



FIERA MILANO

Half-year Financial Report at 30 June 2020 (First half of FY2020)

This document is available in the Investors section of the Company website,
www.fieramilano.it

This document contains a faithful translation in English of the original report in Italian "*Relazione finanziaria semestrale al 30 giugno 2020*".

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 semestrale al 30 giugno 2020* shall prevail upon the English version.

Fiera Milano SpA

Registered office: Piazzale Carlo Magno, 1 - 20149 Milan
Operational and administrative office: SS del Sempione, 28 - 20017 Rho (Milan)
Share Capital: Euro 42,445,141.00 fully paid up.
Companies Register, Tax Reference and VAT no. 13194800150
Economic Administrative Register 1623812

Rho (Milan), 29 July 2020

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Corporate Bodies and Independent Auditor

BOARD OF DIRECTORS

Carlo Bonomi	Chairman*
Alberto Baldan	Director**
Stefania Chiaruttini	Director**
Anna Gatti	Director**
Francesca Golfetto	Director**
Angelo Meregalli	Director**
Marina Natale	Director***
Elena Vasco	Director**

* Coopted by the Board of Directors on 25 April 2020 (ref. press release of 20,22 and 25 April).

** Independent Director under Article 148, paragraph 3 of Legislative Decree 58 of 24 February 1998 and the Self-regulatory Code of Borsa Italiana.

*** Independent Director under Article 148, paragraph 3 of Legislative Decree no. 58 of 24 February 1998.

CONTROL AND RISK COMMITTEE

Stefania Chiaruttini
Francesca Golfetto
Angelo Meregalli

APPOINTMENTS AND REMUNERATION COMMITTEE

Elena Vasco
Alberto Baldan
Marina Natale

BOARD OF STATUTORY AUDITORS

Riccardo Raul Bauer	Chairman
Daniele Federico Monarca	Standing Statutory Auditor
Mariella Tagliabue	Standing Statutory Auditor
Daniele Beretta	Substitute Statutory Auditor
Marina Scandurra	Substitute Statutory Auditor

FINANCIAL REPORTING OFFICER ITALIAN LAW 262/2005

Marco Pacini

SUPERVISORY COMMITTEE, ITALIAN LEGISLATIVE DECREE 231/01

Piero Antonio Capitini
Luigi Bricocoli
Basilio Postiglione

The Board of Directors was appointed by the Shareholders' Meeting of 20 April 2020 and the mandates of the Directors will expire at the Shareholders' Meeting to approve the Financial Statements at 31 December 2022.

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 Chairman, in addition to being the legal representative of the Company, is vested with all powers concerning Fiera Milano's institutional external relations.

On 18 June 2020, following the resignation of the Chief Executive Officer, Fabrizio Curci, he was granted ordinary management powers of the Company from the Board of Directors in compliance with the Succession Plan in place.

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.

Business model

The Fiera Milano Group is involved in all the characteristic phases of the exhibition and congress sector and is one of the leading international integrated companies in the sector.

Under the current management approach, the operating segments have been re-defined as follows:

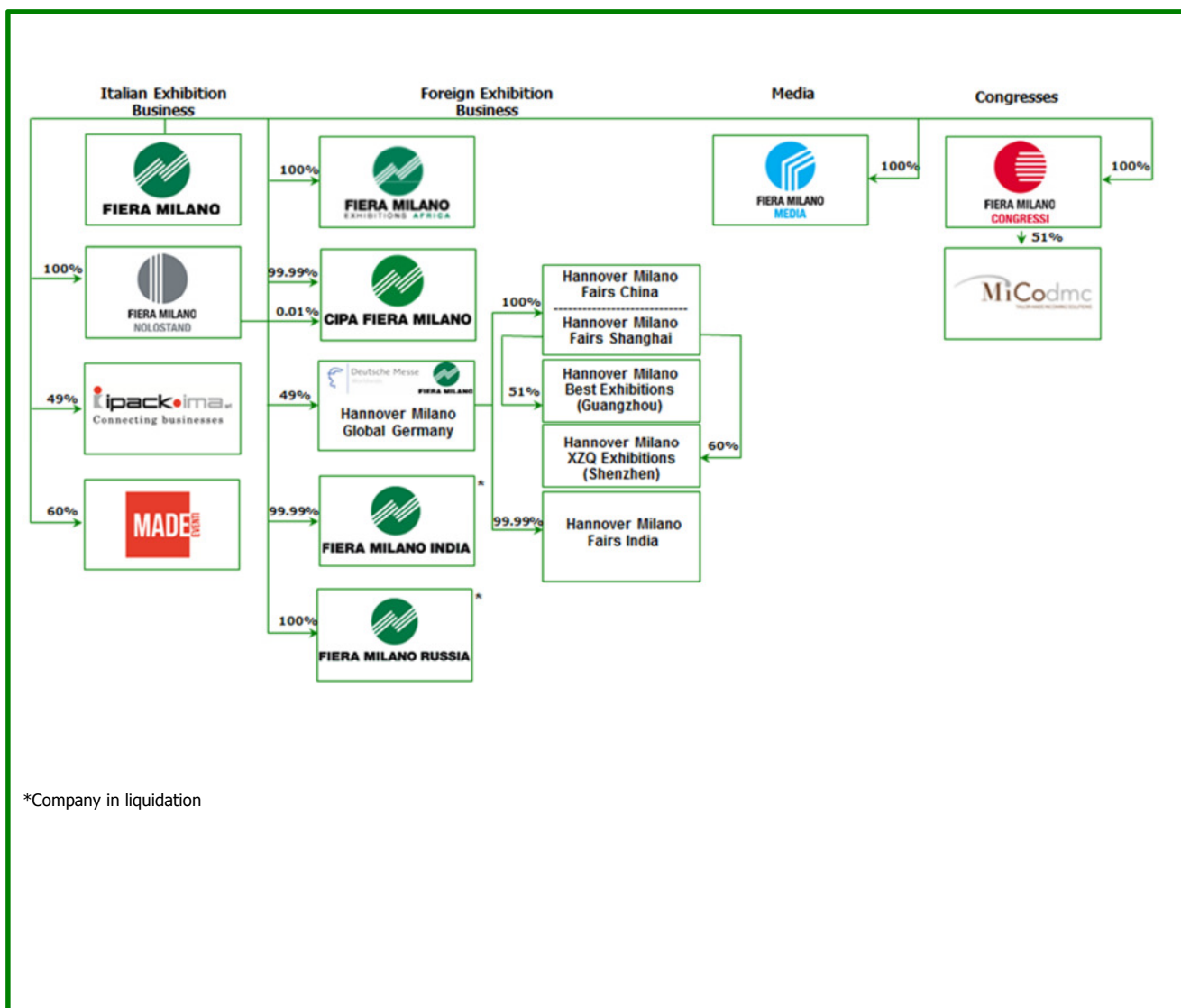
- **Italian Exhibition business:** this segment organises and hosts exhibitions and other events in Italy through the use, promotion and offer of furnished exhibition spaces through the services of stand-fitting, technical and exhibition site services associated with the exhibition and congress business; and offers project support and ancillary services. It includes all activities associated with exhibitions (including end services for exhibitors and visitors):
 - that are directly organised by the Group or in partnership with third-parties;
 - organised by third parties, through the hiring out of spaces and services.

- **Foreign Exhibition 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, project support, and ancillary services. It covers all activities associated with exhibitions (including end services for exhibitors and visitors) that are directly organised by the Group or in partnership with third-parties or acting as agents.

- **Media:** this segment covers the production of content and supply of on line and off line publishing services, as well as those associated with the organisation of events and congresses.

- **Congresses:** this segment covers the organisation of congresses and events and destination management services.

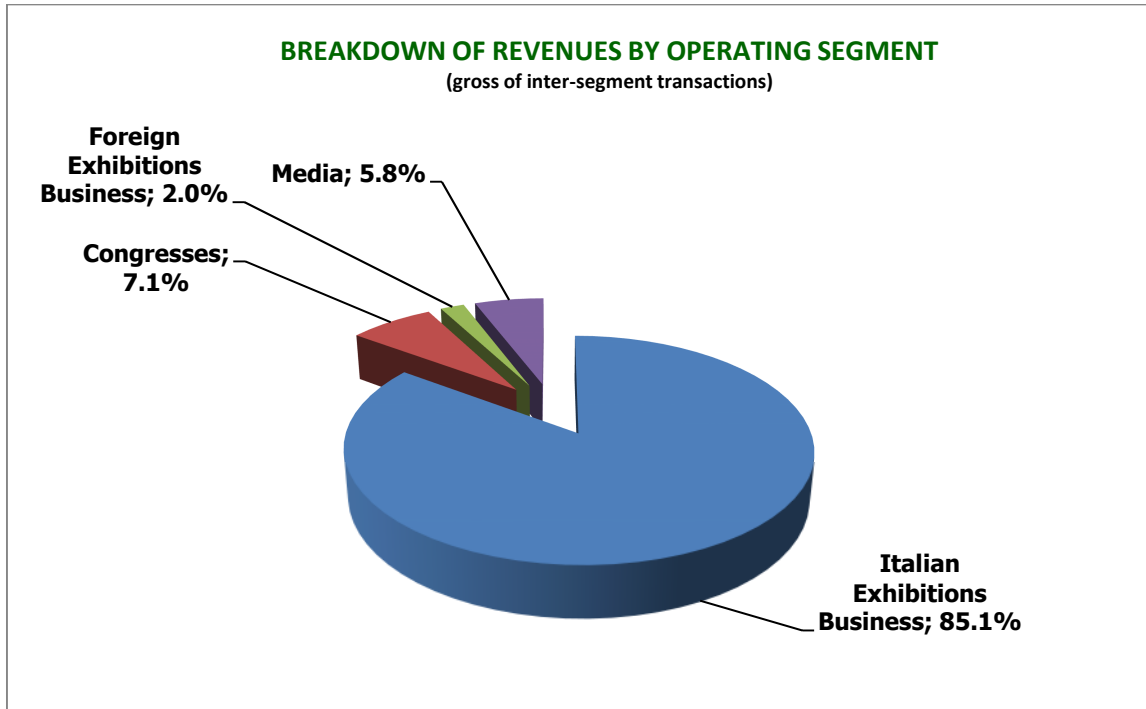
Group structure



Highlights of the first half of 2020

PERFORMANCE

Consolidated revenues: Euro 56 million.



BUSINESS

Number of exhibitions held:
11, of which 1 abroad.

Number of exhibitors:
5,185, of which 100 abroad

EXHIBITION SPACE

Net exhibition space occupied:
277,695 square metres
of which 3,910 square metres abroad.

Total gross exhibition space:
399,000 square metres

of which
345,000 square metres
in the fieramilano exhibition site

54,000 square metres
in the fieramilanocity exhibition site

Reference sector background

In July of this year, UFI (the Global Association of the Exhibition Industry) finalised the twenty-fifth Global Exhibition Barometer; since 2008, this research has provided the most updated information on the trend and outlook of the exhibition sector as perceived by its members. The current research reflects the views of 459 participants in 62 countries.

The main results of the research can be summarised as follows:

- globally, 85% of companies reported "Normal" overall activity level in January. This quickly fell to 15% in March, reaching 5% -6% in April, May and June. For both April and May, 73% of companies around the world said they did not carry out any activities.

Most companies plan to restart with national events during the second half of 2020, but with a reduced level of activity in the last quarter of the year.

Finally, in all the reference areas, the majority of companies believe that international events will start again in 2021.

Interim report on operations

Summary of results and significant events in the first half of the year

The table below gives the key figures of the Group for the period under review and the comparative data for the same period of the previous financial year, as well as those for the financial year to 31 December 2019.

Full year at 31/12/19	Fiera Milano Group Summary of key figures (Amounts in € '000)	1st Half at 30/06/20	1st Half at 30/06/19
279,711	Revenues from sales and services	55,988	153,882
106,054	EBITDA (a)	10,572	62,399
59,598	EBIT	(11,877)	39,573
34,328	Profit/(loss) from continuing operations	(12,600)	24,081
-	Profit/(loss) from discontinued operations	-	-
34,328	Profit/(loss)	(12,600)	24,081
34,425	- Attributable to the shareholders of the controlling entity	(12,484)	24,105
(97)	- Attributable to non-controlling interests	(116)	(24)
512,907	Net capital employed (b)	534,754	528,182
	covered by:		
107,276	Equity attributable to the Group	84,724	96,841
580	Equity attributable to non-controlling interests	466	37
(68,343)	Net financial debt/(cash) before IFRS 16 effects	(20,232)	(57,966)
405,051	Total net financial debt/(cash)	449,564	431,304
9,789	Investments (continuing operations and assets held for sale)	3,308	790
707	Employees (no. of permanent employees at end of period)	712	699

(a) EBITDA is the operating result before depreciation and amortisation and adjustments to asset values.
(b) Net capital employed is the sum of non-current assets, non-current liabilities and net working capital.

The results for the first half of 2020 suffered from the suspension of trade fair and congress activities as of 23 February due to the Covid-19 (i.e. Coronavirus) pandemic.

The Company has immediately taken all necessary actions to protect the health and safety of its customers, suppliers and employees, establishing, among other measures, remote working initiatives.

The events and congresses held in Italy in the first two months of the year achieved results in line with expectations. The health emergency has led to the adoption of a series of steps that have called for, among other measures, the suspension of trade fair and congress activities. Following its spread in Italy, the health emergency extended to many other countries, including those of trade fairs and congresses' exhibitors and visitors.

The calendars of activities have undergone important amendments, events were first re-scheduled in later months of the year and then major trade fairs – such as Il Salone Internazionale del Mobile, Mostra Convegno Expocomfort, and MIDO – had to be cancelled, also due to the restrictions on international travel.

To counteract the effects of this situation, Fiera Milano has implemented important cost reduction actions related, among other things, to the management of exhibition sites and staff. Among other activities, negotiations are underway between the Company and Fondazione Fiera Milano, owner of the exhibition sites, to determine a reduction in rent for the year 2020, in relation to the suspension of activities due to force majeure.

Moreover, the Company is implementing important initiatives aimed at ensuring a restart in the exhibition sector. Among these, thanks to the collaboration with a team of experts and in synergy with the main sector players, the Company has worked on the creation of a "Protocol to contain

the spread of the new Coronavirus". Through the Fiera Milano Platform, a new platform dedicated to the entire supply chain community, which will be gradually restarting from September 2020, the Company will be able to expand its offer of innovative services supporting the digital evolution of exhibitions and provide a better customer experience in the exhibition site. Finally, among other initiatives aimed at supporting SMEs, Fiera Milano will make access to credit easier for exhibiting companies by financially supporting the investment.

From a financial point of view, two new credit lines and a new short-term loan were also obtained for a total amount of Euro 50 million in order to meet any financial needs.

Following the onset of the Covid-19 pandemic, which led to lower than expected results for the first half of 2020, the Group again carried out the impairment test on intangible assets recorded in the financial statements as at 30 June 2020, described in detail in note 5 of the Illustrative Notes to the Interim Condensed Consolidated Financial Statements and from which no impairment losses emerged either on goodwill or investments recognised in the consolidated financial statements.

It is noted that:

- On 10 March 2020, Fiera Milano SpA approved a loan of Euro 1,000 thousand to ensure financial resources for the Brazilian subsidiary CIPA Fiera Milano Publicações e Eventos Ltda.
- On 20 April 2020, the Ordinary Shareholders' Meeting of the Parent was held, approving the Financial Statements at 31 December 2019 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 and Second Section of the Remuneration Report, relative to the Company policy on the remuneration of the Board of Directors, and authorised the purchase and disposal of treasury shares. Lastly, the same Shareholders' Meeting appointed the new Board of Directors, which will remain in office for the 2020-2022 financial years.

The business of the Group is seasonal due to exhibitions that have a biennial and multiannual frequency. Moreover, the absence of exhibitions in July and August and the presence of exhibitions from September onwards make a comparison of the financial figures between the first and second halves of the year meaningless. Given the seasonality of the business, the revenues and results of one half-year cannot be extrapolated for the full-year.

The contents of the information below take due account of the indications provided by CONSOB in the call to attention No. 8 of 16 July 2020 concerning "COVID 19 - Call to attention on financial reporting" as well as the recommendations provided by ESMA in the public statement "Implications of the COVID-19 outbreak on the half-yearly financial Reports" of 20 May 2020.

The table below gives greater detail of the **Consolidated Income Statement** for the first half of 2020.

Full year at 31/12/19		Consolidated Income Statement (Amounts in €'000)		1st Half at 30/06/20		1st Half at 30/06/19	
					%		%
	%		%		%		%
279,711	100	Revenues from sales and services	55,988	100	153,882	100	
2,489	0.9	Cost of materials	1,311	2.3	1,383	0.9	
121,215	43.3	Cost of services	29,285	52.3	66,628	43.3	
486	0.2	Costs for use of third party assets	256	0.5	284	0.2	
47,432	17.0	Personnel expenses	17,285	30.9	24,172	15.7	
4,778	1.7	Other operating expenses	1,234	2.2	2,530	1.6	
176,400	63.1	Total operating costs	49,371	88.2	94,997	61.7	
2,428	0.9	Other income	1,188	2.1	1,331	0.9	
3,768	1.3	Results of equity-accounted companies	(737)	(1.3)	2,371	1.5	
3,453	1.2	Allowance for doubtful accounts and other provisions	(3,504)	(6.3)	188	0.1	
106,054	37.9	EBITDA	10,572	18.9	62,399	40.5	
45,171	16.1	Depreciation and amortisation	22,449	40.1	22,826	14.8	
1,285	0.5	Adjustments to asset values	-	-	-	-	
59,598	21.3	EBIT	(11,877)	(21.2)	39,573	25.7	
(13,365)	(4.8)	Financial income/(expenses)	(6,792)	(12.1)	(6,846)	(4.4)	
-	-	Valuation of financial assets	-	-	-	-	
46,233	16.5	Profit/(loss) before income tax	(18,669)	(33.3)	32,727	21.3	
11,905	4.3	Income tax	(6,069)	(10.8)	8,646	5.6	
34,328	12.3	Profit/(loss) from continuing operations	(12,600)	(22.5)	24,081	15.6	
-	-	Profit/(loss) from discontinued operations	-	-	-	-	
34,328	12.3	Profit/(loss):	(12,600)	(22.5)	24,081	15.6	
34,425	12.3	- attributable to the shareholders of the controlling entity	(12,484)	(22.3)	24,105	15.7	
(97)	(0.0)	- attributable to non-controlling interests	(116)	(0.2)	(24)	(0.0)	

Revenues from sales and services totalled Euro 55,988 thousand, a decrease of approximately Euro 97,894 thousand compared to the figure for the same half of the previous financial year (Euro 153,882 thousand).

Trends concerning the exhibition space occupied in Italy and abroad and changes in terms of square metres compared to the previous half-year are indicated below:

- **Annual exhibitions organised by the Group in Italy** (-19,685 square metres): the decrease mainly refers to the SposaItalia events (-9,650 m²) and Miart (-8,960 m²) which were postponed to the following half-year. Miart will be held in a digital version.
- **Annual exhibitions organised by third parties in Italy** (-287,340 square metres): the decrease mainly refers to the events cancelled due to the Covid-19 pandemic such as the Salone del Mobile / Furnishing Accessories (-175,445 m²), Mido (-50,710 m²) and My Plant & Garden (-24,935 m²) and the postponement to the next half-year of the Cartoomics events (-12,800 m²) and Fa la cosa giusta (-11,345).
- **Congresses with related exhibition areas**: these had an increase in rented space of -30,405 square metres.
- **Biennial exhibitions organised by the Group in Italy** (-117,100 square metres): the increase was mainly due to the presence of the biennial exhibitions held in uneven-numbered years Tuttofood (-64,130 square metres) and Transpotec & Logitec (-51,150 square metres).
- **Biennial exhibitions organised by third parties in Italy** (-136,000 square metres): the change is mainly due to the combined effect of the cancelled biennial even-numbered years events due to the Covid-19 pandemic, such as Mostra Convegno Expocomfort, Eurocucina, Xylexpo, Salone del Bagno, Venditalia and the absence in the current half year of biennial odd-numbered years events Made Expo (-45,930 m²), Euroluce (-38,900 m²), Made in Steel (-14,280 m²), Seeds & Chips (-11,595 m²) and Lamiera (-22,935 m²).
- **Annual exhibitions of the Group abroad** (-163,615 square metres): the change is mainly due to the suspension of trade fair activity in China (-153,185 m²), following the Covid-19 pandemic emergency that hit the country starting in January 2020.
- **Biennial exhibitions of the Group abroad** (-8,175 square metres): the increase reflects the absence in the period under review of the exhibitions held in uneven numbered years - Reatech+Fisiotech (-4,695 square metres) organised in Brazil and Metal+Metallurgy (-3,480 square metres) organised in China in joint venture with Deutsche Messe AG.

The table below gives a summary of the net square metres of exhibition space occupied by the various Fiera Milano Group exhibitions and by congresses with related exhibition space.

Fiera Milano Group Summary operating figures	1st Half 2020		1st Half 2019		Change	
	Total	of which organised by the Group	Total	of which organised by the Group	Total	of which organised by the Group
Number of exhibitions:	11	5	41	23	(30)	(18)
Italy	10	4	28	10	(18)	(6)
. annual	10	4	19	7	(9)	(3)
. biennial	-	-	9	3	(9)	(3)
. multi-annual	-	-	-	-	-	-
Foreign countries	1	1	13	13	(12)	(12)
. annual	1	1	11	11	(10)	(10)
. biennial	-	-	2	2	(2)	(2)
. multi-annual	-	-	-	-	-	-
Number of congresses with related exhibition space - Italy	3	-	23	-	(20)	-
Net sq.metres of exhibition space:	277,695	99,360	1,040,015	407,935	(762,320)	(308,575)
Italy	273,785	95,450	864,315	232,235	(590,530)	(136,785)
. annual (a)	273,785	95,450	611,215	115,135	(337,430)	(19,685)
. biennial	-	-	253,100	117,100	(253,100)	(117,100)
. multi-annual	-	-	-	-	-	-
(a) of which congresses with related exhibition space	7,130	-	37,535	-	(30,405)	-
Foreign countries	3,910	3,910	175,700	175,700	(171,790)	(171,790)
. annual	3,910	3,910	167,525	167,525	(163,615)	(163,615)
. biennial	-	-	8,175	8,175	(8,175)	(8,175)
. multi-annual	-	-	-	-	-	-
Number of exhibitors:	5,185	1,625	20,055	8,515	(14,870)	(6,890)
Italy	5,085	1,525	15,445	3,905	(10,360)	(2,380)
. annual (b)	5,085	1,525	11,770	2,210	(6,685)	(685)
. biennial	-	-	3,675	1,695	(3,675)	(1,695)
. multi-annual	-	-	-	-	-	-
(b) of which congresses with related exhibition space	95	-	1,720	-	(1,625)	-
Foreign countries	100	100	4,610	4,610	(4,510)	(4,510)
. annual	100	100	4,350	4,350	(4,250)	(4,250)
. biennial	-	-	260	260	(260)	(260)
. multi-annual	-	-	-	-	-	-

EBITDA for the half year was Euro 10,572 thousand compared to a figure of Euro 62,399 thousand in the same period of the previous financial year, an increase of Euro 51,827 thousand. The change was mainly due to the aforementioned trend in revenue and the result of the joint venture with the partner Deutsche MESSE AG, due to the postponement of events in China following the epidemic. This effect was partially offset by important cost-cutting measures starting in March, which include, among others, the voluntary reduction of salaries of the Group's managers, the use of the Salary integration fund (FIS) and the containment of operating costs. The impact of IFRS 16 in the period under review amounted to Euro 23,667 thousand compared with the figure recorded in the same half of the previous year (Euro 24,178 thousand).

EBIT was Euro -11,877 thousand compared to a figure of Euro 39,573 thousand in the first half of 2019. The change of -51,450 reflects the EBITDA performance. The impact of IFRS 16 in the period under review amounted to Euro -3,876 thousand compared with the figure recorded in the same half of the previous year (Euro -3,958 thousand).

Profit/(loss) before income tax is Euro -18,669 thousand compared to Euro 32,727 thousand in the first half of 2019.

Net profit (loss) for the half-year is Euro -12,600 thousand and Euro -12,484 thousand **attributable to the shareholders of the controlling entity** (Euro 24,105 thousand in the first half of 2019) and for Euro -116 thousand **attributable to non-controlling interests** (Euro -24 thousand in the first half of 2019).

The following table shows the **Reclassified Consolidated Statement of Financial Position**.

Reclassified Consolidated Statement of Financial Position (Amounts in €'000)			
	30/06/20	31/12/19	Change
Goodwill	95,036	95,036	-
Intangible assets with a finite useful life	14,137	14,640	(503)
Right-of-use assets	451,427	469,571	(18,144)
Tangible fixed assets	9,707	9,155	552
Other non-current assets	33,707	34,078	(371)
A Non-current assets	604,014	622,480	(18,466)
Inventory and contracts in progress	4,099	2,231	1,868
Trade and other receivables	34,744	40,356	(5,612)
Other assets	-	-	-
B Current assets	38,843	42,587	(3,744)
Trade payables	20,160	41,985	(21,825)
Advances	36,925	49,227	(12,302)
Tax liabilities	4,432	2,979	1,453
Provisions for risks and charges and other current liabilities	30,178	36,111	(5,933)
C Current liabilities	91,695	130,302	(38,607)
D Net working capital (B - C)	(52,852)	(87,715)	34,863
E Gross capital employed (A + D)	551,162	534,765	16,397
Employee benefit provisions	9,884	9,898	(14)
Provisions for risks and charges and other non-current liabilities	6,524	11,960	(5,436)
F Non-current liabilities	16,408	21,858	(5,450)
G NET CAPITAL EMPLOYED continuing operations (E - F)	534,754	512,907	21,847
H NET CAPITAL EMPLOYED assets held for sale	-	-	-
TOTAL NET CAPITAL EMPLOYED (G + H)	534,754	512,907	21,847
covered by:			
Equity attributable to the Group	84,724	107,276	-22,552
Equity attributable to non-controlling interests	466	580	(114)
I Total equity	85,190	107,856	-22,666
Cash & cash equivalents	(39,179)	(68,031)	28,852
Current financial (assets)/liabilities	69,909	33,730	36,179
Non-current financial (assets)/liabilities	418,834	439,352	(20,518)
Net financial position continuing operations	449,564	405,051	44,513
Net financial position assets held for sale	-	-	-
L Net financial position (TOTAL)	449,564	405,051	44,513
EQUITY AND NET FINANCIAL POSITION (I + L)	534,754	512,907	21,847

At 30 June 2020, **non-current assets** totalled Euro 604,014 thousand compared to Euro 622,480 thousand at 31 December 2019. The fall of Euro 18,466 thousand relates to the balance between investments for Euro 3,308 thousand, depreciation and amortisation for Euro 22,449, rights of use for Euro 1,742 thousand, increases in deferred tax assets for Euro 445 thousand, measurement of equity investments for Euro -737 thousand, exchange differences for Euro -643 thousand, other changes for Euro -132 thousand.

Net working capital went from Euro -87,715 thousand at 31 December 2019 to Euro -52,852 thousand at 30 June 2020.

The Euro 34,863 thousand change in this figure was due to the following:

- (a) a Euro 3,744 thousand decrease in **Current Assets** that primarily reflected a fall in "Trade and other receivables" of Euro 5,612 thousand. The change mainly follows lower activity volume related to the different trade fair calendar following the Covid-19 pandemic, which led to the suspension and postponement of some calendar events to later dates.
- (b) decrease in **Current liabilities** of Euro 38,607 thousand, mainly due to the decrease in the item "Trade payables" for Euro 21,825, the item "Advances" for Euro 12,302 thousand and the item "Provision for risks and charges and Other current liabilities" for Euro 5,933 thousand. The change mainly relates to the suspension of trade fair and congress activities which led to the cancellation and postponement of certain calendar events to later dates following the Covid-19 pandemic, as well as greater use of holidays and a reduction in the variable part of wages.

At 30 June 2020, **non-current liabilities** totalled Euro 16,408 thousand compared to Euro 21,858 thousand at 31 December 2019. The change mainly regards the quantification of deferred tax assets on losses generated in the period.

Equity attributable to the Group at 30 June 2020 was Euro 84,724 thousand compared to Euro 107,276 thousand at 31 December 2019, a decrease of Euro 22,552 thousand due to the following: decrease for net profit (loss) for the period of Euro 12,484 thousand, other components of the comprehensive income statement for Euro 67 thousand, dividend distribution for Euro 9,314 thousand and exchange differences for Euro -821 thousand.

Equity attributable to non-controlling interests amounted to Euro 466 thousand at 30 June 2020 compared to Euro 580 thousand at 31 December 2019, with a decrease of Euro 114 thousand attributable to the net profit (loss) for the period of Euro -116 thousand and Euro 2 thousand to other components of the comprehensive income statement.

The **Group net financial position** and its breakdown are shown in the following table.

31/12/19	Group Net Financial Position (Amounts in € '000)	30/06/20
68,031	A. Cash (including bank balances)	39,179
-	B. Other cash equivalents	-
-	C. Securities held for trading	-
68,031	D. Cash and cash equivalents (A+B+C)	39,179
1,320	E. Current financial assets	1,708
1,320	- E.1 of which Current financial assets to other related parties	388
-	- E.2 of which Current financial assets to other related parties	1,320
1	F. Current bank borrowings	24,940
-	G. Current portion of non-current debt	-
1,057	H. Other current financial liabilities	449
449	- H.1 of which Other current financial liabilities to the controlling shareholder	-
1,058	I. Current financial debt (F+G+H)	25,389
(68,293)	J. Current net financial debt (cash) (I-E-D)	(15,498)
50	K. Non-current financial assets	4,734
50	- K.1 of which non-current financial assets to other related parties	50
-	L. Non-current bank borrowings	-
-	M. Debt securities in issue	-
-	N. Other non-current liabilities	-
(50)	O. Non-current financial debt (-K+L+M+N)	(4,734)
(68,343)	Net financial debt/(cash) from continuing operations (J+O)	(20,232)
-	Net financial debt/(cash) from assets held for sale	-
(68,343)	P. Net financial debt/(cash) before IFRS 16 effects	(20,232)
33,992	Q. Current financial liabilities related to the right of use of assets	46,229
32,423	- Q.1 of which current financial liabilities related to the right-of-use assets to the controlling shareholder	33,000
439,402	R. Non-current financial liabilities related to the right of use of assets	423,567
433,693	- R.1 of which non-current financial liabilities related to the right-of-use assets to the controlling shareholder	418,698
473,394	IFRS 16 financial effects	469,796
405,051	S. Total net financial debt/(cash) (P+Q+R)	449,564

Net financial position not including IFRS 16 lease liabilities at 30 June 2020, posted net cash of Euro 20,232 thousand, compared to net cash of Euro 68,343 thousand at 31 December 2019, falling by Euro 48,111 thousand.

The decrease, also taking into account the distribution of dividends by the Parent Company, was determined by the suspension of trade fair activities following the Covid-19 emergency starting at the end of February 2020, which significantly affected working capital.

The net financial indebtedness including the IFRS 16 lease liability amounted to Euro 449,564 thousand (Euro 405,051 thousand at 31 December 2019).

Business performance by operating segment and by geographic area

The key Group figures by operating segment and by geographic area are given in the following table.

Summary of data by operating segment and by geographic area (Amounts in € '000)	1st Half		1st Half	
	at 30/06/20		at 30/06/19	
Revenues from sales and services				
- By operating segment:		%		%
. Italian Exhibitions business	49,409	85.1	129,194	81.1
. Foreign Exhibitions business	1,147	2.0	3,118	2.0
. Media	3,390	5.8	5,795	3.6
. Congresses	4,151	7.1	21,191	13.3
Total revenues gross of adjustments for inter-segment transactions	58,097	100.0	159,298	100.0
. Adjustments for inter-segment transactions	(2,109)		(5,416)	
Total revenues net of adjustments for inter-segment transactions	55,988		153,882	
- By geographic area:				
. Italy	54,933	98.1	150,874	98.0
. Foreign countries	1,055	1.9	3,008	2.0
Total	55,988	100.0	153,882	100.0
EBITDA		%		%
- By operating segment:		on revenues		on revenues
. Italian Exhibitions business	11,854	24.0	52,289	40.5
. Foreign Exhibitions business	(1,042)	(90.8)	2,516	80.7
. Media	183	5.4	816	14.1
. Congresses	(417)	(10.0)	6,774	32.0
. Adjustments for inter-segment transactions	(6)		4	
Total	10,572	18.9	62,399	40.5
- By geographic area:				
. Italy	11,706	21.3	59,997	39.8
. Foreign countries	(1,134)	(107.5)	2,402	79.9
Total	10,572	18.9	62,399	40.5
EBITDA		%		%
- By operating segment:		on revenues		on revenues
. Italian Exhibitions business	(7,899)	(16.0)	32,179	24.9
. Foreign Exhibitions business	(1,207)	(105.2)	2,283	73.2
. Media	135	4.0	701	12.1
. Congresses	(2,900)	(69.9)	4,406	20.8
. Adjustments for inter-segment transactions	(6)		4	
Total	(11,877)	(21.2)	39,573	25.7
- By geographic area:				
. Italy	(10,578)	(19.3)	37,403	24.8
. Foreign countries	(1,299)	(123.1)	2,170	72.1
Total	(11,877)	(21.2)	39,573	25.7
Employees (no. of permanent employees at the end of the period)				
- By operating segment:		%		%
. Italian Exhibitions business	506	71.1	497	71.1
. Foreign Exhibitions business	105	14.7	99	14.2
. Media	52	7.3	54	7.7
. Congresses	49	6.9	49	7.0
Total	712	100.0	699	100.0
- By geographic area:				
. Italy	607	85.3	600	85.8
. Foreign countries	105	14.7	99	14.2
Total	712	100.0	699	100.0

Revenues from sales and services at 30 June 2020 before elimination of transactions among the business segments of the Group were Euro 58,097 thousand, of which 85% was generated by Italian Exhibitions Business, 2% by Foreign Exhibitions Business, 6% by the Media segment and 7% by the Congress segment.

- Revenues from the **Italian Exhibitions Business** were Euro 49,409 thousand, a decrease of approximately Euro 79,785 thousand compared to the figure for the same half of the previous year (Euro 129,194 thousand). The decrease in revenues reflects the different exhibition calendar, which underwent significant changes as a result of the aforementioned Covid-19 pandemic that hit Italy from the end of February 2020. Consequently, the negative change is mainly related to the cancellation of important events, including: the annual Salone del Mobile and Mido and the biennial in even-numbered years, Mostra Convegno Expocomfort. It is also worth noting the absence of the Made Expo, Tuttofood and Transpotec Logitec events.
- Revenues from the **Foreign Exhibitions Business** amounted to Euro 1,147 thousand, decreasing by Euro 1,971 thousand over the same half of the previous year (Euro 3,118 thousand). The decrease is due to the suspension of trade fair activities due to the Covid-19 pandemic and to the postponement to the following half year of the Brazilian Exposec exhibition.
- Revenues in the **Media** segment totalled Euro 3,390 thousand in the first half of the year, Euro 2,405 thousand lower than the figure for the same half of 2019 (Euro 5,795 thousand). The change was due to a different exhibition calendar that was significantly changed, following the aforementioned epidemic, impacting revenues from billboard advertising. It is also worth noting the lower revenue from the publications and events of the Business International division.
- Revenues from **Congresses** amounted to Euro 4,151 thousand, falling by Euro 17,040 thousand over the same half of the previous year (Euro 21,191 thousand). The decrease was mainly due to the change in the calendar of congresses starting from March following the epidemic outbreak. Consequently, the change was due to the postponement of important events (Promotion Expo, Identità Golose and Smart) in the fourth quarter of the year while others (ICTA, ERA EDTA, Enlit, Emerson and ESSKA) were postponed to subsequent years.

The breakdown by segment of the **EBITDA** of Euro 10,572 thousand, which compared to Euro 62,399 thousand in the same period of the previous financial year, was as follows:

- **Italian Exhibitions Business:** recorded an EBITDA of Euro 11,854 thousand compared to Euro 52,289 thousand in the same period of the previous financial year. The change was mainly due to the aforementioned trend in revenues. This effect was partially offset by important cost-cutting measures starting in March, which include, among others, the voluntary reduction of salaries of the Group's managers, the use of the Salary integration fund (FIS) and the containment of operating costs.
- **Foreign Exhibitions Business:** recorded an EBITDA of Euro -1,042 thousand compared to Euro 2,516 thousand in the same period of the previous financial year. The decrease was mainly due to the result of the joint venture held jointly with the partner, Deutsche MESSE AG, in relation to activities in China, following the Covid-19 epidemic that hit the country from January 2020 onwards. As a result, some trade fair events were cancelled on the advice of government authorities and others were postponed.
- **Media:** EBITDA was Euro 183 thousand compared to Euro 816 thousand in the same half of 2019. The decrease of Euro 633 thousand is mainly attributable to the aforementioned trend in revenues.
- **Congresses:** EBITDA was Euro -417 thousand compared to Euro 6,774 thousand in the same half of 2019. The change in the period is mainly attributable to the trend in revenues.

The **EBIT** of the four operating segments totalled Euro -11,877 thousand compared to Euro 39,573 thousand in the same period of the previous year.

The breakdown by geographic area in the first half shows revenues from foreign activities of Euro 1,055 thousand compared to Euro 3,008 thousand in the same period of the previous year. EBITDA was Euro -1,134 thousand, compared to the figure for the first half of the previous year (Euro 2,402 million) whilst EBIT was Euro -1,299 thousand compared to an EBIT of Euro 2,170 thousand, a decrease of Euro 3,469 thousand compared to the figure for the same period of the previous year.

Exhibitions directly organised by the Group occupied 99,360 square metres of net exhibition space, equivalent to approximately 36% of the total exhibition space occupied.

In the period under review, 10 exhibitions were held in the **fieramilano** and **fieramilanocity** exhibition sites and 3 congresses with related exhibition space.

Exhibitions in Italy occupied net exhibition space totalling 273,785 square metres compared to 864,315 square metres in the first half of 2019. The number of exhibitors rose from 15,445 in the first half of 2019 to 5,085 in the first half of 2020.

Details of exhibitions held in Italy are given in the following table (figures have been rounded so as to facilitate reading and comparison of the figures).

Italian exhibition portfolio				
	Net sq. metres of exhibition space		Number of exhibitors	
	1st Half to 30/06/20	1st Half to 30/06/19	1st Half to 30/06/20	1st Half to 30/06/19
Annual Exhibitions:				
Directly organised				
- Bit	17,365	15,790	260	280
- HOMI*	60,090	-	585	-
- HOMI Fashion&Jewels (I semester)*	13,215	-	540	-
- Promotion Trade Exhibition	4,780	4,500	140	145
- Cartoomics	a)	-	a)	-
- Chibimart summer	a)	3,505	a)	115
- HOMI I semester	b)	72,730	b)	1,185
- Miart	a)	8,960	a)	210
- SposaItalia	a)	9,650	a)	140
- Versilia Yachting Rendez-Vous	c)	d)	c)	135
Total annual exhibitions directly organised	95,450	115,135	1,525	2,210
Hosted				
- LineaPelle (I semester)	46,150	48,710	1,110	1,115
- Milano Unica (spring)	30,575	28,115	450	425
- Mipel (March)	7,330	8,275	240	270
- Simac Tanning Tech	18,250	18,685	295	280
- The Micam (primavera)	58,065	60,870	1,190	1,255
- The ONE Milano (February)	10,835	13,970	180	230
- Cartoomics	e)	12,800	e)	435
- Fa' la cosa giusta	a)	11,345	a)	695
- Mido	c)	50,710	c)	1,250
- My Plant & Garden	c)	24,935	c)	620
- Packaging premiere	c)	4,685	c)	230
- Salone del Mobile/Complemento d'arredo	c)	175,445	c)	1,035
Total annual exhibitions hosted	171,205	458,545	3,465	7,840
Total annual exhibitions	266,655	573,680	4,990	10,050

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	Net sq. metres of exhibition space		Number of exhibitors	
	1st Half to 30/06/20	1st Half to 30/06/19	1st Half to 30/06/20	1st Half to 30/06/19
Biennial exhibitions:				
Directly organised				
- Fruit&Veg Innovation	-	1,820	-	45
- Transpotec & Logitec	-	51,150	-	255
- Tuttofood	-	64,130	-	1,395
Total biennial exhibitions directly organised	-	117,100	-	1,695
Hosted				
- Euroluce	-	38,900	-	360
- Lamiera	-	22,935	-	385
- Made Expo	-	45,930	-	690
- Made in Steel	-	14,280	-	280
- Seeds & Chips	-	11,595	-	250
- Workpalce 3.0	-	2,360	-	15
- Biomass Innovation Expo	c)	-	c)	-
- Eurocucina	c)	-	c)	-
- Mostra Convegno Expocomfort	c)	-	c)	-
- Salone del Bagno	c)	-	c)	-
- Venditalia	c)	-	c)	-
- Xylexpo	c)	-	c)	-
Total biennial exhibitions hosted	-	136,000	-	1,980
Total biennial exhibitions	-	253,100	-	3,675
TOTAL EXHIBITIONS	266,655	826,780	4,990	13,725
- Congresses with related exhibition space	7,130	37,535	95	1,720
TOTAL	273,785	864,315	5,085	15,445

* First edition of the exhibition.

a) The exhibition will take place in subsequent quarters.

b) The exhibition was reconfigured in two new formats: HOMI and HOMI Fashion&Jewels.

c) The exhibition did not take place.

d) The event took place in Viareggio.

e) Starting from 2020 the exhibition is directly organised.

In the first half of the year, 1 exhibition was held in foreign exhibition centres and the net exhibition space occupied totalled 3,910 square metres compared to 175,700 square metres in the same period of the previous financial year. The number of exhibitors went from 4,610 in the first half of 2019 to 100 in the first half of 2020.

Details of exhibitions held abroad in the first half of 2020 are given in the following table (figures have been rounded so as to facilitate reading and comparison of the figures).

Foreign Exhibition portfolio				
	Net sq. metres of exhibition space		Number of exhibitors	
	1st Half to 30/06/20	1st Half to 30/06/19	1st Half to 30/06/20	1st Half to 30/06/19
Annual Exhibitions:				
<u>Exhibitions in China</u>				
- China International Fastener Show °	b)	15,810	b)	800
- Chinafloor Domotex Shanghai °	b)	89,030	b)	1,605
- GITF International Tour Guangzhou	a)	9,530	a)	215
- Industrial Automation Beijing	a)	3,620	a)	150
- Industrial Automation Robotic Show South China °	b)	7,780	b)	200
- Industrial Automation Shenzhen	b)	11,965	b)	500
- Laser Fair Shenzhen	b)	6,100	b)	250
- Let China Guangzhou	b)	9,350	b)	310
Total Exhibitions in China	-	153,185	-	4,030
<u>Exhibitions in South Africa</u>				
- Cape Town Art Fair	3,910	3,930	100	105
Total Exhibitions in South Africa	3,910	3,930	100	105
<u>Exhibitions in Brazil</u>				
- Ecoenergy	b)	475	b)	25
- Exposec	b)	9,935	b)	190
Total Exhibitions in Brazil	-	10,410	-	215
Total Annual Exhibitions	3,910	167,525	100	4,350
Biennial Exhibitions:				
<u>Exhibitions in China</u>				
- Metal + Metallurgy	-	3,480	-	130
Total Exhibitions in China	-	3,480	-	130
<u>Exhibitions in Brasil</u>				
- Reatech	-	4,695	-	130
Total Exhibitions in Brazil	-	4,695	-	130
Total Biennial Exhibitions	-	8,175	-	260
TOTAL EXHIBITIONS	3,910	175,700	100	4,610
° The exhibition was organised in partnership.				
a) The exhibition did not take place.				
b) The exhibition was held/will be held in subsequent quarters.				

Information on related-party transactions

Note 37 of the Illustrative Notes to the Accounts of the present half-year financial report provides information on related-party transactions.

Group personnel

At 30 June 2020, Group employees totalled 712. The breakdown compared to 31 December 2019 was as follows:

31/12/19			Permanent employees at period end (units)	30/06/20			30/06/19		
Total	Italy	Foreign countries		Total	Italy	Foreign countries	Total	Italy	Foreign countries
			Fully consolidated companies:						
			Executives						
27	25	2	26	25	1	23	21	2	
			Managers and White collar workers (including Journalists)						
592	562	30	598	566	32	593	563	30	
619	587	32	624	591	33	616	584	32	
			Equity-accounted companies (a):						
			Executives						
5	2	3	5	2	3	5	2	3	
			White collar workers						
83	13	70	83	14	69	78	14	64	
88	15	73	88	16	72	83	16	67	
707	602	105	712	607	105	699	600	99	
			(a) the indicated data corresponds to the pro-quota of total employees						

Compared to 31 December 2019, the number of permanent employees posted a net increase of 5.

Risk factors affecting the 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.

Organisational and procedural oversight over the ERM process is provided by the Risk Management function, which is responsible for the proper functioning of the overall company risk management process and which works on the basis of the provisions of the ERM Policy, which

governs the process roles and responsibilities for identifying, assessing, managing, monitoring and reporting the corporate risks to which the Fiera Milano Group is exposed.

From 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.

The contents of the information below also take due account of the indications provided by CONSOB in the call to attention No. 8 of 16 July 2020 concerning "COVID 19 - Call to attention on financial reporting" as well as the recommendations provided by ESMA in the public statement "Implications of the COVID-19 outbreak on the half-yearly financial Reports" of 20 May 2020.

1. Risks related to external and strategic factors

Risks related to the economic environment and trends and competition in the exhibition sector

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 main factor of uncertainty of the global macroeconomic context is certainly linked to the effects of the Covid-19 pandemic, which has overshadowed other factors such as (i) the US-China customs war, which has gone through alternate phases and (ii) Brexit, for which a no deal exit looks increasingly likely.

According to the latest estimates of the European Commission (first half of July 2020), the economy of the entire euro area will contract by 8.7% in 2020 (only two months ago expectations were for -7.7%), while for Italy expects -11.2% of GDP in 2020 (the worst figure in the whole European Union). The Commission then expects that in the absence of a second wave of infections, economic activity will start to recover in the third quarter of this year and then consolidate in 2021, with an expected growth of 6.1% for Italian GDP.

In relation to global growth estimates for 2020 and 2021, the International Monetary Fund (June 2020) expects that the GDP of the entire world economy will contract by 4.9% in 2020, with the USA at -8% and China at + 1%; with the contraction in GDP and the necessary stimulus plans that countries have been forced to launch, global debt will also rise, which will exceed 100% of GDP in the entire world economy, while for Italy the debt/GDP ratio is expected to rise to 166%.

The performance of exports to our country in the first half of 2020 is also negative; based on ISTAT data, despite a small glimmer of light from the May 2020 figure (+ 35% compared to the previous month), in the first five months of 2020 there was a year-on-year decline in exports of 16%, due in particular to the drop sales of machinery (-22.4%), base metals and metal products (-14.9%), motor vehicles (-34.5%) and leather goods (-30.4%).

The Group also faces an increase in the level of competition in the exhibition sector, with particular reference to the European and national context, triggered by repositioning in the exhibition calendar and consequent overlaps between competing events. The Covid emergency has forced the main trade fair operators, both domestic and international, to reposition events in the portfolio in different and subsequent periods compared to those originally planned. These changes have often caused overlaps between competing events on the chessboard of the international trade fair calendar, with a consequent increase in the level of competition among the trade fair players, who will, however, find themselves competing for a presumably reduced pool of potential exhibitors compared to pre-Covid editions. The repercussions of the risk factor in question for the Group are particularly relevant for the events owned by Tuttofood (the dates for the 2021 edition being in competition with Cibus and Alimentaria) and Ipack Ima which, threatened by Interpack and Drupa Dusseldorf, has moved the exhibition from 2021 to 2022.

In this context, in view of the extremely critical economic recession and the intensification of competition, the Fiera Milano Group remains committed to pursuing the strategic lines based on four main lines: *(i)* to develop the third-party exhibition portfolio and the congress business *(ii)* to expand the range of services offered *(iii)* to strengthen directly organised exhibitions and *(iv)* to expand the international business. It is in this context that technological and digital transformation is taking place (Smart District and Digital Signage, launch of the "phigital" hybrid exhibition formats), as a powerful enabler for achieving the objectives described.

Evolution of the legal and regulatory framework

External context risk linked to the effects of the evolution of the Covid emergency legislation issued as and when by the national government (Prime Ministerial Decree) and the orders of the Lombardy Region, in terms of new provisions or changes to current legislation, with related effects on competitive variables and on the operation of the trade fair and congress business. The measures issued so far contain variable indications according to the reference epidemiological framework and cover limited time periods, with the effect of raising the uncertainty of sector operators. To deal with these critical issues, the Group launched an advocacy activity at the beginning of the pandemic with government and regional institutions to safeguard the interests of the Group and the trade fair sector, including through research and identification of the best channels through which to protect their interests (e.g. AEFI trade association) and working with other trade fair operators on issues of common interest (e.g. anti-Covid protocol for holding events and conferences). In particular, the Institutional Affairs Department deals with the continuous legal/regulatory monitoring, with reports to management and support for the Group's management body on the interpretation of the evolution of the reference regulatory framework and the coordination between government and regional legislation.

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 well-being, 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 possible negative repercussions are deemed high as regards damages to buildings, people and the resulting impossibility to continue to operate, while the likelihood of this occurring is deemed low.

To this end, the Group has for some time had an effective security system to manage access to the sites; 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.

Event cancellation an/or suspension due to Covid-19

Until the beginning of March 2020, the effects of COVID-19 were mainly confined to China and just taking hold in Italy, they then first gradually and then rapidly spread globally, leading the World Health Organization (WHO) to declare the infection from COVID-19 a pandemic. The pervasive spread of this pandemic has led the governments of most countries to adopt containment measures including bans on the movement of goods and people, quarantines and other public emergency measures that have had severe impacts on the economic cycle and production activities.

In relation to the exhibition and congress activities managed by the Fiera Milano Group, the pandemic at present has already heavily impacted on the events portfolio, causing the cancellation and/or suspension of a significant portion, in terms of number and square meters, of the events trade fairs and congresses that were scheduled in the year 2020, on the basis of the original forecasts. Various events, including those on an international level, have been cancelled, others moved to subsequent years, for other events the third party organisers are still in a situation of uncertainty regarding the confirmation of the exhibition and the offered format. In any event, for confirmed events, especially those on an international level, in the short-medium term, significant reductions are expected in the main KPIs (m², exhibitors, visitors) also due to the current limitations on international travel (entry bans declared by government authorities from a number of countries) which have negative effects on the potential participation of professional operators (exhibitors, buyers, visitors, congress participants).

In this highly critical context, the Group has implemented a series of actions with a view to the progressive "restart" of activities, expected in September 2020:

(i) in terms of safety, it has prepared an anti-Covid protocol for the conduct of events and conferences, based on the UFI and EMECA reference guidelines, and taking into account current legislation, which governs new entry and management methods visitor flows, from pre-registration phases to arrival at the exhibition and congress areas, through structured itineraries that guide the visitor through the pavilions, common areas and refreshment points;

(ii) from a business point of view, it launched a hybrid, physical + digital exhibition format (so-called "phigital" (e.g. the MIART-owned event will be held digitally in September 2020 and in physical form in April 2021, Milan Games Week/Cartoomics will be only in digital form in November 2020), through the support of the new "Fiera Milano Platform" digital platform characterised by the offer of a series of services such as (i) strengthening the contents of event websites and social networks (ii) the synergy between physical and digital meetings (e.g. webinar) (iii) the production

of redesigned catalogues for the presentation and sale of exhibitors' products (iv) detailed digital maps for the remote use of events (v) trading for direct negotiations in real time; (iii) in terms of finance, concessions are provided to exhibitors for access to credit for participation in fairs, through agreements entered into with some leading credit institutions; exhibitors will be assisted in the preliminary investigation phase and FM will reimburse (fully or partially) the share of the interest accrued on the loan.

In any case, in light of the spread of the pandemic and its potential duration, and in consideration of the uncertainty in relation to the duration and geographic spread of measures to restrict production and logistics activities in the various countries, at present, further subsequent changes to the trade fair and congress calendar for 2020 cannot be excluded.

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 effect on the annual spread of Group revenues and profits and exposes it to the risk that use of the exhibition and congress facilities is sub-optimal in terms of reaching expected profitability.

To date, the strategies pursued by management to counteract this risk include: (i) the improvement of the hosted events portfolio (ii) the strengthening of proprietary events, also through M&A operations (iii) the internationalisation of events (in terms of exhibitors, visitors and buyers), will allow for the possibility of greater stability of revenues and margins both during the year and in even and odd years.

Risks related to a dependency on the exhibition business

The dependence of some Group companies in the exhibition and congress business is significant, in particular, Fiera Milano Media SpA, Nolostand SpA and Mico DMC Srl, which have businesses that continue to be for a large part dependent on the exhibition and congress portfolio of the Group.

To address this dependency and the inherent risks it poses to the business of the aforementioned companies, the Group has implemented some 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 growing its Digital Publishing activities and broadening its high-end educational offer (the "education" segment) through the launch of new products. Following the Covid-19 emergency, Fiera Milano Media has transformed its training and conference offer into a digital hub of live streaming events, with good feedback from both sponsors and the public.

Mico DMC Srl is engaged in the development of non-captive business lines, such as corporate events and the offer of services directly to exhibitors, both of its own events and of third-party events, for this purpose the company has foreseen a dedicated Business Development department in its organisational structure.

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, the commercial offer is managed by the structures of Fiera Milano SpA in the sales and design and cost estimate phases, while the execution phase of orders is managed by the operational area (engineering, logistics and construction sites) of Nolostand SpA.

2. Operational risks related to processes and organisation

Risks related to the launch and repositioning of events and the loss of key events

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, also due to the changes/overlaps on the international calendar caused by the pandemic, 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, also through partnership agreements with leading international trade fair operators (ii) the expansion and optimisation of the portfolio of services (e.g.: customised fittings, destination management services) to be offered to the organisers of the hosted events and to exhibitors (iii) full operation in the second half of 2020 of the "Smart District" and "Digital Signage" projects (digital transformation of the fair infrastructure), which will allow the trade fair and conference structures managed by the Group to have technological appeal in relation to competition and safety for operators.

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), 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 through the engagement of new skills in the Business Unit teams and 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.

Dependence on suppliers– *business interruption*

Fiera Milano SpA makes extensive use of service providers for its operations, so much so that the Group's ability to host and organise events and conferences depends on the normal operation of the suppliers used in the most relevant processes (cleaning, laying of carpets, fittings, logistics, maintenance, energy, surveillance, etc.). For some of these product categories, for technical and management reasons, the currently contracted supplier is unique (supervision, maintenance, logistics), meaning an accidental stop on the part of one of these operators would result in a risk of loss of profit deriving from the interruption, albeit temporary, of the exhibition activity, as the Group would not be able to immediately replace the supplier, with repercussions also of a reputational nature. It should also be noted that the downturn brought about by the Covid emergency has heavily impacted certain sectors, including the exhibition-congress sector and the related supply chains, causing financial stress for relevant operators.

To deal with this type of risk, the purchasing function has a policy of dividing each single service among multiple suppliers by contracting a number of operators for each product category, to avoid dependence on single suppliers for any given service; ensuring replacement can take place over a short space of time. Should the need arise to replace a "single" supplier (supervision, maintenance, logistics), the purchasing function has a register of available qualified suppliers that covers all the product categories of interest, from which to draw on and source from the market.

It should also be noted that a "dependence on suppliers and subcontractors" clause is included in the All Risk Property policy, which covers claims that affect a supplier and/or subcontractor and cause an interruption of the supplier's activity.

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 periodic back up of 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; to date, the projects for the protection of the network, digital identity and logical access, email protection and endpoint protection have been completed, while in the second half of 2020 the project on data protection and the creation of a SOC - Security Control Centre are expected to be completed, managed by a team of cyber experts to provide specific cybersecurity support.

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, in the first half of 2019 an insurance policy covering "cyber risk" was taken out.

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 system aims to promote the achievement of strategic business targets and evaluate expected

behaviours on the basis of a representative leadership model of the Fiera Milano Group. The related incentive schemes aim to permit the Group to enhance performance and increase the loyalty of its human resources and key internal competences in order to ensure enhanced coordination/exchange and sharing of expertise.

A medium/long-term mixed cash and performance share Incentive Plan was also adopted, in order, *inter alia*, to link the Group management and key individual incentive process with the Company's actual results and develop policies meant to attract and retain talented professionals. The Plan addressees include Executive Directors and Executives with strategic responsibilities as well as 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).

Following the resignation of the former CEO of the Fabrizio Curci Group, who resigned with effect on 18 June 2020, the relative succession plan was launched.

Risks related to illegal working practices in the Group's supply chain

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

The actual likelihood of engaging suppliers with issues surrounding illegal working practices is in any event considered low, due to the numerous organisational and procedural oversight mechanisms put into place by the Group, which has refined and implemented controls *(i)* in the supplier engagement phase, for its reputational and economic/technical qualification, resulting in enrolment in the Group's supplier register, as well as *(ii)* in the field, in the physical access control phase (check of validity of entry permits by the Security function) and in the phase of executing the contracted services (first-level check by the requesting function and second-level check by the Supplier Quality function).

It should be noted that i) the Fiera Milano Group's Code of Ethics establishes the basic policies for combating illegal work practices and child labour ii) the current Model 231 has a specific section on crimes relating to the employment of citizens from third-party countries who do not have resident permits and a specific section on crimes of illicit brokering and labour exploitation, in order to prevent and monitor 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 also signed a Memorandum of Understanding with the Milan Prefecture and some social partners on prevention and the protection of labour in the exhibition sites managed by Fiera Milano: in line with the process already undertaken, the Memorandum aims to combat illegal and irregular work practices through sharing, which strengthens the capacity for intervention and prevention, also thanks to the establishment of a permanent Observatory in February 2020, which promotes the broadest dissemination of the culture of legality.

Risks of potential repercussions from a lack of transparency in transactions with counterparties

There is a potential risk that lack of transparency and integrity in the supplier base (e.g. corruption, undeclared work, infiltration of organised crime), may have repercussions on operations and compromise the Group's reputation, also in consideration of its media exposure. The Covid-19 pandemic lockdown and the consequent economic and financial crisis that has impacted businesses potentially have a significant impact on the evolution of the risks of money laundering, corruption and organised crime infiltration, to which businesses and financial institutions are subject.

To protect itself from this risk and the potential negative effects to its reputation and integrity, the Group has prepared and is implementing 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 corruption among private entities, which describe the potential types of crime and the relative control protocols to oversee the sensitive matters in question. The control protocols are part of specific corporate procedures of which the most significant, as regards these risks, are those governing procurement of goods and services. In addition, every customer and supplier, and more generally all third parties, are informed of the 231 models and the Code of Ethics of the Group companies, as specific clauses are included in the contracts which require the counterparty to respect the principles set forth in Italian Legislative Decree 231/2001 and in the Code of Ethics.

The Group has also adopted a procedure to manage gifts, donations and sponsorships, updated during the first half of 2020.

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 activity was carried out by the departments responsible for the operational implementation of the aforementioned Guidelines.

To ensure the autonomy of the buyers in the Procurement department, the Company introduced a rotation system that is linked to new and different categories of supplies and to the importance of the services being purchased. 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 operating positions, and at increasing intervals for those positions with a more predominantly management component.

Employees also participated in classroom and e-learning training courses specifically dedicated to these matters.

Lastly, the Whistleblowing Procedure governs receipt, analysis and treatment of disclosures, including those made anonymously or in confidence, from third parties or from Group company personnel. The procedure calls for a special internal committee (Whistleblowing Committee) with the task of performing investigations when unlawful events and/or conduct are reported. In performing its functions, this committee collaborates with the Supervisory Committee in the case of reports concerning the relevant crimes pursuant to Italian Legislative Decree 231/2001.

3. Legal/compliance risks

Risks related to the reference legal framework on health and safety

The activities of the Group, particularly those carried out in the exhibition and congress sites, and the number of persons (employees, suppliers, exhibitors, visitors, congress attendees and those involved in setting up exhibitions, etc.) that transit or work in the exhibition sites, expose the Group companies to the risk of accidents or breaches of the legislation governing workplace health

and safety (Consolidated Law 81/2008). Should the laws on workplace health and safety be infringed, the Group could be subject to significant administrative sanctions or, in the case of accidents, could be exposed to litigation with possible negative repercussions for its economic and capital situation and its reputation.

The Group also makes extensive use of suppliers for services connected to the exhibitions that come under the law governing contractors. 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 tax and social security contributions for workers carrying out the contracts. Therefore, the Group is exposed to the risk of administrative sanctions (also under the provisions of Italian Legislative Decree 231/2001) and interruption of its business for breaches of the relevant laws, including workplace health and safety and the regulations governing remuneration and social security, by construction companies and unauthorised sub-contractors.

To mitigate potential negative effects of the risk factors listed above, aside from contractual protection mechanisms, the Fiera Milano Group has adopted a series of various types of procedural and organisational oversight mechanisms, including:

- 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;

In relation to the Covid-19 pandemic and the consequent governmental and regional health and safety measures, the Group has (i) adopted an anti-Covid protocol for the conduct of events and conferences, developed according to UFI and EMECA guidelines and taking into account current legislation, which governs new entry and management methods for visitor flows, from pre-registration to arrival at the exhibition and congress sites, through structured routes that guide the visitor through the pavilions, common areas and refreshment points (ii) prepared in May 2020, a DVR - Biohazard Risk Assessment Document for Covid-19 and (iii) adopted a regulatory Protocol, the latest version of which was at the beginning of July 2020, of the measures to prevent and contain the spread of Covid-19 in Fiera Milano S.p.A. workplaces, shared with RSU and RLS.

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, the companies of the Group subject to the regulations have introduced organisational and management models that are constantly monitored and updated. In the first half of 2020, activities continued to update the 231 Models of Group Companies 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 in 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 activity was carried out by the departments responsible for the operational implementation of the aforementioned Guidelines.

Risks connected to third-party liability

In carrying out the activities of Fiera Milano Group unforeseen damage could occur to property or persons within the Group exhibition sites. The simultaneous presence of numerous workers with different contracts (employees, external suppliers in direct contractual relations with the Group and/or sub-contractors of other companies, etc.) also makes any eventual attribution of responsibility very difficult in cases of damage to property or persons, with potential consequences for the business of the Company and its corporate 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.

Increased litigation with commercial counterparties

This is the risk associated with an increase in litigation for contractual breaches with commercial counterparties (third party organisers) in relation to the cancellation/suspension of events. As a result of the restrictive measures put in place by governments to contain the spread of Coronavirus, the risk of compromising the regular execution and correct fulfilment of contracts with commercial obligations taken on before the health emergency has increased, consequently the number of cases of non-performance or supervening impossibility of performance (causes of force majeure, excessive onerous supervening) with related litigation has increased. The Group is managing ongoing disputes with the third party organisers who cancelled/suspended events, with a view to balancing the contractual protection of the Group's interests and the safeguarding of the commercial relationship with the counterparty.

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 the procedures implemented and measures adopted for the protection of personal data prove to be inadequate and/or that the necessary privacy controls are not correctly implemented, with possible fines from 10 to 20 million of Euro or 4% of the total annual worldwide turnover of the previous financial year, if higher. 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. During the first half of 2020, privacy assessment activities were carried out on subsidiaries and the mapping of personal data processing and updating of registers pursuant to Art. 30 GDPR. Finally, employee training courses on the basic concepts of the regulations were provided to employees.

4. Financial risks and uncertainty in the use of estimates

Please refer to that reported in the sections of the Explanatory Notes: Accounting standards and consolidation criteria - use of estimates Financial assets and liabilities; Liquidity risk.

Key data of the companies of the Group

Key data of the companies of the Group data compliant with IAS/IFRS	1st Half at 30/06/20 (€ '000)	1st Half at 30/06/19 (€ '000)
Fully consolidated companies		
Fiera Milano SpA		
Revenues from sales and services	49,037	126,325
EBITDA	10,179	49,568
Employees	445	426
Net financial position: debt (cash)	424,228	409,900
Nolostand SpA		
Revenues from sales and services	9,668	21,380
EBITDA	2,121	3,021
Employees	41	63
Net financial position: debt (cash)	1,739	2,973
Fiera Milano Media SpA		
Revenues from sales and services	3,390	5,795
EBITDA	183	816
Employees	52	54
Net financial position: debt (cash)	(2,017)	(1,582)
Fiera Milano Congressi SpA		
Revenues from sales and services	4,151	21,191
EBITDA	(328)	6,654
Employees	41	41
Net financial position: debt (cash)	26,116	21,302
La Fabbrica del Libro SpA		
Revenues from sales and services	-	-
EBITDA	-	(43)
Employees	-	-
Net financial position: debt (cash)	-	349
MADE eventi Srl		
Revenues from sales and services	14	-
EBITDA	(304)	-
Employees	12	-
Net financial position: debt (cash)	564	-
CIPA Fiera Milano Publicações e Eventos Ltda		
Revenues from sales and services	318	2,388
EBITDA	(738)	(123)
Employees	29	28
Net financial position: debt (cash)	(781)	(778)
Fiera Milano India Pvt Ltd*		
Revenues from sales and services	-	-
EBITDA	(3)	(5)
Employees	-	-
Net financial position: debt (cash)	(47)	(57)

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Key data of the companies of the Group data compliant with IAS/IFRS	1st Half at 30/06/20 (€ '000)	1st Half at 30/06/19 (€ '000)
Limited Liability Company "Fiera Milano"*		
Revenues from sales and services	-	-
EBITDA	(3)	(6)
Employees	-	1
Net financial position: debt (cash)	(22)	(26)
Fiera Milano Exhibitions Africa Pty Ltd		
Revenues from sales and services	828	731
EBITDA	207	201
Employees	4	3
Net financial position: debt (cash)	(667)	(727)
List of jointly controlled companies equity-accounted		
Hannover Milano Global Germany GmbH		
Revenues from sales and services	4,255	23,173
EBITDA	(1,318)	8,834
Employees	146	137
Net financial position: debt (cash)	(20,982)	(24,333)
Ipack Ima Srl		
Revenues from sales and services	-	-
EBITDA	(237)	(603)
Employees	16	17
Net financial position: debt (cash)	(11)	(480)
MiCo Dmc Srl		
Revenues from sales and services	1,568	5,395
EBITDA	(214)	352
Employees	16	17
Net financial position: debt (cash)	(1,414)	(2,342)
* Company in liquidation		

Significant events after the end of the reporting period

On 28 July 2020, pursuant to art. 6.P.5 of the Corporate Governance Code of Borsa Italiana, Fiera Milano S.p.A. announces to have today undersigned an agreement for the termination of all relationships with Dr Curci, following his effective resignation of 18 June 2020.

Dr Curci will be paid all due severance indemnities, calculated as per payroll records at the date of the relationships' termination, as well as a severance pay amount of about Euro 276,000.

Within the remit of the understandings formed after Dr Curci gave up his position as a Manager at Fiera Milano S.p.A., Dr Curci will be paid Euro 190,000 gross, as a general novation transaction taking into account mutual renunciations. The fees due will be paid on 27 August 2020.

It should also be noted that the transaction has had novation effects on the contract governing the working relationships, as stated in the Company's Remuneration Policy.

Business outlook

The results for the first half of the year were higher than expected after the health emergency, thanks to significant cost containment measures implemented by the Group. Nevertheless, the extent and duration of the epidemiological emergency in Italy and abroad, still ongoing in many countries, has led to the cancellation by third-party organisers of important international trade fairs which were scheduled for the second half of 2020, including the EICMA (Milan Motorcycle Show) and the Mostra Convegno Expocomfort, the latter initially postponed to September 2020. For confirmed events, however, a significant reduction in the participation of exhibitors and visitors can be expected, also due to the current restrictions on international travel.

The scenario changes are such as to determine, on the basis of currently available information, an estimate of net exhibition area in Italy in the last part of the current year of about 150 thousand square metres, as compared to the previous forecast of 700 thousand square metres and a 2020 EBITDA target at break-even, as compared to the previous range of Euro 38-43 million. The updated target does not include any reductions in the rent for the exhibition site at the end of the ongoing negotiations with Fondazione Fiera Milano in relation to the suspension of activities due to force majeure in 2020.

With reference to Consob notice 8/20 of 16-7-2020 "Call for Attention on Financial Reporting", it should be noted that the exhibition calendar is confirmed for financial years subsequent to the current one. At present, no further specific information is available on the impact of Covid-2019 on strategic plans, profit and loss, financial position and cash flows. This is due to the impossibility of predicting the spread of the virus and the consequences on the international mobility of buyers, exhibitors and visitors to exhibitions.

All ongoing initiatives confirm Fiera Milano's desire to support SMEs in order to make a concrete contribution to the economic recovery of the country's productive fabric, as, indeed, trade fair business represents a fundamental tool to support the growth and internationalisation of companies.

Interim Condensed Consolidated Financial Statements at 30 June 2020

- **Consolidated Financial Statements**
- **Illustrative Notes to the Interim Condensed Consolidated Financial Statements**
- **Attachments:**
 - 1. List of companies included in the consolidation area and other investments**

		(€ '000)	
notes	Consolidated Statement of Financial Position	30/06/20	31/12/19
ASSETS			
Non-current assets			
4	Property, plant and equipment	9,707	9,155
4	Right-of-use assets	451,427	469,571
37	<i>of which from related parties</i>	1,726	462,382
	Investments in non-core property	-	-
5	Goodwill	95,036	95,036
5	Intangible assets with a finite useful life	14,137	14,640
2-6	Equity accounted investments	19,099	19,905
6	Other investments	32	32
9-37	Other financial assets	4,734	50
6	Trade and other receivables	11,038	11,170
37	<i>of which from related parties</i>	10,939	11,071
6	Deferred tax assets	3,538	2,971
	Total	608,748	622,530
Current assets			
7	Trade and other receivables	34,744	40,356
37	<i>of which from related parties</i>	9,798	3,404
8-37	Inventories	4,099	2,231
	Contracts in progress	-	-
9	Financial assets	1,708	1,320
37	<i>of which from related parties</i>	1,708	1,320
10	Cash and cash equivalents	39,179	68,031
	Total	79,730	111,938
Assets held for sale			
	Assets held for sale	-	-
	Total assets	688,478	734,468
EQUITY AND LIABILITIES			
11	Equity		
	Share capital	42,284	41,645
	Share premium reserve	10,256	9,324
	Revaluation reserve	-	-
	Other reserves	2,008	4,400
	Retained earnings	42,660	17,482
	Profit/(loss) for the period	(12,484)	34,425
	Total Group equity	84,724	107,276
	Equity attributable to non-controlling interests	466	580
	Total equity	85,190	107,856
Non-current liabilities			
	Bonds in issue	-	-
	Bank borrowings	-	-
13	Financial liabilities related to the right-of-use of assets	423,567	439,402
37	<i>of which from related parties</i>	418,698	433,693
	Other financial liabilities	-	-
14	Provision for risks and charges	721	1,833
15	Employee benefit provisions	9,884	9,898
18	Deferred tax liabilities	5,803	10,127
	Other liabilities	-	-
	Total	439,975	461,260
Current liabilities			
	Bonds in issue	-	-
12	Bank borrowings	24,940	1
16	Trade payables	20,160	41,985
17-37	Advances	36,925	49,227
13	Financial liabilities related to the right-of-use of assets	46,229	33,992
37	<i>of which from related parties</i>	33,000	32,423
13-38	Other financial liabilities	449	1,057
14	Provision for risks and charges	1,874	5,225
18	Tax liabilities	4,432	2,979
19	Other liabilities	28,304	30,886
37	<i>of which to related parties</i>	7,356	8,438
	Total	163,313	165,352
Liabilities held for sale			
	Liabilities held for sale	-	-
	Total equity and liabilities	688,478	734,468

(€ '000)

notes	Consolidated Statement of Comprehensive Income	1st Half at 30/06/20	1st Half at 30/06/19
23	Revenues from sales and services	55,988	153,882
37	<i>of which with related parties</i>	<i>3,616</i>	<i>471</i>
	Total revenues	55,988	153,882
24	Cost of materials	1,311	1,383
25	Cost of services	29,285	66,628
37	<i>of which with related parties</i>	<i>1,243</i>	<i>3,423</i>
26-37	Cost of use of third-party assets	256	284
27-37	Personnel expenses	17,285	24,172
28-37	Other operating expenses	1,234	2,530
	Total operating expenses	49,371	94,997
29-37	Other income	1,188	1,331
30	Results of equity accounted associates and joint ventures	(737)	2,371
31	Provisions for doubtful receivables and other provisions	(3,504)	188
	EBITDA	10,572	62,399
32	Depreciation of property, plant and equipment and right-of-use assets	21,333	21,901
37	<i>of which with related parties</i>	<i>18,978</i>	<i>19,428</i>
	Depreciation of property investments	-	-
32	Amortisation of intangible assets	1,116	925
	Adjustments to asset values	-	-
	EBIT	(11,877)	39,573
33-37	Financial income and similar	142	280
33	Financial expenses and similar	6,933	7,126
37	<i>of which with related parties</i>	<i>6,376</i>	<i>6,860</i>
	Valuation of financial assets	-	-
	Profit/(loss) before tax	(18,668)	32,727
34	Income tax	(6,068)	8,646
	Profit/(loss) for the period from continuing operations	(12,600)	24,081
	Profit/(loss) for the period from discontinued operations	-	-
35	Profit/(loss) for the period	(12,600)	24,081
	Profit/(loss) attributable to:		
	The shareholders of the controlling entity	(12,484)	24,105
	Non-controlling interests	(116)	(24)
	Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss for the period		
11	Revaluation of defined benefit schemes	75	(686)
	Tax effects	17	(164)
	Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss of the period		
11	Currency translation differences of foreign subsidiaries	(749)	52
	Other comprehensive income/(loss) of equity accounted associates and joint ventures that will not be reclassified subsequently to profit or loss for the period		
2	Revaluation of defined benefit schemes	14	(23)
	Tax effects	3	(5)
	Currency translation differences of foreign subsidiaries	(72)	(4)
	Other comprehensive income/(loss) for the period net of related tax effects	(752)	(492)
	Total comprehensive income/(loss) for the period	(13,352)	23,589
	Total comprehensive income/(loss) for the period attributable to:		
	The shareholders of the controlling entity	(13,238)	23,613
	Non-controlling interests	(114)	(24)
36	Earnings/(losses) per share (€)		
	Basic	(0.1753)	0.3396
	Diluted	(0.1753)	0.3396

		(€ '000)	
notes	Consolidated Statement of Cash Flows	1st Half at 30/06/20	1st Half at 30/06/19
	Net cash at beginning of the period from continuing operations	68,031	28,409
	Net cash at beginning of the period from assets held for sale	-	-
	Cash flow from operating activities		
10	Net cash arising from operations	(11,945)	67,989
37	<i>of which from related parties</i>	(4,259)	(874)
20	Interest paid	(10)	(72)
20	Interest paid on financial liabilities related to the right-of-use of assets	(6,469)	(6,961)
37	<i>of which from related parties</i>	(6,375)	(6,855)
20	Interest received	173	92
	Income taxes paid	-	-
	Total from continuing operations	(18,251)	61,048
	Total from assets held for sale	-	-
	Cash flow from investing activities		
4	Investments in tangible assets	(1,999)	(529)
5	Investments in intangible assets	(613)	(261)
5	Write-downs of intangible assets	-	26
6	Investments in Joint Ventures	-	490
	Total from continuing operations	(2,612)	(274)
	Total from assets held for sale	-	-
	Cash flow from financing activities		
11	Equity	-	-
9	Non-Current financial assets	(4,684)	-
12-13-20	Non-Current financial liabilities related to the right-of-use of assets	(17,577)	(16,890)
37	<i>of which from related parties</i>	(16,144)	(16,196)
9	Current financial assets	(561)	(2,285)
37	<i>of which from related parties</i>	(388)	(2,285)
12-13-20-37	Current financial liabilities related to the right-of-use of assets	555	(327)
12-13-20-37	Current financial liabilities	24,500	(2,706)
11	Dividends paid	(9,314)	(9,227)
	Total from continuing operations	(7,081)	(31,435)
	Total from assets held for sale	-	-
11	Total translation differences	(908)	6
	Net cash for the period from continuing operations	(27,944)	29,339
	Net cash at the end of the period from continuing operations	39,179	57,754

		(€ '000)	
	Net cash arising from operations	1st Half at 30/06/20	1st Half at 30/06/19
	Result of continuing operations	(12,600)	24,081
	<i>Adjustments for:</i>		
	Profit from equity accounted investments	737	(2,371)
	Depreciation and Amortisation	22,449	22,826
	Provisions, write-downs and impairment	-	(81)
	Financial expenses related to the right-of-use of assets (IFRS 16)	6,469	6,961
	Personnel costs "Performance Shares Plan"	-	421
	Net change in employee provisions	52	(59)
	Changes in deferred taxes	(4,891)	(249)
	Inventories	(1,868)	560
	Trade and other receivables	17,426	(5,001)
	Trade payables	(21,825)	2,477
	Pre-payments	(12,302)	9,895
	Tax payables	1,453	9,024
	Provisions for risks and charges and other liabilities (excluding payables to Organisers)	(7,186)	(1,657)
	Payables to Organisers	141	1,162
	Total	(11,945)	67,989

Consolidated Statement of Changes in Equity

(€'000)

note 11	Share capital	Share premium reserve	Other reserves	Retained profits/(losses)	Profit/(loss) for the period	Total Group equity	Capital and reserves attributable to non-controlling interests	Profit/(loss) for the financial period attributable to non-controlling interests	Total non-controlling interests	Total equity
Balance at 31 December 2018	41,645	9,379	3,667	8,495	18,848	82,034	339	(278)	61	82,095
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	-	-	421	-	-	421	-	-	-	421
Paying-in Fabbrica del Libro SpA	-	-	-	-	-	-	-	-	-	0
Remeasurement of defined benefit plans	-	-	-	(540)	-	(540)	-	-	-	(540)
Total comprehensive income for the period	-	-	48	-	24,105	24,153	-	(24)	(24)	24,129
Balance at 30 June 2019	41,645	9,379	4,136	17,576	24,105	96,841	61	(24)	37	96,878
	Share capital	Share premium reserve	Other reserves	Retained profits/(losses)	Profit/(loss) for the period	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
Balance at 31 December 2019	41,645	9,324	4,400	17,482	34,425	107,276	677	(97)	580	107,856
Allocation of earnings at 31.12.19:	-	-	-	34,425	(34,425)	-	(97)	97	-	-
<i>use of reserves</i>	-	-	-	-	-	-	-	-	-	-
<i>dividend distribution</i>	-	-	-	(9,314)	-	(9,314)	-	-	-	(9,314)
Fair value stock grant	639	932	(1,571)	-	-	-	-	-	-	-
Remeasurement of defined benefit plans	-	-	-	67	-	67	2	-	2	69
Total comprehensive income for the period	-	-	(821)	-	(12,484)	(13,305)	-	(116)	(116)	(13,421)
Balance at 30 June 2020	42,284	10,256	2,008	42,660	(12,484)	84,724	582	(116)	466	85,190

Illustrative Notes to the Interim Condensed Consolidated Financial Statements

The Fiera Milano Group Interim Condensed Consolidated Financial Statements at 30 June 2020 were approved and their publication authorised by the Board of Directors on 29 July 2020.

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 support for projects and related services. This includes the business of staging exhibitions (and providing final services to exhibitors and visitors).

The business of the Group has dual seasonality: (i) a greater concentration of exhibitions in the period from January – June; (ii) exhibitions that have a multi-annual frequency.

For further details on the Group structure, reference should be made to the relevant section of the Interim Report on Operations.

Covid-19 and its effects on the half-year consolidated financial statements

The results of the first half of 2020 have been strongly impacted by the suspension of trade fair and congress activities starting from 23 February due to the Covid-19 pandemic.

The Company has immediately taken all the necessary measures to protect the health and safety of its customers, suppliers and employees, using, inter alia, remote working initiatives.

The events and congresses held in Italy in the first two months of the year achieved results in line with expectations. The health emergency, which initially affected China, subsequently spread to the rest of the world, including Italy, leading to the adoption of a series of measures that ordered, inter alia, the suspension of trade fair and congress activities.

As a result, the activity calendars have been rescheduled, resulting in the cancellation of important events, in particular for exhibitions in the six-month period under review, including the biennial Mostra Convegno Expocomfort and Il Salone del Mobile.

In order to counter the effects of this situation, Fiera Milano has launched major cost reduction actions, particularly in the period under review, relating to the management costs of the districts and personnel expenses.

The impact of the Covid-19 pandemic on the financial position, the economic results of the period and those expected for the entire year, the net financial position and on the risks and uncertainties attributable to it are shown in the specific chapter of the Interim report on operations, "Summary of results and significant events in the semester", "Risk factors affecting the Group", "Business outlook" and "Liquidity risk" into the Illustrative Notes.

1) Accounting standards and consolidation criteria

Standards used to prepare the Financial Statements

These Consolidated Interim Financial Statements were prepared in accordance with IAS 34 – *Interim Financial Reporting* and must therefore be read in conjunction with the Consolidated Financial Statements for the financial year to 31 December 2019.

Given the capital and financial position of the first six months of 2020, the financial forecasts in the budget and in the 2020-2023 Business Plan, approved by the Board of Directors on 14 November 2019 and 23 January 2020, and subsequent revisions and taking into account the forecasts for working capital requirements and for the financial and capital position of the Group, the Interim Condensed Consolidated Financial Statements have been prepared on a going concern basis, as fully described in the report on operations in the paragraph "Business outlook".

The reference currency is the Euro and all figures have been rounded up or down to the nearest thousand.

No atypical and/or unusual transactions took place in the first half of 2020.

The risks and uncertainties to which the business is exposed are described in the Interim Report on Operations in the section on Risk factors affecting the Group, in Note 21 of the Illustrative Notes and in section 1.4 on the use of estimates.

The present Interim Condensed Consolidated Financial Statements have been subject to a limited audit by the audit firm EY SpA.

1.1 New accounting standards, interpretations and amendments adopted

The accounting standards used to prepare these Interim Condensed Consolidated Financial Statements conform to those used to prepare the Consolidated Financial Statements for the financial year to 31 December 2019, except for new standards and amendments applicable from 1 January 2020, listed below. The Group has not opted for early adoption of any standards, interpretations or amendments that have been issued but for which adoption is not yet mandatory.

It should also be noted that, starting from the current year, the costs of employees directly involved in commercial and marketing activities of a specific event, which amount to Euro 1,112 thousand at 30 June 2020, are recognised in the income statement when the event takes place, as was already the case for all supplier costs relating to the exhibition.

- 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 changes had no appreciable effects on the values of the consolidated financial statements.

- Amendment to IAS 39, IFRS 9 and IFRS 7 - *Reform of the interest rate benchmark*

The amendments concern hedge accounting under IFRS 9 and IAS 39.

The changes had no appreciable effects on the values of the consolidated financial statements.

- Amendment IAS 1 and IAS 8 - *Definition of materiality*

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 changes had no appreciable effects on the values of the consolidated financial statements.

- 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.

The changes had no appreciable effects on the values of the consolidated financial statements.

- IFRS 16 - Leases amendment

The amendment was introduced in order to neutralise the changes in lease payments resulting from concessions between the parties in consideration of the negative effects of Covid-19. In the absence of this amendment, IFRS 16 would have obliged the lessee to re-determine the financial liability towards the lessor and the asset consisting of the right-of-use entered respectively in liabilities and assets in their financial statements. However, the application of the exemption is limited only to

changes in lease payments up to 30 June 2021 and where they are aimed at mitigating the effects of Covid-19, without there being substantial changes to other contractual terms or lease conditions. The changes in lease payments obtained by the Group during the half year had no appreciable effects on the values of the consolidated financial statements. The amendment has not yet been endorsed by the European Commission.

1.2 Form and content of the Consolidated Financial Statements

Notwithstanding the provisions of IAS 34 – Interim Financial Reporting the present Interim Condensed Consolidated Financial Statements give detailed, and not just summary, tables in order to provide a better and more complete view of the financial results for the first half of the year to 30 June 2020 and of the same period of the previous year. The Illustrative Notes meet the information requirements of IAS 34 and include data considered useful for a fuller understanding of the Interim Condensed Consolidated Financial Statements.

1.3 Scope and principles of consolidation

The present Interim Condensed Consolidated Financial Statements include the Parent Company Fiera Milano SpA, its subsidiary companies and jointly controlled entities.

The present Interim Condensed Consolidated Financial Statements have been prepared on the basis of the six-monthly situation at 30 June 2020 approved by the Boards of Directors of the companies included in the area of consolidation and prepared according to Group accounting policies using IAS/IFRS.

Attachment 1 gives the list of consolidated companies.

Translation of accounts prepared in currencies other than the Euro

The exchange rates used to translate the 2020 and 2019 half-year financial statements of foreign companies into Euro were as follows:

	average 1st Half 2020	average 1st Half 2019	30/06/2020	30/06/2019
South African rand	18.3112	16.4749	19.4425	16.1218
Brazilian reals	5.4104	4.36	6.1118	4.3511
Russian rouble	76.6692	72.4028	79.6300	71.5975
Indian rupee	81.7046	78.4078	84.6235	78.5240

Source: Banca d'Italia

1.4 Use of estimates

Preparation of interim financial statements and related notes under IFRS require estimates and assumptions to be made that affect the figures for assets and liabilities in the financial statements and information regarding the potential assets and liabilities at the date the half-year financial statements are prepared. Actual results may differ from these estimates. Estimates are used for provisions for doubtful accounts, depreciation and amortisation, employee benefits, taxes, and other provisions and reserves, as well as any impairment of assets. Estimates and assumptions are reviewed regularly and the effects of any change are immediately recognised in profit or loss.

The most significant estimates used in preparing the Financial Statements are given below as these require a high degree of subjective opinions, assumptions and forecasts:

- *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.

The recoverability of carrying amounts is measured as the lower of the carrying amount and the higher of the fair value less costs to sell and the value in use of the asset. The net selling price is the price that would be received to sell an asset in an orderly transaction between market participants less costs to sell; in the absence of a binding agreement, reference is made to similar transactions on an active market or it is determined according to IFRS 13 Fair Value Measurement. The value in use is the present value of the future cash flows expected to be derived from the asset (or cash-generating unit), discounted using a weighted average cost of capital of an entity having a similar risk profile and level of indebtedness, and from its ultimate disposal at the end of its useful life.

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.

- *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 requires an estimate of the value in use of the cash-generating unit to which the asset belongs, which itself is based on an estimate of the cash flows the cash-generating unit is expected to generate and discounting them to their net present value using an appropriate discount rate.
- *Deferred tax assets* are recognised against tax losses carried forward and other timing differences to the extent of the likely existence of future taxable profit against which these tax losses carried forward and those due to timing differences may be used. Management must use its judgement in estimating the amount of deferred tax assets to be recognised. The business plan of the Company is used to calculate the likelihood that these deferred tax assets will be used.
- *Provisions for risks and charges:* the calculation of the provisions for risks and charges are based on the best information available at the date of the present interim statement of financial position and requires estimates using historic figures and future forecasts for the outcome of legal disputes or events; the calculation of the risk profile and the estimate of the financial impact that these might have are subject to uncertainties and complexities which could lead to changes in the estimates.

With regard to the use of estimates for financial risks, reference should be made to the relevant paragraph in the Illustrative Notes to the Financial Statements.

- *Share-based Payments.* According to the contents of IFRS 2 - Share-based Payments, the total amount of the current value of the stock grants (fair value) at the assignment date is recorded in

full in the statement of income among the personnel costs for the period between the allocation date and their maturity date and is recognised against the equity reserve.

The fair value of the stock grants is calculated at their allocation date, reflecting the market conditions existing at the date in question.

In the case of a set "maturity period" in which some conditions must be met (attaining targets) so that the assignees become holders of the right, the cost for remuneration, determined on the basis of the current value of the shares at the allocation date, is recorded under personnel costs based on a straight-line method over the period between the allocation date and the maturity date.

In case of assigning shares free of charge (so-called stock grant) at the end of the maturity period, the corresponding increase in equity is recorded.

- *Taxes* are calculated by applying to the pre-tax profit for the period the tax rate which would be applicable to the expected annual results. If the estimated effective tax rate does not give credible results, the income taxes are calculated by applying the tax rate and enacted regulations in the countries in which the Group operates to the estimated taxable income for the period.

2) Disclosure on subsidiaries, joint ventures and associates

The Group has a 49% shareholding in Hannover Milano Global Germany GmbH, a company jointly controlled with Deutsche Messe AG that is equity accounted.

Following the application of IFRS 11 - Joint Arrangements, the Group has classified its investment as a joint venture as significant business decisions relating to Hannover Milano Global Germany GmbH require the unanimous agreement of the parties and neither has specific rights over the individual assets or obligations for any individual liability of the company 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. In relation to the half year in question, the share was 35.22% (40.21% at 30 June 2019).

The Group shares of the income and equity of the joint venture are summarised in the following tables:

	(€'000)	
Hannover Milano Global Germany GmbH	30/06/20	31/12/19
Current assets	4,082	4,179
Non-current assets	9,054	9,261
Current liabilities	12,660	17,284
Net financial debt/(cash)	(20,982)	(27,072)
Equity	21,458	23,228
Book value of the joint venture	10,052	10,629

	(€'000)	
Hannover Milano Global Germany GmbH	1st Half at 30/06/20	1st Half at 30/06/19
Total revenues and other income	4,315	23,316
Total operating costs	(5,634)	(14,482)
Depreciation and amortisation and write-downs	(200)	(258)
Interest income	170	186
Profit/(loss) before tax	(1,349)	8,762
Income tax	(230)	(2,227)
Profit/(loss) for the period	(1,579)	6,535
Non-controlling interests	145	(298)
Profit/(loss) for the period	(1,434)	6,237
Group profit/(loss)	(505)	2,507

The Group has a 49% shareholding in Ipack-Ima Srl, a company jointly controlled with UCIMA (Union of Italian Automatic Machine manufacturers for packing and packaging) that is equity accounted.

The equity and income figures of the company are summarised in the following tables:

	(€'000)	
Ipack Ima Srl	30/06/20	31/12/19
Current assets	1,932	948
Non-current assets	5,129	5,243
Current liabilities	3,141	1,181
Non-current liabilities	823	900
Net financial debt/(cash)	(11)	717
Equity	3,108	3,393
Book value of the joint venture	1,523	1,663

	(€'000)	
Ipack Ima Srl	1st Half at 30/06/20	1st Half at 30/06/19
Total revenues and other income	1	148
Total operating costs	(237)	(751)
Depreciation and amortisation and write-downs	(114)	(116)
Interest payable	(10)	(4)
Profit/(loss) before tax	(360)	(723)
Income tax	67	198
Profit/(loss) for the period	(293)	(525)
Group profit/(loss)	(143)	(257)

At 30 June 2020 and at 30 June 2019, there were no material potential liabilities or obligations relating to the shareholding of the Parent Company in the joint venture.

The Group holds a 51% stake in MiCo DMC Srl indirectly through Fiera Milano Congressi SpA, exercised through a joint control contract with the partner AIM Group International SpA. Under IFRS 11, Joint arrangements mean the company is categorised as a joint venture, meaning the value of the investment is consolidated at equity.

The Group shares of the income and equity of the joint venture are summarised in the following tables:

	(€'000)	
MiCo DMC Srl	30/06/20	31/12/19
Current assets	1,314	2,560
Non-current assets	161	117
Current liabilities	2,507	2,508
Non-current liabilities	188	158
Net financial debt/(cash)	(1,414)	(361)
Equity	194	372
Book value of the joint venture	99	190

	(€'000)	
MiCo DMC Srl	1st Half at 30/06/20	1st Half at 30/06/19
Total revenues and other income	1,574	5,407
Total operating costs	(1,779)	(5,054)
Depreciation and amortisation and write-downs	(18)	(5)
Interest payable	(2)	(2)
Profit/(loss) before tax	(225)	346
Income tax	50	(109)
Profit/(loss) for the period	(175)	237
Group profit/(loss)	(89)	121

At 30 June 2020 and at 30 June 2019, there were no material potential liabilities or obligations relating to the shareholding of the controlling shareholders in the joint venture.

3) Segment information

In accordance with IFRS 8, the identification of operating segments and related information is based on the data used by management to take its operating decisions and is consistent with the management and control model used. The internal accounting system, 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 5 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; and through the provision of project support and ancillary services. Specifically, this segment includes all activities associated with exhibitions (including end services for exhibitors and visitors):
 - that are directly organised by the Group or in partnership with third parties;
 - organised by third parties, through the hiring 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. It covers all activities associated with exhibitions (including end services for exhibitors and visitors) that are directly organised by the Group or in partnership with third parties or acting as agents.

These activities are carried out by:

- Hannover Milano Global Germany GmbH, a joint venture with Deutsche Messe AG of Hannover, which operates in China through two subsidiaries, Hannover Milano Fairs China Ltd, and Hannover Milano Fairs Shanghai Co. Ltd and its subsidiaries Hannover Milano Best Exhibitions Co. Ltd of which 51% is held and Hannover Milano XZQ Exhibitions of which 60% is held. In addition, it is active 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 its registered office in New Delhi;
 - Limited Liability Company Fiera Milano, with its 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 those associated with the organisation of events and congresses by Fiera Milano Media SpA.
 - **Congresses:** this segment refers to the management of conferences and events and destination management services by Fiera Milano Congressi SpA and MiCo DMC Srl.

The tables below give Income Statement and Statement of Financial Position data by segment for the first half to 30 June 2020 and the same period to 30 June 2019.

(€'000)

Income Statement 1st Half to 30/06/20	Italian Exhibitions Business	Foreign Exhibitions Business	MEDIA	CONGRESSES	Adjustments	Consolidated
Revenues from sales and services to third-parties	48,595	1,055	2,257	4,081	-	55,988
Revenues from intersegment sales and services	814	92	1,133	70	(2,109)	-
Total revenues	49,409	1,147	3,390	4,151	(2,109)	55,988
<i>of which from Italy</i>						54,933
<i>of which from foreign activities</i>						1,055
Cost of materials	1,245	5	70	7	(16)	1,311
Cost of services	25,760	989	2,212	3,406	(3,082)	29,285
Cost for use of third-party assets	134	115	42	17	(52)	256
Personnel expenses	14,247	568	1,504	1,284	(318)	17,285
Other operating expenses	1,075	24	26	111	(2)	1,234
Total operating expenses	42,461	1,701	3,854	4,825	(3,470)	49,371
Other income	1,974	35	180	366	(1,367)	1,188
Profit/(loss) of equity accounted companies	(143)	(505)		(89)		(737)
Allowance for doubtful accounts and other provisions	(3,075)	18	(467)	20		(3,504)
EBITDA	11,854	(1,042)	183	(417)	(6)	10,572
<i>of which from Italy</i>						11,706
<i>of which from foreign activities</i>						(1,134)
Depreciation of property, plant and equipment and right-of-use assets	18,754	59	47	2,473		21,333
Depreciation of property investments						
Amortisation of intangible assets	999	106	1	10		1,116
Adjustments to asset values						
EBIT	(7,899)	(1,207)	135	(2,900)	(6)	(11,877)
<i>of which from Italy</i>						(10,578)
<i>of which from foreign activities</i>						(1,299)
Financial income and similar						142
Financial expenses and similar						6,933
Valuation of financial assets						
Profit/(loss) before income tax						(18,668)
Income tax						(6,068)
Profit/(loss) from continuing operations						(12,600)
Profit/(loss) from discontinued operations						-
Profit/(loss) for the period						(12,600)
Profit/(loss) attributable to non-controlling interests						(116)
Group profit/(loss)						(12,484)

The table below gives investments by operating segment:

Statement of Financial Position data at 30/06/20	(€'000)
	Investments
Italian Exhibitions Business	4,816
Foreign Exhibitions Business	25
Media	16
Congresses	193
Total	5,050

They include the Right-of-use of the leased assets deriving from the application of IFRS 16.

(€'000)

Income Statement 1st Half to 30/06/19	Italian Exhibitions Business	Foreign Exhibitions Business	MEDIA	CONGRESSES	Adjustments	Consolidated
Revenues from sales and services to third-parties	125,849	3,008	4,152	20,873	-	153,882
Revenues from intersegment sales and services	3,345	110	1,643	318	(5,416)	-
Total revenues	129,194	3,118	5,795	21,191	(5,416)	153,882
<i>of which from Italy</i>						<i>150,874</i>
<i>of which from foreign activities</i>						<i>3,008</i>
Cost of materials	1,214	9	122	40	(2)	1,383
Cost of services	55,191	2,400	3,107	12,538	(6,608)	66,628
Cost for use of third-party assets	133	130	46	25	(50)	284
Personnel expenses	20,007	668	1,954	1,895	(352)	24,172
Other operating expenses	2,205	48	28	249	-	2,530
Total operating expenses	78,750	3,255	5,257	14,747	(7,012)	94,997
Other income	2,103	262	284	274	(1,592)	1,331
Profit/(loss) of equity accounted companies	(257)	2,508	-	120	-	2,371
Allowance for doubtful accounts and other provisions	1	117	6	64	-	188
EBITDA	52,289	2,516	816	6,774	4	62,399
<i>of which from Italy</i>						<i>59,997</i>
<i>of which from foreign activities</i>						<i>2,402</i>
Depreciation of property, plant and equipment and right-of-use assets	19,402	98	45	2,356	-	21,901
Depreciation of property investments	-	-	-	-	-	-
Amortisation of intangible assets	708	134	70	13	-	925
Adjustments to asset values	-	-	-	-	-	-
EBIT	32,179	2,284	701	4,405	4	39,573
<i>of which from Italy</i>						<i>37,403</i>
<i>of which from foreign activities</i>						<i>2,170</i>
Financial income and similar	-	-	-	-	-	280
Financial expenses and similar	-	-	-	-	-	7,126
Valuation of financial assets	-	-	-	-	-	-
Profit/(loss) before income tax						32,727
Income tax						8,646
Profit/(loss) from continuing operations						24,081
Profit/(loss) from discontinued operations						-
Profit/(loss) for the period						24,081
Profit/(loss) attributable to non-controlling interests						(24)
Group profit/(loss)						24,105

The table below gives investments by operating segment:

Statement of Financial Position data at 31/12/19	(€'000)
	Investments
Italian Exhibitions Business	482,258
Foreign Exhibitions Business	537
Media	288
Congresses	36,158
Total	519,241

They include the Right-of-use of the leased assets deriving from the application of IFRS 16.

Notes to the Interim Condensed Consolidated Financial Statements

STATEMENT OF FINANCIAL POSITION

ASSETS

4) Property, plant and equipment and Right-of-use assets

	(€'000)						
	Balance at 31/12/19	Changes during the period					Balance at 30/06/20
		Incr.	Decr.	Depr.	Currency translation differences	Reclassification	Other movements
Property, plant and equipment							
. historic cost	112,140	2,128	18	-	(187)	-	-
. depreciation	102,985	-	18	1,541	(152)	-	-
	9,155	2,128	-	1,541	(35)	-	-
							114,063
							104,356
							9,707
Right-of-use assets							
. historic cost	509,452	1,742	-	-	(103)	-	-
. depreciation	39,881	-	-	19,792	(9)	-	-
	469,571	1,742	-	19,792	(94)	-	-
							511,091
							59,664
							451,427

Property, plant and equipment

The main changes in the first half of the year were as follows:

- Euro 69 thousand of investments mainly made by Nolostand SpA to acquire assets to be hired out, in particular, parts for stands and assets in wood;
- Euro 163 thousand of investments made by Fiera Milano Congressi SpA primarily for electronic equipment;
- investments by Fiera Milano SpA for Euro 1,876 thousand mainly related to the Digital Signage project for the Rho exhibition centre.

Right-of-use assets

These totalled Euro 451,427 thousand net of amortisation for the period of Euro 19,792 thousand and refer to the recognition of the right of use of the leased assets deriving from the application of IFRS 16 in force from 1 January 2019. The increase of Euro 1,742 thousand mainly refers to the monetary revaluation of the lease agreement for the exhibition centres.

The item Right-of-use assets includes increases of Euro 1,726 thousand relating to related-party transactions (Euro 462,382 thousand at 31 December 2019). Note 37 provides further details on related-party transactions.

5) Goodwill and intangible assets with a finite useful life

	(€'000)						
	Balance at 31/12/19	Changes during the period					Balance at 30/06/20
		Incr.	Decr.	Depr.	Currency translation differences	Reclassification	
Goodwill							
. Historic cost	111,633	-	-	-	-	-	-
. Amortisation	16,597	-	-	-	-	-	-
	95,036	-	-	-	-	-	-
							111,633
							16,597
							95,036
Intangible assets with a finite useful life							
. Historic cost	70,638	1,180	-	-	(1,493)	-	-
. Amortisation	55,998	-	-	1,116	(926)	-	-
	14,640	1,180	-	1,116	(567)	-	-
							70,325
							56,188
							14,137

Goodwill

The goodwill allocations are as follows:

- Italian Exhibitions Business cash-generating unit: 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 group of cash-generating units: this includes the cash-generating units of publications and digital services and the advertising and sponsoring activities. The goodwill of Fiera Milano Media SpA is allocated to this cash-generating unit, which equalled Euro 5,947 thousand, deriving from the acquisition of publishing companies subsequently incorporated.
- The Congress cash-generating unit: it includes the goodwill of Euro 5,455 thousand deriving from the acquisition of Fiera Milano Congressi SpA.

Goodwill is subject to impairment tests at every year-end or more frequently if there is any indication of impairment as described in Section 1.4 on the use of estimates.

Following the onset of the Covid-19 pandemic, the Group decided to carry out the impairment test again on intangible assets recorded in the financial statements as at 30 June 2020, as there were indications of impairment mainly related to the cancellation or rescheduling of important events scheduled in the first half of 2020, as detailed above.

The test was carried out in accordance with the procedure and updated financial projections, to take into account (i) the impact of the suspension of trade fair activities until September 2020, (ii) the current phase of economic recession, (iii) the high uncertainty about future prospects, (iv) and the financial crisis that has affected many of our Group's client companies.

In particular, it was decided it was appropriate to carry out a stress test on the basis of the strongly negative situation, to come up with a worst-case scenario among the various future scenarios.

The financial projections used for the impairment test at 30 June 2020 are divided into three periods: the second half of 2020, the three-year period 2021-2023, the annual cash flow to be considered for calculating the terminal value. The cash flow of the second half of 2020 was analytically estimated with precautionary criteria and assuming a progressive recovery of trade fair events starting from September 2020, on the basis of the trade fair and congress event calendar and the most up-to-date information available to management at the time. In relation to the 2021-2023 three-year period and the cash flow for the calculation of the terminal value, the latest previously approved projections (and used for the 2019 impairment test) were used, applying a precautionary and permanent reduction of 20%. This scenario is currently considered "extreme", in that it means attributing an irreversible reduction in turnover to the Group of more than double the currently available estimates of GDP contraction.

Cash flows were discounted to 30 June 2020, using a WACC (Weighted Average Cost of Capital) with parameters updated on the same date. In particular, for cash flows in Italy the WACC includes: (i) a risk-free rate of 1.35%; (ii) a market risk premium of 6.20%; (iii) a levered beta at the sector average of 1.125; (iv) a specific risk premium that varied in the different CGUs; (v) a cost of debt equal to 2.56%; (vi) a debt to invested capital of 25% (the average for comparable companies).

The individual parameters were determined by making the widest reference to publicly available sources. A net tax rate was applied to net tax cash flows. The WACC applied to the cash flows relating to the Italian trade fair events and congress activities was 7.48%, while the cash flows relating to the "Media" reportable segment were discounted at the rate of 8.98%, because of a greater specific risk.

The Terminal Value was measured as a perpetual annuity obtained by capitalising the net cash flows, reduced by 20%, which the Group expects to be the average for the future in light of the current trade fair calendar. Zero growth in real terms was assumed, considering only the level of medium/long-term inflation forecast in the specific monetary area of reference. For the activities included in the "Media" reportable segment, the growth factor did not take into account the medium/long-term inflation forecast and therefore appears as a negative factor in real terms.

No impairment losses emerged on goodwill or on the equity investments recognised in the consolidated financial statements.

The usual sensitivity analyses were also carried out by varying the WACC (+0.5%) and the forecast operating cash flows (-10%) with a positive result in both cases.

In relation to the impact of the application of IFRS 16 in carrying out the impairment test, it is specified that a "pre-IFRS 16" approach was chosen for the test carried out at 30 June 2020, in light of the coincidence of results to which the different approaches necessarily lead. Therefore, the calculation of the recoverable values was carried out assuming that the flow relating to the lease payments has an operational nature. Similarly, through the appropriate reclassification of financial statement data, the test excluded both the RoU and the Lease Liability deriving from the application of IFRS 16 from the Accounting Value of the CGU(s).

Finally, 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.

Intangible assets with a finite useful life

The increases for the half year of Euro 1,180 thousand mainly refer to the item "Assets in progress and advances" and relate to the costs incurred for the development of the new corporate IT systems of the Parent Company. As soon as the work is completed, this will be reclassified in the item of fixed assets and the related depreciation will begin.

Intangible assets with a finite useful life included the following trademarks totalling Euro 9,759 thousand (Euro 10,826 thousand at 31 December 2019):

- Exhibition trademarks:
 - Milan Games Week: Euro 2,270 thousand;
 - Host: Euro 1,382 thousand
 - Mipap Milano Prêt-à-Porter: Euro 1,299 thousand;
 - MADE expo: Euro 1,213 thousand;
 - Promotion Trade Exhibition: Euro 1,101 thousand;
 - Exposec: Euro 708 thousand;
 - Fisp: Euro 690 thousand;
 - Transpotec & Logitec: Euro 361 thousand;
 - Cartoomics: Euro 288 thousand;
 - Festivity: Euro 155 thousand;
 - Tubotech Euro 110 thousand;
 - Miart: Euro 96 thousand;
 - BtoBIO Expo: Euro 69 thousand;
 - Other trademarks: Euro 17 thousand;

In relation to intangible assets with a finite useful life, subject to amortisation, their test as at 30 June 2020 is included in the test of the respective CGU to which they belong. For more details on the reasons and methodology, please refer to the comments in the previous paragraph "Goodwill".

On the other hand, there were no indications of impairment that led to the execution of a specific test on individual brands.

6) Investments, non-current trade receivables and deferred tax assets

(€'000)

	Balance at 31/12/19	Changes during the period				Balance at 30/06/20
		Increase	Decrease	Results	Currency translation differences	
Equity-accounted investments	19,905	7	4	(737)	(72)	19,099
Other investments	32	-	-	-	-	32
Trade and other receivables	11,170	-	132	-	-	11,038
Deferred tax assets	2,971	1,096	193	-	(336)	3,538
Total	34,078	1,103	329	(737)	(408)	33,707

The entry for equity accounted investments was Euro 19,099 thousand (Euro 19,905 thousand at 31 December 2019) and was:

- Euro 16,726 thousand for the 49% shareholding in Hannover Milano Global Germany GmbH;
- Euro 2,231 thousand for the 49% shareholding in Ipack-Ima Srl;
- Euro 142 thousand for the 51% shareholding in MiCo DMC Srl.

Further details are provided in Note 2 on Disclosure on subsidiaries, joint ventures and associates.

The entry for Trade and other receivables was mainly for the Parent Company and included:

- other receivables from the controlling shareholder of Euro 10,939 thousand (Euro 11,071 thousand at 31 December 2019). 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 527 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 99 thousand at 31 December 2019).

The entry for trade and other receivables also included Euro 10,939 thousand of related-party transactions (Euro 11,071 thousand at 31 December 2019). Note 37 provides further details on related-party transactions.

The Deferred tax assets item, equal to Euro 3,538 thousand (Euro 2,971 thousand at 31 December 2019), represents the balance of deferred taxes offset at the level of individual companies subject to consolidation.

The change mainly relates to deferred tax credits calculated on the result for the period.

7) Trade and other receivables

Trade and other receivables	(€'000)		
	30/06/20	31/12/19	change
Trade receivables	18,418	31,282	(12,864)
Trade receivables from the controlling shareholder	9,598	2,963	6,635
Trade receivables from <i>joint venture</i>	139	47	92
Trade receivables from related parties	11	-	11
Other receivables	4,490	4,163	327
Prepaid expenses from the controlling shareholder	50	394	(344)
Accrued income and prepaid expenses	2,038	1,507	531
Total	34,744	40,356	(5,612)

This item amounted to Euro 34,744 thousand (Euro 40,356 thousand at 31 December 2019).

The change in Receivables from customers mainly follows lower activity volume related to the different trade fair calendar following the Covid-19 pandemic, which led to the suspension and postponement of some calendar events to later dates.

Receivables from the Parent Company increased by Euro 6,635 thousand mainly due to the chargebacks relating to the construction of some of the "Covid-19" hospital structures.

The figure for receivables from customers 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 period under review, were found to be unrecoverable.

	31/12/19	Provisions	Utilisation and other changes	Currency translation differences	30/06/20
Provision for doubtful receivables	3,500	262	165	(12)	3,585

The entry for trade and other receivables also included Euro 9,798 thousand of related-party transactions (Euro 3,404 thousand at 31 December 2019). Note 37 provides further details on related-party transactions.

8) Inventories

Inventories	(€'000)		
	30/06/20	31/12/19	change
Inventories	24	12	12
Suspended costs for future exhibitions	4,075	2,219	1,856
Total inventories	4,099	2,231	1,868

Changes in suspended costs for future exhibitions was due to the net effect of the release of costs linked to exhibitions held in the first half of the year and increases in costs for exhibitions to be held after 30 June 2020.

Starting from the current year, personnel expenses directly attributable to the events are recognised in profit or loss at the time the event takes place and consequently included in the inventories among suspended costs. The impact of this on inventories at 30 June 2020 is Euro 1,112 thousand.

The breakdown of deferred costs by event was as follows:

	(€'000)		
Exhibition	30/06/20	31/12/19	Change
Host	550	30	520
Tuttofood	441	105	336
Fesqua	405	409	(4)
Miart	341	190	151
MADE expo	311	-	311
Fisp	305	320	(15)
Exposec	213	121	92
Cartoomics	209	121	88
Print4All	157	-	157
SposaItalia	152	-	152
Transpotec & Logitec	147	2	145
Homi I semester	-	227	(227)
Bit	-	172	(172)
Congresses and other exhibitions	844	522	322
Total	4,075	2,219	1,856

Inventories included Euro 195 thousand for related-party transactions (Euro 207 thousand at 31 December 2019). Note 37 provides further details on related-party transactions.

9) Current financial assets

Financial assets	(€'000)			
	31/12/19	Increases	Decreases	30/06/20
Investment funds	-	4,684	-	4,684
Non-current other financial assets	50	-	-	50
S/term financing to joint venture	1,320	-	-	1,320
Current financing to controlling shareholder	-	388	-	388
Total	1,370	5,072	-	6,442

This entry included the following financial assets:

- for Euro 4,684 thousand, the units of mutual investment funds, measured at fair value. The fair value is measured on the basis of the market value of the security at 30 June 2020 inclusive of commissions;
- Euro 388 thousand for the current account held with Fondazione Fiera Milano, which the year before had a negative balance and was included under financial liabilities. The account carries interest rate at 1-month Euribor plus a spread of 0.75%;
- Euro 1,304 thousand for the financing given to the joint venture Ipack-Ima Srl. The interest payable on this loan is 1.35%.
- Euro 66 thousand for the financing given to the joint venture MiCo DMC Srl, of which Euro 50 thousand non-current.

This entry included Euro 1,758 thousand (Euro 1,370 thousand at 31 December 2019) for related-party transactions. Note 37 provides further details on related-party transactions.

10) Cash and cash equivalents

Cash and cash equivalents totalled Euro 39,179 thousand (Euro 68,031 thousand at 31 December 2019) and was almost entirely composed of short-term bank deposits with floating rate interest. The change is mainly related to the reduction in turnover in the first half of 2020 and receiving the share of the loan of Euro 25,000 thousand granted on 30 April 2020 by the Unione di Banche Italiane S.p.A.

The change in financial flows compared to the quarter closing 30 June 2019, is shown in the Consolidated Statement of Cash Flows.

EQUITY AND LIABILITIES

11) Equity

Equity	(€'000)		
	30/06/20	31/12/19	Change
Share capital	42,284	41,645	639
<i>of which treasury shares</i>	<i>(161)</i>	<i>(800)</i>	<i>639</i>
Share premium reserve	10,256	9,324	932
<i>of which treasury shares</i>	<i>(2,272)</i>	<i>(3,204)</i>	<i>932</i>
Other reserves	2,008	4,400	(2,392)
Retained profits/(losses)	42,660	17,482	25,178
Profit/(loss) for the period	(12,484)	34,425	(46,909)
Group equity	84,724	107,276	(22,552)
Capital and reserves attributable to non-controlling interests	582	677	(95)
Profit/(loss) attributable to non-controlling interests	(116)	(97)	(19)
Equity attributable to non-controlling interests	466	580	(114)
Total	85,190	107,856	(22,666)

Share capital

At 30 June 2020, the share capital was Euro 42,284 thousand (Euro 41,645 thousand at 31 December 2019) net of Euro 161 thousand of treasury shares. The fully paid-up share capital is made up of 71,917,829 ordinary shares, subject to no restrictions on dividend distribution and the repayment of capital, except as provided by laws governing treasury shares.

The number of shares in circulation and the change in this figure in the period under review is shown in the table below:

	Number of shares at 31 December 2019	Change	Number of shares at 30 June 2020
Ordinary shares in issue	71,917,829	-	71,917,829
Treasury shares	939,018	(665,260)	273,758
Total shares outstanding	70,978,811	665,260	71,644,071

Under IAS/IFRS accounting principles, when treasury shares are acquired, the nominal value of the shares acquired is deducted from equity while the difference between acquisition value and the nominal value is recognised directly in the share premium reserve. On 31 July 2015, the Extraordinary Shareholders' Meeting of the Company, at the same time as it approved the share capital increase, approved the elimination of the nominal value of the shares comprising the share capital. Therefore, since that date, the nominal value is calculated by dividing the value of the share capital by the number of shares in issue.

The change in treasury shares relates to the stock grants awarded under the *Performance Shares Plan* included in the 2018-2019 management incentives plan.

At 30 June 2020, the implicit nominal value of the shares was Euro 0.59 per share.

Share premium reserve

This was Euro 10,256 thousand (Euro 9,324 thousand at 31 December 2019) net of the reserve for treasury shares of Euro 2,272 thousand.

Other reserves

Other reserves totalled Euro 2,008 thousand (Euro 4,400 thousand at 31 December 2019), broken down as follows:

- Euro 8,489 thousand from the Parent Company legal reserve;
- Euro -6,481 thousand from the currency translation reserve;

Changes in the period under review were as follows:

- a decrease of Euro 1,571 thousand for the liquidation of the stock grants awarded under the *Performance Shares Plan* included in the 2018-2019 management incentives plan.
- a Euro 821 thousand decrease in the translation reserve.

Retained earnings

This entry was Euro 42,660 thousand (Euro 17,482 thousand at 31 December 2019).

Changes in the period under review were as follows:

- a Euro 34,425 thousand increase from the results of the previous financial year;
- a decrease of Euro 9,314 thousand for the distribution of dividends by the Parent Company;
- an increase of Euro 67 thousand for the remeasurement of defined benefit plans, net of the tax effect.

Profit/(loss) for the period

In the quarter to 30 June 2020, the Group net profit was Euro -12,484 thousand.

In the financial year to 31 December 2019, it was positive for Euro 34,425 thousand.

Capital and reserves attributable to non-controlling interests

This item totalled Euro 582 thousand (Euro 677 thousand at 31 December 2019).

A Euro 95 thousand decrease mainly relating to the allocation of the result for the previous financial year.

Net profit (loss) - non-controlling interests

The net profit (loss) of the half year attributable to non-controlling interests was negative for Euro 116 thousand. In the financial year to 31 December 2019, it was equal to Euro -97 thousand.

LIABILITIES

12) Bank borrowings

Bank borrowings	(€'000)		
	30/06/20	31/12/19	change
Current bank borrowings	24,940	1	24,939
Total	24,940	1	24,939

Current bank borrowings relate to the following loan attributable to the Parent company:

- Euro 24,940 thousand (Euro 1 thousand at 31 December 2019) the share of the Euro 25,000 thousand loan granted on 30 April 2020 by the Unione di Banche Italiane S.p.A., repayable in four quarterly instalments from 31 July 2020 until 30 April 2021 with an APR rate of 0.70%, of which the first three instalments made up of the interest only and the fourth instalment of the remaining financed amount.

Credit lines with covenants included that from Banca Nazionale del Lavoro, which was for advances on domestic receivables. Under the agreement for the credit line, each year the Parent Company channels commercial cash inflows through the bank 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.

Besides, Banco BPM granted a euro 20,000 thousand credit line with the following covenants included:

- nfp/equity ratio (pre IFRS 16) not exceeding 1.5 at 31 December 2020;
- net indebtedness (pre IFRS 16) not exceeding euro 150 million for each semester.

Bank debt is subject to floating rate interest.

13) Other financial liabilities

The breakdown of this entry is given in the following tables:

Other financial liabilities	(€'000)		
	30/06/20	31/12/19	change
Non-current financial liabilities related to the right-of-use of assets	423,567	439,402	(15,835)
Current financial liabilities related to the right of use of assets	46,229	33,992	12,237
Other current financial liabilities	449	1,057	(608)
Total	470,245	474,451	(4,206)

"Financial liabilities related to the right-of-use of non-current assets" equal to Euro 423,567 thousand (Euro 439,402 thousand at 31 December 2019) refer to the medium-long term share of the lease liability. This liability represents the obligation to make the payments envisaged by the contracts for the lease of exhibition sites, warehouses and vehicles, deriving from the application of IFRS 16 in force from 1 January 2019.

This entry included Euro 418,698 thousand (Euro 433,693 thousand at 31 December 2019) for related-party transactions. Note 37 provides further details on related- party transactions.

Current other financial liabilities of Euro 46,678 thousand (Euro 35,049 thousand at 31 December 2019) are detailed in the following table:

Other current financial liabilities	(€'000)		
	30/06/20	31/12/19	change
Current financial liabilities related to the right-of-use of assets	46,229	33,992	12,237
Financial payables to controlling shareholder	-	449	(449)
Other financial payables	449	608	(159)
Total	46,678	35,049	11,629

The "Financial payables relating to the right-of-use of the assets" refer to the current portion of the lease liability. This liability represents the obligation to make the payments envisaged by the contracts for the lease of exhibition sites, warehouses and vehicles, deriving from the application of IFRS 16 in force from 1 January 2019.

The change in the item "Financial payables to controlling shareholder" is due to the existing correspondent current account with Fondazione Fiera Milano, which for the period under review recorded a credit balance and is recognised among financial assets.

Other financial payables are non-controlling interests relating to the acquisition of Cipa FM.

This entry included Euro 33,000 thousand (Euro 32,872 thousand at 31 December 2019) for related-party transactions. Note 37 provides further details on related-party transactions.

The trend of cash flows can be found in paragraph 20 "Financial assets and liabilities".

14) Provision for risks and charges

Provisions for risks and charges						(€'000)
	31/12/19	Provisions	Releases of excess provisions	Utilisation	Other movements	30/06/20
Non current provisions:						
Other provisions for risks and charges	1,833	-	1,112	-	-	721
Total non current provisions for risks and charges	1,833	-	1,112	-	-	721
Current provisions:						
Loss on exhibitions	500	-	-		-	500
Other provisions for risks and charges	4,725	127	2,664	169	(645)	1,374
Total current provisions for risks and charges	5,225	127	2,664	169	(645)	1,874

Other provisions for risks, non-current and current, and charges were mainly payments for disputes with suppliers and disputes with personnel and are calculated on their probable outcome using both internal valuations and those done by external legal consultants.

Releases of the provisions for risks and charges are mainly related to disputes with the staff and to the updating of estimates for disbursements on legal disputes with suppliers.

15) Employee benefit provisions

Employee benefit provisions				(€'000)
	31/12/19	Actuarial evaluation	Indemnities and advances paid	30/06/20
Defined benefit plans	9,898	174	188	9,884
Total	9,898	174	188	9,884

Actuarial evaluation		(€'000)
Personnel expenses:		
- indemnities related to defined benefit plans		215
Financial expenses:		
- actualisation charges		34
Other comprehensive income		
- Remeasurement of defined benefit plans		(75)
Total		174

The main hypotheses/assumptions used in the actuarial calculations of defined benefit plans at 31 December 2019 and 30 June 2020 are given in the following tables.

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	30/06/20	31/12/19
Annual technical discount rate	0.70%	0.70%
Annual inflation rate	1.00%	1.00%
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 using the Eurozone Iboxx Corporate AA index for a period equal to or greater than ten years.

The following table gives sensitivity analyses for the main assumptions used to calculate the liability of the defined benefit plans.

Effect of defined benefit plans on debt					(€'000)
Economic and financial assumptions	Range	Base figure	Increase in assumptions	Decrease in assumptions	
Annual technical discount rate	+/- 0.5%	9,884	9,412	10,396	
Annual rate of increase in total employees' salary	+/- 0.5%	9,884	10,141	9,652	
Economic and financial assumptions					
Life expectancy	+/- 1 year	9,884	9,933	9,835	

16) Trade payables

This item totalled Euro 20,160 thousand (Euro 41,985 thousand at 31 December 2019). Trade payables were mainly to Italian suppliers for the acquisition of services required to mount the exhibitions that are the typical business of the Group.

The change mainly follows lower activity volume related to the different trade fair calendar following the Covid-19 pandemic, which led to the suspension and postponement of some calendar events to later dates.

17) Advances

This item totalled Euro 36,925 thousand (Euro 49,227 thousand at 31 December 2019). These were mainly advances invoiced to clients for exhibitions to be held after 30 June 2020. Recognition as revenue is deferred until the exhibition is held.

The change in advances was due to the combined effect of a decrease in revenues recognised for exhibitions held during the period under review and an increase in advances for exhibitions to be held later, in addition to the cancellation of some exhibitions.

The table below gives a breakdown by exhibition.

Advances	(€'000)		
	30/06/20	31/12/19	change
Mostra Convegno Expocomfort	11,060	8,681	2,379
Host	3,469	3,381	88
Tuttofood	1,448	598	850
Myplant & garden	1,323	317	1,006
Mido	1,283	2,608	(1,325)
Plast	1,119	-	1,119
Fisp	1,116	1,020	96
SposaItalia	1,015	212	803
Exposec	925	613	312
Fesqua	797	774	23
Bimu	616	409	207
Ipack-Ima	594	194	400
Miart	520	159	361
CPhI	462	462	-
Venditalia	453	261	192
Eicma Moto	387	-	387
Cartoomics	383	153	230
Xylexpo	337	262	75
Fire Show	256	209	47
The Micam (autumn)	246	-	246
Fa la cosa giusta	210	-	210
Print4All	193	-	193
Homi outdoor	139	-	139
Homi II semester	131	-	131
Packaging Premiere	124	-	124
MADE expo	113	-	113
Homi I semester	-	8,213	(8,213)
The Micam (spring)	-	3,109	(3,109)
Salone del mobile/Complemento d'arredo	-	2,354	(2,354)
Lineapelle I semester	-	1,500	(1,500)
Homi Fashion&Jewels	-	1,231	(1,231)
Milano Unica (spring)	-	938	(938)
Promotiontrade exhibition	-	887	(887)
Simac Tanning-Tech	-	662	(662)
The One Milano (february)	-	487	(487)
Eurocucina	-	487	(487)
Bit	-	318	(318)
Salone Internazionale del Bagno	-	277	(277)
Mipel (spring)	-	143	(143)
Congresses and other exhibitions	8,206	8,308	(102)
Total	36,925	49,227	(12,302)

Advances included Euro 675 thousand (Euro 218 thousand at 31 December 2019) for related-party transactions. Note 37 provides further details on related-party transactions.

18) Deferred tax liabilities and tax payables

Deferred tax liabilities and tax payables	(€'000)		
	30/06/20	31/12/19	change
Deferred tax liabilities	5,803	10,127	(4,324)
Current tax liabilities	4,432	2,979	1,453
Total	10,235	13,106	(2,871)

Deferred tax liabilities were Euro 5,803 thousand (Euro 10,127 thousand at 31 December 2019). The figure is the net balance of deferred tax assets and deferred tax liabilities for each company included in the area of consolidation.

The change mainly relates to deferred tax credits calculated on the result for the period.

Tax payables totalled Euro 4,432 thousand (Euro 2,979 thousand at 31 December 2019).

The change is due mainly to the suspension of tax payments as part of government measures for the Covid-19 health emergency.

19) Other current liabilities

The breakdown of other non-current and current liabilities is given in the following table:

Other current liabilities	(€'000)		
	30/06/20	31/12/19	change
Payables to exhibition organisers	9,282	9,123	159
Payables to the controlling shareholder for tax consolidation	6,508	6,508	-
Payables to employees	4,854	8,447	(3,593)
Payables to pension and social security entities	3,393	2,413	980
Other payables	2,100	1,939	161
Payables to the controlling shareholder	429	581	(152)
Payables to directors and statutory auditors	213	204	9
Payables to related parties	102	85	17
Payables to joint venture	76	483	(407)
Payables to exhibition organisers to joint venture	22	18	4
Group VAT payables to the controlling shareholder	-	668	(668)
Deferred income and Accrued liabilities	1,106	322	784
Accrued liabilities to joint venture	135	31	104
Accrued liabilities to the controlling shareholder	84	-	84
Accrued liabilities to related parties	-	64	(64)
Total	28,304	30,886	(2,582)

The entry included Euro 7,356 thousand (Euro 8,438 thousand at 31 December 2019) for related-party transactions. For more details, see note 37 on these transactions.

20) Financial assets and liabilities

The Group net financial position and its breakdown are given in the following table:

Group Net Financial Position (Amounts in € '000)	30/06/20	31/12/19	change
A. Cash (including bank balances)	39,179	68,031	(28,852)
B. Other cash equivalents	-	-	-
C. Securities held for trading	-	-	-
D. Cash and cash equivalents (A+B+C)	39,179	68,031	(28,852)
E. Current financial assets	1,708	1,320	388
- E.1 of which Current financial assets to the controlling shareholder	388	-	388
- E.2 of which Current financial assets to other related parties	1,320	1,320	-
F. Current bank borrowings	24,940	1	24,939
G. Current portion of non-current debt	-	-	-
H. Other current financial liabilities	449	1,057	(608)
- H.1 of which Other current financial liabilities to the controlling shareholder	-	449	(449)
I. Current financial debt (F+G+H)	25,389	1,058	24,331
J. Current net financial debt (cash) (I-E-D)	(15,498)	(68,293)	52,795
K. Non-current financial assets	4,734	50	4,684
- 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	-	-	-
O. Non-current financial debt (-K+L+M+N)	(4,734)	(50)	(4,684)
Net financial debt/(cash) from continuing operations (J+O)	(20,232)	(68,343)	48,111
Net financial debt/(cash) from assets held for sale	-	-	-
P. Net financial debt/(cash) before IFRS 16 effects	(20,232)	(68,343)	48,111
Q. Current financial liabilities related to the right of use of assets	46,229	33,992	12,237
- Q.1 of which current financial liabilities related to the right-of-use assets to the controlling shareholder	33,000	32,423	577
R. Non-current financial liabilities related to the right of use of assets	423,567	439,402	(15,835)
- R.1 of which non-current financial liabilities related to the right-of-use assets to the controlling shareholder	418,698	433,693	(14,995)
IFRS 16 financial effects	469,796	473,394	(3,598)
S. Total net financial debt/(cash) (P+Q+R)	449,564	405,051	44,513

Net financial position not including IFRS 16 lease liabilities at 30 June 2020, posted net cash of Euro 20,232 thousand, compared to net cash of Euro 68,343 thousand at 31 December 2019, falling by Euro 48,111 thousand.

The decrease, also taking into account the distribution of dividends by the Parent Company, was determined by the suspension of trade fair activities following the Covid-19 emergency starting at the end of February 2020, which significantly affected working capital.

The net financial indebtedness including the IFRS 16 lease liability amounted to Euro 449,564 thousand (Euro 405,051 thousand at 31 December 2019).

Changes in liabilities due to bank financing are shown in the following table:

Changes in liabilities from financing activities						(Euro '000)
	Balance at 31/12/19	Changes in financial flows		Non-monetary changes	Balance at 30/06/20	
		Increase	Decrease	Exchange rate effect		
Non-current financial liabilities related to the right of use of assets	439,402	-	15,835	-	423,567	
Total change in non-current financial payables	439,402	-	15,835	-	423,567	
Credit lines	1	-	1	-	-	
Bank loans	-	25,000	60	-	24,940	
Current financial liabilities related to the right of use of assets	33,992	-	1,187	13,424	46,229	
Current financial debt with the controlling shareholder	449	12,561	13,010	-	-	
Current payables for acquisition of shareholdings	608	-	-	(159)	449	
Total change in current financial payables	35,050	37,561	14,258	13,265	71,618	
Total liabilities from financing activities	474,452	37,561	30,093	13,265	495,185	

21) Financial and market risk management

The main financial instruments used by the Group are bank loans, current accounts and current financial payables to the controlling shareholder Fondazione Fiera Milano.

Fiera Milano Group has a favourable cash management cycle due to the financial nature of the companies that organise exhibitions and congresses. The organisers of exhibitions and congresses request an advance from their clients as confirmation of their participation at an event and the balance is usually received before the event is held or at its conclusion. Suppliers of goods and services are paid under the normal payment terms used. This generates negative working capital for the organisers, which gives a cash surplus.

Fiera Milano SpA, the Parent Company, which rents the exhibition space to the organisers, carries out administrative and cash management services for the organisers, receiving on behalf of the latter everything that the exhibitors pay the organiser. After receiving the cash, Fiera Milano SpA, depending on the contractual agreements, retrocedes to the organiser what is its due and keeps the payment for the space rented out in the exhibition venues and for the services provided. This also allows Fiera Milano SpA to receive its payments in advance, as it does the organisers. Therefore, within Fiera Milano Group, the companies that benefit from this favourable cash management cycle are the companies that organise exhibitions and the Parent Company.

The exposure of the Group to different types of risk is described below.

21.1 Credit risk

Credit risk is represented by the Group's exposure to potential losses from the non-fulfilment of obligations agreed by counterparties. Credit risk is adequately monitored, as is that pertaining to the cash management that characterises the business of the Group. Fiera Milano hosts and organises exhibitions that are leaders in their sector and, therefore, the loyalty of exhibitors is high. For the controlling shareholder Fiera Milano SpA, the current system means that all receipts from exhibitors flow into the Fiera Milano SpA accounts and that the latter retrocedes to its clients/organisers the amounts due to them.

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 almost all of the exhibitions at its two sites. Provisions for doubtful

receivables are minimal in comparison to the amounts received and have been made for a few receivables that prove 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.). These receivables are payable under normal payment conditions.

The Company sometimes uses specific guarantees as a further means of counteracting credit risk.

The provision for doubtful receivables is calculated on their presumed recoverability, using internal assessments supported by those of external legal consultants.

In light of the Covid-19 emergency, no further specific risks have arisen regarding the recoverability of receivables.

21.2 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.

This issue was highlighted during the six-month period under review due to the suspension of trade fair and conference activities starting from 23 February due to the Covid-19 pandemic. The performance of the Group's net financial position as of 30 June 2020 shows a net financial availability, not including the IFRS 16 lease liability, of Euro 20,232 thousand, a sharp fall compared to the figure as of 31 December 2019.

Fiera Milano SpA risk management, even when it has a net debt position, aims to guarantee an adequate level of liquidity, minimising the opportunity cost and maintaining a balance in terms of the duration and composition of debt.

Although the Group has taken measures to ensure that it has adequate levels of working capital and liquidity, a drop in business volumes caused both by the seasonal and cyclic nature of the exhibition business and the protracted restrictions on trade fair activities caused by the Covid-19 pandemic, could affect its financial results and its ability to generate cash flows. In relation to this, to support the financial needs of the reference context noted above, the Parent Company obtained a loan of Euro 25 million from the Unione di Banche Italiane S.p.A. in April 2020, with a duration of 12 months and, in June 2020, an 18-month credit line of Euro 20 million (not used as at 30 June 2020), the latter subject to the measurement of financial covenants on an annual basis starting from 31 December 2020 as well as a credit line that from Banca Nazionale del Lavoro, which was for advances on domestic receivables.

The credit lines currently existing with banks, together with forecast operating cash flows, are 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 the funds available in the current account held with the controlling shareholder 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 conditioned by the contingent difficulty in making predictions how the Covid-19 pandemic will unfold, an understanding of which necessitates an assessment of the outcome of future events or circumstances that by their very nature are uncertain.

21.3 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 able to manage interest rate fluctuations. Moreover, the Group constantly monitors market conditions in order to intervene promptly should conditions change.

b) Exchange rate risk

The Group operates in different 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. It normally has more than one supplier for any material considered critical and, in some cases, has long-term contracts that ensure lower price volatility.

22) Disclosure on guarantees given, undertakings and other potential liabilities

Guarantees given

These totalled Euro 4,614 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.

Potential liabilities

Companies of the Group are involved in several legal disputes with some suppliers. Although the outcome of these disputes is currently uncertain, a legal consultant has been charged with calculating the estimated liability should all the disputes have adverse outcomes.

The companies involved and the estimates of the potential liabilities are as follows:

- Nolostand SpA for about Euro 660 thousand;
- Fiera Milano SpA for about Euro 650 thousand.

INCOME STATEMENT

REVENUES

23) Revenues from sales and services

The breakdown of revenues was as follows:

Revenues from sales and services	(€'000)		
	1st Half 2020	1st Half 2019	change
Exhibitor fees	15,561	39,825	(24,264)
Sales of exhibition space	14,905	45,741	(30,836)
Rental of stands, fittings and equipment	13,837	35,681	(21,844)
Advertising space and services	3,574	5,833	(2,259)
Miscellaneous fees and royalties	2,484	1,952	532
Catering and canteen services	1,447	5,187	(3,740)
Revenues from exhibition and congress organisation services	1,103	7,159	(6,056)
Exhibition site services	990	5,115	(4,125)
Supplementary exhibition services	650	2,909	(2,259)
Administrative, telephone and internet services	546	1,504	(958)
Access surveillance and customer care services	273	1,226	(953)
Exhibition insurance services	235	719	(484)
Ticket office sales	184	673	(489)
Congress organisation	151	295	(144)
Multimedia and on-line catalogue services	48	63	(15)
Total	55,988	153,882	(97,894)

The decrease in revenues reflects the different exhibition calendar, which underwent significant changes as a result of the aforementioned Covid-19 pandemic that hit Italy from the end of February 2020. Consequently, the negative change is mainly related to the cancellation of important events, including: the annual Salone del Mobile and Mido and the biennial in even-numbered years, Mostra Convegno Expocomfort. It is also worth noting the absence of the Made Expo, Transpotec Logitec and Tuttofood events.

This entry included Euro 3,616 thousand (Euro 471 thousand at 30 June 2019) for related-party transactions. Note 37 provides further details on related-party transactions.

OPERATING COSTS

24) Cost of materials

The breakdown of this entry was as follows:

Cost of materials	(€'000)		
	1st Half 2020	1st Half 2019	change
Subsidiary materials and consumables	1,165	1,026	139
Printed materials, forms and stationery	79	240	(161)
Raw materials	73	102	(29)
Finished goods and packaging	6	5	1
Change in inventories of raw materials	(12)	10	(22)
Total	1,311	1,383	(72)

25) Cost of services

The breakdown of this entry was as follows:

Cost of services	(€'000)		
	1st Half 2020	1st Half 2019	change
Equipment hire	4,446	14,138	(9,692)
Maintenance	4,014	3,315	699
Stands and equipment for exhibitions	3,908	11,495	(7,587)
Advertising	2,894	9,539	(6,645)
Energy costs	2,819	5,090	(2,271)
Technical, legal, commercial and administrative services and advice	1,920	3,003	(1,083)
Security and gate services	1,413	3,026	(1,613)
Cleaning and waste disposal	1,207	3,381	(2,174)
IT services	1,050	706	344
Telephone and internet expenses	1,044	1,347	(303)
Insurance	713	607	106
Catering services	658	1,380	(722)
Technical assistance and ancillary services	416	1,007	(591)
Ticketing	337	1,059	(722)
Transport	198	704	(506)
Collateral events connected to exhibitions	137	222	(85)
Remuneration of Statutory Auditors	129	129	-
Conference and congress services	87	278	(191)
Expenses for statutory bodies	12	12	-
Change in suspended costs for future exhibitions	(1,028)	559	(1,587)
Other	2,934	5,666	(2,732)
Uses of provisions	(23)	(35)	12
Total	29,285	66,628	(37,343)

Cost of services mainly included costs for managing the exhibition sites during the setting up, running, and dismantling of exhibitions and congresses.

The change mainly follows lower activity volume related to the different trade fair calendar following the Covid-19 pandemic, which led to the suspension and postponement of some calendar events to later dates as well as the cost containment actions implemented starting from the month of March.

This entry included Euro 1,243 thousand (Euro 3,423 thousand at 30 June 2019) for related-party transactions. Note 37 provides further details on related- party transactions.

26) Cost of use of third-party assets

The breakdown of this entry was as follows:

Cost of use of third-party assets	(€'000)		
	1st Half 2020	1st Half 2019	change
Rent and expenses for exhibition sites	127	106	21
Vehicle hire - management costs	68	73	(5)
Other rental expenses	38	76	(38)
Office equipment and photocopier hire	14	20	(6)
Lease of company division	9	9	-
Total	256	284	(28)

The entry does not include related-party transactions (Euro 7 thousand at 30 June 2019).

27) Personnel expenses

The breakdown of this entry was as follows:

Personnel expenses	(€'000)		
	1st Half 2020	1st Half 2019	change
Salaries	12,697	16,480	(3,783)
Social Security payments	3,414	4,877	(1,463)
Defined contribution plan charges	1,051	874	177
Directors' remuneration	476	505	(29)
Defined benefit plan charges	215	271	(56)
External and temporary employees	94	171	(77)
Redundancy incentives	56	742	(686)
Seconded employees expenses	6	126	(120)
Other expenses	444	863	(419)
Change in suspended personnel expenses for future exhibitions	(1,112)	-	(1,112)
Uses of provisions	(56)	(737)	681
Total	17,285	24,172	(6,887)

Starting from the current year, personnel expenses directly attributable to the events are recognised in profit or loss at the time the event takes place.

Wages and salaries and the related social security contributions decreased mainly due to the activation of the Salary Integration Fund (FIS), for the variable part of the wages, as well as for the reduction of employees holiday allowance.

The breakdown of the average number of employees (including those on fixed-term contracts) was as follows:

Breakdown of personnel by category

	1st Half 2020	1st Half 2019	change
Managers	32	29	3
Middle managers and white collar workers	712	706	6
Total personnel	744	735	9

This entry included Euro 6 thousand (Euro 126 thousand at 30 June 2019) for related-party transactions. Note 37 provides further details on related- party transactions.

28) Other operating expenses

The breakdown of this entry was as follows:

Other operating expenses	(€'000)		
	1st Half 2020	1st Half 2019	change
Other taxes	535	1,418	(883)
Contributions and donations	312	343	(31)
Doubtful receivables	162	339	(177)
Municipal tax on advertising	57	129	(72)
Copyright royalties (SIAE)	55	189	(134)
Balancing item from closure of prior year exhibition accounts	38	42	(4)
Gifts and promotional merchandise	-	88	(88)
Other expenses	327	321	6
Uses of provisions	(252)	(339)	87
Total	1,234	2,530	(1,296)

This entry included Euro 111 thousand (Euro 117 thousand at 30 June 2019) for related-party transactions. Note 37 provides further details on related- party transactions.

29) Other income

The breakdown of other income was as follows:

Other income	(€'000)		
	1st Half 2020	1st Half 2019	change
Other recovered costs	453	467	(14)
Office rent and expenses	279	239	40
Recovery of expenses for seconded employees	50	99	(49)
Insurance indemnities	1	3	(2)
Other income	405	523	(118)
Total	1,188	1,331	(143)

This entry included Euro 349 thousand (Euro 394 thousand at 30 June 2019) for related-party transactions. Note 37 provides further details on related-party transactions.

30) Results of equity accounted associates and joint ventures

This entry totalled Euro -737 thousand (Euro 2,371 thousand at 30 June 2019) and referred to the following joint ventures:

- Deutsche Messe AG for Euro -505 thousand (Euro 2,507 thousand at 30 June 2019);
- Ipack Ima Srl for Euro -143 thousand (Euro -257 thousand at 30 June 2019);
- MiCo DMC Srl for Euro -89 thousand (Euro 121 thousand at 30 June 2019);

31) Provisions for doubtful receivables and other provisions

Changes in these provisions are shown in the following table:

Provision for doubtful receivables and other provisions	(€'000)		
	1st Half 2020	1st Half 2019	change
Write-downs of receivables	262	131	131
Personnel disputes	9	528	(519)
Other legal disputes	1	531	(530)
Releases of excess provisions	(3,776)	(1,002)	(2,774)
Total	(3,504)	188	(3,692)

Note 14 provides further details on movements in risk provisions.

32) Depreciation and Amortisation

Depreciation of property, plant and equipment and right-of-use assets

This was Euro 21,333 thousand (Euro 21,901 thousand at 30 June 2019).

Details of depreciation are given in the Notes to the Accounts under the entry for property, plant and equipment and the entry Right of use of the leased assets.

Depreciation of property, plant and equipment and right-of-use assets includes related-party transactions of Euro 18,978 thousand (Euro 19,428 thousand at 30 June 2019). Note 37 provides further details on related-party transactions.

Amortisation of intangible assets

This was Euro 1,116 thousand (Euro 925 thousand at 30 June 2019).

Details of amortisation are given in the Notes to the Accounts under the entry for intangible assets with a finite useful life.

33) Financial income and expenses

Financial income and expenses	(€'000)		
	1st Half 2020	1st Half 2019	change
Interest income on bank deposits	40	71	(31)
Exchange rate gains	33	68	(35)
Interest income from cautionary deposits related to the rent of the exhibition site	3	41	(38)
Interest income on receivables with the controlling shareholder	-	5	(5)
Other financial income joint venture	9	9	-
Other financial income	57	86	(29)
Total income	142	280	(138)
Financial expenses on leased assets with the controlling shareholder	6,375	6,855	(480)
Financial expenses on leased assets	94	106	(12)
Measurement at fair value of investment funds	316	-	316
Exchange rate losses	89	58	31
Charges on discounting defined benefit plans	34	69	(35)
Interest payable on bank accounts	24	33	(9)
Interest payable on the current account with the controlling shareholder	-	5	(5)
Other financial expenses to joint venture	1	-	1
Total expenses	6,933	7,126	(193)
Balance financial income (expenses)	(6,791)	(6,846)	55

The financial expenses on leased assets deriving from the application of IFRS 16 in force from 1 January 2019.

This entry includes Euro 6,376 thousand of financial costs and Euro 12 thousand of financial income for related-party transactions (Euro -6,805 thousand at 30 June 2019). Note 37 provides further details on related-party transactions.

34) Income tax

Income tax	(€'000)		
	1st Half 2020	1st Half 2019	change
Current income tax	(749)	8,669	(9,418)
Deferred income tax	(5,319)	(23)	(5,296)
Total	(6,068)	8,646	(14,714)

Income taxes for the half year were calculated by applying the estimated annual average rate to the profit / (loss) before tax.

Current taxes benefit, for Euro 1,303 thousand, from the cancellation of the payment of the IRAP balance relating to the tax period at 31 December 2019, provided for by the "Relaunch" Decree Law in support of the economy and connected to the Covid-19 emergency.

35) Profit/(loss) for the period

The net profit in the first half of 2020 was Euro -12,600 thousand compared to Euro 24,081 thousand in the first half of 2019 and was attributable as follows:

- Euro -12,484 thousand (Euro 24,105 thousand at 30 June 2019) attributable to the shareholders of the controlling entity;
- A net loss of Euro -116 thousand (a net loss of Euro -24 thousand at 30 June 2019) to non-controlling interests.

36) Earnings per share

Basic earnings per share went from Euro 0.3396 in the first half of 2019 to Euro -0.1753 in the first half of 2020; the figures were calculated by dividing the net result by the weighted average number of Fiera Milano SpA shares outstanding in each period.

	1st Half 2020	1st Half 2019
Profit/(loss) (€'000)	(12,484)	24,105
Average no. of shares in circulation ('000)	71,210	70,979
Basic earnings/(losses) per issued share (€)	(0.1753)	0.3396
Earnings/(losses) per fully diluted no. of shares (€)	(0.1753)	0.3396

The value used as the numerator to calculate basic earnings per share and fully diluted earnings per share was net profit of Euro -12,484 thousand for the period ended 30 June 2020 (Euro 24,105 thousand for the first half of 2019).

The weighted average number of ordinary shares used to calculate basic earnings per share and fully diluted earnings per share, with a reconciliation of the two figures, is shown in the following table:

	1st Half 2020	1st Half 2019
('000)		
Weighted average no. of shares used for calculation of EPS	71,210	70,979
+ Potential no. of shares issued without payment	-	-
Weighted average no. of shares used to calculate diluted EPS	71,210	70,979

37) Related-party transactions

Transactions carried out by companies that are part of the Group and with other related parties are normally carried out at market conditions.

As part of its corporate governance, Fiera Milano SpA has adopted Procedures for Related-party Transactions as described in the Report on corporate governance and ownership structure, which forms part of the Board of Directors' Management Report in the full-year Financial Statements.

The commercial relations between the companies of 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 the use of personnel and professional competences and also provides communication services to subsidiaries to ensure a uniform Group image.

In the Statement of Financial Position, the Statement of Comprehensive Income and the Statement of Cash Flows, the amounts for related-party positions or transactions, if material, are shown separately. 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 Shareholder Fondazione Fiera Milano and Transactions with Related Parties that are not Consolidated.

Related-party transactions with the controlling shareholder Fondazione Fiera Milano

Recurring related-party transactions are summarised below.

I. Real estate lease agreements with Fiera Milano SpA

As described below, on 31 March 2014, new lease agreements 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, giving an effective date of 1 January 2006 in the contracts for both exhibition areas.

Initially, cancellation of the contracts had to be notified eighteen months prior to the expiry of the contracts on 31 December 2014. On 31 March 2014, new rental agreements for the exhibition sites of Rho and Milan were signed. The new rental agreements are for nine 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 nine years.

Under the rental agreement for the Rho exhibition site, compared to the previous agreement that was 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 the full-year 2015 and for each subsequent year of the agreement. Therefore, the rent for the second half of 2014 was Euro 24,400 thousand and Euro 38,800 thousand from 2015 and for each subsequent year of the agreement annually adjusted for 100% of the change in the ISTAT consumer price index.

For the Milan City exhibition site, the parties, with the 2014 renewal, initially agreed 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 to Fondazione Fiera Milano.

The amendment to the lease agreement according the terms described above constitutes a substantial change of a Transaction of Greater Importance between related parties. Therefore, the transaction was approved on 8 May 2019 - pursuant to Art. 9.1 of the Related Parties Procedure - by the Company's Board of Directors, subject to obtaining the favourable reasoned opinion of the Control and Risk Committee on 7 May 2019. Under the provisions of prevailing law, an Information Document drawn up in accordance with Art. 10.2 of the Related Parties Procedure and Consob Regulation No. 17221/2010 has been filed and made available to the public at the registered office and at Fiera Milano's operational and administrative offices, on the website and on the authorised storage mechanism. With particular regard to the procedure above, it should be noted that Fiera Milano is a smaller listed company and, as such, benefits from the exemption granted pursuant to Art. 10, paragraph 1, of Consob Regulation 17221/2010.

To ensure that market conditions applied, the rental agreements were prepared by the parties also using valuations made for Fiera Milano SpA by an independent expert.

In light of the emergency situation as a result of the spread of COVID-19, Fondazione Fiera Milano has granted the temporary modification of the terms of lease payments of both lease contracts for the current year 2020, so that the payment is made with a deferred quarterly frequency, rather than anticipated quarterly.

From 1 January 2019, the IFRS 16 introduced a different accounting treatment for leases. In particular, for all the leases with a term of more than 12 months:

- the recognition in the statement of financial position is required of an asset representing the right of use of the asset (ROU) and of a liability (lease liability) representing the obligation to make the payments required by the contract;

- the recognition in the income statement is requested of the depreciation and amortisation of the asset for the right of use and of the interest payable accrued on the lease liability, in place of the operating lease payments recognised under operating expenses.

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 former Pavilion 17 in the Milan City site. On 15 March 2005, this contract was updated to reflect the expansion of the congress centre activities. The new agreement between the controlling shareholder Fondazione Fiera Milano and Fiera Milano Congressi SpA was valid until 30 June 2011 and renewable until 30 June 2017. Fondazione Fiera Milano, in a letter dated 9 February 2016, chose not to cancel the contract by 30 June 2016 and, therefore, the contract was automatically renewed until 30 June 2023.

Under the existing contract, Fiera Milano Congressi SpA pays an annual fixed rent equal to Euro 350 thousand (revalued annually by ISTAT) plus a variable fee of 5% on the excess of revenues with respect to a minimum threshold of turnover generated on the leased area.

Concerning the lease of pavilions 5 and 6 within the Milan City site, on 18 May 2009, Fondazione Fiera Milano signed a preliminary contract with Fiera Milano Congressi SpA 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 agreement of the area called “South Wing” (former pavilions 5 and 6) started on 1 May 2011, with a term of nine years, and is automatically renewable for a further nine years unless terminated by one of the parties. The annual fixed rent is Euro 3,000 thousand with a variable component of 5% of revenues realised by Fiera Milano Congressi SpA in the centre that exceeded the revenue targets for the periods of the 2011–2014 industrial plan 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 of the contract. The rent for the first year was fixed at Euro 750 thousand with the rent rising annually by Euro 750 thousand in the following three years to reach the agreed full rent of Euro 3,000 thousand per annum. Once the full quota of the fixed rent was reached, no variable component of rent was payable since 2015.

In light of the emergency situation as a result of the spread of COVID-19, Fondazione Fiera Milano has granted the temporary modification of the terms of lease payments of the Lease contracts for the current year 2020, so that the payment is made with a deferred quarterly frequency, rather than anticipated quarterly.

From 1 January 2019, the IFRS 16 introduced a different accounting treatment for leases. In particular, for all the leases with a term of more than 12 months:

- the recognition in the statement of financial position is required of an asset representing the right of use of the asset (ROU) and of a liability (lease liability) representing the obligation to make the payments required by the contract;
- the recognition in the income statement is requested of the depreciation and amortisation of the asset for the right of use and of the interest payable accrued on the lease liability, in place of the operating lease payments recognised under operating expenses.

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 Company incurring additional costs.

IV. Group tax consolidation with the controlling shareholder Fondazione Fiera Milano

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 for the three years 2019, 2020 and 2021.

V. Contract for supply of services

Fiera Milano SpA has an annual contract with Fondazione Fiera Milano for the reciprocal supply of services, which arise from or are necessary for the exercise of their respective activities. The contract is renewed annually unless cancelled by a 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 to be agreed from time to time between the buyer and the supplier, also on the basis of appropriate offers/estimates. The service supply contract is governed by market conditions.

In the face of a national state of emergency, the governmental authorities, including the Department of Civil Protection, asked the Fondazione for the use of the Nos. 1 and 2 Pavilions at the Fieramilanocity hub, to provide new beds for intensive care patients suffering from COVID-19. Fondazione Fiera Milano, in the light of the Services Agreement, therefore negotiated an *addendum* with Fiera Milano on 23 March, for the assignment to Fiera Milano of certain particular services within the above pavilions and other ancillary services. The services are charged by Fiera Milano to the Fondazione at cost, increased by 5% by way of reimbursement of general costs incurred. The amount for services provided at 30 June is equal to Euro 3,600 thousand.

VI. Licence contracts for use of the Fiera Milano brand

On 17 December 2001, Fondazione Fiera Milano, as owner of the "Fiera Milano" brand granted Fiera Milano SpA an exclusive licence for the use of the said brand name in order to typify 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 brand name has been or will be registered or lodged.

The symbolic consideration paid by Fiera Milano SpA to Fondazione Fiera Milano was Euro 1.0. Fondazione Fiera Milano, having as its corporate objective the development of the exhibition sector, has maintained Fiera Milano as part of its name and did not include it in the Exhibition Management Activity business division contributed to the Parent Company in 2001, but with the expectation that Fiera Milano SpA would use the said brand name for an extended period of time and without incurring further costs for its use.

This licence is renewed year after year until 31 December 2032.

VII. Current account between Fiera Milano SpA and Fondazione Fiera Milano

On 24 June 2016, effective from 1 July 2016, a new contract for the current account was agreed. The contract expires on 31 December of each year and is automatically renewed unless one of the parties cancels by September 30 preceding the date of expiry.

Under the existing contract, by mutual consent the parties agreed to cancel the previous current account before replacing it with a new current account.

The parties use the account to settle receipts and payments under the contracts existing between them and, in particular, the rental 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%.

Credits for invoices issued by the parties accrue interest sixty days from the end of the month in which the invoice is issued although the interest is not be collected and remains unavailable until the current account is closed, except for invoices that are overdue by more than 180 days, which are always payable immediately.

Invoices for the rent of the exhibition sites are part of the agreement but carry interest and are payable under the specific terms of the leases. The balance of any invoices that are overdue by at least 180 days, together with the balance of the invoices for the leases on the exhibition sites that are due under the terms of the relevant contracts, represent the collectable balance.

Credits that are not due for repayment are not included in 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 current account is closed and all interest paid every quarter.

VIII. "Corporate Think Tank" investment plan

On 14 May 2018, Fondazione Fiera Milano, as part of the plan for the competitiveness and sustainability of exhibition and congress sites, signed an agreement with Fiera Milano SpA and Fiera Milano Congressi SpA through which it undertakes to support important investment projects. The parties developed their cooperation through the establishment of a 'Corporate Think Tank' for the joint analysis, comparison and assessment of the way in which investments are made. The parties agree that for the coordination and high supervision of the investment activities of Fondazione Fiera Milano, it will pay Fiera Milano SpA and Fiera Milano Congressi SpA a fee at market value equal to 4% of the total value of the related investments.

IX. 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 397 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. X. Real estate sublease agreements

On 21 March 2019, pursuant to Art. 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 21 February 2016, Fiera Milano SpA and Ipack-Ima Srl, a company in joint venture with UCIMA, signed an annual financing agreement for a maximum of Euro 3,000 thousand that is automatically renewed; the interest rate on the financing is 1.35%. At 30 June 2020, the financing had not been used for an amount equal to Euro 1,300 thousand.

Ipack-Ima Srl also has commercial relations with the Group for the two exhibitions (Ipack-Ima and Meat-Tech) organised by the Company and uses the centralised management of some administrative and technical services.

On 4 December 2018, the governance agreements was amended concerning MiCo DMC Srl with the partner AIM Group International Spa defining more sharing in the activity's management choices. When applying IFRS 11 these agreements qualify the company as a joint venture and, starting from 31 December 2018, determine the measurement of the shareholding with the equity method in place of line-by-line consolidation.

The Group exercises, indirectly through Fiera Milano Congressi SpA, joint control over MiCo DMC Srl with the partner AIM Group International Spa.

Relations with the Group are associated with the remainder of the ten-year loan granted by the controlling entity Fiera Milano Congressi SpA expiring on 6 May 2025, for Euro 65 thousand at a rate of 3% and with the provision of destination management logistics services.

Transactions with other related parties

Transactions with other related parties are part of the normal business activity and are carried out at market conditions.

The main transactions are:

- 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;
- relations with Fiera Parking SpA, a company wholly owned by Fondazione Fiera Milano. On 5 July 2018 Fiera Milano SpA signed a contract with Fiera Parking SpA to entrust the management of the carparks to the fieramilanocity central exhibition service. The contract lasts seven years starting from 1 September 2018 and is tacitly renewed for the same period.

Financial, capital and economic transactions with related parties that are not consolidated are shown in the following table:

	Increase Right-of-use assets	Non-current financial assets	Trade and other non- current receivables	Trade and other receivables	Inventories	Current financial assets	Financial liabilities related to the right-of-use of assets non- current	Advances	Financial liabilities related to the right-of-use of assets current	Other current liabilities	Revenues from sales and services	Cost of services	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	
Controlling shareholder and other Group companies																			
Fondazione Fiera Milano	1,726		10,939	9,648		388	418,698		33,000	7,021	3,600	105		111	150	18,978	3	6,375	
Companies under joint control																			
Ipack Ima Srl				114		1,304		675		157	1		6		149			9	
MICO DMC Srl		50		25	195	16				76	15	1,138			50				1
Other related parties																			
Federlegno Arredo				9						40									
Federlegno Arredo Eventi SpA										45									
Fiera Parking				2						17									
Total related parties transactions	1,726	50	10,939	9,798	195	1,708	418,698	675	33,000	7,356	3,616	1,243	6	111	349	18,978	12	6,376	
Total reported	451,427	4,734	11,038	34,744	4,099	1,708	423,567	36,925	46,229	28,304	55,988	29,285	17,285	1,234	1,188	21,333	142	6,933	
% Rel. party transactions/Total reported	-	1%	99%	28%	5%	100%	99%	2%	71%	26%	6%	4%	-	9%	29%	89%	8%	92%	

Information on the remuneration paid to the Administrative and Control Bodies, to the General Managers and to Executives with strategic responsibilities in the first half to 30 June 2020, is given in the table included in the section below on other information.

	(€'000)	
Statement of related party cash flow	30/06/20	30/06/19
Cash flow from operating activities		
Revenues and income	3,965	865
Costs and expenses	(1,360)	(3,673)
Interest receivable	12	55
Interest paid on financial liabilities related to the right-of-use of assets	(6,375)	(6,855)
Interest payable	(1)	(5)
Changes in trade and other receivables	(6,262)	2,474
Changes in inventories	12	(139)
Changes in advances	457	29
Change in other current liabilities	(1,082)	(480)
Total	(10,634)	(7,729)
Cash flow from investment activities		
Investments in non-current activities		
. Tangible and intangible	-	-
. Other non-current assets	-	-
Total	-	-
Cash flow from financing activities		
Change Current financial assets	(388)	(2,285)
Change Current financial liabilities	(449)	(678)
Change in financial liabilities related to the right-of-use of assets	(16,144)	(16,196)
Total	(16,981)	(19,159)
Cash Flow in the period	(27,615)	(26,888)

The table below shows cash flow from related party transactions:

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financing activities
FY to 30.06.20:			
Total	(18,251)	(2,612)	(7,081)
Related party transactions	(10,634)	-	(16,981)
FY to 30.06.19			
Total	61,048	(274)	(31,435)
Related party transactions	(7,729)	-	(19,159)

38) Significant events after the end of the half year

On 28 July 2020, pursuant to art. 6.P.5 of the Corporate Governance Code of Borsa Italiana, Fiera Milano S.p.A. announces to have today undersigned an agreement for the termination of all relationships with Dr Curci, following his effective resignation of 18 June 2020.

Dr Curci will be paid all due severance indemnities, calculated as per payroll records at the date of the relationships' termination, as well as a severance pay amount of about Euro 276,000.

Within the remit of the understandings formed after Dr Curci gave up his position as a Manager at Fiera Milano S.p.A., Dr Curci will be paid Euro 190,000 gross, as a general novation transaction taking into account mutual renunciations. The fees due will be paid on 27 August 2020.

It should also be noted that the transaction has had novation effects on the contract governing the working relationships, as stated in the Company's Remuneration Policy.

39) Other information

Material non-recurring events and transactions

There were no material non-recurring events and transactions in the period under review.

Remuneration of the Administrative and Control Bodies 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 the Group activities.

The Group Executives with strategic responsibilities are the Directors, the Statutory Auditors and the Chief Financial Officer of the Parent Company.

The total remuneration of this category of executives was Euro 924 thousand in the period to 30 June 2020 (Euro 1,445 thousand at 30 June 2019) and the breakdown was as follows:

Remuneration	1st Half 2020		
	Directors	Statutory Auditors	Others
Short-term benefits	338	84	471
Post-employment benefits	-	-	31
Other non current benefits	-	-	-
Staff-leaving indemnities	-	-	-
Performance Share Plan	-	-	-
Total	338	84	502

Remuneration	1st Half 2019		
	Directors	Statutory Auditors	Others
Short-term benefits	336	67	578
Post-employment benefits	-	-	74
Other non current benefits	-	-	-
Staff-leaving indemnities	-	-	-
Performance Share Plan	-	-	390
Total	336	67	1,042

At 30 June 2020, the outstanding amount payable to this category was Euro 275 thousand (Euro 329 thousand at 30 June 2019).

Rho, 29 July 2020

The Board of Directors

The Chairman
Carlo Bonomi

List of companies included in the consolidation area and other investments at 30 June 2020

Company name and registered office	Main activity	Share capital (000) (*)	Shareholding %			Shareholding of Group companies
			Group total	Directly held by Fiera Milano	Indirectly held through other Group companies	%
A) Parent Company						
Fiera Milano SpA						
Milan, p.le Carlo Magno 1	Organisation and hosting of exhibitions in Italy	42,445				
B) Fully consolidated companies						
Fiera Milano Media SpA						
Milan, p.le Carlo Magno 1	Media services	2,803	100	100		100 Fiera Milano SpA
Fiera Milano Congressi SpA						
Milan, p.le Carlo Magno 1	Management of congresses	2,000	100	100		100 Fiera Milano SpA
Nolostand SpA						
Milan, p.le Carlo Magno 1	Stand fitting services	7,500	100	100		100 Fiera Milano SpA
MADE eventi Srl						
Rho (Milano), strada Statale del Sempione n. 28	Organisation of exhibitions in Italy	1,100	60	60		60 Fiera Milano SpA
CIPA Fiera Milano Publicações e Eventos Ltda						
São Paulo Brasil, Av. Angelica	Organisation of exhibitions outside of Italy	R \$ 97,981	100	99.99	0.01	99.99 Fiera Milano SpA 0.01 Nolostand SpA
Fiera Milano India Pvt Ltd **						
New Delhi, Barakhamba Road, Connaught Place	Organisation of exhibitions outside of Italy	INR 20,000	99.99	99.99		99.99 Fiera Milano SpA
Limited Liability Company "Fiera Milano" **						
Moscow, 24 A/1 ul. B. Cherkizovskaya	Organisation of exhibitions outside of Italy	RUB 10,000	100	100		100 Fiera Milano SpA
Fiera Milano Exhibitions Africa Pty Ltd						
Cape Town, The Terraces, Steenberg Office Park, Tokai	Organisation of exhibitions outside of Italy	ZAR 0.6	100	100		100 Fiera Milano SpA
C) List of jointly controlled companies equity-accounted						
Hannover Milano Global Germany GmbH						
Hannover Germany, Messegeleände	Organisation of exhibitions outside of Italy	25	49	49		49 Fiera Milano SpA
Hannover Milano Fairs Shanghai Co. Ltd						
Shanghai China, Pudong Office Tower	Organisation of exhibitions outside of Italy	USD 500	49		100	100 Hannover Milano Global Germany GmbH
Hannover Milano Fairs China Ltd						
Hong Kong China, Golden Gate Building	Organisation of exhibitions outside of Italy	HKD 10	49		100	100 Hannover Milano Global Germany GmbH
Hannover Milano Fairs India Pvt Ltd						
East Mumbai, Andheri	Organisation of exhibitions outside of Italy	INR 274,640	48.99		99.99	99.99 Hannover Milano Global Germany GmbH
Hannover Milano Best Exhibitions Co., Ltd						
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
Hannover Milano XZQ Exhibitions Co., Ltd						
Shenzhen China	Organisation of exhibitions outside of Italy	RMB 100	29.40		60	60 Hannover Milano Fairs Shanghai Co. Ltd
Ipack Ima Srl						
Rho, S.S. del Sempione km 28	Organisation of exhibitions in Italy	20	49.00		49	49 Fiera Milano SpA
Mico DMC S.r.l.						
Milan, p.le Carlo Magno 1	Destination management services	10	51		51	51 Fiera Milano Congressi SpA
D) List of companies accounted at cost						
Comitato Golden Card						
Chisello Balsamo, viale Fulvio Testi 128	Other activities	3	33.33	33.33		33.33 Fiera Milano SpA
Covention Bureau Italia Srl						
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 Interim Condensed Consolidated Financial Statements in accordance with Art. 154-bis, paragraph 5, Italian Legislative Decree No. 58 of 24 February 1998

1. The undersigned, Carlo Bonomi, as Chairman of the Board of Directors, and Marco Pacini, as Financial Reporting Officer of Fiera Milano SpA, having noted the provisions of Art. 154-bis, paragraphs 3 and 4, Italian Legislative Decree No. 58 of 24 February 1998, attest to:
 - the appropriateness in relation to the characteristics of the business and
 - the effective application of the administrative and accounting procedures for the preparation of the Interim Condensed Consolidated Financial Statements for the first half of 2020.

2. It is also declared that:
 - 2.1 the Interim Condensed Consolidated Financial Statements at 30 June 2020:
 - 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 interim report on operations includes a reliable analysis of the significant events of the first six months of the financial year and their impact on the Interim Condensed Consolidated Financial Statements together with a description of the main risks and uncertainties in the remaining six months of the financial year. The interim report on operations also includes a reliable analysis of information on significant related-party transactions.

29 July 2020

Signed
**Chairperson of
the Board of Directors**
Carlo Bonomi

Signed
Financial Reporting Officer
Marco Pacini

Review report on the interim condensed consolidated financial statements (Translation from the original Italian text)

To the Shareholders of
Fiera Milano S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the statement of comprehensive income, the statement of changes in equity and statement of cash flows and the related illustrative notes of Fiera Milano S.p.A. and its subsidiaries (the “Fiera Milano Group”) as of 30 June 2020. The Directors of Fiera Milano S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Fiera Milano Group as of June 30, 2020 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Emphasis of Matter

We call your attention to the paragraph " Covid-19 and its effects on the half-year consolidated financial statements" of the illustrative notes to the interim condensed consolidated financial statements, on the paragraphs "Risks related to external and strategic factors - Event cancellation and/or suspension due to Covid-19" and " Business outlook "of the interim report on operations, which describe the impacts on the Group's economic and financial position as of 30 June 2020 due to the spread of Covid-19, the actions taken by the directors to counteract the effects, as well as the expectations of progressive restart of activities based on the repositioning of the calendar of events. Our conclusions are not qualified in relation to this aspect.

Milan, 31 July 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