net of depreciation for the year of Euro 269 thousand, and was mainly for equipment and furnishings related to the exhibition business.

The total increases amounting to Euro 20 thousand referred to the purchase of furniture and equipment related to exhibition activities at the Rho exhibition site.

**Other assets**

This item totalled Euro 1,415 thousand net of depreciation for the year of Euro 451 thousand, and refers to purchases of electronic equipment, furniture and furnishing accessories and vehicles, in addition to the costs incurred for improvements made to assets of Fondazione Fiera Milano, which were the responsibility of the Company under existing lease agreements.

The total increase of Euro 298 thousand was made up of Euro 247 thousand for electronic equipment and furnishing accessories and of Euro 51 thousand for improvements made to third-party assets.

Depreciation of improvements to third-party assets is calculated on the residual duration of the real estate lease.

The item Property, plant and equipment includes related-party transactions of Euro 4 thousand (zero at 31 December 2018). Note 42 provides further details on such transactions.

**3) Right-of-use assets**

The breakdown and changes in the last two financial years are given below:

RIGHT-OF-USE ASSETS	Balance at 31/12/18	Changes during the financial year						Balance at 31/12/19
		Incr.	Decr.	Depr.	Impairment	Reclassification	Other changes	
(€'000)								
<b>Leased property</b>								
. historic cost	-	466,787	-	-	-	-	-	466,787
. depreciation	-	-	-	35,114	-	-	-	35,114
Net	-	466,787	-	35,114	-	-	-	431,673
<b>Leased corporate fleet</b>								
. historic cost	-	353	-	-	-	-	-	353
. depreciation	-	-	-	107	-	-	-	107
Net	-	353	-	107	-	-	-	246
<b>Total Right-of-use assets</b>								
. historic cost	-	467,140	-	-	-	-	-	467,140
. depreciation	-	-	-	35,221	-	-	-	35,221
<b>Net</b>	-	<b>467,140</b>	-	<b>35,221</b>	-	-	-	<b>431,919</b>

The amounts and changes in the various items during the year were as follows:

#### Right-of-use properties

The item totalled Euro 431,673 thousand, less depreciation for the period of Euro 35,114 thousand, and refers to the recognition of leases of right-of-use property deriving from the application of the new IFRS 16 in force as from 1 January 2019. Section 1 "Accounting standards and criteria used to prepare the financial statements" provides further details.

#### Right-of-use vehicles

The item totalled Euro 246 thousand, less depreciation for the period of Euro 107 thousand, and refers to the recognition of leases of right-of-use vehicles deriving from the application of the new IFRS 16 in force as from 1 January 2019. Section 1 "Accounting standards and criteria used to prepare the financial statements" provides further details.

The item Right-of-use assets includes related-party transactions of Euro 431,577 thousand (zero at 31 December 2018). Note 42 provides further details on such transactions.

#### 4) Goodwill

The breakdown and changes in the last two financial years are given below:

(€'000)

GOODWILL	Balance at 31/12/17	Changes during the financial year					Balance at 31/12/18
		Incr.	Decr.	Impairment	Reclassification	Other changes	
<b>Goodwill</b>							
. historic cost	82,933	-	-	-	-	-	82,933
. depreciation	12,789	-	-	-	-	-	12,789
<b>Net</b>	<b>70,144</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,144</b>
<b>Total</b>							
. historic cost	82,933	-	-	-	-	-	82,933
. depreciation	12,789	-	-	-	-	-	12,789
<b>Net</b>	<b>70,144</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,144</b>

(€'000)

GOODWILL	Balance at 31/12/18	Changes during the financial year					Balance at 31/12/19
		Incr.	Decr.	Impairment	Reclassification	Other changes	
<b>Goodwill</b>							
. historic cost	82,933	-	-	-	-	-	82,933
. depreciation	12,789	-	-	-	-	-	12,789
<b>Net</b>	<b>70,144</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,144</b>
<b>Total</b>							
. historic cost	82,933	-	-	-	-	-	82,933
. depreciation	12,789	-	-	-	-	-	12,789
<b>Net</b>	<b>70,144</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,144</b>

The amounts and changes in the various items during the year were as follows:

### Goodwill

This item totalled Euro 70,144 thousand.

Goodwill of Euro 29,841 thousand was initially recognised in the Statement of Financial Position following the contribution by Fondazione Fiera Milano of the exhibition entity on 17 December 2001. In 2011, it increased by Euro 40,350 thousand as a result of the merger by incorporation of the 100% owned subsidiary, Rassegne SpA, into the controlling entity Fiera Milano SpA and by Euro 80 thousand for goodwill relating to acquisition of the Information Communication Technology business unit of the subsidiary Expopage SpA, now Fiera Milano Media SpA.

In 2012, it increased by a further Euro 21 thousand as a result of the merger by incorporation of the 100% owned subsidiary, TL. TI Expo SpA, into the controlling entity Fiera Milano SpA and decreased by Euro 148 thousand for goodwill relating to acquisition of the business unit F&M Fiere & Mostre Srl in 2009, following the adjustment to the final transaction consideration made due to failure to reach the targets for the 2012 editions of exhibitions.

As described in section 1 "Accounting standards and criteria used to prepare the Financial Statements", goodwill is not amortised but is subject to impairment tests at the end of each reporting period or more frequently if there are any indications of impairment. Paragraph 1.5 "Use of estimates" gives details of the methods used for the impairment tests in 2019.

The recoverable amount of the cash generating units (CGUs) was verified by calculating the higher between the fair value net of costs to sell and the value in use.

For Fiera Milano SpA, the CGUs were defined at individual exhibition level, consistent with Group segment reporting.

In order to avoid using arbitrary allocation criteria for the impairment tests, goodwill was allocated based on appropriate groupings that are in line with Segment Reporting and reflect the Group's strategic vision, organisation and governance. More specifically, at Fiera Milano SpA, the group of CGUs "Italian Exhibitions Business" was identified and encompasses all of the activities relating to exhibitions held in the Exhibition Sites of fieramilano and fieramilanocity, which were allocated goodwill totalling Euro 70,144 thousand. Fiera Milano SpA cash flows relating to this CGU grouping achieved positive results in the impairment test and in the sensitivity analyses.

Cash flow projections beyond the time horizons of the respective business plans are generally made using the average gross operating profit for the four-year financial forecasts and reconstructing a normalised cash flow without considering changes in working capital but including maintenance and replacement investments.

Note that the terminal value is measured as a perpetual annuity obtained by capitalising the average net cash flows, as specified above, using a weighted average cost of capital (WACC) discount rate of 5.68% and taking into account a growth factor of 1.4% in line with the forecast medium/long-term inflation rate.

The WACC incorporates a cost of risk capital of 6.93% and a cost of debt of 2.53%, with a debt equal to 25% of invested capital (the average for comparable companies). The individual benchmarks were determined by using, as far as possible, publicly available sources. A rate net of taxes was used for cash flows net of taxes.

The cost of capital incorporates a risk-free rate of 1.93%, a market risk premium of 6.30% and a levered beta of 0.64, in line with the average for the sector. It also incorporates a specific risk coefficient to cover execution risk relating to the forecast cash flows.

Sensitivity analyses were carried out by varying the WACC (+0.5%) and the forecast operating cash flows (-10%) with a positive result in both cases.

A test was also carried out on the amounts resulting from the application of IFRS 16 (with determination of consistent cash flows) confirming the results achieved.

Moreover, the item "Right-of-use assets" does not generate independent cash flows; therefore, the recoverable amount, determined as the higher of value in use and fair value less the costs to sell, can only be assessed within the CGUs to which it belongs.

### 5) Intangible assets with a finite useful life

The breakdown and changes in the last two financial years are given below:

INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE	Balance at 31/12/17	Changes during the financial year						Other changes	Balance at 31/12/18
		Incr.	Decr.	Depr.	Impairment	Reclassification			
(€'000)									
<b>Industrial patents and intellectual property rights</b>									
. historic cost	37,461	550	-	-	-	-	5	298	38,314
. amortisation	36,393	-	-	665	-	-	-	298	37,356
<b>Net</b>	<b>1,068</b>	<b>550</b>	<b>-</b>	<b>665</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>958</b>
<b>Concessions, licenses and similar rights</b>									
. historic cost	3,744	385	-	-	-	-	8	-	4,137
. amortisation	3,559	-	-	119	-	-	-	-	3,678
<b>Net</b>	<b>185</b>	<b>385</b>	<b>-</b>	<b>119</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>459</b>
<b>Trademarks</b>									
. historic cost	24,443	-	-	-	-	-	-	-	24,443
. amortisation	18,540	-	-	537	-	-	-	-	19,077
<b>Net</b>	<b>5,903</b>	<b>-</b>	<b>-</b>	<b>537</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,366</b>
<b>Intangible fixed assets under construction</b>									
. historic cost	13	-	-	-	-	-	(13)	-	-
<b>Net</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13)</b>	<b>-</b>	<b>-</b>
<b>Total intangible assets with a finite useful life</b>									
. historic cost	65,661	935	-	-	-	-	-	298	66,894
. amortisation	58,492	-	-	1,321	-	-	-	298	60,111
<b>Net</b>	<b>7,169</b>	<b>935</b>	<b>-</b>	<b>1,321</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,783</b>



INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE	Balance at 31/12/18	Changes during the financial year						Balance at 31/12/19
		Incr.	Decr.	Depr.	Impairment	Reclassification	Other changes	
(€'000)								
<b>Industrial patents and intellectual property rights</b>								
. historic cost	38,314	1,146	-	-	-	-	-	39,460
. amortisation	37,356	-	-	604	-	-	-	37,960
Net	958	1,146	-	604	-	-	-	1,500
<b>Concessions, licenses and similar rights</b>								
. historic cost	4,137	656	-	-	-	-	-	4,793
. amortisation	3,678	-	-	203	-	-	-	3,881
Net	459	656	-	203	-	-	-	912
<b>Trademarks</b>								
. historic cost	24,443	2,820	-	-	-	-	-	27,263
. amortisation	19,077	-	-	658	-	-	-	19,735
Net	5,366	2,820	-	658	-	-	-	7,528
<b>Intangible fixed assets under construction</b>								
. historic cost	-	1,138	-	-	-	-	-	1,138
Net	-	1,138	-	-	-	-	-	1,138
<b>Total intangible assets with a finite useful life</b>								
. historic cost	66,894	5,760	-	-	-	-	-	72,654
. amortisation	60,111	-	-	1,465	-	-	-	61,576
<b>Net</b>	<b>6,783</b>	<b>5,760</b>	<b>-</b>	<b>1,465</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,078</b>

The breakdown and changes in the various items during the year were as follows:

#### Industrial patents and intellectual property rights

This item totalled Euro 1,500 thousand net of amortisation for the year of Euro 604 thousand. The total increase of Euro 1,146 thousand refers to costs associated with the implementation of digital projects and software purchases.

Amortisation is calculated on the estimated useful life of the asset, which is three years.

#### Concessions, licences and similar rights

This item totalled Euro 912 thousand net of amortisation for the year of Euro 203 thousand. The total increase of Euro 656 thousand refers to the acquisition of software licences with time-limited user rights.

Time-limited software licences are amortised over a period of three years.

**Trademarks**

This item totalled Euro 7,528 thousand net of amortisation for the year of Euro 658 thousand, with breakdown as follows:

- Milan Games Week	Euro 2,394 thousand;
- Host	Euro 1,466 thousand;
- Mipap Milano Prêt-à-Porter	Euro 1,377 thousand;
- Promotion Trade Exhibition	Euro 1,136 thousand;
- Transpotec & Logitec	Euro 383 thousand;
- Cartoomics	Euro 305 thousand;
- Festivity	Euro 190 thousand;
- Miart	Euro 101 thousand;
- La Campionaria	Euro 87 thousand;
- BtoBio Expo	Euro 72 thousand;
- Tuttofood	Euro 9 thousand;
- Fruit&Veg Innovation	Euro 8 thousand.

In order to further consolidate the portfolio of directly organised events, the following brands were purchased:

- Cartoomics, in the cartoon, gaming and entertainment sector, purchased on 9 July 2019 for Euro 320 thousand.
- Milan Games Week in the gaming and entertainment sector, purchased on 14 August 2019 for a total of Euro 2,500 thousand, *i.e.*, a share of 62.5%.

For the purpose of the impairment testing of trademarks to which Fiera Milano SpA assigns a finite useful life, the external and internal sources of information specified in paragraphs 12-14 of IAS 36 were examined and no signs of impairment were found.

Exhibition trademarks are amortised over a useful life of 10-20 years. The useful life of each trademark is calculated, assuming for each specific intangible asset that its presence in its reference market is ongoing, the competitive position and its operating profitability.

**Intangible fixed assets under construction**

This item totalled Euro 1,138 thousand and refers to costs incurred for the development of new company IT systems. On completion, the asset will be reclassified under the corresponding item of fixed assets and it will start to be depreciated.

## 6) Investments

The breakdown and changes during the year were as follows:

INVESTMENTS	% held 31/12/19	Book value 31/12/18	Changes during the financial year						Book value 31/12/19
			Incr.	Decr.	Extraordinary transactions effects	Reclassification	Revaluations	Write-downs	
<b>Equity investments in subsidiaries companies</b>									
Fiera Milano Congressi SpA	100%	12,200	-	-	-	-	-	-	12,200
Fiera Milano Media SpA	100%	7,618	-	-	-	-	-	-	7,618
MADE eventi Srl	60%	-	1,860	-	-	-	-	-	1,860
Nolostand SpA	100%	13,390	-	-	-	-	-	-	13,390
Cipa Fiera Milano Publicações e Eventos Ltda	99.99%	2	500	-	1,700	-	-	-	2,202
Eurofairs International Consultoria e Participações Ltda	-	800	900	-	(1,700)	-	-	-	-
Fiera Milano Exhibitions Africa Pty Ltd	100%	415	-	-	-	-	-	-	415
Fiera Milano India Pvt Ltd	99.99%	62	-	-	-	-	-	9	53
<b>Total</b>		<b>34,487</b>	<b>3,260</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>37,738</b>
<b>Equity investments in joint-ventures</b>									
Hannover Milano Global Germany GmbH	49%	10,990	-	-	-	-	-	-	10,990
Ipack Ima Srl	49%	2,407	-	-	-	-	-	-	2,407
<b>Total</b>		<b>13,397</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,397</b>
<b>Other Investments</b>									
Comitato Golden Card	33.33%	32	-	-	-	-	-	-	32
<b>Total</b>		<b>32</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32</b>
<b>Total equity investments</b>		<b>47,916</b>	<b>3,260</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>51,167</b>

The values of investments are shown net of any impairment losses.

The value and changes in investments are described below:

- On 18 April 2019, Fiera Milano SpA made a share capital increase payment of Euro 900 thousand to Eurofairs International Consultoria e Participações Ltda in order to strengthen the company's capital. This transaction is covered by the Board of Directors resolution of 19 February 2018 which approved that the financial resources of the subsidiary would be ensured through capital injections and/or loans by up to Euro 2,200 thousand. On 6 June 2019, the merger by incorporation of the company in the company CIPA Fiera Milano Publicações e Eventos Ltda took place. The merger document was signed following the resolution passed by the Board of Directors of Fiera Milano SpA on 12 February 2019 and by the Shareholders' Meetings of the owners of Eurofairs and CIPA dated 6 June 2019. This transaction resulted in an increase in the value of CIPA's interest of Euro 1,700 thousand. On 18 October 2019, the last tranche of the capital contribution, amounting to Euro 500 thousand, was paid to the subsidiary CIPA.

- On 4 July 2019, the Extraordinary Shareholders' Meeting of La Fabbrica del Libro SpA approved the liquidation of the company. On 11 November 2019, the Shareholders' Meeting approved the final liquidation statements and voluntary arrangement, recording a capital gain of Euro 49 thousand against an equity interest completely written down in the previous year.
- On 14 November 2019 the contract for the acquisition of 60% of the company MADE eventi Srl was signed. MADE eventi organises MADE expo, the two-yearly international trade fair on architecture and constructions, at the Rho exhibition site of Fiera Milano. On 5 December 2019, the closing of the transaction for the transfer of shares was signed for a total of Euro 1,860 thousand. The contractually agreed price adjustment clause had no effect because the equity conditions provided for when the company was transferred were met. The transaction follows the strategic lines of the 2018-2022 Plan, consolidating the portfolio of directly organised events in a strategic sector for Italy.

The investments in all operating companies were impairment tested at year end, and all had a positive outcome.

The investment in Fiera Milano India Pvt Ltd (a company not currently active) was adjusted to its net cash/debt position, resulting in a write-down of Euro 9 thousand.

The discounted cash flow method is used for impairment, based on financial forecasts approved by the respective Boards of Directors. The time horizon considered is four years, as several important events in the exhibition calendar have a biennial frequency. Cash flow projections beyond the time horizons of the respective financial forecasts are in all cases made using the four-year estimated average gross operating profit and reconstructing a normalised cash flow without considering changes in working capital but including maintenance and replacement investments.

The terminal value is measured as a perpetual annuity obtained by capitalising the normalised cash flow, using a discount rate calculated by reference country for the various investments. Zero growth in real terms was assumed, considering only the level of medium/long-term inflation forecast in the specific monetary area of reference. Only for Fiera Milano Media SpA, the growth factor did not take into account the medium/long-term inflation forecast and therefore appears as a negative factor in real terms.

The WACC (Weighted Average Cost of Capital) used in the measurements is different for each investment on the basis of: (i) the different risk free rate (assumed to be equal to the yield on 10-year government bond of the investment's country of reference); (ii) the different specific risk coefficient covering execution risk relating to the forecast cash flows. This risk factor reflects the figures deriving from historic deviations between forecast and final figures, as well as forward-looking assessments of business initiatives; (iii) the different cost of debt based on the expected inflation rate in the individual reference monetary areas of each investment.

A summary of the results is given below:

- Fiera Milano SpA	5.68%
- Fiera Milano Congressi SpA	5.68%
- Fiera Milano Media SpA	7.18%
- Ipack-Ima Srl	5.68%
- Nolostand SpA	5.68%
- Cipa Fiera Milano Publicações e Eventos Ltda	10.39%
- Fiera Milano Exhibitions Africa Pty Ltd	11.26%
- Hannover Milano Global Germany GmbH	5.99%

Sensitivity analyses were carried out by varying the WACC (+0.5%) and the forecast operating cash flows (-10%) with a positive result in both cases.

**7) Trade and other receivables**

This item totalled Euro 11,163 thousand (Euro 11,424 thousand at 31 December 2018), of which Euro 92 thousand due beyond five years, with breakdown as follows:

	31/12/19	31/12/18	Change
<b>TRADE AND OTHER RECEIVABLES</b>			(€'000)
Other receivables from the controlling shareholder	11,071	11,335	(264)
Other guarantee deposits	92	89	3
<b>Total</b>	<b>11,163</b>	<b>11,424</b>	<b>(261)</b>

The item includes:

- other receivables from the controlling entity of Euro 11,071 thousand (Euro 11,335 thousand at 31 December 2018). Euro 10,412 thousand was for the guarantee deposit under the lease agreements for the two exhibitions sites of Rho and Milan. This amount is equivalent to the combined quarterly rent on the two leases. The remainder of Euro 659 thousand refers to the medium/long-term portion of the receivable from the right to reimbursement by Fondazione Fiera Milano of the guarantee deposit paid on the two previous leases, partly offset against the amount payable by Fiera Milano SpA as guarantee deposit on the new leases. This receivable will be repaid by Fondazione Fiera Milano in six-monthly instalments over the term of the lease, offset against the lease payments due from Fiera Milano SpA;
- other guarantee deposits totalling Euro 92 thousand (Euro 89 thousand at 31 December 2018).

Trade and other receivables included Euro 11,071 thousand (Euro 11,335 thousand at 31 December 2018) for related-party transactions. Note 42 provides further details on such transactions.

## CURRENT ASSETS

### 8) Trade and other receivables

	31/12/19	31/12/18	(€'000) Change
<b>TRADE AND OTHER RECEIVABLES</b>			
Receivables from clients	18,100	21,880	(3,780)
Trade receivables from subsidiaries	2,144	2,068	76
Trade receivables from joint venture	45	21	24
Other receivables	1,321	898	423
Other receivables from the controlling shareholder	1,493	3,274	(1,781)
Prepaid expenses	987	315	672
Prepaid expenses from the controlling shareholder	115	2,604	(2,489)
Prepaid expenses from subsidiaries	14	10	4
Prepaid expenses from joint venture	-	1	(1)
<b>Total</b>	<b>24,219</b>	<b>31,071</b>	<b>(6,852)</b>

This item totalled Euro 24,219 thousand (Euro 31,071 thousand at 31 December 2018), with breakdown as follows:

- trade receivables due from customers totalled Euro 18,100 thousand (Euro 21,880 thousand at 31 December 2018), net of the provision for doubtful receivables of Euro 2,499 thousand. They comprised receivables from organisers, exhibitors and others for providing the exhibition site and services for exhibitions. The change is mainly due to the dynamics of invoicing and inflows related to the exhibition calendar.

The figure for receivables was adjusted for the provision for doubtful receivables in order to bring the nominal value of the receivables that were deemed difficult to recover in line with the estimated recoverable amount. Use of the provision refers to receivables that, in the financial year under review, were found to be unrecoverable.

The change in this provision during the year was as follows:

	31/12/18	Provisions	Utilisation	(€'000) 31/12/19
Provision for doubtful receivables	3,582	271	1,354	2,499

- Trade receivables from subsidiaries of Euro 2,144 thousand (Euro 2,068 thousand at 31 December 2018). These were trade receivables and are settled at arm's length.

The services provided are part of the organisation and management of exhibitions and other events at the exhibition site.

- Other receivables of Euro 1,321 thousand (Euro 898 thousand at 31 December 2018). These included VAT receivables for Euro 471 thousand of the liquidated company La Fabbrica del Libro SpA allocated to Fiera Milano SpA following the approval of the voluntary arrangement by the shareholders, receivables for tax advances on employee severance indemnities for Euro 311 thousand, IRES receivables for Euro 132 thousand, INAIL advances and receivable for Euro 105 thousand, other tax receivables for Euro 12 thousand, receivable from employees for Euro 106 thousand, advances to suppliers for Euro 133 thousand and other current receivables for Euro 51 thousand.

- Other receivables from the controlling entity of Euro 1,493 thousand (Euro 3,274 thousand at 31 December 2018). The change refers mainly to lower receivables for investment projects coordinated and managed by Fiera Milano SpA, support for which was planned by the controlling entity Fondazione Fiera Milano as part of the plan for competitiveness and sustainability of the exhibition structures.
- Prepayments for Euro 987 thousand (Euro 315 thousand at 31 December 2018). These refer to insurance premiums and other accruals, and to costs incurred by year end but pertaining to the following year.
- Prepayments from the controlling entity of Euro 115 thousand (Euro 2,604 thousand at 31 December 2018). The change mainly refers to the reclassification of prepayments relating to the lease contract under the item "Right-of-use assets" deriving from the application of the new IFRS 16 in force from 1 January 2019 as better specified in section 1 "Accounting standards and criteria used to prepare the Financial Statements".

Trade and other receivables included Euro 3,811 thousand (Euro 7,978 thousand at 31 December 2018) for related-party transactions. Note 42 provides further details on such transactions.

### 9) Inventories

This item includes deferred costs for Euro 1,088 thousand (Euro 2,786 thousand at 31 December 2018) in relation to events to be held after 31 December 2019.

	31/12/19	31/12/18	Change
<b>INVENTORIES</b>			
HOMI I semester	227	176	51
Miart	190	204	(14)
Bit	172	228	(56)
Cartoomics	121	-	121
Tuttofood	105	1,192	(1,087)
Host	30	523	(493)
Transpotec & Logitec	2	106	(104)
Other	241	357	(116)
<b>Total</b>	<b>1,088</b>	<b>2,786</b>	<b>(1,698)</b>

The change refers mainly to costs incurred during the year for exhibitions which, in relation to the different exhibitions calendar, were not held the previous year.

Inventories included Euro 210 thousand (Euro 618 thousand at 31 December 2018) for related-party transactions. Note 42 provides further details on such transactions.

**10) Financial assets**

This item totalled Euro 1,605 thousand (Euro 2,961 thousand at 31 December 2018) and the breakdown was as follows:

	31/12/19	31/12/18	Change
<b>FINANCIAL ASSETS</b>			(€'000)
Current financing from subsidiaries and joint venture	1,605	2,961	(1,356)
<b>Total</b>	<b>1,605</b>	<b>2,961</b>	<b>(1,356)</b>

This item includes financing activities with a number of subsidiaries and joint ventures. These transactions are settled at arm's length and include:

- a Euro 300 thousand loan granted to the subsidiary MADE eventi Srl. The interest rate applied is 1.35%;
- a Euro 1,305 thousand loan granted to the joint venture company Ipack Ima Srl. The interest rate applied is 1.50%.

The entire item refers to related-party transactions (Euro 2,961 thousand at 31 December 2018). Note 42 provides further details on such transactions.

**11) Cash and cash equivalents**

This item totalled Euro 63,946 thousand (Euro 16,986 thousand at 31 December 2018) and referred almost entirely to short-term bank deposits.

	31/12/19	31/12/18	Change
<b>CASH AND CASH EQUIVALENTS</b>			(€'000)
Bank and postal accounts	63,919	16,956	46,963
Cheques	9	18	(9)
Cash and cash equivalents	18	12	6
<b>Total</b>	<b>63,946</b>	<b>16,986</b>	<b>46,960</b>

The cash flows, with comparative data at 31 December 2018, are shown in the Statement of Cash Flows.



## EQUITY AND LIABILITIES

### 12) Equity

The breakdown of equity was as follows:

EQUITY	31/12/19	31/12/18	Change
Share capital	41,645	41,645	-
<i>of which treasury shares</i>	(800)	(800)	-
Share premium reserve	7,625	7,680	(55)
<i>of which treasury shares</i>	(3,204)	(3,204)	-
Other reserves	10,059	9,338	721
Retained profits/(losses)	7,250	53	7,197
Profit/(loss) for the year	32,794	16,561	16,233
<b>Equity</b>	<b>99,373</b>	<b>75,277</b>	<b>24,096</b>

(€'000)

The amounts and changes in the items compared to 31 December 2018 were as follows:

### Share capital

At 31 December 2019, the share capital was Euro 41,645 thousand (Euro 41,645 thousand at 31 December 2018), net of Euro 800 thousand for treasury shares. The fully paid-up share capital was made up of 71,917,829 ordinary shares with no restrictions on dividend distribution and repayment of share capital, except as provided by law for treasury shares.

A breakdown of the shares outstanding is shown in the following table:

	Number of shares at 31 December 2018	Capital increase	Purchase	Sale	Number of shares at 31 December 2019
Ordinary shares in issue	71,917,829	-	-	-	71,917,829
Treasury shares	939,018	-	-	-	939,018
Total shares outstanding	70,978,811	-	-	-	70,978,811

In accordance with IAS/IFRS, the nominal value of treasury shares acquired in previous years was recorded as a direct decrease in share capital whilst the difference between the purchase value and nominal value of treasury shares directly reduced the share premium reserve.

The Company's Extraordinary Shareholders' Meeting of 31 July 2015, at the same time as approving the share capital increase, also approved the cancellation of the nominal value of the shares representing the share capital. Therefore, since that date the nominal value is calculated by dividing the share capital by the number of shares outstanding. At 31 December 2019, this gave an implicit nominal value of Euro 0.59 per share.

**Share-premium reserve**

The share premium reserve was Euro 7,625 thousand (Euro 7,680 thousand at 31 December 2018) net of the Euro 3,204 thousand reserves for treasury shares.

The change in the period is the result of the release of deferred tax assets for the deductible portion of accessory costs for the share capital increase in 2015, which in application of IAS 32 were recorded as a direct decrease in equity, net of the related tax effect.

**Other reserves**

This item totalled Euro 10,059 thousand (Euro 9,338 thousand at 31 December 2018) and the breakdown was as follows:

- Euro 8,489 thousand (Euro 8,489 thousand at 31 December 2018) for the legal reserve;
- Euro 1,570 thousand (849 thousand at 31 December 2018) from the stock grant reserve in relation to the estimated cost of the Performance Shares Plan included in the 2018-2019 management incentives plan.

**Retained earnings**

The retained earnings were Euro 7,250 thousand (Euro 53 thousand at 31 December 2018). The change of Euro 7,197 thousand was due to the increase of Euro 7,334 thousand deriving from the Shareholders' Meeting resolution of 18 April 2019, by which it was decided to carry forward the remaining profit for 2018 and the decrease of Euro 137 thousand to be attributed to the remeasurement of defined benefit plans net of tax effects.

**Profit/loss for the year**

At 31 December 2019 the profit for the year was Euro 32,794 thousand. A net profit of Euro 16,561 thousand was recorded in the previous year.

The table below gives a breakdown of equity and shows the possible uses and amounts available for distribution for each component, as well as any use made in previous financial years.

EQUITY AVAILABLE AND EQUITY AVAILABLE FOR DISTRIBUTION	Balance	Possible uses	Amount available	Summary of uses in the three previous financial years	
				to cover losses	for other reasons
<b>Share capital</b>	41,645				
<i>of which treasury shares</i>	800				
<b>Capital reserves:</b>					
Share-premium reserve	7,625	A,B,C	7,625	26,178	
Other reserves	8,489	B	-	-	
Other reserves (reserves for stock grant)	1,570	-	-	-	
<b>Reserves for earnings:</b>					
Other reserves	-	-	-	-	
Retained earnings	7,250	A,B,C	7,250	-	
Profit (loss) for the year	32,794	-	-		
<b>Total</b>	<b>99,373</b>		<b>14,875</b>	<b>26,178</b>	
Amount unavailable for distribution (share-premium reserve)			-		
Remainder available for distribution			<b>14,875</b>		

**Key**

A: for capital increase

B: to cover losses

C: for distribution to shareholders

## LIABILITIES

## NON-CURRENT LIABILITIES

## 13) Financial payables related to right-of-use assets

This item totalled Euro 405,611 thousand (zero at 31 December 2018), with breakdown as follows:

FINANCIAL LIABILITIES RELATED TO THE RIGHT-OF-USE OF ASSETS			(€'000)
	31/12/19	31/12/18	Change
Financial liabilities related to the right-of-use of assets	405,611	-	405,611
<b>Total</b>	<b>405,611</b>	-	<b>405,611</b>

It refers to the medium/long-term portion of the lease liability. The liability refers to the obligation to make the payments provided for by the lease contracts for properties and cars deriving from the application of the new IFRS 16 in force as from 1 January 2019. Section 1 "Accounting standards and criteria used to prepare the financial statements" provides further details.

The item Financial payables related to right-of-use assets includes related-party transactions of Euro 405,429 thousand (zero at 31 December 2018). Note 42 provides further details on such transactions.

## 14) Provisions for risks and charges

PROVISIONS FOR RISKS AND CHARGES				(€'000)
	31/12/18	Provisions	Utilisation	31/12/19
Other provisions for risks and charges	408	1,100	-	1,508
<b>Total</b>	<b>408</b>	<b>1,100</b>	-	<b>1,508</b>

This item totalled Euro 1,508 thousand (Euro 408 thousand at 31 December 2018) and referred to provisions for other risks of outlay on legal disputes with suppliers, in particular contractual terminations and damages, calculated on the basis of their presumed outcome, through internal assessments and with support from external legal advisors.

**15) Employee benefit provisions**

This item totalled Euro 4,418 thousand (Euro 4,847 thousand at 31 December 2018).

Employee benefit provisions, calculated using actuarial methods, were for employee severance indemnities that had accrued at 31 December 2006 and with breakdown as follows:

					(€'000)
<b>EMPLOYEE BENEFIT PROVISIONS</b>	<b>31/12/18</b>	<b>Actuarial evaluation</b>	<b>Indemnities and advances paid</b>	<b>Other movements</b>	<b>31/12/19</b>
Defined benefit plans	4,847	249	817	139	4,418
<b>Total</b>	<b>4,847</b>	<b>249</b>	<b>817</b>	<b>139</b>	<b>4,418</b>

**ACTUARIAL EVALUATION**

(€'000)

Financial expenses:	
- Actuarial loss	69
Other comprehensive income:	
- Remeasurement of defined benefit plans	180
<b>Total</b>	<b>249</b>

The Company uses a duly certified professional to determine the actuarial amounts.

The main hypotheses/assumptions used in the actuarial calculations for the defined benefit plans were as follows.

**DEMOGRAPHIC ASSUMPTIONS**

Mortality rate	Based on the ISTAT 2011 mortality tables by gender to which has applied a 20% falling mortality connected
Probability of disability	Based on the disability tables used in the INPS 2010 forecast model
Probability of termination of employment	Based on the probable employee turnover rate equal to 5% per annum of the companies being valued
Retirement probability	Assumption that the basic requirements needed to receive the compulsory general insurance ( <i>Assicurazione Generale Obbligatoria</i> ) were met
Probability of early retirement	Assumption of 3% per annum and an average amount of 70% of the staff-leaving indemnities of all the companies valued.

<b>ECONOMIC AND FINANCIAL ASSUMPTION FOR CALCULATION OF SEVERANCE INDEMNITY PROVISIONS</b>	<b>31/12/19</b>	<b>31/12/18</b>
Technical discount rate	0.70%	1.55%
Annual inflation rate	1.00%	1.50%
Annual rate of increase in severance indemnity provisions	2.62%	2.62%

The discount rate was calculated with reference to the Eurozone Iboxx Corporate AA index for a period equal to or greater than 10 years.

The following table gives a sensitivity analysis for the liability for defined benefit plans as changes arise in the main assumptions used.

(Euro '000)				
<b>ECONOMIC AND FINANCIAL ASSUMPTIONS</b>	<b>Range</b>	<b>Base figure (excluding the CEO's termination benefit)</b>	<b>Increase in assumptions</b>	<b>Decrease in assumptions</b>
Annual technical discount rate	+/- 0.5%	4,418	4,236	4,612
Annual rate of increase in total employees salary	+/- 0.5%	4,418	4,418	4,418
<b>Economic and financial assumptions</b>				
Life expectancy	+/- 1 year	4,418	4,440	4,396

#### 16) Deferred tax liabilities

This item totalled Euro 6,465 thousand (Euro 3,100 thousand at 31 December 2018) and is the net balance of deferred tax assets and deferred tax liabilities.

An analysis of the changes in deferred taxes is given in Note 40 to the Income Statement.

## CURRENT LIABILITIES

### 17) Bank borrowings

This item was zero (Euro 3,514 thousand at 31 December 2018).

Credit lines with covenants included that from Banca Nazionale del Lavoro SpA, which was for advances on domestic receivables. Under the agreement for the credit line, each year Fiera Milano SpA channels through the bank commercial cash inflows in the form of payments, bank transfers, POS payments and notice payment forms (MAV) for an amount equal to the nominal amount of the credit line. At 31 December 2019, this credit line had not been used;

### 18) Trade payables

This item totalled Euro 25,310 thousand (Euro 19,857 thousand at 31 December 2018). Trade payables were mainly to Italian suppliers, most of which for the purchase of services required to mount the exhibitions that is the core business of the Company. The change is mainly due to the greater business volume related to the more favourable exhibition calendar in the fourth quarter of 2019.

### 19) Advances

This item totalled Euro 38,672 thousand (Euro 41,743 thousand at 31 December 2018) and represent advances invoiced to customers for events to be held in the next year. Revenue recognition is delayed until the exhibition is held.

The table below gives a breakdown by exhibition. The change in advances compared to the previous year can be explained by the biennial and multi-annual frequency of some exhibitions.

	(€'000)		
<b>ADVANCES</b>	<b>31/12/19</b>	<b>31/12/18</b>	<b>Change</b>
Mostra Convegno Expocomfort	8,681	886	7,795
HOMI I semester	8,213	10,466	(2,253)
Host	3,381	6,460	(3,079)
Micam Spring	3,109	3,875	(766)
Mido	2,608	3,103	(495)
Salone del mobile/Complemento d'arredo	2,354	2,046	308
Lineapelle I semester	1,500	1,503	(3)
Homi Fashion&Jewels	1,231	-	1,231
Milano Unica Spring	938	1,134	(196)
Promotiontrade exhibition	887	820	67
Simac Tanning-Tech	662	709	(47)
Tuttofood	598	3,442	(2,844)
The One Milano	487	636	(149)
Eurocucina	487	-	487
CPHl	462	-	462
Bimu	409	-	409
Bit	318	571	(253)
Myplant & Garden	317	291	26
Salone Internazionale del Bagno	277	-	277
Xylexpo	262	-	262
Venditalia	261	-	261
Sposaitalia	212	371	(159)
Ipacck-Ima	194	-	194
Miart	159	115	44
Cartoomics	153	-	153
Mipel Spring	143	202	(59)
Transpotec & Logitec	-	1,731	(1,731)
Sicurezza	-	893	(893)
Made Expo	-	653	(653)
Euroluce	-	469	(469)
Lamiera	-	379	(379)
Simei	-	279	(279)
Versilia Yachting Rendez-Vous	-	237	(237)
Packaging Première	-	170	(170)
Made in Steel	-	128	(128)
Other	369	174	195
<b>Total</b>	<b>38,672</b>	<b>41,743</b>	<b>(3,071)</b>

This item included Euro 222 thousand (Euro 29 thousand at 31 December 2018) for related-party transactions. Note 42 provides further details on such transactions.

**20) Financial payables related to right-of-use assets**

This item totalled Euro 29,627 thousand (zero at 31 December 2018), with breakdown as follows:

<b>FINANCIAL LIABILITIES RELATED TO THE RIGHT-OF-USE OF ASSETS</b>	<b>31/12/19</b>	<b>31/12/18</b>	<b>Change</b>
Financial liabilities related to the right-of-use of assets	29,627	-	29,627
<b>Total</b>	<b>29,627</b>	<b>-</b>	<b>29,627</b>

(€ '000)

It refers to the short-term portion of the lease liability. The liability refers to the obligation to make the payments provided for by the lease contracts for properties and cars deriving from the application of the new IFRS 16 in force as from 1 January 2019. Section 1 "Accounting standards and criteria used to prepare the financial statements" provides further details.

The item Financial payables related to right-of-use assets includes related-party transactions of Euro 29,464 thousand (zero at 31 December 2018). Note 42 provides further details on such transactions.

**21) Other financial liabilities**

This item totalled Euro 15,401 thousand (Euro 5,969 thousand at 31 December 2018) and the breakdown was as follows:

<b>OTHER FINANCIAL LIABILITIES</b>	<b>31/12/19</b>	<b>31/12/18</b>	<b>Change</b>
Financial payables to the controlling shareholder	449	678	(229)
Financial payables to the subsidiaries	14,952	5,291	9,661
<b>Total</b>	<b>15,401</b>	<b>5,969</b>	<b>9,432</b>

(€ '000)

The item "Financial payables to the controlling entity" refers to the balance in the correspondent current account held with Fondazione Fiera Milano. The fixed rate was equal to the 1-month Euribor plus a spread of 0.75%.

The item "Financial payables to the subsidiaries" refers to the balance in the correspondent current account held with the following subsidiaries:

- Fiera Milano Congressi SpA for Euro 10,874 thousand;
- Fiera Milano Media SpA for Euro 1,112 thousand;
- Nolostand SpA for Euro 2,966 thousand.

These current accounts originate from the cash pooling contracts signed on 22 November 2018, effective from 10 December 2018, and show daily balances subject to offsetting among the companies. The 3-month Euribor rate is applied (with zero floor) plus a spread updated quarterly to the market value.

The entire item refers to related-party transactions (Euro 5,969 thousand at 31 December 2018). Note 42 provides further details on such transactions.



**22) Provisions for risks and charges**

(€ '000)

<b>PROVISIONS FOR RISKS AND CHARGES</b>	<b>31/12/18</b>	<b>Provisions</b>	<b>Utilisation</b>	<b>31/12/19</b>
Loss on exhibitions	-	500	-	500
"Palazzo Italia" Berlin project	197	-	197	-
Other provisions for risks and charges	3,792	1,219	4,034	977
<b>Total</b>	<b>3,989</b>	<b>1,719</b>	<b>4,231</b>	<b>1,477</b>

This item totalled Euro 1,477 thousand (Euro 3,989 thousand at 31 December 2018), with breakdown as follows:

- Euro 500 thousand (zero at 31 December 2018) to cover the expected negative margin on a loss-making event in 2020;
- Euro 977 thousand (Euro 3,792 thousand at 31 December 2018) for risks relating to the estimated probable liabilities associated mainly with the corporate reorganisation.

**23) Tax liabilities**

This item totalled Euro 2,262 thousand (Euro 1,313 thousand at 31 December 2018).

(€ '000)

<b>TAX LIABILITIES</b>	<b>31/12/19</b>	<b>31/12/18</b>	<b>Change</b>
Income tax payable in the financial year	1,172	136	1,036
Income tax (IRPEF) payable for employees	955	1,084	(129)
Income tax (IRPEF) payable for temporary employees and project workers	118	71	47
Other tax liabilities	17	22	(5)
<b>Total</b>	<b>2,262</b>	<b>1,313</b>	<b>949</b>

The change mainly refers to the increase in current IRAP taxes for the year net of advances paid.

**24) Other liabilities**

This item totalled Euro 38,624 thousand (Euro 33,081 thousand at 31 December 2018).

	(€'000)		
<b>OTHER LIABILITIES</b>	<b>31/12/19</b>	<b>31/12/18</b>	<b>Change</b>
Trade payables to subsidiaries	12,126	13,245	(1,119)
Trade payables to joint venture	428	174	254
Other payables to the controlling shareholder	129	201	(72)
Payables to controlling shareholder for tax consolidation	5,732	297	5,435
Payables to subsidiaries for tax consolidation	134	134	0
Payables to the controlling shareholder for Group VAT	351	1,794	(1,443)
Payables to pension and social security entities	1,753	1,576	177
Payables to directors and statutory auditors	34	28	6
Payables to employees	6,641	7,334	(693)
Payables to exhibition organisers and others	10,949	8,082	2,867
Payables to exhibition organisers in joint venture	18	-	18
Deferred income	205	152	53
Deferred income to subsidiaries	30	-	30
Deferred income in joint venture	30	-	30
Deferred income to associates	64	64	-
<b>Total</b>	<b>38,624</b>	<b>33,081</b>	<b>5,543</b>

Other liabilities included Euro 19,042 thousand (Euro 15,909 thousand at 31 December 2018) for related-party transactions. Note 42 provides further details on such transactions.

**25) Financial assets and liabilities**

At 31 December 2019, the Company had net financial debt including IFRS 16 lease liability of Euro 385,088 thousand (net cash of Euro 10,464 thousand at 31 December 2018), as detailed in the table below. Where applicable, each item indicates the portion referring to related parties.

	31/12/19	31/12/18	Change
(€'000)			
<b>NET FINANCIAL POSITION</b>			
A. Cash (including bank balances)	63,946	16,986	46,960
B. Other cash equivalents	-	-	-
C. Securities held for trading	-	-	-
<b>D. Cash and cash equivalents (A+B+C)</b>	<b>63,946</b>	<b>16,986</b>	<b>46,960</b>
<b>E. Current financial assets</b>	<b>1,605</b>	<b>2,961</b>	<b>(1,356)</b>
- E.1 of which current financial receivables from the controlling shareholder	-	-	-
- E.2 of which current financial receivables from the subsidiaries and joint ventures	1,605	2,961	(1,356)
F. Current bank borrowings	-	11	(11)
G. Current portion of non-current debt	-	3,503	(3,503)
H. Other current financial liabilities	15,401	5,969	9,432
- H.1 of which current financial payables to the controlling shareholder	449	678	(229)
- H.2 of which current financial payables to the subsidiaries	14,952	5,291	9,661
<b>I. Current financial debt (F+G+H)</b>	<b>15,401</b>	<b>9,483</b>	<b>5,918</b>
<b>J. Net current financial debt (cash) (I-E-D)</b>	<b>(50,150)</b>	<b>(10,464)</b>	<b>(39,686)</b>
K. Non-current bank borrowings	-	-	-
L. Debt securities in issue	-	-	-
M. Other non-current liabilities	-	-	-
<b>N. Non-current net financial debt (K+L+M)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net financial debt (cash) from continuing operations (J+N)</b>	<b>(50,150)</b>	<b>(10,464)</b>	<b>(39,686)</b>
<b>Net financial debt (cash) from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>O. Net financial debt/(cash) before IFRS 16 effects</b>	<b>(50,150)</b>	<b>(10,464)</b>	<b>(39,686)</b>
P. Current financial liabilities related to the right of use of assets	29,627	-	29,627
- P.1 of which current financial liabilities related to the right-of-use assets to the controlling shareholder	29,464	-	29,464
Q. Non-current financial liabilities related to the right of use of assets	405,611	-	405,611
- Q.1 of which non-current financial liabilities related to the right-of-use assets to the controlling shareholder	405,429	-	405,429
<b>IFRS 16 financial effects</b>	<b>435,238</b>	<b>-</b>	<b>435,238</b>
<b>R. Total net financial debt/(cash) (P+Q+R)</b>	<b>385,088</b>	<b>(10,464)</b>	<b>395,552</b>

Net financial position not including IFRS 16 lease liabilities showed net cash at 31 December 2019 of Euro 50,150 thousand, compared to net cash of Euro 10,464 thousand at 31 December 2018, recording an increase of Euro 39,686 thousand.

The increase, also considering the distribution of dividends, is due to the positive cash flow from operations.

Additional information on the financial instruments of the Company is given below to enable a better assessment of:

- a) the importance of the financial instruments to the Statement of Financial Position and Income Statement;
- b) the extent and type of risks deriving from the financial instruments to which the Company was exposed during the current and previous financial years and the relevant risk management procedures.

#### Classes of financial instruments

The items in the Statement of Financial Position and the types of risk related to financial instruments at 31 December 2019 and 31 December 2018 are shown in the following table:

RISK CLASS (€'000)	Notes	Balance at 31/12/19	Balance at 31/12/18	Liquidity risk	Interest rate risk	Credit risk
<b>NON-CURRENT ASSETS</b>						
1) Trade and other receivables	7	11,163	11,424			X
<b>CURRENT ASSETS</b>						
2) Trade and other receivables	8	24,219	31,071			X
3) Current financial assets	10	1,605	2,961	X		X
4) Cash and cash equivalents	11	63,946	16,986			
<b>NON-CURRENT LIABILITIES</b>						
5) Bank borrowings		-	-			
6) Financial liabilities related to the right-of-use of assets	13	405,611	-	X	X	
<b>CURRENT LIABILITIES</b>						
7) Bank borrowings	17	-	3,514	X	X	
8) Trade payables	18	25,310	19,857	X		
9) Financial liabilities related to the right-of-use of assets	20	29,627	-	X	X	
10) Other financial liabilities	21	15,401	5,969	X	X	
11) Other current liabilities	24	38,624	33,081	X		

**Significance of financial instruments**

Financial instruments and their relative significance, as regards the Statement of Financial Position and Income Statement at 31 December 2018 and 31 December 2019, are shown in the following tables:

<b>FINANCIAL ASSETS AND LIABILITIES SHOWN IN THE ACCOUNTS</b> (€'000)	Notes	FY 31/12/18	Assets measured at fair value through profit & loss (FVPTL)	Liabilities measured at amortised cost (HTC)	Assets measured at fair value through OCI reserve (FVOCI)	Assets measured at amortised cost (HTC)	Fair value	Impact on Income Statement
<b>NON-CURRENT ASSETS</b>								
1) Trade and other receivables	7	11,424	-	-	-	11,424	11,424	35
<b>CURRENT ASSETS</b>								
2) Trade and other receivables	8	31,071	-	-	-	31,071	31,071	(24)
3) Current financial assets	10	2,961	-	-	-	2,961	2,961	59
4) Cash and cash equivalents	11	16,986	-	-	-	16,986	16,986	77
<b>NON-CURRENT LIABILITIES</b>								
5) Bank borrowings		-	-	-	-	-	-	(163)
6) Financial liabilities related to the right-of-use of assets	13	-	-	-	-	-	-	-
<b>CURRENT LIABILITIES</b>								
7) Bank borrowings	17	3,514	-	3,514	-	-	3,514	(24)
8) Trade payables	18	19,857	-	19,857	-	-	19,857	-
9) Financial liabilities related to the right-of-use of assets	20	-	-	-	-	-	-	-
10) Other financial liabilities	21	5,969	-	5,969	-	-	5,969	(12)
11) Other current liabilities	24	33,081	-	32,650	-	-	33,081	-

(€'000)	Notes	FY 31/12/19	Assets measured at fair value through profit & loss (FVPTL)	Liabilities measured at amortised cost (HTC)	Assets measured at fair value through OCI reserve (FVOCI)	Assets measured at amortised cost (HTC)	Fair value	Impact on Income Statement	
<b>NON-CURRENT ASSETS</b>									
1)	Trade and other receivables	7	11,163	-	-	-	11,163	11,163	93
<b>CURRENT ASSETS</b>									
2)	Trade and other receivables	8	24,219	-	-	-	24,219	24,219	(250)
3)	Current financial assets	10	1,605	-	-	-	1,605	1,605	28
4)	Cash and cash equivalents	11	63,946	-	-	-	63,946	63,946	129
<b>NON-CURRENT LIABILITIES</b>									
5)	Bank borrowings		-	-	-	-	-	-	-
6)	Financial liabilities related to the right-of-use of assets	13	405,611	-	405,611	-	-	405,611	(12,501)
<b>CURRENT LIABILITIES</b>									
7)	Bank borrowings	17	-	-	-	-	-	-	30
8)	Trade payables	18	25,310	-	25,310	-	-	25,310	-
9)	Financial liabilities related to the right-of-use of assets	20	29,627	-	29,627	-	-	29,627	-
10)	Other financial liabilities	21	15,401	-	15,401	-	-	15,401	(78)
11)	Other current liabilities	24	38,624	-	32,758	-	-	38,624	-

As shown in the above tables, the carrying amount of financial assets and liabilities is a reasonable approximation of their fair value; financial instruments include guarantee deposits under lease agreements and borrowings and non-current instruments. The financial instruments are classifiable under Level 3 of the fair value hierarchy of IFRS 13.

Changes in liabilities due to financing activities are shown in the following table:

CHANGES IN LIABILITIES FROM FINANCING ACTIVITIES	31/12/18	adoption IFRS 16 01/01/19	Changes in financial flows			31/12/19
			Increase	Decrease	exchange rate effect	
Financial liabilities related to the right-of-use of assets	-	451,591	-	-	(45,980)	405,611
<b>Total change in non-current financial payables</b>	-	<b>451,591</b>	-	-	<b>(45,980)</b>	<b>405,611</b>
Credit lines	11	-	-	11	-	-
Bank loans	3,503	-	28	3,531	-	-
Financial liabilities related to the right-of-use of assets	-	29,404	-	29,404	29,627	29,627
Current financial debt with the controlling shareholder	678	-	69,671	69,900	-	449
Current financial debt with the subsidiaries	5,291	-	32,254	22,593	-	14,952
<b>Total change in current financial payables</b>	<b>9,483</b>	<b>29,404</b>	<b>101,953</b>	<b>125,439</b>	<b>29,627</b>	<b>45,028</b>
<b>Total liabilities from financing activities</b>	<b>9,483</b>	<b>480,995</b>	<b>101,953</b>	<b>125,439</b>	<b>(16,353)</b>	<b>450,639</b>

## 26) Financial and market risk management

The main financial instruments of the Fiera Milano SpA are bank borrowings, short-term demand deposits and current financial payables from the controlling entity Fondazione Fiera Milano.

The Company has a favourable cash management cycle from the business of renting exhibition space to organisers and offering administrative and cash management services, receiving on behalf of the organisers everything that the exhibitors pay the organiser. After collection and based on the contractual agreements, Fiera Milano SpA retrocedes to the organiser what is its due and keeps the payment for the spaces rented at the exhibition sites and for the services provided. Suppliers of goods and services are instead paid under payment terms adopted as common practice. This system allows the Company to collect its payments in advance, generating negative working capital which, in turn, leads to a cash surplus.

The Company is exposed to the following main types of risk.

### 26.1 Credit risk

Credit risk is represented by Fiera Milano SpA's exposure to potential losses from the non-fulfilment of obligations undertaken by counterparties. Credit risk is adequately monitored, also in relation to the cash management cycle that characterises the Company business. Fiera Milano SpA hosts and organises exhibitions that are leaders in their sector and, therefore, the loyalty of exhibitors is very high. The current system means that all amounts collected from exhibitors flow into Fiera Milano SpA accounts, which then pays the amounts due to its customers/organisers.

Three different categories of credit risk have been identified: organisers, exhibitors and other receivables.

The first risk category is represented by the exhibition **organisers**; the receivables included in this category are considered to represent the lowest risk as the Company manages the cash flows of all the exhibitions at its two sites. Provisions for doubtful receivables in this class are minimal in comparison to the collection volumes and refer mainly to a few receivables that are proving difficult to recover.

The second risk category is the **exhibitors**; the receivables from this category are considered medium risk as exhibitors normally have to make payment before the end of the exhibition.

The third risk category is **other receivables**, which mainly comprises exhibition-related activities (stand-fitting, congresses, promotions, Internet services) and activities that are not exhibition-related (sponsorship, advertising, etc.). For these receivables, collection is based on normal invoice payment conditions.

Specific guarantees can be used as a further means of mitigating credit risk.

The categories of credit risk at 31 December 2018 and at 31 December 2019 and the breakdown of past due amounts are shown in the following tables:

(€'000)	FY 31/12/18 Receivables	Due	Overdue	Breakdown of late payments (days)				Provision
Class				0-90	91-180	181-270	>270	
Organisers	7,294	6,625	2,241	629	-	-	1,612	1,572
Exhibitors	11,551	10,450	2,108	877	105	107	1,019	1,007
Other	8,135	6,875	2,263	926	70	53	1,214	1,003
<b>Total</b>	<b>26,980</b>	<b>23,950</b>	<b>6,612</b>	<b>2,432</b>	<b>175</b>	<b>160</b>	<b>3,845</b>	<b>3,582</b>

(€'000)	FY 31/12/19 Receivables	Due	Overdue	Breakdown of late payments (days)				Provision
Class				0-90	91-180	181-270	>270	
Organisers	4,531	1,857	4,197	2,746	-	-	1,451	1,523
Exhibitors	9,217	7,777	2,198	874	245	339	740	758
Other	7,770	6,443	1,545	1,064	7	31	443	218
<b>Total</b>	<b>21,518</b>	<b>16,077</b>	<b>7,940</b>	<b>4,684</b>	<b>252</b>	<b>370</b>	<b>2,634</b>	<b>2,499</b>

The provision for doubtful receivables is based on presumed recoverability, using internal assessments supported by those of external legal consultants.

Changes in the provision for doubtful receivables at 31 December 2018 and 31 December 2019 by risk category are shown in the following tables:

(€'000)	FY 31/12/17 Provision	Provisions	Utilisation	FY 31/12/18 Provision
Organisers	1,695	85	208	1,572
Exhibitors	1,414	16	423	1,007
Other	1,287	145	429	1,003
<b>Total</b>	<b>4,396</b>	<b>246</b>	<b>1,060</b>	<b>3,582</b>

(€'000)	FY 31/12/18 Provision	Provisions	Utilisation	FY 31/12/19 Provision
Organisers	1,572	-	49	1,523
Exhibitors	1,007	203	452	758
Other	1,003	68	853	218
<b>Total</b>	<b>3,582</b>	<b>271</b>	<b>1,354</b>	<b>2,499</b>

## 26.2 Liquidity risk

Although the Company has taken measures to ensure that it has adequate levels of working capital and liquidity, a drop in business volumes caused by the seasonal and cyclic nature of the exhibition business could affect its financial results and its ability to generate cash flows.

In this respect, note the performance of the net debt/cash which at 31 December 2019 recorded net cash, not including the IFRS 16 lease liability, of Euro 50,150 thousand, a clear improvement on 31 December 2018, consistent with the positive operating performance.

The aim of the Company's risk management, also in the presence of financial debt, is to guarantee an adequate level of liquidity, minimising the related costs and maintaining a balance between the duration and composition of debt.



The credit lines currently existing with banks, together with forecast operating cash flows, were considered sufficient to cover short-term financial requirements despite the peaks in cash absorption that are concentrated in the months when there are no exhibitions and when financial requirements are covered using funds available in the current account held with the controlling entity Fondazione Fiera Milano.

Maintaining financial equilibrium is also dependent on attaining the targets of the Business Plan, as well as on the performance of the economy, an understanding of which necessitates an assessment of the outcome of future events or circumstances that by their very nature are uncertain.

The tables on the next page give the breakdown of financial liabilities by maturity and an estimate of related interest expense due to maturity at 31 December 2018 and 31 December 2019.

### FINANCIAL LIABILITIES

(€'000)	FY at 31/12/18	3 mths	6 mths	12 mths	18 mths	24 mths	3 years	5 years	>5 years
Current bank payables	3,514	1,009	1,000	1,505					
Current interest payable		13	9	9					
Other current financial liabilities	5,969	5,969							
Current interest payable		11							
Non-current interest payable									
Trade payables	19,857	19,857							
<b>Total</b>	<b>29,340</b>	<b>26,859</b>	<b>1,009</b>	<b>1,514</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(€'000)	FY at 31/12/19	3 mths	6 mths	12 mths	18 mths	24 mths	3 years	5 years	>5 years
Financial liabilities related to the right-of-use of assets	435,238	7,333	7,383	14,911	15,106	15,315	31,221	65,009	278,960
Non-current interest payable		2,988	2,936	5,719	5,506	5,295	9,939	17,191	29,282
Other current financial liabilities	15,401	15,401							
Current interest payable		29							
Trade payables	25,310	25,310							
<b>Total</b>	<b>475,949</b>	<b>51,061</b>	<b>10,319</b>	<b>20,630</b>	<b>20,612</b>	<b>20,610</b>	<b>41,160</b>	<b>82,200</b>	<b>308,242</b>

### 26.3 Market risk

The Company reserves the right to use appropriate hedging instruments if market risks become significant.

#### a) Interest rate risk

The Company has access to credit lines at competitive rates and is therefore also able to manage interest rate fluctuations. Moreover, the Company constantly monitors market conditions so as to intervene promptly should conditions change.

Notes 17 gives the composition of bank borrowings.

The tables below give interest rate sensitivity analyses that show the effects that a +/-0.5% change in interest rates would have had on equity and on the income statement for 2018 and 2019.

(€'000)	Balance at 31/12/18	Balance * (debt)	Income (expense)	Rate	+0.5%	-0.5%
Current accounts	16,956	16,532	77	0.47%	160	(6)
Current financial receivables from subsidiaries	2,961	3,949	59	1.50%	79	39
Current account with the controlling shareholder	(678)	(826)	(10)	1.27%	(15)	(6)
Current account with the subsidiaries	(5,291)	(195)	(1)	0.75%	(2)	-
Current financial liabilities	(11)	(6,318)	(24)	0.38%	(56)	8
Current and non-current bank borrowings	(3,503)	(10,930)	(163)	1.49%	(218)	(109)

\* average for the financial year

(€'000)	Balance at 31/12/19	Balance * (debt)	Income (expense)	Rate	+0.5%	-0.5%
Current accounts	63,919	45,923	129	0.28%	358	(101)
Current financial receivables from subsidiaries and joint venture	1,605	1,850	28	1.49%	37	18
Current and non-current financial liabilities related to the right-of-use of assets	(435,238)	(458,532)	(12,501)	2.73%	(14,811)	(10,225)
Current account with the controlling shareholder	(449)	(7)	-	0.75%	-	-
Current account with the subsidiaries	(14,952)	(10,209)	(76)	0.75%	(128)	(26)
Current and non-current bank borrowings	-	(2,027)	(30)	1.48%	(40)	(20)

\* average for the financial year

## b) Exchange rate risk

This risk is insignificant as in the year ending 31 December 2019 the Company's business was primarily in the domestic market and no loans were obtained in foreign currencies.

## c) Risk of changes in raw material prices

Fiera Milano SpA has limited exposure to the risk of changes in raw material prices. The Company normally has more than one supplier for any material considered critical and in some cases has long-term contracts that ensure lower price volatility.

## 27) Disclosure on guarantees given, undertakings and other contingent liabilities

### Guarantees given

This item totalled Euro 1,137 thousand (Euro 1,424 thousand at 31 December 2018) and the breakdown was as follows:

- Euro 924 thousand for the guarantee given to Conserva Holding Srl on behalf of the subsidiary Nolostand SpA for the obligations under the lease agreement for a warehouse;
- Euro 213 thousand for the guarantee given to the Tax Authority - Milan Internal Revenue Office on behalf of the company La Fabbrica del Libro SpA to cover offsets made as part of Group VAT consolidation.

### Contingent liabilities

There are several pending legal disputes, for which the legal consultant has estimated a potential liability of Euro 600 thousand.

## INCOME STATEMENT

### 28) Revenues from sales and services

This item totalled Euro 230,011 thousand (Euro 196,384 thousand at 31 December 2018).

The breakdown by revenue type was as follows:

	(€'000)		
REVENUES FROM SALES AND SERVICES	2019	2018	Change
Fees exhibitors area	79,347	33,745	45,602
Facility fee for use of exhibition area	72,936	91,153	(18,217)
Rentals of stands, fittings, and equipment	40,788	36,278	4,510
Catering and canteen services	8,533	8,115	418
Exhibition site services	7,634	7,980	(346)
Advertising space and services	4,909	5,230	(321)
Supplementary exhibition services	4,683	3,241	1,442
Miscellaneous fees and royalties	2,225	3,168	(943)
Access surveillance and customer care services	1,811	2,560	(749)
Facility fees for use of conference centre	1,349	1,048	301
Ticket sales	1,284	761	523
Administrative services	1,149	900	249
Revenues from publishing products	1,143	72	1,071
Exhibition insurance services	1,117	873	244
Telephone and internet services	859	930	(71)
Services from event organisation	-	15	(15)
Other	244	315	(71)
<b>Total</b>	<b>230,011</b>	<b>196,384</b>	<b>33,627</b>

The higher revenues were mainly due to the more favourable exhibition calendar in the current year, with the directly organised "Host", "Tuttofood" and "Sicurezza" events taking place, as well as the hosted "Made Expo" event, which are all biennial exhibitions held in odd-numbered years. This effect was partly offset by the absence of European event The Innovation Alliance, and the important exhibition Mostra Convegno Expocomfort, which is held very two years.

The greater impact of directly organised exhibitions in 2019 compared to those hosted explains the increase in the item "Exhibitor area fees" and the decrease in "Facility fee for use of exhibition area" compared to 2018.

The item Revenues from sales and services included Euro 3,676 thousand (Euro 10,867 thousand at 31 December 2018) for related-party transactions. Note 42 provides further details on such transactions.

The business of the Company is almost exclusively concentrated in the domestic market.

**29) Costs of materials**

This item totalled Euro 459 thousand (Euro 326 thousand at 31 December 2018).

The breakdown by cost type was as follows:

	(€'000)		
<b>COST OF MATERIALS</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Printed materials, forms and stationery	304	289	15
Subsidiary materials and consumables	155	38	117
Use of provisions	-	(1)	1
<b>Total</b>	<b>459</b>	<b>326</b>	<b>133</b>

The item Costs of materials did not include related-party transactions (Euro 7 thousand at 31 December 2018).

**30) Costs of services**

This item totalled Euro 104,158 thousand (Euro 94,324 thousand at 31 December 2018).

The breakdown by cost type was as follows:

	(€'000)		
<b>COST OF SERVICES</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Stands and equipment for exhibitions	35,778	36,715	(937)
Cost of marketing projects for exhibitions	12,981	6,273	6,708
Energy costs	8,626	8,290	336
Cleaning and waste disposal	5,074	5,141	(67)
Security and gate services	4,941	5,154	(213)
Advertising	4,932	2,676	2,256
Maintenance	4,688	5,050	(362)
Technical, legal, commercial and administrative advice	3,436	3,291	145
IT services	3,333	4,043	(710)
Catering	3,099	2,739	360
Other professional and collaborative services	2,920	2,867	53
Telephone and internet expenses	1,650	1,634	16
Technical assistance and ancillary services	1,307	1,105	202
Insurance	1,017	947	70
Technical, legal, commercial and administrative services	775	1,315	(540)
Transport	535	514	21
Ticketing	470	864	(394)
Conference and congress services	311	307	4
Remuneration of statutory auditors	120	132	(12)
Change in suspended costs for future exhibitions	1,698	(569)	2,267
Other	6,553	6,105	448
Use of provisions	(86)	(269)	183
<b>Total</b>	<b>104,158</b>	<b>94,324</b>	<b>9,834</b>

Costs of services mainly included costs for managing the exhibition sites during the setting up, running and dismantling of exhibitions and congresses.

This item increased by Euro 9,834 thousand compared to 31 December 2018, mainly due to the higher volume of business due to the more favourable exhibition calendar.

Costs of services included Euro 41,859 thousand (Euro 37,043 thousand at 31 December 2018) for related-party transactions. Note 42 provides further details on such transactions.

### 31) Cost of use of third-party assets

This item totalled Euro 324 thousand (Euro 44,559 thousand at 31 December 2018) and the breakdown was as follows:

	(€'000)		
<b>COST OF USE OF THIRD-PARTY ASSETS</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Rent and expenses for exhibition sites	165	42,897	(42,732)
Vehicle hire	147	345	(198)
Office equipment and photocopier hire	12	14	(2)
Other rental expenses	-	2,268	(2,268)
Use of provisions	-	(965)	965
<b>Total</b>	<b>324</b>	<b>44,559</b>	<b>(44,235)</b>

The decrease in the item "Cost of use of third-party assets" mainly refers to the reclassification of payments under the lease contracts for properties and cars of Euro 42,460 thousand deriving from the application of the new IFRS 16 in force as from 1 January 2019. Section 1 "Accounting standards and criteria used to prepare the financial statements" provides further details.

Costs for use of third-party assets included Euro 169 thousand (Euro 42,921 thousand at 31 December 2018) for related-party transactions. Note 42 provides further details on such transactions.

### 32) Personnel costs

This item totalled Euro 36,888 thousand (Euro 35,278 thousand at 31 December 2018) and the breakdown was as follows:

	(€'000)		
PERSONNEL COSTS	2019	2018	Change
Salaries	24,093	23,367	726
Social Security payments	7,309	7,276	33
Redundancy incentives	2,681	2,401	280
Seconded employees from subsidiaries	1,663	1,119	544
Defined contribution plans charges	1,566	1,462	104
Directors' remuneration	730	768	(38)
External and temporary employees	264	168	96
Seconded employees from joint ventures	206	178	28
Defined benefit plans charges	-	6	(6)
Other expenses	1,351	1,534	(183)
Use of provisions	(2,975)	(3,001)	26
<b>Total</b>	<b>36,888</b>	<b>35,278</b>	<b>1,610</b>

Salaries, remuneration and related social security contributions increased mainly for the variable portion of remuneration.

The item "Other expenses" includes Euro 722 thousand as costs relating to the "Medium-term Incentive Plan" approved by the Fiera Milano SpA Shareholders' Meeting of 23 April 2018. This plan is an incentive to management to achieve the Company's strategic objectives and align the interests of beneficiaries to those of shareholders. The Plan has a hybrid structure that envisages assignment to beneficiaries of 40% in cash and 60% as a certain number of ordinary shares on achieving specific predefined performance objectives for the period 2018-2019.

Personnel costs included Euro 1,869 thousand (Euro 1,297 thousand at 31 December 2018) for related-party transactions. Note 42 provides further details on such transactions.

The breakdown by category of the average number of employees (including those on fixed-term contracts) was as follows:

BREAKDOWN OF PERSONNEL BY CATEGORY	2019	2018	Change
Managers	22	24	(2)
Middle managers and white collar workers	422	419	3
<b>Total</b>	<b>444</b>	<b>443</b>	<b>1</b>

**33) Other operating expenses**

This item totalled Euro 3,660 thousand (Euro 3,521 thousand at 31 December 2018) and the breakdown was as follows:

	(€'000)		
<b>OTHER OPERATING EXPENSES</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Other tax expenses	2,886	2,841	45
Doubtful receivables covered by provisions	458	1,083	(625)
Association fees	398	370	28
Subscriptions	65	52	13
Other expenses	311	272	39
Use of provisions	(458)	(1,097)	639
<b>Total</b>	<b>3,660</b>	<b>3,521</b>	<b>139</b>

Other operating expenses included Euro 308 thousand (Euro 311 thousand at 31 December 2018) for related-party transactions. Note 42 provides further details on such transactions.

**34) Other income**

This item totalled Euro 5,885 thousand (Euro 5,584 thousand at 31 December 2018) and the breakdown was as follows:

	(€'000)		
<b>OTHER INCOME</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Other recovered costs	1,466	1,335	131
Recovery of expenses for seconded employees	719	640	79
Office rent and expenses	668	683	(15)
Contributions to income	40	-	40
Insurance indemnities	15	28	(13)
Other income	2,977	2,898	79
<b>Total</b>	<b>5,885</b>	<b>5,584</b>	<b>301</b>

"Grants related to income" refer to the tax grant recognised on advertising investments in newspapers, periodicals and local television and radio stations pursuant to article 57-bis of Italian Decree Law 50 of 24 April 2017.

Other income included Euro 4,785 thousand (Euro 4,456 thousand at 31 December 2018) for related-party transactions. Note 42 provides further details on such transactions.

**35) Provisions for doubtful receivables and other provisions**

This item totalled Euro 1,922 thousand (Euro 3,453 thousand at 31 December 2018) and the breakdown was as follows:

PROVISIONS FOR DOUBTFUL RECEIVABLES AND OTHER PROVISIONS	(€'000)		
	2019	2018	Change
Other disputes	1,124	126	998
Disputes with personnel	895	1,587	(692)
Losses on future exhibitions	500	-	500
Reorganisation of personnel	300	2,061	(1,761)
Provisions for doubtful receivables	271	246	25
Write-back of provisions	(1,168)	(567)	(601)
<b>Total</b>	<b>1,922</b>	<b>3,453</b>	<b>(1,531)</b>

Notes 8, 14 and 22 to the Statement of Financial Position provide further details on changes in the provision for doubtful receivables and provisions for risks for the year.

**36) Depreciation and amortisation****Depreciation of property, plant and equipment and right-of-use assets**

This item totalled Euro 36,177 thousand (Euro 1,094 thousand at 31 December 2018).

Details of depreciation are provided in the Explanatory Notes under the item Property, plant and equipment and under Right-of-use assets.

Depreciation of property, plant and equipment and right-of-use assets includes related-party transactions of Euro 35,048 thousand (zero at 31 December 2018). Note 42 provides further details on such transactions.

**Amortisation of intangible assets**

This item totalled Euro 1,465 thousand (Euro 1,321 thousand at 31 December 2018).

Details of amortisation are given in the Explanatory Notes on the item Intangible assets with a finite useful life.



**37) Financial income and similar**

This item totalled Euro 6,324 thousand (Euro 6,122 thousand at 31 December 2018) and the breakdown was as follows:

	(€'000)		
<b>FINANCIAL INCOME AND SIMILAR</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Dividends	5,981	5,934	47
Interest income on bank accounts	129	77	52
Interest income from cautionary deposits for rent of the exhibition sites from the controlling shareholder	83	31	52
Interest income on financing to subsidiaries	18	50	(32)
Interest income on financing to joint venture	11	9	2
Interest income on receivables from the controlling shareholder	9	4	5
Exchange rate gains	2	2	-
Other financial income	91	15	76
<b>Total</b>	<b>6,324</b>	<b>6,122</b>	<b>202</b>

Financial income and similar included Euro 6,102 thousand (Euro 6,028 thousand at 31 December 2018) for related-party transactions. Note 42 provides further details on such transactions.

**38) Financial expenses and similar**

This item totalled Euro 12,699 thousand (Euro 290 thousand at 31 December 2018) and the breakdown was as follows:

	(€'000)		
<b>FINANCIAL EXPENSES AND SIMILAR</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Interests on financial leasing with the Controlling shareholder	12,491	-	12,491
Interest payable on current account held with the subsidiaries	77	1	76
Expenses from calculation of net present value of defined benefit plans	69	65	4
Interest payable on bank accounts	43	203	(160)
Oneri finanziari su attività in leasing verso Controllante	10	-	10
Exchange rate losses	7	6	1
Interest payable on current account held with the controlling shareholder	2	10	(8)
Other financial expenses	-	5	(5)
<b>Total</b>	<b>12,699</b>	<b>290</b>	<b>12,409</b>

Financial expenses on leases refer to the lease liability deriving from the new IFRS 16 in force as from 1 January 2019. Section 1 "Accounting standards and criteria used to prepare the financial statements" provides further details.

The change in "Interest expense on bank accounts" was mainly due to the decrease in financial expenses in relation to the reduction in average debt both in the short term and in the medium/long term.

Financial expenses and similar included Euro 12,570 thousand (Euro 11 thousand at 31 December 2018) for related-party transactions. Note 42 provides further details on such transactions.

**39) Valuation of financial assets**

	(€'000)		
VALUATION OF FINANCIAL ASSETS	2019	2019	Change
Fiera Milano India Pvt Ltd	(9)	(2)	(7)
La Fabbrica del Libro SpA	-	(1,994)	1,994
<b>Total</b>	<b>(9)</b>	<b>(1,996)</b>	<b>1,987</b>

This item totalled Euro -9 thousand (Euro -1,996 thousand at 31 December 2018). It refers to the write-down of the investment in the company Fiera Milano India Pvt Ltd as already commented on in note 6 of the Statement of Financial Position.

**40) Income taxes**

Income taxes were Euro 11,665 thousand (Euro 5,365 thousand at 31 December 2018).

The breakdown was as follows:

	(€'000)		
INCOME TAX	2019	2018	Change
Current income tax	8,313	1,436	6,877
Deferred income tax	3,352	3,929	(577)
<b>Total</b>	<b>11,665</b>	<b>5,365</b>	<b>6,300</b>

The higher tax figure is mainly associated with the increase in taxable income generated in the period.

The breakdown of current taxes at 31 December 2019 was as follows:

	(€'000)		
CURRENT INCOME TAX	2019	2018	Change
Current income tax - IRAP	2,024	838	1,186
Income/expenses from tax consolidation	6,302	598	5,704
Other	(13)	-	(13)
<b>Total</b>	<b>8,313</b>	<b>1,436</b>	<b>6,877</b>

The tax consolidation charges reflect the sum payable to Fondazione Fiera Milano for the theoretical IRES tax charge on the taxable amount transferred to the consolidating entity net of tax losses carried forward that predated the tax consolidation agreement and of ACE (Aiuto per la Crescita Economica) relief.

Deferred taxes for the year totalled Euro 3,353 thousand and represent the balance of deferred tax assets (Euro 3,360 thousand) and deferred tax liabilities (Euro -7 thousand).

A breakdown of deferred tax assets and deferred tax liabilities is given in the following table:

	(€'000)			
DEFERRED INCOME TAXES	31/12/18	Recognised in the Income Statement	Recognised in equity	31/12/19
<b>Deferred tax assets</b>				
Excess amortisation, depreciation and write-downs	434	(34)	-	400
Provisions for risks and charges	1,055	(340)	-	715
Write-down of doubtful receivables	863	(296)	-	567
Tax losses carried forward	2,808	(2,808)	-	-
Costs for share capital increase	55	-	(55)	-
Other temporary differences	1,468	118	-	1,586
<b>Total</b>	<b>6,683</b>	<b>(3,360)</b>	<b>(55)</b>	<b>3,268</b>
<b>Deferred tax liabilities</b>				
Goodwill and other amortisation	9,765	(7)	-	9,758
Other temporary differences	18	-	(43)	(25)
<b>Total</b>	<b>9,783</b>	<b>(7)</b>	<b>(43)</b>	<b>9,733</b>
Net deferred taxes	(3,100)	(3,353)	(12)	(6,465)
<i>of which: Tax assets for deferred taxes</i>	-			-
<i>Deferred tax liabilities</i>	3,100			6,465

RECONCILIATION OF THEORETICAL AND EFFECTIVE CORPORATION TAX CHARGE (IRES)	(€'000)
Profit/(loss) before income tax	44,459
Percentage applicable for corporation income tax (IRES)	24.0%
<b>Theoretical IRES tax charge (corporation income tax)</b>	<b>10,670</b>
Difference between theoretical and effective tax charges:	
Non-deductible operating expenses	492
Shares of dividends not subject to tax	(1,364)
ACE benefit	(170)
<b>Effective IRES tax charge</b>	<b>9,628</b>

RECONCILIATION OF THEORETICAL AND EFFECTIVE CORPORATION TAX CHARGE (IRAP)	(€'000)
EBIT	50,844
Not-relevant expenses for IRAP purposes	34,183
Taxable base for purposes of IRAP	85,027
Statutory rate applicable for corporation income tax (IRAP)	3.9%
<b>Theoretical IRAP tax charge (corporation income tax)</b>	<b>3,316</b>
Difference between theoretical and effective tax charges:	
Effect of tax wedge	(1,410)
Other	131
<b>Effective IRAP tax charge</b>	<b>2,037</b>

The item "Income taxes" included Euro 6,288 thousand (Euro 598 thousand at 31 December 2018) for related-party transactions. Note 42 provides further details on such transactions.

#### 41) Profit/loss for the year

Profit for the year ended 31 December 2019 was Euro 32,794 thousand compared to the profit of Euro 16,561 thousand at 31 December 2018.

#### 42) Related-party transactions

As part of its corporate governance action, Fiera Milano SpA has adopted Procedures for Related-party Transactions as indicated in the chapter on corporate governance and ownership structure in the Annual Report.

Transactions carried out by Fiera Milano SpA with related parties are settled as a rule at arm's length.

In the Statement of Financial Position, Statement of Comprehensive Income and the Statement of Cash Flows, the amounts for related-party positions or transactions, if material, are shown separately from the reference items. Given the total amount of statement of financial position and income statement items, Fiera Milano SpA has decided that Euro 2 million is the material threshold above which separate disclosure must be made in the Statement of Financial Position and Euro 1 million is that for separate disclosure in the Income Statement.

Detailed information on related-party transactions is provided below and is divided into "Related-party transactions with the controlling entity Fondazione Fiera Milano", "Related-party transactions with subsidiaries," "Related-party transactions with joint ventures" and "Related-party transactions with associates".

#### Related-party transactions with the controlling entity Fondazione Fiera Milano

The recurring transactions are summarised below.

##### I. Real estate lease agreements

As described below, on 31 March 2014 new leases were signed for the exhibition sites of Rho and Milan. These contracts were effective from the second half of 2014.

On 18 January 2003, the Company signed a lease agreement with Fondazione Fiera Milano for the Rho exhibition site. The same agreement established the terms of the lease for the Milan City site, aligning the effective dates for the exhibition sites at 1 January 2006.

Initially, cancellation of the contracts had to be notified 18 months prior to their expiry on 31 December 2014. On 31 March 2014, new leases were signed for the exhibition sites. The new leases are for 9 years effective from 1 July 2014 (following the agreed early termination of the existing lease agreements due to expire on 31 December 2014) and are automatically renewable for a further 9 years.

Under the lease for the Rho exhibition site, compared to the previous lease valid until 30 June 2014, the rent was reduced by Euro 2,000 thousand in the second half of 2014 and by Euro 14,000 thousand for 2015 and for each subsequent year. Therefore, the rent was Euro 24,400 thousand for the second half of 2014 and Euro 38,800 thousand from 2015 and for each subsequent year, annually adjusted for 100% of the change in the ISTAT consumer price index.

For the Milan City exhibition site, the parties agreed to maintain the existing rent of Euro 2,850 thousand per annum, annually adjusted for 100% of the change in the ISTAT consumer price index. Subsequently, on 8 May 2019, Fiera Milano reached an agreement amending rent, which, with effect from 1 June 2019, provided for a reduction of Euro 1,500 thousand a year, as well as the exclusion of some areas of the Milan exhibition site, mainly used as parking areas. For this reduction, starting from 1 June 2019, Fiera Milano will make an annual lease payment of Euro 1,413 thousand, index-linked 100% to changes in the ISTAT index, in four quarterly instalments, to Fondazione Fiera Milano.

The amendment to the lease contract as described above constitutes a substantial modification of a Major related-party transaction. Therefore, the transaction was approved on 8 May 2019 – pursuant to article 9.1 of the Related Parties Procedure – by the Board of Directors of the Company, after obtaining the favourable reasoned opinion of the Internal Control and Risk Committee on 7 May 2019. An Information Document prepared in accordance with article 10.2 of the Related Parties Procedure and Consob Regulation 17221/2010 was filed and made available, by the legal deadlines, to the public at Fiera Milano's registered office and operating and administrative offices, on the website and on the authorised storage system. With particular regard to the aforesaid procedure, Fiera Milano is a smaller listed company and, as such, benefits from the exemption granted under Article 10, paragraph 1, of Consob Regulation 17221/2010.

To confirm the arm's length conditions applied, the lease payments were determined by the parties also using valuations prepared for Fiera Milano SpA by an independent expert.

As from 1 January 2019, the new IFRS 16 standard introduced a different accounting treatment for lease contracts in which the Company operates as a lessee. Specifically, the following is required for all leases with a duration of more than 12 months:

- in the Statement of Financial Position, recognition of a right-of-use asset (ROU), and of a lease liability representing the obligation to make the contractual payments.
- in the Income Statement, recognition of the amortisation on the right-of-use assets and accrued interest expense on the lease liability, instead of recognising operating lease payments among operating costs.

## II. Settlement of Group VAT

Taking advantage of the option provided by Italian Presidential Decree 633/72, from 1 January 2002 Fiera Milano SpA chose to follow the procedure, managed by the controlling entity, Fondazione Fiera Milano, for the settlement of Group VAT. This mechanism makes it easier to settle any tax obligations, without the Company incurring additional costs.

## III. Group tax consolidation

Starting in 2016, Fiera Milano SpA and some of its Italian subsidiaries opted to adhere to the tax consolidation of Fondazione Fiera Milano acting as the consolidating entity. This option was renewed for the three years 2019, 2020 and 2021.

The Regulation adopted for the tax consolidation of Fondazione Fiera Milano provides that the tax losses of consolidated companies, generated in each of the years that the option is valid, may be utilised to offset the tax payables in the same financial year of companies participating in the tax consolidation, after the tax losses of Fiera Milano SpA and the consolidating entity have been calculated; the tax losses of consolidated companies are remunerated to the extent of the effective benefit achieved by the tax consolidation.

## IV. Contract for supply of services

Fiera Milano SpA has an annual contract with Fondazione Fiera Milano for the reciprocal provision of services, which arise from or are necessary for the exercise of their respective activities. The contract is renewable annually subject to written agreement between the parties.

The contract provides for the reciprocal supply of two kinds of services: (i) services of a general nature, which fall within the range of activities of the entity providing them, supplied to the buyer on a continuous and systematic basis; (ii) specific services, or services provided on request and relating to specific activities agreed on each occasion between the buyer and the supplier, also on the basis of specific offers/estimates. The service supply contract is governed at arm's length.

**V. Licence contracts for use of the Fiera Milano trademark**

On 17 December 2001, Fondazione Fiera Milano, as owner of the "Fiera Milano" trademark granted Fiera Milano SpA exclusive licence for use of the brand name for its own activities, also through its use on headed paper, on its commercial material, and to differentiate its headquarters and offices. The licence has been granted for Italy and all countries and locations where the trademark has been or will be registered or lodged.

The symbolic consideration paid by Fiera Milano SpA to Fondazione Fiera Milano was Euro 1. As its corporate purpose includes development of the exhibition sector, Fondazione Fiera Milano decided to retain ownership of the Fiera Milano trademark and did not include it in the "Exhibition Management Business" unit transferred to the Company in 2001, but envisaging that Fiera Milano SpA would use the trademark for an extended period of time and without incurring additional costs for its use. This licence is renewed year after year until 31 December 2032.

**VI. Correspondent current account contract**

A new contract for the correspondent current account was agreed on 24 June 2016. The contract expires on 31 December of each year and is automatically renewed unless one of the parties cancels by 30 September preceding the date of expiry.

Under the existing contract, by mutual consent the parties agreed to cancel the previous correspondent current account before replacing it.

The parties settle collections and payments under co-obligation contracts, in particular the lease payments for the exhibition sites and the services provided by each party to the other.

The fixed rate was equal to the 1-month Euribor plus a spread of 0.75%.

Receivables for invoices issued by the parties will accrue interest 60 days from the end of the month in which the invoice is issued although the interest may not be collected and will remain unavailable until the current account is closed, except for invoices that are past due by more than 180 days which are always payable immediately.

Invoices for the exhibition site lease payments are part of the agreement but accrue interest and are payable under the specific terms of the related leases. The balance of any invoices past due by at least 180 days, together with the balance of the invoices for the exhibition site leases that are due under the terms of the relevant leases, represent the collectable balance.

Credits that cannot be offset are excluded from the current account.

The party for which the credit or debit balance exceeds Euro 5,000 thousand has the right to request payment or to arrange payment. Where a request for payment of the balance has been made, the amount must be settled within 15 working days of the request.

The correspondent current account must be closed and payment of all interest arranged every quarter.

**VII. "Corporate Think Tank" investments plan**

On 14 May 2018, as part of the competitiveness and sustainability plan for exhibition structures, Fondazione Fiera Milano signed an agreement with Fiera Milano SpA undertaking a commitment to support major investment plans. The parties developed their partnership through the setup of a Corporate Think Tank for the joint analysis, comparison and assessment of methods for implementing the investments. The parties agree that for the coordination and strict monitoring of investment activities, Fondazione Fiera Milano will pay Fiera Milano SpA an arm's length fee of 4% of the total value of the related investments.

### VIII. "Fiera Milano" brand development and enhancement

On 17 December 2019, Fondazione Fiera Milano entered into an agreement with Fiera Milano SpA for the enhancement of the "Fiera Milano" trademark with a particular focus on international markets. The agreement provided for an economic contribution by Fondazione Fiera Milano for the activities carried out by Fiera Milano SpA, recognising the connection between some of the activities to develop and enhance Fiera Milano SpA's market position and the enhancement of assets owned by Fondazione Fiera Milano, with particular regard to the "Fiera Milano" trademark. The parties agreed that, as part of the development plan, Fondazione Fiera Milano will reimburse Fiera Milano SpA for the costs incurred in carrying out its activities. For activities relating to 2019, Fondazione Fiera Milano will reimburse up to a maximum amount of Euro 400 thousand, while for activities carried out in 2020 and 2021 a maximum amount of Euro 2,500 thousand per financial year will be reimbursed.

### IX. Real estate sublease agreements

On 21 March 2019, Fiera Milano SpA, pursuant to Article 5 of Consob Regulation 17221 of 12 March 2010 as amended on Related-Party Transactions, published the Information Document on agreements relative to the sub-leasing of the roofing of exhibition spaces at Rho-Pero for the construction of a photovoltaic system and the related contract to purchase renewable energy, entered into with Fair renew S. r. l., whose share capital is held by A2A Rinnovabili S.p.A. (60%), a company of the A2A Group, and by Fondazione Fiera Milano (40%).

### Transactions with subsidiaries

Fiera Milano SpA trade relations with the subsidiaries target the organisation and management of exhibitions and other events.

As part of the corporate reorganisation and to achieve more efficient management of the organisational processes and strengthen the centralisation and single management of strategic services, Fiera Milano SpA provides the following services to some of its subsidiaries:

- administration, financial and control services;
- purchase;
- legal and corporate affairs;
- human resources;
- Information Communication Technology.

The subsidiaries Fiera Milano Media SpA, Fiera Milano Congressi SpA and Nolostand SpA have agreements in place with Fiera Milano granting the right to use the name "Fiera Milano" in their own trademarks. The contract with Fiera Milano Media SpA is valid until December 2021 while the contracts with Fiera Milano Congressi SpA and Nolostand SpA will expire in December 2022 and there is no automatic renewal on expiry. The agreed amount payable by each licensee company is Euro 100.

On 22 November 2018, effective from 10 December 2018, Fiera Milano SpA signed a cash pooling agreement with Fiera Milano Congressi SpA, Fiera Milano Media SpA and Nolostand SpA that shows the daily balances subject to offsetting among the companies. The 3-month Euribor rate is applied (with zero floor) plus a market value spread. A 0.75% spread was applied for 2019. Note that this agreement will remain valid until 31 December 2019, with automatic annual renewal unless cancelled by one of the parties.

Fiera Milano SpA also provides communication services to subsidiaries in order to ensure a uniform Group image.

### I. Tax consolidation

In 2007, Fiera Milano SpA as consolidating entity and all the Italian subsidiaries, as consolidated companies, opted for the Italian tax consolidation for IRES tax purposes. The tax consolidation was renewed every three years until 2015. When this agreement was not renewed the tax consolidation agreement was cancelled. However, certain contractual obligations still exist from this agreement that are disclosed in the financial statements.

### II. Nolostand SpA

On 2 July 2018, Fiera Milano SpA signed an agreement with the subsidiary Nolostand SpA for the exclusive provision of stand-fitting services to customers of the Parent Company at exhibitions, events and other initiatives at the fieramilano and fieramilanocity exhibition sites. On 16 December 2019 the contract was renewed to take account of certain changes in operations. The agreed consideration is based on the costs incurred plus a margin as remuneration. Note that this contract will remain valid until 31 December 2020, with automatic annual renewal.

On 28 February 2019 Fiera Milano SpA signed an agreement with its subsidiary Nolostand SpA concerning support activities for the annual maintenance of the Company Quality Management System of Fiera Milano SpA, valid and effective from 1 January 2019 until 31 December 2019.

### III. Fiera Milano Media SpA

Fiera Milano SpA has an agreement with Fiera Milano Media SpA whereby the latter has the exclusive right to manage the advertising on billboards owned by Fiera Milano SpA and also to promote and market its business to certain specific clients of the Parent Company. Fiera Milano Media SpA pays Fiera Milano SpA 35% of the revenues generated by these two activities. The remaining 65% remains with the subsidiary as payment for the services provided under the contract.

### IV. MADE eventi Srl

On 16 December 2019, Fiera Milano SpA and the subsidiary MADE eventi Srl signed a loan agreement for a maximum of Euro 600 thousand. The loan is renewed automatically each year and a 1.35% interest rate is applied. At 31 December 2019, the loan was used up to Euro 300 thousand.

### Relations with joint ventures

Fiera Milano SpA trade relations with joint ventures target the organisation and management of exhibitions and other events.

On 21 February 2016, Fiera Milano SpA and the joint venture company Ipack Ima Srl signed a loan agreement for a maximum of Euro 3,000 thousand. The loan is renewed automatically each year and a 1.50% interest rate is applied. At 31 December 2019, the loan was used up to Euro 1,300 thousand. On 3 April 2019, along with the approval of the 2018 Financial Statements, the company approved a dividend distribution of Euro 1,000 thousand. The amount attributable to Fiera Milano SpA was Euro 490 thousand, which was collected in May 2019.

On 17 December 2019, the joint venture Hannover Milano Global Germany GmbH approved the 2018 Financial Statements and approved a dividend distribution of Euro 8,193 thousand. The amount attributable to Fiera Milano SpA was Euro 3,225 thousand, which was collected in December 2019.



### Relations with associates

Fiera Milano SpA relations with associates are part of normal operations.

On 5 July 2018, Fiera Milano SpA signed an agreement with the associate Fiera Parking SpA, a wholly-owned subsidiary of Fondazione Fiera Milano, for the management of car parks serving the fieramilanocity exhibition centre. The agreement has a seven-year duration from 1 September 2018, automatically renewable for a further seven years.

Financial, capital and economic transactions with related parties are summarised below.

### FIERA MILANO SPA

#### RELATED PARTY ENTRIES IN THE STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT IN THE FINANCIAL YEAR TO 31 DECEMBER 2019

(€'000)	Increases of property plant and equipment	Increases of Right-of-use assets	Trade receivables and other non current	Trade receivables and other current	Inventories	Current financial assets	Non-current financial liabilities related to the right-of-use of assets	Pre-payments	Current financial liabilities related to the right-of-use of assets	Other current financial liabilities	Other current liabilities	Revenues from sales and services	Costs of services	Cost of use of third-party assets	Personnel expenses	Other operating expenses	Other revenues	Depreciation of property, plant and equipment and right-of-use assets	Financial income	Financial expenses	Tax
<b>Controlling shareholder:</b>																					
Fondazione Fiera Milano		431,577	11,071	1,608			405,429		29,464	449	6,212	352	599			210	355	35,048	92	12,493	6,288
<b>Subsidiaries:</b>																					
Fiera Milano Congressi SpA				1,242						10,874	449	2,203	516	167	120		988		2,266	65	
Fiera Milano Media SpA				407	1					1,112	2,590	571	3,996		70	97	1,360		8	6	
La Fabbrica del Libro SpA													1				17		9		
MADE eventi Srl				13		300					9						13				
Nolostand SpA				496	1					2,966	9,242	21	31,177	2	1,473		1,676		1	6	
Cipa Fiera Milano Publicações e Eventos Ltda	4											4	4								
Fiera Milano Exhibitions Africa Pty Ltd													114								
<b>Joint-ventures:</b>																					
Ipack Ima Srl				21		1,305		218			74	11	4		206		312		501		
Mico DMC Srl				24	207						401	3	5,371			1	62				
Hannover Milano Fairs China Ltd					1								77								
Hannover Milano Fairs Shanghai Ltd								4			1	415									
Hannover Milano Global Germany GmbH																			3,225		
<b>Associates:</b>																					
Fiera Parking SpA											64	96					2				
<b>Total related parties</b>	<b>4</b>	<b>431,577</b>	<b>11,071</b>	<b>3,811</b>	<b>210</b>	<b>1,605</b>	<b>405,429</b>	<b>222</b>	<b>29,464</b>	<b>15,401</b>	<b>19,042</b>	<b>3,676</b>	<b>41,859</b>	<b>169</b>	<b>1,869</b>	<b>308</b>	<b>4,785</b>	<b>35,048</b>	<b>6,102</b>	<b>12,570</b>	<b>6,288</b>
<b>Total reported</b>	<b>-</b>	<b>-</b>	<b>11,163</b>	<b>24,219</b>	<b>1,088</b>	<b>1,605</b>	<b>405,611</b>	<b>38,672</b>	<b>29,627</b>	<b>15,401</b>	<b>38,624</b>	<b>230,011</b>	<b>104,158</b>	<b>324</b>	<b>36,888</b>	<b>3,660</b>	<b>5,885</b>	<b>36,177</b>	<b>6,324</b>	<b>12,699</b>	<b>11,665</b>
<b>Related party entries/ Total reported (%)</b>			<b>99%</b>	<b>16%</b>	<b>19%</b>	<b>100%</b>	<b>99.96%</b>	<b>1%</b>	<b>99%</b>	<b>100%</b>	<b>49%</b>	<b>2%</b>	<b>40%</b>	<b>52%</b>	<b>5%</b>	<b>8%</b>	<b>81%</b>	<b>97%</b>	<b>96%</b>	<b>99%</b>	<b>54%</b>

Information on the remuneration paid to the Administrative and Control Bodies, General Managers and Executives with strategic responsibilities at 31 December 2019 is given in the table included in the section "Other information".

	(€'000)	
STATEMENT OF RELATED PARTY CASH FLOW	2019	2018
<b>Cash flow from operating activities</b>		
Revenues and income	8,461	15,323
Costs and expenses	(44,207)	(81,579)
Interest receivable	6,102	6,028
Interest payable	(79)	(12)
Interest payable on leased assets (IFRS 16)	(12,491)	-
Income/expenses from tax consolidation	(6,288)	(598)
Change in inventories	408	(348)
Change in trade and other receivables	1,932	2,099
Change in pre-payments	192	(1,789)
Change in other current liabilities	3,133	818
<b>Total</b>	<b>(42,837)</b>	<b>(60,058)</b>
<b>Cash flow from investing activities</b>		
Investments in non-current assets		
Tangible and intangible	4	-
<b>Total</b>	<b>4</b>	<b>-</b>
<b>Cash flow from financing activities</b>		
Change in current financial assets	1,356	3,812
Change in current financial liabilities related to the right-of-use of assets	(29,232)	
Change in current financial liabilities	9,431	3,293
<b>Total</b>	<b>(18,445)</b>	<b>7,105</b>
<b>Cash flow in the year</b>	<b>(61,278)</b>	<b>(52,953)</b>

The table below shows cash flow from related party transactions:

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities
FY to 31.12.19:			
Total	81,826	(3,377)	(31,490)
Related party transactions	(42,837)	4	(18,445)
FY to 31.12.18:			
Total	12,587	7,744	(11,036)
Related party transactions	(60,058)	-	7,105

### 43) Other information

#### Material non-recurring events and transactions

During the year 2019, there were no material non-recurring transactions under Consob Communication of 28 July 2006.

#### Transactions relating to atypical and/or unusual operations

In compliance with the Consob Communication of 28 July 2006, it is stated that no unusual and/or atypical operations were carried out by the Company in 2019 as defined in the aforementioned Communication.

#### Information required pursuant to Italian Law 124/2017

Pursuant to Law 124/2017 there are no contributions to report. "Grants related to income" included under Other income refer to the tax grant recognised on advertising investments in newspapers, periodicals and local television and radio stations pursuant to article 57-bis of Italian Decree Law 50 of 24 April 2017.

#### Significant events after the end of the year

The Covid-19 (Coronavirus) epidemic, which has affected China since January 2020, has meant that the Chinese authorities have had to take measures to curb contagion, including severe restrictions on the movement of vehicles and people.

As regards the subsequent spread of Coronavirus in Italy a government decree has ordered, among other measures, a lockdown on exhibitions until 3 April 2020. In the meantime, the Company, in partnership with third party organisers, has already rescheduled the main exhibitions planned for the early months of the year to later dates. For example, Salone del Mobile, initially scheduled for April, will be held from 16 to 21 June 2020, and Mostra Convegno Expocomfort, initially planned for March, will be held from 8 to 11 September 2020.

#### Information under Article 149-duodecies of the Consob Issuers' Regulation

The fees paid for services provided by the independent auditors in 2019 are shown in the following table.

		(€'000)
	Service provider	Fees for FY 2019
Auditing	EY SpA	194
Other services (*)	EY SpA	53
Other services (**)	EY SpA	20
<b>Total</b>		<b>267</b>

(\*) Agreed upon procedures

(\*\*) Limited review of Non-financial Information

### Remuneration paid to the Administrative and Control Bodies, General Managers and Executives with strategic responsibilities

Executives with strategic responsibilities are those that have the power and responsibility, both direct and indirect, for the planning, management and control of Company activities.

The Executives with strategic responsibilities are the Directors, Statutory Auditors and the Chief Financial Officer.

The total remuneration for this category of Executives was Euro 2,793 thousand at 31 December 2019 (Euro 2,768 thousand at 31 December 2018) and the breakdown was as follows:

(€'000)

REMUNERATION	2019		
	Directors	Statutory Auditors	Other
Short-term benefits	681	120	1,137
Post-employment benefits	-	-	76
Other non-current benefits	-	-	-
Staff-leaving indemnities	-	-	-
Cost related "Medium-term Incentive Plan"	-	-	779
<b>Total</b>	<b>681</b>	<b>120</b>	<b>1,992</b>

The estimated cost for the "Medium-Term Incentive Plan" includes the value of stock grants assigned for Euro 540 thousand and the cash portion for Euro 239 thousand.

(€'000)

REMUNERATION	2018		
	Directors	Statutory Auditors	Other
Short-term benefits	680	116	1,108
Post-employment benefits	-	-	85
Other non-current benefits	-	-	-
Staff-leaving indemnities	-	-	-
Cost related "Medium-term Incentive Plan"	-	-	779
<b>Total</b>	<b>680</b>	<b>116</b>	<b>1,972</b>

At 31 December 2019, the outstanding amount payable to this category was Euro 625 thousand (Euro 614 thousand at 31 December 2018).

Rho (Milan), 10 March 2020

on behalf of the Board of Directors  
**The Chairman**  
 Lorenzo Caprio

## ATTACHMENT 1

LIST OF INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES FOR THE FINANCIAL YEAR  
ENDED 31 DECEMBER 2019

(art. 2427, paragraph 1, no.5 of the Italian Civil Code)

(€'000)

Company name	Registered Office	Share capital	Equity		Net profit/(loss)		% held	Carrying value
			Total	Pro-quota	Total	Pro-quota		
<b>Subsidiaries:</b>								
Fiera Milano Congressi SpA	Milan	2,000	7,774	7,774	4,326	4,326	100.00%	12,200
Fiera Milano Media SpA	Milan	2,803	2,421	2,421	(39)	(39)	100.00%	7,618
Made Eventi Srl *	Milan	1,100	1,775	1,065	(459)	(275)	60.00%	1,860
Nolostand SpA	Milan	7,500	6,514	6,514	462	462	100.00%	13,390
CIPA Fiera Milano Publicações e Eventos Ltda	San Paolo Brazil	21,698	2,580	2,580	(735)	(735)	99.99%	2,202
Fiera Milano Exhibitions Africa Pty Ltd	Cape Town	-	688	688	52	52	100.00%	415
Fiera Milano India Pvt Ltd	New Delhi	249	53	53	(8)	(8)	99.99%	53
Limited Liability Company "Fiera Milano"	Mosca	143	26	26	(7)	(7)	100.00%	-
<b>Total</b>								<b>37,738</b>
<b>Joint venture:</b>								
Hannover Milano Global Germany GmbH	Hannover Germany	25	23,228	11,382	10,421	5,106	49.00%	10,990
Ipack Ima Srl	Milan	20	2,713	1,329	(1,269)	(622)	49.00%	2,407
<b>Total</b>								<b>13,397</b>

\* The loss of the year refers to the period between 1 July 2019 and 31 December 2019, the closing date of the financial year.  
For subsidiary companies the indirect percentage held in the share capital has also been shown.

## ATTACHMENT 2

## SUMMARY OF KEY FIGURES OF THE LAST FINANCIAL STATEMENTS OF SUBSIDIARIES AND ASSOCIATES INCLUDED IN THE AREA OF CONSOLIDATION (ART. 2429, PARAGRAPH 4 OF ITALIAN CIVIL CODE). ITALIAN GAAPs:

(amounts in € '000)

<b>Fiera Milano Congressi SpA</b>	<b>31/12/19</b>	<b>31/12/18</b>
Revenues from sales and services	39,883	34,134
Profit/(loss)	4,326	2,266
Equity	7,774	5,714
Net financial debt/(cash)	(11,750)	(10,544)
<b>Fiera Milano Media SpA</b>	<b>31/12/19</b>	<b>31/12/18</b>
Revenues from sales and services	11,114	11,299
Profit/(loss)	(39)	58
Equity	2,421	2,460
Net financial debt/(cash)	(1,552)	(1,379)
<b>Made Eventi Srl *</b>	<b>31/12/19</b>	<b>31/12/18</b>
Revenues from sales and services	34	-
Profit/(loss)	(459)	-
Equity	1,775	-
Net financial debt/(cash)	145	-
<b>Nolostand SpA</b>	<b>31/12/19</b>	<b>31/12/18</b>
Revenues from sales and services	36,447	35,580
Profit/(loss)	462	729
Equity	6,514	6,052
Net financial debt/(cash)	(3,165)	(778)

\* The data refer to the period between 1 July 2019 and 31 December 2019, the closing date of the financial year.

## ATTACHMENT 2

## SUMMARY OF KEY FIGURES OF THE LAST FINANCIAL STATEMENTS OF SUBSIDIARIES AND ASSOCIATES INCLUDED IN THE AREA OF CONSOLIDATION (ART. 2429, PARAGRAPH 4 OF ITALIAN CIVIL CODE). IAS/IFRS:

<b>CIPA Fiera Milano Publicações e Eventos Ltda</b> (amounts in Brazilian reais '000)	<b>31/12/19</b>	<b>31/12/18</b>
Revenues from sales and services	15,338	30,310
Profit/(loss)	(3,246)	2,588
Equity	11,650	11,678
Net financial debt/(cash)	(5,563)	(1,468)

<b>Fiera Milano Exhibitions Africa Pty Ltd</b> (amounts in South African rand '000)	<b>31/12/19</b>	<b>31/12/18</b>
Revenues from sales and services	12,948	12,639
Profit/(loss)	834	(43)
Equity	10,854	10,020
Net financial debt/(cash)	(12,344)	(12,430)

<b>Fiera Milano India Pvt Ltd</b> (amounts in rupees '000)	<b>31/12/19</b>	<b>31/12/18</b>
Revenues from sales and services	-	-
Profit/(loss)	(670)	(441)
Equity	4,213	4,883
Net financial debt/(cash)	(4,409)	(4,911)

<b>Limited Liability Company "Fiera Milano"</b> (amounts in rubles '000)	<b>31/12/19</b>	<b>31/12/18</b>
Revenues from sales and services	-	-
Profit/(loss)	(526)	(6,863)
Equity	1,797	(3,078)
Net financial debt/(cash)	(1,793)	(2,593)

ATTACHMENT 2

SUMMARY OF KEY FIGURES OF THE LAST FINANCIAL STATEMENTS OF JOINT VENTURES INCLUDED IN THE AREA OF CONSOLIDATION (ART. 2429, PARAGRAPH 4 OF ITALIAN CIVIL CODE). ITALIAN GAAPS:

(amounts in € '000)

<b>Ipack Ima Srl</b>	<b>31/12/19</b>	<b>31/12/18</b>
Revenues from sales and services	-	16,934
Profit/(loss)	(1,269)	3,978
Equity	2,713	5,288
Net financial debt/(cash)	704	(2,182)

SUMMARY OF KEY FIGURES OF THE LAST FINANCIAL STATEMENTS OF JOINT VENTURES INCLUDED IN THE AREA OF CONSOLIDATION (ART. 2429, PARAGRAPH 4 OF ITALIAN CIVIL CODE). IAS/IFRS

(amounts in € '000)

<b>Hannover Milano Global Germany GmbH</b>	<b>31/12/19</b>	<b>31/12/18</b>
Revenues from sales and services	53,080	44,215
Profit/(loss)	10,421	7,978
Equity	23,228	20,850
Net financial debt/(cash)	(27,072)	(23,330)



## DECLARATION RELATING TO THE FINANCIAL STATEMENTS IN ACCORDANCE WITH ARTICLE 154-BIS, PARAGRAPH 5, ITALIAN LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998

1. The undersigned, Fabrizio Curci, as Chief Executive Officer, and Marco Pacini, as Financial Reporting Officer of Fiera Milano SpA, having noted the provisions of article 154-bis, paragraphs 3 and 4, Italian Legislative Decree 58 of 24 February 1998, attest to:
  - the appropriateness in relation to the characteristics of the business and
  - the effective application of administrative and accounting procedures for preparation of the financial statements at 31 December 2019.
  
2. It is also declared that:
  - 2.1 the Financial Statements at 31 December 2019:
    - have been prepared in accordance with applicable international accounting standards recognised by the European Union in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July 2002;
    - correspond to the results contained in the accounting records and documents;
    - provide a true and correct representation of the capital, economic and financial situation of the Issuer.
  
  - 2.2 the report on operations includes a reliable analysis of the trend and results of operations and the situation of the Issuer, together with a description of the main risks and uncertainties to which they are exposed.

Rho (Milan), 10 March 2020

*Signed*  
**CEO**  
Fabrizio Curci

*Signed*  
**Financial Reporting Officer**  
Marco Pacini

## REPORT BY THE BOARD OF STATUTORY AUDITORS PURSUANT TO ART. 153 OF LEGISLATIVE DECREE NO. 58/1998

Dear Shareholders,

this report, prepared pursuant to art. 153 of Legislative Decree No. 58/1998 ("TUF") [consolidated law on finance], reports on the activity carried out by the Board of Statutory Auditors of Fiera Milano S.p.A. ("Fiera Milano" or also the "Company") in the year ended 31 December 2019, in accordance with the reference regulations, also taking into account the Rules of Conduct of the Board of Statutory Auditors recommended by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili [national council of chartered accountants].

### 1) ACTIVITIES OF THE BOARD OF STATUTORY AUDITORS

During the year, the Board of Statutory Auditors carried out the relevant activities by holding 16 meetings; furthermore, it also attended all the following meetings: nine meetings of the Board of Directors, 10 meetings of the Control and Risk Committee and five meetings of the Appointment and Remuneration Committee.

From the closing date of the 2019 financial year to the date of this report, the Board met five times.

### 2) SUPERVISION OF COMPLIANCE WITH THE LAW AND THE BYLAWS

Through participation in the meetings of the Board of Directors and board committees, the Board of Statutory Auditors periodically obtained information from Directors on the activities carried out and on the most significant economic, financial and equity transactions approved and implemented during the year, carried out by the Company and Group companies, also pursuant to Art. 150 of the TUF, Paragraph 1. Based on the information available, the Board of Statutory Auditors can be reasonably sure that the transactions themselves comply with the law and the bylaws and are not manifestly imprudent, risky, contrary to the resolutions of the Shareholders' Meeting or such as to compromise the integrity of corporate assets. In addition, transactions with potential conflicts of interest were resolved in accordance with the law, regulatory provisions and the bylaws.

Among the significant events of the year, which the Board of Statutory Auditors deems it appropriate to mention in consideration of their relevance, the following are noted:

- Fiera Milano continued to execute the development lines in the 2018-2022 Strategic Plan, further strengthening the portfolio of directly organised events, through the following acquisitions:
  - on 9 July 2019, the Cartoomics event brand, for €320 thousand in the comic, gaming and entertainment sector;
  - on 14 August 2019, 62.5% of the "Milano Games Week" event brand for the amount of €2,500 thousand in the gaming and entertainment sector;
  - on 5 December 2019, 60% of Made Eventi S.r.l. for the amount of €1,860 thousand. Made Eventi organises the MADE Expo at the Rho exhibition centre, the biennial international architecture and construction exhibition dedicated to designers, companies, buyers and specialised operators;

through the following rationalisation operations:

- on 6 June 2019, the deed of reverse merger of Eurofairs International Consultoria e Participações Ltda into its subsidiary CIPA Fiera Milano Publicações e Eventos Ltda;
- on 4 July 2019, the extraordinary Shareholders' Meeting of La Fabbrica del Libro S.p.A. approved the liquidation status of the company. On 11 November 2019, the Shareholders' Meeting approved the final liquidation balance sheet and the distribution plan;

through service development activities, in particular:

- on 22 November 2019, a commercial partnership agreement was entered into between Fiera Milano, its subsidiary Nolostand spa and the company Allestimenti Benfenati Spa, a company with many years experience in the world of customised fittings and installations.
- In 2019, the infrastructure development plan to make exhibition centres and the conference centre even more competitive continued. The development plan includes the development of the Digital Transformation of the exhibition centres and the MiCo. In relation to this, Fiera Milano signed a collaboration with Samsung SDS, which will provide its experience and knowledge for the digital transformation processes;
- Relations with the parent company Ente Autonomo Fiera Internazionale di Milano ("Fondazione Fiera Milano"):
  - on 21 March 2019, Fiera Milano published the Related Party Transactions Information Document pursuant to Art. 5 of Consob Regulation 17721 of 12 March 2010 as amended, relating to the subleasing agreements for the Rho-Pero exhibition spaces roofs, for the construction of a photovoltaic system and the related renewable energy purchase contract, agreed with Fair Renew S.r.l., whose share capital is held by A2A Rinnovabili SpA (60%), A2A Group company and by Fondazione Fiera Milano (40%);
  - on 29 May 2019, Fiera Milano entered into an agreement with the parent company Fondazione Fiera Milano – owner of 63.821% of the Fiera Milano share capital – containing some changes to the lease between the parties relating to certain areas of the Milan exhibition centre (fieramilanocity). The amended lease effectively entailed a reduction of €1,500 thousand per year of the original annual rent of €2,900 thousand from 1 June 2019, and the exclusion of certain areas of the Milan exhibition hub used for parking.

Among the events subsequent to the end of the 2019 financial year, the following should be noted:

- The Covid-19 ("Coronavirus") epidemic, which hit China in January 2020, forced the Chinese authorities to take measures to contain the spread, including severe restrictions on the movement of vehicles and people. As a result of this emergency, the calendar of trade exhibitions organised by Hannover Milano Fairs Shanghai joint venture company, was subject to some changes, with the cancellation of only one exhibition on 10 March 2020, and the postponement of other events, some of which are still being arranged;
- In relation to the subsequent spread of Coronavirus in Italy, from the second half of February, a governmental decree ordered, among other measures, the suspension of trade exhibition events until 3 April 2020. In the meantime, Fiera Milano, in collaboration with third party organisers, promptly rescheduled some events due to take place in the first few months of the year to subsequent dates during the 2020 financial year.

In this regard, the Board of Statutory Auditors noted the disclosure. contained in both the Report on operations (in particular the "*Risks due to cancellation and/or suspension of events resulting from the spread of Covid-19*") and in the Notes to the Financial Statements, relating to the uncertainty connected to the Covid-19 health emergency, an event that can be classified in events subsequent to the reference date and the financial statements.

### 3) SUPERVISION OF COMPLIANCE WITH THE CORRECT ADMINISTRATION PRINCIPLES AND ADEQUACY OF THE ORGANISATIONAL STRUCTURE

The Board of Statutory Auditors acquired knowledge and supervised the adequacy of the organisational structure, compliance with the correct administration principles, the adequacy of provisions laid down by the Company for its subsidiaries pursuant to Art. 114, paragraph 2 of the TUF, through the acquisition of information from the heads of the competent corporate functions and meetings with the Independent Auditors for the mutual exchange of data and relevant information.

During the year, the Company took various measures to implement or transpose provisions laid down by legislation, the Supervisory Authorities, the Code of Corporate Governance and the Group Regulations. In particular, the Board of Directors approved the updated "Management and Coordination Guidelines" in July 2019, and in September 2019, adopted the "Anti-Corruption Guidelines and other Compliance Programmes" for foreign subsidiaries in Brazil and Africa.

Pursuant to the Q.1.1 Rule of the Rules of Conduct of the board of statutory auditors of listed companies, for the second year, the Board of Statutory Auditors carried out the assessment of its composition, size and functioning, the results of which were presented at the Board of Directors meeting of 11 February 2020. With reference to the personal and collective requirements and skills, it emerged that:

- all the standing auditors, in addition to possessing the requisites of good repute and professionalism and not falling under the incompatibility situations envisaged by current legislation, also possess the independence requisites envisaged by the Code of Corporate Governance;
- the Board of Statutory Auditors guarantees the gender and generational diversity of its members;
- each standing auditor has good knowledge and experience in different areas of competence;
- overall, the Board of Statutory Auditors has adequate skills.

The size, functioning and information flows were adequate with no evidence of deficiencies or critical areas. During 2019, the Board of Statutory Auditors also had the opportunity to participate in an induction activity organised by the Company to provide the Board of Statutory Auditors with adequate knowledge of the context in which Fiera Milano operates and the market scenarios.

The Board of Statutory Auditors attended the meeting in which the Board of Directors examined the results of the internally conducted Board Review. The procedures for carrying out the Board Review and the positive outcomes that emerged are described in the Fiera Milano Report on Corporate Governance as required by the "Committee Recommendations for 2019" of the Corporate Governance Committee.

The current expiring mandate Board of Directors formulated guidelines on the composition of the Board for the three-year period 2020-2022 in compliance with the provisions of Application Criterion 1.C.1 letter h) of the Borsa Italiana S.p.A. Code of Corporate Governance of July 2018. These guidelines were published on the Fiera Milano website on 11 February 2020.

In 2019, the Board of Directors approved changes to the company's organisational structure and the organisational structure is adequate overall in relation to the company size and the type of activity carried out.

The examination of the annual reports to the financial statements issued by the Board of Statutory Auditors of the subsidiaries did not reveal any critical issues. Likewise, no critical profiles were reported during the periodic meetings held with the members of the Boards of Statutory Auditors of subsidiary and investee companies.

The Report on Operations, the information received during the Board of Directors meetings and that received by the Chief Executive Officer, from the top management, boards of statutory auditors of subsidiary and investee companies and the independent auditors did not highlight the existence of atypical and/or unusual transactions with Group companies, third parties or related parties.

Finally, the Board of Statutory Auditors verified the corporate processes that led to the definition of the Company's remuneration policies with particular reference to the remuneration criteria for the CEO, key managers and the head of the control function.

#### **4) SUPERVISION OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

The Board of Statutory Auditors supervised the adequacy of the internal control and risk management systems through:

- meetings with Fiera Milano top management to examine the internal control and risk management system;
- periodic meetings with the Internal Audit function and the Compliance function to assess work planning methods, based on the identification and assessment of the main risks present in the processes and organisational units;
- meetings with the Risk Manager to analyse the strategic risks for Fiera Milano and the Group;
- meetings with all senior management roles regarding the organisational and management impact of Fiera Milano's business activities;
- meetings with the CEOs of subsidiary companies;
- examination of the periodic reports of the Control Function in coordination with the Company's Internal Control and Risk Committee;
- meetings with the Executive Manager, the Planning and Control Manager of Fiera Milano;
- meeting with Fiera Milano Investors;
- periodic meetings with the control bodies of subsidiaries and investee companies pursuant to paragraphs 1 and 2 of Art. 151 of the TUF, during which the Board of Statutory Auditors acquired information on events deemed significant that affected the Group companies and the internal control system;
- joint sessions with the Internal Control and Risk Committee and the Company Supervisory Body;
- discussion about the results of the independent auditor's work;
- regular participation in the work of the Company's Internal Control and Risk Committee and the Remuneration Committee, and when required by the topics, joint discussions of the same with the respective committees.

In carrying out its control activities, the Board of Statutory Auditors maintained a continuous dialogue with the Internal Control and Risk Management functions.

The Company's Internal Audit function operates on the basis of an annual plan which defines which activities and processes to subject to verification with a risk based approach. The plan is approved annually by the Board of Directors following the favourable opinion of the Internal Control and Risk Committee.

The activities carried out by the Function during the year covered the perimeter of planned activities. From this activity, no significant critical issues emerged, but there were improvement aspects to be implemented in the near future.

The Board of Statutory Auditors acknowledges that the annual report of the Control Function concludes with an overall favourable opinion on the structure of internal controls.

Based on the activities carried out, the information acquired, the content of the Report of the Control Function, the Board of Statutory Auditors believes that there are no critical elements such as to invalidate the structure of the control and risk management system.

In relation to the subsidiaries, established and regulated by the laws of states not part of the European Union, adequate information was provided to the Board by the Head of the internal control function and by the Risk Manager, and also brought to the attention of the Internal Control and Risk Committee in relation to the adoption by CIPA FM of the set of procedures for 262 purposes in 2019.

## 5) SUPERVISION OF THE ADMINISTRATIVE ACCOUNTING SYSTEM AND THE FINANCIAL REPORTING PROCESS

The Board of Statutory Auditors, as the Internal Control and Audit Committee, monitored the process and checked the effectiveness of the internal control and risk management systems in relation to financial reporting.

The Board of Statutory Auditors periodically met with the Executive Manager for the exchange of information on the administrative-accounting system, as well as on the reliability of the latter as a correct representation of management facts.

During 2019, activities continued to keep the mapping of the Fiera Group processes up to date.

The Fiera Milano group used an independent external consultant to carry out the impairment test of the goodwill and intangible assets recorded in the consolidated financial statements ending 31 December 2019.

Taking into account the recommendations made by the European Securities and Markets Authority ("ESMA") aimed at ensuring greater transparency of the methodologies adopted by listed companies as part of impairment test procedures for goodwill and intangible assets, as well as in line with the recommendations of the joint Bank of Italy-Consob-Isvap document No. 4 of 3 March 2010 and in light of the indications provided by Consob itself, the compliance of the impairment test procedure with the requirements of the IAS 36 international accounting standard was the subject of express approval by the Company's Board of Directors, subject to the favourable opinion issued by the Internal Control and Risk Committee in that regard in February 2020, earlier than that of the approval of the 2019 financial statements.

The Board of Statutory Auditors also examined the declarations of the Chief Executive Officer and Executive Manager in accordance with the provisions contained in Art. 154 *bis* of the TUF.

The Board of Statutory Auditors saw no evidence of deficiencies that could invalidate the judgment of adequacy and effective application of the administrative accounting procedures.

During the periodic meetings with the Board of Statutory Auditors, the managers of the Independent Auditors did not report any critical situations that could affect the internal control system inherent to the administrative and accounting procedures.

## 6) SUPERVISION ACTIVITIES OF RELATED PARTY TRANSACTIONS

Intragroup or related party transactions are noted in the Explanatory Notes §§50, divided into relationships with the parent company Fiera Milano and those with subsidiaries.

The Board of Statutory Auditors oversaw compliance of the Related Party Procedure (“RPT Procedure”), approved by the Board of Directors on 5 November 2010, amended by the Board of Directors on 19 February 2018 and on 11 May 2018 with current legislation and on its correct application.

The changes to the lease for the Fieramilanocity urban hub, referred to in §2 of this Report, resulted in a substantial change to a Significant Transaction between related parties. Therefore, the transaction was approved on 8 May 2019 – pursuant to Article 9.1 of the Related Party Procedure – by the Company’s Board of Directors, after obtaining a favourable opinion of the Internal Control and Risk Committee on 7 May 2019.

In accordance with the law, the Information Document drawn up pursuant to Art. 10.2 of the Related Parties Procedure and Consob Regulation No. 17221/2010 was deposited and made available to the public at the Fiera Milano registered office and operational and administrative headquarters, on the website and on the Authorised storage system.

With particular reference to the aforementioned procedure, please note that Fiera Milano is a smaller listed company and, as such, benefits from the exemption granted pursuant to Art. 10, paragraph 1 of Consob

## 7) METHODS OF CONCRETE IMPLEMENTATION OF THE CORPORATE GOVERNANCE RULES

In the exercise of its functions, the Board of Statutory Auditors, as prescribed by Art. 2403 of the Italian Civil Code and by Art. 149 of the TUF, supervised the methods of actual implementation of the corporate governance rules provided for by the codes of conduct with which Fiera Milano declares to comply. The company adheres to the Borsa Italiana S.p.A. Code of Corporate Governance and drafted the annual “Report on Corporate Governance and Ownership Structures” pursuant to Art. 123–bis of the TUF, in which information is provided on:

- i.* the actually applied corporate governance practices;
- ii.* the main characteristics of the risk management and internal control systems;
- iii.* the operational mechanisms of the Shareholders’ Meeting, its main powers, the rights of the Shareholders and the methods of their exercise;
- iv.* the composition and functioning of the administrative and control bodies and of the internal board committees as well as the other information required by Art. 123–bis of the TUF.

The Board of Directors approved the “Report on Corporate Governance and Ownership Structures” on 10 March 2020.

The Board of Statutory Auditors also verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to assess the independence of its members.

## 8) SUPERVISION OF THE STATUTORY AUDIT

Pursuant to Art. 19 of Legislative Decree 39/2010, the Board of Statutory Auditors also identified itself as the Auditor in the Internal Control Committee and carried out the required supervisory activity over the statutory audit of the annual and consolidated accounts.

The Board of Statutory Auditors periodically met with the Independent Auditor Ernst & Young S.p.A. ("EY") also pursuant to Art. 150, paragraph 3, of the TUF for the purpose of exchanging mutual information. In these meetings, the Independent Auditor did not highlight any deeds or culpable facts or irregularities that required the formulation of specific reports pursuant to Art. 155, paragraph 2 of the TUF.

During the supervision of the 2019 financial statements, the Board of Statutory Auditors periodically met with the independent auditor to examine the results deriving from the audit on the regular keeping of the accounts and to examine the progress of activities on the 2019 *Audit Plan of Fiera Milano and the Group*.

The draft financial statements for the year ended 31 December 2019, accompanied by the report on operations prepared by the Directors as well as the certification of the Chief Executive Officer and the Executive Manager, were brought for the approval of the Board of Directors at the meeting of 10 March 2020 and simultaneously made available to the Board of Statutory Auditors in view of the Shareholders' Meeting convened for 20 April 2020.

On 10 March 2020, the Fiera Milano Board of Directors approved the financial statements and the consolidated financial statements.

On 24 March 2020, the Independent Auditors issued the audit reports on the Fiera Milano financial statements and the Fiera Group consolidated financial statements closed at 31 December 2019 pursuant to Art. 14 of Legislative Decree 39/2010 and Art. 10 of Regulation (EU) No. 537/2014.

In relation to opinions and declarations, in the Audit Report on the financial statements the Independent Auditors:

- issued an opinion that the Fiera Milano financial statements and the Fiera Group consolidated financial statements provide a true and fair view of the financial position of the Company and Group as at 31 December 2019, of the economic result and cash flows for the year ended on that date in accordance with the International Financial Reporting Standards adopted by the European Union, as well as the provisions issued in implementation of Art. 9 of Legislative Decree 38/2005 and Art. 43 of Legislative Decree 136/2015;
- issued a opinion of consistency which shows that the Reports on Operations accompanying the financial statements and the consolidated financial statements as at 31 December 2019 and the information of the Corporate Governance and Ownership Structure Report indicated in Art. 123 *bis*, paragraph 4, of the TUF, whose responsibility lies with the directors of Fiera Milano, are consistent with the financial statement documentation and comply with the law;
- declared to have nothing to report in relation to any significant errors in the Reports on Operations, on the basis of the knowledge and understanding of the Company and of the related context acquired during the audit;
- verified the approval by the directors of the Disclosure of Non-financial Information.



On 24 March 2020, the Independent Auditors also presented the additional report to the Board of Statutory Auditors required by Art. 11 of EU Regulation No. 537/2014, the content of which was covered during the periodic meetings, from which no significant deficiencies emerged in the internal control system in relation to the financial reporting process, which were worthy of being brought to the attention of those responsible for governance.

The Independent Auditors submitted the independence declaration to the Board of Statutory Auditors, as required by Art. 6 of Regulation (EU) No. 537/2014, from which no situations emerged that could compromise independence.

The Independent Auditors carried out the following additional assignments during the 2019 financial year, the fees for which are also shown in the annex to the financial statements as required by Art. 149 *duodecies* of the Issuers Regulation, the following were charged to the income statement:

Type of services	Description of services	EY Amount in € thousands
Other services	Agreed audit procedures	53
Other services	Professional Services	23
Other services	Agreed audit procedures	28
<b>Total Services</b>		<b>104</b>

During 2019, Fiera Milano adopted a Policy for the assignment of tasks to the independent auditor.

## 9) REMUNERATION POLICIES

Finally, the Board of Statutory Auditors verified the corporate processes that led to the definition of the Company's remuneration policies with particular reference to the remuneration criteria for the CEO, Key Managers and the Head of the Control Function.

## 10) OMISSIONS OR CULPABLE FACTS, OPINIONS GIVEN AND INITIATIVES UNDERTAKEN

During the 2019, the Board of Statutory Auditors did not receive complaints pursuant to Art. 2408 of the Italian Civil Code nor has it received complaints from third parties.

The Board of Statutory Auditors issued the opinions required by current legislation.

During the activities carried out and on the basis of the information obtained, no omissions, culpable facts, irregularities or in any event significant circumstances emerged that required reporting to the Supervisory Authorities or mentioning in this Report.

## 11) DISCLOSURE OF NON-FINANCIAL INFORMATION

In the exercise of its functions, the Board of Statutory Auditors supervised compliance with the provisions of Legislative Decree No. 254 of 30 December 2016 and the Consob Regulation implementing the Decree adopted with resolution No. 20267 of 18 January 2018, in particular in relation to the drafting process and the contents of the Disclosure of Non-financial Information (“DNF”) prepared by Fiera Milano.

The DNF was approved by the Board of Directors on 10 March 2020 as a separate document from the Report on operations in the consolidated financial statements as at 31 December 2019.

In the report issued on 24 March 2020, the independent auditor, which was assigned the task of carrying out the limited examination of the DNF pursuant to Art. 3, paragraph 10, of Legislative Decree 254/2016, highlighted that no factors emerged to suggest that the Fiera Group DNF relating to the year ended 31 December 2019 had not been drawn up, in all significant aspects, in compliance with the requirements of articles 3 and 4 of Legislative Decree 254/2016 and the “Global Reporting Initiative Sustainability Reporting Standards”.

The Board of Statutory Auditors did not become aware of breaches of the relative regulatory provisions.

## 12) CONCLUSIONS

Taking into account all the above, the Board of Statutory Auditors, having considered the content of the reports drawn up by the independent auditor, having taken note of the certifications issued jointly by the Chief Executive Officer and the Executive Manager, expresses a favourable opinion on the approval of the Fiera Milano Financial Statements as at 31 December 2019 and the motion to allocate the profit for the year and dividend distribution made by the Board of Directors.

In conclusion of this report, the Board of Statutory Auditors would like to thank the Board of Directors, the Management, the Company and Group Personnel for their commitment and the constant and fruitful collaboration with which their work has always been supported.

Milan, 24 March 2020

**The Board of Statutory Auditors**

Prof. Riccardo Raul Bauer

Mr Daniele Federico Monarca

Ms Mariella Tagliabue

## INDEPENDENT AUDITORS' REPORT



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### Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014 (Translation from the original Italian text)

To the Shareholders of  
Fiera Milano S.p.A.

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Fiera Milano S.p.A. (the Company), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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

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We identified the following key audit matters:

Key Audit Matter	Audit Response
<p><b>Valuation of goodwill, intangible assets with definite useful life and investments</b></p> <p>At December 31, 2019 the carrying amount of goodwill, intangible assets with definite useful life and investments was euro 70,1 million, euro 11,1 million and euro 51,2 million, respectively. Goodwill and intangible assets with definite useful life were allocated to the Cash Generating Units (CGUs). Goodwill is tested for impairment at least annually at the end of the reporting period, or more often, if there is any indication of impairment. Intangible assets with definite useful life, which are being depreciated, and investments, are tested for impairment only when there is an indication of impairment. The processes and methodologies to estimate and determine the recoverable amount of the CGUs, in terms of value in use, are based on complex assumptions that, due to their nature, imply the use of judgement by Management, in particular with reference to the cash flow forecasts for the period covered by the 2020-2023 business plan, the normalized cash flows used to estimate terminal value, and the discount rate and long term growth rates applied. Considering the materiality of the carrying amount of such assets and the level of judgement and complexity of the assumptions used in estimating the recoverable amount of goodwill, intangible assets with definite useful life and investments, we have determined that this area constitutes a key audit matter. The Company included disclosures related to the nature and the key assumptions used for impairment test in note 4 "Goodwill", note 5 "Intangible assets with a finite useful life" and note 6 "Investments".</p>	<p>Our audit procedures in response to this key audit matter included, among others: (i) understanding of the process and key controls implemented by the Company to evaluate goodwill, intangible asset with definite useful life and investments; (ii) verification of the perimeter of the CGUs and of the allocation of the respective book values; (iii) reviewing of the report prepared by the external experts who supported management in performing the impairment test, including the valuation of their competence, capabilities and objectivity; (iv) assessing the significant assumptions underlying future cash flow projections, including the determination of the weighted average cost of capital, the discount rate and the long-term growth rates used in estimating the terminal value, and performing sensitivity analyses; (v) assessing the variances between actual results and the previous forecasts as assumed by the Company; (vi) testing the mathematical accuracy of the impairment test calculation; (vii) verifying the consistency of the forecast of future cash flows of the CGUs with the business plan for the period 2020-2023. In performing our audit procedures we also involved our valuation specialists who assisted us in the assessment of assumptions and methodologies utilized by the Company, and performed independent calculations and sensitivity analyses of key assumptions. Lastly, we assessed the adequacy of the disclosures made in the notes to the financial statements relating to evaluation of goodwill, intangible assets with definite useful lives and investments.</p>



Key Audit Matter	Audit Response
<p><b>First application of IFRS 16 - Leases</b> Starting from January 1, 2019 the new International Financial Reporting Standard 16 - Leases ('IFRS 16'), relating to the accounting of lease contracts, is fully enacted. The new standard provides that, for passive lease contracts, a lessee shall recognize a right-of-use assets and a lease liability at the present value of the lease payments. The Company, in accordance with IFRS 16, has provided information on the impacts of the first application of the standard from January 1, 2019 in note 1.2 «New accounting standards, interpretations and amendments adopted».</p> <p>As of January 1, 2019, the Company recorded right-of-use assets and lease liabilities for euro 483.5 millions.</p> <p>The high degree of judgment required by IFRS 16 in estimating the assumptions necessary for the adoption of the standard in relation to the duration of the lease and the definition of the discount rate, together with the significance of the impacts on the Group's consolidated financial statements, represented for us a key audit matter.</p>	<p>Our audit procedures in response to this key audit matter included, among others: (i) the analysis of accounting policies and assumptions used by management in connection with the adoption of the standard; (ii) the assessment of the effectiveness of the internal control system put in place by Management; (iii) the assessment of the renewal clauses and of the correct determination of the discount rate used; (iv) the verification of the movements occurred during the year. Lastly, we reviewed the adequacy of the disclosures provided in the notes to the consolidated financial statements with regards to their compliance with the provisions of IFRS 16.</p>

### Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.



## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; have designed and performed audit procedures responsive to those risks, and 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 have 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 have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming 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 have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, 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 identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all 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 have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.



### **Additional information pursuant to article 10 of EU Regulation n. 537/14**

The shareholders of Fiera Milano S.p.A., in the general meeting held on 29 April 2014 engaged us to perform the audits of the separate and consolidated financial statements for of the years ending 31 December 2014 to 31 December 2022.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

### **Report on compliance with other legal and regulatory requirements**

#### **Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998**

The Directors of Fiera Milano S.p.A. are responsible for the preparation of the Management Report and of the Report on Corporate Governance and Ownership Structure of Fiera Milano S.p.A. as at 31 December 2019, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Management Report and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements of Fiera Milano S.p.A. as at 31 December 2019 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Management Report and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Fiera Milano S.p.A. as at 31 December 2019 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

#### **Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016**

The Directors of Fiera Milano S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information have been approved by Directors.





Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information are subject to a separate compliance report signed by us.

Milan, 24 March 2020

EY S.p.A.  
Signed by: Federico Lodrini, Auditor

*This report has been translated into the English language solely for the convenience of international readers.*

## RESOLUTIONS PASSED BY THE ORDINARY SHAREHOLDERS' MEETING

*The ordinary Shareholders' Meeting, held on April 20, 2020, resolved*

**1) Financial Statements at 31 December 2019, Report of the Board of Directors on Operations and Report of the Board of Statutory Auditors, Report of the Independent Auditors. Presentation of the Consolidated Financial Statements at 31 December 2019 and the 2019 Consolidated Disclosure of Non - financial Information pursuant to Italian Legislative Decree no. 254/2016.**

*to approve the Financial Statements for the year ended 31 December 2019, consisting of the statement of financial position, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and the related notes to the financial statements, which shows a net profit of Euro 32,793,582.39 as presented by the Board of Directors as a whole, in the individual entries and with the proposed provisions, as well as the related Report of the Board of Directors on Operations.*

**2) Allocation of profit for the year 2019.**

*to allocate the net profit of the year of Euro 32,793,582.39 as follow:*

- distribution of a dividend, gross of amounts withheld under law, of euro 0.13 for each of the ordinary shares with rights, based on the amount of the profit for the year 2019;*
- retaining the remaining profit for the year, net of the aforementioned distribution;*
- to establish that the dividend will be paid on 6 May 2020, with detachment date on 4 May 2020, according to Borsa Italiana calendar, and record date on 5 May 2020.*

### 3.1) determination of the number of members

*to determine the number of members of the Board of Directors as nine.*

### 3.2) determination of the term of office

*to establish that the new Board of Directors will remain in office for three financial years, and therefore up to the shareholders' meeting convened to approve the financial statements at 31 December 2022.*

### 3.3) appointment of Directors by voting list

*to appoint the Directors indicated in the list submitted by the Shareholder Fondazione Ente Autonomo Fiera Internazionale di Milano and therefore the following persons, without exemption from the non-competence ban, pursuant to Article 2390 of the Civil Code:*

- *Antonio Caorsi, in a capacity as Chairman*
- *Fabrizio Curci*
- *Alberto Baldan*
- *Stefania Chiaruttini*
- *Anna Gatti*
- *Francesca Golfetto*
- *Angelo Meregalli*
- *Marina Natale*
- *Elena Vasco*

### 3.4) appointment of the Chairman

*to appoint Antonio Caorsi as Chairman of the Board of Directors.*

### 3.5) determination of remuneration

to establish the following remuneration for members of the new Board of Directors:

- fixed annual remuneration for the Chairman of the Board of Directors equal to €107,000.00, in proportion to time, save for the reimbursement of documented expenses incurred to carry out his duties;
- fixed annual remuneration for each of the other Directors equal to €35,000.00, for a total of €280,000.00, in proportion to time, save for the reimbursement of documented expenses incurred to carry out their duties;
- the payment of an attendance fee equal to €350.00 to each Director for each board meeting attended.

without prejudice to the competence of the Board of Directors, after consulting with the Board of Statutory Auditors, to determine the remuneration for Directors with special responsibilities pursuant to Article 17.7 of the Articles of Association.

### 4.1) Approval of section one

to approve the contents of Section One of the Report on the remuneration policy and payments made prepared pursuant to article 123-ter of Italian Legislative Decree 58/98, concerning the Company's policy on the remuneration of the members of the Board of Directors, and in particular the Directors with special duties, the members of the Committees and the Executives with Strategic Responsibilities in the Group, as well as the procedures used for the adoption and implementation of this policy.

### 4.2) Advisory vote on section two

to approve the content of Section Two of the Report on remuneration policy and payments made prepared pursuant to Article 123-ter of Italian Legislative Decree No. 58/98, concerning the remuneration awarded to members of the Board of Directors, Executives with Strategic Responsibilities and members of the Company's Board of Statutory Auditors.



**5) Authorisation to purchase and dispose of treasury shares pursuant to Article s 2357 and 2357-ter of the Italian Civil Code, subject to revocation of the resolution passed by the Shareholders' Meeting on 18 April 2019.**

**(Report pursuant to Article 73 and Annex 3A of the Issuers' Regulations)**

- 1) *to revoke the cancellation of the authorisation to purchase and dispose of treasury shares approved by the Ordinary Shareholders' Meeting of 18 April 2019;*
- 2) *to authorise the Board of Directors, pursuant to Article 2357 et seq. of the Italian Civil Code, to purchase treasury shares of the Company for the quantity, at the price, within the terms and in the manner set out below:*
  - *that the purchase may be made in one or more tranches, within 18 months from the date of this resolution;*
  - *that the consideration for the purchase of each share shall not be greater than the price of the last independent transaction or the price of the highest current independent offer (whichever is highest) in the trading venues where the purchase is made. It is understood that the unit price must be neither 10% lower nor higher than the reference price recorded for Fiera Milano shares on the MTA market organised and managed by Borsa Italiana SpA on the trading day before each individual purchase transaction;*
  - *that the maximum number of shares purchased, including shares held by the Company and its subsidiaries, may not exceed 5% of the Company's share capital;*
  - *The purchase of treasury shares may take place in one or more tranches, in compliance with applicable laws and regulations including, as appropriate, accepted market practices. The purchase of treasury shares must be carried out in compliance with the conditions set out in Article 3 of Delegated (EU) Regulation 2016/1052 and in accordance with the provisions of Article 132 of Italian Legislative Decree 58/98, Article 144-bis of the Regulation issued by Consob with resolution no. 11971 of 14 May 1999, and any other applicable regulations, including EU regulations;*
- 3) *authorising the Board of Directors, pursuant to current legal provisions, to dispose of all or part of the treasury shares purchased, without time limits, even before the share purchase authorisation is exhausted; Disposals may be made, on one or more occasions, even before the purchases have been completed, through sale on regulated and/or unregulated markets or off-market, public offer, or as a consideration for the purchase of shareholdings and possibly for assignment to shareholders. The sale price must not be below the lowest purchase price. This price limit will not apply if the shares are disposed of as part of share incentive plans. If the shares are used in the context of extraordinary transactions, including, by way of example and without limitation, share swaps, part-exchanges, conferrals or as part of equity transactions or other corporate and/or financial transactions and/or other extraordinary transactions and any other non-cash disposal transaction, the Board of Directors will determine the financial terms of the transaction according to its type and characteristics, also taking account of the market performance of the Fiera Milano shares;*
- 4) *granting the Board of Directors and, acting on its behalf, the appointed Chairman and Chief Executive Officer, jointly and severally, all necessary power to make purchases or disposals and, in any event, to implement the above resolutions, also through proxies, in compliance with any requests made by the competent authorities.*

## **FIERA MILANO SPA**

Registered offices: Piazzale Carlo Magno, 1 – 20149 Milan, Italy

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### **April 2020**

This document is available for inspection on the Company's website at [www.fieramilano.it/en](http://www.fieramilano.it/en)

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**FIERA MILANO**